

MEDIA RELEASE**19 December 2023****2022-23 Financial Audits
Financial Results and Audit Findings**

Mr Michael Harris, the Auditor-General, today presented a report on the financial results and audit findings from the 2022-23 financial audits to the Speaker for tabling in the ACT Legislative Assembly.

Mr Harris said, 'The financial results of the ACT Government and agencies provide useful information to the community about the state of the Territory's finances and the financial impact of government decisions over time'.

Territory's operating performance

The net operating balance measures the difference between the Territory's expenses and its revenue. The Territory incurred a net operating balance deficit of \$892 million in 2022-23 which means that the Territory's expenses exceeded its revenue by \$892 million. This was \$29 million higher than the deficit anticipated in the budget. The Territory estimates that net operating deficits will continue to be incurred for the next four years as expenses are forecasted to continue to exceed revenue. However, they are anticipated to steadily decline from \$794 million in 2023-24 to \$214 million by 2026-27.

Borrowings

The Territory's borrowings have significantly increased over the last four years, more than doubling from \$4 476 million in 2019 to \$9 869 million in 2023. The Territory's borrowings increased by \$361 million from the prior year to \$9 869 million at 30 June 2023 and is estimated to increase by almost 70 percent to \$16 455 million by 30 June 2027.

Unfunded superannuation liability

The unfunded superannuation liability at 30 June 2023 was \$5 228 million. This is estimated to decrease by \$1 220 million (23 percent) to \$4 008 million in 2024 and continue to steadily decline over the forward years. A large decrease in the liability anticipated in 2024 is mainly due to the use of a higher long term discount rate used to calculate this liability for the purposes of the budget estimates.

Audit findings

The total number of audit findings reported in 2022-23 was 52, and this comprised of 29 new audit findings and 23 previously reported findings that were either not resolved or only partially resolved. Almost half of the reported findings related to internal controls.

Agencies need to continue to focus on maintaining appropriate governance arrangements, implementing well designed and effective internal controls, improving reporting practices and promptly addressing the recommendations made by the Audit Office to resolve reported audit findings in a timely manner.

Computer Information Systems

The Audit Office assessed controls over computer information systems used by agencies to prepare their financial statements as satisfactory. This means that these controls provide reasonable assurance that the information reported by agencies in their financial statements from these systems is reliable, accurate and complete.

There are however control weaknesses in the computer information systems that were identified which agencies need to address to further reduce the risk of errors including fraud in their financial information, unauthorised access to sensitive information, and cyber security attacks.

Copies of **2022-23 Financial Audits – Financial Results and Audit Findings: Report No. 11/2023** are available from the ACT Audit Office's website: www.audit.act.gov.au. If you need assistance accessing the report, please phone 6207 0833.