

ACT Auditor-General's Office

Annual Report 2008-09



ACT AUDITOR-GENERAL'S OFFICE



The Speaker
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Mr Speaker

I am pleased to present to you the Annual Report of the ACT Auditor-General's Office for the year ended 30 June 2009.

This report has been prepared under Section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Reports Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Auditor-General's Office.

I hereby certify that the attached Annual Report is an honest and accurate account of the operations of the Auditor-General's Office during the period from 1 July 2008 to 30 June 2009.

I also hereby certify that fraud prevention has been managed in accordance with the Public Sector Management Standard 2, Part 2.4.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within three months of the end of the financial year.

Yours sincerely

Tu Pham
Auditor-General
29 September 2009

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LIST OF ABBREVIATIONS

ACAG	Australasian Council of Auditors-General
APES	Accounting Professional and Ethical Standards
ASAE	Australian Standard on Assurance Engagements
CPA	Certified Practicing Accountant
FoI	Freedom of Information
PAC	Public Accounts Committee
PID	Public Interest Disclosure
QAO	Queensland Audit Office
TAO	Tasmanian Audit Office
VAGO	Victorian Auditor-General's Office

1. THE AUDITOR-GENERAL'S OVERVIEW

The Audit Office has faced many challenges in 2008-09. The hard work and commitment of all staff has enabled me to discharge my statutory functions and meet most of the expectations of the Legislative Assembly and the community.

The Office completed all statutory financial audits. In all, we completed 70 financial audits and reviewed 27 statements of performance. We also completed seven performance audits, covering a wide range of subjects, including services to the community (public housing, disability services and ambulances), major projects (roads and the gas-fired power station project) and governance (freedom of information, and implementation of past audit recommendations). In addition, we reviewed a number of issues raised by members of the community in their representations to the Office.

I am pleased to note that many agencies have put in place sound processes to implement our recommendations from both financial and performance audits.

Our annual strategic plan emphasises the need for the Office to be efficient and fully accountable to the Legislative Assembly for our performance, and through it, the ACT community. Accordingly, during the year we continued to put our efforts into reviewing and improving the ways we managed and conducted our business to ensure that our audits are well performed, our recommendations are useful to agencies and our audit fees are reasonable and justified. In this regard, I am encouraged by the high level of acceptance by agencies of our audit recommendations (71% for performance audits and 93% for financial audits). In 2008-09, we also worked hard to reduce the use of external audit firms, and this has resulted in reduced fees being passed on to agencies.

We work closely with the Public Accounts Committee (PAC) in planning our audit program, in presenting the results of audits, and in considering its feedback on our performance. I thank the Legislative Assembly and its Committees for the support provided to our Office during the year. It has been particularly rewarding that the Public Accounts Committee has decided to conduct further inquiries into many reports tabled in the Assembly, an indication that these reports raised issues of significance in the public administration of the Territory.

Working relationships with agencies have been, for the most part, productive and professional, and we will continue to work at improving communication with agencies during the audit process. During the year, we presented seminars on both financial audit issues and on performance audit processes. These seminars were well attended and well received.

A key and continuing challenge during the year has been to respond to the requirements of new accounting and auditing standards. I have been concerned that the demands created by these changes have put disproportionate pressures on our small Office, and have diverted our limited resources away from auditing activities. In particular, complying with the Accounting Professional and Ethical Standard (APES) 320 on quality control increases

the overhead costs of additional documentation and review, associated with running an auditing practice. Allocating resources to ensure compliance with this essential requirement led to the Office experiencing a deficit of over \$67 000 in 2008-09, notwithstanding our decision not to replace departing staff.

I am pleased that our annual staff survey has again shown a high staff satisfaction rate. Most staff indicated that they value the rewarding work, the effective management, open communication, learning and development opportunities, and the productive and supportive work environment of the Office.

I acknowledge and express my thanks for the professionalism and dedication of my staff during the year. Regardless of their length of tenure or seniority, everyone has demonstrated professionalism and commitment, which is reflected in the quality of work and the positive feedback received from stakeholders, especially the Legislative Assembly.

Looking ahead, 2009-10 has a number of challenges awaiting us. These include continuing to meet the high expectations of the Legislative Assembly and the ACT community, delivering our planned audit programs within budget constraints, and maintaining our independent capacity to promote accountability and to scrutinise the spending of public money. I also look forward to the opportunity to participate in the PAC's forthcoming inquiry into the *Auditor-General Act 1996*, and to contribute to other inquiries into the activities of government agencies.

Tu Pham
Auditor-General
29 September 2009

2. THE ORGANISATION

ROLE, FUNCTIONS AND STRUCTURE

The Auditor-General for the ACT is a statutory position under the *Auditor-General Act 1996*. The Auditor-General is responsible to the Legislative Assembly, for the audit of all ACT public sector agencies. The Auditor-General provides assurance to the community, through the Legislative Assembly, that the ACT public sector is accountable and effectively and efficiently managed.

The *Auditor-General Act 1996* sets out the functions and powers of the Auditor-General and the ACT Auditor-General's Office (the Audit Office). The main functions are:

- to promote accountability in the public administration of the Territory;
- to audit annual financial statements of the Territory, departments and territory authorities under the Financial Management Act; and
- to conduct performance audits.

In accordance with its functions, the Office is divided into two groups, each led by a Director:

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

VISION, OUTCOMES AND OBJECTIVES OF THE AUDIT OFFICE

Consistent with its legislation, the Audit Office has established a strategic plan that lays out its vision, role, and values, and also defines its outcomes and objectives. This strategic plan is available on the Audit Office web-site.

The vision of the Audit Office is 'to enhance the performance and accountability of the ACT Public Sector'.

The Audit Office's desired outcomes are directly related to its role and activities. These outcomes are:

- an accountable, effective, and efficient ACT public sector; and
- a highly valued Audit Office.

Within this context, the Audit Office's key objectives are to:

- inform the ACT Legislative Assembly and the community of the performance of the ACT public sector;
- contribute to improving the performance of ACT public sector agencies;

The organisation

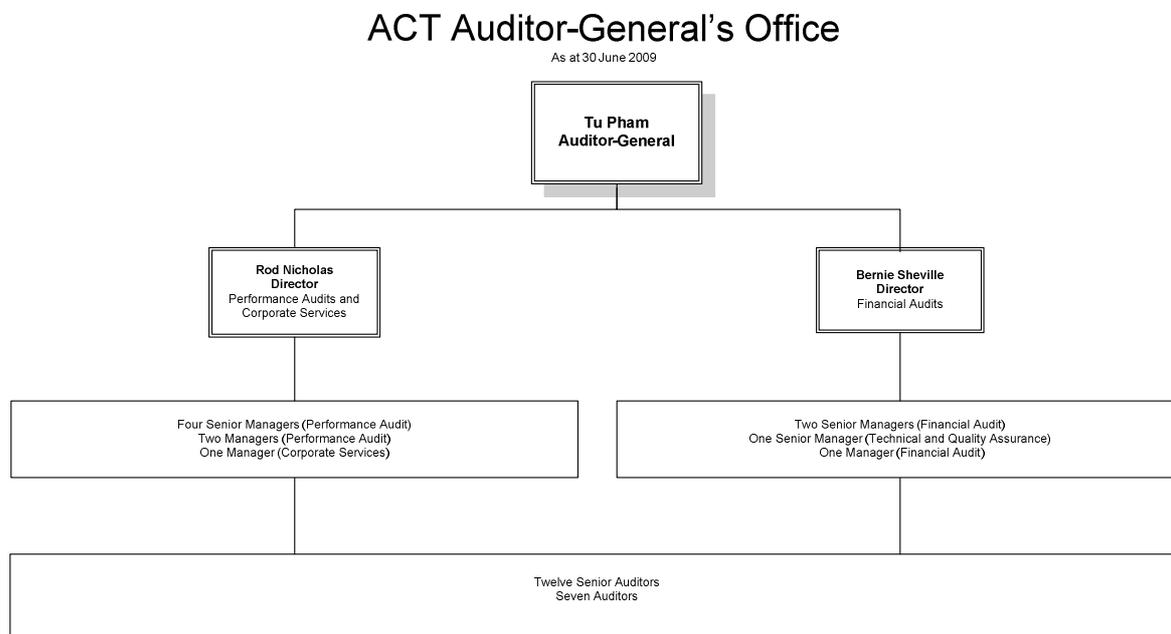
- shape its services to anticipate and respond to the needs of the Legislative Assembly and other stakeholders;
- maintain the strategic focus for the Audit Office;
- enhance staff competencies, knowledge, and expertise; and
- maintain the cost-efficiency of the Office.

VALUES OF THE AUDIT OFFICE

The core values that guide our work and behaviours are:

Independence:	our views are impartial and objective
Integrity:	we exhibit the highest standards of ethical behaviour
Professionalism:	our work is consistently of a high standard and reflects our commitment to being a highly valued organisation
Respect:	we are trustworthy, honest and respectful in our dealings with our stakeholders, and our colleagues
Learning and innovation:	we continually seek improved ways of performing our work

ORGANISATIONAL STRUCTURE



Note: Managers, Senior Auditors and Auditors work on performance audit, financial audit and other functions as required.

THE AUDIT OFFICE'S STAKEHOLDERS

The Audit Office serves the ACT community, through its elected representatives in the ACT Legislative Assembly. The Office's key stakeholders also include the ACT Government, its agencies, and the Office's staff.

The ACT Legislative Assembly and the ACT community

The ACT Legislative Assembly and the ACT community rely on the Audit Office to provide impartial assurance on whether public money is being spent efficiently and effectively and whether financial and performance reports for the Territory and its agencies present a credible, true and fair view of their performance.

ACT public sector agencies

ACT public sector agencies use the work of the Audit Office to assist them in improving their operations. The Office's work keeps agencies accountable for their performance and also assists agencies to meet their obligation to provide credible reports on their financial and operational performance.

Audit Office staff

The Audit Office values its staff and aims to provide staff with job satisfaction, professional development, and rewarding careers.

RELEVANT LEGISLATION

The legislation that has the greatest impact on the Audit Office's operations is the *Auditor-General Act 1996*. Other relevant legislation includes the *Financial Management Act 1996*, *Public Sector Management Act 1994*, *Territory-owned Corporations Act 1990*, *Public Interest Disclosure Act 1994* and the *Government Procurement Act 2001*. Staff of the Audit Office are employed under the *Public Sector Management Act 1994*.

Auditor-General Act 1996

The Audit Office operates principally under the *Auditor-General Act 1996*. This Act requires the Territory to have an Auditor-General and prescribes the functions and powers of the Auditor-General, as well as the administration of the Office.

The Act provides a statutory mandate for the audits of public sector agencies, including financial and performance audits.

The Act supports the independence of the Auditor-General by specifically providing that the Auditor-General and the Audit Office are not subject to direction by the Executive or any Minister in the exercise of the Office's functions. The Office reports directly to the ACT Legislative Assembly on any matter in connection with the exercise of its functions.

Public Sector Management Act 1994

The Public Sector Management Act 1994 sets out the administrative arrangements for the management of the ACT Public Service. Except for the Auditor-General who is appointed under the *Auditor-General Act 1996*, all Audit Office staff are employed under this Act.

Financial Management Act 1996

The *Financial Management Act 1996* addresses the financial management and associated accountability requirements of the Territory and its departments and authorities.

This Act requires the Audit Office to audit the financial reports of the Territory and its departments and authorities, and to review the Statements of Performance of agencies.

Territory-owned Corporations Act 1990

The *Territory-owned Corporations Act 1990* addresses the financial management and associated accountability requirements of Territory-owned corporations.

Territory-owned corporations are required to appoint the Auditor-General as their statutory auditor under the *Corporations Act 2001*. Consequently, the Audit Office performs the audit of the financial reports of all Territory-owned corporations under the Corporations Act.

Public Interest Disclosure Act 1994

The Auditor-General is a proper authority for the receipt of disclosures under the *Public Interest Disclosure Act 1994*.

The Audit Office has specific responsibilities regarding any disclosure received, essentially to investigate the disclosure or to refer it to another proper authority for investigation. The Office also has the authority to act on a disclosure where there is not a proper authority to investigate it, or a proper authority has been unable or failed to adequately act on a disclosure.

Government Procurement Act 2001

If requested by the Auditor-General under the *Government Procurement Act 2001*, a Territory entity responsible for a contract containing confidential text must give the Auditor-General the contracts and information requested. The Auditor-General must then report to a Legislative Assembly Committee (as nominated by the Speaker) on whether the Auditor-General is satisfied that confidential text in the contract complies with the provisions of the Procurement Act.

3. PERFORMANCE OVERVIEW

HIGHLIGHTS

The Audit Office largely achieved its planned levels of performance in 2008-09.

In particular, the Audit Office:

- completed 70 financial audits and reviewed 27 statements of performance. The Office was unable to complete five financial statement audits within the required timeframe because the financial reports were not provided to the Audit Office within the agreed timeframe;
- completed a report summarising the outcomes of the 2007-08 financial audits;
- completed seven performance audits. The Audit Office was unable to meet its target of eight performance audits as the unexpected extensive fieldwork delayed the completion of the audit on Government Accommodation until August 2009.
- attended at several Legislative Committees' public hearings and PAC private briefings, and made several submissions to these Committees;
- received a satisfactory or better overall performance rating from all agencies surveyed in relation to completed financial and performance audits;
- continued to achieve a high rate of acceptance by agencies of financial audit recommendations with 439 (93 percent) of the 474 recommendations made in 2008-09 being accepted;
- received a substantial rate of acceptance of performance audit recommendations. Relevant agencies agreed in full to 71 percent of the 71 recommendations made in performance audit reports and agreeing in part to a further 22 percent;
- reviewed and updated almost all of the Office's governance policies and guidelines;
- presented seminars to staff of ACT public sector agencies on financial and performance audit processes and on emerging audit and accounting issues. These seminars were well attended by representatives from agencies;
- provided advice to the Department of Treasury on financial reports and accounting policies, and assisted agencies with their financial reports and statements of performance;
- regularly attended internal audit committee meetings of major agencies, as an important means of sharing information, monitoring implementation of audit recommendations and improving the Office's understanding of agencies' emerging issues; and
- achieved a high level of staff satisfaction- 97 percent of staff expressed satisfaction with their job.

The Office also sought to identify and address areas that need improvements through internal and external reviews and feedback from stakeholders. In particular:

- the Office sought and received detailed feedback from agencies on all aspects of its performance through formal post-audit surveys. The Office followed up concerns raised by some agencies about the limited understanding by auditors of agencies' operations and the communication processes during the audit process. The Office has taken actions as appropriate to improve audit procedures;
- the Office continued reciprocal review arrangements with the Tasmanian Audit Office (TAO) in relation to financial audits. The purpose of these reviews is to improve the quality of the Office's financial audits by addressing the findings and associated recommendations arising from these peer reviews. Similar arrangements for performance audits commenced in July 2009;
- the Office initiated an extensive internal review of current policies, procedures and practices against Auditing Standard APES 320, which requires all audit firms to establish and maintain a comprehensive quality system. Elements covered under this standard include leadership responsibilities, ethical requirements, management of human resources, audit performance and monitoring, and corporate and auditing governance arrangements and practices; and
- the annual staff survey, completed in February 2009, provided the Office with a good understanding of staff views on various issues such as job satisfaction, leadership and management, communication, corporate governance, and the Office working environment. The Office has acted on all suggestions for improvement from these surveys as well as feedback from staff exit interviews.

OUTLOOK

Demand for audit services continues to be significant, reflecting the recognition and high expectations of the statutory roles of the Auditor-General and her Office. Financial audits of agencies under the Financial Management Act constitute the bulk of the Office's activities. As well, the Audit Office continues to receive representations from the community, Legislative Assembly, and public sector agencies requesting performance audits and investigations. Such activities are typically in addition to the program of performance audits developed by the Office. The emerging risks associated with the increasing numbers of representations and requests are that the Office will not be able to deliver its planned program within the existing budget. This requires the Office to continually reassess the priorities of its performance audits and other advisory activities.

In recent years, there have been several new and revised auditing standards. Work on conforming to ASAE 3500¹ on performance auditing is being built in to a new performance audit methodology. Work on systems and training to enhance compliance

¹ Auditing and Assurance Standards Board, *Australian Standard on Assurance Engagements ASAE 3500: Performance Engagements*.

Performance overview

with APES 320² will continue in 2009-10. The Audit Office is required to meet these standards, and is diverting resources from other activities, primarily performance audits.

The Office will be seeking to enhance its performance audit function through improved documentation of performance audit policies and practices and guidance material, and the subsequent implementation of a computer-assisted methodology for conduct of performance audits. This methodology, when fully implemented, should assist the completion of performance audits in a more efficient manner.

Consistent with its objective to be cost effective, the Office will continue to review the financial audits currently outsourced to contractors with a view to bringing some in-house. Staffing is expected to continue at similar levels, supplemented by the use of staff from major accounting firms during the peak period to meet demands as well as providing learning opportunities for our staff.

The Office's staff turnover remains high, creating a significant challenge to maintain the capacity of the Office and build the depth of skills and knowledge of staff to deliver work to a high professional standard. The Office's Collective Agreement will be renegotiated in 2009-10 and this presents an opportunity to consider further improvements to the terms and conditions of employment, including salaries, to remain competitive with other employers.

The Office welcomes an external and independent performance audit of the Office, expected in 2009-10. This would be the first review of the Audit Office since a performance audit of the Office conducted by Audit Victoria in 1998-99. The Audit Office looks forward to the opportunities offered by such a review to improve the performance of the Office.

The Office also looks forward to contributing to a number of significant inquiries conducted by Legislative Assembly Committees in 2009-10, including those into the *Auditor-General Act 1996*, ACT Government Procurement and the *Freedom of Information Act 1989*.

² Accounting, Professional and Ethical Standards Board, *APES 320: Quality Control for Firms*.

4. ANALYSIS OF PERFORMANCE - PERFORMANCE AUDIT ACTIVITIES

The Audit Office's performance audits provide independent assurance to the Assembly and the public on whether government services are delivered efficiently and effectively and Territory funds are properly spent.

In 2008-09, the Office continued its focus on delivering audit reports which are relevant and add value to the public administration. The Office's proposed program for performance audits is developed annually against the strategic planning framework, taking into account input from the Public Accounts Committee (PAC) and government agencies.

MEETING PERFORMANCE TARGETS

Table 4.1: Performance measures for performance audits

	2007-08 Actual	2008-09 Actual	2008-09 Target
Number of performance audit reports presented to the Legislative Assembly (Note 1)	5	7	8
Average period of completion of audits (months)	7.7	7.2	7
Percentage of audits completed within 9 months	60%	86%	95%
Percentage of audits completed within 12 months	80%	100%	95%
Percentage of Chief Executives satisfied with audit reports	90%	100%	95%
Percentage of recommendations accepted in performance audits (New measure) (Note 1)	-	71%	95%
Note 1. In measuring a result for this performance indicator, 'partial agreements', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.			

Source: Audit Office's Statements of Performance and Audit Office's internal targets.

The Office improved the average completion time for performance audits during 2008-09 and largely achieved the target of seven months. The Office's results on timeliness continue to be better than other States. The average time for all Australian Audit Offices to complete a performance audit was 8.9 months in 2007-08 (the latest comparative information available).

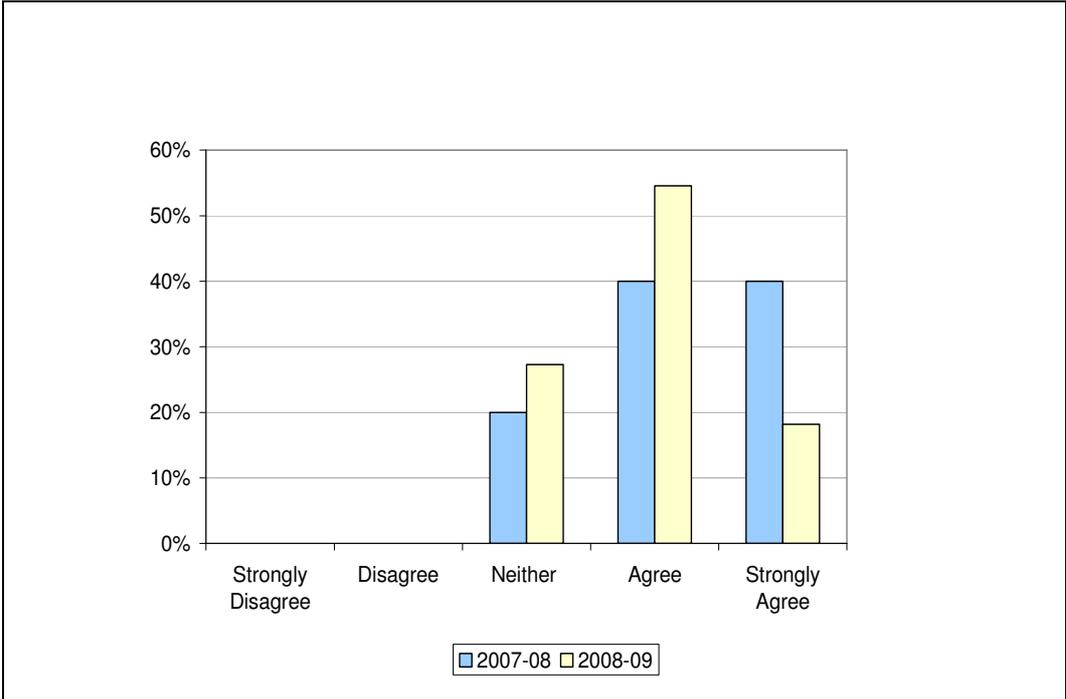
The timely completion of audits remains an important focus for the performance audit team, and the Office will continue to seek further improvement. This is a challenge, as the time taken to complete a performance audit is influenced by many factors, such as the complexity of the topic, the scope and focus of the audit, the availability of information and resources within agencies, as well as the availability of suitable audit resources. The wide range of audit topics covering ACT government activities requires the depth and

knowledge which is difficult to build and maintain in a small audit team, especially with high staff turnover.

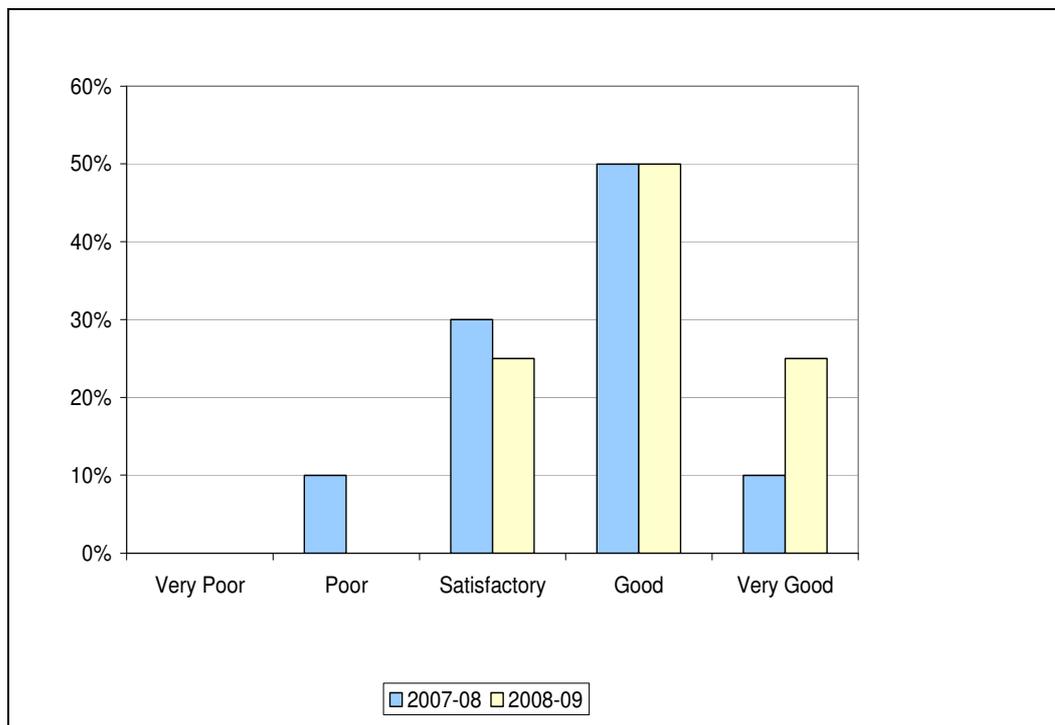
All performance audit reports include recommendations, which aim to improve the performance of ACT public sector agencies in the audited areas. The extent to which agencies accept the Office’s recommendations is considered a good indication of the effectiveness of the performance audits (although this is more properly measured by the implementation of the recommendations and the improved practices that result over time). The seven performance audits completed during 2008-09 contained 72 recommendations, of which agencies agreed to fully implement 51, representing a ‘fully accepted’ rate of 71 percent. Only one of the 72 recommendations was ‘not agreed’ by the relevant agency, and a further four were ‘noted’.

The Office surveys the Chief Executives, Chief Executive Officers or their delegates of audited agencies following the completion of each performance audit. Key elements of the survey results are in Figures 4.1 and 4.2.

Figure 4.1: Chief Executives’ response to survey question: ‘The audit will help our organisation to improve administration of the audited activity’



Source: Agency Satisfaction Surveys.

Figure 4.2: Chief Executives' responses – 'Performance audit - overall performance'

Source: Audit Office's Statements of Performance and agency satisfaction surveys.

The survey results continue to show that the work of the Office is valued by agencies and conducted professionally. The feedback provided in these surveys is carefully considered by the Office and discussed with the agency with a view to improving future conduct of audits.

In 2008-09, 100% of Chief Executives or their delegates rated the overall performance of the Office as satisfactory, good or very good, compared to 90% in 2007-08, and provided constructive comments on the audit processes and communication issues.

PERFORMANCE AUDITS TABLED IN 2008-09

Seven performance audit reports were tabled in the Legislative Assembly:

- Maintenance of Public Housing (Report No. 4 of 2008).
- Administration of the *Freedom of Information Act 1989* (Report No. 5 of 2008).
- Proposal for a Gas-Fired Power Station and Data Centre – Site Selection Process (Report No. 7 of 2008).
- Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive (Report No. 1 of 2009).
- Follow-up Audit: Implementation of Audit Recommendations on Road Safety (Report No. 2 of 2009).
- Management of Respite Care Services (Report No. 3 of 2009).

- Delivery of Ambulance Services to the ACT Community (Report No. 4 of 2009).

A brief summary of the matters contained in these reports is provided below. The reports may be obtained from the Office's website at <http://www.audit.act.gov.au/>.

Report No. 4 of 2008, Maintenance of Public Housing (August 2008)

Housing ACT manages and maintains a portfolio of some 11 500 public housing dwellings. A 'Total Facilities Maintenance' contract that commenced in July 2005 provides integrated maintenance services at a cost of some \$30 million per year. The audit examined the efficiency and effectiveness of the management of ACT public housing stock by Housing ACT, as well as the maintenance of vacated properties.

The audit examined ACT Housing's activities including planning, supervision, payments, quality assessment, auditing and reporting relating to the housing maintenance function, as well as the processes to make the decision about whether to extend the contract.

The audit concluded that there were deficiencies in the management of the contract during its early period, but that Housing ACT had taken actions in recent years that had improved the performance of the maintenance of public housing. There were opportunities for further improvement, particularly in monitoring costs, the quality and timeliness of work carried out by sub-contractors.

The audit made 12 recommendations, all of which were agreed, one in part only.

The PAC decided to conduct an inquiry into this Report. The Department of Disability, Housing and Community Services gave evidence at this hearing in September 2009 that it has implemented all audit recommendations.

Report No. 5 of 2008, Administration of the Freedom of Information Act 1989 (September 2008)

The ACT's Freedom of Information Act (the FOI Act) commenced in May 1989. The Act aims to provide the community 'access [to] information in the possession of the Territory by ... making available to the public information about the operations of agencies ... and creating a general right of access to information in documentary form in the possession of Ministers and agencies'.

The audit assessed the appropriateness of policies and procedures used by audited agencies in administering the FOI Act and tested compliance with the provisions of the FOI Act in relation to selected requests for information and other obligations.

The audit found that agencies had a good understanding of the requirements of the FOI legislation and had put in place policies and procedures to support administration of the Act. In practice, agencies did not always fully discharge their responsibilities under the Act, particularly:

- the quality of FOI decision-making varied within agencies, and across agencies and there were inadequate mechanisms to monitor and report on the performance

of agencies in delivering FOI services;

- the reasons to exempt certain documents were not always fully explained as required in decision notices;
- search procedures did not provide assurance that all relevant documents were identified and located; and
- consultation with third parties regarding release of information was inadequate.

There was also a lack of whole-of-government guidance and advice to ensure consistency in application of the FOI law across ACT agencies and in the provision of information to the public.

The audit made 14 recommendations, 13 of which were agreed or agreed in principle by the three audited agencies (Chief Minister's Department, Territory and Municipal Services and Department of Justice and Community Safety).

Report No. 7 of 2008, Proposal for a Gas-Fired Power Station and Data Centre – Site Selection Process (December 2008)

In 2007, a consortium including ActewAGL proposed the construction of a gas-fired power station and a computer data centre at a site in Tuggeranong. The selection of this site caused significant concerns in the community, and the Public Accounts Committee subsequently requested the Auditor-General conduct a performance audit.

The audit examined the decision-making process relating to the site selection for the proposed gas-fired power station and data centre.

The audit found that Government agencies complied with existing processes on agreeing to a site for the proposal, but that these processes were not sufficient to give confidence that the public interest was fully taken into account. The audit also found that the Government did not have sufficient information on the proposal prior to deciding to support it and reserving the land for this project. However, the Government reduced risks by requiring the consortium to meet a number of conditions, prior to a direct land transfer.

The audit concluded that there was significant scope for improvement in the administrative processes used for consideration and facilitation of strategic projects. The audit also made findings and recommendations on the need for clarity on permissible uses for broadacre zoned land, and the adequacy of community engagement on major projects.

The report made five recommendations; the Government agreed with four and agreed-in-principle with one.

The PAC has decided to hold an inquiry into this audit report.

Report No. 1 of 2009, Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive (February 2009)

Road projects are a significant component of the ACT annual capital work program. The 2008-09 Budget provides funding of \$36.00m for 15 road projects over a three years period, about \$20m of which was to be spent in 2008-09.

The audit assessed whether Roads ACT and Procurement Solutions (both part of the Department of Territory and Municipal Services) planned and managed the selected road projects effectively and delivered the desired outcomes.

The audit found that planning for individual road projects is undertaken within a sound policy framework that features established procedures, and has adequate regard to economic, environmental, and community concerns. Each project examined (the Fairbairn Avenue Upgrade and the Horse Park Drive (Gundaroo Drive to Federal Highway) Project) delivered a road that met construction specifications. However, the overall management of the projects was not effective to deliver the projects on time and on budget. In particular:

- planning for both projects suffered from poor coordination with some key stakeholders, and inadequate resourcing;
- deficiencies in certain aspects of the management of the Horse Park Drive (Gundaroo Drive to Federal Highway) Project reduced the accountability of the consultant, Roads ACT and Procurement Solutions for the project;
- there were significant delays in resolving project variations;
- risk management practices could have been more effective during the projects; and
- responsible agencies have not evaluated the projects against the original objectives to determine whether intended outcomes have been achieved.

The audit made six recommendations, all of which were agreed or agreed in principle by Roads ACT and by Procurement Solutions.

Report No. 2 of 2009, Follow-up Audit: Implementation of Audit Recommendations on Road Safety (May 2009)

The audit reviewed the progress of the Department of Territory and Municipal Services (TAMS) in implementing recommendations of Report 4 of 2006 on Road safety.

The audit found that TAMS had implemented the four of the seven road safety recommendations, partially implemented two others and included recommendations not fully implemented in its current Road Safety Action Plan. However, there was slow progress towards addressing safety issues relating to learner motorcyclists and repeat offenders.

The follow-up audit made four recommendations, of which three were agreed and one agreed in part.

Report No. 3 of 2009, Management of Respite Care Services (June 2009)

The audit examined the management of ACT respite care services, with a primary focus on the services provided by government respite houses. These houses, managed by Disability ACT of the Department of Disability, Housing and Community Services (DHCS), are the largest providers of centre-based respite care for people with disabilities from school age to adults who are supported at home.

In 2007-08, the ACT Government spent \$65.3 million on disability services. Total expenditure on respite care services was \$5.6 million, of which \$3.8 million was used to fund the operations of the government respite service.

Overall, the services and support provided by government respite houses met clients' basic needs for safety and respite care, and most respite services were provided to those with the greatest need. Nevertheless, there were opportunities for significant improvements to provide assurance that clients receive quality of respite services, and on an equitable basis. In particular, Disability ACT needed to implement strategies and actions to address:

- deficiencies in assessing individual eligibility and prioritising people to receive respite care;
- maintaining and updating client information;
- operational practices in houses and management of high risk clients;
- future support needs; and
- risk management and performance reviews to provide better assurance of quality services and to minimise risks to clients.

The audit made fourteen recommendations to address the issues raised. DHCS agreed with ten recommendations, agreed in part with one and noted the remaining three. DHCS has started work on implementation of audit recommendations.

Report No. 4 of 2009, Delivery of Ambulance Services to the ACT Community (June 2009)

The audit examined the operational performance of the ACT Ambulance Services (ACTAS), and its ability to meet the needs of the Canberra community. ACTAS is responsible for providing emergency, non-emergency and aero-medical ambulance services to the Canberra community. In 2007-08, ACTAS attended 32 481 incidents involving 34 030 responses.

ACTAS had delivered a complex range of services against growing demand and limited capacity. There was significant scope for improvement in various aspects of ACTAS' operation:

- response times to emergency incidents have worsened in recent years and have not met targets set by Government;
- clinical governance systems currently in place were not sufficiently robust to provide assurance of a quality service on patient care;

- ambulance data were not appropriately collected and analysed. In particular, modelling of ambulance data was not sufficiently developed to enable ACTAS to effectively target service delivery to the Canberra community and to strategically plan for ACTAS' future operations;
- non-emergency response services (patient transfers) were not well coordinated and efficiently delivered; and
- there were deficiencies in ACTAS planning, documentation of policies and procedures, risk management and performance management and review.

The audit made seventeen recommendations to address the issues raised. The Department of Justice and Community Safety agreed, or agreed in part, with all recommendations except one which was noted.

5. ANALYSIS OF PERFORMANCE - FINANCIAL AUDIT ACTIVITIES

STATUTORY REPORTING

Under the *Auditor-General Act 1996* and *Financial Management Act 1996*, the Audit Office is responsible for providing reports which include an independent opinion on the financial reports and, where applicable, the statements of performance of the Territory and its agencies. These reports inform readers on whether the Office believes the information being reported by agencies fairly presents their financial results and performance.

In December 2008, the Office tabled in the Legislative Assembly the following report which summarised the results of the Office's audits of financial reports and reviews of statements of performance completed during 2007-08.

Report No. 8 of 2008, 2007-08 Financial Audits

The report included comments on the financial results and budget performance of reporting agencies. Consistent with the trend of recent years, almost all of the 60 audit opinions issued on agencies' financial reports were unqualified (only one report was qualified, because comparative information included in the report could not be independently verified).

Although the quality of financial reporting improved compared to 2007-08, there remains scope for significantly improving financial reporting processes in the Territory. The Office rated 67 percent of financial reports received in 2007-08 as satisfactory or good, compared with 63 percent in the previous year, but this is still below the 75 percent achieved in 2004-05. The report noted that some agencies tended to rely on the financial audit process, rather than their internal controls, to achieve accuracy in their financial reports.

This report made 11 recommendations to Agencies.

PROVIDING GUIDANCE ON FINANCIAL AND PERFORMANCE REPORTING

During 2008-09, the Audit Office continued to experience a high demand for technical advice on accounting and reporting requirements from the Department of Treasury and other reporting agencies.

The Audit Office provides input to the Department of Treasury on its whole-of-government accounting and reporting guidance material prior to it being released to agencies. This is an effective way of improving the quality of reporting by agencies, because this guidance material is used by most agencies in the preparation of their financial reports.

In 2008-09, the Audit Office provided advice to the Department of Treasury on its 'model' financial reports and a number of whole-of-government accounting policies. These policies included the:

- revision of the method used by agencies to measure employee entitlements;
- recognition and valuation of land under roads;
- valuation of property, plant and equipment;
- disclosures relating to restructure of administrative arrangements; and
- reporting of disaggregated balance sheet information.

Consistent with its goal of promoting public accountability, the Audit Office also assisted agencies in improving the quality of their annual financial reports and statements of performance.

In 2008-09, the Audit Office again provided an information seminar to reporting agencies. This seminar was well attended by agency representatives and included a discussion of the major changes to reporting requirements. A separate seminar was also provided to staff of the Shared Services Centre involved in the preparation of agencies' financial reports.

The growing attendance at these seminars shows there is a high demand for information and guidance on accounting developments and reporting issues, particularly by those involved in the preparation and review of agencies' financial reports and statements of performance.

MEETING THE DEMAND FOR TECHNICAL GUIDANCE ON FINANCIAL AND PERFORMANCE REPORTING

The Audit Office encouraged agencies to seek the Office's views on important or complex accounting and reporting matters well in advance of the commencement of audits. By discussing and resolving issues in a timely manner, agencies can minimise the risk of:

- qualified reports and other negative commentary on their financial reports and statements of performance;
- major revisions to their financial reports and statements of performance during the audit process; and
- failing to meet legislative reporting deadlines.

Since 2007-08, an experienced senior audit manager has been assigned the role of assisting the Audit Office to meet its technical needs. This arrangement operated successfully throughout 2008-09 and improved the technical support provided to Audit Managers in meeting the demand for authoritative technical advice from the Department of Treasury and other reporting agencies. To further assist in meeting this demand, the Audit Office formalised its arrangements for obtaining technical audit and accounting advice from private sector firms. These measures have ensured that the Office's financial auditors

receive the appropriate support to comply with the large number of changes to accounting and reporting requirements.

The need for responsive technical advice is expected to continue to grow as further changes are made to accounting and reporting requirements. The challenge for the Audit Office will be to meet this need from its existing small resource base.

MEETING PERFORMANCE TARGETS

Table 5.1: Performance measures for financial audit

	2007-08 Actual	2008-09 Actual	2008-09 Target
Quantity			
Number of audit opinions issued on financial reports	68	70	75
Number of reports of factual findings issued on statements of performance	27	27	27
Quality and effectiveness			
Percentage of agencies satisfied with financial audits	98%	100%	95%
Percentage of recommendations accepted in financial audits	95%	93%	95%
Percentage of financial audits completed within the required timetable	100%	93%	100%

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

Audit reports and reports of factual findings

In 2008-09, the Audit Office met its reporting obligations and issued an audit report or a report of factual findings in all cases where the Office was required to do so. The completed reports are listed in the Office's Statement of Performance on pages 121 to 138 of this report.

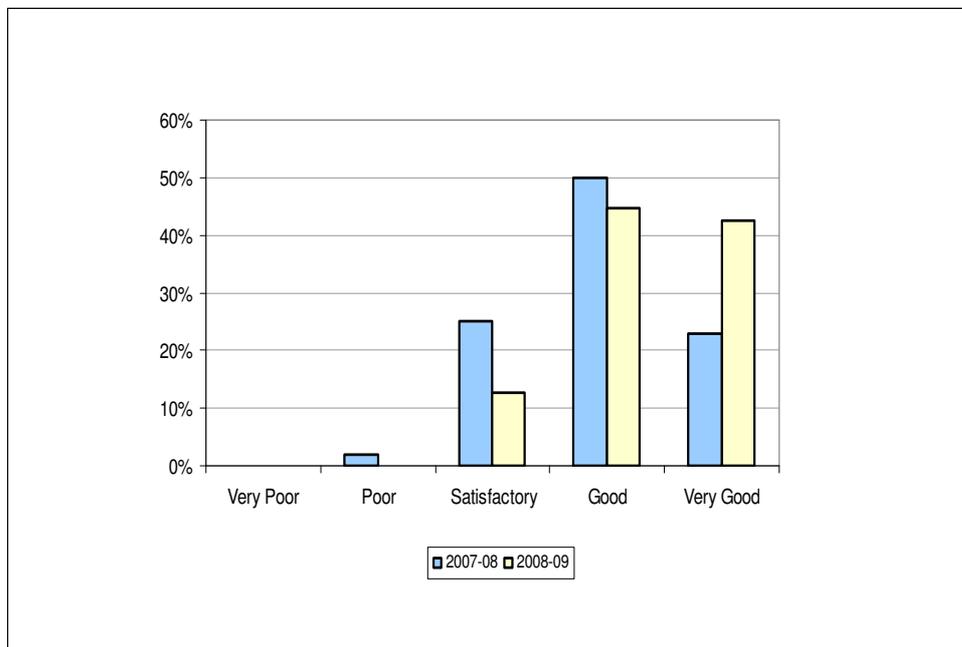
The number of audit reports issued in 2008-09 on the financial reports of agencies was slightly below the target. Five of the 75 expected audit opinions were not provided because:

- four financial reports for the Lyons Joint Venture were not provided to the Office during 2008-09. Two of these financial reports have been outstanding since the 2007-08 reporting period; and
- one expected Commonwealth grant acquittal audit was not required because no funding was provided during 2007-08.

As expected, in 2008-09, the Audit Office issued 27 reports of factual findings on the statements of performance of agencies.

Satisfaction with financial audits

Figure 5.1: Chief Executives' responses – 'Financial audit - overall performance'



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

In 2008-09, the percentage of agencies satisfied with financial audits (100 percent) exceeded the target (95 percent) and the prior year result (98 percent). Eighty-seven percent of respondents to the Audit Office's survey of agencies rated the Office's performance as 'good' or 'very good'; well up from the previous year's result of 73 percent.

The Audit Office also sought further information from agencies on specific aspects of its performance in its annual satisfaction survey to identify areas for improvement.

A few agencies provided comments on the level of experience and understanding of the auditors about their operations, and the changes to the audit team which affected the smoothness of the audit and communications between the agency and the audit team. In a few cases, agencies also indicated they would like more opportunity to address the matters raised in audit management reports and that these reports should be provided in a timelier manner. These issues were, in part, associated with a high level of turnover in a small office, which occasionally made it difficult to assign staff with sufficient specific knowledge of the audited agency's operations.

Where appropriate, the Audit Office responded to the comments provided by agencies and has used this feedback to improve performance and communication with agencies.

Acceptance of Audit recommendations

As part of the financial audit process, the Audit Office brings 'matters of governance interest' to the attention of senior management. Typically, such matters include deficiencies in the governance arrangements and internal controls, breakdowns in internal control, poor financial management procedures and errors in the financial report. Where appropriate, the Office will make recommendations to address identified deficiencies.

The Audit Office made 474 recommendations in 2008-09 compared to 592 recommendations in 2007-08. The fall in the number of recommendations (118 recommendations or 19.9 percent) was expected, as the 2007-08 result was influenced by a significant expansion to audit scope associated with implementing a new financial audit methodology.

Of the 474 recommendations made in 2008-09, 439 (93 percent) were accepted by agencies.

The continuing high acceptance rate of audit recommendations by most agencies indicates that the Audit Office provides sound advice and practical recommendations to agencies and makes a useful contribution to improving public sector financial management and reporting processes.

Financial audits completed within the required timetable

All except five of the 70 financial audits conducted in 2008-09 were completed by the due date.

The Office did not complete five financial audits within the required timeframe because the financial reports were not provided to the Audit Office within the agreed timeframe. These were from the University of Canberra, University of Canberra College Pty Ltd, UCU Ltd, Crace Joint Venture and Canberra Business Development Fund.

QUALITY CONTROL – THE APES 320 PROJECT

The Audit Office is required to meet the requirements of Auditing Standard APES 320: 'Quality Control for Audit Firms'. The standard covers the governance arrangements and audit practices that must be applied by audit firms and applies to the corporate, financial audit and performance audit operations of the Office. The documentation needed to demonstrate compliance with this auditing standard is particularly onerous and resource intensive for smaller operations such as the Audit Office.

During 2008-09, the Audit Office continued the process of systematically assessing the Office's compliance with the requirements of APES 320 and determining the actions required to fully comply with this standard. The project has taken longer than expected, as the responsible team was also required to respond to the high demand for technical audit and accounting advice referred to above. As at June 2009, the Audit Office completed

most of the systematic assessment of its compliance with APES 320 and expects to finalise this activity by December 2009.

The Audit Office will give a high priority to improving its systems and records to demonstrate compliance with APES 320 in 2009-10.

Monitoring and improving financial audits

The Audit Office continues to look for opportunities to improve its services, including applying quality assurance procedures to its financial audits. As part of this process, the Office has entered into peer review arrangements with other Audit Offices.

In recent years, the Tasmanian Audit Office (TAO) has reviewed a selection of financial audits performed by the Audit Office. The Office has used the review process to assess the quality of its audit work and identify areas where this work could be improved.

In 2008-09, the TAO noted some areas where the Audit Office could improve its work, including the documentation of the declarations of the independence of individual team members, the approval of additional audit procedures and the processes used to determine audit samples for testing.

The Audit Office is addressing the TAO recommendations and has provided training for staff on the matters identified by the TAO.

The annual review arrangement with the TAO is expected to be replaced by new peer review arrangements established by the Australasian Council of Auditors-General (ACAG). Under these arrangements, the Audit Office may periodically request a review of all or part of its operations by review teams consisting of senior audit executives and specialists drawn from the larger Australian Audit Offices.

Through its participation in various ACAG committees, the Audit Office benchmarks its performance against other Audit Offices, implements better practices and shares the benefits of improvement projects on audit methodology, financial reporting and performance audit training.

OTHER ACTIVITIES

In 2008-09, as in recent years, the Audit Office provided information seminars on its performance and financial audit operations. Feedback from these seminars is positive and indicates the information provided by the Office is relevant and has improved attendees' understanding of the audit process. The seminars encourage agencies to be well prepared for an audit and includes practical advice on how to prepare for and effectively manage communications throughout the audit process.

During the year, the Audit Office's representatives also regularly attended meetings of the internal audit committees of major agencies. Attendance at these meetings improves on-

going communications with agencies and helps the Office to be informed of emerging issues affecting the operations of key agencies.

The Auditor-General also attended meetings and forums of various professional accounting and auditing bodies such as the CPA Australia, the Institute of Chartered Accountants in Australia and the National Institute of Accountants.

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6. ANALYSIS OF FINANCIAL PERFORMANCE

FINANCIAL RESULTS

The Audit Office's financial results for the 2006-07 to 2008-09 reporting periods are discussed below.

Table 6.1: Financial results

	2006-07 Actual \$ 000	2007-08 Actual \$ 000	2008-09 Actual \$ 000	2008-09 Budget \$ 000
Appropriation	1 946	2 004	2 072	2 072
Financial audit fees	3 097	3 691	3 230	3 126
Other	75	99	80	60
Income	5 118	5 794	5 382	5 258
Employee	3 020	3 252	3 554	3 447
Supplies and services	1 835	2 466	1 802	1 745
Depreciation	62	76	93	70
Expenses	4 917	5 794	5 449	5 262
Operating surplus / (deficit)	201	(-)	(67)	(4)

Source: Audit Office's Audited Financial Reports.

INCOME

In 2008-09, most of the Audit Office's income was obtained from financial audit fees (60.0 percent). The remainder was predominantly from appropriation (38.5 percent).

2008-09 Income compared to budget

In 2008-09, income exceeded the budgeted amount by \$124 000 or 2.3 percent due largely to higher than expected financial audit fees. Financial audit fees exceeded budget estimates by \$104 000 (3.3 percent), mostly reflecting the recovery of higher costs of contractors and IT specialists engaged on the financial audit program.

2008-09 Income compared to the prior year

Income fell by \$412 000 (7.1 percent) due largely to a \$461 000 (12.5 percent) reduction in audit fees. This reduction mostly reflects the reduced audit work and hence the lower fees charged by audit contractors and IT specialists to agencies. In particular:

- the ECOWISE Group obtained a class order relieving it from the requirement to prepare a separate financial report for its subsidiary (ECOWISE Environmental (Vic) Pty Limited);
- Contractors' fees to complete the audit of the ActewAGL Joint Venture and the ECOWISE Group were lower due to improvements in their control environments and the ECOWISE Group's accounting records; and
- the scope of IT work was reduced. The Audit Office negotiated a reduction in IT specialist costs by reducing the scope of IT work required to review major revenue applications used by agencies and by increasing the use of the Office's employees in the performance of this work.

Other income also fell as the Audit Office earned less interest due to declining interest rates in the 2008-09 reporting period.

Trends in income

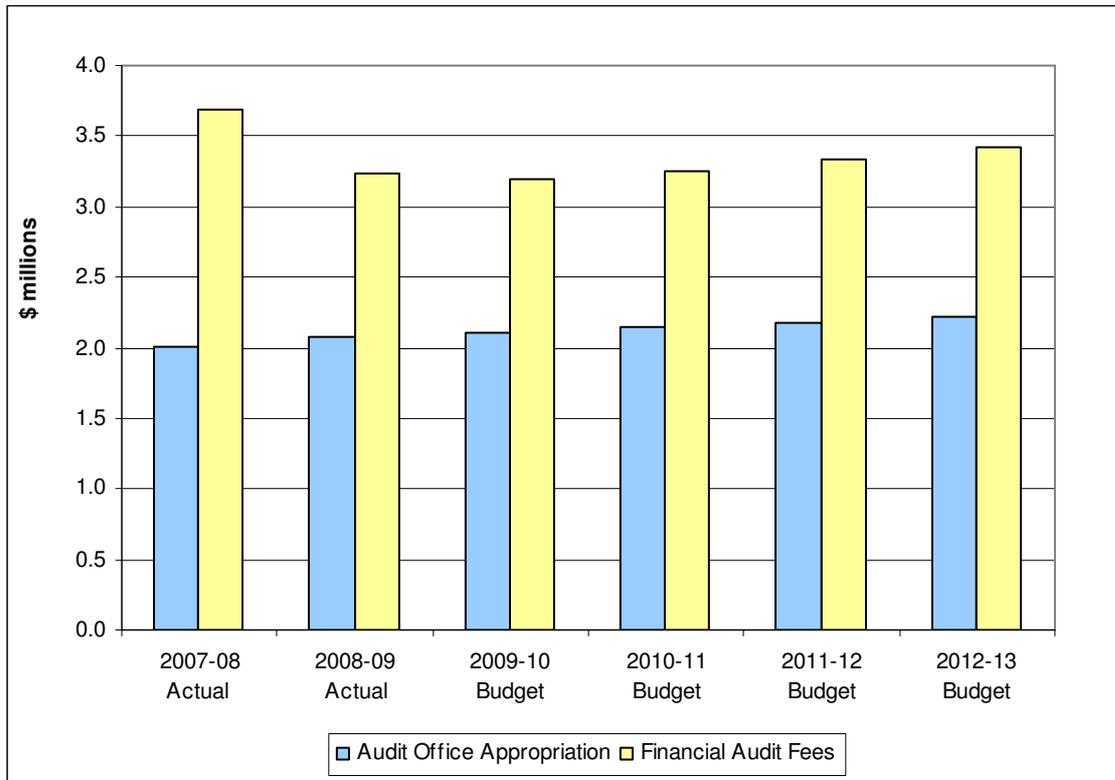
Since 2006-07, appropriation funding has grown by \$126 000 (an average of 3.3 percent per annum). During the same period, financial audit fees have increased by \$133 000 (or an average of 2.2 percent per annum). Audit fees charged by the Audit Office reflect the costs of completing the financial audit program. These costs are influenced by:

- an increasing number of new and often complex accounting and reporting requirements; and
- the implementation of a new audit methodology in the 2006-07 reporting period to address new auditing requirements.

The fee increase 2007-08, was needed to meet the higher costs of engaging external IT specialists and contractors. As mentioned above, these costs were significantly lower in 2008-09 and savings were passed on to agencies through reductions to audit fees.

Over the three forward years to 2012-13, audit fees are expected to remain close to current levels and the appropriation provided is expected to remain stable.

Figure 6.1: Trends in income



EXPENSES

Most of the Audit Office’s expenses consist of employee expenses. The remaining costs are for supplies and services costs, which mostly consist of audit contractor expenses, accommodation costs, information technology, training and printing costs.

2008-09 Expenses compared to budget

Expenses exceeded budget expectations by \$187 000 (3.6 percent) reflecting higher employee, supplies and services and depreciation costs. In particular:

- employee expenses exceeded budget expectations by \$107 000 (3.1 percent) as the Audit Office changed its staffing mix to improve its performance audit capacity. This involved recruiting two senior performance audit managers to replace less experienced departing staff. The additional cost was partially funded by a decision not to use budgeted funding (of around \$130 000) originally allocated to using contractors on the performance audit program; and
- supplies and services costs were \$57 000 (3.3 percent) higher than the budgeted cost due to the higher cost of financial audit contractors that were recovered through financial audit fees charged to agencies.

2008-09 Expenses compared to the prior year

Expenses fell by \$345 000 (6.0 percent) in 2008-09 due to lower supplies and services costs, partially offset by increased employee expenses.

Supplies and services costs fell significantly by \$664 000 (26.9 percent). The large decline is mostly due to:

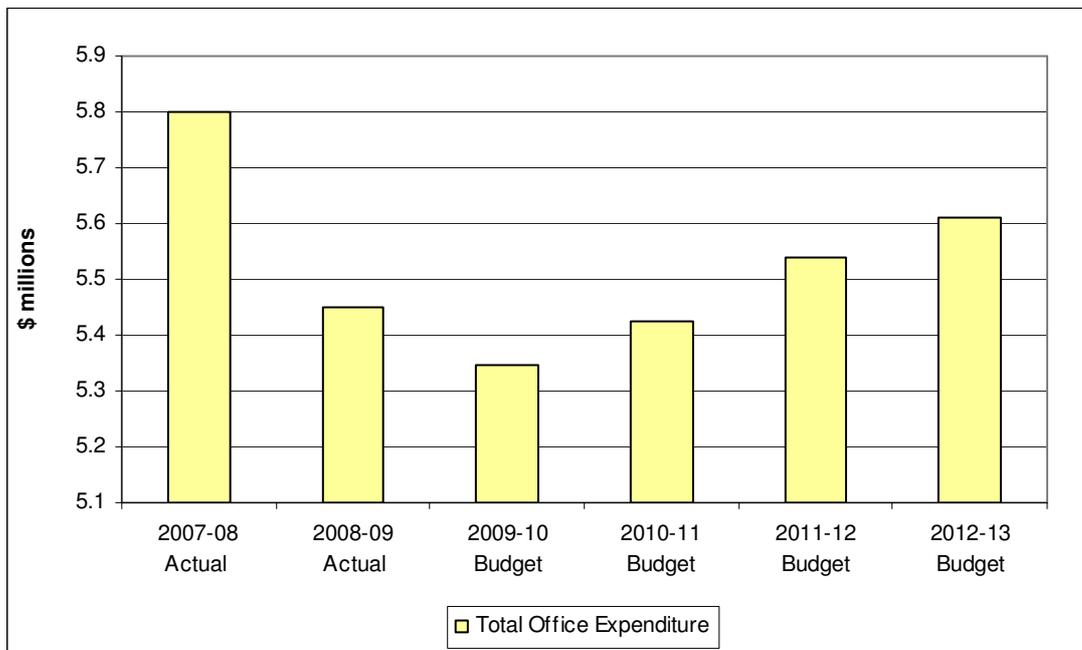
- the lower costs charged by the private sector audit contractors and IT specialists; and
- no consultants being engaged in conducting any performance audit in 2008-09. In 2007-08, an external firm assisted in the audit of the Administration of the *Freedom of Information Act 1982*.

As discussed earlier, employee expenses increased by \$302 000 (9.3 percent) in 2008-09 due mainly to the Office’s decision to recruit two senior performance audit managers to replace departing staff. This additional cost was partly offset by reduced costs on contractors budgeted for the performance audit program.

Trends in expenses

Expenses have declined from the peak in 2007-08 and are expected to increase slightly on the 2008-09 levels in the three years to 2011-12. Small growth in the forward years reflect mainly reflects expected higher employee costs.

Figure 6.2: Trends in expenditure



OPERATING RESULTS

2008-09 Operating result compared to budget and the prior year

The Audit Office's operating deficit of \$67 000 in 2008-09 exceeded the budgeted and prior year deficits of \$4 000 and nil respectively.

The operating deficit was higher than expected with employee, supplies and services and depreciation costs exceeding their budget estimates. In particular:

- employee expenses exceeded budget expectations by \$107 000 (3.1 percent) as the Audit Office changed its staffing mix to improve its performance audit capacity; and
- supplies and services costs were \$57 000 (3.3 percent) higher as the cost of financial audit contractors exceeded budget expectations.

Trends in operating results

The trend of small operating deficits in recent years reflects the cost recovery nature of the operations of the Audit Office. However, the deficits indicate that the Office has a very limited financial capacity to address unexpected cost pressures.

In the forward years to 2012-13, the Audit Office expects almost no growth in income levels. To minimise the risk of incurring deficits over the forward years to 2012-13, the Office will need to review its outputs and manage its expenses by reducing employee costs.

Financial position

Key indicators of the strength of the Audit Office's financial position are its ability to meet its short and long-term liabilities.

Table 6.2: Short-term financial position

	Actual 2007 \$ 000	Actual 2008 \$ 000	Actual 2009 \$ 000	Budget 2009 \$ 000
Short-term assets	2 176	2 432	2 407	2 482
Short-term liabilities (Note 1)	433	615	457	992
Net short-term assets	1 743	1 817	1 950	1 490
Short-term liquidity ratio	5.03	3.95	5.27	2.50

Note 1: Short-term liabilities do not equal the current liabilities presented in the Balance Sheet. For the purpose of this analysis, the estimated amount of liabilities payable within 12 months has been used.

Source: Audit Office's Audited Financial Reports.

The liquidity ratio shows that, as at 30 June 2009, the Office had \$5.27 in current assets available to meet each dollar of liability expected to be payable within 12 months.

Table 6.3: Long-term financial position

	Actual 2007 \$ 000	Actual 2008 \$ 000	Actual 2009 \$ 000	Budget 2009 \$ 000
Current assets	2 176	2 432	2 407	2 382
Total liabilities (Note 1)	1 110	1 330	1 281	1 138
Net long-term assets	1 066	1 102	1 126	1 244
Ratio of current assets to total liabilities	1.96	1.83	1.88	2.09

Note 1: The previous years' figures have been amended to include the estimated cost (\$72 500) of returning the premises occupied by the Office to a similar condition to that existed prior to the occupancy if the Office were to leave the premises. See Note 3(b)(i) 'Office Fit-Out Provision for Make Good' to the audited financial report.

Source: Audit Office's Audited Financial Reports.

The Audit Office's non-current assets consist of plant and equipment. These assets are not available to meet the Office's liabilities. Consequently, the long-term position of the Office can best be assessed by comparing the current assets to its total liabilities.

7. MANAGEMENT OF THE AUDIT OFFICE

MANAGEMENT STRUCTURE

The Executive of the ACT Audit Office consists of the Auditor General, Mrs Tu Pham, the Director, Financial Audits, Mr Bernie Sheville, and the Director, Performance Audits and Corporate Services, Mr Rod Nicholas.

The management of the Office's activities was conducted primarily through regular meetings between the Auditor-General, Directors and Managers.

In 2008-09, the Office's management groups and committees include:

The Executive Committee

The Executive Committee is the senior group responsible for the governance of the Office. It is chaired by the Auditor-General and its other members are the two Directors. The Executive Committee meets weekly to provide strategic direction, discuss Office policies, monitor the Office's overall performance, and determine strategic and operational priorities for the Office. Other members of staff are invited to attend as required.

Management Committee

The Management Committee is chaired by the Auditor-General, with its other members being Directors, Managers, and a staff representative. This group meets monthly to discuss the Office's activities, report on progress against targets and raise audit and corporate issues requiring attention.

Office Consultative Committee

The Office Consultative Committee was established under the Auditor-General's Union Collective Agreement 2007-10. This Committee consists of the Director, Performance Audits and Corporate Services and three representatives nominated by staff. The objective of the Committee is to provide a formal forum for liaison between the Office Executive Committee and staff, particularly in relation to the development and review of organisational policies and work practices. The Consultative Committee meets at least four times during the year.

Financial Audit Management

This forum is chaired by the Director, Financial Audits and includes as members all financial audit managers. The Auditor-General and the Director, Performance Audits and Corporate Services have a standing invitation to attend. The forum considers issues affecting strategic and operational management of the financial audit team. It meets fortnightly or as required.

Performance Audit Management

This forum is chaired by the Director, Performance Audits and Corporate Services and includes as members all performance audit managers. The Auditor-General and the Director, Financial Audits have a standing invitation to attend. The forum considers issues affecting strategic and operational management of the performance audit team. It meets fortnightly or as required.

Corporate Services Team

This forum is chaired by the Manager, Corporate Services and includes all corporate staff. The Director, Performance Audits and Corporate Services has a standing invitation to attend. The forum considers issues affecting strategic and operational management of the corporate services team. It meets monthly or as required.

In addition to meetings of the above-mentioned groups, monthly all staff meetings were held to share information and discuss general and specific Office issues.

STRATEGIC AND ORGANISATIONAL PLANNING

All available staff attended the Office's annual planning day in February 2009. The day presented an opportunity to review and affirm the Strategic Plan for 2008-11, to identify and set the priorities for the Office for the coming year, and to reach a shared view of future corporate directions and desirable outputs and outcomes.

The Strategic Plan, which will be reviewed annually, addresses the Audit Office's priorities over the three years to 2011, and is supported by an annual internal action plan. The action plan identifies and assigns responsibility for specific internal tasks and timeframes for completion. Actions from this Plan are included in weekly activity status reports that are monitored by the Office's Executive Committee.

RISK MANAGEMENT AND INTERNAL AUDIT

The Audit Office has a comprehensive Risk Management Framework which is consistent with the ACT Government's Risk Management Guidelines and the Risk Management Standard AS/NZS 4360:2004. The framework includes a Business Continuity Plan and a Risk Management Plan.

The Business Continuity Plan maps the actions to be taken in the event of a disaster or interruption to the Office's operation. The Risk Management Plan sets out identified risks and determines appropriate measures to reduce all risks.

Each plan is regularly reviewed and monitored by the Management Committee. The Risk Management Plan was reviewed in May 2009 and in August 2009. The Business Continuity Plan was updated as part of a current project to review all Audit Office policies and procedures.

The Office formed an Internal Audit and Review Committee in June 2006. During the 2008-09 period, the Committee convened four meetings. Details of the membership of the Committee and meetings attended by its members are provided in the following table:

Table 7.1: Internal Audit and Review Committee

Name	Agency	Position	No. of meetings held	No of meetings attended
Will Laurie	External	Chair	4	4
Rod Nicholas	Auditor-General's Office	Member	4	3
Ajay Sharma (resigned November 2008)	Auditor-General's Office	Member	2	1
Graham Smith (appointed November 2008)	Auditor-General's Office	Member	2	2

To achieve its objectives, the Committee developed a three year Internal Audit Program based on the risks identified in the Office's Risk Management Plan together with the need to provide appropriate assurance to the Auditor-General that the Office effectively manages key risks and complies with all applicable legislation. An internal audit of Corporate Governance was completed during 2008-09 by Oakton AA Services.

The Committee continued to monitor the Office's implementation of relevant recommendations recorded in the Office's register. This register includes recommendations from the internal audit reports, from the Office's own performance audit reports and from Legislative Assembly Committees' reports, which have been identified as applicable to the Office.

FRAUD PREVENTION

The Audit Office has policies and practices in place to minimise the risk of fraud and corruption. These policies and procedures include the Office's Integrity Code, Personnel Delegations, Asset Management Guidelines and Instructions on the Acceptable Access and Use of IT Resources, all of which were reviewed and updated during 2008-09. The Fraud and Corruption Prevention Plan was reviewed and revised in May 2009.

Staff have been regularly made aware of these policies and practices, with new staff being introduced to them as part of induction training. Management communicated and implemented these policies and procedures throughout the year. In May 2009, staff of the Audit Office received fraud analysis training, delivered by the Queensland Audit Office.

No fraudulent activity or unethical behaviour was identified during 2008-09.

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

HUMAN RESOURCE PERFORMANCE

Staff profile

There were 33 staff employed in the Office (including the Auditor-General) as at the last pay period for the financial year ended 30 June 2009 (31.41 full-time equivalent staff). The Auditor-General is appointed for a term of seven years as a full time statutory office holder under the *Auditor-General Act 1996*. All other staff are employed under the *Public Sector Management Act 1994*.

Table 7.2: FTE and headcount

Classification	Female	Male	Total
FTE by gender	10.87	20.54	31.41
Headcount by gender	12	21	33.0
Percentage of workforce	36.4%	63.6%	100.0%

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

Workforce planning

For a number of years, the Office has continued to experience high rates of staff turnover. For an Office with relatively small staffing numbers, this has a significant effect on the Audit Office's operations.

The permanent staff separation rate for 2008-09 was 22.6 percent. As noted in the table below, the Audit Office's 2008-09 all staff turnover rate was 36.4 percent, which was higher than the 2007-08 turnover of 29.7 percent and the Office's target of 20 percent. The permanent staff separation rate differs from the staff turnover rate as it excludes non-ongoing employees (contractors) who ceased during the period

Table 7.3: Staff movements

Staff movements	2004-05	2005-06	2006-07	2007-08	2008-09
Recruitment	7	10	17	10	8
Attrition	6	8	9	11	12
Number of Staff	28	30	38	37	33
FTE	27.3	29.4	34.6	35.4	31.41
Turnover	21.4%	26.7%	23.7%	29.7%	36.4%

Source: Audit Office's internal records.

The high staff turnover reflects the high demand for experienced accountants and auditors, locally and nationally. Of the twelve staff who ceased their employment with the Audit Office in 2008-09, six were permanent staff at the senior auditor and manager level. This group has on average around three years' service with the Audit Office.

The excess of departures over recruitment has led to a reduction in staff of four over the year. As the Office faced a large budget deficit, a decision was made not to replace departing staff.

The major workforce issues experienced by the Office include:

- continuing high demand for accountants and auditors;
- an ageing workforce leading to the potential for increased departures in the next few years of experienced senior managers;
- difficulty in retaining staff, especially at the senior auditor level; and
- the significant impact of even a small number of departures on small teams, and leads to difficulties in maintaining and enhancing the depth of knowledge and experience required to deliver quality work.

The current Office Workforce Planning Strategy recognises these risks and guides the policy approaches to manage the workforce of the Office during the year and over the next five years.

During 2008-09, the Audit Office implemented a new staff retention strategy aimed at maintaining the specific skills and knowledge of key staff. The strategy involved offering four key personnel a Special Employment Arrangement (SEA).

As mentioned above, in developing its Workforce Planning Strategy, the Office recognised that it has approximately 24% of its workforce who are 53 years of age and over. Therefore, there has been a strong focus on succession planning as the Audit Office is expecting further loss of experienced personnel in the coming years as several staff are approaching retirement. The Audit Office has created on-the-job development opportunities for senior auditors to perform the functions of managers and has recruited experienced staff at senior manager levels as part of its succession plan.

Short-term human resource planning

As in previous years, the Audit Office plans in detail the allocation of staff to audits and to other activities such as planned absences, staff training, and administrative activities. The Office's forward planning document helps to schedule resources to deliver its program of audits, and in particular to meet the high demands of the peak financial audit period, which extends from around March to October each year.

A consideration in the Audit Office's workforce planning is the appropriate use of contract auditors when completing the financial audit program. In addition, selected audits are outsourced to external contractors where the audit requires specialised skills such as information technology and taxation skills not available within the Audit Office.

Many audit staff will work on both financial and performance audits, and will be engaged to assist in specific corporate tasks. Outside the peak financial audit period, available staff are assigned to performance audits or corporate tasks.

Enhancing skills and capabilities

Consistent with its Studies Assistance Policy, the Office has continued to support staff in obtaining and updating relevant professional qualifications from professional bodies and academic institutions. The Policy makes provision for staff to take paid study leave and for the reimbursement of the expenses associated with study.

The Audit Office has a learning and development program which is aimed at targeting the development needs of staff, having regard to the Office's Human Resource requirements. Further information on this program is provided below.

LEARNING AND DEVELOPMENT

The Audit Office's learning and development program focuses on developing the Office's capacity to meet its audit responsibilities, including its corporate and people management objectives. The program is comprehensive and is developed through consultation with staff, supervisors and senior management.

The Audit Office encourages all staff to work towards obtaining membership of relevant professional bodies such as the Institute of Chartered Accountants in Australia or CPA Australia. During 2008-09, the Office provided support to fourteen staff with study for tertiary or professional qualifications.

On-the-job learning opportunities with coaching, and technical training remain an integral part of the learning and development of staff. The program continues to give attention to the development of the broader needs of staff such as report writing, leadership and supervision skills, communication and coaching skills, presentation skills, IT and IT systems auditing skills and time and records management.

Training provided during 2008-09 included fraud analysis, the Office's financial audit instruments and methodology, performance auditing, Government machinery and governance, and ongoing attendance at various professional and business forums.

In 2008-09, staff time spent on learning and development averaged seven days across the 35 office staff, plus an additional five days provided for those staff members who accessed study leave. Expenditure on external training courses was around \$48 500 with the full cost of learning and development totalling over \$355 000.

For the 2009-10 learning and development program, there are five focus areas, namely:

- public sector issues;
- management skills;
- information technology;
- communication and written skills; and
- financial, auditing and accounting standards.

In a January 2009 survey, 62 percent of staff indicated that they required additional training. This emphasises the importance of delivering an effective annual learning and development program.

STAFF SATISFACTION

The Office values the contribution of all staff to the achievements of the Office's objectives. In recognition of the challenges faced by a small office in retaining and recruiting qualified staff, the Office put significant effort in staff management issues and in creating a productive and rewarding working environment. The Office has conducted an annual survey of staff since 2004 to gain a sound understanding of staff views on the performance of the Office. The survey seeks feedback from staff on such important matters as job satisfaction, leadership and management, communication and corporate governance, and the Office working environment.

Staff satisfaction was exceptional and continued the positive trend seen in the last three years; indeed, there were no areas identified as a 'negative change' from last year's survey results. In the 2009 survey, 97 percent of staff were satisfied with their job, up from 94 percent last year and a vast improvement from the 69 percent recorded in 2005. Staff identified the top five attributes of the Office as:

- good working relationships;
- flexible working arrangements;
- fair salary and benefits;
- effort and good work recognised; and
- duties and expectations are clear.

Staff also cited the contributions the Office makes to the community as one of the strengths of the Office.

Examples of staff responses in the 2009 survey included:

"The Office's strengths are its work, people and reputation".

"The interaction and inclusiveness, and the care for each other, is what sets the Auditor-General's office apart".

"I am delighted at the work life balance that AGO has provided me with. I was told in my interview that there was a strong work life balance flavour in the office and it is certainly the case."

Staff strongly supported the Office's Management Team, with some 88 percent of respondents stating they had confidence in the management, while the balance of respondents provided neutral responses.

A small number of respondents identified some negative aspects of the Office, mainly the lack of opportunities for career development and to further develop skills.

These attributes reflect some of the challenges of a small office, particularly for those aspiring to more senior positions, and are echoed in the reasons cited by staff as potentially contributing to any decision to leave the Office.

WORKPLACE HEALTH AND SAFETY

The Audit Office's Occupational Health and Safety (OH&S) guidelines are accessible to all staff, and are provided to new staff on commencement. The guidelines encourage management and staff to take a proactive approach to their health and safety within the workplace environment through actions such as:

- communication to foster a proactive approach (e.g. the investment in workstation assessments for staff);
- the provision of professional rehabilitation case management services; and
- prompt and positive consideration of OH&S issues raised by staff.

The Office recognises the demand on staff, particularly during peak audit periods and plans and allocates work to teams with careful monitoring of hours being worked by staff. In particular, planning decisions seek to share the workload amongst staff, as far as reasonably practicable, to avoid excessive periods of long hours. This planning facilitates a whole-of-Office approach to planning for leave, study, family, and other commitments, and staff are encouraged to take their leave entitlements each year.

Staff representatives

A staff member has been appointed as the OH&S officer, responsible for facilitating a safe working environment. The Office has also appointed two qualified First Aid Officers and Fire Wardens who are provided with training.

Workstation assessments

For those staff with sustained injuries or with other specific requirements, individual workstations were professionally assessed taking into account the specific medical needs of the individual.

Health and wellbeing initiatives

Flu vaccinations – the Office offered influenza vaccinations at no cost to staff.

Coaching/Buddy system - stress is managed through coaching and supervision of staff, and supporting staff through difficulties they may experience in their personal and professional life. The Office has a zero tolerance policy towards workplace discrimination, harassment and bullying.

To encourage healthy work practices such as taking regular breaks from sitting in front of the computer, the Office has provided staff with stretching equipment and posters demonstrating recommended stretching techniques. Posters throughout the Office also offer advice on relieving stress, getting fit and reducing the chance of catching influenza.

The Office has supported flexible working arrangements and promoted a healthy work/life balance. The Office's annual staff survey inquires about the safety and wellbeing of staff. The January 2009 survey showed that almost 90 percent of staff agreed that working conditions in the Office are safe and satisfactory, and that staff received good support from the Office for meeting their personal and family commitments.

There were no workplace accidents or injuries sustained by staff during 2008-09, and there were no accidents or dangerous occurrences that required the giving of notices under section 204 of the *Occupational Health and Safety Act 1989*.

No investigations were conducted during the year and there were no improvement notices, prohibition notices and notices of non-compliance given to the Office under sections 146, 155 or 212 of the OH&S Act.

The Office's Social Club

Through the activities of the Social club, all staff have enjoyed a number of social events and worked toward supporting charitable causes. The Club is fully funded by staff and run by a staff committee. During the year, the Club organised Multicultural lunches, Christmas party, Office breakfasts, and raised funds for the Australian Red Cross, Cancer Council ACT, and the Smith family.

WORKPLACE RELATIONS

The Auditor-General's Office Union Collective Agreement (2007-10) applies to all staff other than the Auditor-General and the Directors. The Agreement has regard for the Office's specific working environment, while reflecting the ACT Public Sector Template Agreement.

As the current Agreement has a nominal expiry date of 31 March 2010, the Office has been participating in Enterprise Bargaining Agency Reference Group meetings organised by the Chief Minister's Department. The aim is to develop a new agreement that meets the bargaining requirements of the new *Fair Work Act 2009*.

The Audit Office has an Office Consultative Committee, with members nominated by staff. The Committee has been established to provide a formal forum for liaison between the Executive and staff in the development and review of organisational policies and work practices, and for providing staff input to such policies and practices.

Special Employment Arrangements

At 30 June 2009, the Office had two staff members on Special Employment Arrangements (SEAs) provided for under the Audit Office Collective Agreement. The table below provides details of these arrangements. There were no Australian Workplace Agreements (AWAs) at 30 June 2009.

Table 7.4: Special Employment Arrangements

DESCRIPTION	No. of Individual SEAs
Number of SEAs as at 30 June 2009	2
Number of SEAs entered into during period	4
Number of SEAs terminated during period	2
The number of SEAs providing for privately plated vehicles as at 30 June 2009	0
Number of SEAs for employees who have transferred from AWAs during period	0

Source: Audit Office

Table 7.5: Classification and remuneration under SEAs

	Classification Range	Remuneration as at 30 June 2009
Individual and Group SEAs	Manager to Senior Manager	\$84 365 to \$116 986

STRATEGIC ASSET MANAGEMENT

Assets managed

The Audit Office's plant and equipment assets are comprised of the Office's fit-out, motor vehicles, and equipment and furniture normally associated with a small professional Office such as audio visual equipment, workstations and chairs etc. The book value of these assets at 30 June 2009 was \$512 267 (30 June 2008, \$603 327).

As disclosed in the Office's financial report, the Audit Office has included in the Office fit-out valuation, the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy.

During 2008-09, the Office disposed of two motor vehicles and acquired one motor vehicle. The disposal and acquisition of motor vehicles reflects the accounting treatment for the finance leasing arrangements for Executive vehicles.

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

There were no major asset upgrades completed during 2008-09.

Office accommodation

At 30 June 2009, the Office occupied 500 square metres at 11 Moore St, Canberra City and employed 33 (31.41 full-time equivalent) staff. This equates to approximately 15 square metres per employee, which is within the ACT Government target of 15 square metres per employee.

USE OF CONTRACTORS

In 2008-09, the Audit Office continued to engage financial audit contractors who complement the in-house audit capacity. In addition, the Office uses external firms to conduct internal audits of the Office and to provide other specialised services such as actuarial and tax advice. The selection and management of audit contractors is consistent with the *Government Procurement Act 2001* and subordinate guidelines and circulars.

Table 7.6: External sources of labour and services

Firm	Date Contract Let	Financial Audits \$ Note 1	Other Services \$ Note 2	Total \$
Deloitte Touche Tohmatsu	1 December 2005	8 000		8 000
KPMG	1 December 2005	309 359		309 359
WalterTurnbull	1 December 2007	15 767		15 767
PricewaterhouseCoopers	1 December 2005	529 562		529 562
Ernst & Young	1 December 2005	142 520		142 520
Cumpston Sarjeant Pty Ltd	31 March 2005	15 720		15 720
Cumpston Sarjeant Pty Ltd	10 June 2009		2 955	2 955
Courage Partners	14 March 2008		15 400	15 400
Oakton AA Services Pty Ltd	11 December 2006		14 140	14 140
Bellewarra Investments	30 June 2006		3 240	3 240
APA Management Systems Pty Ltd	14 September 2007		1 300	1 300
Total		1 020 928	37 035	1 057 963

Note 1 These firms assisted with the Audit Office's financial audit activities.

Note 2 Cumpston Sarjeant Pty Ltd provided actuarial advice on the revised treatment of employee benefits in the Territory.

Courage Partners was contracted to undertake a performance audit on ACT Government agencies' compliance with the Freedom of Information legislation.

Oakton AA Services Pty Ltd and Bellewarra Investments provided internal audit services to the Audit Office.

APA Management Systems Pty Ltd assisted with the development of reporting templates.

Details of the expenses incurred under contracts and of the services supplied provided above do not represent the total value of contracts, since the contracts often cover more than one financial year and the work performed does not necessarily coincide with the financial year.

COMMUNITY GRANTS, ASSISTANCE AND SPONSORSHIP

In 2008-09, the Office donated two prizes of \$250 each to the Canberra Institute of Technology (CIT), Faculty of Business and Information Technology. The prizes were awarded as follows:

Table.7.7: Student Prizes

Organisation	Award	Amount
CIT	Corporate Finance Reporting Prize	\$250 to the most meritorious graduating student in Corporate Finance.
CIT	Internal Control for Accounting Sponsorship	\$250 to the most meritorious student in Internal Control for Accounting.

The prizes are awarded with the objective of increasing the awareness of top graduating students in accounting and finance, of the employment opportunities provided by the Audit Office.

TERRITORY RECORDS

In accordance with the requirements of the *Territory Records Act 2002*, the Auditor-General has approved and implemented a Records Management Program for the Office. The Program consists of a Records Management Policy, Records Management Procedures and a Records Disposal Schedule. The Records Disposal Schedule for Audit Services was approved by the Director of Territory Records. This Notifiable Instrument (NI2006-26) can be viewed on the ACT Government's legislation website (<http://www.legislation.act.gov.au/>).

In June 2009, the Office's records management policy and procedures were revised and updated to ensure consistency with the advice and standards issued by the Territory Records Office. A Records Management Quickguide was also developed and implemented to provide all Audit Office staff with a document that outlines records management responsibilities and processes.

Records management training was provided to staff in October 2008 by the Canberra Institute of Technology. New staff are introduced to record-keeping essentials as part of the Office's induction program. Standards, guidelines and advice issued by the Territory Records Office are available to all staff.

The Audit Office's Records Management Procedures cover issues of public access to and use of records that are more than 20 years old. Although the Office does not currently hold any records of that age, the Office's Records Management Procedures will ensure that records identified for archival will be notated with an appropriate access direction to establish the terms and conditions for public access 20 years after the records are non-current. Records to be exempted from public access under the provisions set out in section 28 of the Territory Records Act will also be identified.

Table 7.8: Records Disposal

Records Disposal Schedule Name	Effective	Year and No.
Territory Records (Records Disposal Schedule-Audit Services Records) Approval 2006 No. 1	3 February 2006	NI2006-26

8. CONSULTATION AND SCRUTINY REPORTING

COMMUNITY ENGAGEMENT

The Audit Office seeks input from its major external stakeholders, including the ACT Legislative Assembly and ACT public sector agencies, in developing its work program and in reviewing its performance. The Office's proposed performance audit program for 2009-10 was made available from the office website, for the information of the general community, in addition to other relevant information about the Office.

In planning and conducting performance audits, the Office consults representatives of relevant interest and community groups where appropriate. Such consultation is normally through the Office identifying specific groups or individuals and approaching them for discussions. Individuals or community groups may also initiate contacts with the Office in relation to audits of their interest and made submissions.

The Office frequently receives representations from various sources, such as Members of the Legislative Assembly, ACT public sector agencies, public servants and the wider community, to undertake some audit activity on a variety of matters. The Office has well established processes in place to consider the information provided in the representations from the community to determine whether further investigation is warranted, taking into account the significance of the issues raised, the Office's available resources, and other priorities.

EXTERNAL AND INTERNAL SCRUTINY

The *Annual Reports (Government Agencies) Act 2004*, the *Auditor-General Act 1996* and various public inquiries into the Auditor-General's reports provide robust mechanisms for the external scrutiny of the Audit Office (the Office).

The Office provides an annual report to the Legislative Assembly and the Public Accounts Committee reviews the annual report including the Office's audited financial report and statement of performance.

The Office's annual financial report and statement of performance were audited by an independent external auditor, appointed by the Treasurer, under the relevant provisions of the Auditor-General Act. The appointed independent auditor, PKF Chartered Accountants and Business Advisers, provided an unqualified audit opinion on the Office's 2008-09 financial report and statement of performance. No significant matters from the audit process were identified.

All performance audits are tabled in the ACT Legislative Assembly and are publicly available, hence the Office's work is also open to external scrutiny by the media, government agencies and the general community.

The Office has in place an internal audit control framework. The Audit and Review Committee met on four occasions during 2008-09, and provides independent assurance and assistance to the Auditor-General on the Office's risk management, control, and compliance framework, and its external accountability responsibilities. In addition, an internal audit on the Office's Corporate Governance was completed during 2008-09, by Oakton AA Services.

In 2008-09, under a reciprocal peer review process, the Tasmanian Audit Office reviewed a sample of financial audits completed by the Office to provide an independent appraisal of the quality of the Office's audit work. Likewise, the Office conducted a review of selected financial audit work done by the Tasmanian Audit Office. A similar reciprocal review process for performance audits has been agreed and will commence in early 2009-10.

LEGISLATIVE ASSEMBLY COMMITTEE INQUIRIES AND REPORTS

All reports of the Auditor-General that have been presented to the Legislative Assembly are referred to the Public Accounts Committee (PAC). The PAC examines all reports or any circumstances connected to them, and may hold a public inquiry into any Auditor-General report and report on its inquiries to the Legislative Assembly. The Office routinely offers a briefing to the PAC on all Auditor-General reports, and gives evidence to a public inquiry at the request of the PAC.

During 2008-09, the PAC completed the following inquiries:

- Review of Auditor-General's Report No. 4 of 2005: *Courts Administration* (inquiry completed 15 August 2008);
- Review of Auditor-General's Report No. 5 of 2006: *Rhodium Asset Solutions Ltd* (inquiry completed 21 August 2008);
- Review of Auditor-General's Report No. 1 of 2006: *Regulation of Charitable Collections and Incorporated Associations* (inquiry completed 21 August 2008);
- Review of Auditor-General's Report No. 4 of 2007: *Regulation of ACT Liquor Licences* (inquiry completed 21 August 2008); and
- Review of Auditor-General's Report No. 6 of 2008: *Annual Report 2007-08* (inquiry completed 7 May 2009).

The PAC also commenced the following inquiries regarding Auditor-General's reports during 2008-09, and the inquiries were still in progress as at 30 June 2009:

- Review of Auditor-General's Report No. 7 of 2008: *Proposal for a gas-fired power station and data centre: site selection*; and
- Review of Auditor-General's Report No. 8 of 2008: *2007-08 Financial Audits*.

There were no Legislative Assembly Committee inquiries directed specifically at the operations of the Audit Office during 2008-09. However, several Committees made recommendations that were directed to the Office. These are listed below together with the action taken by the Audit Office.

Table 8.1: Recommendations from the ACT Legislative Assembly

Committee	Recommendations	Action
<p>Select Committee on Estimates 2008-09: Appropriation Bill 2008-08 – Volume 2 – Dissenting Report</p>	<p>1. The Committee recommends that the matter of the CTC development on block 1671 Tuggeranong be referred to the Auditor-General for enquiry and report.</p> <p>2. The Committee recommends that the 2008 balloon event be referred to the Auditor-General for inquiry and report.</p> <p>3. The Committee recommends that the entire project concerning the establishment of a new headquarters for the Emergency Services Agency (ESA) be referred to the Auditor-General for inquiry and report.</p>	<p>Completed. A performance audit (Report No. 7 of 2008) was tabled in the Assembly on 9 December 2008.</p> <p>Completed. Based on a preliminary investigation on the matter, the Auditor-General decided that no further action be taken.</p> <p>Completed. The ESA project was a case study in the performance audit of Government Accommodation (Report No.6 of 2009) tabled in the Assembly on 28 August 2009.</p>
<p>Standing Committee on Public Accounts Report No. 15 Review of Auditor-General’s Report No. 4 of 2005: Courts Administration</p>	<p>Recommendation 8: The Committee recommends that the Auditor-General provide a follow-up report to the Legislative Assembly in April 2009 examining efforts to address problems in the ACT Courts Administration.</p>	<p>The follow-up audit of Courts Administration was on the Performance Audit Program for 2008-09, but was not commenced. The proposed audit remains on the program for 2009-10.</p>
<p>Standing Committee on Public Accounts Report No. 17 (August 2008): Review of Auditor-General’s Report No. 1 of 2006: Regulation of Charitable Collections and Incorporated Associations</p>	<p>Recommendation 1: The Committee recommends that the Auditor-General undertakes a performance audit of the Office of Regulatory Services to assess the quality of its internal processes and how effectively it is contributing to the aim of reducing the burden of regulation.</p>	<p>This proposed audit has been included in the 2010-11 Performance Audit Program.</p>
<p>Standing Committee on Legal Affairs Report No. 8 (August 2008): ACT Fire and Emergency Services Arrangements</p>	<p>Recommendation 9: In order that the ACT public can be reassured about the project management and financial planning in relation to the Fairbairn site as a proposed centralised accommodation facility for emergency services, the Auditor-General undertake a review of the project from a financial probity and project management perspective.</p>	<p>Completed. The project was a case study in the performance audit of Government Accommodation (Report No. 6 of 2009).</p>
<p>Standing Committee on Climate Change, Environment and Water Report No. 1 (March 2009): Report on Annual and Financial Reports 2007-08</p>	<p>Recommendation 8: The Committee recommends that the Auditor-General review the Department of Territory and Municipal Service’s administration of the <i>Tree Protection Act 2005 (ACT)</i>.</p>	<p>This proposed audit has been included in the 2010-11 Performance Audit Program.</p>

LEGISLATIVE REPORT

As an independent authority, the ACT Auditor-General's Office does not administer any legislation. The legislation that has the greatest impact on the Office is the *Auditor-General Act 1996*. Other relevant legislation includes the *Financial Management Act 1996*, *Public Sector Management Act 1994*, *Territory-owned Corporations Act 1990*, *Public Interest Disclosure Act 1994* and *Government Procurement Act 2001*.

Relevant legislation is discussed in section 2 of this Annual Report.

9. LEGISLATIVE AND POLICY-BASED REPORTING

PUBLIC INTEREST DISCLOSURES

Proper authority

The Auditor-General is a proper authority to receive public interest disclosures under the *Public Interest Disclosure Act 1994* (the PID Act).

Procedures

The Audit Office has procedures for receiving and handling public interest disclosures, which:

- provide background information on the objectives of the PID Act;
- explain the requirements imposed on agencies in relation to the receipt and investigation of PIDs and the investigation process, including the need for the investigation process to be fair, flexible, speedy and as informal as possible;
- provide for the handling of disclosures by suitably experienced officers. The Auditor-General and the Director, Performance Audit and Corporate Services are the contact officers for providing information and assistance to those wishing to make a disclosure under the PID Act;
- emphasise the importance of treating all parties involved in any disclosure fairly and impartially and ensuring that the confidentiality and security of information is protected; and
- include a public interest disclosure model – a flowchart of the typical key steps involved in handling any public interest disclosure.

The procedures were reviewed and updated during 2008-09.

Table 9.1: Public Interest Disclosures

Disclosure Requirement	Details
The number of disclosures received.	Two
Type of disclosures under Section 4(2) of the PID Act.	Each disclosure alleged conduct that could, if substantiated, amount to 'disclosable conduct' under Section 4(2)(a) of the PID Act.
The number of disclosures referred by other agencies.	Nil
The number of public interest disclosures investigated.	Nil
The number of disclosures referred to other government agencies for investigation.	One The Auditor-General referred the disclosure to an ACT Government agency under Section 18 of the PID Act.
The number of disclosures on which the Office has declined to act under Section 17 of the PID Act.	One The Office reviewed the disclosure to determine whether there were grounds for the Auditor-General to intervene (under Section 14 of the PID Act), and if there were grounds for intervention, what further action was required. As a result of this review, the Auditor-General concluded that other more appropriate methods of dealing with the disclosure were reasonably available to the respondent, and had been used. The Auditor-General declined to act on the disclosure under Section 17(d) and 17(e) of the PID Act.
The number of disclosures substantiated by investigation.	Nil

Other representations

The Audit Office received eleven representations in 2008-09 from members of the Legislative Assembly and members of the public requesting the Auditor-General to undertake some audit activity or investigation on a variety of matters. Such representations do not meet the definition of public interest disclosure within Section 3 of the *Public Interest Disclosure Act 1994*; rather, they tend to reflect areas of interest or concern to the individual. The Auditor-General considered these representations under the provisions of the *Auditor-General Act 1996*.

The Audit Office examined the information provided in relation to each representation to determine whether further investigation was warranted. Where necessary, the Office obtained additional information from the relevant government agency to assist in making any decision on the matters. In some cases, the correspondent was encouraged, in the first instance, to refer the matter directly to the responsible agency. Some representations are referred to the responsible agency after brief review by the Audit Office.

The Auditor-General cannot investigate in detail many of the matters referred, given the limited resources of the Office. In deciding whether a representation should be followed up with an audit or a special investigation, the Office takes into consideration a number of factors, including the extent of financial risks and impacts, and the potential wider implications for public administration and the delivery of government services. Any new potential audit topic needs to be viewed in terms of its relative priority with respect to other audit activities of the Office.

The Auditor-General also considers the information provided through representations in the context of planning future audits.

Details of remedial action taken on Ombudsman recommendations

The ACT Ombudsman made no recommendations regarding the Audit Office.

FREEDOM OF INFORMATION

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

The Auditor-General Act contains specific provisions aimed at protecting the integrity of an audit or investigation by the Auditor-General (sections 33-36). Under these provisions, it is an offence for a person exercising, or who has exercised, a function of the Auditor-General to disclose protected information to someone else. Any documents obtained in reviewing matters relevant to an audit or investigation are, for the purposes of the Auditor-General Act, protected information.

Section 38 of the FoI Act provides for an exemption from access to documents to which secrecy provisions of enactments apply, and in the case of this Office, protected information under the Auditor-General Act would be generally exempt from production under the FoI Act.

Publication of documents and information (Section 7 Statement)

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

Members of the public can participate in the work of the Audit Office through making of representations directly to the Office or by making representations to their elected representatives in the Legislative Assembly who may, in turn, decide to make representations to the Office. For most performance audits, the Office will directly consult selected stakeholders, to obtain their views of activities under audit, and suggestions for improvement.

Categories of documents in the possession of the Audit Office

The Audit Office holds the following categories of documents:

- *Documents freely available on request and without charge.* Documents in this category include audit reports produced by the Office. These documents are available from the Office's website (<http://www.audit.act.gov.au>) or on request from the Office, and are available from libraries throughout the Territory.
- *Other kinds of documents that may be available under the FoI Act.* A wide range of documents, held in the Office, may be available under the Act. These documents may include general administrative files including internal, interagency and public documents, minutes of meetings of management and other committees, agendas and background papers, policies in connection with Office administrative functions, photographs, financial and accounting records, leases and deeds of agreement.

The Audit Office provides facilities enabling members of the public to obtain physical access to the documents.

Those seeking information should contact the Audit Office before resorting to a formal FoI application. In many cases, access to information can be gained more efficiently through such an approach.

- *Documents obtained in the exercise of a function of the Auditor-General Act 1996.* These documents cannot be disclosed under section 34(1) of the *Auditor-General Act 1996* and include all internal working papers, documents and materials relating to audits of government agencies as well as other reviews and investigations.

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

Ms Maria Costanzo
Freedom of Information Coordinator
ACT Auditor-General's Office
Level 4, 11 Moore Street, Canberra City ACT 2601
Phone 6207 0833; Fax 6207 0826

Certain documents available for inspection and purchase (Section 8 Statement)

Section 8 of the FoI Act requires the Audit Office to prepare and make available each year, a statement (which may be an index) of the documents that are provided by the Office for the purposes of an enactment or scheme administered by the Office.

The Audit Office's 'Section 8 Statement' is included in an Office document titled '*Freedom of Information Act 1989 Section 7 and Section 8 Statements*'. The Section 8 Statement may be obtained by contacting the Office's FoI Coordinator.

Report on the operation of the Freedom of Information Act 1989 (Section 79 Statement)

The Office received one FoI request to access documents during 2008-09. The applicant was advised the Office had no documents that fell within the request.

The Office received a request from a Commonwealth agency that sought the Office's views on whether a document originating from this Office but in the possession of the Commonwealth agency should be released under the Commonwealth FoI Act. The Office advised the Commonwealth agency that the Office had no objection to the release of the document, on the basis that a copy had already been provided directly to the applicant by the Office.

No applications were received for the review of decisions under section 59 of the FoI Act.

The Office did not collect any fees in relation to the processing of requests.

There were no applications for the amendment of records under section 48 of the FoI Act.

HUMAN RIGHTS ACT

The Audit Office's operating practices and policies are consistent with the aims of the *Human Rights Act 2004* and the Office has ensured that human rights principles are integrated into its operations.

Examples of how the Audit Office has achieved this are as follows:

- The Audit Office is a proper authority for the receipt of disclosures under the *Public Interest Disclosure Act 1994*. Disclosures received by the Office may identify human rights concerns. The Office has sound procedures in place for handling these disclosures appropriately and fairly.
- The Audit Office ensures procedural fairness is maintained and natural justice is afforded to those affected by the reporting of audit findings and recommendations.
- Management has promoted an organisational culture that is inclusive, respectful and responsive to staff and auditees. Staff are provided with various mechanisms and forums to raise any issues or concerns regarding the operations of the Office including human rights matters. Staff may also raise concerns at meetings, directly with the Auditor-General or other senior executives, or with a staff representative, or may provide information and suggestions through the Office's annual staff survey, or anonymously. Management responds openly to all staff suggestions and concerns.
- The 'Auditor-General's Office Union Collective Agreement 2007-10' incorporates ACT public sector wide conditions of employment. The Agreement recognises the need to balance work and life responsibilities and provide a safe and healthy working environment.

- The Office has 'Equity and Diversity Guidelines' in place and a 'Workplace Discrimination, Harassment and Bullying' policy to support a diverse and non discriminatory workplace where different cultures and talents of staff are recognised and valued.

COMMISSIONER FOR SUSTAINABILITY AND THE ENVIRONMENT

The Commissioner for the Environment Office did not request information from the Office in the preparation of the 'State of the Environment Report', nor carry out any investigation of the Office's operations during 2008-09.

MULTICULTURAL STRATEGY

As the ACT Auditor-General's Office does not deliver services directly to the community, the implementation of the government multi-cultural strategy on its operations is limited. Audit work that reviews delivery of services considers, where appropriate, equity issues in providing that service to various groups.

The Office has a non-discriminatory recruitment policy that has resulted in a wide range of cultures and languages being represented in the Office. We have been able to use these cultural and language skills from time to time to better respond to people communicating with the Office.

ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

This element is not applicable, as the Office does not have any responsibility for indigenous outcomes or for indigenous policy.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

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

The work of the Audit Office is administrative in nature. In the performance of its work, the Office follows the principles of ecologically sustainable development by:

- minimising the number of hardcopy publications of audit reports. Reports are distributed electronically where practical, and can be accessed on the Office's website;
- maximising the use of electronic work papers, messaging and on-line technical and information services;
- recycling paper and using equipment with electricity saving features where possible. Staff are encouraged to recycle plastic, glass, paper, and toner recycling bins are provided for this purpose; and

- providing office-based staff with energy efficient, low radiation emitting liquid crystal display (LCD) monitors.

Transport

At 30 June 2009, the Audit Office had two executive vehicles available for use for official purposes. Both vehicles have 4-cylinder engines. Office staff use these vehicles to visit audited agencies. During 2008-09, the vehicles travelled around 48 500 kilometres, and used 4 373 litres of fuel. This is a significant decrease compared to fuel used in 2007-08 and is largely attributable to the decrease in the number of Office vehicles from three to two, in August 2008. The vehicles produced approximately 10.5 tonnes of CO₂ equivalent.

Table 9.2: Vehicle use – 2007-08 and 2008-09

	2007-08	2008-09 ⁽¹⁾
Kilometres driven	66 790	48 542
Fuel used (litres)	7 561	4 373
Average fuel consumption (l/100 km)	10.9	8.9
CO ₂ e (Tonnes) ⁽²⁾	18.1	10.5
Note 1:	In August 2008, the Office decreased the number of leased motor vehicles from 3 to 2.	
Note 2:	CO ₂ e is calculated based on 2.4kg of emissions per litre of petrol consumed. Actual emissions will vary according to driving conditions.	

Source: Rhodium Asset Solutions and SG Fleet.

Consumption of other resources

The Audit Office shares its current premises at 11 Moore Street with other ACT Government agencies, and leases about half a floor of the eight-floor building. The accommodation offers several energy reduction measures, including efficient heating and cooling systems, and sensor-activated lighting. Practically, however, the Office is limited in the measures it can take to minimise energy consumption.

Table 9.3: Consumption of resources 2007-08 and 2008-09

Resources ⁽¹⁾	2007-08	2008-09
Total electricity use (KW hours)	64 559 ⁽²⁾	65 162 ⁽²⁾
Electricity use per employee (KW hours)	1 745	1 975
Renewable electricity purchased	6 126	6 516
Total gas use (MJ)	Not available	Not available
Total water consumed	Not available	Not available
Waste paper recycled (240L containers)	66	61
Paper usage (reams)	459	395
Reams per FTE	13	12.58
Notes: (1) Reliable data on gas, water and waste are not available as these are landlord costs, and are not separately billed to the Audit Office.		
(2) Of the 65 162kwh consumed during the 2008-09 year, 6 516kwh was green (renewable) energy. i.e. 10%		

Source: Department of Territory and Municipal Services, Property Group and Audit Office internal records.

The consumption of paper within the Audit Office has decreased slightly from 13 reams of paper per full-time equivalent staff (FTE) in 2007-08 to 12.58 reams per FTE in 2008-09. This result reflects the Office's preference to scan and email documents rather than photocopy and fax documents. This is reinforced throughout the Office by encouraging staff to change work practices by minimising printing of drafts of documents.

ACT WOMEN'S PLAN 2004-2009

The ACT Audit Office recognises the various objectives of the ACT Women's Plan.

The Office does not have any direct responsibility for delivering policy and outcomes specified in the ACT Women's Plan. To a limited extent, Audit work that reviews delivery of services considers, where appropriate, equity issues in providing those services to women.

Within the workplace, the Audit Office has utilised a number of networks to provide mentoring and career development specifically for female staff. Through these networks female staff have been encouraged to attend workshops and other events with the objective of building professional expertise and confidence, and increasing their awareness of the opportunities available to women.

The recognition of the Auditor-General in the 2008 Telstra Businesswomen's Awards has provided staff in the Office with first hand insight into the achievement potential of women, regardless of their cultures and backgrounds.

APPENDIX A FINANCIAL AUDIT FEES

FINANCIAL AUDIT FEES

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

The Office charges agencies a fee for each financial audit based on the estimated time needed to complete the audit.

The Audit Office prepares these time estimates using information on the actual time taken to complete these audits in previous years and takes into account any major factors that would cause significant changes to the resources needed to complete the audit. These factors include changes to information systems used by the agency, variations to the number and type of performance measures, new audit or accounting issues and the effects of administrative restructures. The requirements of the accounting and auditing standards and the consideration of computer information systems also have a significant impact on the time and associated costs of completing financial audits.

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

Overall audit fees also contribute to meeting the costs of some financial audit overhead activities, including maintaining and upgrading the Office's financial audit methodology, and working with agencies on emerging audit and accounting issues.

The 2008-09 estimated audit fees (\$3 232 732) are expected to remain at 2007-08 levels (\$3 236 441), although some significant fees adjustments were made to individual audits to reflect the shortfall in fees incurred in the previous year.

Average costs per audit have increased by \$19 088 (or an average of 13.3 percent per annum) since 2004-05. Most of this fee increase occurred when the Audit Office introduced a new financial audit methodology to address major changes to auditing standards. Average audit fees have declined since 2006-07.

Agencies, on average, paid \$85.90 per hour for the completion of their financial audits in 2007-08. This compared favourably to the most recent rates typically quoted by private audit firms for financial audit work outsourced by the Office of around \$170 per hour.

Fees for audits undertaken principally by contractors are set on the basis of the audit fee payable to the contractors plus costs for associated work undertaken by Audit Office staff.

Table 1: Financial audit fees – Territory and departments

Agency	Note 1	2008-09 Estimated Audit Fees \$	2007-08 Actual Audit Fees \$
Territory Financial Statements			
Consolidated Annual Financial Report	2	110 000	75 800
		110 000	75 800
Departmental Financial Audits			
Territory Banking Account / (Central Financing Unit)		35 000	35 000
Chief Minister's Department		88 000	88 000
Disability, Housing and Community Services		84 000	84 000
Education and Training		97 800	94 000
Environment, Climate Change, Energy and Water	3	48 500	Nil
Executive	4	10 670	7 600
Health		147 300	141 600
Home Loan Portfolio		12 800	12 300
Housing ACT	5	100 000	120 000
Shared Services Centre (InTACT)	6	65 000	59 000
Justice and Community Safety	7	125 000	142 000
Legislative Assembly Secretariat		25 000	22 000
Planning and Land Authority	8	68 700	58 700
Superannuation Unit		40 700	39 100
Treasury	9	135 000	165 500
Territory and Municipal Services (Urban Services)	10	220 000	260 000
Total		1 303 470	1 328 800

Note 1: The audit fees shown for 2008-09 represent all audits including those ending 31 December 2008 and 30 June 2009. The financial audit fees shown in the table represent the audit fees charged to auditees. The audit fees presented in the table vary from that reported in the annual financial reports due to accrual information being included in the financial reports.

Note 2: The 2008-09 estimated audit fee for the Territory's consolidated annual financial report was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years and there have been significant changes to whole-of-government reporting requirements.

Note 3: The Department of Environment, Climate Change, Energy and Water was created in 2008-09.

Note 4: The estimated 2008-09 audit fee for the ACT Executive was increased to recover the costs of the audit. Costs have exceeded audit fees in recent years.

Note 5: The lower fees in 2008-09 (estimated) reflect a reduction in the IT coverage needed in relation to the Homenet system and the generally lesser time required to complete the audit.

Note 6: The 2008-09 estimated audit fee for the Shared Services Centre was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 7: The reduction in the estimated fee for Justice and Community Safety in 2008-09 reflects a reduction in the estimated cost of completing the audit due mainly to the amalgamation of financial information for the Emergency Services Authority and the Department onto one system.

- Note 8: The audit fee for the Planning and Land Authority was increased to recover the costs of the audit. Costs have exceeded audit fees in recent years.
- Note 9: The lower estimated fees for Treasury in 2008-09 reflect a general reduction in the costs of this audit and the reduced scope of work on the Territory Revenue System.
- Note 10: The estimated reduction in 2008-09 fees for Territory and Municipal Services reflects the reduced scope of work performed in relation to the RAPS and rego.act systems and the generally lower cost of completing this audit.

Table 2: Financial audit fees – Statutory Authorities

Agency	Note	2008-09 Estimated Audit Fees \$	2007-08 Actual Audit Fees \$
Statutory Authorities			
ACTION Authority	11	76 000	70 900
Building Industry Training Fund Authority	12	10 670	5 800
Canberra Institute of Technology		89 200	85 700
Canberra Public Cemeteries Authority	13	29 500	24 500
Cleaning Industry Long Service Leave Authority	14	21 000	14 800
Construction Industry Long Service Leave Authority	15	25 000	20 000
Cultural Facilities Corporation		24 500	23 500
Exhibition Park Corporation	16	20 000	11 100
Gambling and Racing Commission		22 400	21 500
Independent Competition and Regulatory Commission	17	10 670	6 400
Insurance Authority		44 600	44 600
Land Development Agency		96 200	96 200
Legal Aid Commission		25 100	24 100
Nominal Defendant	18	21 000	Nil
Public Trustee Office Account		16 000	15 400
Public Trustee Trust Account		17 600	16 900
University of Canberra		130 000	120 000
Default Insurance Fund (Workers' Compensation Supplementation Fund)		20 200	19 400
Total		699 640	620 800

Note 11: The 2008-09 estimated audit fee for the ACTION Authority was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 12: The 2008-09 estimated audit fee for the Building Industry Training Fund Authority was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 13: The 2008-09 estimated audit fee for the Canberra Public Cemeteries Authority was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 14: The 2008-09 estimated audit fee for the Cleaning Industry Long Service Leave Authority was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 15: The 2008-09 estimated audit fee for the Construction Industry Long Service Leave Authority was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 16: The 2008-09 estimated audit fee for the Exhibition Park Corporation was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 17: The 2008-09 estimated audit fee for the Independent Competition and Regulatory Commission was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Note 18: The Nominal Defendant is a new audit requested by the Department of Treasury.

Table 3: Financial audit fees – Territory-owned corporations and other companies

Agency	Note	2008-09 Estimated Audit Fees \$	2007-08 Actual Audit Fees \$
Territory-Owned Corporations and Other Companies			
ACTEW China Pty Limited	19	Nil	4 800
ACTEW Corporation Limited	20	175 000	152 000
ACTEW Distribution Limited		12 500	12 000
ACTEW Retail Limited		12 500	12 000
ACTTAB Limited		44 500	44 500
CIT Solutions Pty Limited		24 600	22 636
Community Housing Canberra Limited	21	22 000	10 800
ECOWISE Environmental Pty Limited	22	288 000	150 000
ECOWISE Environmental (Victoria) Pty Limited	23	Nil	220 164
Rhodium Asset Solutions Limited		130 000	136 162
Totalcare Industries Limited		22 900	22 000
University of Canberra College Pty Limited	24	18 182	13 200
UCU Ltd		26 900	22 000
Total		777 082	822 262

Note 19: An audit is no longer required as this company was deregistered on 10 April 2009 under the *Corporations Act 2001*.

Note 20: The estimated 2008-09 audit fee for ACTEW Corporation Limited was increased to address the impact of accounting for new water security projects.

Note 21: The estimated 2008-09 audit fee for Community Housing Canberra Limited was increased to recover the estimated costs of the audit. Actual costs have exceeded audit fees in recent years.

Note 22: The higher audit fee in 2008-09 represents the charging of one fee for the ECOWISE Group, as a separate financial report for ECOWISE Environmental (Victoria) Pty Limited is no longer required. The combined audit fee for the Group (including ECOWISE Environmental (Victoria) Pty Limited) has fallen in 2008-09 due to improved control environment, internal controls and accounting records.

Note 23: A separate audit of a financial report for ECOWISE Environmental (Victoria) Pty Limited is no longer required. See Note 22 above.

Note 24: The estimated 2008-09 audit fee for University of Canberra College Pty Limited was increased to recover the estimated costs of the audit. Costs have exceeded audit fees in recent years.

Table 4: Financial audit fees – Joint ventures and partnerships

Agency	Note	2008-09 Estimated Audit Fees \$	2007-08 Actual Audit Fees \$
Joint Ventures and Partnerships			
ActewAGL Joint Venture	25	262 200	322 770
Crace Joint Venture		13 000	11 000
Forde Joint Venture		15 500	10 200
Joint Ventures and Partnerships (Continued)			
Kingston Stage 1A Joint Venture		3 500	3 500
Woden East Joint Venture		7 000	4 000
Total		301 200	351 470
Other Audits			
Canberra Business Development Fund		9 700	6 000
Commonwealth Funding Roads Acquittal		9 100	9 109
Commonwealth State Housing Agreement Acquittals		9 100	9 100
University of Canberra Grant Acquittal		3 640	3 500
Legal Aid Commission Commonwealth Acquittal		4 500	4 500
Nicholls Primary School Joint Facilities		900	900
Capital Region Foundation Gift Fund		2 200	2 100
Capital Region Foundation Open Fund		2 200	2 100
Total		41 340	37 309

Note 25: The reduction in the estimated 2008-09 audit fee is due to improved control environment.

Table 5: Summary of Financial Audit Fees

Agency	Note	2008-09 Estimated Audit Fees \$	2007-08 Actual Audit Fees \$
Territory		110 000	75 800
Departmental		1 303 470	1 328 800
Statutory authorities		699 640	620 800
Territory-owned corporations and other companies		777 082	822 262
Joint ventures and partnerships		301 200	351 470
Other audits		41 340	37 309
Total Fees		3 232 732	3 236 441
Average Cost per Audit		54 792	54 855

APPENDIX B STAFF PROFILE

STAFF PROFILE

There were 33 staff employed in the Office (including the Auditor-General) as at the last pay period for the financial year ended 30 June 2009 (31.41 full-time equivalent staff).

The following tables provide details on the staffing profile. This staffing information has been provided by the Shared Services Centre and represents the *paid headcount* as at 24 June 2009. The data has been adjusted to exclude two employees who separated from the Office prior to the 24 June 2009 pay period however, they received payment for entitlements in the last pay period.

Table 1: FTE and headcount

Classification	Female	Male	Total
FTE by gender	10.87	20.54	31.41
Headcount by gender	12	21	33.0
Percentage of workforce	36.4%	63.6%	100.0%

Table 2: Employment type

Permanent	Temporary	Casual	Total
28	5	0	33

Table 3: Employment classification

Classification	Female	Male	Total
Auditor-General	1	-	1
Directors	-	2	2
Senior Managers	2	5	7
Managers	2	2	4
Senior Auditors	4	8	12
Auditors	3	4	7
Administrative Officers	-	-	-
Total	12	21	33

Source: Data from pay report for Pay 26 fortnight ending 24 June 2009.

Table 4: Employment category

Employment Status	Female	Male	Total
Permanent Part-Time	4	2	6
Permanent Full-Time	6	16	22
Temporary Full-Time	2	3	5
Temporary Part-Time	-	-	-
Casual	-	-	-
Total	12	21	33

Source: Data from Shared Services Centre and pay report for Pay 26 fortnight ending 24 June 2009.

Table 5: Staff by age and gender

Gender	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+
Female	-	-	4	2	2	1	2	-	1	-	-	-
Male	-	1	5	2	2	1	3	3	3	-	1	-
Total	-	1	9	4	4	2	5	3	4	-	1	-

Source: Data from Shared Services Centre and pay report for Pay 26 fortnight ending 24 June 2009.

Table 6: Length of service by gender

Gender	< 2 years	2-4 years	4-6 years	6-8 years	8-10 years	10-12 years	12-14 years	14+ years
Female	6	3	-	1	-	-	-	2
Male	4	9	1	2	-	1	1	3
Total	10	12	1	3	-	1	1	5
Percentage	31%	37%	3%	9%	-	3%	3%	14%

Source: Data from the Shared Services Centre.

Table 7: Average length of service by gender

Gender	Average length of service
Female	4.50
Male	6.14
Total	5.32

Source: Data from the Shared Services Centre.

Table 8: Staff numbers by Branch

Branch/Division	FTE	Headcount
Executive	1.0	1
Financial Audits	19.34	20
Performance Audits and Corporate Services	11.07	12
Total	31.41	33

Source: Data from the Shared Services Centre.

Table 9: Staff numbers (headcount) by employment type

Branch/Division	Permanent	Temporary Note 1	Casual	Total
Executive	0	1	0	1
Financial Audits	18	2	0	20
Performance Audits and Corporate Services	10	2	0	12
Total	28	5	0	33

Source: Data from the Shared Services Centre.

Note 1: Temporary employment refers to staff engaged on fixed term contracts.

Table 10: Equity and workplace diversity

Category	Number	Percentage
Indigenous Status	0	0%
English as a Second Language (ESL)	8	24.2%
Staff with a Disability	1	3.0%
Women	12	36.4%

Source: Data from the Shared Services Centre.

APPENDIX C FINANCIAL REPORT

ACT AUDITOR-GENERAL'S OFFICE

FINANCIAL REPORT YEAR ENDED 30 JUNE 2009

STATEMENT OF RESPONSIBILITY

In my opinion, the accompanying financial report for the ACT Auditor-General's Office for the year ended 30 June 2009, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Cash Flow Statement; and

Statement of Appropriation

fairly reflects the financial operations of the Office for the year ended 30 June 2009 and the financial position of the Office on that date.

Tu Pham
Auditor-General

30 July 2009

ACT AUDITOR-GENERAL'S OFFICE

**FINANCIAL REPORT
YEAR ENDED 30 JUNE 2009**

STATEMENT BY THE CHIEF FINANCE OFFICER

In my opinion, the accompanying financial report for the ACT Auditor-General's Office for the year ended 30 June 2009, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Cash Flow Statement; and

Statement of Appropriation

has been prepared in accordance with generally accepted accounting principles, is in agreement with the Office's accounts and records, and fairly reflects the financial operations of the Office for the year ended 30 June 2009 and the financial position of the Office on that date.



Bernie Sheville
Chief Finance Officer
ACT Auditor-General's Office

30 July 2009

INDEPENDENT AUDIT REPORT

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership



Chartered Accountants
& Business Advisers

INDEPENDENT AUDIT REPORT ACT AUDITOR GENERAL'S OFFICE

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

Report on the Financial Report

We have audited the accompanying financial report of the ACT Auditor General's Office for the year ended 30 June 2009 comprises the Statement of Responsibility by the ACT Auditor General, Operating Statement, Balance Sheet, Cash Flow Statement, Statement of Appropriations and the accompanying notes.

ACT Auditor General's Responsibilities for the Annual Financial Report

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

Audit Approach

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

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

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

Independence

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

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

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Audit Opinion

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

- Gives a true and fair view of the financial position of the ACT Auditor General's Office as at 30 June 2009 and of its performance for the financial year ended on that date; and
- Is presented in accordance with the Financial Management Act 1996, Accounting Standards and other mandatory professional reporting requirements.

PKF - Di Bartolo Diamond & Mihailaros



Ross Di Bartolo
Partner

Canberra

Dated: 30.7.2009

ACT AUDITOR-GENERAL'S OFFICE

**OPERATING STATEMENT
YEAR ENDED 30 JUNE 2009**

	Note	Actual 2008-09 \$	Budget 2008-09 \$	Actual 2007-08 \$
INCOME				
<i>Revenue</i>				
Appropriation	(a)	2 072 000	2 072 000	2 004 000
Financial audit fees	5	3 230 337	3 126 112	3 690 540
Other	6	76 286	60 000	99 596
<i>Total revenue</i>		5 378 623	5 258 112	5 794 136
<i>Gains</i>				
Gain on the sale of plant and equipment	7	3 547	-	-
<i>Total gains</i>		3 547	-	-
Total income		5 382 170	5 258 112	5 794 136
EXPENSES				
Employee	8	3 553 866	3 446 520	3 252 384
Supplies and services	9	1 801 863	1 745 487	2 465 512
Depreciation	10	93 873	70 000	76 323
Total expenses		5 449 602	5 262 007	5 794 219
Operating (deficit)		(67 432)	(3 895)	(83)

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

The Audit Office's operating deficit of \$67 432 in 2008-09 exceeded the budgeted and prior year deficits of \$3 895 and \$83 respectively. This deficit is generally consistent with the cost recovery nature of the Office's operations.

The deficit was higher than expected with employee, supplies and services and depreciation costs exceeding their budget estimates. In particular:

- employee expenses exceeded budget expectations by \$107 346 (3.1%) as the Audit Office changed its staffing mix to improve its performance audit capacity; and
- supplies and services costs were \$56 376 (3.2%) higher than the budgeted cost as the cost of financial audit contractors exceeded budget expectations. The higher than expected financial audit contractor costs were recovered via financial audit fees charged to agencies.

Further information on the major variances is provided in the accompanying notes for the account balances disclosed above.

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

The budget amounts disclosed above are sourced from 2008-09 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

**BALANCE SHEET
AS AT 30 JUNE 2009**

	Note	Actual 2009 \$	Budget 2009 \$	Actual 2008 \$
CURRENT ASSETS				
Cash and cash equivalents	11	1 108 686	993 000	1 011 799
Receivables	12	1 275 371	1 384 000	1 402 860
Other assets	13	22 463	5 000	17 592
Total current assets		2 406 519	2 382 000	2 432 251
NON-CURRENT ASSETS				
Plant and equipment	14	512 267	517 000	603 327
Total non-current assets		512 267	517 000	603 327
Total assets		2 918 786	2 899 000	3 035 578
CURRENT LIABILITIES				
Payables	15	53 347	86 000	207 529
Finance leases	16	26 993	16 000	44 688
Employee benefits	17	1 078 988	876 000	893 760
Other liabilities	18	15 625	14 000	15 625
Total current liabilities		1 174 954	992 000	1 161 602
NON-CURRENT LIABILITIES				
Finance leases	16	24 642	53 000	18 763
Employee benefits	17	3 707	88 000	56 672
Other liabilities	18	77 708	5 000	93 333
Total non-current liabilities		106 057	146 000	168 768
Total liabilities		1 281 011	1 138 000	1 330 370
NET ASSETS		1 637 775	1 761 000	1 705 208
EQUITY				
Accumulated funds	19	1 618 540	1 761 000	1 678 206
Asset revaluation reserve	20	19 235	-	27 002
Total equity		1 637 775	1 761 000	1 705 208

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

The budget amounts disclosed above are sourced from 2008-09 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2009

	Note	Actual 2008-09 \$	Budget 2008-09 \$	Actual 2007-08 \$
Equity at the beginning of the reporting period		1 705 208	1 764 895	1 704 621
<i>Accumulated funds</i>				
Net effect of the correction of prior period errors	3(b)	-	-	(13 182)
Restated accumulated funds at the beginning of the reporting period		1 705 208	1 764 895	1 691 439
Operating (deficit)	19	(67 432)	(3 895)	(83)
<i>Asset revaluation reserve</i>				
Increase in the asset revaluation reserve	20	-	-	27 002
Total (expense) / income recognised directly in equity		(67 432)	(3 895)	26 919
<i>Transactions involving equity holders affecting accumulated funds</i>				
Refund of unused capital injection for the Office fit-out	19	-	-	(13 151)
Equity at the end of the reporting period		1 637 775	1 761 000	1 705 208

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

The budget amounts disclosed above are sourced from 2008-09 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

CASH FLOW STATEMENT YEAR ENDED 30 JUNE 2009

	Note	Actual 2008-09 \$	Budget 2008-09 \$	Actual 2007-08 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Financial audit fees		3 310 630	3 126 000	3 671 672
Appropriation		2 072 000	2 072 000	2 004 000
Interest		66 451	60 000	90 439
Goods and Services Tax collected from auditees		327 559	216 000	367 218
Goods and Services Tax refunded from the Australian Taxation Office		98 047	-	80 585
Other		30	-	499
Total receipts from operating activities		5 874 717	5 474 000	6 214 413
PAYMENTS				
Employee		3 419 938	3 433 000	3 147 248
Supplies and services		1 949 908	1 756 000	2 359 013
Goods and Services Tax paid on goods and services		196 608	216 000	240 448
Goods and Services Tax remitted to the Australian Taxation Office		196 933	-	209 843
Total payments from operating activities		5 763 387	5 405 000	5 956 552
Net cash inflows from operating activities	(a)	111 330	69 000	257 861

Net cash flows from operations exceeded budget expectations due to higher than expected cash collected from financial audit fees and goods and services tax related transactions. This was partially offset by higher than anticipated supplies and services costs.

Net cash inflows from operations (\$111 330) fell by \$146 531 (56.8%) from the 2007-08 reporting period (\$257 861). This decline was mainly due to there being a significantly higher level of unpaid amounts owing to audit contractors and IT specialists at the end of the 2007-08 reporting period. See Note 15: 'Payables' for further information.

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

The budget amounts disclosed above are sourced from 2008-09 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

**CASH FLOW STATEMENT (CONTINUED)
YEAR ENDED 30 JUNE 2009**

	Note	Actual 2008-09 \$	Budget 2008-09 \$	Actual 2007-08 \$
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPTS				
Proceeds from the sale of plant and equipment		38 209	-	-
PAYMENTS				
Payments for plant and equipment		-	-	580
Cash inflows / (outflows) from investing activities		38 209	-	(580)
CASH FLOWS FROM FINANCING ACTIVITIES				
PAYMENTS				
Payment of finance leases		52 652	-	21 227
Refund of unused capital injection for the Office fit-out		-	-	13 151
Cash (outflows) from financing activities		(52 652)	-	(34 378)
Net increase in cash and cash equivalents		96 887	69 000	222 903
Cash and cash equivalents at the beginning of the reporting period		1 011 799	924 000	788 896
Cash and cash equivalents at the end of the reporting period	(b)	1 108 686	993 000	1 011 799

Two motor vehicles provided as part of the remuneration of senior executives were sold by auction during the 2008-09 reporting period. The increase in payments of finance leases reflects the payout of the residual values of these motor vehicles.

Non-cash financing activities are presented in note (c) on the following page.

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

The budget amounts disclosed above are sourced from 2008-09 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

**NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2009**

Note (a): Reconciliation of the Operating (Deficit) to the Net Cash Inflows from Operating Activities

	Actual 2008-09 \$	Actual 2007-08 \$
Operating (deficit)	(67 432)	(83)
Depreciation	93 873	76 323
Borrowing costs on finance leases – motor vehicles	3 361	4 108
Write off of computer equipment	-	2 049
Gain on sale of property, plant and equipment	(3 547)	-
Changes in assets and liabilities		
Decrease / (increase) in receivables	127 489	(20 877)
(Increase) / decrease other current assets	(4 871)	(12 535)
(Decrease) / increase in payables	(154 182)	123 473
Increase in employee benefits	132 264	101 028
(Decrease) in other liabilities	(15 625)	(15 625)
Net cash inflows from operating activities	111 330	257 861

Note (b): Reconciliation of Cash and Cash Equivalents in the Cash Flow Statement to the Related Items in the Balance Sheet

	Actual 2009 \$	Actual 2008 \$
Cash at bank and on hand	608 686	311 799
Investments with the Territory Banking Account	500 000	700 000
Cash and Cash Equivalents in the Cash Flow Statement and the Balance Sheet	1 108 686	1 011 799

Note (c): Non-Cash Financing Activities

	Actual 2008-09 \$	Actual 2007-08 \$
Acquisition of motor vehicles by means of finance leases	37 475	28 461

ACT AUDITOR-GENERAL'S OFFICE

**STATEMENT OF APPROPRIATION
YEAR ENDED 30 JUNE 2009**

	2008-09 Original Budget \$	2008-09 Total Appropriated \$	2008-09 Appropriation Drawn \$	2007-08 Appropriation Drawn \$
Appropriation	2 072 000	2 072 000	2 072 000	2 004 000
Total appropriation	2 072 000	2 072 000	2 072 000	2 004 000

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

The budget amount disclosed above is sourced from 2008-09 Budget Paper No. 4.

The Statement of Appropriation shows that the Audit Office received the budgeted level of appropriation in 2008-09.

The increase of \$68 000 (3.4%) in the Audit Office's appropriation represents the indexation of the 2007-08 appropriation.

Notes to the Financial Report

Year Ended 30 June 2009

1. Objectives

The objectives of the Audit Office are to inform the ACT Legislative Assembly and the community of the performance of the ACT public sector, promote accountability and to contribute to the improvement in ACT public sector administration.

2. Significant Accounting Policies

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

(a) Basis of Preparation

(i) Application of Generally Accepted Accounting Principles

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

'Generally Accepted Accounting Principles' are Australian Equivalents to International Financial Reporting Standards, comprising accounting standards and accounting interpretations issued by the Australian Accounting Standards Board and the former Urgent Issues Group.

The Audit Office is an individual reporting entity.

(ii) Accrual Accounting

This financial report has been prepared using the accrual basis of accounting. This basis of accounting recognises the effects of transactions and events when they occur.

(iii) Historical Cost Convention

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

(iv) Significant Accounting Estimates

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

**Notes to the Financial Report
Year Ended 30 June 2009**

2. Significant Accounting Policies (Continued)

(iv) Significant Accounting Estimates (Continued)

The areas involving a higher degree of judgement and complexity, or where assumptions and estimates are significant to the financial report, are disclosed in Note 4: 'Significant Accounting Estimates and Judgements'.

(v) The Reporting Period

This financial report presents the Audit Office's financial performance, changes in equity and cash flows for the year ended 30 June 2009 and its financial position as at 30 June 2009.

(b) Comparatives

(i) Budget Information

The *Financial Management Act 1996* requires this financial report to facilitate a comparison with the Budget Papers. Budget figures contained in 2008-09 Budget Paper No. 4 have therefore been presented to allow easy comparison to the Budget Papers.

(ii) Prior Year Comparatives

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

(c) Revenue Recognition

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

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

(i) Appropriation

The Audit Office's performance audit and other activities related to its objectives are generally funded by an appropriation. The presiding member of the Standing Committee on Public Accounts advises the Treasurer of the appropriation that should be made for the operations of the Auditor-General for the year.

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

**Notes to the Financial Report
Year Ended 30 June 2009**

2. Significant Accounting Policies (Continued)

(c) Revenue Recognition (Continued)

(ii) Financial Audit Fees

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

(iii) Interest

Interest income is recognised using the effective interest rate method.

(d) Cash and Cash Equivalents

Cash and cash equivalents are stated at their nominal amount. For Cash Flow Statement presentation purposes, cash and cash equivalents includes petty cash, cash held in the bank account, highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value and any bank overdrafts. Any bank overdrafts are presented as a borrowing in the Balance Sheet.

(e) Receivables

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

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

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

**Notes to the Financial Report
Year Ended 30 June 2009**

2. Significant Accounting Policies (Continued)

(e) Receivables (Continued)

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

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

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

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

(f) Plant and Equipment

(i) Acquisition and Recognition of Plant and Equipment

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

Plant and equipment is capitalised as an asset in the Balance Sheet when the value exceeds the asset capitalisation threshold of \$2 000. Amounts under this threshold are expensed in the Operating Statement. Plant and equipment with an acquisition cost of less than \$2 000 is, however, capitalised where the acquisition forms part of the Office fit-out that was funded by capital injection.

(ii) Measurement of Plant and Equipment after Initial Recognition

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

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

**Notes to the Financial Report
Year Ended 30 June 2009**

2. Significant Accounting Policies (Continued)

(f) Plant and Equipment (Continued)

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

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

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

(iii) Depreciation

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

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

Motor vehicles under finance leases are depreciated over their useful lives or the unexpired period of the leases, whichever is the shorter period.

Depreciation of plant and equipment is estimated as follows:

Class of Asset	Estimated Useful Life
Office fit-out	11 years
Computer equipment	5 years
Motor vehicles under finance leases	2 years

(g) Impairment

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

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

**Notes to the Financial Report
Year Ended 30 June 2009**

2. Significant Accounting Policies (Continued)

(g) Impairment (Continued)

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

(h) Payables

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

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

(i) Employee Benefits

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

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

(i) Wages and Salaries

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

(ii) Annual and Long Service Leave

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

Annual and long service leave including applicable on-costs that do not fall due within the next 12 months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows. In 2008-09, the discount factor used to calculate the present value of these future payments is 90.5 percent (95 percent in 2007-08).

**Notes to the Financial Report
Year Ended 30 June 2009**

2. Significant Accounting Policies (Continued)

(i) Employee Benefits (Continued)

(ii) Annual and Long Service Leave (Continued)

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

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

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

(iii) Superannuation

Defined Benefit Superannuation Schemes

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

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

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

**Notes to the Financial Report
Year Ended 30 June 2009**

2. Significant Accounting Policies (Continued)

(i) Employee Benefits (Continued)

(iii) Superannuation (Continued)

Accumulated Benefit Superannuation Schemes

Superannuation payments have also been made directly to superannuation funds for those employees who are members of accumulated benefit superannuation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan and the external accumulation schemes chosen by employees.

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

Other Superannuation Schemes

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

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

(j) Leases

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

(i) Finance Leases

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

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

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

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

Notes to the Financial Report
Year Ended 30 June 2009

2. Significant Accounting Policies (Continued)

(j) Leases (Continued)

(ii) Operating Leases

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

The lease incentive liability relating to the Audit Office's accommodation relates to a non-cancellable operating lease and is being reduced on a straight-line basis over the lease term of six years.

(k) Provision for Make Good

The Audit Office has recorded a liability and a corresponding asset of \$72 500 for the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy if the Office was to leave the premises.

The estimated liability is based on an estimate provided by an independent valuer. (Mr Simon O'Leary (AAPI, Plant and Machinery, MSAA), Senior Valuer Plant and Equipment, Australian Government Australian Valuation Office.

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

(a) Revision of the Estimate of the Liability for Employee Benefits

This year, the Department of Treasury engaged an actuary to review the methodology used by ACT Government entities to estimate annual and long service leave liabilities. Following this review, this methodology was revised as follows:

Note 2(i): 'Employee Benefits' discloses that the estimated future payments for annual and long service leave (including applicable on-costs) that do not fall due within the next 12 months are measured at present value.

The estimated future payments are discounted using market yields on Commonwealth Government bonds at the reporting date with terms to maturity that match, as closely as possible, the estimated future cash flows. The rate used to calculate the present value of these estimated future payments has been revised from 95.0% to 90.5%, due mainly to a change in the long-term yields from Commonwealth Government bonds. The revision of the discount rate has resulted in a decrease to the liability for employee benefits and the related expense.

**Notes to the Financial Report
Year Ended 30 June 2009**

3. Changes to Significant Accounting Estimates and Correction of Prior Period Errors (Continued)

(a) Revision of the Estimate of the Liability for Employee Benefits (Continued)

- As disclosed in Note 2(i): 'Employee Benefits', the long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the minimum period of seven years required qualifying service, the probability that employees will reach the minimum period of qualifying service has been taken into account in estimating the provision for long service leave and the related on-costs.

In previous reporting periods, under the methodology used by ACT Government agencies, this liability was estimated by recognising a liability for all employees with five or more years of service and not recognising a liability for employees with less than five years of service. This methodology has been replaced by another methodology, whereby the probability that an employee will reach the minimum service period of seven years is estimated for each completed year of service. The use of this revised methodology has resulted in an increase to the liability for employee benefits and the related expense.

- Note 2(i): 'Employee Benefits' discloses that the long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the minimum period of seven years required qualifying service, the probability that employees will reach the minimum period of qualifying service has been taken into account in estimating the provision for long service leave and the related on-costs.
- Note 2(i): 'Employee Benefits' discloses that employee benefits include wages and salaries, annual leave, long service leave and applicable on-costs.
- In previous reporting periods, all applicable on-costs were not included in the estimated annual and long service leave liabilities due to an omission. The inclusion of these on-costs in the 2008-09 reporting period has resulted in an increase to the liability for employee benefits and the related expense.

The above revisions and corrections to the liability for employee benefits have resulted in an increase in the estimate of employee benefits and the related expense of approximately \$7 778 in the 2008-09 reporting period. This consisted of an increase in the liability for long service and annual leave of \$7 323 and \$455 respectively.

Notes to the Financial Report

Year Ended 30 June 2009

3. Changes to Significant Accounting Estimates and Correction of Prior Period Errors (Continued)

(b) Correction of Prior Period Errors

(i) Office Fit-Out - Provision for Make Good

Under the terms of the accommodation lease, the Audit Office is required to return the occupied premises to a similar condition to that which existed prior to the occupancy if the Office was to leave the premises. Mr Simon O'Leary (AAPI, Plant and Machinery, MSAA), Senior Valuer Plant and Equipment, Australian Government Australian Valuation Office estimated that this would cost around \$72 500.

The Audit Office disclosed this liability as a contingent liability in the 2007-08 financial report on the basis that the Office plans to remain in its accommodation for the foreseeable future.

Note 2(f)(i): 'Acquisition and Recognition of Plant and Equipment' discloses that the cost of plant and equipment includes the purchase price, the directly attributable costs of acquisition and the estimated cost of dismantling and removing the asset when, upon acquisition, there is an obligation to remove the asset. Consistent with this accounting policy, the Audit Office has recorded a liability and a corresponding asset of \$72 500 based on the estimate provided by Mr Simon O'Leary (AAPI, Plant and Machinery, MSAA), Senior Valuer Plant and Equipment, Australian Government Australian Valuation Office. The balances in the balance sheet were retrospectively restated as follows:

- Property, plant and equipment (Office fit-out) was increased by \$72 500 to recognise the estimated cost of returning the occupied premises to a similar condition to that which existed prior to the occupancy.
- Accumulated depreciation relating to the Office-fit-out was increased by \$13 182. This adjustment reflects two-years of depreciation from when the fit-out was ready (some months after the inception of the lease) late in the 2004-05 reporting period to 1 July 2007.

**Notes to the Financial Report
Year Ended 30 June 2009**

3. Changes to Significant Accounting Estimates and Correction of Prior Period Errors (Continued)

(b) Correction of Prior Period Errors (Continued)

(i) Office Fit-Out - Provision for Make Good (Continued)

- Other liabilities (provision for make good) were increased by \$72 500 to recognise the estimated cost of returning the occupied premises to a similar condition to that which existed prior to the occupancy.
- Accumulated funds at 1 July 2007 were decreased by \$13 182. This adjustment reflects two-years of depreciation from when the fit-out was ready (some months after the inception of the lease) late in the 2004-05 reporting period to 1 July 2007.

(ii) Prepayments

The Audit Office identified that it had omitted prepayments in the comparative reporting period. The incorrect reported balance of \$3 988 should have been \$17 592.

(c) Adjustments to the Comparatives

The comparative figures were restated as follows:

Extract from the Operating Statement Year ended 30 June 2008	Actual 2007-08 \$	Adjustments 2007-08 \$	Actual Restated 2007-08 \$
Depreciation	69 732	6 591	76 323
Supplies and services	2 479 116	(13 604)	2 465 512
Total expenses	5 801 231	(7 013)	5 794 219
Operating (deficit)	(7 095)	7 013	(83)

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Report
Year Ended 30 June 2009**

3. Changes to Significant Accounting Estimates and Correction of Prior Period Errors (Continued)

(c) Correction of Prior Period Errors – Office Fit-Out - Provision for Make Good and Prepayments (Continued)

Extract from the Balance Sheet Year ended 30 June 2008	Actual 2008 \$	Adjustments 2008 \$	Actual Restated 2008 \$
Other assets	3 988	13 604	17 592
Total current assets	2 418 647	13 604	2 432 251
Plant and equipment	550 600	52 727	603 327
Total non-current assets	550 600	52 727	603 327
Total assets	2 969 247	66 331	3 035 578
Other liabilities (non-current)	20 833	72 500	93 333
Total non-current liabilities	96 268	72 500	168 768
Total liabilities	1 257 870	72 500	1 330 370
Accumulated funds	1 684 375	(6 169)	1 678 206
Total equity	1 711 377	(6 169)	1 705 208

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

3. Changes to Significant Accounting Estimates and Correction of Prior Period Errors (Continued)

(b) Correction of Prior Period Errors – Office Fit-Out - Provision for Make Good (Continued)

Extract from the Statement of Changes in Equity	Actual	Adjustments	Actual
Year ended 30 June 2008	2007-08	2007-08	Restated
	\$	\$	2007-08
			\$
Equity at the beginning of the reporting period	1 704 621	(13 182)	1 691 439
Operating (deficit)	(7 095)	7 013	(83)
Equity at the end of the reporting period	1 711 377	(6 169)	1 705 208

Extract from Note 14: 'Plant and Equipment'	Actual	Adjustments	Actual
Year ended 30 June 2008	2008	2008	Restated
	\$	\$	2008
			\$
Office fit-out (at fair value)	473 600	52 727	526 327
Less: Accumulated depreciation	-	-	-
Sub-total	473 600	52 727	526 327
Total plant and equipment	550 600	52 727	603 327
Less: Accumulated depreciation	-	-	-
Total Plant and Equipment	550 600	52 727	603 327
Office fit-out			
Carrying amount at the beginning of the reporting period	511 496	59 318	570 814
Additions	580	-	580
Revaluation increment	13 064	-	13 064
Depreciation	(51 540)	(6 591)	(58 131)
Carrying amount at the end of the reporting period	473 600	52 727	526 327

**Notes to the Financial Report
Year Ended 30 June 2009**

4. Significant Accounting Estimates and Judgements

The Audit Office has made significant estimates and assumptions about the future in preparing this financial report.

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

(i) Receivables – Accrued Financial Audit Income

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

(ii) Receivables – Impairment

Note 2(e): 'Receivables' discloses that where there is objective evidence that a receivable may not be collected, an assessment of the likelihood of the recovery of a receivable is required to determine whether an impairment loss must be recognised.

(iii) Plant and Equipment – Fair Value

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

The fair values of the Office fit-out and motor vehicles under finance leases have been estimated by an independent valuer. The fair value of computer equipment has been estimated based on the Audit Office's assessment of the market price for these assets.

See Note 14: 'Plant and Equipment' for further information.

(iv) Plant and Equipment - Depreciation

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

Notes to the Financial Report

Year Ended 30 June 2009

4. Significant Accounting Estimates and Judgements (Continued)

(v) Plant and Equipment - Impairment

Note 2(g): 'Impairment' discloses that plant and equipment is annually assessed for impairment. If this assessment indicates an asset is impaired, then the asset's recoverable amount must be estimated to determine whether an impairment loss must be recognised.

(vi) Employee Benefits

Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for employee benefits requires a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable. Further information on this estimate is provided in Note 2(i): 'Employee Benefits' and Note 3: 'Changes to Significant Accounting Estimates and Correction of Prior Period Errors'.

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

Note 17: 'Employee Benefits' provides information on employee benefits estimated to be payable within 12 months and after 12 months.

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

(viii) Leases

Note 2(j): 'Leases' discloses that leases are classified according to the assessed risks and benefits under the leasing arrangements.

(ix) Provision for Make Good

Note 2(k): 'Provision for Make Good' discloses that the cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy if the Office was to leave the premises has been estimated.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

5. Financial Audit Fees

	2008-09	2007-08
	\$	\$
General Government Sector	1 743 297	1 817 987
Public Trading Enterprises	544 066	681 556
External	942 974	1 190 997
Total Financial Audit Fees	3 230 337	3 690 540

Financial audit fees fell by \$460 203 (12.5%) from 2007-08 levels. This reduction mostly reflects the passing on to agencies, of lower fees charged by audit contractors and IT specialists.

(i) External Audit Fees

External audit fees fell by \$248 023 (20.8%) because:

- the ECOWISE Group obtained a class order relieving it from the requirement to prepare a separate financial report for its subsidiary (ECOWISE Environmental (Vic) Pty Limited); and
- lower audit fees were charged by the audit contractor to complete the audit of the ActewAGL Joint Venture and the ECOWISE Group due to improvements in their control environments and the ECOWISE Group's accounting records.

(ii) Public Trading Enterprises

Audit fees charged to agencies in the Public Enterprise Sector fell by \$137 490 (20.2%). This was largely because additional work performed by contractors in the 2007-08 reporting period on auditing the valuation of ACTEW Corporation Limited's assets did not reoccur in 2008-09, and the scope of IT work was reduced (see below).

(iii) General Government Sector and Public Trading Enterprises

In 2007-08, IT specialists were used to review the adequacy of controls over major revenue applications used by agencies. In 2008-09, the Audit Office negotiated a reduction in the IT specialist costs by reducing the scope of IT work required to review these applications and by increasing the use of the Office's employees in the performance of this work.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Report
Year Ended 30 June 2009**

6. Other Income

	2008-09	2007-08
	\$	\$
Interest	65 609	90 132
Legal services received free of charge from the ACT Government Solicitor's Office	10 647	9 237
Other	30	227
Total Other Income	76 286	99 596

Interest earned on investments fell by \$24 523 (27.2%) due mainly to declining interest rates during the 2008-09 reporting period.

7. Gain on the Sale of Plant and Equipment

	2008-09	2007-08
	\$	\$
Gain on sale of motor vehicles	3 547	-
Total Gain on the Sale of Plant and Equipment	3 547	-

Two motor vehicles provided as part of the remuneration of senior executives were sold by auction during the 2008-09 reporting period. The gain represents the difference between the sale proceeds and the written-down value of the assets.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report
Year Ended 30 June 2009

8. Employee

	2008-09	2007-08
	\$	\$
Salaries	2 964 879	2 646 315
Superannuation	451 225	439 459
Annual leave	19 814	18 118
Long service leave	81 294	73 609
Fringe Benefits Tax	11 280	35 017
Motor vehicle running costs	14 766	22 531
Borrowing costs on finance leases – motor vehicles	3 361	4 108
Workers' compensation premium	7 247	13 227
Total Employee	3 553 866	3 252 384

Employee expenses increased by \$301 482 (9.3%) in 2008-09. This increase was mainly due to Audit Office changing its staff mix to improve the Office's performance audit capacity. This involved the recruitment of two senior performance audit managers to replace less experienced and less expensive departing staff. This additional cost was partially funded by a decision not to use budgeted funding (of around \$130 000) originally allocated to using contractors on the performance audit program. As shown in Note 9: 'Supplies and Services', the cost of using contractors on the performance audit program fell by \$132 298.

The Audit Office's *average* of 34.0 full-time equivalents staff numbers in 2008-09 was slightly higher than the 32.6 *average* full-time equivalents staff in 2007-08.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

9. Supplies and Services

	Note	2008-09 \$	2007-08 \$
Contractors – performance audits		15 400	147 698
– financial audits		1 020 928	1 628 823
– internal audit		17 380	17 110
– other		4 255	16 942
Sub-total		1 057 963	1 810 573
Accommodation lease		212 919	202 585
Information technology		205 260	200 814
Training		62 637	47 463
Printing		34 613	28 587
Payroll and recruitment processing		20 290	18 995
Recruitment and advertising costs		12 208	9 682
Electricity, gas and cleaning		30 872	30 634
Telephones		19 143	19 348
Travel	(a)	15 594	13 762
Library journals and subscriptions		18 788	12 028
Security		8 736	10 708
Computer software and consumables		3 176	2 065
Insurance		8 980	8 270
Audit fees		10 000	9 500
Stationery		6 793	6 383
Legal services received free of charge from the ACT Government Solicitor's Office		10 647	9 237
Office equipment		4 695	3 108
Impairment losses and write-offs	24	-	3 983
Security vetting of employees		21 982	-
Venue and equipment hire		903	477
Other		35 664	17 310
Sub-total		743 900	654 939
Total Supplies and Services		1 801 863	2 465 512

Note (a) Travel costs are mostly related to the attendance at the business meetings held by the Australasian Council of Auditor-Generals, and also includes travelling costs of staff to review audits under reciprocal peer review arrangements with the Tasmanian Audit Office.

Notes to the Financial Report

Year Ended 30 June 2009

9. Supplies and Services (Continued)

Supplies and services costs fell significantly by \$663 649 (26.9%). The large decline is mostly due to the lower costs charged by the private sector audit contractors and IT specialists to assist in the completion of the Audit Office's financial and performance audit program. In particular:

- fees charged by contractors used to assist in completing the financial audit program fell by \$607 895 (37.3%). See Note 5: 'Financial Audit Fees' for further information on these lower costs; and
- the cost incurred in 2007-08 of using consultants for the performance audit on the administration of the *Freedom of Information Act 1982* was not repeated in the 2008-09 reporting period. This reduction reflected a decision not to use budgeted funding originally allocated to using contractors on the performance audit program to fund the recruitment of one additional senior performance audit manager.

These lower costs were partially offset by:

- the costs incurred for the first time in the 2008-09 reporting period on the security vetting of employees; and
- higher training costs as staff received training on the Audit Office's financial audit methodology and fraud awareness.

10. Depreciation

	2008-09	2007-08
	\$	\$
Office fit-out	66 510	58 131
Computer equipment	-	1 080
Depreciation of motor vehicles held under a finance lease arrangement	27 363	17 112
Total Depreciation	93 873	76 323

Depreciation expenses increased by \$17 550 (23.0%). The higher depreciation charges mostly resulted from additional depreciation being recognised on motor vehicles held under a finance lease arrangement following the upwards revaluation of these assets at 30 June 2008. The increase in the depreciation charged on the Office's fit-out reflected a correction to the assessed useful life of the Office's fit-out from 12 years to 11 years.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report
Year Ended 30 June 2009

11. Cash and Cash Equivalents

	2009	2008
	\$	\$
Bank	608 186	311 299
Petty cash	500	500
Investments with the Territory Banking Account	500 000	700 000
Total Cash and Cash Equivalents	1 108 686	1 011 799

Cash at bank is held with the Commonwealth Bank. Cash at bank earned a floating interest rate of 5.0% during the 2008-09 reporting period (6.6% in the 2007-08 reporting period).

Cash invested with the Territory Banking Account earned a floating interest rate of 5.0% in the 2008-09 reporting period (6.1% in the 2007-08 reporting period).

Bank and investment funds may be withdrawn upon request.

The cash and cash equivalents balance at 30 June 2009 exceeded the prior year's position by \$96 887 (9.6%).

As disclosed in the Cash Flow Statement, this increase largely resulted from the net cash generated of \$111 330 in 2008-09 from the Audit Office's operating activities.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

12. Receivables

	2009	2008
	\$	\$
Invoiced financial audit debtors (i)	99 730	119 460
Accrued financial audit income (ii)	1 159 599	1 218 368
Sub-total	<u>1 259 329</u>	<u>1 337 828</u>
Goods and Services Tax net receivable (iii)	11 529	59 676
Other accrued interest revenue	4 513	5 356
Sub-total	<u>16 042</u>	<u>65 032</u>
Total Receivables	<u>1 275 371</u>	<u>1 402 860</u>

- (i) Invoiced financial audit debtors – represents amounts billed to auditees for the audits of their financial reports. Credit terms are net 14 days.
- (ii) Accrued financial audit income – represents unbilled amounts receivable from auditees for audit work performed up until the end of the reporting period. It includes amounts recoverable from auditees for amounts billed to the Audit Office by the audit contractors, IT consultants, tax specialists, actuaries or other specialists engaged to assist the completion of the financial audit program.
- (iii) Goods and Services Tax net receivable – is the amount receivable from the Australian Taxation Office when the Business Activity Statement is lodged on a quarterly basis. The amount is the net of the Goods and Services Tax paid on supplies and the Goods and Services Tax collected from financial audits payable to the Australian Taxation Office.

Credit risk relating to receivables is disclosed in paragraph (c) of Note 25: 'Financial Risk Management'. Receivables are non-interest bearing.

Receivables fell by \$127 489 (9.1%) due to a reduction (approximately \$189 000) in the amounts recoverable from agencies relating to private sector audit contractors and IT specialists used in the completion of the financial audit program at the end of the 2008-09 reporting period. This was partially offset by an increase in the amount recoverable from agencies (approximately \$61 000) reflecting a higher number of hours worked on financial audits by the Office's financial audit teams by the end of the 2008-09 reporting period.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

12. Receivables (Continued)

Aging of Receivables	2009	2008
	\$	\$
Not overdue	1 175 641	1 378 660
Overdue for less than 30 days	89 830	-
Overdue for 30 to 60 days	9 900	24 200
Overdue for more than 60 days	-	-
Sub-total	<u>1 275 371</u>	<u>1 402 860</u>
Less: Allowance for impairment	-	-
Total Receivables	<u>1 275 371</u>	<u>1 402 860</u>

The amount overdue for less than 30 days (\$89 830) consists of amounts owing from the ActewAGL Distribution Partnership (\$49 130) and the ActewAGL Retail Partnership (\$40 700). These amounts were received on 10 July 2009. A further amount of \$9 900 overdue for 30 to 60 days is an amount owing from ActewAGL Distribution Partnership. This overdue amount is expected to be collected.

Receivables with ACT Government Entities	2009	2008
	\$	\$
Invoiced financial audit debtors	-	-
Accrued financial audit income	904 570	908 142
Other accrued revenue	-	3 165
Sub-total	<u>904 570</u>	<u>911 307</u>
Less: Allowance for impairment	-	-
	<u>904 570</u>	<u>911 307</u>

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

12. Receivables (Continued)

Receivables with Non-ACT Government Entities	2009	2008
	\$	\$
Invoiced financial audit debtors	99 730	119 460
Accrued financial audit income	255 029	310 226
Other accrued revenue	4 513	2 191
Goods and Services Tax paid on supplies	11 529	59 676
Sub-total	<u>370 801</u>	<u>491 553</u>
Less: Allowance for impairment	-	-
	<u>370 801</u>	<u>491 553</u>
Total Receivables	<u>1 275 371</u>	<u>1 402 860</u>

13. Other Current Assets

	2009	2008
	\$	\$
Prepayments	22 463	17 592
Total Other Current Assets	<u>22 463</u>	<u>17 592</u>

Prepayments largely consist of the prepayment of the licence to use the financial audit methodology used by the Audit Office (IPSAM) and various subscriptions to professional organisations.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

14. Plant and Equipment

	2009	2008
	\$	\$
Office fit-out (at fair value)	546 100	526 327
Less: Accumulated depreciation	(86 283)	-
Sub-total	<u>459 817</u>	<u>526 327</u>
Computer equipment (at fair value)	-	-
Less: Accumulated depreciation	-	-
Sub-total	<u>-</u>	<u>-</u>
Motor vehicles under finance leases (at fair value)	68 475	77 000
Less: Accumulated depreciation	(16 025)	-
Sub-total	<u>52 450</u>	<u>77 000</u>
Total plant and equipment	614 575	603 327
Less: Accumulated depreciation	(102 308)	-
Total Plant and Equipment	<u>512 267</u>	<u>603 327</u>

The balances at 30 June 2009 for the Office fit-out and motor vehicles under finance leases were measured at fair value. The valuation of these assets was performed at 30 June 2008 by Mr Simon O'Leary (AAPI, Plant and Machinery, MSAA), Senior Valuer Plant and Equipment, Australian Government Australian Valuation Office.

As disclosed in Note 3(b)(i): 'Office Fit-out – Provision for Make Good', the Audit Office has included in the Office fit-out valuation, the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy in the event the Office were to leave the premises.

The fair valuation of the Office fit-out is based on its assessed estimated depreciated replacement cost and assumes that the Audit Office will take up the additional five-year option available at the conclusion of the present six-year lease term.

The fair value of computer equipment was assessed by the Audit Office based on its estimated market value. Computer equipment was written off in the 2007-08 reporting period because it was obsolete. Nearly all of the computer equipment used by the Office is provided under the operating lease arrangements disclosed in Note 22: 'Commitments'.

The valuation of motor vehicles under finance leases was based on their assessed market value.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

14. Plant and Equipment (Continued)

The decline in the plant and equipment balance is largely due to depreciation charges incurred during the 2008-09 reporting period.

Reconciliations of the Movements in the Carrying Amounts of Plant and Equipment	2008-09	2007-08
	\$	\$
Office fit-out		
Carrying amount at the beginning of the reporting period	526 327	570 814
Additions	-	580
Revaluation increment	-	13 064
Depreciation	(66 510)	(58 131)
Write-offs	-	-
Carrying amount at the end of the reporting period	459 817	526 327
Computer equipment		
Carrying amount at the beginning of the reporting period	-	3 129
Write-offs	-	(2 049)
Depreciation	-	(1 080)
Carrying amount at the end of the reporting period	-	-

Computer equipment was written off in the 2007-08 reporting period because it was obsolete.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

14. Plant and Equipment (Continued)

Reconciliations of the Movements in the Carrying Amounts of Plant and Equipment (Continued)	2008-09	2007-08
	\$	\$

Motor vehicles under a finance lease

Carrying amount at the beginning of the reporting period	77 000	51 713
Additions	37 475	28 461
Disposals	(34 662)	-
Revaluation increment	-	13 938
Depreciation	(27 363)	(17 112)
Carrying amount at the end of the reporting period	52 450	77 000

15. Payables

	2009	2008
	\$	\$
Creditors and accruals	53 347	207 529
Total Payables	53 347	207 529

Creditors and accruals – represents amounts payable for goods and services provided to the Audit Office prior to the end of the reporting period.

Creditors and accruals are recognised at the amount to be paid for these goods and services when the liabilities are settled.

Creditors and accruals are settled on 28-day terms and are non-interest bearing.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

15. Payables (Continued)

Payables fell by \$154 182 or 74.3%. At the end of the 2007-08 reporting period, there was a significantly higher level of unpaid invoices from audit contractors and IT specialists engaged to assist in the completion of the financial audit program because the Audit Office received these invoices close to the end of the 2007-08 reporting period.

In 2008-09, invoices from audit contractors and IT specialists were paid before the end of the reporting period, resulting in a much lower level of unpaid amounts at the end of this reporting period.

Aging of Payables	2009	2008
	\$	\$
Not overdue	53 347	207 529
Overdue for less than 30 days	-	-
Overdue for 30 to 60 days	-	-
Overdue for more than 60 days	-	-
Total Payables	53 347	207 529

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

15. Payables (Continued)

Payables with ACT Government Entities	2009	2008
	\$	\$
Creditors and accruals	11 099	12 504
	11 099	12 504
Payables with Non-ACT Government Entities	2009	2008
	\$	\$
Creditors and accruals	42 248	195 025
	42 248	195 025
Total Payables	53 347	207 529

16. Finance Leases

	2009	2008
	\$	\$
Current - due at the reporting date	26 993	44 688
Non current – not due at the reporting date	24 642	18 763
Total Finance Leases	51 635	63 451

Finance leases relate to motor vehicles provided as part of the remuneration of senior executives.

The terms and conditions of finance leases are disclosed in Note 22: 'Commitments'.

The decline in the finance leases liability represents the reduction in the number of motor vehicles provided as part of the remuneration of senior executives from three to two motor vehicles.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

17. Employee Benefits

	2009	2008
	\$	\$
Current - due at the reporting date		
Accrued salaries	60 278	38 787
Salary packaging expenses	9 052	8 388
Annual leave	372 244	352 430
Long service leave	628 414	494 155
Special employment arrangements	9 000	-
	1 078 988	893 760
Non current – not due at the reporting date		
Long service leave	3 707	56 672
	3 707	56 672
Total Employee Benefits	1 082 695	950 432

As disclosed in Note 2(i): ‘Employee Benefits’, these liabilities are classified as current when they are due, irrespective of when the liability is expected to be settled. Information on employee benefits estimated to be payable within 12 months and after 12 months is disclosed below.

For information purposes only	2009	2008
	\$	\$
Estimated amount payable within 12 months		
Accrued salaries	60 278	38 787
Salary packaging expenses	9 052	8 388
Annual leave	282 334	299 982
Special employment arrangements	9 000	-
	360 664	347 157
Estimated amount payable after 12 months		
Annual leave	89 910	52 447
Long service leave	632 121	550 828
	722 031	603 275
Total Employee Benefits	1 082 695	950 432

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

17. Employee Benefits (Continued)

Most of the \$132 263 (13.9%) increase in employee benefits was caused by higher long service and annual leave liabilities, and accrued salaries.

Long service leave and annual leave liabilities increased by \$81 294 (14.8%) and \$19 814 (5.6%) respectively because the benefits accrued for long service and annual leave exceeded the amount of long service and annual leave paid during the reporting period. Accrued salaries were higher at the end of the reporting period because the last pay day in the 2008-09 reporting period occurred earlier than in the 2007-08 reporting period.

Staffing Levels

The full-time equivalent staff employed by the Audit Office at 30 June 2009 was 31.4 compared to 35.4 at 30 June 2008. The *average* number of full time equivalents staff employed was 34.0 in 2008-09 compared to 32.6 in 2007-08.

18. Other Liabilities

	2009	2008
	\$	\$
Current		
Lease incentive liability	15 625	15 625
	15 625	15 625
Non Current		
Provision for make good	72 500	72 500
Lease incentive liability	5 208	20 833
	77 708	93 333
Total Other Liabilities	93 333	108 958

The lease incentive liability represents lease incentives (for example, half-rent) included in the accommodation lease. This liability is being amortised over the initial six-year lease term.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

19. Accumulated Funds

	2009	2008
	\$	\$
Balance at the beginning of the reporting period	1 678 205	1 691 439
Operating (deficit)	(67 432)	(83)
Refund of unused capital injection for the Office fit-out	-	(13 151)
Transfer from the asset revaluation reserve	7 767	-
Balance at the end of the reporting period	1 618 540	1 678 205

20. Asset Revaluation Reserve

	2009	2008
	\$	\$
Balance at the beginning of the reporting period	27 002	-
Revaluation increments	-	27 002
Transfer of asset revaluation reserve relating to sold plant and equipment to accumulated funds	(7 767)	-
Balance at the end of the reporting period	19 235	27 002

The revaluation increments arose from the revaluation of the Audit Office's plant and equipment in the 2007-08 reporting period.

21. Auditor's Remuneration

An independent auditor was appointed to audit the Audit Office's financial report and to provide a report of factual findings on the Office's statement of performance.

The auditor's remuneration for 2008-09 is \$10 000 (2007-08: \$8 500).

The auditor, and any related practice of the auditor, did not provide other services to the Audit Office during the reporting period.

Notes to the Financial Report

Year Ended 30 June 2009

22. Commitments

Finance Lease Commitments

Finance lease commitments for motor vehicles are as follows:

	2009	2008
	\$	\$
Not later than one year	29 042	46 971
Later than one year and not later than five years	25 139	19 302
Later than five years	-	-
Sub-total	<u>54 181</u>	<u>66 273</u>
Less: Future interest charges	(2 546)	(2 822)
Total Finance Lease Commitments	<u><u>51 635</u></u>	<u><u>63 451</u></u>

The current and non-current liability for finance leases is presented in Note 16: 'Finance Leases'.

The leases are for two-year terms with implicit fixed interest rates ranging from 5.3% to 7.6%.

The decline in the finance lease commitments represents the reduction in the number of motor vehicles provided as part of the remuneration of senior executives from three to two motor vehicles.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

22. Commitments (Continued)

Operating Lease Commitments

Operating lease commitments for information technology equipment and accommodation are as follows:

	2009	2008
	\$	\$
Not later than one year	379 135	407 310
Later than one year and not later than five years	254 099	412 474
Later than five years	-	-
Total Operating Lease Commitments	633 234	819 784

Most information technology equipment is under three-year leases and accommodation is under a six-year lease. Under the accommodation lease agreement, the lease may be extended for a further five years.

Operating lease commitments fell as the Audit Office met its contracted obligations during 2008-09 for the Office's accommodation and information technology equipment.

Other Commitments

Other commitments to financial audit contractors are as follows.

	2009	2008
	\$	\$
Not later than one year	897 907	180 854
Later than one year and not later than five years	-	37 517
Later than five years	-	-
Total Other Commitments	897 907	218 371

Other commitments increased as the Audit Office exercised its two year option in contracts for the provision of financial audit services.

Notes to the Financial Report

Year Ended 30 June 2009

23. Contingent Liabilities

No contingent liabilities are known to exist.

24. Act of Grace Payments, Waivers, Write-Offs and Impairment Losses

(a) Act of Grace Payments

There were no act of grace payments made by the Audit Office during the 2008-09 or 2007-08 reporting periods.

(b) Waivers

Under the *Financial Management Act 1996*, the Treasurer may, in writing, waive the right to payment of an amount owing to the Audit Office. A waiver results in the relinquishment of a legal claim to an amount owed to the Audit Office.

There were no waivers of public monies during the 2008-09 or 2007-08 reporting periods.

(c) Write-Offs and Impairment Losses

The write-off of a debt is the accounting action taken to remove a debt from the accounting records but does not relinquish the legal right of the Audit Office to recover the debt.

There were no write-offs or impairment losses in the 2008-09 reporting period.

In the 2007-08 reporting period, the Audit Office wrote off a debt of \$1 935 owing from a former employee relating to salary packaging arrangements as attempts to recover the debt were unsuccessful. In addition, computer equipment with a carrying value of \$2 049 was written off in the 2007-08 reporting period because it was obsolete.

25. Financial Instruments

The main financial risks to the Audit Office and how these risks are managed are described in this note.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates.

The Audit Office's financial assets consist of cash and cash equivalents and receivables and its financial liabilities are comprised of payables and finance leases.

Notes to the Financial Report

Year Ended 30 June 2009

25. Financial Instruments (Continued)

(b) Interest Rate Risk (Continued)

The Audit Office's maximum exposure to interest rate risk relating to these financial assets and liabilities is shown below in Note 25(i): 'Maturity Analysis and Exposure to Interest Rates'.

As receivables and payables are held in non-interest bearing arrangements and finance leases are held in fixed interest arrangements, the Audit Office is not exposed to movements in interest rates in respect of these financial assets and liabilities.

A significant proportion of the Audit Office's financial assets consist of cash and cash equivalents. As these are held in floating interest arrangements, the Audit Office is exposed to movements in the amount of interest it may earn on cash and cash equivalents.

As the Audit Office's operating cash flows are not significantly dependant on interest earned from cash and cash equivalents, a sensitivity analysis of the interest rate risk has not been performed.

(c) 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, investments, and receivables. The Audit Office's maximum exposure to credit risk is limited to the amount of these financial assets, net of any allowance made for impairment. This is shown below in Note 25(i): 'Maturity Analysis and Exposure to Interest Rates'.

Cash and cash equivalent accounts are held with high credit quality financial institutions. Cash at bank is held with the Commonwealth Bank and cash not immediately required for operations is invested with the Territory Banking Account. The Territory Banking Account coordinates the investment of this money with various fund managers. These fund managers have the discretion to invest this money in a variety of different investments, within certain parameters.

Nearly all receivables consist of financial audit fees charged to ACT Government agencies and other entities with strong credit histories. ACT Government agencies are generally required by legislation to pay the audit fees charged by the Audit Office.

Credit risk is therefore considered to be low with no significant concentrations of credit risk.

Notes to the Financial Report

Year Ended 30 June 2009

25. Financial Instruments (Continued)

(d) Liquidity Risk

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

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

Note 25(i): 'Maturity Analysis and Exposure to Interest Rates' discloses when the Audit Office expects its financial assets and financial liabilities to mature. It shows that, at the end of the reporting period, the Office held sufficient financial assets to meet its financial liabilities when they fall due.

As disclosed in the Balance Sheet, the Audit Office retained, at the end of the reporting period, sufficient cash and investments to meet its short and long-term liabilities, the majority of which consist of employee benefits.

(e) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

The Audit Office is not exposed to price risk as its financial assets, consisting of cash and cash equivalents, and receivables are not affected by movements in market price.

(f) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Audit Office is not exposed to currency risk as all of its transactions are conducted in Australian dollars.

(g) Unrecognised Financial Assets and Financial Liabilities

There were no unrecognised financial assets or financial liabilities.

Notes to the Financial Report

Year Ended 30 June 2009

25. Financial Instruments (Continued)

(h) Fair Values of Financial Assets and Financial Liabilities

The carrying amounts and fair values of financial assets and financial liabilities at the end of the reporting period are:

	Note	Carrying Amount 2009 \$	Fair Value 2009 \$	Carrying Amount 2008 \$	Fair Value 2008 \$
Financial Assets					
Cash and cash equivalents	11	1 108 686	1 108 686	1 011 799	1 011 799
Receivables	12	1 275 371	1 275 371	1 402 860	1 402 860
Total Financial Assets		2 384 057	2 384 057	2 414 659	2 414 659
Financial Liabilities					
Payables	15	53 347	53 347	207 529	207 529
Finance leases	16	51 635	51 635	63 451	63 451
Total Financial Liabilities		104 982	104 982	270 980	270 980

(i) Maturity Analysis and Exposure to Interest Rates

The following tables set out the Audit Office's maturity analysis for financial assets and financial liabilities as well as the exposure to interest rates, including the weighted average interest rates, by maturity period, as at 30 June 2009 and 30 June 2008.

All financial assets and financial liabilities that have a floating interest rate, or are non-interest rate bearing, will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

The Audit Office does not hold any collateral as security relating to its financial assets.

The Office does not hold any financial assets that are past due or impaired.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

25. Financial Instruments (Continued)

(i) Maturity Analysis and Exposure to Interest Rates (Continued)

As at 30 June 2009

	Weighted Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing in One Year or Less \$	Fixed Interest Rate Maturing in One to Two Years \$	Non- Interest Bearing \$	Total \$
Financial Assets						
Cash and cash equivalents	5.00%	1 108 186	-	-	500	1 108 686
Receivables		-	-	-	1 275 371	1 275 371
Total		1 108 186	-	-	1 275 871	2 384 057
Financial Liabilities						
Payables		-	-	-	53 347	53 347
Finance leases	5.3% to 7.6%	-	29 042	25 139	-	54 181
Total		-	29 042	25 139	53 347	107 528
Net Financial Assets /(Liabilities)		1 108 186	(29 042)	(25 139)	1 222 524	2 276 529

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Report

Year Ended 30 June 2009

25. Financial Instruments (Continued)

(i) Maturity Analysis and Exposure to Interest Rates (Continued)

As at 30 June 2008

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing in One Year or Less	Fixed Interest Rate Maturing in One to Two years	Non- Interest Bearing	Total
	%	\$	\$	\$	\$	\$
Financial Assets						
Cash and cash equivalents	6.6%	1 011 299	-	-	500	1 011 799
Receivables		-	-	-	1 402 860	1 402 860
Total		1 011 299	-	-	1 403 360	2 414 659
Financial Liabilities						
Payables		-	-	-	207 529	207 529
Finance leases	6.5% to 7.6%	-	46 971	19 302	-	66 273
Total		-	46 971	19 302	207 529	273 802
Net Financial Assets/(Liabilities)		1 011 299	(46 971)	(19 302)	1 195 831	2 140 857

Notes to the Financial Report

Year Ended 30 June 2009

26. Related Party Transactions

Australian Accounting Standard AASB 124: 'Related Party Disclosures' applies only to private sector entities. One of the significant requirements of AASB 124 is to require the financial reports of private sector entities to disclose transactions that have taken place between the Key Management Personnel of an entity and parties that are related to the Key Management Personnel. AASB 124 defines Key Management Personnel as those persons that have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Audit Office considers that it represents better practice to include related party disclosures in its financial report.

The following disclosures are therefore made in relation to the Auditor-General, the Director, Performance Audits and Corporate Services and the Director, Financial Audits as they are considered to be Key Management Personnel for the purposes of AASB 124.

The remuneration paid to the Auditor-General, the Director, Performance Audits and Corporate Services and the Director, Financial Audits is determined by the ACT Remuneration Tribunal and tabled in the ACT Legislative Assembly.

The Director, Financial Audits is the brother of a Partner of WalterTurnbull. WalterTurnbull conducts financial audits under contract with the Audit Office from time to time. Any potential conflict of interest was addressed by the Director, Financial Audits not being involved in the selection of audit contractors.

The Audit Office paid \$31 534 (including GST) to WalterTurnbull for the provision of financial audit services in relation to the 2007-08 financial audit program. Similar costs are expected to be incurred in relation to the 2008-09 audit program.

In the 2007-08 reporting period, WalterTurnbull was paid \$4 400 (including GST) for performing a taxation compliance review.

27. Transactions with Employees

There were no transactions with employees in the 2008-09 reporting period.

During the 2007-08 reporting period, five staff members purchased surplus and obsolete items of office furniture for \$67 (including GST).

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

It is estimated that the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board that apply to future reporting periods will have no material financial impact on the Audit Office's financial report in the future reporting period in which they apply.

APPENDIX D STATEMENT OF PERFORMANCE

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2009

STATEMENT OF RESPONSIBILITY

In my opinion, the accompanying statement of performance for the ACT Auditor-General's Office for the year ended 30 June 2009 fairly reflects the operational performance of the Office for the year ended 30 June 2009.

Tu Pham
Auditor-General

30 July 2009

ACT AUDITOR-GENERAL'S OFFICE

**STATEMENT OF PERFORMANCE
YEAR ENDED 30 JUNE 2009**

STATEMENT BY THE CHIEF FINANCE OFFICER

In my opinion, the accompanying statement of performance for the ACT Auditor-General's Office for the year ended 30 June 2009 fairly reflects the operational performance of the Office for the year ended 30 June 2009.



Bernie Sheville
Chief Finance Officer

30 July 2009

REPORT OF FACTUAL FINDINGS

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership



Chartered Accountants
& Business Advisers

REPORT OF FACTUAL FINDINGS ACT AUDITOR GENERAL'S OFFICE

To the Members of the ACT Legislative Assembly

Findings

Based on our procedures, no matters have come to our attention, which indicate the Statement of Performance of the ACT Auditor General's Office for the year ended 30 June 2009 does not fairly present the performance of the Department in accordance with the *Financial Management Act 1996*.

Responsibility for the Statement of Performance

The ACT Auditor General is responsible for the Statement of Performance. This includes responsibility for the maintenance of adequate supporting records and internal controls that are designed to prevent and detect fraud and error, and for the measurement policies and estimates used in the preparation of the Statement of Performance.

The Auditor's Responsibility

In accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2005*, our responsibility is to provide a report of factual findings on the performance measures included in the ACT Auditor General's Office Statement of Performance.

Scope

We have reviewed the Statement of Performance of the ACT Auditor General's Office for the year ended 30 June 2009, in order to report on whether any matters have come to our attention that would indicate that the Statement of Performance is not fairly presented in accordance with the *Financial Management Act 1996*.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is primarily limited to inquiries of the ACT Auditor General's Office representatives, analytical procedures and the examination of other available evidence. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Statement of Performance. Our procedures also did not include an assessment of the relevance or appropriateness of the measures contained within the Statement of Performance. We have not expressed an opinion on the accuracy of explanations provided for variations between actual and budgeted performance due to the essential subjectivity of these explanations.

Independence

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

PKF Di Bartolo Diamond & Mihailaros



Ross Di Bartolo
Partner

Dated: 30.7.2009.

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STATEMENT OF PERFORMANCE

STATEMENT OF PERFORMANCE

YEAR ENDED 30 JUNE 2009

The Audit Office's objectives are to inform the Legislative Assembly and the community of the performance of the ACT public sector, to promote accountability, to contribute to improving agency performance, and to operate in an efficient manner.

The Audit Office fulfils its role and meets its objectives largely through the conduct of audits of the annual financial reports of the Territory, its departments and authorities and by conducting performance audits and other reviews.

The performance indicators below measure the number and timeliness of reports as well as the quality and effectiveness of audit work, using feedback obtained from agencies and the acceptance rate of audit recommendations. The efficiency of the Audit Office can be evaluated by considering the audit costs per hour.

Performance Measures	Notes	Target 2008-09	Result 2008-09	Variance from Target
Costs				
Audit costs per hour excluding audit contractor costs	1	\$104	\$110	5.8%
Quantity				
Number of financial audit opinions issued	2	75	70	(6.7%)
Number of reports of factual findings issued on statements of performance	3	27	27	-
Number of performance audit reports presented to the Legislative Assembly	4	8	7	(12.5%)
Quality and effectiveness				
Percentage of agencies satisfied with financial audits	5	95%	100%	5.3%
Percentage of agencies satisfied with performance audit reports	6	95%	100%	5.3%

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

The targets for each of the performance measures listed above are included in the Audit Office's – 2009-10 Budget Submission to the Standing Committee on Public Accounts.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE

YEAR ENDED 30 JUNE 2009

Performance Measures	Notes	Target 2008-09	Result 2008-09	Variance from Target
Quality and effectiveness (continued)				
Percentage of recommendations accepted in financial audits	7	95%	93%*	(2.1%)
Percentage of recommendations accepted in performance audits	8	95%	71%*	(25.3%)
Percentage of employees who are satisfied with working for the Audit Office	9	80%	97%	18.0%
Timeliness				
Percentage of financial audits completed within the required timetable	10	100%	93%	(7.1%)
Average period of completion of performance audits (months)	11	7 months	7 months	-
Presentation of the summary report on financial audits to the Legislative Assembly	12	December 2008	December 2008	-

* In measuring a result for this performance measure, 'partial agreements', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

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

The targets for each of the performance measures listed above are included in the Audit Office's – 2009-10 Budget Submission to the Standing Committee on Public Accounts.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance
Year Ended 30 June 2009**

1. Audit costs per hour excluding audit contractor costs

This performance measure relates to the Audit Office's internal costs and represents the total expenses of the Office less audit contractor costs, divided by the number of hours charged to audits by the Office's staff.

The 2008-09 target costs of \$104 were calculated as the Audit Office's budgeted total expenses (\$5 262 007) less budgeted audit contractor costs (\$960 000) divided by budgeted hours (41 343). Budgeted hours were calculated by taking last year's actual hours (39 360) divided by the number of full-time equivalent staff in 2007-08 (32.56) and then multiplying it by the number of budgeted full-time equivalent staff in 2008-09 (34.2).

The actual audit costs per hour excluding audit contractor costs of \$110 was calculated as the actual total expenses (\$5 449 602), less actual audit contractor costs (\$1 036 328), divided by the actual hours charged to audits for the year ended 30 June 2009 (39 962).

Audit costs per hour (\$110) exceeded the target cost per hour (\$104) by \$6 per hour or 5.8 percent. This was mainly due to a combination of:

- a lower than expected hours charged to audits. This increased the cost by approximately \$4 per hour (3.9%); and
- higher than expected 'internal costs' (in particular employee expenses). These higher costs increased costs by around \$2 per hour (1.9%). Further information on the higher employee expenses is provided in the Audit Office's operating statement for the year ended 30 June 2009.

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2009

2. Number of financial audit opinions issued

This performance measure represents the number of audit opinions issued on financial reports during the reporting period.

The Audit Office was unable to provide five (6.6 percent) of the expected audit opinions because:

- four financial reports for the Lyons Joint Venture were not provided to the Office during the reporting period; and
- an expected acquittal audit of Commonwealth funding under the *Australian Land Transport Development Act 1988* was not required because no funding was provided by the Commonwealth during the 2007-08 reporting period.

A listing of the financial audit opinions issued during 2008-09 is provided later in this Statement of Performance.

3. Number of reports of factual findings issued on statements of performance

This performance measure represents the number of reports of factual findings issued on statements of performance during 2008-09.

As expected, the Audit Office issued 27 reports of factual findings on statements of performance in 2008-09.

A listing of the reports of factual findings issued during 2008-09 is provided later in this Statement of Performance.

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2009

4. Number of performance audit reports presented to the Legislative Assembly

This performance measure represents the number of performance audit reports presented in the Legislative Assembly during 2008-09.

The following audit reports were presented in the Legislative Assembly in 2008-09:

- (i) Maintenance of Public Housing (Report No. 4 of 2008).
- (ii) Administration of the *Freedom of Information Act 1989* (Report No. 5 of 2008).
- (iii) Proposal for a Gas-Fired Power Station and Data Centre – Site Selection Process (Report No. 7 of 2008).
- (iv) Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive (Report No. 1 of 2009).
- (v) Follow-up Audit: Implementation of Audit Recommendations on Road Safety (Report No. 2 of 2009).
- (vi) Management of Respite Care Services (Report No. 3 of 2009).
- (vii) Delivery of Ambulance Services to the ACT Community (Report No. 4 of 2009).

The number of reports tabled was one less than expected.

The planned audit on Government Office Accommodation has taken longer than originally expected due mainly to the extensive fieldwork required for the selected case studies included in the audit. Fieldwork for the audit had been completed and report drafting substantially advanced at 30 June 2009.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued) Year Ended 30 June 2009

5. Percentage of agencies satisfied with financial audits

This percentage is calculated as the number of agencies that provide a satisfactory or better satisfaction rating in relation to financial audits completed in the reporting period divided by the number of agencies surveyed.

A survey of all agencies subjected to a financial audit was conducted to rate their satisfaction with financial audits completed during 2008-09.

The results of the survey are shown below.

Rating	No. of Responses	%
Very good	20	43
Good	21	45
Satisfactory	6	12
Sub-total	47	100
Poor	-	-
Very poor	-	-
Sub-total	-	-
Total	47	100

Source: Agency satisfaction surveys.

Seven of the 54 agencies surveyed did not respond to the Audit Office's request for feedback.

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2009

5. Percentage of agencies satisfied with financial audits (continued)

The percentage of agencies satisfied with financial audits (100 percent) was above the target (95 percent), with 86 percent rating the Audit Office's performance as 'good' or 'very good'.

Although the survey results were positive, a few agencies expressed concerns on specific aspects of the audit process.

A few agencies did not believe the audit team demonstrated enough understanding of their operations and questioned the audit team's experience. Two agencies advised that changes to the audit team during their audit affected the smoothness of the audit and hampered communications between the agency and the audit team. In a few cases, agencies indicated they would like more opportunity to address the matters raised in audit management reports and that these reports should be issued in a timelier manner.

Such feedback is carefully considered by the Audit Office and discussed with the agency with a view to continuing to improve audit methods and practices.

6. Percentage of agencies satisfied with performance audit reports

This percentage is calculated as the number of agencies that provide a satisfactory or better satisfaction rating in relation to performance audits completed in the reporting period divided by the number surveyed.

A survey of all agencies subjected to a performance audit was conducted to rate their satisfaction with performance audits completed during 2008-09.

The results of these surveys are shown on the following page.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued) Year Ended 30 June 2009

6. Percentage of agencies satisfied with performance audit reports (continued)

Rating	No. of Responses	%
Very good	3	25
Good	6	50
Satisfactory	3	25
Sub-total	12	100
Poor	-	-
Very poor	-	-
Sub-total	-	-
Total	12	100

Source: Agency satisfaction surveys.

The percentage of agencies satisfied with performance audits (100 percent) was higher than the target (95 percent) with 75 percent of survey responses rating the Audit Office's performance as 'good' or 'very good'.

The survey results continue to indicate that the work of the Audit Office is valued by agencies, and conducted professionally. However, the Office received some critical feedback regarding specific aspects of the audit process mainly on the auditors' understanding of their operations and operating environment.

The Audit Office discussed with the agencies their concerns and, where possible, will further improve communication with agencies on audit methods, practices and findings.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2009

7. Percentage of recommendations accepted in financial audits

This percentage is calculated as the number of recommendations accepted by agencies in the audit management reports issued in the reporting period, divided by the number of recommendations made in these reports.

In measuring a result for this performance measure, 'partial agreements', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

Auditees accepted 439 (93 percent) of the 474 recommendations made in 2008-09. This high acceptance rate is consistent with the target acceptance rate (95 percent).

8. Percentage of recommendations accepted in performance audits

This percentage is calculated as the number of recommendations accepted by agencies in performance reports issued in the reporting period, divided by the number of recommendations made in these reports.

In measuring a result for this performance measure, 'partial agreements', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

Auditees accepted 51 (71 percent) of the 72 recommendations made in 2008-09.

The result is 25.3 percent less than expected (95%) and is due mainly to the number of recommendations that were agreed 'in part' by the relevant agencies. 16 of 72 recommendations, of which 10 were in Report No. 4 of 2009 'Delivery of Ambulance Services to the ACT Community' responded to by the Department of Justice and Community Safety.

Of the 72 recommendations in total, only one recommendation was 'not agreed' and a further four were 'noted' by the relevant agencies.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued) Year Ended 30 June 2009

9. Percentage of employees who are satisfied with working for the Audit Office

A comprehensive staff survey is conducted annually to rate staff satisfaction with working for the Audit Office. Survey questions cover all aspects of the performance of the Office, including leadership, management, working conditions, learning and development and team work and communication.

This percentage is calculated as the number of employees who provide an 'agree' or 'strongly agree' rating to the survey question '**overall, I am satisfied with my job**' divided by the number of staff responses to the survey.

Rating	No. of Responses	%
Strongly agree	10	30
Agree	22	67
Sub-total	32	97
Neither agree or disagree	1	3
Disagree	-	-
Strongly disagree	-	-
Sub-total	1	3
Total	33	100

Source: Annual staff survey.

The annual staff survey is conducted anonymously. Nearly all staff (33 or 94 percent) provided a response to the survey.

A percentage of staff satisfied with working for the Audit Office (97 percent) was significantly higher than the target (80 percent).

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2009

10. Percentage of financial audits completed within the required timetable

This percentage is calculated as the percentage of audits completed within the required timetable divided by the number of audits completed.

The 'required timetable' refers to the timetable agreed between the Audit Office and Treasury to meet legislative requirements, or, where there is no legislative timeframe, the timeframe agreed between the Office and the agency.

The Audit Office completed 65 out of 70 financial audits (93%) within the required timetable.

The five financial audits that were not completed within the required timeframe were the University of Canberra, University of Canberra College Pty Ltd, UCU Ltd, Crace Joint Venture (December) and Canberra Business Development Fund.

These financial audits were not completed within the required timeframe because the financial reports were not provided to the Audit Office within the agreed timeframe.

No timetable could be set for the four Lyons Joint Venture financial reports that were not provided to the Audit Office during 2008-09.

11. Average period of completion of performance audits (months)

This performance measure refers to performance audits completed and reported to the Legislative Assembly in the reporting period.

This performance measure is calculated as the total duration of performance audits (in months) divided by the number of performance audit reports issued during the reporting period.

This measure reports the average duration of a performance audit, from commencement to completion. A performance audit is commenced when an engagement letter is sent to the relevant Chief Executives or their equivalent. Some planning activity is usually undertaken prior to the commencement of the audit. The completion date is the date the formal report is presented to the Speaker of the Legislative Assembly for tabling.

The target of taking an average of seven months to complete performance audits was achieved.

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2009

12. Presentation of the summary report of financial audits to the Legislative Assembly

One report summarising the results of the financial audit program is expected to be tabled in the Legislative Assembly in December each year.

The target was achieved for the summary report of financial audits, as the report was tabled in the Legislative Assembly on 17 December 2008.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2009

FINANCIAL AUDITS COMPLETED IN 2008-09

This table represent the financial audits that were completed during the period from 1 July 2008 to 30 June 2009. This list includes audits for the years ending 30 June 2008 and 31 December 2008.

		Audit Opinions on Financial Reports	Reports of Factual Findings on Statements of Performance
	Territory financial report		
1	Consolidated Annual Financial Report	Unqualified	Not applicable
	Departments		
2	Territory Banking Account	Unqualified	Unqualified
3	Chief Minister's Department	Unqualified	Unqualified
4	Department of Disability, Housing and Community Services	Unqualified	Unqualified
5	Department of Education and Training	Unqualified	Unqualified
6	ACT Executive	Unqualified	Not applicable
7	ACT Health	Unqualified	Unqualified
8	Home Loan Portfolio	Unqualified	Unqualified
9	Housing ACT	Unqualified	Unqualified
10	Shared Services Centre	Unqualified	Unqualified
11	Department of Justice and Community Safety	Unqualified	Unqualified
12	Legislative Assembly Secretariat	Unqualified	Not applicable
13	ACT Planning and Land Authority	Unqualified	Unqualified
14	Superannuation Provision Account	Unqualified	Unqualified
15	Department of Treasury	Unqualified	Unqualified
16	Department of Territory and Municipal Services	Unqualified	Qualified
17	ACTION	Unqualified	Qualified
18	Default Insurance Fund	Unqualified	Not applicable
	Authorities		
19	ACT Building and Construction Industry Training Fund Authority	Unqualified	Unqualified
20	Canberra Institute of Technology	Unqualified	Qualified
21	Canberra Public Cemeteries Authority	Unqualified	Unqualified

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2009

FINANCIAL AUDITS COMPLETED IN 2008-09 (CONTINUED)

		Audit Opinion on the Financial Report	Report of Factual Findings on the Statement of Performance
	Authorities (continued)		
22	ACT Cleaning Industry Long Service Leave Authority	Unqualified	Unqualified
23	ACT Construction Industry Long Service Leave Authority	Unqualified	Unqualified
24	Cultural Facilities Corporation	Unqualified	Unqualified
25	Gambling and Racing Commission	Unqualified	Unqualified
26	Independent Competition and Regulatory Commission	Unqualified	Unqualified
27	ACT Insurance Authority	Unqualified	Unqualified
28	Land Development Agency	Unqualified	Qualified
29	Legal Aid Commission	Unqualified	Unqualified
30	Public Trustee for the ACT – Office Account	Unqualified	Unqualified
31	Public Trustee for the ACT – Trust Account	Unqualified	Not applicable
32	University of Canberra	Unqualified	Not applicable
33	Exhibition Park Corporation	Unqualified	Qualified
	Territory-owned corporations and other companies		
34	ACTEW China Pty Ltd	Unqualified	Not applicable
35	ACTEW Corporation Ltd	Unqualified	Not applicable
36	ACTEW Distribution Ltd	Unqualified	Not applicable
37	ACTEW Retail Ltd	Unqualified	Not applicable
38	ACTTAB Ltd	Unqualified	Not applicable
39	CIT Solutions Pty Ltd	Unqualified	Not applicable
40	Community Housing Canberra Ltd	Unqualified	Not applicable
41	ECOWISE Environmental Pty Ltd	Qualified	Not applicable
42	Rhodium Asset Solutions Ltd	Unqualified	Not applicable
43	Totalcare Industries Ltd	Unqualified	Not applicable
44	University of Canberra College Pty Ltd	Unqualified	Not applicable
45	UCU Ltd	Unqualified	Not applicable

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2009

FINANCIAL AUDITS COMPLETED IN 2008-09 (CONTINUED)

		Audit Opinion on the Financial Report	Report of Factual Findings on the Statement of Performance
	Joint ventures and partnerships		
46	ActewAGL Concise Financial Report	Unqualified	Not applicable
47	ActewAGL Distribution Partnership	Unqualified	Not applicable
48	ActewAGL Joint Venture General Purpose Financial Report	Unqualified	Not applicable
49	ActewAGL Retail Partnership	Unqualified	Not applicable
50	Forde Joint Venture 30 June 2008	Unqualified	Not applicable
51	Forde Joint Venture 31 December 2008	Unqualified	Not applicable
52	Crace Joint Venture 30 June 2008	Unqualified	Not applicable
53	Crace Joint Venture 31 December 2008	Unqualified	Not applicable
54	Woden East Joint Venture	Unqualified	Not applicable
55	Kingston Stage 1A Joint Venture	Unqualified	Not applicable
	Other audits		
56	Canberra Business Development Fund	Unqualified	Not applicable
57	Capital Region Community Foundation Open Fund	Unqualified	Not applicable
58	Capital Region Community Foundation Gift Fund	Unqualified	Not applicable
59	Commonwealth Funding under the <i>Interstate Road Transport Act 1985</i> – Expenditure Statement	Unqualified	Not applicable
60	Commonwealth Funding under the <i>Interstate Road Transport Act 1985</i> – Revenue Statement	Unqualified	Not applicable
61	Commonwealth Funding under the <i>Auslink National Land Transport Act 2005</i> – Roads to recovery Supplementary Funding	Unqualified	Not applicable
62	Commonwealth Funding under the <i>Auslink National Land Transport Act 2005</i> – Black Spot Projects	Unqualified	Not applicable
63	Commonwealth Funding under the <i>Auslink National Land Transport Act 2005</i> – National Projects	Unqualified	Not applicable
64	Commonwealth State Housing Agreement	Unqualified	Not applicable
65	University of Canberra Research Income Return	Unqualified	Not applicable
66	Gungahlin Cemetery Perpetual Care Trust	Unqualified	Not applicable
67	Hall Cemetery Perpetual Care Trust	Unqualified	Not applicable
68	Nicholls Primary School Joint Facilities	Unqualified	Not applicable
69	Woden Cemetery Perpetual Care Trust	Unqualified	Not applicable
70	Legal Aid Commission – Annual Revenue and Expenditure Statement Acquittal	Unqualified	Not applicable

APPENDIX E AUDIT OFFICE REPORTS

Audit Reports published in the last three years are listed below.

Reports Published in 2008-09

Report No. 4 / 2009	Delivery of Ambulance Services to the ACT Community
Report No. 3 / 2009	Management of Respite Care Services
Report No. 2 / 2009	Follow-up Audit: Implementation of Audit Recommendations on Road Safety
Report No. 1 / 2009	Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive
Report No. 8 / 2008	2007-08 Financial Audits
Report No. 7 / 2008	Proposal for a Gas-Fired Power Station and Data Centre – Site Selection Process
Report No. 6 / 2008	Annual Report 2007-08
Report No. 5 / 2008	Administration of the Freedom of <i>Information Act 1989</i>
Report No. 4 / 2008	Maintenance of Public Housing

Reports Published in 2007-08

Report No. 3 / 2008	Records Management in ACT Government Agencies
Report No. 2 / 2008	Management of Calvary Hospital Agreements
Report No. 1 / 2008	Chris21 Human Resource Management System: Procurement and Implementation
Report No. 8 / 2007	2006-07 Financial Audits
Report No. 7 / 2007	The Aged Care Assessment Program and the Home and Community Care
Report No. 6 / 2007	Annual Report 2006-07
Report No. 5 / 2007	The FireLink Project

Reports Published in 2006-07

Report No. 4 / 2007	Regulation of ACT Liquor Licences
Report No. 3 / 2007	Collection of Fees and Fines
Report No. 2 / 2007	Agency Implementation of Audit Recommendations
Report No. 1 / 2007	Credit Card Use, Hospitality and Sponsorship
Report No. 9 / 2006	Sale of Block 8, Section 48, Fyshwick
Report No. 8 / 2006	2005-06 Financial Audits
Report No. 7 / 2006	Annual Report 2005-06
Report No. 6 / 2006	Vocational Education and Training
Report No. 5 / 2006	Rhodium Asset Solutions Limited

Details of reports published prior to 2006-07 can be obtained from the ACT Auditor-General's Office or the ACT Auditor-General's homepage: <http://www.audit.act.gov.au>.

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Note 1: The Office did not publish specific strategic indicators. However, its strategic direction was taken into account in determining the performance indicators included in the Statement of Performance.

Note 2: Due to the nature of the audit work, the Office does not provide services to the ACT community that meet the specific Government objectives under the Strategic Bushfire Management Plan.

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