

ACT AUDITOR–GENERAL'S **ANNUAL REPORT**

2025–26 Annual Report

The ACT Audit Office acknowledges the Ngunnawal people as the traditional custodians of the ACT and recognises any other people or families with connection to the lands of the ACT and region.

We respect the Aboriginal and Torres Strait Islander people, particularly our Aboriginal and Torres Strait Islander staff, and their continuing culture and contribution they make to the Canberra region and the life of our city.

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Freedom of Information

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ISSN: 2204-700X (Print) ISSN: 2204-7018 (Online)

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

Information about the ACT Audit Office and an electronic version of this report can be found at www.audit.act.gov.au.

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List of abbreviations and glossary

ACAG	Australasian Council of Auditors-General
A-G Act	<i>Auditor-General Act 1996</i>
ACT	Australian Capital Territory
ACT PSF	ACT Protective Security Framework
ACTPS	ACT Public Service
ASE	Agency Security Executive
ARC	Audit and Review Committee
Audit Office	ACT Audit Office
Auditees	ACT Government entities audited by the Auditor-General
CAE	Chief Audit Executive
Caseware	Audit document management system
CO2-e	Carbon dioxide equivalent
FTE	Full-time equivalent
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 2016</i>
GST	Goods and services tax
HR	Human resources
ICT	Information and Communications Technology
IT	Information Technology
MLA	Member of the ACT Legislative Assembly
OCC	Office Consultative Committee
PAAC	Standing Committee on Public Accounts and Administration
PASAI	Pacific Association of Supreme Audit Institutions
PAMPr	Performance Audit Methods and Practices
PSM	Public Service Medal
SERBIR	Senior Executive Responsible for Business Integrity Risk

A Transmittal Certificate

Mr Jeremy Hanson SC MLA
Speaker
Legislative Assembly for the Australian Capital Territory
London Circuit Canberra ACT 2601

Dear Mr Speaker

I have pleasure in submitting the 2025-26 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 an Officer of the ACT Legislative Assembly, this report has been prepared to respect the directions outlined in the *Annual Reports (Government Agencies) Directions 2026*.

I certify that the information in the attached 2025-26 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 2025 to 30 June 2026.

I also hereby certify that fraud prevention in 2025-26 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 this Annual Report to the ACT Legislative Assembly within 15 weeks after the end of the reporting year.

Yours sincerely



Ajay Sharma PSM
Auditor-General
8 October 2026

B Organisational overview and performance

B.1 Organisational overview

The *Auditor-General Act 1996* (the A-G Act) establishes the Auditor-General as an independent Officer of the ACT Legislative Assembly. While accountable to the Legislative Assembly through reporting arrangements, the Auditor-General operates independently and has full discretion in carrying out statutory functions.

The Auditor-General's primary role is to conduct independent financial and performance audits of ACT Government agencies and other organisations that receive ACT Government funding or resources. Audit findings are reported to the ACT Legislative Assembly and the broader ACT community, promoting transparency, accountability, and continuous improvement across the public sector.

The Auditor-General also considers representations and complaints from members of the public, with some matters becoming the subject of performance audits.

The Audit Office supports the Auditor-General in undertaking these responsibilities and delivering independent assurance to the ACT community.

B.1.1 Vision, role and values

The Audit Office's [Strategic Plan 2023-2026](#) (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).

The Audit Office's vision is 'an accountable and highly performing ACT Public Sector' and its 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;
- promote 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.

The Audit Office's values are aligned with those of the ACT Public Service. However, the Audit Office places particular importance on independence, which takes precedence over collaboration. While the Audit Office works collaboratively where appropriate, it does so in a way that maintains its independence and objectivity.

Independence

The Auditor-General's independence, supported by the Audit Office's rigorous, evidence-based work, underpins its credibility and reputation.

The A-G Act protects this independence by ensuring that the Auditor-General and Audit Office staff can conduct audits free from influence by audited entities or other external parties.

The Audit Office further safeguards its independence through professional auditing standards, strong ethical requirements, careful recruitment, ongoing staff development, and a values-based culture.

Integrity

Integrity, honesty, fairness and professionalism are central to the Audit Office's work. These values are supported through careful recruitment, ongoing staff development, and regular communication about expected standards of conduct.

The Audit Office promotes integrity through strong quality assurance and review processes for its audits. It is also reinforced through the Office's governance arrangements, including internal audits overseen by the Audit and Review Committee (ARC).

In 2025-26, the ARC included two independent external members and one senior Audit Office officer, with one of the external members serving as Chair. This independent oversight helps strengthen the Audit Office's governance and accountability.

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 operates a System of Quality Management in accordance with *Auditing Standard ASQM 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services*.

The Audit Office conducts quality assurance reviews of its financial and performance audit work every year in accordance with its *Quality Management Framework*. The quality assurance work relating to performance audits and financial audits is discussed under Section B.2.2.5 'Monitoring and improving the quality of performance audit work' and Section B.2.3.4 'Monitoring and improving the quality of financial audit work'.

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'.

The Auditor-General and the Audit Office actively engage with other audit offices to share knowledge, improve practices and keep up to date with developments in the profession.

The Auditor-General is a member of the Australasian Council of Auditors-General (ACAG), which brings together Auditors-General from Australia and parts of the Pacific region to share information and support continuous improvement. The Audit Office participates in all ACAG sub-committees, covering areas such as financial and performance auditing, accounting, quality assurance, corporate services, data analytics and artificial intelligence.

The Audit Office is also a member of the Pacific Association of Supreme Audit Institutions (PASAI), and the Auditor-General attends its annual congress.

In 2025-26, the Audit Office continued its partnership with the Kiribati Audit Office, providing support and capability development in both financial and performance auditing.

Respect

Respect and engagement are key to how the Audit Office works with stakeholders. The Audit Office builds trust and confidence through regular communication, consultation and responsiveness.

The Audit Office serves the ACT community through the ACT Legislative Assembly and regularly engages with Members of the ACT Legislative Assembly (MLAs), the Speaker and relevant Assembly committees. Feedback from these stakeholders, along with input from community groups, ACT Government agencies and public representations, helps inform the annual performance audit program.

The Audit Office also consults with auditees throughout audits, seeks feedback on its work, and maintains strong engagement with agencies through activities such as attending internal audit committee meetings. These interactions support effective communication and help identify emerging issues.

To strengthen stakeholder understanding of its work, the Audit Office provides information sessions, webinars and briefings on audit-related matters. Feedback from audited agencies is regularly collected and used to support continuous improvement.

The Audit Office hosts information sessions to facilitate engagement with representatives from directorates and agencies in relation to performance audits.

In December 2025, an information session was held with stakeholders from internal audit and governance functions across ACT Public Service (ACTPS) directorates and agencies. The information session discussed the Recommendations Observations Report. Further information about this report is provided in Section B.2.2.6 'Additional reports and communication activities'.

A financial audit reporting webinar was conducted by the Audit Office for auditees on 4 March 2026 and was positively received by a wide range of attendees. 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 on this is included in Section C.6 'Statement of Performance'.

B.1.1.2 Learning and innovation

As discussed in Section B.14.6 'Learning and development', the Audit Office continued to give a high priority to improving staff skills and capabilities. Staff are trained in a diverse range of topics including requirements of the auditing and accounting standards and individual training needs identified in discussion with supervisors.

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 Certified Practicing Accountant and Chartered Accountant programs continue 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 Audits;
- Performance Audits; and
- Professional Services.

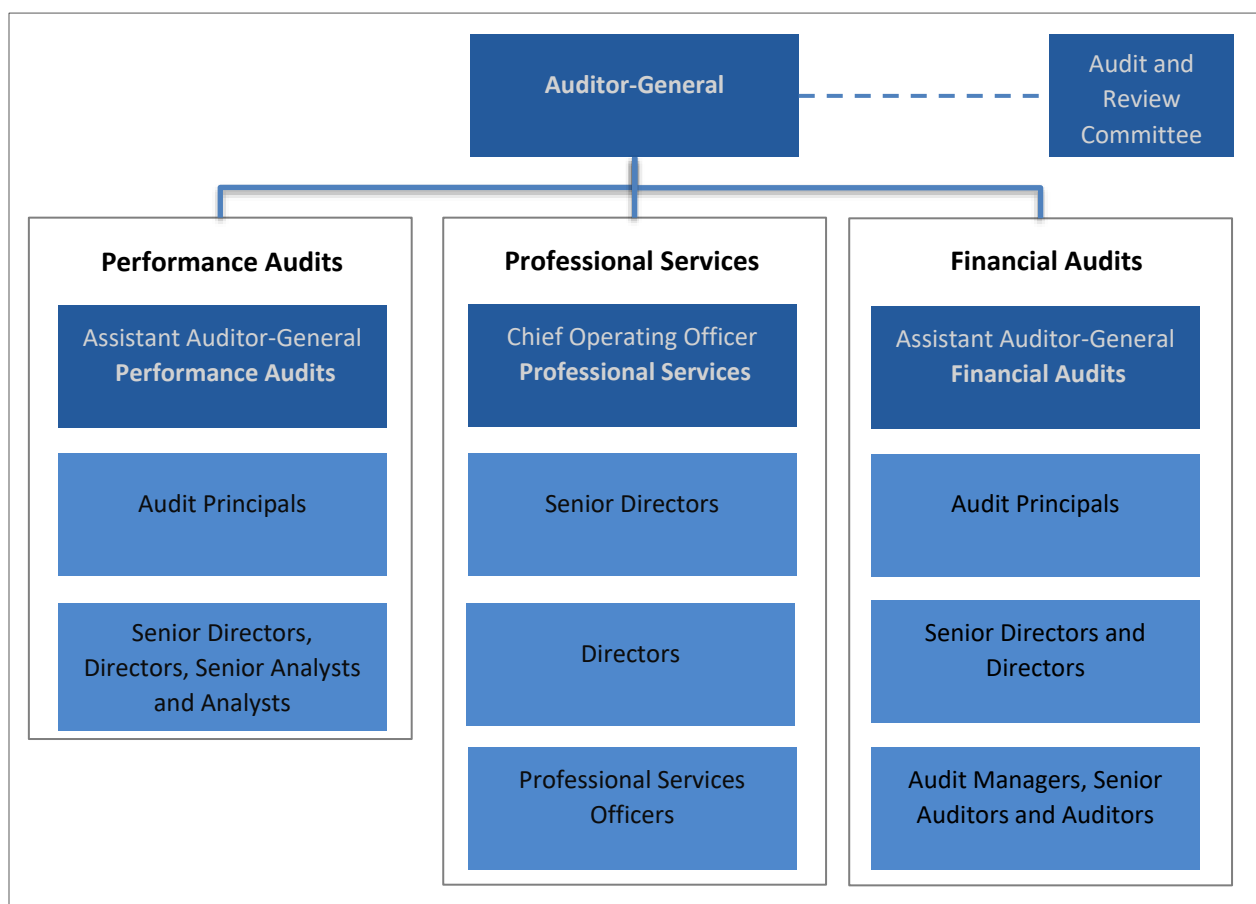
Figure B.1 shows the organisation structure of the Audit Office at 30 June 2026.

The Audit Office's Senior Executives in 2025-26 were:

- Mr Michael Harris, Auditor-General until 7 February 2026, when Mr Harris completed his seven-year appointment as Auditor-General;
- Mr Ajay Sharma PSM, Auditor-General from 8 February 2026;
- Mr Ajay Sharma PSM, Assistant Auditor-General, Financial Audits until 7 February 2026;
- Ms Clea Lewis, Assistant Auditor-General, Financial Audits from 18 May 2026;
- Mr Brett Stanton, Assistant Auditor-General, Performance Audits; and
- Ms Caroline Smith, Chief Operating Officer, Professional Services.

Further information on these and other key management personnel is provided in Section B.1.4.1 'Executive Committee'; and in Note 9: '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 2025-26, the Audit Office delivered 63 financial auditor's reports and 30 limited assurance reports and tabled eight performance audit reports.

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 Audits; Assistant Auditor-General, Financial Audits; Chief Operating Officer, Professional Services; and a representative of the Office Consultative Committee (OCC). The Executive Committee is supported by the Executive Officer.

Executive Committee members at 30 June 2026 were the:

- Auditor-General: Mr Ajay Sharma PSM, responsible for carrying out functions under the A-G Act, including promoting public accountability and undertaking audits;
- Assistant Auditor-General, Financial Audits: Ms Clea Lewis, responsible for managing financial audit activities;
- Assistant Auditor-General, Performance Audits: Mr Brett Stanton, responsible for managing performance audit activities. This includes management of performance audits and representations 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);
- Chief Operating Officer, Professional Services: Ms Caroline Smith, responsible for managing the day-to-day operations 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 (CAE); and
- a representative of the OCC. The following OCC representatives attended the Executive Committee during 2025-26: Dr Megan Hemming, Senior Director, Performance Audits in July 2025, Ms Tehmina Mazhar, Director, Financial Audits from August 2025 to February 2026 and Mr Samuel Adjei, Audit Manager, Financial Audits from March 2026 to June 2026.

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, Audit Principals, Senior Directors, Directors, Audit Managers 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 2025-26
Executive Committee Meets every three weeks. From 1 July 2025 until 28 February 2026 the Committee met fortnightly.	The Executive Committee is the senior group responsible for the governance and management of the Audit Office. 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. Assistant Auditor-General, Financial Audits. Assistant Auditor-General, Performance Audits (and ASE). Chief Operating Officer, Professional Services (and CAE). OCC Representative. Executive Officer provides secretariat services.
Audit and Review Committee 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. The Committee considers the Audit Office's financial statements and statement of performance and monitors the implementation of recommendations from internal audit reports, quality assurance reports and reports from the Risk Manager.	Two independent external members, one of which is the Chair of the Committee. One senior Audit Office staff member from Financial Audit. The Auditor-General and the CAE (Chief Operating Officer) attended meetings as observers until December 2025, and only the CAE from March 2026. The Senior Director, Human Resources and Governance provides secretariat services.

Committee name and meeting frequency	Committee purpose	Committee membership in 2025-26
Agency Security Committee Meets every three weeks. From 1 July 2025 to 28 February 2026 the Committee met fortnightly.	The Committee monitors key protective security risks and provides oversight of the Audit Office's protective security practices. The Committee is a sub-committee of the Executive Committee. The Committee considers reports from the Risk Manager and Agency Security Advisor.	Chaired by the ASE (Assistant Auditor-General, Performance Audits). Executive Committee. Risk Manager and Agency Security Advisor.
Quality Assurance and Review Committee Meets every three weeks. From 1 July 2025 to 28 February 2026 the Committee met fortnightly.	The Committee discusses quality assurance matters and monitors changes to auditing standards. The Committee is a sub-committee of the Executive Committee.	Chaired by CAE (Chief Operating Officer, Professional Services). Executive Committee.
Office Consultative Committee Meets at least twice yearly or more frequently as required.	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 into such policies and practices.	Four staff representatives. One representative from the Executive Committee (Assistant Auditor-General, Financial Audits). One representative from the Community and Public Sector Union.
Digital Committee Meets as required.	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.	Two staff representatives, including a staff member as Chair.

Committee name and meeting frequency	Committee purpose	Committee membership in 2025-26
Social Committee Meets as required.	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. 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.	Up to six staff representatives, including a staff member as Chair.

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

Table B-2: Management and staff groups

Group name and meeting frequency	Purpose	Participation
Financial Audit Management meeting Generally meets fortnightly or as required.	Considers strategic and operational matters relating to financial audit activities.	Chaired by Assistant Auditor-General, Financial Audits. Audit Principals, Financial Audits. Senior Directors, Financial Audits.
Financial Audit Forum Generally meets monthly or as required.	Considers operational and technical issues affecting financial audit activities.	Chaired by various Financial Audit staff. Financial Audit staff.
Performance Audit Team meeting Generally meets fortnightly or as required.	Considers operational issues affecting the performance audit function.	Chaired by various Performance Audit staff. Performance Audit staff.

Group name and meeting frequency	Purpose	Participation
Professional Services Team meeting Generally meets monthly.	Considers strategic and operational issues affecting the professional services function.	Chaired by the Chief Operating Officer, Professional Services. Professional Services staff.
All staff meetings Generally held quarterly.	A forum in which to share information and discuss Audit Office issues with all staff.	Chaired by Chief Operating Officer, Professional Services. All staff.

B.1.5 Key internal accountability mechanisms

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

The ARC's 2025-26 membership consisted of an independent Chair (external), an external member and one senior Audit Office staff member. The activities of the ARC 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.2.2.6 'Monitoring and improving the quality of performance audit work' and Section B.2.3.4 'Monitoring and 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 2023-2026](#) (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 the *ACT Remuneration Tribunal Act 1995* 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 the [ACT Remuneration Tribunal](#) website.

Information on the remuneration of executives in the Audit Office is provided in Note 9 'Related parties' in Section C.2 'Financial Statements'.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.2 Performance analysis

B.2.1 Audit Office objectives

The Audit Office strategic direction is based on the A-G Act and is set out in its [Strategic Plan 2023-2026](#) (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, the Standing Committee on Public Accounts and Administration (PAAC) and the Standing Committee on the Integrity Commission and Statutory Office Holders 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 data from the Statement of Performance and qualitative information relating to the Audit Office's Strategic Plan.

B.2.2 Performance audits

Performance audits are a key activity of the Audit Office. They seek to promote accountability in the public administration of the Territory by providing the ACT Legislative Assembly and ACT community with an independent assessment of the management of public resources and delivery of services.

Performance audits identify areas where public administration and services can be improved. Audit reports usually include recommendations for specific improvements.

The Audit Office seeks to reinforce and enhance the impact of performance audits by:

- providing briefings to the PAAC and other committees of the Assembly on completed audits;
- participating in public inquiries into performance audit reports;
- preparing Insights publications to share key insights gained through performance audits; and

- preparing a report for the PAAC and Standing Committee on the Integrity Commission and Statutory Office Holders on agencies' reporting on the implementation of recommendations made in performance audit reports.

B.2.2.1 Meeting targets

Table B-3: Accountability indicators for performance audits

Accountability indicators	2025-26 Target	2025-26 Actual Result	Variance from Target
Number of reports, including performance audit and limited assurance, presented to the ACT Legislative Assembly	9	8	(11%)
Average period of completion of performance audits	11 months	12.5 months	14%
Percentage of agencies satisfied with performance audits	95%	94%	(1%)
Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity	80%	100%	25%

More details on these indicators are disclosed in Section C.6 'Statement of Performance'.

B.2.2.2 Planning for performance audits

The [Performance Audit Program 2026-27](#) (the Program) was published on 9 June 2026. It identifies potential audits for commencement in 2026-27 and 2027-28.

The Audit Office developed the Program following extensive research and stakeholder consultation to determine:

- areas of highest risk to public administration in the Territory; and
- topics of interest to stakeholders and the broader community.

The Program aims to balance coverage across ACT Government agencies and different subject matter and areas of interest.

B.2.2.3 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.

Timeliness

The Audit Office's average period of completion of performance audits in 2025-26 of 12.5 months compares to the average of 11.9 months for all state and territory audit offices in Australia.

Cost

The Audit Office's average cost per performance audit for 2025-26 was \$296,001 compared to the average cost of a performance audit for all state and territory offices in Australia of \$535,195.

B.2.2.4 Performance audit methods and practices

PAMPr

Performance Audit Methods and Practices (PAMPr) is the Audit Office's methodology for the conduct of performance audits.

The use of PAMPr contributes to compliance with relevant auditing standards and consistency in Audit Office practice.

In 2025-26, PAMPr was reviewed and updated to ensure consistency with the Quality Management Standard *Auditing Standard ASQM 2 - Engagement Quality Reviews*.

Caseware

PAMPr has been incorporated into the Audit Office's audit document management system, Caseware. This contributes to compliance with relevant Australian Auditing Standards and consistency in Audit Office practice.

In 2025-26, the Audit Office continued to use Caseware for the management and documentation of performance audits with updates to Caseware template and tools undertaken as necessary.

B.2.2.5 Monitoring and improving the quality of performance audit work

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

- engagement quality reviews, sometimes referred to as 'hot' reviews as they involve a review of key judgements used in audit work, with review observations addressed before the audit is completed; and
- inspections of completed engagements, sometimes referred to as 'cold' reviews as they involve a comprehensive review of audit work after the audit has been completed.

Both types of review consider audit reports to ensure that conclusions are supported by audit findings and audit findings are supported by sufficient and appropriate evidence.

Engagement quality reviews

The Audit Office changed its policy for performing engagement quality reviews in 2025-26 to comply with the Quality Management Standard *Auditing Standard ASQM 2 - Engagement Quality Reviews* whereby a risk-based approach is used to select and conduct these reviews and only audits assessed as having high risk are subjected to an engagement quality review.

Inspections of completed engagements

Inspections of completed engagements are comprehensive reviews of audit files which primarily focus on whether the audits were conducted in accordance with the Audit Office's performance audits methods and practices. Additionally, these inspections assess the implementation of any similar matters identified from previous reviews. These inspections are undertaken and finalised after an audit has been completed.

The Audit Office continued its arrangement with Audit Tasmania and the Audit Office of South Australia to conduct these inspections. The arrangements allow for cross-jurisdictional knowledge and practice-sharing and fostering of relationships across the offices.

In 2025-26, inspections of completed engagements were conducted by Audit Tasmania on three performance audits. 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.

B.2.2.6 Additional reports and communication activities

In 2025-26, the Audit Office sought to reinforce and enhance the impact of performance audits and engage with key stakeholders by:

- preparing Insights publications;
- hosting information sessions with stakeholders; and
- preparing a report for the PAAC and Standing Committee on the Integrity Commission and Statutory Office Holders on agencies' reporting on the implementation of recommendations made in performance audits.

Insights publications

Insights publications draw on findings and observations made in recently conducted performance audits and summarise key messages from the Auditor-General.

Two Insights publications were published in 2025-26:

- [*Insights on stakeholder engagement \(December 2025\)*](#)
- [*Insights on engagement with service users with different communication and support needs \(June 2026\)*](#)

Information sessions

The Audit Office hosted one information session in 2025-26.

In December 2025, an information session was held with stakeholders from internal audit and governance functions across ACT Public Service (ACTPS) directorates and agencies. The

information session discussed the Recommendations Observations Report and other matters relevant to governance and administration of assurance activities.

Recommendations Observations Report

The Audit Office provided a Performance Audit Recommendations Observations Report to the PAAC and Standing Committee on the Integrity Commission and Statutory Office Holders in November 2025. The report, which followed previous reports prepared every year since 2022, included observations on agencies' reporting on the implementation of performance audit report recommendations.

The report focused on performance audit reports tabled since October 2021. The review focused on how recommendations in these reports have been reported in agencies' annual reports.

The purpose of the review was to provide the committees with information on:

- agencies' reporting of progress in the implementation of recommendations made in performance audit reports; and
- the transparency with which this information is conveyed.

Performance Audits Recommendations Dashboard

During 2025–26, the Audit Office developed an interactive dashboard that allows users to track the Auditor-General's performance audit recommendations over time and see how the ACT Government has responded.

The dashboard is available on the Audit Office's website from 1 July 2026. The dashboard is intended to:

- improve accessibility and usability of information that has been provided in the annual Recommendations Observations Report;
- enable more efficient Legislative Assembly scrutiny and oversight of recommendations and implementation; and
- provide a single, consistent source for tracking recommendations over time.

Further information can be obtained from:

Mr Brett Stanton, Assistant Auditor-General, Performance Audits on telephone number (02) 6207 9534 or email Brett.Stanton@act.gov.au.

B.2.3 Financial Audits

The Audit Office provides auditor's reports on financial statements of ACT Government directorates, authorities and Territory owned corporations. 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.

The Audit Office also issues limited assurance reports for limited assurance engagements performed on statements of performance for ACT Government directorates and authorities as 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 statement of performance that have been examined by the Audit Office. These 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 Audit Office's work on financial statements audits and limited assurance engagements on statements of performance are summarised in the report [2024-25 Financial Audits Program - Overall Results](#) (Report No. 7/2025) published on the Audit Office's website.

B.2.3.1 Meeting targets

Table B-4: Accountability indicators for financial audits

Accountability indicators	2025-26 Target	2025-26 Actual Result	Variance from Target
Number of auditor's reports issued on financial statements and compliance auditor's reports	60	63	5%
Number of limited assurance reports issued on statements of performance	30	30	0%
Percentage of agencies satisfied with financial audits and compliance audits	95%	100%	5%
Percentage of agencies satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance or internal controls	80%	100%	25%
Percentage of financial audits completed within the required timetable	100%	100%	0%
Presentation of a summary report on financial audits to the ACT Legislative Assembly	Dec 2025	Dec 2025	0%

The Audit Office performed well against all its financial audits accountability indicators in 2025-26. More details on these indicators are disclosed in Section C.6 'Statement of Performance'.

B.2.3.2 Improving reporting

Each year, the Audit Office works with agencies to improve their financial and performance reporting processes and practices with the aim of assisting them to publish high-quality financial statements and statements of performance in their annual reports.

The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) issues financial reporting guidance and policies to agencies and consults with the Audit Office on significant matters before they are issued. This provides greater assurance that the guidance is consistent with Australian Accounting Standards and other reporting requirements, and supports an efficient audit process by allowing issues to be addressed before agencies implement the guidance.

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

- modified reports on financial statements¹ or statements of performance²;
- errors or misstatements in financial statements or statements of performance; and/or
- agencies not complying with legislative reporting deadlines.

The Audit Office may use subject matter experts to assist in its review of accounting and reporting practices used by agencies. The Audit Office is more likely to use a subject matter expert 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.

Subject matter experts include accounting, auditing, information technology, tax, and actuarial experts.

B.2.3.3 Financial Audit Webinar

The Audit Office held its Financial Audit Webinar (Webinar) on 4 March 2026.

The Webinar was opened by the Deputy Chair of the PAAC and was well attended by representatives of reporting agencies involved in the preparation of financial statements, statements of performance and annual reporting process. This included Chairs of audit and risk committees and Chairs of governing boards.

¹ A modified auditor's report 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.

² 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 Webinar provided attendees with information on:

- key results and findings from the prior year's audits and key messages for 2025-26 including tips for agencies impacted by machinery of government changes and accounting for complex arrangements;
- whole-of-Government reporting requirements and timetable;
- key IT risks in relation to data security;
- impact of artificial intelligence on finance functions, including practical use cases, key value drivers, governance considerations, and what agencies need to do to adopt AI effectively;
- key areas of focus for 2025-26 including audit expectations and opportunities for improvement;
- key changes to the model financial statements, ACT Government accounting policies and guidelines issued by the Chief Minister, Treasury and Economic Development Directorate;
- how internal audit helps organisations improve governance, manage risks, increase operational efficiency, detect fraud, and support reliable financial reporting; and
- practical strategies and steps to address repeat audit findings, enhance the year-end close process and strengthen the control environment.

B.2.3.4 Monitoring and improving the quality of financial audit work

All financial audits are subject to review to ensure audit work is properly planned and conducted in accordance with Australian Auditing Standards and the Audit Office's financial audit methodology. These reviews provide assurance that sufficient evidence has been obtained to support audit opinions on financial statements and limited assurance conclusions on statements of performance.

Reviews are undertaken by experienced senior audit staff and also help develop the skills and capabilities of less experienced team members through feedback and guidance.

In addition to these team-based reviews, independent quality reviewers undertake engagement quality reviews and inspections of completed audits in accordance with the Audit Office's Quality Management Framework. These reviews provide an additional level of assurance over audit quality.

Engagement quality reviews

Financial audits assessed as high-risk engagements are subject to an engagement quality review as the audits progress. The engagement quality reviewer assesses if significant judgements made and conclusions reached by the audit team are appropriate by reviewing key documentation. Any matters identified from these reviews are discussed with the audit team and addressed prior to the completion of the financial audits.

Inspections of completed engagements

The inspections of completed engagements are comprehensive reviews primarily focusing on whether the selected financial audits were conducted in accordance with the Audit Office's financial audit methodology and Australian Auditing Standards. These inspections are undertaken and finalised after the audit has been completed.

During 2025-26, inspections of completed engagements of selected financial audit files were conducted by an independent reviewer. Overall, the reviews concluded that there was sufficient and reliable audit evidence in the financial audit files reviewed to demonstrate compliance with the Audit Office's financial audit methodology and Australian Auditing Standards. A few areas for improvement were identified during the inspections.

To provide assurance that observations and recommendations from inspections lead to continuous improvements in the quality of financial audit work, the Audit Office:

- updates its audit templates to reflect improved or better practices;
- provides training and guidance to staff on these matters;
- ensures that internal reviews by senior audit team staff focus on the implementation of these matters as part of their review of the audit files; and
- confirms through future reviews that these matters have been sufficiently addressed.

B.2.3.5 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 2025-26 was \$78,061 compared to the average cost per opinion for all state and territory audit offices in Australia of \$112,083.

Timeliness

The Audit Office issued 95 percent of its auditor's reports on financial statements within three months of the end of the reporting period compared to the average of 62 percent for all state and territory audit offices in Australia.

Further information can be obtained from:

Ms Clea Lewis, Assistant Auditor-General, Financial Audits on telephone number (02) 6205 8096 or email Clea.Lewis@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 and Administration (PAAC).

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 PAAC.

The Audit Office's work is also subject to scrutiny and commentary by auditees, other oversight bodies, the broader 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 PAAC. The PAAC examines audit reports and may hold public inquiries into them.

The Audit Office offers to brief the PAAC and other relevant standing committees of the Legislative Assembly on all performance and financial audit reports and gives evidence to public inquiries at the request of the PAAC.

The PAAC conducted the following inquiries in relation to audit reports in 2025-26:

- [Inquiry into Annual and Financial Reports 2024-25](#) (completed May 2026)
- [Inquiry into Auditor-General Performance Audit Reports 10/2024: Safer Families Levy and 13/2024: Invoicing and Payments for Digital Health Record Hosting Services](#) (performance audit reports published in 2024-25) (ongoing).

B.3.2 Reports of the ACT Ombudsman

The Auditor-General 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 Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.4 Risk management

B.4.1 Risk management

The Audit Office's risk management framework is based on the risk management standard AS ISO 31000:2018. It includes a *Risk Management Policy and Plan*, Risk Registers, a *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's Risk Register comprises of:

- a Strategic Risk Register;
- an Operational Risk Register;
- Registers for the Audit Office's three branches;
- an Integrity Risk Register;
- a Finance Risk Register;
- a Security Risk Register; and
- a Work Health and Safety Risk Register.

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 *Business Continuity Policy and Plan* was reviewed during 2025-26 by an external contractor with business continuity expertise. The Business Continuity Policy and Plan will be tested in 2026-27.

The ACT Protective Security Framework (ACT PSF) provides guidance for security risk management and managing the security of people, information and assets. The Audit Office is not obliged to complete ACT PSF baseline reporting; however, the Audit Office reports to the Audit and Review Committee and Executive Committee on the Audit Office's security capabilities using the ACT PSF guidance.

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 Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.5 Internal audit

B.5.1 Audit and Review Committee

The Audit and Review Committee (ARC) 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 ARC 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 ARC also supports the Auditor-General in maintaining an ethical culture within the Audit Office.

Details of the membership of the Committee and meetings attended by its members in 2025-26 are provided in Table B-5. One member of the ARC is remunerated.

Table B-5: Audit and Review Committee

Name	Position	External/ Internal	Duration	No. of meetings attended in 2025-26
Ms Moira Crowhurst	Independent Chair	External	March 2023 to March 2025 Reappointed March 2025 to March 2026	4
Mr Will Laurie	Independent Chair	External	March 2026 to March 2029	1
Ms Michelle Page	Member	External	May 2024 to May 2026	4
Ms Christine Chalmers	Member	External	May 2026 to May 2029	1
Mr Jaynesh Parbhu	Member	Internal	July 2024 to June 2026	5

The Auditor-General and the Chief Audit Executive (CAE) (Chief Operating Officer, Professional Services) attended ARC meetings as guests until December 2025, and thereafter the CAE attended as a guest. From December 2025, the Chair of the ARC briefs the Auditor-General separately after each meeting.

The main activities of the ARC in 2025-26 were:

- reviewing and endorsing the Audit Office's financial statements and statement of performance;
- overseeing internal audit and assurance activities and the Audit Office's implementation of recommendations from previous internal audits and other reviews;
- monitoring progress for procuring a service provider to address internal audit quality assurance recommendations and delivery of a new internal audit strategy and four-year internal audit program;

- reviewing the Audit Office’s compliance with key legislation and the effectiveness of the systems for monitoring compliance with key legislative obligations; 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.5.2 Internal Audit

The Audit Office engaged O’Connor Marsden and Associates Pty Ltd (OCM) from March 2026 to June 2029 to conduct one internal audit per year for the Audit Office.

OCM commenced a procurement and contract management internal audit in March 2026 with the audit being completed in early 2026-27.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.6 Fraud prevention

The Audit Office has a suite of policies in place to minimise the risk of fraud and corruption. The key policies for the management of fraud and corruption risks are the:

- *Integrity Code*;
- *Fraud and Corruption Prevention Plan*; and
- *Positive Workplace Culture Policy and Procedures*.

Other relevant policies and procedures include the *Protective Security - Physical Security Policy*; *Asset Management Policy*; *Acceptable Use of ICT Resources Policy*; *Privacy of Information Policy*; *Financial Delegations* and *Personnel Delegations*. Staff are made aware of these policies and new staff are introduced to them as part of induction training.

B.6.1 Integrity Code

The Audit Office’s *Integrity Code (the Code)* provides guidance on the conduct expected of staff in the performance of their responsibilities and in doing so:

- aligns the content of the Code with the Audit Office’s Values;
- provides guidance with respect to external employment and gifts, benefits and hospitality;
- comprehensively documents, and makes explicit through document links, conflict of interest declarations for specific processes; and
- outlines requirements for the *Annual Declaration - Ethical and independence related responsibilities*, as required by the Audit Office’s *Quality Management Framework*.

B.6.2 Integrity Risk Register

Integrity risks, including fraud and corruption risks, have been identified for the purpose of an Integrity Risk Register. Risks on the Integrity Risk Register are reviewed every six months, with a view to identifying whether:

- any new risks need to be added;
- the existing risk ratings remain appropriate; and
- the identified controls continue to be effective.

The risks on the Integrity Risk Register inform the development of the *Fraud and Corruption Prevention Plan*.

The Integrity Risk Register identifies 13 fraud and corruption-related risks (10 medium-rated risks and three low-rated risks) for which existing controls have been identified as adequate. The Office's 13 fraud and corruption-related risks are categorised as follows:

- financial management and administration;
- leave management and time recording;
- recruitment;
- procurement and contracting; and
- theft and misuse of data.

B.6.3 Fraud and Corruption Prevention Plan

The *Fraud and Corruption Prevention Plan* includes:

- a Fraud and Corruption Policy Statement that encapsulates the key points conveyed in the Plan;
- descriptions of roles and responsibilities;
- information and guidance to highlight the importance of ethical culture and behaviour as the key control to fraud and corruption prevention; and
- emphasis on the linkage between the Audit Office's Integrity Risk Register and its input into the Plan.

B.6.4 Senior Executive Responsible for Business Integrity Risk

The Assistant Auditor-General, Performance Audits is the Senior Executive Responsible for Business Integrity Risk (SERBIR). The SERBIR regularly discusses integrity at staff meetings, reinforcing the responsibility of all staff to identify and report unethical or inappropriate behaviour.

Updates to the Audit Office's policies and procedures are communicated and explained at All Staff Meetings, helping to ensure staff remain aware of their obligations and expected standards of conduct.

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

- the status of integrity and fraud and corruption prevention 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 have been conducted;
- any incidents that have been reported or identified and investigations undertaken in the previous six months;
- the Audit Office's Integrity 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 forthcoming six months.

No fraudulent or corrupt activity was identified or reported during 2025-26.

Further information can be obtained from:

Mr Brett Stanton, Senior Executive Responsible for Business Integrity Risk on telephone number (02) 6207 9534 or email Brett.Stanton@act.gov.au.

B.7 Freedom of information

Under the *Freedom of Information Act 2016* (the FOI Act) agencies are required to make open access information publicly available unless the disclosure would be contrary to public interest.

During the period from 1 July 2025 to 30 June 2026, the Audit Office did not:

- publish any documents on the Open Access website;
- receive any FOI access applications;
- receive any requests to amend personal information;
- receive any applications for review by the Ombudsman or ACT Civil and Administrative Tribunal;
- collect any application fees or charges; and
- no charges or application fees were collected.

B.7.1 Process to lodge a request

To lodge a request for access to documents under the 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 Audit Office at:

<https://www.audit.act.gov.au/contact-us>.

The Audit Office FOI Disclosure log and Open Access Information Strategy can be accessed at:

<https://www.audit.act.gov.au/about-us/access-to-information>.

Further information can be obtained from:

Ms Caroline Smith, Freedom of Information Coordinator on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.8 Community engagement and support

B.8.1 Community engagement activities

As described in Section B.2.2 'Performance audits', the Audit Office has robust planning, consultation and topic selection processes for the annual performance audit program. Community views are received through consultation with key community groups and other representative bodies, the Standing Committee on Public Accounts and Administration (PAAC), the Standing Committee on Integrity Commission and Statutory Office Holders and Members of the ACT Legislative Assembly (MLAs).

The performance audits program is also informed by representations received directly from community groups or individual members of the community or MLAs. In 2025-26, the Audit Office received 19 unsolicited representations. Information received from the community through representations is used to inform the development of the performance audit program and selection of topics.

The Audit Office also received feedback from MLAs directly in response to an invitation to provide input into the development of the performance audit program.

B.8.2 Community support initiatives: Grants and sponsorship

The Audit Office did not provide any grants, assistance or sponsorship programs during 2025-26.

B.9 Aboriginal and Torres Strait Islander reporting

B.9.1 Progress in implementing both the National Agreement and the ACT Agreement

Public sector bodies are to prepare, as a transition measure, information about their actions in 2025-26 that support the amendments by *the Public Sector Closing the Gap Amendment Act 2025*. This will be a mandatory requirement under the *Annual Reports (Government Agencies) Directions* (the Directions) from 2026-27.

Under paragraph 8(2)(b) of the *Annual Reports (Government Agencies) Act 2004*, the Directions do not apply to Auditor-General as an Officer of the ACT Legislative Assembly, but the Auditor-General and the Audit Office are strongly committed to:

- supporting the principles of the National Agreement on Closing the Gap (the National Agreement) through the way the Audit Office works, makes decisions and engages with its stakeholders; and
- conducting performance audits that consider the effectiveness of ACT Government policies and actions to improve the health and wellbeing of Aboriginal and Torres Strait Islander people in Canberra as committed to under the *ACT Aboriginal and Torres Strait Islander Agreement 2019-2028*.

The Audit Office is committed to supporting improved outcomes for Aboriginal and Torres Strait Islander peoples by:

- exploring partnerships with Aboriginal and Torres Strait Islander stakeholders in the development and delivery of performance audits to strengthen collaboration and engagement;
- including Closing the Gap measures in executive performance agreements to promote accountability and drive meaningful action across the Audit Office; and
- requiring all staff to complete annual cultural learning training to build cultural awareness and capability.

B.10 Disability Inclusion Act Reporting

Public sector entities are required to report on their progress and measures taken to support the development and implementation of Disability Inclusion Strategies and Disability Inclusion Plans. While the Auditor-General is not required to report under the *Disability Inclusion Act 2024*, the Audit Office supports and promotes disability inclusion.

The Audit Office fosters a respectful and safe workplace that values diversity and offers reasonable adjustments during recruitment and employment, including assistive technologies and flexible work arrangements. It is also committed to ensuring that all reports it publishes are available in accessible formats and that its website aligns with the Web Content Accessibility Guidelines.

The performance audit of ACT Public Services diversity, equity and inclusion practices was tabled on 14 January 2026. This audit provided an independent opinion on the effectiveness of: the Chief Minister, Treasury and Economic Development Directorate's activities to develop whole-of-government frameworks, strategies and plans for diversity, equity and inclusion and support ACT Government agencies to implement them; and the activities of a selection of ACT Government agencies to recognise and implement relevant diversity, equity and inclusion principles at key stages of the employment lifecycle. The performance audit made eight recommendations for actions by the Chief Minister, Treasury and Economic Development Directorate and the ACT Government Agencies. More information is available in the performance audit report [*Diversity, equity and inclusion in the ACT Public Service*](#) (Report No. 1/2026).

B.11 Multiculturalism Act Reporting

Public sector entities are required to report on their work to promote multiculturalism. While the Auditor-General is not required to report under the *Multiculturalism Act 2023*, the Audit Office supports and promotes multiculturalism through its *Positive Workplace Place Culture Policy and Procedures*, recruitment processes and Social Committee activities.

B.12 Period Products and Facilities (Access) Act Reporting

The Audit Office is committed to providing information to its staff about Menstruation and Menopause Leave and flexible working arrangements.

The Audit Office's staff have access to appropriate toilets, sanitary waste disposal and handwashing facilities in a way that respects the dignity of the person in the workplace.

B.13 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.

In 2025-26, 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 2025-26 that required a notice under Part 3, section 38 of the *Work Health and Safety Act 2011*.

B.13.1 Workplace safety representatives

In 2025-26, the Audit Office workplace safety representatives consisted of:

- a Health and Safety Representative;
- three First Aid Officers;
- two 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 Audit Office to promote health, safety and wellbeing to all staff.

B.13.2 Workstations - staff practices and assessments

The administrative nature of audit work means that staff are often at workstations for prolonged periods of time. Staff are encouraged to implement healthy work practices such as improving posture and taking regular breaks from sitting and working at their computers. Workplace safety assessments are performed, including ergonomic workstation assessments in the office and at home, on an as needed basis.

New staff who joined the Audit Office in 2025-26 were offered an ergonomic assessment of their office workstations.

Staff also participated in wellbeing activities, including the Move More Work Well information session and a stretching exercise session in June 2026.

B.13.3 Health and wellbeing initiatives

Health and wellbeing initiatives for the Audit Office include:

- the Employee Assistance Program;
- flexible working arrangements, including agreed days of the week to work from home;
- completion of annual work health and safety checklists;
- free influenza vaccinations to all staff;
- mentoring/coaching;
- 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; 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 teams 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.

During 2025-26, most staff applied a flexible working arrangement to work from home for two to three days a week and were responsible for implementing healthy work practices at their home workstations. Staff responsibilities included seeking advice and support from their supervisor and the Audit Office's Professional Services team on any concerns about their ability to implement healthy work practices at home.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.14 Human resources management

B.14.1 Workforce planning

The Audit Office's *Workforce Planning and Review Policy and Guidelines* (Workforce Plan) helps ensure the Office has the right people, with the right skills, in the right roles, at the right time to meet its responsibilities.

The Workforce Plan recognises the ongoing challenge of maintaining the knowledge and experience needed to deliver high-quality work. As a small agency, the Audit Office may face difficulties retaining experienced staff due to limited career progression opportunities.

In 2025-26, the Audit Office implemented one Attraction and Retention Incentive arrangement to supplement an employee's salary under the *ACT Public Sector Administrative and Related Classifications Enterprise Agreement 2023-26*. No other special employment arrangements were used during the year.

The Workforce Plan also supports the continuous development of staff. This includes maintaining a Professional Development Journey for each staff member, supported by a position capability framework. These development plans identify capability strengths and areas for growth, outline learning and development needs, and provide a record of regular feedback between staff and their supervisors.

B.14.2 Forward work and human resource planning

The Audit Office plans staff allocations to ensure audits and other work are completed on time, including meeting legislated reporting deadlines. A forward planning schedule is used to manage financial and performance audits and to meet the increased workload during the peak financial audit period from April to November each year.

Where specialist expertise is required, the Audit Office may engage contractors, consultants or external providers to support or undertake audit work. This is particularly relevant for areas such as information technology, actuarial services and taxation.

Staff from financial and performance audit teams may also be assigned to corporate activities as needed. Where possible, the Audit Office provides staff with opportunities to gain experience across a range of tasks and responsibilities.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.14.3 Staffing profile

The Auditor-General is appointed as a full-time statutory office holder under the *Auditor-General Act 1996*. All other Audit Office staff are employed under the *Public Sector Management Act 1994*.

As at 30 June 2026, the Audit Office employed 50 staff, including the Auditor-General, representing 49.4 full-time equivalent (FTE) employees.

Because the Audit Office has fewer than 100 employees, it is not required to prepare a Gender Action Plan or undertake Gender Impact Assessment Reporting. Given the small size of the workforce, providing detailed workforce information could risk identifying individual staff members. To protect staff privacy, the Audit Office reports only limited workforce information, including:

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

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

Operational area	FTE	Headcount
Executive	3.6	4
Financial Audits	27.0	27
Performance Audits	11.8	12
Professional Services	7.0	7
Total	49.4	50

Source: Office of Industrial Relations and Workforce Strategy

Table B-7: Full-time equivalent and headcount by gender

	Female	Male	Non-binary	Total
Full-time equivalent	24.4	25.0	0	49.4
Headcount	25	25	0	50
Percentage of workforce (based on headcount)	50%	50%	0	100%

Source: Office of Industrial Relations and Workforce Strategy

Table B-8: Headcount by classification and gender

Classification	Female	Male	Non-binary	Total
Statutory office holders	0	1	0	1
Executives	2	1	0	3
Professional and administrative officers	23	23	0	46
Total	25	25	0	50

Source: Office of Industrial Relations and Workforce Strategy

Table B-9: Headcount by employment category and gender

Employment category	Female	Male	Non-binary	Total
Permanent full-time	19	23	0	42
Permanent part-time	1	0	0	1
Temporary full-time	4	2	0	6
Temporary part-time	1	0	0	1
Casual	0	0	0	0
Total	25	25	0	50

Source: Office of Industrial Relations and Workforce Strategy

B.14.4 Workplace diversity

Staff who have advised they are from culturally and linguistically diverse backgrounds represent 54.0 percent of the workforce. No staff member has advised that they are Aboriginal and/or Torres Strait Islander. Four percent of staff advised they have a disability.

B.14.5 Age profile

Due to the small numbers in most categories, staff numbers by age group and gender are not reported to protect the privacy of individuals. The largest group, 58 percent of staff, are aged 44 or under and 42 percent of staff are aged 45 or over.

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

Gender	Female	Male	Non-binary	Average
Average length of service (years)	5.6	9.1	0.0	7.3

Source: Office of Industrial Relations and Workforce Strategy

Table B-11: Recruitment and separation rates

Recruitment rate	Separation rate
9.1%	4.5%

Source: Office of Industrial Relations and Workforce Strategy

B.14.6 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 support 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 2025-26:

- formal training;
- mentoring;
- secondments;
- seminars/conferences;
- education courses;
- study assistance;

- coaching;
- on-the-job training; and
- professional memberships.

In addition, professional development and technical training were provided on financial and performance audit methods and practices; and changes to accounting and auditing standards. Maintaining and developing audit technical proficiency is a constant priority for staff's future learning and development requirements.

In 2025-26, the Audit Office also supported four staff through study assistance which included providing study leave and financial assistance for education course costs (\$4,571).

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.

B.14.7 Carers Recognition Act Reporting

The Audit Office does not have specific responsibility for the delivery of support services, programs or policies in relation to people in care relationships. However, some Audit Office staff members are carers and are in a care relationship. The Audit Office supports and promotes staff members who are carers through a range of policies and practices, including the *Flexible Working Arrangements Policy*, the *Positive Workplace Culture Policy and Procedures*, and the *Work Health and Safety Policy and Procedures*, which assist employees in balancing their work and caring responsibilities.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.15 Ecological sustainability reporting

The Audit Office accords with, and contributes to, the principles of ecological sustainable development 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 and cardboard;
- using electronic audit work papers;
- turning off lights and computer equipment and monitors when not in use; and
- using public transport and walking to the office and audit locations where possible.

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	2025-26	2024-25	Percentage change
Staff	FTE	49.4	50.4	(2%)
Workplace floor area	Area (m2)	617	617	0%

Source: Office of Industrial Relations and Workforce Strategy and Infrastructure Canberra

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.

Table B-13: Sustainable development performance: Current and previous financial year

Indicator at 30 June	Unit	2025-26	2024-25	Change
Stationary energy usage				
Electricity use	Kilowatt hours	53 175	58 508	(9%)
Natural Gas use (non-transport)	Megajoules	223 252	193 213	16%
Diesel use (non-transport)	Kilolitres	-	-	-
Transport fuel usage				
Battery Electric Vehicles (BEV)	Number	-	-	-
Hydrogen Fuel Cell Electric Vehicles (FCEV)	Number	-	-	-
Plug in Hybrid Electric Vehicles (PHEV)	Number	-	-	-
Hybrid Electric Vehicles (HEV)	Number	-	-	-
Internal Combustion Engine (ICE) vehicles	Number	1	1	0%
Total number of vehicles	Number	1	1	0%

Indicator at 30 June	Unit	2025-26	2024-25	Change
Fuel use - Petrol	Kilolitres	0	0	0%
Fuel use - Diesel	Kilolitres	-	-	-
Fuel use - Liquid Petroleum Gas (LPG)	Kilolitres	-	-	-
Fuel use - Compressed Natural Gas (CNG)	Gigajoules	-	-	-
Water usage				
Water use	Kilolitres	137	139	(1%)
Resource efficiency and waste				
Reams of paper purchased	Reams	40	90	(56%)
Recycled content of paper purchased	Percentage	100%	83%	20%
Waste to landfill	Litres	3 668	3 851	5%
Co-mingled material recycled	Litres	785	1 755	(55%)
Paper & Cardboard recycled (incl. secure paper)	Litres	1 342	1 355	(1%)
Organic material recycled	Litres	86.46	66	32%
Greenhouse gas emissions				
Emissions from natural gas use (non-transport)	Tonnes CO2-e	11.5	9.95	16%
Emissions diesel use (non-transport)	Tonnes CO2-e	-	-	-
Emissions from transport fuel use	Tonnes CO2-e	0	0	0%
Emissions from refrigerants	Tonnes CO2-e	-	-	-
Total emissions	Tonnes CO2-e	11.5	9.95	16%

Source: City and Environment Directorate, SG Fleet and Infrastructure Canberra.

Notes: The annual report figures, provided by City and Environment Directorate for electricity, natural gas, water use and emissions have changed slightly for 2024-25 and have been updated in Table B-13. This is because of adjustment in charges for these services after 30 June 2025.

Until February 2026, the Audit Office leased one executive vehicle which was occasionally used by staff for business related travel. The kilometres travelled for business purposes in 2025-26 remained very low as meetings were held online or were accessible by walking or public transport.

The Audit Office was recredited in Waste Minimisation with the Sustainable Business Program in October 2025.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@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 compares them to estimates contained in the 2025-26 Budget Papers.

C.1.1 Financial results

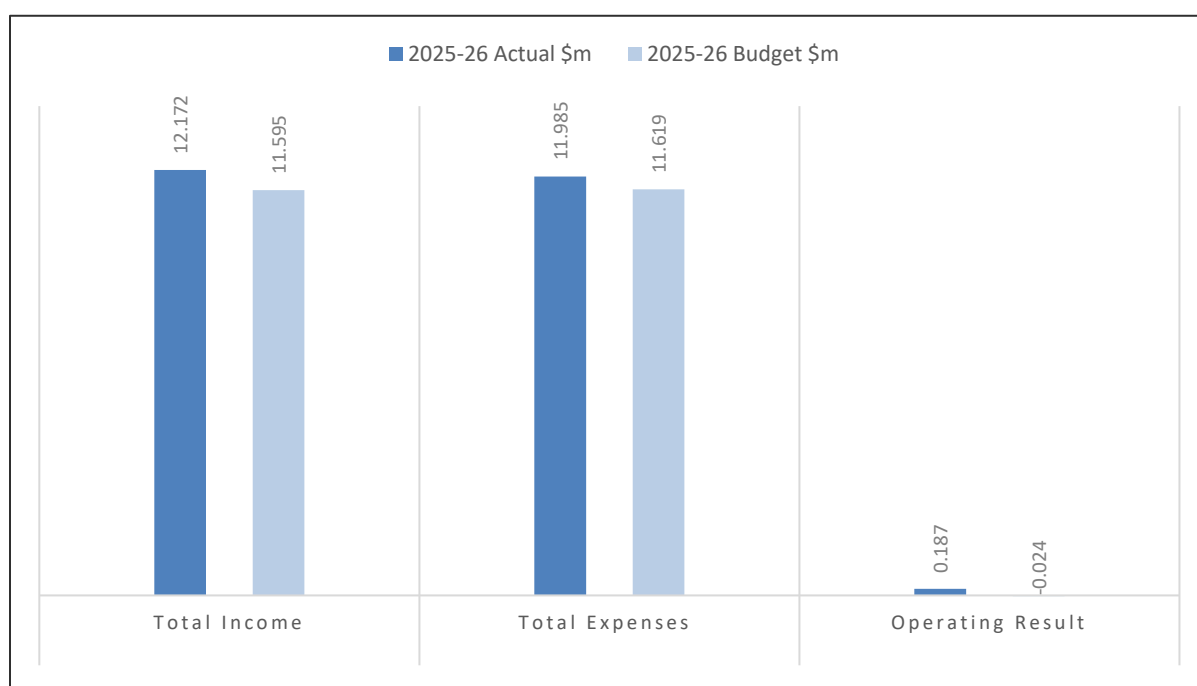
The Audit Office's income mainly comprises financial audit fees and appropriation.

Financial audit fees fund audits of financial statements and limited assurance reviews of statements of performance of ACT Public Sector reporting agencies (see Appendix A of the Annual Report for fee setting). They also fund corporate overheads for financial audit activities such as staff training, office accommodation, and information technology costs.

Appropriation primarily funds performance audits, insight publications and other reports, briefings to Legislative Assembly committees including the Standing Committee on Public Accounts and Administration, responses to representations and public interest disclosures. It also funds preparation of the annual report, corporate overheads for performance audit activities including staff training, information technology and office accommodation costs.

Expenses mainly consist of employee expenses and supplies and services including contractors and consultants, accommodation, information technology, recruitment, and staff training costs.

Figure C-1: Financial Results



C.1.2 Operating result compared to budget estimates

The Audit Office recorded an operating surplus of **\$0.187 million** in 2025-26, compared with the budgeted deficit of **\$0.024 million**, mainly because higher income more than offset higher expenses.

Income of **\$12.172 million** was **\$0.577 million** above budget, primarily due to higher financial audit fees from increased audit charges to fund a new quality director position and to recover higher contractor costs, and higher interest revenue.

Expenses of **\$11.985 million** were **\$0.366 million** above budget, mainly reflecting higher employee costs associated with additional temporary financial audit staff and increased annual leave liabilities following the appointment of new Executive staff with significant accrued leave balances.

C.1.3 Operating result compared to prior year

The Audit Office reported an operating surplus of **\$0.187 million** in 2025-26, compared with a deficit of **\$0.579 million** in 2024-25.

As previously discussed, the improved result reflected higher financial audit fee revenue and lower contractor and consultant costs. These were partially offset by higher employee expenses, mainly due to increased annual leave liabilities associated with newly appointed Executive staff.

C.1.4 Financial position

Table C-1 shows that the Audit Office's liquidity position remained sound, with current assets of \$1.69 available to meet each dollar of current liabilities as at 30 June 2026.

Table C-1: Current financial position

	2023-24	2024-25	2025-26	2025-26
	Actual	Actual	Actual	Budget
	\$ 000	\$ 000	\$ 000	\$ 000
Current assets	5 112	4 670	5 763	5 503
Current liabilities	2 759	2 887	3 405	3 133
Net current assets	2 353	1 783	2 358	2 370
Current ratio	1.85	1.62	1.69	1.76

Source: Audit Office's audited 2023-24, 2024-25 and 2025-26 financial statements and 2025-26 budget papers.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

C.2 Financial statements

ACT Audit Office Financial Statements Year Ended 30 June 2026

Statement of Responsibility

In my opinion, the accompanying financial statements for the ACT Audit Office for the year ended 30 June 2026 agree 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 2026 and its financial position on that date.

A handwritten signature in black ink, appearing to read 'Ajay Sharma'.

Ajay Sharma FCA PSM
Auditor-General
3 September 2026

**ACT Audit Office
Financial Statements
Year Ended 30 June 2026**

Statement by the Chief Operating Officer

In my opinion, the accompanying financial statements for the ACT Audit Office for the year ended 30 June 2026 have been prepared in accordance with Australian Accounting Standards, agree 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 2026 and its financial position on that date.



Caroline Smith
Chief Operating Officer
3 September 2026

Independent Auditor's Report



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ACT Audit Office

Independent Audit Report to the Members of the Legislative Assembly for the Australian Capital Territory

Report on the Audit of the Financial Report of ACT Audit Office for the year ended 30 June 2026

Opinion

We have audited the financial report of the ACT Audit Office for the year ended 30 June 2026 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 material accounting policy information and Statement of Responsibility and Statement by the Chief Operating Officer.

In our opinion, the accompanying financial report of the ACT Audit Office is in accordance with the *Financial Management Act 1996*, including:

- (i) giving a true and fair view in all material respects of the ACT Audit Office's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended; and
- (ii) complying with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are 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) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities for the Financial Report

The Auditor-General is responsible for preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Financial Management Act 1996* and for such internal controls as the Auditor-General determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Auditor-General is responsible for assessing the ACT Audit Office ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial report.

Auditor's Responsibilities for the Audit of the Financial Report

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

PKF Canberra is a member of PKF Global, the network of member firms of PKF International Limited, each of which is separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.

Independent Auditor's Report (continued)



ACT Audit Office

Independent Audit Report to the Members of the Legislative Assembly for the Australian Capital Territory

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 our 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 the purpose of 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 ACT Audit Office's use of the going concern basis of accounting and, based on the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ACT Audit Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

PKF Canberra

A handwritten signature in black ink, appearing to read 'Stephen Agarwal', written over a light blue horizontal line.

Stephen Agarwal
Registered Company Auditor
Senior Partner

Dated: 3 September 2026

**ACT Audit Office
Operating Statement
Year Ended 30 June 2026**

	Note No.	Actual 2026 \$'000	Original Budget 2026 \$'000	Actual 2025 \$'000
Income				
Revenue				
Financial Audit Fees	2	7 540	7 114	7 155
Appropriation		4 334	4 334	4 220
Other Income		298	147	322
Total Revenue		12 172	11 595	11 697
Total Income				
		12 172	11 595	11 697
Expenses				
Employee Expenses	3	9 098	8 772	8 946
Supplies and Services	4	2 879	2 830	3 313
Depreciation and Amortisation		8	17	17
Total Expenses		11 985	11 619	12 276
Operating Result				
		187	(24)	(579)
Total Comprehensive Result				
		187	(24)	(579)

The above Operating Statement is to be read in conjunction with the accompanying notes.

**ACT Audit Office
Balance Sheet
As at 30 June 2026**

	Note No.	Actual 2026 \$'000	Original Budget 2026 \$'000	Actual 2025 \$'000
Current Assets				
Cash	6	2 244	2 416	1 284
Receivables	5	3 434	3 012	3 304
Other Assets		85	75	82
Total Current Assets		5 763	5 503	4 670
Non-Current Assets				
Right-of-use Motor Vehicle		-	47	8
Total Non-Current Assets		-	47	8
Total Assets		5 763	5 550	4 678
Current Liabilities				
Payables	7	389	370	220
Employee Benefits	3	3 016	2 763	2 655
Lease Liabilities		-	-	12
Total Current Liabilities		3 405	3 133	2 887
Non-Current Liabilities				
Lease Liabilities		-	64	-
Employee Benefits	3	311	310	260
Total Non-Current Liabilities		311	374	260
Total Liabilities		3 716	3 507	3 147
Net Assets		2 047	2 043	1 531
Equity				
Accumulated Funds		2 047	2 043	1 531
Total Equity		2 047	2 043	1 531

The above Balance Sheet is to be read in conjunction with the accompanying notes.

ACT Audit Office
Statement of Changes in Equity
Year Ended 30 June 2026

Year Ended 30 June 2026	Accumulated Funds Actual 2026 \$'000	Total Equity Actual 2026 \$'000	Total Equity Original Budget 2026 \$'000
Balance at 1 July 2025	1 531	1 531	1 738
Comprehensive Result			
Operating Surplus/(Deficit)	187	187	(24)
Total Comprehensive Result	187	187	(24)
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	329	329	329
Total Transactions Involving Owners Affecting Accumulated Funds	329	329	329
Balance at 30 June 2026	2 047	2 047	2 043

Year Ended 30 June 2025	Accumulated Funds Actual 2025 \$'000	Total Equity Actual 2025 \$'000
Balance at 1 July 2024	2 110	2 110
Comprehensive Result		
Operating (Deficit)	(579)	(579)
Total Comprehensive Result	(579)	(579)
Balance at 30 June 2025	1 531	1 531

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

ACT Audit Office
Statement of Cash Flows
Year Ended 30 June 2026

	Note No.	Actual 2026 \$'000	Original Budget 2026 \$'000	Actual 2025 \$'000
Cash Flows from Operating Activities				
Receipts				
Appropriation		4 334	4 334	4 220
Financial Audit Fees		7 402	7 096	6 604
Other Receipts		535	349	579
Total Receipts from Operating Activities		12 271	11 779	11 403
Payments				
Employee		8 679	8 603	8 714
Supplies and Services		2 644	2 846	3 331
Interest on Lease Liability		-	-	1
Other Payments		321	262	339
Total Payments from Operating Activities		11 644	11 711	12 385
Net Cash Inflows/(Outflows) from Operating Activities	6	627	68	(982)
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Right-of-Use Motor Vehicle		15	-	-
Total Receipts from Investing Activities		15	-	-
Payments				
Purchase of Property, Plant and Equipment		-	(80)	-
Total Payments from Investing Activities		-	(80)	-
Net Cash Inflows/(Outflows) from Investing Activities		15	80	-
Cash Flows from Financing Activities				
Receipts				
Capital Injections		329	329	-
Total Receipts from Financing Activities		329	329	-
Payments				
Repayment of Lease Liabilities - Principal		11	53	16
Total Payments from Financing Activities		11	53	16
Net Cash Inflows/(Outflows) from Financing Activities		318	276	(16)
Net Increase/(Decrease) in Cash		960	424	(998)
Cash at the Beginning of the Reporting Period		1 284	1 992	2 282
Cash at the End of the Reporting Period	6	2 244	2 416	1 284

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

ACT Audit Office
Statement of Appropriation
Year Ended 30 June 2026

	Original Budget 2026 \$'000	Total Appropriated 2026 \$'000	Appropriation Drawn 2026 \$'000	Appropriation Drawn 2025 \$'000
Controlled Recurrent Payments	4 334	4 334	4 334	4 220
Capital Injections	329	329	329	-
Total Appropriation	4 663	4 663	4 663	4 220

The above Statement of Appropriation is to be read with the accompanying notes below.

Notes

Capital Injections appropriation of \$0.329 million was received in 2025-26 for an additional pay period which was drawn from the Audit Office's bank account on 1 July 2026.

Appropriation accounting policy

Controlled recurrent payments appropriation is recognised as revenue when the Audit Office gains control over the funding which is on receipt.

Capital injections appropriation is recognised as equity injections and a cash inflow on receipt.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

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ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

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 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 *Auditor-General Act 1996*.

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*, supplemented by the ACT Accounting and Disclosure policies.

The financial statements comprise:

- the statement of responsibility by the Auditor-General and statement by the Chief Operating Officer;
- an operating statement, which identifies revenues and expenses and financial results for the year;
- a balance sheet, which identifies the assets, liabilities and equity at balance date;
- a statement of changes in equity;
- a statement of cash flows, which provides information about the historical changes in cash and cash equivalents and classifies cash flows between operating, investing and financing activities;
- a statement of appropriation which provides information on cash appropriations received from the ACT Government; and
- notes providing descriptions of balances and the accounting policies.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 1. About these financial statements (continued)

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;
- contain 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. Rounding may cause minor discrepancies in totals.

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 2025-26 Budget Statements.

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

Note 2. Funding for the delivery of audit services

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

Appropriation (controlled recurrent payments and capital injections)

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

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

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

Financial audit fees

Fees are charged for auditing financial statements and undertaking limited assurance engagements on the statements of performance of ACT Public Sector agencies. Financial audit fees are determined by the Auditor-General under the *Auditor-General Act 1996*.

	2026	2025
	\$'000	\$'000
General Government Sector	5 234	5 008
Public Non-Financial Corporation Sector	1 087	897
Other	1 219	1 250
Total Financial Audit Fees	7 540	7 155

Financial audit fees are higher than last year by \$0.385 million (5 percent) mainly due to fee increases for most agencies for 30 June 2026 audits to recover higher costs of performing audits, including a new position established to assist the Audit Office meet new audit quality management standards and additional audit fees charged to some agencies to recover higher contractor costs.

Financial audit fees accounting policy

Revenue from financial audit services is recognised over time as the audit work is completed. The amount of audit work completed for each audit is estimated by comparing Audit Office staff hours to total budgeted staff hours, and where contractors are used, the amount paid or payable to the contractors for audit work completed.

Significant estimates and judgements

The Audit Office has made a significant estimate that includes assumptions about when financial audit fees are recognised as revenue according to the estimated stage of completion of each audit. This is based on a judgement of the amount of audit work completed compared to the total number of hours budgeted to complete each audit.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

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	2026	2025
	\$'000	\$'000
Salaries	7 431	7 411
Superannuation	1 227	1 210
Annual Leave Expense	187	62
Long Service Leave Expense	121	160
Flex and TOIL Leave Expense	14	(14)
Workers' Compensation Insurance Premium	96	78
Fringe Benefits Tax	16	19
Other Employee Benefits	6	20
Total Employee Expenses	9 098	8 946

Employee expenses are higher than the prior year by \$0.152 million (2 percent), mainly due to annual leave expenses which reflect increases in leave liabilities mostly related to the appointment of new Executive staff to existing positions.

Employee Benefits	2026	2025
	\$'000	\$'000
Current Employee Benefits		
Annual Leave	1 241	1 055
Long Service Leave	1 419	1 284
Flex and TOIL Leave	69	55
Accrued Salaries	285	256
Other Employee Benefits	2	5
Total Current Employee Benefits	3 016	2 655
Non-Current Employee Benefits		
Long Service Leave	311	260
Total Non-Current Employee Benefits	311	260
Total Employee Benefits	3 327	2 915

Long service leave liabilities increased by \$0.186 million (12 percent) and annual leave liabilities increased by \$0.186 million (18 percent) mainly due to higher leave liabilities associated with the appointment of new Executive staff with existing accrued leave balances. Funding was provided by one Executive's former employer to partially meet their leave liabilities and reduce the associated leave expenses. These increases were partially offset by reductions in the liabilities due to lower rates used to estimate the present value of future payments of these liabilities.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 3. The cost of delivering audit services (continued)

	2026	2025
	\$'000	\$'000
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 Months		
Annual Leave	491	545
Accrued Salaries and Other Employee Benefits	287	261
Flex and TOIL Leave	69	55
Long Service Leave	64	95
Total Employee Benefits Payable within 12 Months	911	956
Estimated Amount Payable after 12 Months		
Long Service Leave	1 666	1 449
Annual Leave	750	510
Total Employee Benefits Payable after 12 Months	2 416	1 959
Total Employee Benefits	3 327	2 915

At 30 June 2026, the Audit Office employed 50.4 full time equivalent (FTE) staff (30 June 2025: 50 FTE).

Accrued salaries accounting policy

Accrued salaries are measured at the nominal amount that remains 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.

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.

Significant estimates and judgements

Annual leave liabilities are 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 98.0 percent at 30 June 2026 (99.5 percent at 30 June 2025).

Note 3. The cost of delivering audit services (continued)

Significant estimates and judgements (continued)

Long service leave liabilities are estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of qualifying service (i.e. seven years for employees under 55 years and one year for employees 55 years or older), 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 95.5 percent at 30 June 2026 (100.1 percent at 30 June 2025). 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.

The estimated liabilities for annual and long-service leave require 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 used in the estimation of annual and long service leave liabilities are determined by ACT Treasury and apply to all ACT Government agencies. ACT Treasury organises an actuarial review to be performed every three years. The latest assessment was undertaken by the Australian Government Actuary in December 2024 and early 2025, with next review expected to be undertaken by late 2027.

Superannuation accounting policy

Superannuation contribution payments are made to the Territory Banking Account for employees who are members of the defined benefit Public Sector Superannuation Scheme. A productivity superannuation payment for these employees is paid directly to the Commonwealth Superannuation Corporation.

The Scheme is a defined benefit scheme, meaning that the defined benefits received by employees are based on an employee's years of service and final average salary. No superannuation liability is recorded in the balance sheet for employees in this scheme as it is included in the Superannuation Provision Account's financial statements.

Superannuation contributions are made to various accumulation superannuation schemes, including the Public Sector Superannuation Scheme Accumulation Plan and ones chosen by employees. Once contributions are paid, the Audit Office has no further liability.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 4. Supplies and services expenses

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

Nature and classification

	2026	2025
	\$'000	\$'000
Contractors and Consultants		
Performance Audit	222	376
Financial Audit	1 445	1 676
Other	129	182
Sub-total	1 796	2 234
Office Accommodation	297	281
Information Technology	280	344
Utilities	90	107
Printing	13	17
Publications and Subscriptions	51	57
Staff Development	70	72
Audit Fees	17	16
HR, Recruitment and Advertising	109	15
Services Received Free of Charge - HR and Legal	83	75
Travel	27	47
Other	46	48
Sub-total	1 083	1 079
Total Supplies and Services	2 879	3 313

To better reflect the nature of the expenses, the following expenses disclosed separately in 2024-25 have been reclassified in these financial statements:

- Security (\$0.012 million) has been combined with Office Accommodation; and
- Telephone (\$0.008 million) has been combined with Information Technology.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 4. Supplies and services expenses (continued)

Supplies and services expenses decreased by \$0.434 million (13 percent) from the prior year, mostly due to lower:

- contractor and consultant expenses (\$0.438 million) resulting from lower financial audit contractor costs as additional work undertaken in the prior year to obtain audit assurance did not re-occur. Also, fewer contractors were engaged to support performance audits and to conduct internal reviews for professional services, and no contract staff were engaged by the Financial Audits branch in 2025-26; and
- information technology costs (\$0.064 million) due to lower software costs resulting from a change in billing arrangements.

These were partially offset by higher recruitment costs (\$0.094 million) relating to the appointment of the new Auditor-General and Assistant Auditor-General, Financial Audits.

Commitments (inclusive of GST)

Commitments are obligations at the end of the reporting period to incur future expenditure for goods or services not yet received. As such, they are not recognised as liabilities. Commitments are recorded at their nominal value including GST.

Commitments include obligations to contractors for financial audits and performance audits, as well as commitments for office accommodation and information technology equipment with other ACT Government agencies.

	2026	2025
	\$'000	\$'000
Not later than one year	1 632	495
Later than one year but not later than five years	2 378	581
Later than five years	3 816	1
Total Commitments	7 826	1 076

Commitments are \$6.750 million (627 percent) higher than the prior year primarily due to:

- a new contract for outsourced financial audit services commencing in 2025-26 with an initial 3-year term with extension options of up to 4 years; and
- signing a Memorandum of Understanding with Infrastructure Canberra in 2025-26 for office accommodation with a 16-year remaining term.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 5. 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 contractors for financial audits.

Receivables by class of debtors was as follows:

	2026	2025
	\$'000	\$'000
Billed Financial Audit Fees	62	342
Accrued Staff Salary Recoveries	-	7
Accrued Financial Audit Fees	3 372	2 955
Total Receivables	3 434	3 304

Total receivables at 30 June 2026 are higher than the prior year by \$0.130 million (4 percent) mainly due to higher financial audit fees charged for 30 June 2026 audits. This increase was partially offset by lower unpaid invoices for 31 December audits. No expected credit losses have been recorded at 30 June 2026 (30 June 2025: nil) because all amounts owed are expected to be collected.

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 expected credit losses.

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

Under the *Auditor-General Act 1996*, ACT Government agencies are liable to pay fees for financial audits based on the scale of fees decided by the Auditor-General. In accordance with the ACT Government policy, 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 collectable from other ACT Government agencies.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 6. Cash

	2026	2025
	\$'000	\$'000
Cash at Bank	2 244	1 284
Cash as per Statement of Cash Flows and Balance Sheet	2 244	1 284

Cash at bank earned an average floating interest rate of 4 percent in 2025-26 (2024-25: 4.15 percent).

Total cash is higher than the prior year by \$0.960 million (75 percent) mainly due to capital injection appropriation payment received close to 30 June 2026 to fund an additional pay period paid on 1 July 2026. It also reflects timing differences for receiving payment of financial audit fee invoices and making payments for contractor costs.

Cash accounting policy

Cash is recorded at its nominal amount.

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

	2026	2025
	\$'000	\$'000
Operating Surplus/(Deficit)	187	(579)
Add Non-Cash Items		
Depreciation on Right-of-Use Motor Vehicle	8	17
Add/(Less) Items Classified as Investing or Financing		
Net (Gain) on Disposal of Right-of-Use Motor Vehicle	(15)	-
Cash Before Changes in Operating Assets and Liabilities	180	(562)
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(130)	(544)
(Increase) in Other Assets	(3)	(11)
Increase/(Decrease) in Payables	169	(88)
Increase in Employee Benefits	411	223
Net Changes in Operating Assets and Liabilities	447	(420)
Net Cash Inflows/(Outflows) from Operating Activities	627	(982)

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 7. Payables

	2026	2025
	\$'000	\$'000
Trade Payables and Accrued Expenses	389	220
Total Payables	389	220

Payables at 30 June 2026 are higher than the prior year by \$0.169 million (77 percent) mainly due to higher amounts payable to financial audit contractors.

Payables 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 are normally settled on 30-day terms from receiving an invoice and are non-interest bearing.

Note 8. Financial instrument exposures

Financial assets comprise of cash and receivables and financial liabilities comprise of payables. These assets and liabilities are not exposed to price and currency risk. The carrying amounts of the financial assets and liabilities disclosed in the relevant notes to these financial statements approximate their fair values.

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 dependent on interest earned, there is no significant exposure. The weighted average interest rate in 2025-26 was 4 percent and 4.15 percent in 2024-25.

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

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 8. Financial instrument exposures (continued)

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 audit 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 on hand to meet immediate operating requirements. Appropriation received to fund performance audits is drawn down progressively throughout the year, and financial audit fees are invoiced progressively to ensure that the Audit Office meets its financial obligations throughout the year.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 9. 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.

2025-26 Key Management Personnel	Position	Period in Position
Michael Harris	Auditor-General	1 July 2025 to 7 February 2026
Ajay Sharma	Auditor-General	8 February 2026 to 30 June 2026
Ajay Sharma	Assistant Auditor-General, Financial Audits	1 July 2025 to 7 February 2026
Clea Lewis	Assistant Auditor-General, Financial Audits	18 May 2026 to 30 June 2026
Rosa San Miguel	Acting Assistant Auditor-General, Financial Audits	1 July 2025 to 29 July 2025 9 February 2026 to 6 March 2026
Tim Larnach	Acting Assistant Auditor-General, Financial Audits	10 March 2026 to 15 May 2026
Brett Stanton	Assistant Auditor-General, Performance Audits	1 July 2025 to 30 June 2026
Matt Bowden	Acting Assistant Auditor-General, Performance Audits	2 January 2026 to 29 January 2026
Caroline Smith	Chief Operating Officer	1 July 2025 to 30 June 2026
Caroline Smith	Acting Auditor-General	15 July 2025 to 24 July 2025 23 August 2025 to 30 August 2025

2024-25 Key Management Personnel	Position	Period in Position
Michael Harris	Auditor-General	1 July 2024 to 30 June 2025
Ajay Sharma	Assistant Auditor-General, Financial Audits	1 July 2024 to 30 June 2025
Rosa San Miguel	Acting Assistant Auditor-General, Financial Audits	25 June 2025 to 30 June 2025
Brett Stanton	Assistant Auditor-General, Performance Audits	1 July 2024 to 30 June 2025
Brett Stanton	Acting Auditor-General	21 October 2024 to 24 October 2024
Laura Martin	Acting Assistant Auditor-General, Performance Audits	24 March 2025 to 4 April 2025
Caroline Smith	Chief Operating Officer	1 July 2024 to 30 June 2025
Caroline Smith	Acting Auditor-General	8 June 2025 to 13 June 2025
Erika Hudleston	Acting Chief Operating Officer	1 July 2024 to 30 August 2024
David O'Toole	Acting Chief Operating Officer	16 January 2025 to 31 January 2025

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 9. Related parties (continued)

Remuneration

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

	2026	2025
	\$'000	\$'000
Short-term Employee Benefits	1 151	1 138
Post-employment Benefits	265	253
Other Long-term Benefits	66	65
Total Remuneration of Key Management Personnel	1 482	1 456

Transactions and balances with key management personnel and other related parties

There were no related party transactions that involved key management personnel, their close family members, and their personal business interests in the current reporting period, other than the KMP disclosed above.

The Audit Office is an ACT Government related entity and therefore all other ACT Government agencies are related parties. Transactions with other ACT Government agencies are performed in the usual course of operations, typically required by legislation or the ACT Government's policies. Material transactions with other ACT Government agencies disclosed in these financial statements are:

- revenue that funds the Audit Office's operations in the form of Controlled Recurrent Payments and Capital Injections appropriation from the Territory Banking Account (Appropriation Statement); and Financial Audit Fees charged to all ACT Government agencies under the *Auditor-General Act 1996* (Note 2); and
- expenses relating to office accommodation to Infrastructure Canberra, and information technology equipment and services to Digital Canberra under whole-of-government service provider arrangements (Note 4).

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 10. Budgetary reporting

The budgetary reporting disclosure provides information relevant to assessing the financial performance of the Audit Office against its budget as presented to the Legislative Assembly.

Significant judgements have been applied in determining what variances are considered 'major variances'. Variances are considered major if both of the following criteria are met:

- the line item is a significant line item: where either the line-item actual or budget amount accounts for more than 10 percent of the relevant associated actual category amount (Income, Expenses, Assets, Liabilities and Equity totals); and
- the variance (original budget to actual) is greater than plus (+) or minus (-) \$250 000 and 5 percent for the financial statement line item.

Explanations have been included for some variances that do not meet the above criteria variances but are considered important for readers.

Operating Statement Line Items

	Variance Explanation	Actual \$'000	Original Budget \$'000	Variance \$'000	Variance %
Financial Audit Fees	1	7 540	7 114	426	6
Employee Expenses	2	9 098	8 772	326	4

Variance Explanations

1. Financial audit fees are higher than the budget estimate mostly because fees charged for 30 June 2026 audits were higher than expected. Fees were increased to partially fund a new position established to help meet new audit quality management standards, and additional audit fees were charged to some agencies to recover increased contractor costs.
2. Employee Expenses are higher than budget mainly due to higher salaries and superannuation expenses relating to additional temporary financial audit staff to assist meeting the reporting timetable for 30 June 2025 audits and higher annual leave expenses following the appointment of new Executive staff with significant accrued leave balances.

ACT Audit Office
Notes to the Financial Statements
Year Ended 30 June 2026

Note 10. Budgetary reporting (continued)

Balance Sheet Line Items

	Variance Explanation	Actual \$'000	Original Budget \$'000	Variance \$'000	Variance %
Receivables	1	3 434	3 012	422	14
Employee Benefits	2	3 327	3 073	254	8

Variance Explanations

1. Receivables are higher than the budget estimate, mostly due to higher accrued financial audit fees as previously discussed in the operating statement line items.
2. Employee benefits are higher than the budget estimate mainly due to the appointment of new Executive staff with significant accrued leave balances.

Statement of Changes in Equity and Statement of Cash Flows Line Items - these line items are covered in other financial statements.

C.3 Capital Works

The Audit Office had no capital projects in 2025-26.

C.4 Asset Management

The Audit Office did not manage any assets in 2025-26.

C.5 Government Contracting

In 2025-26, the Audit Office engaged the contractors listed in tables C-2 and C-3 to provide services with a value of \$25,000 (including GST) or more over the life of the contract.

The following information is an extract from the ACT Government Contracts Register.

Table C-2: Audit Office contracts 2025-26

Contracting Firm	Nature of works	Contract execution date	Contract expiry date	Total Contract Price \$ incl. GST
Ernst & Young T/A EY	Provision of Financial Audit Services to the ACT Audit Office - Icon Water and ActewAGL	15/05/2026	19/01/2029	6,299,211
Aitch Advisory Pty Limited	Performance Audit Services - Digital Health Record audit	11/12/2025	31/08/2026	155,441
O'Connor Marsden & Associates Pty Limited	Delivery of the ACT Audit Office internal audit program 2025 to 2029	11/05/2026	30/06/2029	109,805
KPMG	ACTAO Business Continuity Policy and Plan revisions	02/04/2026	30/06/2026	38,674
Executive Intelligence Group	Assistant Auditor-General Financial Audits recruitment services	12/01/2026	31/03/2026	30,250
ORIMA Research	ACT Audit Office Staff Survey	19/05/2026	31/07/2026	27,940

Note: Contract Number 2025-2026.09 - Ernst & Young T/A EY the initial contract price over 3 years is \$2,711,011 with two optional two-year extension periods at absolute discretion of the Audit Office.

Table C-3 shows work orders entered into under whole-of-government panel arrangements and other contract variations.

Table C-3: Audit Office work orders and contract variations 2025-26

Contracting Firm	Nature of works	Contract execution date	Contract expiry date	Total Contract Price \$ incl. GST
Axiom Associates (Aust) Pty Ltd	Work order variation - Provision of Specialist IT Audit Services	22/03/2024	20/03/2028	1,196,542
Caseware Australia Pty Ltd	Contract variation - Caseware Public Sector Audit System, Caseware Working Papers and Caseware Cloud software and support	03/12/2025	05/12/2026	90,229
O'Connor Marsden & Associates Pty Limited	Financial Audit Engagement Quality Review 2025-26	27/02/2026	31/10/2026	30,773

C.5.1 Compliance with *Government Procurement Act 2001*

The Audit Office complied with the *Government Procurement Act 2001* during the reporting year except for the instances in Table C-4.

Table C-4: Non-compliance with the *Government Procurement Act 2001* in 2025-26

Description of non-compliance	Section and subsection of <i>Government Procurement Act 2001</i> to which the non-compliance relates	Reason for non-compliance	Steps taken to rectify non-compliance
One contract and two contract variations were notified on the contracts register later than the 21 day requirement.	Part 2, Section 12(1)	One contract variation was notified 8 days late due to the need to seek advice on notification requirements.	The advice received will assist in preventing future notification delays.
		One contract and one contract variation was notified 6 days and 14 days late respectively due to staff leave and the December shutdown period. The advice received will prevent future notification delays.	Staff will be reminded in December 2026 about the arrangements for notifying contracts during the holiday period.

C.5.2 Secure Local Jobs Code

The Audit Office did not apply for any exemptions from the Secure Local Jobs Code.

C.5.3 Aboriginal and Torres Strait Islander Procurement Policy

The Audit Office considers the *Aboriginal and Torres Strait Islander Procurement Policy* in its procurement processes and encourages quotes from relevant enterprises where possible.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au

C.6 Statement of Performance

ACT Audit Office Statement of Performance Year Ended 30 June 2026

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 2026.

A handwritten signature in black ink, appearing to read 'Ajay Sharma'.

Ajay Sharma PSM
Auditor-General
3 September 2026

**ACT Audit Office
Statement of Performance
Year Ended 30 June 2026**

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 2026.



Caroline Smith
Chief Operating Officer
3 September 2026

Limited Assurance Report



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ACT Audit Office

Independent Limited Assurance Report to the Members of the Legislative Assembly for the Australian Capital Territory

Independent Limited Assurance Report on the ACT Audit Office for the year ended 30 June 2026

Conclusion

We have undertaken a limited assurance engagement on the statement of performance of the ACT Audit Office for the year ended 30 June 2026.

Based on the procedures performed and evidence obtained, nothing has come to our attention to indicate that the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2026 are not in agreement with the ACT Audit Office's records and 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

We 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*. Our responsibilities under the standard and legislation are described as below.

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQM 1 *Quality Management for firms that perform Audits or Reviews of Financial Reports and other Financial Information, or Other Assurance or Related Services Engagements*.

We believe that sufficient and appropriate evidence was obtained to provide a basis for our 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*.

The Auditor-General is responsible for 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*, PKF Canberra is responsible for issuing a limited assurance report on the statement of performance of the ACT Audit Office.

Our objective is to provide limited assurance on whether anything has come to our attention that indicates the results of the

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ACT Audit Office

Independent Limited Assurance Report to the Members of the Legislative Assembly for the Australian Capital Territory

accountability indicators reported in the statement of performance are not in agreement with the ACT Audit Office's records and 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, we perform procedures such as making enquiries 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 our judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

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, we do not express a reasonable assurance opinion on the statement of performance.

The 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.

PKF Canberra

A handwritten signature in black ink, appearing to be 'S Agarwal', written in a cursive style.

Stephen Agarwal
Registered Company Auditor
Audit Partner

Dated: 3 September 2026

ACT Audit Office
Statement of Performance
Year Ended 30 June 2026

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 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 cost, quantity and timeliness of reports and the quality and effectiveness of audit work.

Accountability indicators	Note No.	2025-26 Target	2025-26 Actual Result	Variance from Target
Cost				
Audit cost per hour excluding contracted out audit costs and resources received free of charge	1	\$224	\$249	11%
Quantity				
Number of auditor's reports issued on financial statements and compliance audits	2	60	63	5%
Number of limited assurance reports issued on statements of performance	3	30	30	0%
Number of reports, including performance audit and limited assurance, presented to the ACT Legislative Assembly	4	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 2026

Accountability indicators	Note No.	2025-26 Target	2025-26 Actual Result	Variance from Target
Quality and effectiveness				
Percentage of agencies satisfied with financial audits	5	95%	100%	5%
Percentage of agencies satisfied with performance audits	6	95%	94%	(1%)
Percentage of agencies satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance, or internal controls	7	80%	100%	25%
Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity	8	80%	100%	25%
Timeliness				
Percentage of financial audits completed within the required timetable	9	100%	100%	0%
Average period of completion of performance audits	10	11 months	12.5 months	14%
Presentation of a summary report on financial audits to the ACT Legislative Assembly	11	Dec 2025	Dec 2025	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 2026

Note 1. Audit cost per hour excluding contracted out audit costs and resources received free of charge

This accountability indicator represents the internal cost per hour of financial audit and performance audit functions. Internal costs are calculated by taking the total expenses of the Audit Office and subtracting contracted out audit costs and resources received free of charge. Internal cost per hour is calculated by dividing internal costs by the number of hours spent on audits.

Actual audit cost per hour excluding contracted out audit costs and resources received free of charge was \$249 per hour (\$10.234 million divided by 41 179 audit hours) compared to the budget target of \$224 per hour (\$10.121 million divided by 45 148 audit hours).

The audit cost per hour excluding contracted out audit costs and resources received free of charge is \$249 per hour, which is 11 percent higher than the targeted cost of \$224 per hour. This was largely due to lower than anticipated audit hours charged to performance audits resulting from staff absences and departures.

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

This accountability indicator represents the number of auditor's reports issued on financial statements and compliance audits during the reporting period.

There were 63 auditor's reports issued in 2025-26, 62 on financial statements and 1 on a compliance audit. This was three more than the 2025-26 target of 60.

Three special purpose financial statements audits (Commonwealth funding for specific projects under the *National Land Transport Act 2014*) were completed in 2025-26 however these were not included in the target as the request to perform these audits was received after the target had been set for 2025-26.

A list of auditor's reports issued is provided in Note 3A.

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

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 during the reporting period.

The number of limited assurance reports issued on statements of performance in 2025-26 (30) was consistent with the 2025-26 target (30).

A list of the limited assurance reports issued is provided in Note 3A.

Note 3A: Number of auditor's reports and limited assurance reports issued in 2025-26

This table lists the auditor's reports and limited assurance reports issued in the period from 1 July 2025 to 30 June 2026.

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

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 3A: Number of auditor's reports and limited assurance reports issued in 2025-26
(continued)

No.		Auditor's Report	No.	Limited Assurance Report
	Authorities			
21	ACT Electoral Commission	Unmodified	-	Not applicable
22	ACT Gambling and Racing Commission	Unmodified	17	Unmodified
23	ACT Insurance Authority	Unmodified	18	Unmodified
24	Building and Construction Industry Training Fund Authority	Unmodified	19	Unmodified
25	Cemeteries and Crematoria Authority	Unmodified	20	Unmodified
26	City Renewal Authority	Unmodified	21	Unmodified
27	Independent Competition and Regulatory Commission	Unmodified	22	Unmodified
28	Cultural Facilities Corporation	Unmodified	23	Unmodified
29	Legal Aid Commission (ACT)	Unmodified	24	Unmodified
30	Long Service Leave Authority	Unmodified	25	Unmodified
31	Motor Accident Injuries Commission	Unmodified	26	Unmodified
32	Office of the Work Health and Safety Commissioner (WorkSafe ACT)	Unmodified	27	Unmodified
33	Public Trustee and Guardian	Unmodified	28	Modified
34	Suburban Land Agency	Unmodified	29	Unmodified
	Territory-owned corporations and other companies			
35	Icon Distribution Investments Limited	Unmodified	-	Not applicable
36	Icon Retail Investments Limited	Unmodified	-	Not applicable
37	Icon Water Limited	Unmodified	-	Not applicable
	Joint ventures and partnerships			
38	ActewAGL Distribution Partnership	Unmodified	-	Not applicable
39	ActewAGL Joint Venture Special Purpose Financial Report	Unmodified	-	Not applicable
40	ActewAGL Joint Venture Summary Financial Report	Unmodified	-	Not applicable
41	ActewAGL Retail Partnership	Unmodified	-	Not applicable
42	West Belconnen Joint Venture	Unmodified	-	Not applicable

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 3A: Number of auditor's reports and limited assurance reports issued in 2025-26
(continued)

No.		Auditor's Report	No.	Limited Assurance Report
	Other audits			
43	Capital Region Community Foundation Gift Fund	Unmodified	-	Not applicable
44	Capital Region Community Foundation Open Fund	Unmodified	-	Not applicable
45	Default Insurance Fund	Unmodified	-	Not applicable
56	National Health Funding Pool Account for the ACT	Unmodified	-	Not applicable
57	Office of the Nominal Defendant of the ACT	Unmodified	-	Not applicable
58	Public Trustee and Guardian - Trust Account	Unmodified	-	Not applicable
49	ACT Sustainable Household Scheme Trust (Chief Minister, Treasury and Economic Development Directorate)	Unmodified	-	Not applicable
50	ACT Private Buildings Cladding Scheme Loans Trust (Infrastructure Canberra)	Unmodified	-	Not applicable
	Acquittal Audits			
51	Commonwealth funding under the <i>National Land Transport Act 2014</i> - Black Spot Projects	Unmodified	-	Not applicable
52	Commonwealth funding under the <i>National Land Transport Act 2014</i> - National Projects	Unmodified	-	Not applicable
53	Commonwealth funding under the <i>National Land Transport Act 2014</i> - Roads to Recovery	Unmodified	-	Not applicable
54	Commonwealth funding under the Local Roads and Community Infrastructure Program	Unmodified	-	Not applicable
55	Commonwealth funding under the <i>National Land Transport Act 2014</i> - Light Rail Projects - Light Rail Stage 2A including Light Rail Retrofit, Procurement and Depot Expansion for the Year Ended 30 June 2025	Unmodified	-	Not applicable
56	Commonwealth funding under the <i>National Land Transport Act 2014</i> - National Projects - Molonglo River Bridge and Monaro Highway Upgrade for the period 1 July 2024 to 31 December 2024	Unmodified	-	Not applicable
57	Commonwealth funding under the <i>National Land Transport Act 2014</i> - National Projects - Molonglo River Bridge Project and Monaro Highway Upgrade for the period 31 December 2024 to 30 June 2025	Unmodified	-	Not applicable

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 3A: Number of auditor's reports and limited assurance reports issued in 2025-26
(continued)

No.		Auditor's Report	No.	Limited Assurance Report
	Compliance audit			
58	Public Trustee and Guardian - Compliance with the <i>Public Ancillary Fund Guidelines 2011</i>	Unmodified	-	Not applicable
	31 DECEMBER 2025 AUDITS			
	Statutory Authorities			
59	Canberra Institute of Technology	Unmodified	30	Unmodified
60	University of Canberra	Unmodified	-	Not applicable
	Companies			
61	CIT Solutions Pty Limited	Unmodified	-	Not applicable
62	UCX Ltd	Unmodified	-	Not applicable
	Other Audits			
63	University of Canberra Research Income Return	Unmodified	-	Not applicable

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 4. Number of reports, including performance audit and limited assurance, presented to the ACT Legislative Assembly

This accountability indicator represents the number of performance audit, limited assurance and other reports presented in the ACT Legislative Assembly during the reporting period. The indicator contemplates that performance audit, limited assurance and other reports (e.g. information reports) are a means to inform the ACT Legislative Assembly, and broader ACT community, on matters of public administration.

Eight performance audit reports were presented to the ACT Legislative Assembly in 2025-26 compared to the target of nine reports. The reports were:

1. Specialist assessment services for dementia and cognitive decline (Report No. 5/2025)
2. Diversity, equity and inclusion in the ACT Public Service (Report No. 1/2026)
3. Management of the Home Buyer Concession Scheme (Report No. 2/2026)
4. University of Canberra financial governance arrangements (Report No. 3/2026)
5. Implementation of the *Carers Recognition Act 2021* (Report No. 4/2026)
6. Concession, rebate and social support schemes (Report No. 5/2026)
7. ACT Corrective Services rostering (Report No. 6/2026)
8. Changes to the Territory Plan requirements for the Phillip Pool (Report No. 7/2026)

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 5. Percentage of agencies satisfied with financial audits

This accountability indicator reports how satisfied agencies are with financial audits (including limited assurance engagements on statements of performance) conducted by the Audit Office.

A survey of all reporting agencies is conducted to rate their satisfaction with financial audits (including limited assurance engagements on statements of performance) completed during the reporting period. In some instances, a single survey may cover multiple reporting agencies. The percentage is calculated as the number of agencies that provide a 'satisfactory' or better than 'satisfactory' rating in relation to financial audits and compliance audits completed during the reporting period divided by the number of agencies that respond to the survey.

While 63 audits were completed in 2025-26, 50 satisfaction surveys were issued as some satisfaction surveys cover multiple audits (e.g. the Icon Water group, ActewAGL Joint Venture and the Public Trustee and Guardian). No surveys are sent in relation to the several small Commonwealth grant acquittal audits.

The Audit Office received survey responses from 43 (86 percent) of the 50 reporting agencies surveyed. All 43 agencies provided a satisfactory or better rating to the question on 'overall satisfaction rating with the financial audit'.

Satisfaction rating	Number of responses	%
Satisfied		
Very good	14	33
Good	27	63
Satisfactory	2	4
Sub-total	43	100
Not satisfied (Poor)	0	0
Total	43	100

The percentage of reporting agencies satisfied with financial audits and the one compliance audit performed during 2025-26 (100 percent) exceeded the target (95 percent). Comments provided by respondents were generally positive and indicated high levels of satisfaction with the professional and constructive way in which audits were being 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 2026

Note 6. Percentage of agencies satisfied with performance audits

This accountability indicator reports how satisfied agencies are with performance audits conducted by the Audit Office. A survey is conducted of all agencies subjected to a performance audit to rate their satisfaction with performance audits completed during the reporting period. The percentage is calculated as the number of agencies that provide a 'satisfactory' or better than 'satisfactory' rating in relation to performance audits completed in the reporting period divided by the number of agencies that respond to the survey.

The Audit Office received responses for 16 (100 percent) of the 16 surveys sent.

Satisfaction rating	Number of responses	%
Satisfied		
Very good	6	38
Good	6	38
Satisfactory	3	19
Sub-total	15	94
Not satisfied		
Poor	1	6
Very poor	0	0
Sub-total	1	6
Total	16	100

The percentage of agencies satisfied with performance audits (94 percent) was one percent less than the target (95 percent). Most of the respondents to the survey rated the Audit Office's performance as 'good' or 'very good'. One respondent rated the performance of the Audit Office as 'poor'.

Comments made by the agency that rated the Audit Office as 'poor' reflected the agency's view that the Audit Office did not take time to sufficiently understand the agency's operating environment, which resulted in unbalanced commentary in the report.

The Audit Office also received positive comments in the survey responses from audited agencies, some of which indicated satisfaction with, and endorsement of, Audit Office processes associated with auditee engagement and communication and the professionalism of audit staff.

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.

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 7. Percentage of agencies satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance, or internal controls

This accountability indicator provides information on reporting agencies' level of satisfaction with audit findings and/or recommendations made during financial audits conducted by the Audit Office.

Reporting agencies are asked in a survey to respond to the 'Potential of the Audit Office's audit findings and/or recommendations to improve the financial reporting, governance or internal controls of our organisation'. In some instances, a single survey may cover multiple reporting agencies.

The percentage is calculated as the number of agencies that provide a 'satisfactory' or better than 'satisfactory' rating for this question divided by the number of agencies that respond to the survey question.

Of the 43 survey responses received by the Audit Office in 2025-26, 34 agencies provided a rating to the question. The other 9 agencies surveyed did not provide a response to the question as no recommendations were made for these financial audits.

Satisfaction rating	Number of responses	%
Satisfied		
Very good	7	20
Good	21	62
Satisfactory	6	18
Sub-total	34	100
Not satisfied		
Poor	0	0
Total	34	100

The percentage of reporting agencies that were satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance, or internal controls (100 percent) exceeded the target (80 percent).

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 8. 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 agencies subjected to a performance audit is conducted to rate their satisfaction with performance audits completed during the reporting period.

Audited agencies are 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' response to this question divided by the number of agencies that respond to the survey.

The Audit Office received responses for 16 (100 percent) of the 16 surveys sent.

Rating	Number of responses	%
Strongly agree	5	31
Agree	11	69
Sub-total	16	100
Strongly disagree	0	0
Disagree	0	0
Sub-total	0	0
Neither agree nor disagree	0	0
Unsure	0	0
Sub- total	0	0
Total	16	100

The percentage of agencies that thought the audit would help them improve the administration of the audited activity (100 percent) exceeded the target (80 percent). All respondents to the survey 'agreed' or 'strongly agreed' with the statement.

ACT Audit Office
Explanations Accompanying the Statement of Performance
Year Ended 30 June 2026

Note 9. Percentage of financial audits completed within the required timetable

This accountability indicator reports the timeliness of completing financial audits within the required timetable. The 'required timetable' refers to the 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 the reporting agency.

The percentage is calculated as the number of audits completed within the required timetable divided by the number of audits completed during the reporting period.

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 2025-26, the Audit Office completed 100 percent (63 of 63) of the financial audits within the required timetable which met the target of 100 percent.

ACT Audit Office
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Note 10. Average period of completion of performance audits

This accountability indicator reports the average duration of performance audits completed 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 will be undertaken before 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 result is calculated as the total duration of all completed performance audits (in months) divided by the number of performance audit reports presented to the Speaker for tabling during the reporting period.

Report	Months
Specialist assessment services for dementia and cognitive decline (Report No. 5/2025)	12.1
Diversity, equity and inclusion in the ACT Public Service (Report No. 1/2026)	16.6
Management of the Home Buyer Concession Scheme (Report No. 2/2026)	8.7
University of Canberra financial governance arrangements (Report No. 3/2026)	14.7
Implementation of the <i>Carers Recognition Act 2021</i> (Report No. 4/2026)	5.9
Concession, rebate and social support schemes (Report No. 5/2026)	14.3
ACT Corrective Services rostering (Report No. 6/2026)	13.5
Changes to the Territory Plan requirements for the Phillip Pool (Report No. 7/2026)	14.5
Average period of completion of performance audits	12.5

The average period of completion of performance audits in 2025-26 was 12.5 months compared to the target of 11.0 months. Reasons for exceeding the target time varied according to the audit.

The average time to complete a performance audit varies due to the size and complexity of each audit and circumstances under which the audit is performed. Some audits are complex in nature and involve multiple agencies. Other audits require extensive consultation with internal and external stakeholders during the reporting process.

Audits may also be impacted by factors not within the control of the audit team and Audit Office. The timely completion of some audits is also affected by other competing priorities of the ACT Audit Office.

The Audit Office continues to look for more ways to improve performance and build resilience into the audit process, including using contractors and subject matter experts to support audit teams.

ACT Audit Office
Explanations Accompanying the Statement of Performance
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Note 11. Presentation of a summary report on financial audits to the ACT Legislative Assembly

This accountability indicator reports the timeliness of the summary report on financial audits presented to the Speaker of the ACT Legislative Assembly for tabling following completion of the financial audit program each year.

In 2025-26, the Audit Office presented the report '2024-25 Financial Audit Program - Overall Results' to ACT Legislative Assembly in December 2025, which meets the target of the accountability indicator for 2025-26.

Appendix A: Financial audit fees

Subsection 11A(5) of the *Auditor-General Act 1996* 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 the financial statements audits and limited assurance engagements on the 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, taxation 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 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 methodology, staff training, working with reporting agencies on emerging audit and accounting issues and quality assurance work.

Table AA-1: Summary of financial audit fees

	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Territory's financial statements (refer Table AA-2)	260 051	300 000
Directorates (refer Table AA-2)	3 791 286	3 880 837
Statutory authorities (refer Table AA-3)	1 710 186	1 782 247
Territory-owned corporations and companies (refer Table AA-4)	536 318	660 172
Joint ventures and partnerships (refer Table AA-5)	491 910	615 633
Other audits (refer Table AA-6)	295 451	340 376
Total financial audit fees	7 085 202	7 579 265

Table AA-1 shows that total audit fees have increased by \$0.494 million or 7 percent from \$7.085 million in 2024-25 to \$7.579 million in 2025-26. This was mainly due to fee increases for the audits of Icon Water and the ActewAGL Joint Venture to recover the higher costs of performing the audits. Further information on the main reasons for significant changes to individual fees charged to agencies are included in the notes to Tables AA-2 to AA-6 of this Appendix. The audit fees reported here will vary from that reported in the Audit Office's financial statements because the revenue from the provision of financial audit services is recognised over time as the Audit Office satisfies its performance obligation for completing the audit work.

The audit fees reported in the tables below exclude GST.

Further information can be obtained from:

Ms Clea Lewis, Assistant Auditor-General, Financial Audits on telephone number (02) 6205 8096 or email Clea.Lewis@act.gov.au.

Table AA-2: Financial audit fees - the Territory and directorates

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Territory's financial statements			
Territory's consolidated annual financial statements	1	260 051	300 000
Total		260 051	300 000
Directorates			
ACT Electoral Commission		45 457	47 730
ACT Executive		56 507	59 333
ACT Health Directorate	2	175 929	-
ACT Integrity Commission		55 408	58 178
ACT Local Hospital Network Directorate		73 145	75 649
Canberra Health Services		300 273	324 954
Chief Minister, Treasury and Economic Development Directorate		625 054	593 056
City and Environment Directorate	3	-	532 949
Community Services Directorate	2	173 934	-
Digital Canberra	4	-	177 103
Education Directorate		222 495	230 392
Environment, Planning and Sustainable Development Directorate	3	255 367	-
Health and Community Services Directorate	2	-	286 049
Housing ACT		187 379	196 041
Justice and Community Safety Directorate		357 257	387 458
Lifetime Care and Support Fund		74 725	77 113

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Infrastructure Canberra		335 917	354 815
Office of the Legislative Assembly		66 523	69 849
Public Sector Workers Compensation Fund		80 439	82 102
Superannuation Provision Account		65 015	65 401
Transport Canberra and City Services Directorate	3	389 288	-
Transport Canberra Operations		194 353	203 002
Territory Banking Account		56 821	59 663
Total		3 791 286	3 880 837

Explanatory notes are provided after Table AA-6 in this Appendix.

Table AA-3: Financial audit fees - Territory authorities

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Territory authorities			
ACT Gambling and Racing Commission		56 821	59 663
ACT Insurance Authority		90 446	90 434
Building and Construction Industry Training Fund Authority		51 645	68 700
Canberra Institute of Technology		218 246	225 884
Cemeteries and Crematoria Authority		99 784	86 453
City Renewal Authority		75 975	79 715
Cultural Facilities Corporation		110 207	115 717
Independent Competition and Regulatory Commission		48 620	51 051

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Legal Aid Commission (ACT)		99 127	104 084
Long Service Leave Authority		107 357	118 315
Motor Accident Injuries Commission		39 547	41 525
Office of the Work Health and Safety Commissioner (WorkSafe ACT)		61 036	64 087
Public Trustee and Guardian		61 241	66 594
Suburban Land Agency		242 687	254 178
University of Canberra		347 447	355 847
Total		1 710 186	1 782 247

Explanatory notes are provided after Table AA-6 in this Appendix.

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

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Territory-owned corporations and companies			
CIT Solutions Pty Limited		53 431	53 431
Icon Water Limited (including Icon Water Distribution Investments Limited and Icon Water Investments Limited)	5	423 749	547 603
UCX Ltd		59 138	59 138
Total		536 318	660 172

Explanatory notes are provided after Table 6 in this Appendix.

Table AA-5: Financial audit fees - joint ventures and partnerships

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Joint ventures and partnerships			
ActewAGL Joint Venture	6	417 094	537 076
West Belconnen Joint Venture		74 816	78 557
Total		491 910	615 633

Explanatory notes are provided after Table AA-6 in this Appendix.

Table AA-6: Financial audit fees - other audits

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
Other audits			
ACT Veterinary Practitioners Board	7	-	-
ACT Private Buildings Cladding Scheme Loans Trust		44 200	46 410
ACT Sustainable Household Scheme Loans Trust		44 200	46 410
Capital Region Community Foundation Gift Fund		4 546	4 773
Capital Region Community Foundation Open Fund		4 546	4 773
Commonwealth Funding under the National Land Transport Act 2014 - Light Rail Projects - Light Rail Stage 2A including Light Rail Retrofit, Procurement and Depot Expansion	8	-	27 480
Commonwealth Funding under the National Land Transport Act 2014 - Roads to Recovery Program 2019-24	8	5 976	-
Commonwealth Funding for various Roads Programs (several small grant acquittal audits)		26 520	33 813
Default Insurance Fund		42 233	44 370

	Note No.	2024-25 Actual Audit Fees \$	2025-26 Estimated Audit Fees \$
National Health Funding Pool - ACT State Pool Account		20 955	22 002
Office of the Nominal Defendant of the ACT		42 233	44 370
Public Trustee and Guardian - compliance with the <i>Public Ancillary Fund Guidelines 2011</i>		6 819	7 160
Public Trustee and Guardian - Trust Account		47 331	52 628
University of Canberra Research Income Return		5 892	6 187
Total		295 451	340 376

Explanatory notes

Note 1: The higher fees in 2025-26 are to recover the cost of additional work in relation to the reporting of Key Audit Matters under ASA 701 - *Communicating Key Audit Matters in the Independent Auditor's Report* and assessing the impact of Icon Water's climate related risks on the Territory's financial statements.

Note 2: The ACT Health Directorate and Community Services Directorate were ceased on 30 June 2025 and merged from 1 July 2025 to form the new Health and Community Services Directorate as a result of changes to administrative arrangements.

Note 3: The Transport Canberra and City Services Directorate and Environment, Planning and Sustainable Development Directorate were ceased on 30 June 2025 and merged from 1 July 2025 to form the new City and Environment Directorate as a result of changes to administrative arrangements.

Note 4: Digital Canberra is a new Directorate established from 1 July 2025 as a result of changes to administrative arrangements.

Note 5: The higher fees in 2025-26 are mainly to recover the additional contractor costs required to audit Icon Water's transition to their new finance system after cessation of the shared services arrangement with ActewAGL and a new requirement to perform a limited assurance engagement over their sustainability report.

Note 6: The higher fees in 2025-26 are mainly to recover the additional contractor costs to perform the audit due to the cessation of the shared services arrangement with Icon Water and assessing the impact of regulatory changes associated with the ACT Government's Net Zero Policy.

Note 7: This audit is only performed every three years at the request of the ACT Veterinary Practitioners Board. The last audit was performed in 2023-24.

Note 8: These are new audits for various Commonwealth funding programs requested by the City and Environment Directorate when required.

Appendix B: Compliance index

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Report No. 06 - 2026	ACT Corrective Services rostering
Report No. 05 - 2026	Concession, rebate and social support schemes
Report No. 04 - 2026	Implementation of the Carers Recognition Act 2021
Report No. 03 - 2026	University of Canberra financial governance arrangements
Report No. 02 - 2026	Management of the Home Buyer Concession Scheme
Report No. 01 - 2026	Diversity, equity and inclusion in the ACT Public Service
Report No. 07 - 2025	2024-25 Financial Audit Program - Overall Results
Report No. 06 - 2025	Annual Report 2024-25
Report No. 05 - 2025	Specialist assessment services for dementia and cognitive decline
Reports Published in 2024-25	
Report No. 04 - 2025	Gaming machine licensee regulation
Report No. 03 - 2025	ACT Government long-term plans and strategies
Report No. 02 - 2025	Energy efficiency standard for rental properties
Report No. 01 - 2025	Management of the Growing and Renewing Public Housing Program
Report No. 14 - 2024	Facilities management and support services for ACT Courts
Report No. 13 - 2024	Invoicing and payments for Digital Health Record hosting services
Report No. 12 - 2024	2023-24 Financial Audits - Financial Results and Audit Findings
Report No. 11 - 2024	Governing boards of selected ACT Government entities
Report No. 10 - 2024	Safer Families Levy
Report No. 09 - 2024	2023-24 Financial Audits - Overview
Report No. 08 - 2024	Annual Report 2023-24
Report No. 07 - 2024	Reusable Facility Services Procurement
Report No. 06 - 2024	Business Transformation Program: ICT renewal activities

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Report No. 05 - 2024	Management and oversight of ACT Policing services
Report No. 04 - 2024	Planning and delivery of services for young people with moderate to severe mental illness
Report No. 03 - 2024	Management of the Growing and Renewing Public Housing Program
Report No. 02 - 2024	Management of key contracts under A Step Up For Our Kids
Report No. 01 - 2024	Urban Tree Management
Report No. 11 - 2023	2022-23 Financial Audits - Financial Results and Audit Findings
Report No. 10 - 2023	Human Resources Information Management System (HRIMS) Program
Report No. 09 - 2023	2022-23 Financial Audits Overview
Report No. 08 - 2023	Supports for students with disability in ACT public schools
Report No. 07 - 2023	Annual Report 2022-23
Report No. 06 - 2023	Implementation of the ACT Aboriginal and Torres Strait Islander Agreement
Report No. 05 - 2023	Activities of the Government Procurement Board

These and earlier reports can be obtained from the ACT Audit Office or the ACT Audit Office's website: <http://www.audit.act.gov.au>