

ACT Auditor-General's Office

Annual Report 2010-11



ACT AUDITOR-GENERAL'S OFFICE



Mr Shane Rattenbury MLA
The Speaker
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Mr Speaker

I have attached the Annual Report of the ACT Auditor-General's Office for the year ended 30 June 2011. During the year, Ms Tu Pham concluded her term as Auditor-General and for the remaining three months of the year, Mr Bernie Sheville was Acting Auditor-General.

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

Based on advice, I certify that:

- the Annual Report is an honest and accurate account of the operations of the Auditor-General's Office during the period from 1 July 2010 to 30 June 2011; and
- fraud prevention has been managed in accordance with the Public Sector Management Standard 2, Part 2.4.

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

Yours sincerely

Dr Maxine Cooper
Auditor-General
29 September 2011

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LIST OF ABBREVIATIONS AND GLOSSARY

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

1. EXECUTIVE SUMMARY

Introduction

The 2010-11 financial year saw the previous Auditor-General, Ms Tu Pham, complete her seven-year term with the Audit Office in March 2011. The Audit Office's good performance was recognised in the report of the independent performance audit of the Office conducted in the last part of Ms Pham's term. This was achieved because of the high quality professional work, support and dedication of the Audit Office's staff and management team.

Mr Bernie Sheville was Acting Auditor-General for the last three months of the financial year. Ms Pham and Mr Sheville strongly guided the activities of the Office and supported staff. This has ensured that, even during a time of change in leadership, the Office continued to efficiently and effectively discharge its functions. I wish to recognise their efforts, in particular, Ms Pham over her seven-year term as Auditor-General.

The 2010-11 financial year has seen many achievements as the Audit Office continued to meet the needs of the ACT Legislative Assembly and provided guidance to ACT Government agencies on their performance.

The Audit Office acknowledges and appreciates the continued strong support of the Public Accounts Committee (PAC). The PAC's insights, as reflected in recommendations from its inquiry into the *Auditor-General Act 1996*, strive to improve the Office's capacity to perform its functions.

Performance audits

The Audit Office planned to complete six performance audits in 2010-11. To ensure these audits were relevant and useful, the Office conducted a thorough topic selection process. This included consulting with members of the Legislative Assembly (particularly the PAC) and agency heads.

Seven audits were completed in 2010-11 compared to six in 2009-10. These audits covered a broad range of subjects of interest to the ACT Legislative Assembly and wider community. The performance audits undertaken considered such matters as the adequacy of bus services, mental health services, student support services (high schools) and management by ACT Government agencies of feedback and complaints.

Recommendations in performance audit reports accepted in full by agencies increased from 72 percent in 2009-10 to 86 percent in 2010-11. In 2010-11, there were no recommendations that were not agreed to by agencies.

Most agencies audited (80 percent) indicated they were satisfied with performance audits; however, this rating was less than the targeted and prior year satisfaction rates of 95 percent and 88 percent respectively.

Agency feedback indicates that the Audit Office should continue its work on enhancing agency understanding of the audit process and further improve aspects of its management of the agency relationship and expectations during audits. Two agencies responding to a

performance audit advised that the performance audit team did not understand their operations. The Office carefully considered these and other comments made by agencies and, where appropriate, will improve practices accordingly.

Financial audits

The Audit Office successfully completed its annual program of audits of financial statements and reviews of statements of performance. The Office completed 80 audits of financial statements (2009-10, 74) and 30 reviews of statements of performance (2009-10, 28).

Although the percentage of financial audits completed within the agreed timetable fell from 93 percent in 2009-10 to 79 percent in 2010-11, this was largely due to factors outside the control of the Audit Office. All audits were completed in time for agencies to meet their statutory reporting requirements.

The acceptance rate of financial audit recommendations (89 percent) was slightly below the target and prior year's acceptance rates of 95 percent and 92 percent respectively. The continuing high acceptance rate indicates that the Audit Office's recommendations are sound and that agencies are willing to improve aspects of their operations.

Representations

The Audit Office responded to matters raised by the ACT Legislative Assembly and members of the community. The annual performance audit program was changed to include two audits arising from representations, namely:

- waiting lists for elective surgery; and
- the effectiveness of the processes used by ACT Government agencies in the planning, designing and constructing of the North Weston Pond in the Molonglo Valley.

Working with agencies

As in previous years, the Audit Office attended meetings of internal audit committees of ACT Government agencies, held agency information seminars for both financial and performance audits and provided briefings to agencies when requested.

The Audit Office will focus on strengthening relationships with ACT Government agencies and enhancing agency confidence in the audit process by:

- promptly seeking and responding openly to feedback provided by agencies;
- ensuring agencies are properly briefed on the audit approach and scope of audit work; and
- ensuring that agencies are provided with more opportunity to critically review and comment on reports prepared by the Office prior to their finalisation.

Managing the Audit Office

The Audit Office continued to operate under its Strategic Plan for 2008-11. This Plan is supported by an annual action plan which assigns tasks to staff. The Office's Executive Committee regularly monitors these tasks, including the annual performance audit and financial audit programs.

In the Audit Office's annual staff survey, 92 percent of staff indicated they 'were aware of and understand the Audit Office's goals and values' and 'understood how their role contributed to the Office's strategic directions'.

The Audit Office ensured that its governance arrangements were effective. This included ensuring that appropriate risk and fraud management arrangements were implemented. The Executive Committee monitored the implementation of the Office's risk management and business continuity plans and fraud prevention policy. However, the Office's internal audit arrangements were adversely affected by the loss of several key staff during 2010-11. The Office will be recommencing a program of internal audits in the 2011-12 financial year, following the appointment of a new independent chair and completion of recruitment activities.

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

In 2010-11, as in previous years, staff satisfaction rates were high with 81 percent of surveyed staff indicating they were 'satisfied' with their job, 89 percent were 'proud' to work at the Audit Office and 73 percent believed the Office is 'a great place to work'. The annual staff survey also indicated that staff had confidence in the executive team and appreciated the Office's commitment to providing a flexible and family friendly workplace, support in a personal crisis and learning and development opportunities. Staff suggestions to improve aspects of the Office continued to receive close attention from the executive team.

Notwithstanding the positive staff feedback, the Audit Office experienced a high staff turnover in 2010-11, as experienced staff retired and other staff accepted job opportunities in the private and public sectors. The high staff turnover is expected to continue with a significant proportion (42 percent) of staff indicating they will probably leave the Office within the next three years. It is likely that the Office will need to undertake more frequent recruitment action and increase its use of contractors to complete its audit programs, at least in the short-term. Although this is a challenge, it is not restricted to the Office and several other Audit Offices and private sector audit services firms face a similar situation.

Financial results

In 2010-11, the Audit Office's revenue of \$5.4 million consisted largely of financial audit fees of \$3.2 million and appropriation of \$2.2 million. Consistent with the cost recovery nature of its operations, the Audit Office expects to generate essentially break-even operating results.

Executive summary

In 2010-11, the Audit Office incurred an operating deficit of \$210 635, compared to a budgeted deficit of \$49 000. This deficit included unbudgeted and unavoidable 'one-off' costs associated with the incoming Auditor-General (employee entitlements for prior service of \$346 516 and recruitment costs of \$82 462). Excluding these costs, the Office generated an 'underlying' operating surplus of \$218 343.

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

The future

The Audit Office expects to generate essentially break-even operating results (mostly small deficits) over the period of the budget estimates from 2011-12 to 2014-15.

The Audit Office will continue to work independently in fulfilling its legislative responsibilities and addressing requirements of the ACT Legislative Assembly and community, deliver its planned audit programs within budget, promote accountability and scrutinise the spending of public money.

Dr Maxine Cooper
Auditor-General

29 September 2011

2. THE AUDIT OFFICE

OVERVIEW

The Auditor-General is a statutory position under the *Auditor-General Act 1996* and is responsible for auditing all ACT Public Service agencies. The Auditor-General provides assurance and independent advice to the community, through the ACT Legislative Assembly, that the ACT Public Service is accountable and managed in an effective and efficient manner. The Audit Office supports the Auditor-General in carrying out these duties.

The *Auditor-General Act 1996* sets out the functions and powers of the Auditor-General. These are to:

- promote accountability in the public administration of the Territory;
- audit annual financial statements of the Territory and its agencies under the *Financial Management Act 1996*; and
- conduct performance audits.

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

Vision, outcomes and objectives

The Strategic Plan sets out the vision, role, and values of the Audit Office and also defines the Office’s outcomes and objectives. The Strategic Plan is available on the Office’s website (<http://www.audit.act.gov.au>).

The vision of the Audit Office is ‘to enhance the performance and accountability of the ACT Public Service’ and its desired outcomes are to achieve:

- an accountable, effective and efficient ACT Public Service; and
- a highly valued Audit Office.

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

- inform the ACT Legislative Assembly and community of the performance of the ACT Public Service;
- contribute to improving the performance of ACT Government agencies;
- anticipate and respond to the needs of the ACT Legislative Assembly and other stakeholders;
- enhance staff competencies, knowledge, and expertise; and
- manage its operations efficiently and within the budgeted funds.

Values of the Audit Office

The core values that guided the Audit Office’s work and behaviours of its staff are set out below:

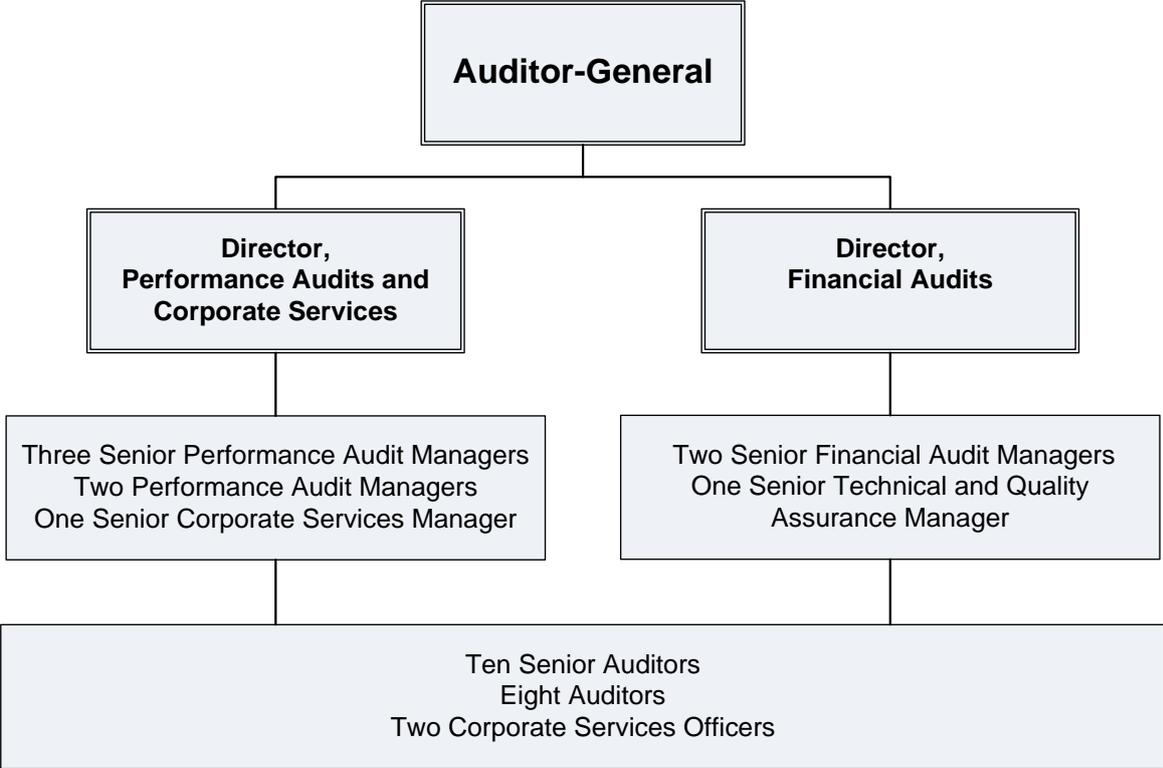
- Independence:** our views are impartial and objective
- Integrity:** we exhibit the highest standards of ethical behaviour
- Professionalism:** our work reflects our commitment and is consistently of a high standard
- Respect:** we are trustworthy, honest, and respectful in our dealings with colleagues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

Organisational structure

The Audit Office is functionally divided into two operational units, each led by a Director:

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

The following diagram shows the structure of the Audit Office for most of the 2010-11 financial year.



Audit Office's stakeholders

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

ACT Legislative Assembly and community

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

ACT Public Service agencies

ACT Public Service agencies use the work of the Audit Office to assist in improving their operations. The Office's work keeps agencies accountable for their performance and assists agencies to meet their obligation to provide true and fair 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 *Government Procurement Act 2001*.

Auditor-General Act 1996 (the A-G Act)

The Audit Office operates principally under the A-G Act. The A-G Act requires the Territory to have an Auditor-General and prescribes the functions and powers of the Auditor-General and the administration of the Office.

The A-G Act provides a statutory mandate for financial and performance audits of public sector agencies.

The A-G Act supports the independence of the Auditor-General by providing that the Auditor-General is not subject to direction by the Executive or any Minister in the exercise of the Auditor-General's functions. The Auditor-General reports directly to the ACT Legislative Assembly in connection with the exercise of these functions.

Public Sector Management Act 1994 (PSM Act)

The PSM Act sets out the administrative arrangements for the management of the ACT Public Service.

Audit Office staff (except for the Auditor-General, who is appointed under the A-G Act) are employed under the PSM Act.

Financial Management Act 1996 (FMA)

The FMA addresses the financial management and associated accountability requirements of the Territory and its agencies.

The FMA requires the Audit Office to audit the financial statements of the Territory and its agencies and, where applicable, review the statements of performance of agencies.

The FMA also requires the Audit Office to effectively and efficiently manage its financial operations.

Territory-owned Corporations Act 1990 (ToC Act)

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

The ToC Act also requires Territory-owned corporations to appoint the Auditor-General as their statutory auditor under the *Corporations Act 2001*. Consequently, the Audit Office performs the audit of the financial statements of Territory-owned corporations under the *Corporations Act 2001*.

Public Interest Disclosure Act 1994 (PID Act)

The Auditor-General is a proper authority for the receipt of disclosures under the PID Act.

The main responsibilities regarding any disclosure received by the Audit Office are to investigate the disclosure or refer it to another proper authority for investigation.

The Audit Office also has the authority to act on a disclosure where there is not a proper authority to investigate it, or where a proper authority had been unable or failed to act adequately on a disclosure.

Government Procurement Act 2001

If requested by the Auditor-General under the *Government Procurement Act 2001*, the 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 *Government Procurement Act 2001*.

HIGHLIGHTS

Overall, the Audit Office performed well in 2010-11. In particular, the Office:

- completed 80 financial audits and reviewed 30 statements of performance. Although several audits were not completed by the required timetable, this was largely due to factors outside the control of the Office. All audits were completed in time for agencies to meet their statutory reporting requirements;
- completed a report summarising the outcomes of the 2009-10 financial audits;

- completed seven performance audits compared to six in 2009-10. These audits covered areas of interest to the ACT Legislative Assembly and wider community;
- attended Legislative Committees' public hearings and Public Accounts Committee private briefings and made submissions to these Committees. The Office provided submissions in relation to the 'Inquiry into Calvary Public Hospital Options' (Standing Committee on Health, Community and Social Services) and 'Inquiry into the *Auditor-General Act 1996*' (Standing Committee on Public Accounts);
- received a satisfactory or better overall performance rating from most agencies surveyed in relation to completed financial audits (100 percent) and performance audits (80 percent);
- achieved a high rate of acceptance by agencies of recommendations made in 2010-11 financial audits (89 percent), and performance audits (86 percent);
- achieved a high level of staff satisfaction with 81 percent of staff expressing satisfaction with their job; and
- promptly addressed agreed recommendations from the 'Report of the Independent Performance Audit of the Operations of the ACT Auditor-General and the ACT Audit Office' (3 May 2010), performed by Bob Sendt and Associates.

OUTLOOK

The Audit Office's work will continue to focus on financial and performance audit activities. The Office expects there will continue to be an interest in this work by the Legislative Assembly and wider community, particularly in the results of performance audits that identify areas for improvement in the delivery of public services. The Office will also be expected to deliver high quality financial audits and draw attention to areas where governance, risk and fraud management arrangements and internal controls implemented by reporting agencies could be improved.

The ACT Government accepted many of the recommendations in the February 2011 report titled 'Governing the City State' prepared by Allan Hawke ('the Hawke review') and announced a series of changes, including the formation of a single ACT Department supported by nine Directorates. The impact of the review will be assessed as the ACT Government announces details of changes flowing from the review. The Office does not believe there will be significant changes to its performance audit or financial audit programs as a result of the Hawke review.

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

The Audit Office anticipates that it will continue receiving representations from the community and members of the ACT Legislative Assembly. The Office will therefore regularly reassess the priorities of its performance audits and other advisory activities to ensure it responds effectively to these representations.

In recent years, the Audit Office has been required to address several new and revised auditing standards. Compliance with these standards, particularly those covering the

quality assurance requirements for the Office, will continue to present a challenge due to the Office being small. The Office will remain focussed on embedding the many requirements of the standards in its activities and ensuring that it can demonstrate compliance with these requirements.

The Audit Office expects that its small quality assurance and technical services team will help in this regard. This team was established to enhance the quality of financial and performance audits, increase the Office's capacity to address technical audit and accounting issues, including the provision of authoritative advice on accounting reporting matters to financial audit teams and reporting agencies.

In 2010-11, the Audit Office experienced a high staff turnover (33 percent) and unplanned staff absences. Recruitment action has often not identified suitable applicants. Private sector audit firms also experienced significant difficulties in providing staff to the Office. The Office expects that it will continue to be difficult to obtain the skilled staff needed to complete its financial and performance audit programs.

In this challenging environment, the Audit Office will need to conduct recruitment action more frequently and increase the use of private sector auditors and outsourcing of audits to the private sector. The increased use of private sector contractors will place pressure on the Office's budget.

3. ANALYSIS OF PERFORMANCE

PERFORMANCE AUDIT ACTIVITIES

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

Performance auditing involves the systematic and objective examination of ACT Government activities. The objectives of a performance audit are to:

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

The Audit Office must comply with the relevant principles, procedures and guidance contained in Australian Auditing Standards when conducting performance audits.

Performance audits are the most visible activity of the Audit Office. Performance audit reports receive attention from the ACT Legislative Assembly and wider community and are often reported and commented on in the media.

The Audit Office develops a performance audit program after consultation with the Public Accounts Committee (PAC), other committees of the ACT Legislative Assembly and ACT Government agencies.

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

Meeting targets

Table 3.1: Performance indicators for performance audits

Performance indicators	2009-10 Actual	2010-11 Actual	2010-11 Target
Number of performance audit reports presented to the Legislative Assembly	6	7	6
Average period of completion of audits	8.7 months	6.5 months	7 months
Percentage of agencies satisfied with performance audits	88%	80%	95%
Percentage of recommendations accepted in performance audits	72%*	86%*	95%*

* 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 internal targets.

The Audit Office completed seven performance audit reports in 2010-11, exceeding the target and prior year result of six reports.

Five of these audits were included on the Performance Audit Program for 2010-11. The remaining two audits were undertaken in response to representations made to the Audit Office during the year.

Careful planning of audits, particularly in determining the audit scope and use of some contracted expertise, allowed the Office to shorten the average time taken to complete performance audits tabled from 8.7 months in 2009-10 to 6.5 months in 2010-11. The good result was inside the targeted completion timeframe of 7 months.

The Audit Office experienced a particularly high performance audit staff turnover of 43 percent in 2010-11. The Office also experienced significant difficulties in replacing staff and filling vacant positions.

The adverse effects of this high staff turnover did not prevent the achievement of the planned number of audit reports in 2010-11. However, the performance audit program was disrupted and audit teams were re-organised in the latter half of the financial year. The high turnover is likely to lead to some delays in finalising current audits, particularly in the first half of the 2011-12 financial year.

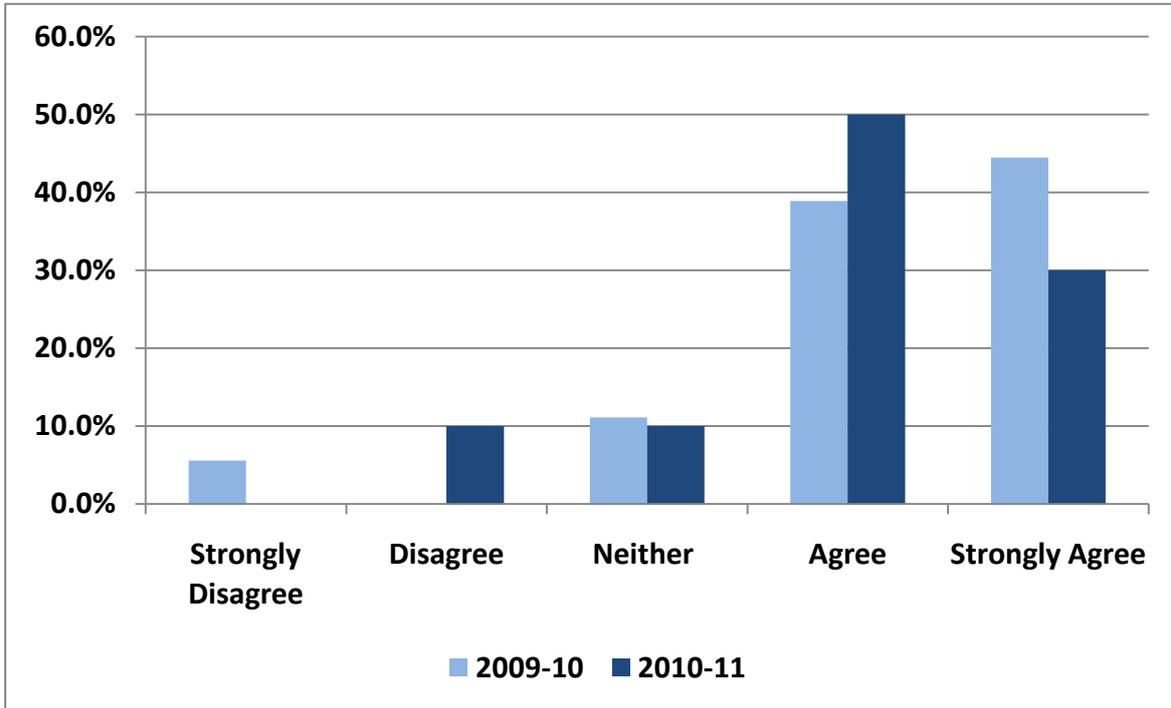
The Audit Office will strive to sustain the timely completion of performance audits, but is under pressure from the high staff turnover. Given the difficulties experienced in attracting and retaining staff, the Office will explore other means to provide the capacity needed to deliver its program of audits. The Office expects to increase its use of contractors, at least in the short term, to assist in completing the performance audit program.

Consistent with the Audit Office's role in improving accountability and performance of ACT Government agencies, the recommendations in performance audit reports aimed to address areas of concern identified during the audit. The extent to which agencies accept the Office's recommendations provides an indication of the effectiveness of the performance audits (although this would be more accurately measured by the implementation of the recommendations and improved practices that result over time). Agencies agreed to fully implement 66 (86 percent) of the 77 recommendations made in the seven performance audits completed during 2010-11. The acceptance rate was higher than the previous year's rate of 72 percent. Although this rate fell short of the target acceptance rate (95 percent), all remaining recommendations were either agreed 'in part' or 'in principle'.

Audited agencies are surveyed following the completion of each performance audit. The results for two important questions are in Figures 3.1 and 3.2 on the following page.

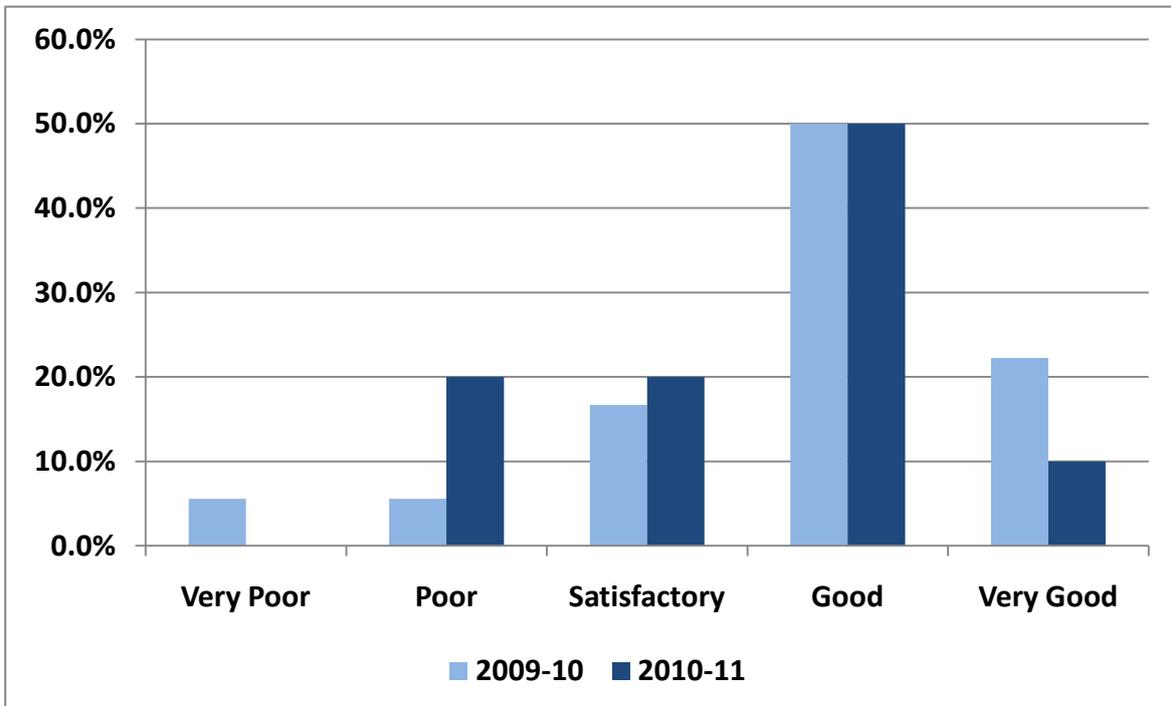
Feedback in the surveys shows that agencies generally value the work of the Audit Office. The feedback was mostly positive, with 80 percent of survey respondents indicating they were satisfied with performance audits. However, this result was lower than the target and prior year satisfaction rates of 95 percent and 100 percent respectively. Two agencies rated the overall performance of the Office as 'poor' and expressed concern that the performance audit team did not understand the agencies' operations. The Office consults with agencies regarding their concerns and, where appropriate, will improve practices.

Figure 3-1: Agencies' responses to survey question: 'The audit will help our organisation to improve administration of the audited activity'



Source: Agency satisfaction surveys.

Figure 3-2: Agencies' responses – 'Performance audit - overall performance'



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

Performance audits tabled in 2010-11

Seven performance audit reports were tabled in the Legislative Assembly in 2010-11. They were:

- Report No. 5 / 2010 Delivery of ACTION Bus Services;
- Report No. 7 / 2010 Management of Feedback and Complaints;
- Report No. 8 / 2010 Delivery of Mental Health Services to Older Persons;
- Report No. 9 / 2010 Follow-up audit – Courts Administration;
- Report No. 1 / 2011 Waiting Lists for Elective Surgery and Medical Treatment;
- Report No. 2 / 2011 Residential Land Supply and Development; and
- Report No. 3 / 2011 The North Weston Pond Project.

Report No. 5 / 2010 Delivery of ACTION Bus Services

The Audit Office reviewed the effectiveness of ACTION bus services provided by the Department of Territory and Municipal Services (TAMS). The Office considered the following aspects of delivery of bus services:

- ACTION's governance structure for the management of its performance;
- the timeliness and reliability of bus services;
- ACTION's procedures to analyse, monitor and reports on safety issues regarding drivers, passengers and road users;
- ticketing systems;
- bus infrastructure and services; and
- customer service.

The Audit Office concluded that TAMS had not coordinated and managed bus services delivered by ACTION in an effective manner.

ACTION and TAMS agreed with all 12 recommendations of the audit report and have started to address the issues identified for improvement.

Report No. 7 / 2010 Management of Feedback and Complaints

The Audit Office considered the effectiveness of feedback and complaints management in TAMS and Canberra Connect. The Office assessed the adequacy of systems and processes implemented to:

- receive and respond to feedback and complaints in TAMS and Canberra Connect in a timely and appropriate manner;
- ensure feedback and complaints received by Canberra Connect are directed to appropriate business groups within TAMS for action; and
- ensure that feedback and complaints information contributes to improvements in TAMS' operation and in service delivery.

The Audit Office found that:

- TAMS and Canberra Connect had a sound framework within which they recognise and respond to feedback and complaints provided by the community, including a good management information system;
- most issues raised by ACT residents through various communication options were considered in a timely manner and, in most cases, action was taken by the responsible business areas within TAMS. There was, however, a lack of ongoing communication with the providers of feedback and complaints to keep them informed of action taken; and
- policies, procedures and guidelines for staff involved in handling complaints and feedback were not adequate, and there were shortcomings in ongoing monitoring, review and analysis of feedback and complaints.

The Audit Office made nine recommendations to address the issues raised. TAMS agreed to eight recommendations and partially agreed to one.

Report No. 8 / 2010 Delivery of Mental Health Services to Older Persons

The Audit Office examined the delivery of mental health services to older persons in the community. The Office focused on ACT Health's capability and capacity to meet the mental health needs of older persons and assess the administrative, operational and governance arrangements for the delivery of services.

The Audit Office concluded that ACT Health had generally implemented good processes for monitoring and reviewing its mental health services to older persons and had responded to referrals in a timely manner. However, the Office found there was scope for improving the delivery of these services by addressing the following deficiencies:

- ambiguous entry and exit criteria for older persons with mental health illnesses;
- the lack of feedback mechanisms to referrers;
- the lack of reporting on the impact of growth in client numbers and inadequate analysis on the various types and prevalence of mental health illnesses being assessed and treated;
- the lack of collaborative and co-ordinated planning with relevant key stakeholders in the community;
- poor compliance regarding the use of the agency's mental health data collection system;
- inconsistencies in conducting suicide risk assessments; and
- weaknesses in monitoring and review of individual consumers.

The Audit Office made sixteen recommendations to improve the delivery of mental health services. ACT Health agreed to all recommendations.

Report No. 9 / 2010 Follow-up audit – Courts Administration

Performance audit report – ‘Courts Administration’ (Report No. 4 / 2005) was tabled in September 2005. The Standing Committee on Public Accounts (PAC) subsequently held an inquiry into the report and made further recommendations to improve courts administration.

This follow-up audit reviewed the progress made by the Department of Justice and Community Safety (JACS) in implementing the recommendations from the 2005 performance audit report and relevant recommendations from the PAC inquiry.

The Audit Office found that JACS had implemented some measures to improve courts administration; however, progress had been slow and several recommendations had not been fully implemented.

The Audit Office made eight recommendations to address the issues raised. JACS agreed or agreed in principle to all recommendations.

Report No. 1 / 2011 Waiting Lists for Elective Surgery and Medical Treatment

On 23 June 2010, the ACT Legislative Assembly passed a resolution to request the Auditor-General to conduct an audit of waiting lists for elective surgery and medical treatment.

The Audit Office considered whether:

- information on waiting lists published by ACT Health was complete, reliable and timely;
- ACT Health effectively managed the elective surgery policy and related systems and procedures to promote clinically appropriate, consistent and equitable treatment of patients in public hospitals; and
- access to medical services (non-surgical) was effectively managed and timely.

The Audit Office found that elective surgery waiting lists were administered within a sound framework of policies, guidelines and procedures. However, the Office identified significant deficiencies in the management of waiting lists including:

- ACT Health’s implementation and monitoring processes were not managed well to deliver the intended outcomes;
- current practices in compiling the waiting lists had compromised the policy intention of promoting clinically appropriate, consistent and equitable management of elective surgery waiting lists; and
- the strategies implemented by ACT Health had not been adequate to address increased demand, and reduce the waiting lists for elective surgery.

The audit made eleven recommendations to address the issues raised. ACT Health agreed, agreed in principle or partially agreed to all recommendations.

Report No. 2 / 2011 Residential Land Supply and Development

The Audit Office examined the effectiveness of processes for supplying and developing land for residential purposes adopted by ACT Government agencies. This included an

examination of selected housing affordability initiatives to the extent that they affected land planning and releases.

The Audit Office found that:

- land supply and release process and programs had not been effective in achieving the ACT Government's stated objectives, which included meeting demand, providing affordable land and housing and establishing an inventory of serviced land; and
- there was scope for improvement in strategic management, monitoring of industry activity and adopting a robust approach to identifying and responding to residential land demand. There was also a need for clear reporting by ACT Government agencies on the supply of 'shovel-ready' land to the market, to provide more certainty to stakeholders in the industry and to the community.

The Land Development Agency, Department of Land and Property Services and ACT Planning and Land Authority agreed to all thirteen audit recommendations, either in full or in principle.

Report No. 3 / 2011 The North Weston Pond Project

The Audit Office assessed the effectiveness of processes used by ACT Government agencies in planning, designing and constructing the North Weston Pond in the Molonglo Valley.

The Audit Office concluded that ACT Government agencies did not effectively manage the North Weston Pond project to ensure the project was completed for the budgeted cost within the planned timeframe. The Office found there was a failure by ACT Government agencies to:

- apply a robust risk management framework;
- implement appropriate project governance or oversight arrangements to benefit from the combined knowledge and expertise of the different agencies and consultants involved in the project;
- critically assess the feasibility or otherwise of the pond at key points throughout the project, including cost implications of information that was available; and
- critically review the work and advice provided by consultants engaged in the project.

The audit made eight recommendations to address these shortcomings. All three agencies agreed to the eight recommendations, with one agency agreeing in part to one recommendation.

Audit methodology

The performance audit team continued to refine its use of the audit software (ASPIRE - a tailored version of the software used for performance management systems audits in the Queensland Audit Office). The software promotes a consistent approach to audit documentation and project management. Its use on audits has highlighted the need to

develop further the 'library' of templates to suit the operational needs of the Audit Office. This is an ongoing project.

Monitoring and improving the quality of performance audit work

The Audit Office also seeks to improve the quality of its performance audits by undertaking quality assurance reviews of selected audits. In 2010-11, the Queensland Audit Office assisted with an internal peer assessment of two performance audits. This review considered the quality of the Office's work and progress with the implementation of ASPIRE.

The findings of these reviews were generally positive. However, the reviewer recommended that:

- the role and responsibility of the internal quality assurance reviewer, including the planned timing of their involvement, be documented;
- documentation of initial internal audit team planning meetings be improved;
- all 'planning' stages for each audit be completed and documented within ASPIRE before the audit fieldwork commences; and
- all team members, irrespective of whether they are core team members or have a peripheral role, complete declarations confirming that they have no conflict of interest in participating in the audit.

These findings are being progressively addressed in subsequent audits.

The Audit Office also sought external assistance for a review of its performance audit reports. Three reports were examined by a panel of independent reviewers. The reviewers assessed these reports against the following criteria:

- scope and potential for significant impact;
- focus on effectiveness, efficiency and economy;
- persuasiveness of conclusions;
- communication (published report and online); and
- usefulness to the audited agency.

The reviewers provided a positive overall assessment of performance audit reports. The reviewers also provided suggestions to improve the clarity and presentation of these reports. These suggestions will be considered in the preparation of future reports.

FINANCIAL AUDIT ACTIVITIES

Reporting

The Audit Office provides independent reports on the financial statements and, where applicable, statements of performance prepared by the Territory and ACT Government

directorates, authorities, companies and other entities. These reports provide readers of the financial statements and statements of performance with an impartial opinion on whether the information being reported is fairly presented.

In most cases, these reports are required by legislation such as the *Auditor-General Act 1996*, *Financial Management Act 1996* and *Corporations Act 2001*. Audits are also performed pursuant to other requirements such as grant and land joint venture agreements.

The Audit Office must comply with the relevant Australian Auditing Standards when conducting financial audits.

Each year, the Audit Office tables a report that provides a summary of major findings identified during completion of the Office's annual program of audits and reviews.

Report No. 10 / 2010 2009-10 Financial Audits

This report is prepared annually and includes a summary of the significant issues identified during the completion of the 2009-10 audit program. This report included:

- an assessment of the quality and timeliness of reporting by ACT Government agencies;
- an analysis of the financial results and budget performance of the Territory and many of its agencies;
- information about weaknesses found in governance arrangements and internal controls implemented by agencies, legislative breaches, errors, and fraud; and
- reports on the progress made by agencies in addressing previously reported audit findings.

This report disclosed that the Audit Office:

- issued 78 unqualified audit reports on financial statements; and
- qualified three of the 30 reports of factual findings issued on agencies' statements of performance because some performance indicators had not been measured.

The overall quality of financial reporting improved in 2009-10. The Audit Office rated 83 percent of the financial statements submitted for audit in 2009-10 as 'satisfactory' or 'good'; up from the 70 percent rated as 'satisfactory' or 'good' in 2008-09. The few agencies that did not prepare satisfactory financial statements tended to rely excessively on the financial audit process, rather than their reporting processes, to prepare their financial statements.

The quality of statements of performance prepared by agencies also improved with the percentage of 'satisfactory' or 'good' statements of performance increasing from 64 percent in 2008-09 to 74 percent in 2009-10.

Despite this improvement, there continued to be several instances where the performance of agencies is not being explained meaningfully in statements of performance, because the performance indicators and related performance targets selected by ACT Government agencies were not useful or relevant.

Improving financial and performance reporting

The Audit Office again provided technical advice on accounting and reporting matters to many reporting agencies.

The Treasury Directorate provides written accounting and reporting guidance to ACT Government agencies, to assist agencies in preparing their financial statements and statements of performance. The Treasury Directorate often consults the Audit Office on this guidance material before it is released to agencies. This consultation process provides agencies with additional assurance that their financial statements will comply with relevant accounting and reporting requirements and will be completed and audited within tight whole-of-government reporting timeframes.

In 2010-11, the Audit Office provided advice to the Treasury Directorate on:

- the ‘model’ financial statements used by agencies to prepare their annual financial statements;
- accounting for arrangements between ACT Health and Calvary Public Hospital (service concession arrangements);
- accounting for the provision for make-good for leased premises by agencies; and
- materiality in the preparation of financial statements.

Advice was also provided to agencies on reporting requirements relating to special purpose statements prepared by land joint ventures, accounting for gains and losses arising from contributions between joint ventures (land joint ventures) and accounting for a shared equity scheme (Housing ACT).

The Audit Office continued to work with agencies to ensure that financial statements and statements of performance included in annual reports were of the highest possible standard. The Office often provided advice and suggestions to agencies to improve their financial statements and statements of performance. This constructive approach minimises the risk of unqualified reports being required on agencies’ financial statements and statements of performance.

The Audit Office held its annual financial audit information seminar for agencies. The Office uses this seminar to alert agencies to significant reporting and internal control issues and major changes to reporting requirements. This seminar was well attended by agency representatives. The Office also presented information shared at the seminar with senior executives and internal audit committees of agencies, following requests by these agencies.

Technical advice

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

- qualified reports and other negative findings on financial statements or statements of performance;

- errors or misstatements in the financial statements or statements of performance; and
- agencies not complying with legislative reporting deadlines.

The Audit Office's small quality assurance and technical services team assisted financial audit teams to resolve complex audit and accounting matters as they arose. When required, the technical services team obtained advice from accounting specialists in private sector audit firms to assist in the provision of accounting advice.

Meeting targets

Table 3.2: Performance indicators for financial audit

Performance indicators	2009-10 Actual	2010-11 Actual	2010-11 Target
Quantity			
Number of audit opinions issued on financial statements	74	80	69
Number of reports of factual findings issued on statements of performance	28	30	28
Quality and effectiveness			
Percentage of agencies satisfied with financial audits	100%	100%	95%
Percentage of recommendations accepted in financial audits	92%*	89%*	95%*
Percentage of financial audits completed within the required timetable	93%	79%	100%

- 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 internal targets.

Audit reports and reports of factual findings

The Audit Office, as in previous years, met its reporting obligations and issued an audit report or a report of factual findings in all cases where it was required to do so. The number of audit reports issued on financial statements (80) exceeded the target (69) and the number issued in the previous year (74). This was mainly due to the completion of:

- final audits for the Cleaning Industry Long Service Leave Authority and Construction Industry Long Service Leave Authority. Unexpected additional audits for each of these authorities were required following the transfer of their operations to the newly established ACT Long Service Leave Authority;
- an audit of Rhodium Asset Solutions Limited on request from the Department of Treasury for the period from 1 July 2010 to 30 September 2010 in anticipation of its wind up;
- five audits for the Lyons Estate Redevelopment Joint Venture for the half-yearly reporting periods between 16 May 2007 and 30 June 2009. These audits were expected to have been performed in previous reporting periods, however, the Joint Venture did not provide financial statements to the Audit Office for audit until the 2010-11 financial year;

Analysis of performance

- the audit of NATSEM Pty Limited (the National Centre for Social and Economic Modelling, a subsidiary of the University of Canberra); following the appointment of the Auditor-General as the statutory auditor of this company; and
- two Commonwealth grant acquittals that were omitted from the 2010-11 target.

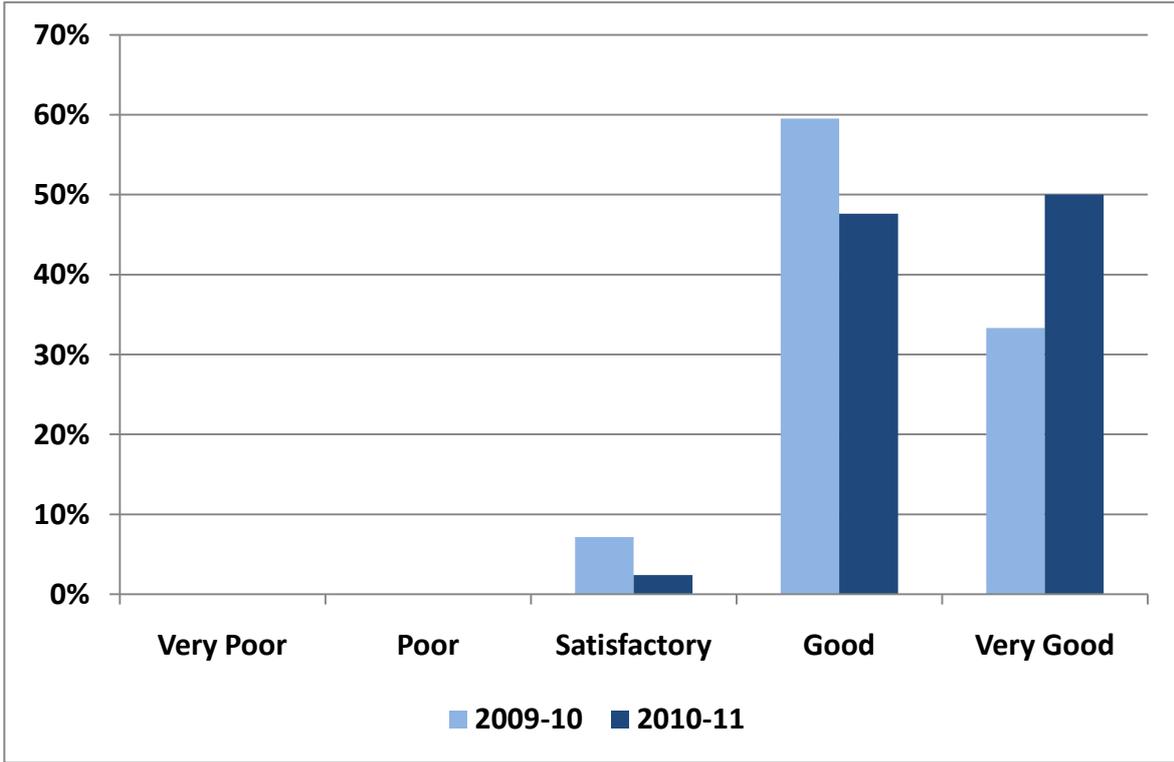
The completed audit reports are listed in the statement of performance on pages 148 to 150.

The Audit Office completed 30 reports of factual findings; two more than the 2010-11 target of 28. Unexpected final reviews of the statements of performance of the Cleaning Industry Long Service Leave Authority and Construction Industry Long Service Leave Authority were required following the transfer of their operations to the newly established ACT Long Service Leave Authority.

The completed reports of factual findings are listed in the statement of performance on pages 148 to 150.

Satisfaction with financial audits

Figure 3-3: Agencies’ responses – ‘Financial audit - overall performance’



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

In 2010-11, the Audit Office’s performance on financial audits was rated highly by agencies. All responding agencies indicated they were satisfied with the Office’s performance, with 50 percent rating the Office’s performance as ‘very good’ (33 percent in 2009-10) and 48 percent rating the Office’s performance as ‘good’ (60 percent in 2009-10).

The Audit Office also sought further information from agencies on specific aspects of its performance in its annual satisfaction surveys to identify areas for improvement. The comments provided by agencies were positive and indicated agencies were largely satisfied with the professional and constructive way in which audits were conducted. Feedback is carefully considered by the Office and where appropriate, discussed with the agency to identify ways of improving audit methods and practices.

No staff left the financial audit team in 2009-10 and the first part of 2010-11. This improved the capacity of the Audit Office to assign audit teams with previous knowledge and experience of the agencies. The experience of the audit teams also received favourable comments in some agency surveys.

The financial audit team lost five experienced team members in the last half of the 2010-11 financial year due to retirement or to pursue opportunities available in the private and public sectors. Efforts to replace these staff were only partially successful and the Audit Office engaged auditors from private sector audit firms for extensive periods to assist in the completion of the 2011-12 audit program.

Losing key staff may adversely affect the performance of the Office, at least in the short term.

Acceptance of audit recommendations

Australian Auditing Standards requires the Audit Office to advise those charged with the governance of the agency of matters of governance interest identified during an audit. Typically, such matters include deficiencies in governance arrangements and internal controls, breakdowns in internal control, poor financial management procedures and errors in the financial statements or statements of performance.

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

Agencies accepted 315 (89 percent) of the 352 recommendations made in 2010-11. This acceptance rate is slightly below the target and prior year acceptance rates of 95 percent and 92 percent respectively. This high acceptance rate indicates that the Audit Office is providing sound advice and practical recommendations to agencies.

Financial audits completed within the required timetable

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

Achievement of this timetable is not within the control of the Audit Office, as it requires reporting agencies to provide satisfactory financial statements to the Office by the scheduled date to allow sufficient time for the audit to be completed. In this context, the Office's target of completing all (100 percent) financial audits within the required timetable is challenging.

The Audit Office completed 63 (79 percent) of the 80 completed financial audits within the 'required timetable'. This result was less than the target (100 percent) and the prior year's result (93 percent).

The failure to meet this performance target and the decline from the previous year's results was largely due to factors outside the Audit Office's control. The timetable was unable to be met where:

- financial statements were not submitted by reporting agencies for audit by the due date; and/or
- agencies needed additional time to correct errors in their financial statements to enable an unqualified audit opinion to be issued.

Further information on the reasons for the audit not being completed within the required timetable is provided in the statement of performance on page 146.

Although these audits were completed later than planned, all audits were completed in time for reporting agencies to meet their statutory reporting deadlines.

Monitoring and improving the quality of financial audit work

The Audit Office seeks to improve the quality of its financial audits by performing internal quality assurance reviews of a selection of audit files.

In 2010-11, the Audit Office implemented a recommendation in the May 2010 'Report of the Independent Performance Audit of the Operations of the ACT Auditor-General and the ACT Audit Office' performed by Bob Sendt and Associates, by introducing the engagement quality control review on significant higher risk audits. This additional review complements other reviews performed on audit files following the completion of audits.

The findings from these quality assurance reviews were generally positive. However, as expected, some areas for improvement were identified. These areas included consistently documenting:

- the audit team's consideration of whether members of the team needed to be rotated from an audit to reduce the risk of a team member losing impartiality as a result of becoming too familiar with the audit;
- the evaluation of the competence and objectivity of the experts (for example, information technology, tax and actuarial experts) used by reporting agencies and the audit team;
- the evaluation and assessment of exceptions noted from the audit tests performed by the audit team as a result of these exceptions;
- the audit team's assessment of the effectiveness of controls in the period between time of the interim audit performed during the reporting period and the end of the reporting period;

- clear and concise explanations for significant variances of actual financial results from budget estimates and prior year actual results; and
- the rationale for sampling method and sample sizes used in audit testing.

Findings from these reviews were addressed in the annual financial audit methodology training held in March 2011. For each audit, financial audit teams are required to complete a checklist indicating that these review findings have been addressed. Future quality assurance reviews will continue to focus on checking that these findings have been consistently addressed.

The Audit Office also requires financial audit contractors to provide details of the findings from the contractor’s quality assurance reviews and to confirm that these findings have been addressed before the audit is completed.

Other activities

In 2010-11, the Audit Office provided an information seminar on its financial audit operations. Feedback provided by attendees was positive and indicates information provided by the Office was relevant and improved attendees’ understanding of the audit process.

The Audit Office’s representatives also regularly attended meetings of the internal audit committees of major agencies. Attendance at these meetings improves communication with agencies and helps the Office to be informed of emerging issues affecting the operations of key agencies.

TRIPLE BOTTOM LINE (TBL) REPORT

Economic TBL performance

Table 3.3: Economic TBL performance

Performance indicators	Note	2009-10	2010-11	Change %
Employee expenses	1			
Number of staff employed (headcount)		37	33	(11)
Number of staff employed (average FTE)		32.1	33.7	5
Total employee expenditure (dollars)		\$3 655 250	\$3 990 394	9
Operating statement	2			
Expenditure (dollars)		\$5 361 913	\$5 662 875	6
Own-source revenue (dollars)		\$3 432 453	\$3 293 240	(4)
Net cost of services (dollars)		\$1 929 460	\$2 369 635	23
Economic viability	3			
Assets (dollars)		\$3 355 259	\$3 266 827	(3)
Liabilities (dollars)		\$1 534 943	\$1 587 263	3

Source: Audit Office records and audited financial statements.

Note 1: Employee expenses

The number of staff employed (headcount) represents the number of staff employed at the end of the 2009-10 and 2010-11 reporting periods.

The decrease in staff numbers shown in Table 3.3 reflects the loss of financial and performance audit staff towards the latter half of the 2010-11 financial year. Recruitment activities undertaken to replace departing staff were only partially successful and audit contractors were engaged from the private sector to assist in completing the 2010-11 financial audit program.

The number of staff employed (average FTE) increased slightly in 2010-11.

Employee expenditure increased by \$335 144 (nine percent). Employee costs included ‘one-off’ employee costs (annual and long service leave) associated with the prior service of the incoming Auditor-General (\$346 516). Salaries increased due to pay rises that included amounts to retain experienced audit staff and a small increase in staff numbers to complete more financial audits. These higher costs exceeded salary savings generated by the loss of staff.

Note 2: Operating statement

This information is obtained from the audited operating statement presented on page 81 to 82. The financial results are also discussed on pages 31 to 36.

Expenditure increased by \$300 962 (six percent) due mainly to the higher employee expenditure mentioned above.

Own-source revenue consists of financial audit fees and other income (mainly interest income, gains on investments and sale of plant and equipment).

Total own-sourced revenue fell by \$139 213 (four percent) in 2010 due mainly to lower financial audit fees and income from workers’ compensation recoveries. This reduction was partially offset by higher interest and distributions earned on bank and investment accounts. Further information is provided on pages 31 to 36 and in Note 6: ‘Financial Audit Fees’ and Note 7: ‘Other Income’ to the financial statements on pages 104 and 105 of this report.

Net cost of services increased by \$440 175 (23 percent) due to the combined effects of higher expenditure and reduced own-source revenue referred to above. The net cost of services was affected by ‘one-off’ costs associated with the incoming Auditor-General (employee entitlements for prior service of \$346 516 and recruitment costs of \$82 462). Had these costs not been incurred, then the net cost of services would have been \$1 940 657; one percent higher than the previous year’s cost of \$1 929 460.

Note 3: Economic viability

Assets and liabilities did not change significantly from the previous year.

The Audit Office has sufficient assets to meet its liabilities. Further information on the Office’s financial position is provided on page 36.

Environmental TBL performance

Table 3.4: Environmental TBL performance

Performance indicators	Note	2009-10	2010-11	Change %
Fleet transport	1			
Number of fleet vehicles		0	0	0
Fleet transport fuel used (kilolitres)		0	0	0
Direct greenhouse emissions of the fleet (tonnes of CO ₂ -e*)		0	0	0
Energy use	2			
Stationary energy use (megajoules)		323 650	351 965	9
Fleet vehicle energy use (megajoules)		0	0	0
Total energy use (megajoules)		323 650	351 965	(9)
Energy use per average FTE (megajoules / average FTE)		10 082	10 444	9
Energy use per square metre (megajoules / m ²)		647	704	9
Greenhouse emissions	3			
Greenhouse emissions - direct and indirect (tonnes of CO ₂ -e*)		61.6	77.2	26
Greenhouse emissions per average FTE (tonnes of CO ₂ -e* / average FTE)		1.9	2.3	21
Greenhouse emissions per square metre (tonnes of CO ₂ -e* / m ²)		0.123	0.154	25
Water consumption	4			
Water use (kilolitres)		190	223	17
Water use per average FTE (kilolitres/average FTE)		5.9	6.6	12
Water use per square metre of office area (kilolitres / m ²)		0.38	0.45	18
Resource efficiency and waste	5			
Estimate of co-mingled material per average FTE (litres)		15 490	16 560	8
Estimate of paper recycled (litres)		Not known	Not known	Not known
Estimate of paper used (by reams) per average FTE		12.5	12.6	1
Percentage of paper recycled		~100	~100	0

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

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

Note 1: Fleet transport

The Audit Office does not use fleet vehicles.

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

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

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

Audit Office staff may also use one of the motor vehicles provided as part of the remuneration of senior executives or with prior approval use their own vehicle to travel.

Note 2: Energy use

Total energy use consists of **stationary energy use** (in this case, electricity and gas use). Electricity use by the Audit Office can be accurately measured because it is separately metered. However, gas use is the Office's allocated (estimated) share of gas used by all tenants in the building, based on floor space occupied by the Office as a proportion of total floor space in the building.

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

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

The ACT Property Group recently extended the Audit Office's accommodation lease for another five years. Although this lease is not a 'green lease', the ACT Property Group has advised the Office that it is negotiating with the building owner to incorporate requirements of a green lease schedule into the building.

As shown in Table 6.12 on page 61, electricity and gas use has increased. The increase in electricity use possibly reflects a breakdown in the timer-activated lighting system, with the effect that lighting did not automatically switch off when the office was not occupied after hours. The timer-activated lighting system has since been fixed following liaison with the ACT Property Group.

The reason for the increase in gas use is unknown, as there have been no changes in the Audit Office's circumstances that would cause this increase. It is possible that the increase reflects changes in electricity and gas use by all building tenants (e.g. increased heating and air-conditioning needs).

Note 3: Greenhouse emissions

Greenhouse emissions come from the Audit Office's use of electricity and gas.

The overall increase in greenhouse emissions results from the higher use of gas and electricity referred to in Note 2 above.

Note 4: Water consumption

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

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

Note 5: Resource efficiency and waste

The estimate of the amount of **co-mingled material** (i.e. recycled cardboard and paper) used is based on the number of 250 litre bins collected by the cleaners. The amount of **co-mingled material** has increased by 8 percent. There has been no change to Audit Office's resource management practices which seek to minimise the use of cardboard and paper by, for example, scanning and emailing documents and using electronic audit work papers. This increase possibly reflects the higher levels of activity in the Office, for example, a higher number of performance audit reports and financial audits.

The Audit Office is unable to estimate the amount of **paper recycled** because paper is recycled along with cardboard in 250 litre bins as is done for the building as a whole.

The amount of paper per average full-time equivalent staff (FTE) increased slightly from 12.5 reams per average FTE in 2009-10 to 12.6 reams in 2010-11.

Further information on resource efficiency and waste is provided on page 63.

Table 3.5: Social TBL performance

Performance indicators	Note	2009-10	2010-11	Change %
Diversity of the workforce	1			
Women (female FTEs as a percentage of the total workforce)		38%	36%	(5)
People with a disability (as a percentage of the total workforce)		-	-	-
Aboriginal and Torres Strait Islander people (as a percentage of the total workforce)		0%	0%	0
Staff with English as a second language (CALD - as a percentage of the total workforce)		22%	28%	16
Staff health and wellbeing	2			
OH&S incident reports		0	0	0
Accepted claims for compensation		1	0	(100)
Staff receiving influenza vaccinations		22	18	(18)
Workstation assessments requested / provided		Not known	30	Not known

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

Source: Audit Office and Shared Services records.

Note 1: Diversity of the workforce

Women represent a smaller proportion of the Audit Office's workforce. This generally reflects the higher proportion of males that have applied for positions within the Audit Office in recent years and the higher proportion of males that have been with the Office for several years.

Tables 4 and 5 on page 71 provide further information on the average length of service by gender and age group, the average length of service by gender and age profile of staff.

There are no Aboriginal and Torres Strait Islander people working in the Audit Office. This reflects the profile of people applying for positions with the Office.

A significant proportion of the Audit Office's workforce consists of people from culturally and linguistically diverse (CALD) backgrounds, including China, Sri Lanka, India and Fiji. This profile is consistent with the backgrounds of those applying for positions within the Office.

Note 2: Staff health and wellbeing

The Audit Office's operations are administrative and the risk of occupational health and safety (OH&S) incidents occurring is low. No OH&S incident reports occurred in the 2009-10 or 2010-11 financial years.

The Audit Office had one accepted claim for workers' compensation in 2009-10.

Staff receiving influenza vaccinations consist of those who have elected to have the vaccination offered to all staff at no cost to the staff member.

The Audit Office has not maintained records of workstation assessments requested by staff. The Office believes that a workstation assessment has been provided on each of the few occasions an assessment has been requested. Two staff members have been provided with desks that provide the staff member the option of standing up to address back conditions.

In 2010-11, the Audit Office provided a workstation assessment for all staff. The workplace assessments included suggestions which are progressively being addressed.

4. FINANCIAL REPORT

FINANCIAL RESULTS

The Audit Office's financial results for the 2008-09 to 2010-11 reporting periods are discussed below.

Table 4.1: Financial results

	2008-09 Actual \$ 000	2009-10 Actual \$ 000	2010-11 Actual \$ 000	2010-11 Budget \$ 000
INCOME				
Appropriation	2 072	2 112	2 159	2 165
Financial audit fees	3 230	3 274	3 175	3 457
Interest and distributions from cash and investments	66	66	94	40
Worker's compensation recovery	0	82	3	0
Other	14	10	21	0
Total income	5 382	5 544	5 452	5 662
EXPENSES				
Employees	3 554	3 655	3 990	3 898
Supplies and services	1 802	1 627	1 602	1 738
Depreciation	93	79	70	75
Total expenses	5 449	5 361	5 662	5 711
Operating (deficit) / surplus	(67)	183	(210)	(49)

Source: Audit Office's audited financial statements.

INCOME

Almost all of the Audit Office's income consists of financial audit fees and appropriation.

The Audit Office charges audit fees for auditing the financial statements of reporting agencies. No fees are charged for performance audits.

In setting financial audit fees, the Audit Office seeks to recover the costs of the annual program of financial audits and reviews. The costs of completing this program are influenced by a range of factors, including the number and complexity of audits, accounting and reporting requirements, adequacy of reporting agencies' financial reporting systems, governance arrangements and internal controls and the costs charged by audit contractors and other specialists (e.g. information technology, actuarial and taxation specialists).

Further information about the charging of audit fees is provided on pages 67 to 72.

The appropriation mainly funds the Audit Office's program of performance audits. However, the appropriation also funds the provision of other important services, including responding to representations and public interest disclosures, briefing and providing submissions to Legislative Assembly committees (in particular, the Public Accounts Committee), providing technical advice to agencies on accounting and reporting matters and reporting on the results of the annual program of financial audits.

Income compared to the budget and previous year results

In 2010-11, income was less than the budgeted and previous year's income by \$210 000 (3.7 percent) and \$92 000 (1.7 percent) respectively. This reduction was largely due to lower financial audit fees.

Financial audit fees were \$282 000 (8.2 percent) and \$99 000 (3.0 percent) below the budgeted and previous year's amounts respectively. The Audit Office reduced fees for auditing the financial statements of the ActewAGL Joint Venture. These reduced fees mostly reflected a decrease in audit contractor costs stemming from:

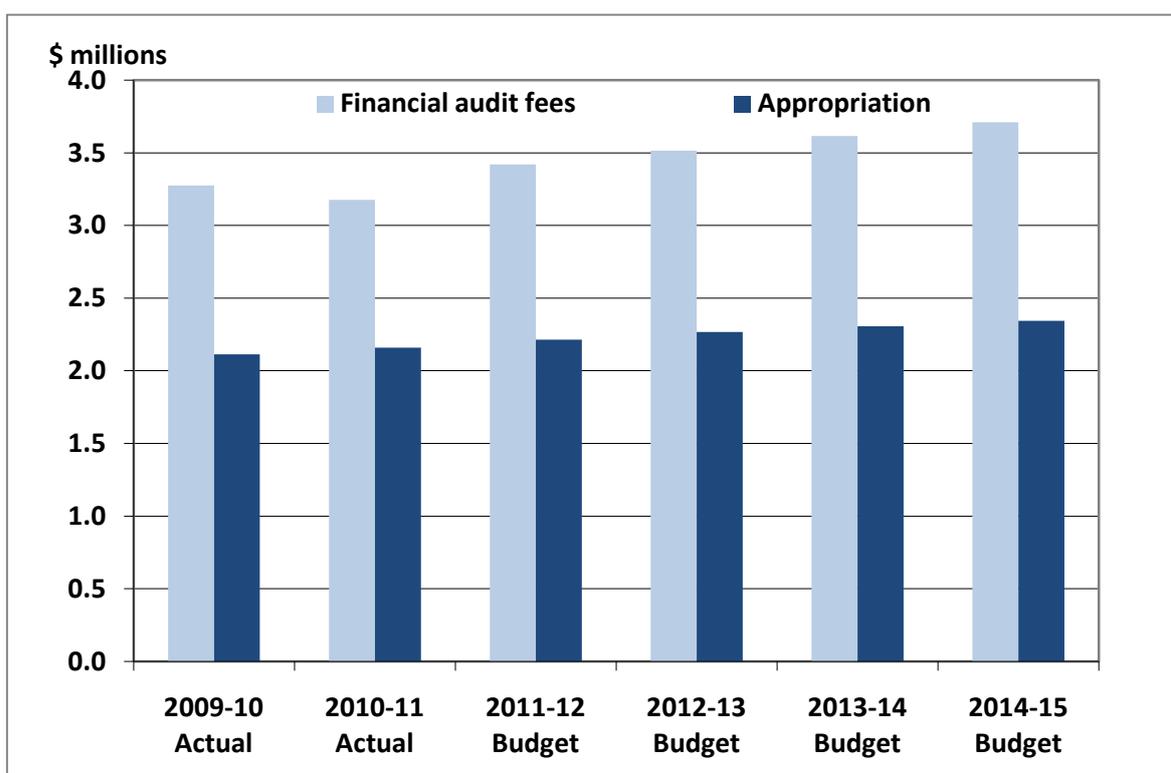
- efficiencies generated from changing the audit arrangements so that one auditor, instead of two auditors, performed the audit of the financial statements of the ActewAGL Joint Venture; and
- the competitive public tendering of this audit.

These lower audit fees were partially offset by:

- increases to audit fees on other audits to recover higher salary costs and the higher costs of using private sector auditors to complete the 2010-11 financial audit program; and
- an increase to the appropriation of \$47 000 (2.2 percent).

Trends in income

Figure 4-1: Trends in income from appropriation and financial audit fees



Source: Audit Office's audited financial statements and 2011-12 Budget Paper No. 4.

Income levels have been stable since 2008-09. The growth in appropriation income (\$87 000 or an average of 1.4 percent per annum) was largely offset by a small decline in financial audit fees (\$55 000 or an average of 0.6 percent per annum).

Over the period from 2010-11 to 2014-15, financial audit fees are expected to increase on average by around 4.2 percent per annum and the appropriation is expected to increase by 2.1 percent per annum. Audit fees over this period are expected to rise to recover increasing costs, particularly employee costs, over this period. The budget estimates for audit fees over the period from 2010-11 to 2014-15 assume there are no other major changes to the size and complexity of the financial audit program.

EXPENSES

Expenses mostly consist of employee expenses. The remaining costs are for supplies and services costs and depreciation. Supplies and services consist mainly of audit contractor expenses, accommodation costs, information technology, training and printing costs.

Expenses compared to the budget

In 2010-11, expenses were slightly (\$49 000 or 0.9 percent) below the budgeted cost, as lower than expected supplies and services costs were partially offset by higher employee costs.

Supplies and services costs were \$136 000 (7.8 percent) below the budgeted cost. This reflected lower costs being incurred on:

- the audit of the financial statements of the ActewAGL Joint Venture explained previously; and
- performance audit contractors as contractors were not used as extensively as expected.

These lower supplies and services costs were partially offset by higher than expected costs in the following areas:

- contractors – financial auditors were engaged from private sector firms to assist in the completion of the 2010-11 financial audit program and address the loss of experienced financial audit staff;
- information technology - new audit software was implemented to improve the capacity of audit teams to extract and analyse data; and
- recruitment costs – recruitment costs associated with the incoming Auditor-General and more frequent advertising for staff was needed to address a high staff turnover.

Employee costs exceeded budget expectations by \$92 000 (2.3 percent). This reflected unexpected ‘one-off’ costs associated with the incoming Auditor-General - employee entitlements for prior service and salary increases to address retention and address a high staff turnover. These higher costs exceeded salary savings generated by the loss of staff.

Expenses compared to the previous year’s results

In 2010-11, expenses increased by \$301 000 (5.6 percent) from the previous year’s costs, due mainly to higher employee costs.

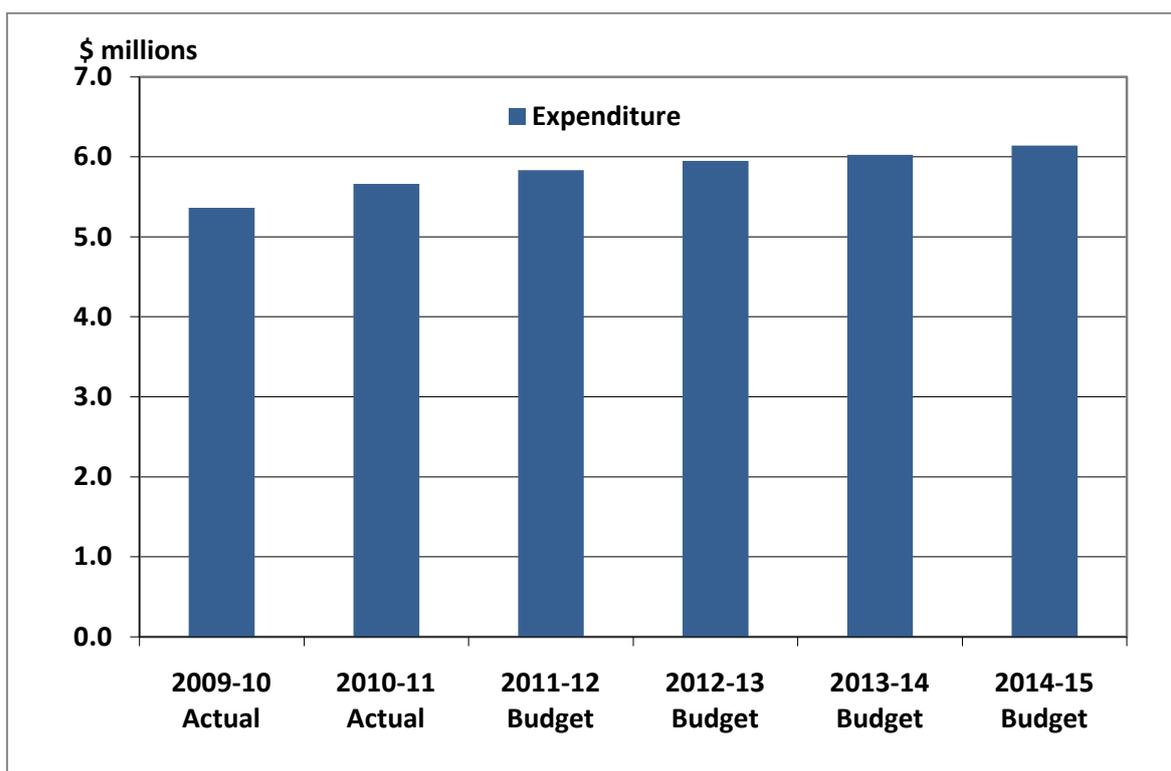
The increase of \$335 000 (9.2 percent) in employee expenses mainly reflects the one-off costs associated with the incoming Auditor-General referred to previously and salary increases. These higher costs exceeded salary savings generated by the loss of staff.

Supplies and services expenses fell by \$25 000 (1.5 percent). The lower audit contractor costs incurred in relation to the audit of the financial statements of the ActewAGL Joint Venture were largely offset by cost increases due to engaging auditors from private sector firms to assist in the completion of the 2010-11 financial audit program and the higher information technology and recruitment costs referred to previously.

Trends in expenses

Over the period from 2010-11 to 2014-15, expenses are expected to increase, on average, by around 2.1 percent per annum. This growth mainly reflects expected higher employee costs, as pay rises are provided for under the Audit Office’s enterprise agreement.

The expenses over the period from 2010-11 to 2014-15 assume there are no other major changes to the size and complexity of the Audit Office financial and performance audit programs.

Figure 4-2: Trends in expenditure

Source: Audit Office's audited financial statements and 2011-12 Budget Paper No. 4.

OPERATING RESULTS

Operating result compared to the budget and previous year's results

The operating deficit of \$210 000 exceeded the budgeted deficit of \$49 000. The operating deficit represents a significant decline from the prior year surplus of \$183 000.

The operating deficit includes one-off costs associated with the incoming Auditor-General. Had these costs not been incurred, the Audit Office would have generated a surplus of \$219 000.

Trends in operating results

Table 4.2: Trends in operating results

	2009-10 Actual \$ 000	2010-11 Actual \$ 000	2011-12 Budget \$ 000	2012-13 Budget \$ 000	2013-14 Budget \$ 000	2014-15 Budget \$ 000
Operating surplus/ (deficit)	183	(210)	(96)	(64)	(3)	14

Source: Audit Office's audited financial statements and 2011-12 Budget Paper No. 4.

Consistent with the cost recovery nature of the operations of the Audit Office, the Office expects to generate essentially break-even operating results over the period from 2010-11 to 2014-15.

Financial position

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

Table 4.3: Current financial position

	Actual 2009 \$ 000	Actual 2010 \$ 000	Actual 2011 \$ 000	Budget 2011 \$ 000
Current assets	2 407	2 938	2 868	2 594
Current liabilities	1 175	1 381	1 401	1 229
Net current assets	1 232	1 557	1 467	1 365
Current ratio	2.05	2.13	2.05	2.11

Source: Audit Office's audited financial statements.

The current ratio shows that, as at 30 June 2011, the Audit Office had \$2.05 in current assets available to meet each dollar of its current liabilities. The current financial position continues to be sound and the Office has sufficient assets to meet its liabilities in the short term.

Table 4.4: Long-term financial position

	Actual 2009 \$ 000	Actual 2010 \$ 000	Actual 2011 \$ 000	Budget 2011 \$ 000
Current assets	2 407	2 938	2 868	2 594
Total liabilities	1 281	1 535	1 587	1 385
Net long-term financial position	1 126	1 403	1 281	1 209
Ratio of current assets to total liabilities	1.88	1.91	1.81	1.87

Source: Audit Office's audited financial statements.

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

The Table 4.4 ratio shows that the Audit Office's long-term financial position remains stable and that, as at 30 June 2011, the Office had sufficient assets to meet its liabilities over the long term.

5. CONSULTATION AND SCRUTINY REPORTING

COMMUNITY ENGAGEMENT

The Audit Office regularly seeks the views of members of the ACT Legislative Assembly, Public Accounts Committee and ACT Government agencies, when developing the Office's performance audit program and reviewing the Office's performance.

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

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

Members of the ACT Legislative Assembly, community groups or individuals may also make submissions or other representations to the Audit Office to raise issues of particular concern to them. The Office considers this information in determining 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

External Scrutiny

Mechanisms for the scrutiny of the Audit Office's performance are provided by the *Annual Reports (Government Agencies) Act 2004*, *Auditor-General Act 1996* (the A-G Act) and various public inquiries into performance audit reports.

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

The Audit Office's annual financial statements and statement of performance are audited by an external auditor under the A-G Act. The auditor, PKF Chartered Accountants and Business Advisers, issued unqualified reports on the Office's 2010-11 financial statements and statement of performance.

The Audit Office's work is also subject to significant scrutiny and commentary by the media, ACT Government agencies and the general community. Performance audit reports are tabled in the ACT Legislative Assembly and are publicly available.

Under the A-G's Act, the presiding member of the Public Accounts Committee may request a performance audit of the operations of the Audit Office by an independent auditor. In 2009-10, a performance audit of the Office was performed by Bob Sendt and Associates. The performance audit report titled 'Report of the Independent Performance Audit of the Operations of the ACT Auditor-General and the ACT Audit Office' (3 May 2010) is available on the Office's website (<http://www.audit.act.gov.au>).

Internal scrutiny

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

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

The Committee met three times during 2010-11 to, among other things, consider the Audit Office's financial statements and statements of performance, the status of recommendations made by Bob Sendt and Associates in the performance audit of the Office and other aspects of the Office's operations. However, no internal audits were performed in 2010-11 as the Office's internal audit arrangements were adversely affected by the loss of several key staff. The Office will be recommencing a program of internal audits in the 2011-12 financial year, following the appointment of a new independent chair and completion of recruitment activities.

Reviews of audit work

The Audit Office has implemented internal review processes to provide assurance that financial and performance audits are performed in accordance with the relevant auditing standards and better practices. The review processes for performance and financial audits are outlined on page 18 (performance audit) and pages 24 and 25 (financial audits).

LEGISLATIVE ASSEMBLY COMMITTEE INQUIRIES AND REPORTS

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

The PAC's inquiries into the following performance audit reports were still in progress as at 30 June 2011:

- Report No. 1 / 2010 Performance reporting;
- Report No. 7 / 2010 Management of Feedback and Complaints; and
- Report No. 6 / 2009 Government Office Accommodation.

The following performance audit reports were referred to the PAC and were under consideration by the PAC at 30 June 2011:

- Report No. 1 / 2011 Waiting Lists for Elective Surgery and Medical Treatment;
- Report No. 2 / 2011 Residential Land Supply and Development; and
- Report No. 3 / 2011 The North Weston Pond Project.

During 2010-11, the PAC completed the following inquiries into the following performance audit reports:

- Report No. 1 / 2009 Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive;
- Report No. 2 / 2009 Follow-up Audit - Implementation of Audit Recommendations on Road Safety;
- Report No. 8 / 2009 2008-09 Financial Audits;
- Report No. 3 / 2008 Records Management in ACT Government Agencies;
- Report No. 4 / 2009 Delivery of Ambulance Services to the ACT Community; and
- Report No. 5 / 2009 Administration of Employment Issues for Staff of Members of the Legislative Assembly.

The PAC also completed its inquiry in to Report No. 6 / 2010: Annual Report 2009-10. The PAC inquiry into the *ACT Auditor-General Act 1996* was completed in February 2011.

Some Committees completed inquiries that resulted in recommendations relevant to the operations to the Audit Office. These are listed below.

Table 5.1: Recommendations by ACT Legislative Assembly committees

Committee	Recommendations	Action
Standing Committee on Health, Community and Social Services Report on Calvary Public Hospital Options Report 5, completed 31 March 2011	Recommendation 4: 'The Committee recommends that the ACT Government report to the Assembly the steps taken to address the concerns raised by the Auditor-General in relation to cross-charging arrangements between Calvary Public Hospital and Calvary Private Hospital'.	This recommends an action by the ACT Government. No action is therefore required by the Audit Office.
Standing Committee on Justice and Community Safety Report on the <i>Freedom of Information Act 1989</i> Report 5, completed 7 April 2011	Recommendation 18: 'The Committee recommends, in framing the new legislation, the ACT Government add the Office of the Auditor-General to the list of exempt agencies (that is, 'prescribed authorities').'	This recommends an action by the ACT Government. No action is therefore required by the Audit Office.

Committee	Recommendations	Action
<p>Standing Committee on Public Accounts Inquiry into ACT Government Procurement Report 13, completed 18 November 2010</p>	<p>Recommendation 14: ‘The Committee notes that ongoing legal action exists and, subject to consideration of that legal action, recommends that the ACT Auditor-General conduct a broad ranging investigation of the allegations raised with regard to Aussie Junk’s employment practices and the management of contractual processes for the letting of the leases for the Mugga Lane and Mitchell facilities.’</p> <p>Recommendation 17: The Committee recommends that the ACT Auditor-General conduct a review of a selection of recent procurements to evaluate the influence that ACT Government policies are having on the procurement process.</p>	<p>The Audit Office recently commenced an audit on waste management. The audit is in its planning phase. As part of the planning for this audit, consideration will be given to investigating the matters referred to by the Committee.</p> <p>The Audit Office has completed the planning of the 2011-12 performance audit program. Some aspects of procurement may be considered as part of the planned performance audits.</p>
<p>Standing Committee on Public Accounts Committee (PAC) ‘Review of the ACT Auditor-General Act 1996 – February 2011 Report 15, completed 17 February 2011</p>	<p>This report includes recommendations that:</p> <ul style="list-style-type: none"> • the Auditor-General be designated as an ‘Officer of the Parliament’; • the PAC be given an increased role in the appointment of the Auditor-General, setting of the Audit Office’s budget and management of the performance audits or reviews of the Office; • would provide the Office with the power to audit outsourced activities (‘follow the dollar’); and • would enable the Office to conduct joint investigations with other statutory office holders; • would clarify other provisions of the <i>Auditor-General Act 1996</i>. 	<p>This report does not include recommendations that require action by the Audit Office. The recommendations in this report are directed at the ACT Government or the Standing Committee on Administration and Procedures.</p>

Committee	Recommendations	Action
<p>Select Committee on Estimates 2011-12 Appropriation Bill 2011-12 Completed June 2011</p>	<p>Recommendation 133: The Committee recommends that the Auditor-General conduct a follow-on audit into all aspects related to the decision to locate the headquarters of the Emergency Services Agency at Fairbairn and, in particular, the advice provided to the ACT Government over the possibility of flooding at this site.</p>	<p>The Audit Office published the 2011-12 performance audit program. The program includes an audit of the governance and accountability arrangements in the Emergency Services Agency.</p> <p>Further planning will determine if this audit will proceed. Some aspects of the decision to locate the headquarters of the Emergency Services Agency at Fairbairn may be considered if the audit proceeds.</p>
	<p>Recommendation 154: The Committee recommends that the Auditor-General should investigate the previously granted e-waste and other waste contracts.</p>	<p>A performance audit on waste management is planned for 2011-12. Preliminary planning of this audit has commenced and the audit may, among other things, include a consideration of contract management issues.</p>
	<p>Recommendation 193: The Committee recommends that the ACT Government examine options to ensure greater staff retention at the Office of the Auditor-General.</p>	<p>The Audit Office has identified retention of experienced staff as a risk to the effective and timely completion of its audit programs. Staff turnover in 2010-11 was 33 percent and the recent staff survey indicates that the high turnover will continue.</p> <p>Further information about the Office's high staff turnover and the actions taken by the Office to address this concern are provided on pages 50 to 51.</p>
	<p>Recommendation 194: The Committee recommends that the ACT Government provides a funding path which will allow the number of performance audits to be increased by two per year over the next five years.</p>	<p>This recommends an action by the ACT Government. No action is therefore required by the Audit Office.</p>

Source: ACT Legislative Assembly website and Audit Office records.

LEGISLATION REPORT

The Audit Office is not identified as responsible for any legislation under Administrative Arrangements 2011 (No. 2).

Under Administrative Arrangements 2011 (No. 2), the Chief Minister and Cabinet Directorate is responsible for the *Auditor-General Act 1996*.

6. LEGISLATIVE AND POLICY-BASED REPORTING

RISK MANAGEMENT AND INTERNAL AUDIT

Risk management

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

The Management Committee has broad responsibility for monitoring and reporting risk management in the Audit Office. The Committee was guided by the Office's Risk Manager who was responsible for ensuring that the Risk Management Plan and associated risk register was reviewed regularly. (Further details on the purpose and membership of the Committee are provided on page 48.)

Although the Risk Management Plan remains relevant to the Audit Office's circumstances, it will be updated when the ACT Government's Risk Management Framework is released later in 2011.

The Business Continuity Plan was tested by RiskLogic (an external provider of risk management services) in January 2010. This Plan is to be tested and revised in the 2011-12 financial year.

Internal audit and review committee

The Internal Audit and Review Committee operates in accordance with its charter and reports to the Auditor-General. The Committee provides assurance on the adequacy of the Audit Office's:

- governance arrangements, including its internal control and risk management arrangements; and
- reporting of the Office's financial results and operating performance.

The Committee's responsibilities include:

- developing an annual work program to provide assurance that the Audit Office effectively manages its key risks and complies with relevant legislation; and
- monitoring the implementation of relevant recommendations from internal audit reports, the Office's performance audit reports and ACT Legislative Assembly Committees' reports.

The Committee also supports the maintenance of a strong ethical culture within the Office.

Details of the membership of the Committee and meetings attended by its members are provided in Table 6.1:

Table 6.1: Internal Audit and Review Committee

Name	Agency	Duration	Position	No. of meetings eligible to attend	No. of meetings attended
Will Laurie	External	July 2010 to May 2011. Term of appointment expired	Chair	3	3
Rod Nicholas	Audit Office	2010-11	Member	3	2
Tim Larnach	Audit Office	2010-11	Member	3	2
Tu Pham	Auditor-General	July 2010 to March 2011. Term of appointment as Auditor-General expired	Observer	3	3

Source: Audit Office records.

The Committee met three times during 2010-11 to, among other things, consider the Audit Office's financial statements and statements of performance, status of recommendations made by Bob Sendt and Associates in the performance audit of the Office and other aspects of the Office's operations. However, no internal audits were performed in 2010-11 as the internal audit arrangements were adversely affected by the loss of several key staff.

The Audit Office will recommence a program of internal audits in the 2011-12 financial year, following the appointment of a new independent chair and completion of recruitment activities.

FRAUD PREVENTION

The Fraud and Corruption Prevention Policy and Plan minimises the risk of fraud and corruption. Other policies addressing fraud and corruption prevention included the Audit Office's Integrity Code and Asset Management Guidelines (which were last updated in June 2010) and Personnel Delegations.

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

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

No fraudulent activity or unethical behaviour was identified during 2010-11.

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

PUBLIC INTEREST DISCLOSURES AND OTHER REPRESENTATIONS

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 procedures for receiving and handling public interest disclosures are to:

- provide background information on the objectives of the PID Act;
- explain the requirements imposed on agencies in relation to the receipt and investigation of public interest disclosures and the investigation process, including the need for the investigation process to be fair, flexible and timely;
- provide for the handling of disclosures by suitably experienced officers. The Auditor-General and Director, Performance Audits 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 ensure the confidentiality and security of information is protected; and
- include information on the typical key steps involved in handling public interest disclosures.

Table 6.2: Public interest disclosures

Disclosure requirement	Details
The number of disclosures received.	One
Type of disclosures under Section 4(2) of the PID Act.	The 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.	0
The number of public interest disclosures investigated.	0
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 Audit Office has declined to act under Section 17 of the PID Act.	0
The number of disclosures substantiated by investigation.	0

Source: Audit Office records.

Other representations

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

These representations often do not meet the definition of ‘public interest disclosure’ under the *Public Interest Disclosure Act 1994* and may reflect areas of interest or concern to the individual. Such representations are considered under the provisions of the *Auditor-General Act 1996*.

In deciding whether a representation requires further investigation (through, for example, a performance audit or special investigation), the Audit Office considers the identified financial risks and impacts and potential implications for public administration and delivery of public services. Information provided through representations is considered when planning the Office’s performance audit program. Inclusion of any new potential audit topic is assessed in terms of its relative priority, with respect to other audit activities of the Office.

In 2010-11, the Audit Office received eighteen representations. In each case, the Audit Office reviewed information provided by the correspondent to determine whether further investigation was warranted and, if so, how the investigation was to be conducted. Where necessary, the Office obtained additional information from the relevant ACT Government agency.

Details of remedial action taken on ACT Ombudsman recommendations

The ACT Ombudsman made no recommendations to the Audit Office during 2010-11.

FREEDOM OF INFORMATION

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

The *Auditor-General Act 1996* (the A-G Act) contains provisions 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 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 ‘protected information’ for the purposes of the A-G Act.

Section 38 of the FoI Act provides an exemption from access to documents to which secrecy provisions of enactments apply. ‘Protected information’ under the *Auditor-General Act 1996* would be generally exempt from FoI Act provisions.

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 by making representations directly to the Office, or by making representations to their elected representatives in the ACT Legislative Assembly who may, in turn, decide to make representations to the Office. For most performance audits, the Office consults stakeholders, to obtain their views of activities being audited, as well as any 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.* These include audit reports produced by the Audit Office. These documents are available from the Office's website (<http://www.audit.act.gov.au>) and from libraries throughout the Territory;
- *Other kinds of documents that may be available under the FoI Act.* A wide range of documents, held by the Audit Office, may be available under the FoI Act. These documents may include general administrative files including internal, interagency and public documents, minutes of meetings of management and other committees, agendas and background papers, policies in connection with the Office's administrative functions, photographs, financial and accounting records, leases and deeds of agreement;
The Audit Office provides facilities enabling members of the public to obtain physical access to these documents; and
- *Documents obtained in the exercise of a function of the Auditor-General Act 1996 (A-G Act).* These documents cannot be disclosed under Section 34(1) of the A-G Act and include all internal working papers, documents and materials relating to audits, review and investigations performed by the Audit Office.

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

Freedom of Information Coordinator
ACT Auditor-General's Office
Level 4, 11 Moore Street, Canberra City ACT 2601
Phone 6207 833; 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 were provided by the Office for the purposes of an enactment or scheme administered by the Office.

The 'Section 8 Statement' was included in an Audit 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 Audit Office does not charge or collect any fees in relation to the processing of FoI requests. During 2010-11, the Office did not receive any:

- FoI requests to access documents; or
- applications for amendment of records under Section 48 of the FoI Act.

INTERNAL ACCOUNTABILITY

The Audit Office’s executive team for 2010-11 consisted of the Auditor-General, Director, Financial Audits and Director, Performance Audits and Corporate Services.

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

Table 6.3: Internal committees and meetings

Name	Purpose	Membership in 2010-11
Executive Committee	The Executive Committee is the senior group responsible for the governance of the Audit Office. The Committee meets weekly to consider strategic and operational matters, monitor the Office’s performance and determine the strategic and operational priorities for the Office.	Auditor-General Director, Financial Audits Director, Performance Audits and Corporate Services Senior Manager, Corporate Services (from March 2011)
Management Committee	This Committee meets monthly to discuss the Audit Office’s activities, report on progress against targets and consider audit and corporate issues requiring attention.	Chaired by the Auditor-General Director, Financial Audits Director, Performance Audits and Corporate Services Senior Managers and Managers Staff representatives
Internal Audit and Review Committee	This Committee meets quarterly. The Committee reports directly to the Auditor-General. The Committee provides assurance that the Audit Office’s governance, internal audit and risk management arrangements are adequate. The Committee considers the Office’s financial statements and statement of performance and monitors the implementation of relevant recommendations from internal audit reports, the Office’s performance audit reports and ACT Legislative Assembly Committees’ reports.	External Chair Two senior staff members Auditor-General has a standing invitation to attend the meeting as an observer

Name	Purpose	Membership in 2010-11
Office Consultative Committee	The Committee monitors the operation and implementation of the Audit Office's Enterprise Agreement, considers new or changed policy statements and guidelines relating to the Agreement, exchanges information on matters affecting staff and consults on existing and new performance management schemes. The Committee meets quarterly.	One representative from the executive (Director, Performance Audits and Corporate Services) Three staff representatives
Financial Audit Managers meeting	This meeting considers strategic and operational matters relating to the financial audit activities. It meets fortnightly or as required.	Chaired by the Director, Financial Audits Financial Audit Managers Auditor-General and Director, Performance Audits and Corporate Services have a standing invitation to attend
Financial audit forum	This monthly forum is attended by financial audit staff to consider operational and technical issues affecting financial audit activities.	Chaired by the Director, Financial Audits Financial audit staff
Performance Audit Senior Managers meeting	This meeting considers strategic and operational issues affecting the performance audit activities. It meets fortnightly or as required.	Chaired by the Director, Performance Audits and Corporate Services Performance Audit Senior Managers Auditor-General and Director, Financial Audits have a standing invitation to attend
Performance Audit team meeting	The meeting considers operational issues affecting the performance audit function. It meets monthly or as required.	Chaired by the Director, Performance Audits and Corporate Services Performance audit staff
Corporate Services team meeting	The meeting considers strategic and operational issues affecting the corporate services function. It meets monthly or as required.	Chaired by the Senior Manager, Corporate Services Corporate staff Director, Performance Audits and Corporate Services has standing invitation to attend.
Staff meetings	These monthly meetings aim to share information and discuss Audit Office issues with all staff.	Chaired by a staff member All staff

Source: Audit Office records.

Strategic and organisational planning

The Audit Office's future corporate directions and planned outcomes and objectives are set out in the Office's three-year Strategic Plan. This Plan is reviewed and updated following the Office's planning day, which is generally held in February each year. This provides an opportunity for staff to have input in identifying and setting priorities for the Office in the coming year. It also provides a means of ensuring that management and staff share a common view about the goals of the Office and areas of responsibility.

The Executive Committee agreed to extend the expiry date of the current Strategic Plan from 30 June 2011 to 31 December 2011, to provide the incoming Auditor-General with an opportunity to contribute to the development of a new Plan.

The Strategic Plan is supported by an internal action plan. The action plan identifies and assigns responsibility for specific tasks and timeframes for completion. The action plan is monitored by the Executive Committee.

HUMAN RESOURCE PERFORMANCE

Human resource planning

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

There are several policies that support human resource management and planning. These include a:

- Workforce Planning Strategy;
- Performance Management Policy; and
- Learning and Development Policy.

The Strategic Plan 2010-11 includes specific strategies aimed at addressing the Audit Office's future workforce challenges. These challenges include the:

- continuing high demand for accountants and auditors, which places pressure on the recruitment and retention of staff;
- provision of sufficient career opportunities in a small agency, which leads to difficulty in retaining experienced staff; and
- difficulties in maintaining a workforce with the knowledge and experience required to deliver quality work.

The strategies to retain staff focus on:

- maintaining competitive salaries and flexible workplace practices;
- giving consideration to engaging suitably experienced retirees to assist in the completion of financial and performance audits;
- implementing regular feedback and coaching of staff; and
- maintaining a learning and development program for all staff.

As noted previously (page 54) staff surveys indicate these and other strategies have been effective in maintaining high levels of staff satisfaction. However, these strategies have not been consistently successful in retaining experienced staff. The staff turnover rate for 2010-11 was 33 percent and turnover has averaged 27 percent over the last five years.

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

A high turnover in performance audit (three staff or 43 percent) and financial audit staff (six staff or 26 percent) mostly occurred in the latter half of the 2010-11 financial year and was mostly comprised of experienced staff. The loss of experienced staff presents a significant risk to the quality and timeliness of audits, especially in the short term.

Although staff departures provide some salary savings, a high staff turnover also has negative impacts on the Audit Office's budget. For example, salaries are increased to retain staff, expensive short-term contractors are engaged to assist in completing the financial audit program and additional costs are incurred on recruitment and professional development of new staff.

Table 6.4: Staff movements

Staff movements	2006-07	2007-08	2008-09	2009-10	2010-11
Recruitment	17	10	8	9	7
Attrition	9	11	12	5	11
Number of staff	38	37	33	37	33
Staff turnover	24%	30%	36%	13%	33%

Source: Audit Office records.

Short-term human resource planning

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

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

Audit staff will work on financial and performance audits and are assigned to assist in specific corporate tasks.

Enhancing skills and capabilities

The Audit Office's policies for learning and development and staff performance management and the Office's learning and development program (discussed below) target the development needs of staff.

The Audit Office's Study Assistance Policy supports staff in obtaining and updating relevant professional qualifications from professional bodies and academic institutions.

The Policy provides for staff to take paid study leave and be reimbursed for the costs of approved study.

STAFF PROFILE

There were 33 staff employed in the Audit Office as at the last pay period for the financial year ended 30 June 2011 (31.9 full-time equivalent staff).

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

Ms Tu Pham's term as Auditor-General concluded in March 2011. Dr Maxine Cooper was appointed Auditor-General for a seven-year term commencing 8 August 2011.

Table 6.5: Full-time equivalents and headcount

Classification	Female	Male	Total
Full-time equivalents by gender	10.4	19.9	31.9
Headcount by gender	11	20	31
Percentage of workforce (headcount)	35%	65%	100%

Source: Audit Office records.

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

LEARNING AND DEVELOPMENT

The Audit Office's comprehensive learning and development program is developed in consultation with staff, supervisors, and senior management.

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

The Audit Office encourages staff to obtain membership of relevant professional bodies, such as the Institute of Chartered Accountants in Australia or CPA Australia. During 2010-11, the Office provided support to twelve staff with study for tertiary or professional qualifications.

In 2010-11, staff time spent on learning and development averaged twelve days per staff member (2009-10, five days), plus an additional five days for staff who accessed study leave. Expenditure on external training courses was around \$64 000 (2009-10, \$42 000) with the full cost of learning and development activities (mainly staff time) totalling over \$400 000 (2009-10, \$250 000).

In 2010-11, training was provided on the financial audit and performance audit methodologies used by the Audit Office, revisions to auditing standards, report writing, IT audit software, leadership for managers, coaching, supervision and performance

management, contract management, workplace bullying (awareness workshops) and the budget process. Staff also attended some professional and business forums.

WORKPLACE HEALTH AND SAFETY

Workplace safety representatives

These representatives are responsible for assisting the Audit Office to identify and respond effectively to hazards, conduct risk assessments and promote health, safety and welfare. The workplace safety representative, who left the Office in May 2011, was replaced with two staff representatives.

The Audit Office also had two trained Fire Wardens and, for most of the year, two trained First Aid Officers.

Improving awareness of workplace health and safety issues

The Audit Office's Occupational Health and Safety guidelines are provided to new staff and are readily accessible to all other staff. These guidelines will be reviewed in the 2011-12 financial year.

During 2010-11, the Audit Office's workplace safety representative provided an information and awareness session to staff on workplace health and safety.

Staff are encouraged to take a proactive approach to ensure the workplace is a healthy and safe place to work. Workplace safety assessments are periodically performed.

Sharing the workload

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

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

Workstation – staff practices and assessments

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

Staff were provided with individual assessments of their workstations during the year. The Audit Office is monitoring the implementation of suggestions and recommendations arising from these assessments.

Professional rehabilitation case management services are available as needed.

For those staff with injuries or other medical conditions, individual workstations are professionally assessed to ensure the medical needs of the individual are effectively addressed.

Health and wellbeing initiatives

Flu vaccinations - the Audit Office offered flu vaccinations to all staff 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 Audit Office does not tolerate workplace discrimination, bullying or harassment.

Bullying and harassment – The Audit Office’s two Respect, Equity and Diversity Officers are the initial points of contact for staff who may be concerned about bullying and harassment, or any other matter that affects their well-being or that of other staff.

Staff have occasionally indicated in the annual staff survey that they have experienced bullying and harassment from colleagues or agencies. Further investigations of these claims are often not possible because this information is provided anonymously. Such claims are discussed in executive, management and staff meetings to improve awareness and understanding of these issues and to promote positive behaviour.

In 2010-11, staff received awareness training in this area from Worksafe ACT and were provided with information to assist them in responding effectively to concerns about bullying and harassment. Staff were also made aware of the relevant contact officers and employee assistance programs available to assist them.

Legislative compliance

There were no accidents or dangerous occurrences in 2010-11 that required a notice under Section 204 of the *Occupational Health and Safety Act 1989* (OH&S Act).

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

Social Club

The staff Social Club enjoyed a number of social events during 2010-11, many of which have supported charitable causes. The Club is funded by staff and run by a small committee.

WORKPLACE RELATIONS

Staff satisfaction

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

- job satisfaction;
- leadership and management;

- communication and corporate governance; and
- the working environment.

Results of the 2011 staff survey continued the positive trend seen in recent years. Eighty percent of staff advised that they were 'satisfied' with their job and 89 percent indicated they were 'proud' to work at the Audit Office.

Staff identified the top five attributes of the Audit Office as:

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

As in previous years, staff also supported the Audit Office's management team, with some 80 percent of respondents indicating they felt that the leadership provided by the Office's executive was of a high quality.

However, around 25 percent of survey respondents felt there was a lack of opportunity to develop their career in the Audit Office, and this was cited by several staff as a likely factor contributing to any decision to leave the Office. The Office considers the question of career development and, where possible, provides opportunities for more experienced staff to act in senior positions. The Office also provided support to staff to assist them to obtain further professional qualifications.

Despite high rates of staff satisfaction, staff retention is expected to remain a significant challenge for the Audit Office, with 22 percent of staff often thinking about leaving their job and 42 percent indicating they will probably leave the Office in the next three years.

Office Consultative Committee

The Office Consultative Committee consists of one representative from the executive and three members nominated by staff. This Committee facilitates communication between the executive and staff. The Committee assists in the development and review of organisational policies and work practices and obtains the views of staff in the formulation of the Audit Office's policies and practices.

Staff, other than the Auditor-General and Directors, are employed under the Audit Office's Enterprise Agreement 2010-11. This Agreement, which was approved by Fair Work Australia, commenced on 22 February 2011 and nominally expired on 30 June 2011. Negotiations for a new agreement are being coordinated and managed by the Chief Minister and Cabinet Directorate on behalf of ACT Government agencies.

The ACT Government's negotiating team met with union and non-union bargaining representatives in March 2011 to commence formal negotiations. At that time, staff were advised of the bargaining process and their right to be represented in the renegotiation process. The Audit Office's Consultative Committee will represent staff in discussions with management about the new agreement.

The Audit Office participated in Enterprise Bargaining Agency Reference Group meetings organised by the Chief Minister and Cabinet Directorate.

The relationship between the Audit Office's staff and executive continues to be positive and constructive.

Special Employment Arrangements

At 30 June 2011, one staff member was on a Special Employment Arrangement (SEA) under the Audit Office's Enterprise Agreement.

Table 6.6: Special Employment Arrangements (SEAs)

Description	Number of individual SEAs
Number of SEAs as at 30 June 2011	1
Number of SEAs entered into during 2010-11	6
Number of SEAs terminated during period	7
The number of SEAs providing for privately plated vehicles as at 30 June 2011	0
Number of SEAs for employees who have transferred from an Australian Workplace Agreement during period	0

Source: Audit Office records.

Table 6.7: Classification and remuneration of staff under SEAs

Classification	Remuneration as at 30 June 2011
Senior Manager (Audit Band 2)	\$99 156 to \$119 911

Source: Audit Office records.

STRATEGIC ASSET MANAGEMENT

Assets managed

Plant and equipment assets comprised of the office fit-out and equipment and furniture such as audio visual equipment, workstations and chairs. The book value of these assets at 30 June 2011 was \$399 000 (30 June 2010, \$417 712).

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

As disclosed in the financial statements, the Audit Office 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 (\$75 000).

During 2010-11, the Audit Office disposed of a motor vehicle provided as part of a senior executive remuneration package.

There were no major asset upgrades completed during 2010-11.

Accommodation

There was no change in office accommodation during the year. At 30 June 2011, the Office occupied 500 square metres at 11 Moore St, Canberra City and employed 33 (31.9 full-time equivalent) staff. This equates to approximately 15.2 square metres per employee, which meets the ACT Government target of at least 15 square metres per employee.

USE OF CONTRACTORS

In 2010-11, the Audit Office continued to engage financial audit contractors to complement the Office's in-house audit capacity. The Office also uses external firms to provide other specialised services such as actuarial and tax advice and internal audit services.

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

Table 6.8: External sources of labour and services

Firm	Date contract let	Financial audits \$ Note 1	Other services \$ Note 2	Total \$
Deloitte Touche Tohmatsu	16 December 2010	333 415		333 415
KPMG	23 May 2011	48 299	3 900	52 199
WalterTurnbull	1 December 2007	33 380		33 380
PricewaterhouseCoopers	1 December 2005	118 471		118 471
Ernst & Young	1 December 2005	143 845	3 920	147 765
Cumpston Sarjeant Pty Ltd	10 June 2011	32 458		32 458
Bellewarra Investments	30 June 2006		1 980	1 980
Sinclair Knight Merz	21 January 2011		18 000	18 000
Numerical Advantage Pty Limited	12 January 2011		19 370	19 370
Kelray Pty Limited			1 500	1 500
Australian Government Solicitors Office			3 588	3 588
ACT Procurement Solutions			1 056	1 056
Australian Valuation Office			1 818	1 818
Total		709 868	55 132	765 000

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

Note 2 Sinclair Knight Merz, Numerical Advantage Pty Limited, Kelray Pty Limited and the Australian Government Solicitors Office were all contracted to assist with performance audit activities.

KPMG and Bellewarra Investments provided internal audit services to the Audit Office. ACT Procurement Solutions and the Australian Valuation Office provided administrative support to the Office during 2010-11.

Source: Audit Office records.

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

COMMUNITY GRANTS, ASSISTANCE AND SPONSORSHIP

To raise awareness of the employment opportunities provided by the Audit Office, the Office continued to award prizes to the top students in auditing and accounting at the University of Canberra and Canberra Institute of Technology. The prizes donated by the Office in 2010-11 are disclosed in Table 6.9.

Table 6.9: Student prizes

Organisation	Award	Amount
University of Canberra	Undergraduate prize	\$300 to the student who achieves the best academic result in the subject Auditing
University of Canberra	Postgraduate prize (two prizes)	\$150 each to students who achieve the best academic result in the subject Auditing PG (Post-Graduate)
Canberra Institute of Technology	Internal Control for Accounting prize	\$250 to the most meritorious student in Internal Control for Accounting
Canberra Institute of Technology	Corporate Finance Reporting prize	\$250 to the most meritorious student in Reporting

Source: Audit Office records.

TERRITORY RECORDS

The Auditor-General approved and implemented a records management program for the Audit Office as required by the *Territory Records Act 2002*. The program consisted of a Records Management Policy, Records Management Procedures and Records Disposal Schedule. The Records Disposal Schedule for Audit Services was approved by the Director of Territory Records.

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

The Records Management Procedures cover public access to and use of records that are more than 20 years old. Although the Audit Office does not hold any records of that age, the Office's Records Management Procedures ensures that records identified for archival will be notated, with an appropriate access direction to establish the terms and conditions for public access after 20 years. Records to be exempted from public access under the provisions set out in Section 28 of the *Territory Records Act 2002* will be identified. To date, no records have been identified as exempt.

Table 6.10: Records disposal

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

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

HUMAN RIGHTS

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

- the *Auditor-General Act 1996* includes specific provisions that ensure procedural fairness is maintained and natural justice is afforded to those affected by the reporting of audit findings and recommendations;
- the Audit Office is a proper authority for the receipt of disclosures under the *Public Interest Disclosure Act 1994*. The Office has procedures in place for appropriately and fairly handling these disclosures. Similarly, the Office reviewed its representations, to determine whether further investigation was warranted and, if so, how the investigation was to be conducted;
- performance audits may consider human rights issues;
- management promotes an organisational culture that is inclusive, respectful and responsive to staff and audited agencies. Means are available to staff to raise issues or concerns about the operations of the Audit Office, including human rights matters. For example, concerns may be raised at meetings with the Auditor-General or other senior executives, or with staff representatives. The annual staff survey also seeks the views of staff on equity, diversity, discrimination and work/life balance. Management responds openly to staff suggestions and concerns;
- the *Auditor-General's Office Union Collective Agreement 2007-10* was replaced by the *ACT Auditor-General's Office Enterprise Agreement 2010-11*. In common with all ACT Government agencies, the Enterprise Agreement incorporates ACT Public Service conditions of employment and recognises the importance of balancing work and life responsibilities;
- the Audit Office's *Equity and Diversity Guidelines* and *Workplace Discrimination, Harassment and Bullying* policy supports and promotes a diverse and non-discriminatory workplace, where different cultures and talents of staff are recognised and valued; and
- the Audit Office's *Complaints Handling Policy and Procedures* refer to the important role that complaints may have in the process of continuous improvement of services. Staff are aware of their responsibilities under this policy, which is available to the community through the Office's website (<http://www.audit.act.gov.au/>).

COMMISSIONER FOR SUSTAINABILITY AND THE ENVIRONMENT

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

The Office of the Commissioner for the Environment did not carry out any investigation of the Audit Office's operations during 2010-11.

ACT MULTICULTURAL STRATEGY 2010-13

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

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

A significant proportion (28 percent in 2010-11) of the Audit Office's workforce consists of people from culturally and linguistically diverse (CALD) backgrounds, including China, Sri Lanka, India and Fiji. This profile is consistent with the backgrounds of those applying for positions within the Office.

ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

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

Although the Audit Office's workforce includes many staff from culturally and linguistically diverse (CALD) backgrounds, no Aboriginal and Torres Strait Islanders are employed. This reflects the background of those applying for positions within the Office.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

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

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

Staff are encouraged to implement practices to reduce greenhouse gas emissions. These practices include:

- using electronic audit work papers;
- using messaging and on-line technical and information services;
- purchase of recycled printing paper;
- using recycling bins for paper;
- turning off computer equipment and monitors when not in use;
- recycling toner in bins provided for this purpose; and
- minimising the number of printed documents.

Table 6.11: General indicators

Line	General indicators	Unit	2009-10	2010-11	Change %
L1	Occupancy - staff FTE	Number	35.7	31.9	(11)
	Occupancy - staff average FTE	(FTE)	32.1	33.7	5
L2	Area office space - net lettable area	Square metres	500	500	0

Source: Audit Office records and ACT Property Group advice.

Occupancy – staff FTE represents the number of full-time equivalent staff employed at the end of the 2009-10 and 2010-11 reporting periods.

The workforce at 30 June 2011 was smaller than at 30 June 2011. This decrease in staff numbers reflects the loss of financial and performance audit staff towards the latter half of the 2010-11 financial year. Recruitment activities undertaken to departing staff were only partially successful and audit contractors were engaged from the private sector to assist in completing the 2010-11 financial audit program.

Occupancy – staff average FTE increased slightly in 2010-11.

Area office space – net lettable area has not changed since the 2009-10 financial year. The Audit Office is a co-tenant with other ACT Government agencies at 11 Moore Street and occupies about half a level of an eight-floor building.

Table 6.12: Stationary energy indicators

Line	Stationary energy indicators	Unit	2009-10	2010-11	Change %
L3	Electricity use	Kilowatt hours	69 435	76 441	10
L4	Renewable electricity used	Kilowatt hours	14 793	13 289	(10)
L5	Percentage of renewable electricity used (L4 / L3 x 100)	Percentage	21%	17%	(19)
L6	Natural gas use	Megajoules	73 650	76 965	5
L7	Stationary energy use	Megajoules	323 650	351 965	9
L8	Energy intensity per average FTE (L7 / average FTE L1)	Megajoules / FTE	10 067	10 444	4
L9	Energy intensity per square metre (L7 / L2)	Megajoules per square metre	647	704	9

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

The increase in **electricity use** possibly reflects a breakdown in the timer-activated lighting system, with the effect that lighting did not automatically switch off when the office was not occupied after hours. The timer-activated lighting system has since been fixed following liaison with the ACT Property Group.

The decrease in **renewable electricity use** is a temporary consequence of a procurement decision by ACT Property Group. The Audit Office expects to procure renewable energy in line with whole of government practices during 2011-12.

Gas use is the Audit Office's allocated (estimated) share of gas used by all tenants in the building, based on floor space occupied by the Office. The reason for the increase in gas use is unknown, as there have been no changes in the Office's circumstances that would cause this increase. It is possible that the increase reflects changes in electricity and gas use by all building tenants (e.g. increased heating and air-conditioning needs).

The increase in **stationary energy use, energy intensity per average FTE and energy intensity per square metre** reflects the increase in electricity and gas use referred to above.

Table 6.13: Fleet transport indicators

Line	Fleet transport indicators	Unit	2009-10	2010-11	Change %
L10	Number of vehicles	Numeric	0	0	0
L11	Vehicle travel	Kilometres	0	0	0
L12	Transport fuel (petrol)	Kilolitres	0	0	0
L13	Transport fuel (diesel)	Kilolitres	0	0	0
L14	Transport fuel (LPG)	Kilolitres	0	0	0
L15	Transport fuel (CNG)	Kilolitres	0	0	0
L16	Transport energy use	Gigajoules	0	0	0

Source: Audit Office records.

The Audit Office's transport is discussed on pages 27 and 28. The Office does not have fleet vehicles.

Table 6.14: Water indicators

Line	Water indicators	Unit	2009-10	2010-11	Change %
L17	Water use	Kilolitres	190	223	17
L18	Water use per average FTE (L17 / L1)	Kilolitres / FTE	5.9	6.6	12
L19	Water use per area (L17 / L2)	Kilolitres per square metre	0.38	0.45	17

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

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

Table 6.15: Resource efficiency and waste indicators

Line	Resource efficiency and waste indicators	Unit	2009-10	2010-11	Change %
L20	Reams of paper purchased	Reams	400	423	6
L21	Recycled content of paper purchased	Percentage	~50%	~50%	0
L22	Estimate of discarded waste	Litres	Not known	Not known	Not known
L23	Estimate of recycled co-mingled material	Litres	15 490	16 560	8
L24	Estimate of paper recycled	Litres	Not known	Not known	Not known
L25	Estimate of organic material recycled	Litres	0	0	0

Source: Audit Office records.

The Audit Office's resource management practices seek to minimise the use of paper by, for example, by scanning and emailing documents and using electronic audit work papers. There was no change to this practice in 2010-11. The increase in the **reams of paper purchased** and **estimate of recycled co-mingled material** (i.e. recycled cardboard and paper) possibly reflects the increased activity in the Office, for example, a higher number of performance audit reports and financial audits. This higher activity is also reflected in the eight percent increase in the **estimate of co-mingled recycled material** (cardboard and paper) from 15 490 litres to 16 560 litres.

The Audit Office is unable to provide an **estimate of discarded waste** as no records of this waste are maintained by the contract cleaners. This waste would, however, represent a small proportion of the total building waste.

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

No organic material is recycled as there are no facilities for so doing.

Table 6.16: Greenhouse gas emissions indicators

Line	Greenhouse gas emissions indicators	Unit	2009-10	2010-11	Change %
L26	Stationary energy greenhouse gas emissions	Tonnes CO ₂ -e	61.6	77.2	26
L27	Fleet transport greenhouse gas emissions	Tonnes CO ₂ -e	0	0	0
	Greenhouse gas emissions (L26+L27)	Tonnes CO ₂ -e	61.6	77.2	26
L28	Greenhouse gas emissions per average FTE ([L26+L27] / L1)	Tonnes CO ₂ -e / FTE	1.9	2.3	21
L29	Greenhouse gas emissions per area (L26 / L2)	Tonnes CO ₂ -e / square metre	0.123	0.154	25
L30	Fleet transport greenhouse gas emissions per average FTE (L27 / L1)	Tonnes CO ₂ -e / FTE	0	0	0

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

Stationary energy greenhouse gas emissions (represented by electricity and gas) have increased by 26 percent. This increase reflects the higher electricity and gas use discussed on pages 28, and 62 to 64.

As noted previously, the Audit Office does not have fleet vehicles.

ACT WOMEN'S PLAN 2010-2015

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

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

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

MODEL LITIGANT GUIDELINES

The Audit Office was not involved in legal proceedings during 2010-11. Nevertheless, the Office has practices in place to ensure officers are aware of and comply with the Model Litigant guidelines.

ACT STRATEGIC PLAN FOR POSITIVE AGING 2010-14

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

Specific actions implemented by the Audit Office to address the initiatives in the Strategic Plan for Positive Aging are limited, due to the small size of the Office and its legislated mandate. Performance audits, however, may support this plan. For example, the challenges for older persons with mental illness were highlighted in Report No. 8 / 2010: Delivery of Mental Health Services to Older Persons.

The Audit Office's non-discriminatory recruitment policy offers flexible opportunities to older persons who sought continued engagement in the workforce. The Office is able to benefit from the experience from its older employees.

Table 6.17: Positive aging strategies

Focus area	Progress
Information and communication	Information about the Audit Office, including copies of the Office's reports, is available to all members of the community, in print and online through the Office's website. The Audit Office deals with representations from a wide range of correspondents, responding to their concerns as appropriate.
Health and wellbeing	The Audit Office's performance audit activities may examine the full range of ACT Government activities, including services to the disadvantaged and older persons. Where appropriate, performance audits are planned to review ACT Government activities that support positive aging and encourage an age-friendly city. Report No. 8 / 2010: Delivery of Mental Health Services to Older Persons reviewed the capability and capacity of the Health Directorate to meet the mental health needs of older persons and assessed the administrative, operational and governance arrangements for the delivery of services. The Audit Office's non-discriminatory recruitment policy offers flexible opportunities to older persons who sought continued engagement in the workforce
Respect, valuing and safety	
Housing and accommodation	
Support services	
Transport and mobility	
Work and retirement	

Source: Audit Office records.

APPENDIX A FINANCIAL AUDIT FEES

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

The Audit Office charges fees to agencies for financial audits based on the estimated time needed to complete the audit. The Office prepares these estimates using information on the actual time taken in previous years to complete these audits. These estimates also take into account any major factors that would cause significant changes to time needed to complete each audit. Major factors that affect the estimated time to complete an audit typically include changes to information systems used by the agency to prepare its financial statements, variations to the number and type of performance measures, new audit or accounting issues and the effects of any administrative restructures. Changes to the requirements of accounting and auditing standards also have a significant impact on the time and associated costs of completing financial audits.

Fees for audits undertaken principally by contractors are set on the basis of the audit fee payable to the contractors plus the time and associated cost of work undertaken by Audit Office staff in managing these 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 will subsequently be recorded on individual audits.

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

The 2010-11 audit fees (\$3 367 483) are expected to rise by \$187 942 (5.9 percent) from 2009-10 fees (\$3 179 541) due mainly to:

- the creation of two new Directorate audits prior to 30 June 2011;
- indexing audit fees by 3.5 percent (based on the wage price index) to recover higher employee costs;
- increasing fees by 7.3 percent to recover the costs of additional private sector contract audit staff to complete the financial audit program; and
- to reduce significant deficits being incurred on some individual audits.

Agencies, on average, paid \$103.37 per hour for the completion of their financial audits in 2009-10. This compares 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.

The financial audit fees charged to agencies are presented in the following tables. These audit fees vary from that reported in the Audit Office's financial statements because accrual information is included in the financial statements.

Financial audit fees

The audit fees shown for 2010-11 represent all audits including those ending 31 December 2010 and 30 June 2011.

Table 1: Summary of financial audit fees

	2009-10 Actual Audit Fees \$	2010-11 Estimated Audit Fees \$
Territory (see Table 2)	118 250	131 021
Departments/Directorates (see Table 2)	1 478 866	1 636 303
Statutory authorities (see Table 3)	812 599	846 185
Territory-owned corporations and other companies (see Table 4)	446 357	387 963
Joint ventures and partnerships (see Table 5)	274 170	325 796
Other audits (see Table 6)	49 219	40 215
Total financial audit fees	3 179 541	3 367 483
Average cost per audit	48 174	50 261

Table 2: Financial audit fees – Territory and departments/directorates

	Note	2009-10 Actual Audit Fees \$	2010-11 Estimated Audit Fees \$
Territory financial statements			
Territory's consolidated annual financial statements		118 250	131 021
Total financial audit fees – Territory		118 250	131 021
Department/directorate financial audits			
Territory Banking Account		37 625	38 942
Chief Minister and Cabinet Directorate		94 600	104 817
Community Services Directorate		90 300	93 461
Economic Development Directorate	1	Nil	32 000
Education and Training Directorate		105 135	116 490
Department of Environment, Climate Change, Energy and Water		52 138	57 769
Environment and Sustainable Development Directorate	1	Nil	31 250
Executive		11 470	12 709
Health Directorate	2	172 497	211 127
Home Loan Portfolio		13 760	15 246
Housing ACT	3	107 500	99 110
Shared Services Centre		76 235	84 468
Justice and Community Safety Directorate		140 000	155 120
Department of Land and Property Services		51 500	57 062
Legislative Assembly Secretariat		26 875	29 778
ACT Planning and Land Authority		73 853	81 829
Superannuation Unit		43 753	45 284
Treasury Directorate	3	145 125	127 799
Territory and Municipal Services Directorate		236 500	242 042
Total financial audit fees – departments/directorates		1 478 866	1 636 303

Explanatory notes are provided on page 72.

Table 3: Financial audit fees – statutory authorities

	Note	2009-10 Actual Audit Fees \$	2010-11 Estimated Audit Fees \$
Statutory authorities			
ACTION Authority		81 700	95 060
Building Industry Training Fund Authority		11 950	16 950
Canberra Institute of Technology		92 273	95 503
Canberra Public Cemeteries Authority		33 040	36 608
Cleaning Industry Long Service Leave Authority	4	22 000	Nil
Construction Industry Long Service Leave Authority	4	28 727	Nil
ACT Long Service Leave Authority	4	51 545	57 112
Cultural Facilities Corporation	5	27 440	43 400
Exhibition Park Corporation		22 400	27 400
Gambling and Racing Commission		25 088	27 798
Independent Competition and Regulatory Commission		11 950	16 950
Insurance Authority		47 945	53 123
Land Development Agency	6	111 665	103 725
Legal Aid Commission		28 112	36 148
Nominal Defendant		23 520	26 060
Public Trustee Office Account		17 200	19 058
Public Trustee Trust Account		18 920	20 963
University of Canberra		134 500	145 260
Default Insurance Fund		22 624	25 067
Total financial audit fees statutory authorities		812 599	846 185

Explanatory notes are provided on page 72.

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

	Note	2009-10 Actual Audit Fees \$	2010-11 Estimated Audit Fees \$
Territory-owned corporations and other companies			
ACTEW Corporation Limited	7	150 000	125 000
ACTEW Distribution Limited		13 000	11 250
ACTEW Retail Limited		13 000	11 250
ACTTAB Limited		47 838	49 512
CIT Solutions Pty Limited		25 455	26 345
Community Housing Canberra Limited	8	29 428	39 428
Rhodium Asset Solutions Limited	9	95 000	30 000
Totalcare Industries Limited		26 000	26 910
University of Canberra College Pty Limited		18 818	19 477
UCU Ltd		27 818	28 791
NATSEM Pty Limited	10	Nil	20 000
Total		446 357	387 963

Table 5: Financial audit fees – joint ventures, partnerships and others

	Note	2009-10 Actual Audit Fees \$	2010-11 Estimated Audit Fees \$
Joint ventures and partnerships			
ActewAGL Joint Venture	11	200 000	262 500
Crace Joint Venture		16 425	18 429
Forde Joint Venture		17 500	18 429
Woden East Joint Venture		7 245	9 529
Lyons Estate Redevelopment Joint Venture 2007	12	13 200	Nil
Lyons Estate Redevelopment Joint Venture 2008	12	13 200	Nil
Lyons Estate Redevelopment Joint Venture 2009	12	6 600	Nil
Lyons Estate Redevelopment Joint Venture 2010	12	Nil	16 909
Total		274 170	325 796

Explanatory notes are provided on page 72.

Table 6: Financial audit fees – other audits

	Note	2009-10 Actual Audit Fees \$	2010-11 Estimated Audit Fees \$
Other audits			
Canberra Business Development Fund		10 428	11 554
Commonwealth Funding Roads Acquittal		9 775	10 831
University of Canberra Grant Acquittal		3 767	3 767
Legal Aid Commission Commonwealth Acquittal	13	4 838	Nil
Nicholls Primary School Joint Facilities		968	1 073
Capital Region Foundation Gift Fund		2 365	2 620
Capital Region Foundation Open Fund		2 365	2 620
Building Education Revolution Acquittal		7 000	7 750
Heavy Vehicle Safety and Productivity Program Acquittal	14	3 793	Nil
Albert Hall Refurbishment Acquittal	14	4 000	Nil
Total		49 299	40 215

- Note 1: These audits were created following the Administrative Arrangement Orders that came into effect on 17 May 2011.
- Note 2: The increase in the 2010-11 estimated fee for the audit of ACT Health's financial statements is due to the Audit Office obtaining external specialist accounting advice on complex accounting issues relating to assets.
- Note 3: The decrease in the fees for Housing ACT and Treasury were the result of a reduction in the costs for external IT audit contractors.
- Note 4: The ACT Long Service Leave Authority was created in 2009-10. This Authority replaces the ACT Cleaning Industry Long Service Leave Authority and Construction Industry Long Service Leave Authority.
- Note 5: The increase in the 2010-11 estimated fee for the audit of the Cultural Facilities Corporation financial statements is due to the Audit Office obtaining external IT specialist advice on the new ticketing system.
- Note 6: The decrease in the 2010-11 estimated fee for the audit of the Land Development Agency financial statements is due to the reduced costs being incurred on this audit by the Audit Office.
- Note 7: The reduction in the audit fee for ACTEW Corporation Limited followed the public tender process which led to lower contractor fees.
- Note 8: The increase in the 2010-11 estimated fee for the audit of Community Housing Canberra Limited's financial statements is due to the expansion of activities of the company.
- Note 9: The reduction in the audit fee for Rhodium Asset Solutions Limited reflects the final wind-up audit of the company.
- Note 10: NATSEM Pty Limited is a subsidiary of the University of Canberra. The Audit Office was appointed as the company's auditor for 31 December 2010.
- Note 11: The increase in the fee for the audit of the ActewAGL Joint Venture reflects the fact that the Audit Office was appointed as the auditor for the whole joint venture from 2011 onwards. In overall terms the cost of the ActewAGL Joint Venture audit has been reduced as the joint audit arrangements are no longer in place.
- Note 12: The Lyons Estate Redevelopment Joint Venture submitted its overdue 2007, 2008 and 2009 financial statements for audit in 2009-10. The 2009-10 and 2010-11 financial statements should be audited in 2010-11 ensuring that the Joint Venture reporting is up to date.
- Note 13: The new National Partnership Agreement on Legal Assistance Services does not require an acquittal audit for commonwealth legal funding.
- Note 14: These acquittal audits which resulted from the Commonwealth stimulus funding received by the ACT Government are no longer required.

APPENDIX B STAFF PROFILE

There were 33 staff employed in the Audit Office (including the Auditor-General) as at the last pay period for the financial year ended 30 June 2011 (31.9 full-time equivalent staff).

The following tables provide details on the staffing profile. This information has been provided by the Shared Services Centre and represents the *paid headcount* as at 22 June 2011.

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

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

Full time equivalent staff and head count

Table 1: FTE and headcount

Classification	Female	Male	Total
FTE by gender	11.0	20.9	31.9
Headcount by gender	12	21	33
% of workforce (headcount)	36%	64%	100%

Source: Data from Shared Services Centre and pay report for Pay 26 fortnight ending 22 June 2011

Classification group

Table 2: Classifications

Classification group	Female	Male	Total
Statutory office holder	0	1	1
Executive officers	0	2	2
Professional and administrative officers	12	18	30
Total	12	21	33

Source: Data from Shared Services Centre and pay report for Pay 26 fortnight ending 22 June 2011

Employment category by gender

Table 3: Employment category by gender

Employment status	Female	Male	Total
Permanent part-time	3	1	4
Permanent full-time	6	15	21
Temporary full-time	3	5	8
Temporary part-time	0	0	0
Casual	0	0	0
Total	12	21	33

Source: Data from Shared Services Centre and pay report for Pay 26 fortnight ending 22 June 2011

Average length of service by age-group and gender

Most staff (62 percent of staff) have been with the Audit Office for periods of up to six years. Most of these staff are classified as ‘Generation Y’ (i.e. born from 1980).

Staff that have been with the Audit Office for 14 or more years (22 percent) are classified as ‘baby boomers’ (born 1946 to 1964) or ‘Generation X’ (born 1965 to 1979).

Males outnumber females regardless of the length of service. This is reasonably consistent with the profile of staff that apply for positions within the Audit Office.

Average length of service by gender

Table 4: Average length of service by gender

Gender	Average length of service
Female	5.6
Male	10.1
Overall average	8.5

Source: Data from Shared Services Centre and pay report for Pay 26 fortnight ending 22 June 2011

Age profile

Most staff (45 percent of staff) are classified as ‘Generation Y’ (i.e. born from 1980).

Some 33 percent of staff are classified as ‘Generation X’, and a further 21 percent are ‘baby boomers’.

Males outnumber females in all age groups.

Agency profile

Table 4: Agency profile

Branch / Division	FTE	Headcount
Executive	3.0	3
Financial Audits	19.5	20
Performance Audits and Corporate Services	9.4	10
Total	31.9	33

Source: Data from the Shared Services Centre.

Agency profile by employment type

Table 5: Agency profile by employment type

Branch / Division	Permanent	Temporary	Casual
Executive	1	2	0
Financial Audits	15	5	0
Performance Audits and Corporate Services	9	1	0
Total	25	8	0

Source: Data from the Shared Services Centre.

Equity and workplace diversity

Staff from culturally and linguistically diverse backgrounds represent 28 percent of the workforce in the Audit Office. Staff with a disability are also part of the Office workforce. However, the Office has not employed any Aboriginal and / or Torres Strait Islanders.

APPENDIX C FINANCIAL STATEMENTS

ACT AUDITOR-GENERAL'S OFFICE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF RESPONSIBILITY

In my opinion, the accompanying financial statements for the ACT Auditor-General's Office for the year ended 30 June 2011, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Cash Flow Statement; and

Statement of Appropriation

fairly reflect the financial operations of the Office for the year ended 30 June 2011 and the financial position of the Office on that date.

Bernie Sheville
Acting Auditor-General

25 July 2011

ACT AUDITOR-GENERAL'S OFFICE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

STATEMENT BY THE CHIEF FINANCE OFFICER

In my opinion, the accompanying financial statements for the ACT Auditor-General's Office for the year ended 30 June 2011, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Cash Flow Statement; and

Statement of Appropriation

have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Office's accounts and records, and fairly reflect the financial operations of the Office for the year ended 30 June 2011 and the financial position of the Office on that date.

Malcolm Prentice
Acting Chief Finance Officer

25 July 2011

INDEPENDENT AUDIT REPORT

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership

Chartered Accountants
& Business AdvisersINDEPENDENT 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 2011 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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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 2011 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: 25 July 2011

ACT AUDITOR-GENERAL'S OFFICE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2010-11 Actual \$	2010-11 Budget* \$	2009-10 Actual \$
INCOME				
<i>Revenue</i>				
Appropriation (See Note (a) below)		2 159 000	2 165 000	2 112 000
Financial audit fees	6	3 175 582	3 457 000	3 274 026
Other	7	105 011	40 000	153 780
Total revenue		5 439 593	5 662 000	5 539 806
<i>Gains</i>				
Gain on the sale of plant and equipment	8	1 582	0	4 647
Gain on investment	9	11 065	0	-
Total gains		12 647	0	4 647
Total income		5 452 240	5 662 000	5 544 453
EXPENSES				
Employees	10	3 990 394	3 898 000	3 655 250
Supplies and services	11	1 602 465	1 738 000	1 627 180
Depreciation	12	70 016	75 000	79 483
Total expenses		5 662 875	5 711 000	5 361 913
Operating (deficit)/surplus		(210 635)	(49 000)	182 540
OTHER COMPREHENSIVE INCOME				
Increase in the asset revaluation surplus	22	69 884	0	(6 171)
Total other comprehensive income		69 884	0	(6 171)
Total comprehensive (deficit)/income		(140 751)	(49 000)	176 369

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

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

*The budget amounts disclosed above are sourced from 2010-11 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE
OPERATING STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

The operating deficit of \$210 635 was significantly higher than the budgeted deficit of \$49 000.

The Audit Office incurred higher than expected costs in the following areas:

- Employee costs - salary increases were provided to improve staff retention and address a high staff turnover. These higher costs exceeded salary savings generated by the loss of staff;
- Supplies and services, contractors – financial auditors were engaged from private sector firms to assist in the completion of the 2010-11 financial audit program and address the loss of experienced financial audit staff;
- Supplies and services, information technology - new audit software was implemented to improve the capacity of audit teams to extract and analyse data; and
- Supplies and services, recruitment costs – more frequent advertising for staff was needed to address a high staff turnover.

The Audit Office incurred unexpected 'one-off' costs associated with the incoming Auditor-General (employee entitlements for prior service, \$346 516 and recruitment costs, \$82 462). Had these costs not been incurred, the Office would have generated an operating surplus of \$218 343, compared to the budgeted deficit of \$49 000 and operating surplus of \$182 540 generated in 2009-10.

These were partially offset by lower than expected performance audit contractor costs, because the Audit Office did not use contractors on performance audits as extensively as expected.

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

ACT AUDITOR-GENERAL'S OFFICE

BALANCE SHEET
AS AT 30 JUNE 2011

	Note	2011 Actual \$	2011 Budget* \$	2010 Actual \$
ASSETS				
Current Assets				
Cash	13	258 514	1 296 000	417 871
Investments	14	1 211 065	0	1 000 000
Receivables	15	1 384 963	1 276 000	1 489 515
Other assets	16	13 285	22 000	30 160
Total current assets		2 867 827	2 594 000	2 937 546
Non-current assets				
Plant and equipment	17	399 000	395 000	417 712
Total non-current assets		399 000	395 000	417 712
Total assets		3 266 827	2 989 000	3 355 258
LIABILITIES				
Current liabilities				
Payables	18	126 872	53 000	90 958
Finance leases	19	0	3 000	24 642
Employee benefits	20	1 274 364	1 173 000	1 259 897
Other liabilities	21	0	0	5 208
Total current liabilities		1 401 236	1 229 000	1 380 705
Non-current liabilities				
Finance leases	19	0	25 000	0
Employee benefits	20	111 027	58 000	81 738
Other liabilities	21	75 000	73 000	72 500
Total non-current liabilities		186 027	156 000	154 238
Total liabilities		1 587 263	1 385 000	1 534 943
NET ASSETS		1 679 564	1 604 000	1 820 315
EQUITY				
Accumulated funds		1 596 616	1 585 000	1 807 251
Asset revaluation surplus	22	82 948	19 000	13 064
Total equity		1 679 564	1 604 000	1 820 315

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

*The budget amounts disclosed above are sourced from 2010-11 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

<u>Year ended 30 June 2011</u>	Accumulated Funds 2011 Actual \$	Asset Revaluation Surplus 2011 Actual \$	Total Equity 2011 Actual \$	2011 Budget* \$
Balance at the beginning of the reporting period	1 807 251	13 064	1 820 315	1 653 000
<i>Comprehensive income/(deficit)</i>				
Operating (deficit)/surplus	(210 635)	0	(210 635)	(49 000)
Increase in the asset revaluation surplus	0	69 884	69 884	0
<i>Total comprehensive income/(deficit)</i>	(210 635)	69 884	(140 751)	(49 000)
Transfer from the asset revaluation surplus relating to sold plant and equipment	0	0	0	0
	0	0	0	0
Balance at the end of the reporting period	1 596 616	82 948	1 679 564	1 604 000

<u>Year ended 30 June 2010</u>	Accumulated Funds 2010 Actual \$	Asset Revaluation Surplus 2010 Actual \$	Total Equity 2010 Actual \$	Budget* 2010 \$
Balance at the beginning of the reporting period	1 618 540	19 235	1 637 775	1 512 000
<i>Comprehensive income/(deficit)</i>				
Operating surplus	182 540	0	182 540	25 000
Decrease in the asset revaluation surplus	0	(6 171)	(6 171)	0
<i>Total comprehensive income/(deficit)</i>	182 540	(6 171)	176 369	25 000
Transfer from the asset revaluation surplus relating to sold plant and equipment	6 171	0	6 171	0
	6 171	0	6 171	0
Balance at the end of the reporting period	1 807 251	13 064	1 820 315	1 537 000

These Statements of Changes in Equity should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2010-11 and 2009-10 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2010-11 Actual \$	2010-11 Budget* \$	2009-10 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Appropriation		2 159 000	2 165 000	2 112 000
Financial audit fees		3 249 584	3 431 000	3 133 782
Interest and distributions received		88 083	40 000	64 430
Goods and Services Tax collected from auditees		326 459	327 000	313 962
Goods and Services Tax refunded from the Australian Taxation Office		27 885	112 000	35 228
Other		42 971	-	53 151
Total receipts from operating activities		5 893 982	6 075 000	5 712 553
PAYMENTS				
Employees		(3 944 054)	(3 908 000)	(3 409 531)
Supplies and services		(1 539 510)	(1 829 000)	(1 632 735)
Goods and Services Tax paid on goods and services		(210 960)	(182 000)	(164 685)
Goods and Services Tax remitted to the Australian Taxation Office		(156 338)	(106 000)	(187 093)
Total payments from operating activities		(5 850 862)	(6 025 000)	(5 394 044)
Net cash inflows from operating activities	(a)	43 120	50 000	318 509

Note (a) A reconciliation of the operating (deficit)/surplus to the net cash flows from operating activities is presented on page 85 to 88.

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

*The budget amounts disclosed above are sourced from 2010-11 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

**CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011**

The Audit Office's net cash inflows from operating activities of \$43 120 was slightly lower than the budgeted amount of \$50 000.

Net cash inflows from operating activities of \$43 120 fell by \$275 389 (86.5 percent) from the previous year's amount of \$318 509. Higher payments to employees were partially offset by lower supplies and services costs (\$93 225 or 5.7 percent) and an increase in cash obtained from financial audits (\$115 802 or 3.7 percent).

Payments to employees increased by \$534 523 (15.7 percent) as the accumulated employee benefits were paid to the previous Auditor-General at the end of her term of appointment. Employee payments also reflected pay rises to retain experienced audit staff, sign-on bonuses relating to the enterprise agreement and an increased in staff numbers to complete a higher number of financial audits.

ACT AUDITOR-GENERAL'S OFFICE
CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2010-11 Actual \$	2010-11 Budget* \$	2009-10 Actual \$
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPTS				
Proceeds from the sale of plant and equipment		22 661	0	19 718
Proceeds from the maturity of investments		1 400 000	0	1 000 000
PAYMENTS				
Payments for plant and equipment		0	0	0
Purchase of investments		(1 600 000)	0	(1 500 000)
Cash (outflows) from investing activities		(177 339)	-	(480 282)
CASH FLOWS FROM FINANCING ACTIVITIES				
PAYMENTS				
Payment of finance leases		(25 138)	0	(29 042)
Cash (outflows) from financing activities		(25 138)	0	(29 042)
Net (decrease)/ increase in cash and cash equivalents		(159 357)	50 000	(190 815)
Cash at the beginning of the reporting period		417 871	1 246 000	608 686
Cash at the end of the reporting period	(b)	258 514	1 296 000	417 871

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

*The budget amounts disclosed above are sourced from 2010-11 Budget Paper No. 4.

Note (a) A reconciliation of cash in the Cash Flow Statement to the related items in the Balance Sheet is presented on page 85 to 88.

ACT AUDITOR-GENERAL'S OFFICE

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

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

	2010-11	2009-10
	\$	\$
Operating (deficit)/surplus	(210 635)	182 540
Depreciation	70 016	79 483
Borrowing costs on finance leases – motor vehicles	498	2 050
(Gain) on the sale of property, plant and equipment	(1 582)	(4 647)
Unrealised (gain) on investment	(11 065)	0
Changes in assets and liabilities		
Decrease/(increase) in receivables	104 552	(214 145)
Decrease/(increase) in other current assets	16 875	(7 697)
Increase in payables	35 914	37 610
Increase in employee benefits	43 755	258 940
(Decrease) in other liabilities	(5 208)	(15 625)
Net cash inflows from operating activities	43 120	318 509

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

	2010-11	2009-10
	\$	\$
Cash	258 014	417 371
Petty cash	500	500
Cash in the Cash Flow Statement and Balance Sheet	258 514	417 871

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2011

	2010-11 Budget*	2010-11 Total Appropriated	2010-11 Appropriation Drawn	2009-10 Appropriation Drawn
	\$	\$	\$	\$
Appropriation	2 165 000	2 165 000	2 159 000	2 112 000
Total appropriation	2 165 000	2 165 000	2 159 000	2 112 000

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

*The budget amounts disclosed above are sourced from 2010-11 Budget Paper No. 4.

A small reduction of \$6 000 (0.3 percent) was made to the appropriation due to the impact of whole-of-government enterprise agreement negotiations.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

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ACT AUDITOR-GENERAL'S OFFICE

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for the Year Ended 30 June 2011****Note Index (Continued)**

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ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

1. Objectives of the Audit Office

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

2. Significant Accounting Policies

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

(a) Basis of Preparation

(i) Application of Generally Accepted Accounting Principles

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

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

The Audit Office is an individual reporting entity.

(ii) Accrual Accounting

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

(iii) Historical Cost Convention

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

(iv) Significant Accounting Estimates

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

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011****2. Significant Accounting Policies (Continued)****(a) Basis of Preparation (Continued)****(v) The Reporting Period**

The financial statements present the Audit Office's financial performance, changes in equity and cash flows for the year ended 30 June 2011 and its financial position as at 30 June 2011.

(b) Comparatives**(i) Budget Information**

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Budget Papers. Budget figures contained in 2010-11 Budget Paper No. 4 have been included in these financial statements 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 statements has been amended, the comparative amounts have also been reclassified where practical.

In 2010-11, the Investment with the Territory Bank Account – Cash Enhanced Portfolio was reclassified from 'cash and cash equivalents' to 'investments' in the balance sheet and cash flow statement.

(c) Revenue Recognition

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

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

(i) Appropriation

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

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

2. Significant Accounting Policies (Continued)

(c) Revenue Recognition (Continued)

(ii) Financial Audit Fees

The Audit Office charges fees for auditing financial statements. 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 and Distributions

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

(iv) Gains or Losses on Investments

Unrealised gains or losses on investments are recognised as income or expenses in the Operating Statement.

(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 include petty cash, cash at bank, highly liquid investments held for the purpose of meeting short-term cash commitments that are readily convertible to cash and are subject to insignificant risk of changes in value and any bank overdrafts.

(e) Investments

Investment with the Territory Banking Account – Cash Enhanced Portfolio is measured at fair value through the Operating Statement. Fair value is the value at which the investment could be exchanged between knowledgeable, willing parties in an arm's length transaction. Changes in fair value are recorded in the Operating Statement.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011****2. Significant Accounting Policies (Continued)****(f) Receivables**

Receivables mainly consist of billed and unbilled amounts owing to the Audit Office in relation to financial audits and interest and distributions accrued on cash and 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.

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

2. Significant Accounting Policies (Continued)

(g) 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 plant and equipment capitalisation threshold of \$2 000. Amounts under this threshold are expensed in the Operating Statement.

(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.

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.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

2. Significant Accounting Policies (Continued)**(g) Plant and Equipment (Continued)****(iii) Depreciation (Continued)**

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
Motor vehicles under finance leases	2 years

(g) Intangible Assets

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

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

(h) Impairment

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

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

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

2. Significant Accounting Policies (Continued)

(i) Payables

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

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

(j) 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 fall due wholly within the next 12 months are measured based on the estimated amount of remuneration payable when the leave is taken.

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011****2. Significant Accounting Policies (Continued)****(k) Employee Benefits (Continued)****(ii) Annual and Long Service Leave (Continued)**

In 2010-11, the discount factor used to estimate the present value of these future payments is 92.2 percent (92.9 percent in 2009-10). This reduction to the discount factor decreased the estimated liabilities for annual and long service leave and the related expenses by \$5 682.

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.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

2. Significant Accounting Policies (Continued)

(k) 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.

(l) Leases

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

(i) Finance Leases

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

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

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

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011****2. Significant Accounting Policies (Continued)****(l) 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 was amortised on a straight-line basis over the original lease term of six years.

(m) Other Liabilities - Provision for Make Good

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

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

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

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

As disclosed in Note 2(k)(ii): 'Annual and Long Service Leave' a reduction in the discount factor used to estimate annual and long service leave liabilities decreased the estimate of these liabilities and the related expenses by \$5 682.

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

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

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

5. Significant Accounting Estimates and Judgements

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

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

(i) Receivables – Accrued Financial Audit Income

Note 2(f): '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) Plant and Equipment - Fair Value

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

The fair value of the Office fit-out has been estimated by an independent valuer. See Note 17: 'Plant and Equipment' for further information.

(iii) Plant and Equipment - Depreciation

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011****5. Significant Accounting Estimates and Judgements (Continued)****(iv) Employee Benefits**

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

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

Note 20: '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.

(vi) Other Liabilities - Provision for Make Good

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

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

6. Financial Audit Fees

	2010-11 \$	2009-10 \$
General Government Sector (i)	1 995 386	1 863 441
Public Trading Enterprises (ii)	492 064	517 982
Other (iii)	688 132	892 603
Total Financial Audit Fees	3 175 582	3 274 026

Financial audit fees fell by \$98 444 (3.0 percent) from the 2009-10 level.

- (i) **General Government Sector** - Audit fees for agencies in the General Government Sector increased by \$131 945 (7.1 percent). Audit fees were increased by the wage price index of 3.5 percent and a further amount of 3.8 percent to meet the costs of using private sector auditors to complete the 2010-11 financial audit program.
- (ii) **Public Trading Enterprises** - Audit fees charged to agencies in the Public Enterprise Sector fell by \$25 918 (5.0 percent). This was mainly due to a reduction in the costs of completing the audit of the ACTEW Group following a competitive public tender for these audits and a reduction in information technology audit work in Housing ACT.
- (iii) **Other** – Audit fees fell by \$204 471 (22.9 percent). The Audit Office' appointment as the sole auditor for the ActewAGL Joint Venture resulted in efficiencies and lower costs of completing this audit compared to having this audit performed jointly by two auditors. Competitive public tendering for this audit also contributed to a reduction in the costs of this audit.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

7. Other Income

	2010-11 \$	2009-10 \$
Interest and distributions	93 893	65 851
Legal services received free of charge from the ACT Government Solicitor's Office	8 193	5 899
Worker's compensation recoveries	2 925	82 005
Other	0	25
Total Other Income	105 011	153 780

Other income fell due mainly to a reduction in recoveries from Comcare of the costs of an employee on worker's compensation. This was partially offset by an increase in interest earned and distributions received on cash and investment accounts due mainly to higher amounts held in these accounts during the reporting period and higher interest rates.

8. Gain on the Sale of Plant and Equipment

	2010-11 \$	2009-10 \$
Gain on the sale of motor vehicles	1 582	4 647
Total Gain on the Sale of Plant and Equipment	1 582	4 647

One motor vehicle, provided as part of the remuneration of an executive, was sold by auction during the 2010-11 reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

9. Gain on Investments

	2010-11 \$	2009-10 \$
Unrealised gain on investments	11 065	0
Total Gain on Investments	11 065	0

The investment with the Territory Banking Account generated an unrealised gain in 2010-11. In the previous year, the Territory Banking Account adjusted cash distributions for unrealised gains and losses on this investment.

10. Employees

	2010-11 \$	2009-10 \$
Salaries	3 366 245	2 996 322
Superannuation	435 440	463 142
Annual leave	116 851	27 705
Long service leave	40 305	105 187
Other employee benefits	0	22 100
Fringe Benefits Tax	8 266	12 101
Motor vehicle running costs	3 460	10 638
Borrowing costs on finance leases – motor vehicles	498	2 050
Workers' compensation premium	19 329	16 005
Total Employees	3 990 394	3 655 250

Employee expenses increased by \$335 144 (9.2 percent) in 2010-11. Salaries increased by \$369 923 (12.3 percent) mainly due to pay rises that included amounts to retain experienced audit staff and a small increase in staff numbers to complete more financial audits. Employee costs also included 'one-off' costs for annual and long service leave liabilities associated with the prior service of the incoming Auditor-General of \$346 516.

Average full-time equivalent staff numbers increased from 32.1 in 2009-10 to 33.7 in 2010-11.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

11. Supplies and Services

	Note	2010-11 \$	2009-10 \$
Contractors – performance audits		40 958	0
– financial audits		709 868	948 676
– internal audit		5 880	17 260
– other		8 294	3 300
Sub-total		765 000	969 236
Accommodation lease		225 756	220 549
Information technology		227 266	190 446
Training		73 184	58 031
Printing		28 469	25 598
Payroll and recruitment processing		20 402	20 026
Recruitment and advertising costs		101 274	4 610
Electricity, gas and cleaning		25 484	25 220
Telephones		17 892	18 860
Travel		17 516	9 296
Library journals and subscriptions		18 726	14 187
Security		8 853	9 414
Computer software and consumables		1 605	4 575
Insurance		7 649	7 361
Audit fees		9 833	11 667
Stationery		7 533	6 591
Legal services received free of charge from the ACT Government Solicitor's Office		8 193	5 899
Office equipment		963	1 808
Venue and equipment hire		1 608	171
Other		35 259	23 635
Sub-total		837 465	657 944
Total Supplies and Services		1 602 465	1 627 180

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

11. Supplies and Services (Continued)

Supplies and services costs fell by \$24 715 (1.5 percent). This was mostly due to a reduction in fees paid to contractors used to assist with completing the financial audit program. See Note 5: 'Financial Audit Fees' for further information on these lower costs.

These lower costs were largely offset by cost increases in the following areas:

- information technology – new audit software (licence fees, support and upgrade fees) was acquired to improve the capacity of audit teams to extract and analyse information;
- recruitment and advertising - recruitment costs relating to the incoming Auditor-General and increased recruitment activity in response to a high staff turnover;
- travel costs - attendance at meetings held by the Australasian Council of Auditors-General and its various working groups covering practice management, performance audit and financial reporting and audit. The Audit Office also participated in quality assurance peer review arrangements with the Victorian Auditor-General's Office; and
- training costs - the Office addressed staff training needs identified in its learning and development program and provided support to staff in obtaining and maintaining relevant professional qualifications.

12. Depreciation

	2010-11 \$	2009-10 \$
Office fit-out	66 600	66 601
Depreciation of motor vehicles held under a finance lease arrangement	3 416	12 882
Total Depreciation	70 016	79 483

Depreciation fell due to a decrease in motor vehicles held by the Audit Office under a finance lease arrangement.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

13. Cash

	2011 \$	2010 \$
Bank	258 014	417 371
Petty cash	500	500
Total Cash	258 514	417 871

Bank represents cash held with the Commonwealth Bank. Cash at bank earned an average floating interest rate of 4.5 percent during the 2010-11 reporting period (3.6 percent in the 2009-10 reporting period).

Bank funds may be withdrawn upon request.

The cash balance at 30 June 2011 fell by \$159 357 (38.1 percent).

As disclosed in the Cash Flow Statement, this reduction resulted from a decline in the cash generated from the Audit Office's operating activities, partially offset by a reduction in the amount transferred to investments.

14. Investments

	2011 \$	2010 \$
Investment with the Territory Banking Account (Cash Enhanced Portfolio)	1 211 065	1 000 000
Total Cash	1 211 065	1 000 000

Credit risk associated with this investment is disclosed in Note 27(b) 'Credit Risk Exposure'. Price risk associated with this investment is disclosed in Note 27(d) 'Price Risk'.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

15. Receivables

	2011 \$	2010 \$
Invoiced financial audit debtors (i)	337 805	473 294
Accrued financial audit income (ii)	1 011 812	960 238
Sub-total	1 349 617	1 433 532
Goods and Services Tax net receivable (iii)	7 493	0
Fringe Benefits Tax receivable (iv)	13 184	15 270
Worker's compensation recovery (v)	2 925	34 778
Accrued interest and distributions	11 744	5 935
Sub-total	35 346	55 983
Total Receivables	1 384 963	1 489 515

- (i) Invoiced financial audit debtors – represents amounts billed to auditees for the audits of their financial reports. Credit terms are net 30 days.
- (ii) Accrued financial audit income – represents unbilled amounts receivable from auditees for audit work performed up until the end of the reporting period. It includes amounts recoverable from auditees for amounts billed to the Audit Office by 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.
- (iv) Fringe Benefits Tax receivable – are the amounts recoverable from the Australian Taxation Office and for overpaid tax and Shared Services relating to staff salary packaging arrangements.
- (v) Worker's compensation recovery is the amount recoverable from Comcare relating to a worker's compensation claim by a former employee.

Credit risk relating to receivables is disclosed in Note 27(b): 'Credit Risk Exposure'. Receivables are non-interest bearing.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

15. Receivables (Continued)

Receivables fell by \$104 552 (7.0 percent). Amounts receivable for financial audit work fell because:

- an audit of Rhodium Assets Solutions Limited was no longer required in the 2010-11 reporting period; and
- audit fees for the ActewAGL Joint Venture and ACTEW Group were reduced following the competitive tendering of these audits.

The amount recoverable from Comcare for a worker's compensation claim also fell as Comcare paid most of the amount owing to the Audit Office.

These reductions were partially offset by higher accrued audit income as audit fees were increased to meet higher wage costs and costs of using private sector contractors to complete the 2010-11 financial audit program.

Ageing of receivables

	Not overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$	\$	\$	\$	\$
2011					
Not Impaired					
Receivables	1 384 963	0	0	0	1 384 963
Impaired					
Receivables	0	0	0	0	0
2010					
Not Impaired					
Receivables	1 471 671	0	0	17 844	1 489 515
Impaired					
Receivables	0	0	0	0	0

The amounts overdue for more than 60 days at 30 June 2010 (\$17 844) were received during 2010-11.

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Statements
for the Year Ended 30 June 2011

15. Receivables (Continued)

Receivables with ACT Government Entities	2011 \$	2010 \$
Invoiced financial audit debtors	0	168 135
Accrued financial audit income	898 960	789 134
Accrued interest and distributions	10 399	4 080
Fringe Benefits Tax receivable	1 001	6 485
Sub-total	910 360	967 834
Less: Allowance for impairment	0	0
	910 360	967 834
Receivables with Non-ACT Government Entities	2011 \$	2010 \$
Invoiced financial audit debtors	337 805	305 159
Accrued financial audit income	112 852	171 104
Accrued interest and distributions	1 345	1 855
Goods and Services Tax paid on supplies	7 493	0
Fringe Benefits Tax receivable	12 182	8 785
Worker's compensation recovery	2 926	34 778
Sub-total	474 603	521 681
Less: Allowance for impairment	0	0
	474 603	521 681
Total Receivables	1 384 963	1 489 515

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

16. Other Assets

	2011 \$	2010 \$
Prepayments	13 285	30 160
Total Other Current Assets	13 285	30 160

Prepayments consist of the prepayment of the office accommodation lease, licence to use a financial audit methodology (IPSAM) and subscriptions to various professional organisations.

Prepayments were higher at 30 June 2010 compared to 30 June 2011 because the Audit Office paid its accommodation lease in advance at the end of the previous reporting period.

17. Plant and Equipment

	2011 \$	2010 \$
Office fit-out (at fair value)	399 000	546 100
Less: Accumulated depreciation	0	(152 883)
Sub-total	399 000	393 217
Motor vehicles under finance leases (at fair value)	0	37 475
Less: Accumulated depreciation	0	(12 980)
Sub-total	0	24 495
Total plant and equipment	399 000	583 575
Less: Accumulated depreciation	0	(165 863)
Total Plant and Equipment	399 000	417 712

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

17. Plant and Equipment (Continued)

The Office fit-out was measured at fair value at 30 June 2011. The valuation of these assets was performed at 30 June 2011 by Mr Kashyap Budhbhatti (MRICS, AAPI CPV (P&M)), Senior Valuer Plant and Equipment, Australian Valuation Office.

As disclosed in Note 2(m): 'Other liabilities – Provision for Make Good', the Audit Office has included in the Office fit-out valuation, the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy in the event the Office were to leave the premises.

The fair valuation of the Office fit-out is based on its assessed estimated depreciated replacement cost.

The computer equipment used by the Office is provided under the operating lease arrangements disclosed in Note 24: 'Commitments'.

Reconciliations of the Movements in the Carrying Amounts of Plant and Equipment	2010-11	2009-10
	\$	\$
Office fit-out		
Carrying amount at the beginning of the reporting period	393 217	459 817
Additions	0	0
Increase in the provision for make-good (Note 21)	2 499	
Revaluation increment	69 884	0
Depreciation	(66 600)	(66 600)
Write-offs	0	0
Carrying amount at the end of the reporting period	399 000	393 217

The increase in the plant and equipment balance is mostly due to a higher asset valuation for the Office fit-out which was largely offset by depreciation charges.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

17. Plant and Equipment (Continued)

Reconciliations of the Movements in the Carrying amounts of Plant and Equipment (Continued)	2010-11 \$	2009-10 \$
Motor vehicles under a finance lease		
Carrying amount at the beginning of the reporting period	24 495	52 450
Additions	0	0
Disposals	(21 079)	(15 073)
Revaluation increment	0	0
Depreciation	(3 416)	(12 882)
Carrying amount at the end of the reporting period	0	24 495

18. Payables

	2011 \$	2010 \$
Creditors and accruals	126 872	74 021
Goods and Services Tax – net payable (i)	0	16 937
Total Payables	126 872	90 958

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 Statements
for the Year Ended 30 June 2011**

18. Payables (Continued)

- a. Goods and Services Tax net payable – is the amount payable to the Australian Taxation Office when the Business Activity Statement is lodged on a quarterly basis. The amount is the net of the Goods and Services Tax paid on supplies and the Goods and Services Tax collected from financial audits payable to the Australian Taxation Office.

As disclosed in Note 15: 'Receivables' there was a net amount owing from the Australian Taxation Office at 30 June 2011.

Payables increased by \$35 914 (39.5 percent). This was due mainly to an increase in creditors and accruals (\$52 851 or 71.4 percent) as higher amounts were owed to audit contractors engaged to assist in the completion of the financial audit program. This was partially offset by a reduction in goods and services tax owing. As disclosed in Note 15: 'Receivables', the Audit Office was due to receive \$7 493 relating to its goods and tax obligations at the end of the reporting period.

Aging of Payables	2011 \$	2010 \$
Not overdue	126 514	90 958
Overdue for less than 30 days	0	0
Overdue for 30 to 60 days	0	0
Overdue for more than 60 days	358	0
Total Payables	126 872	90 958

The amount of \$358 overdue for more than 60 days relates to an invoice from the ACT Property Branch for repairs to the filtered water system. The Audit Office has requested additional information to substantiate the claim prior to the approval of payment

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

18. Payables (Continued)

Payables with ACT Government Entities	2011 \$	2010 \$
Creditors and accruals	13 029	18 947
	13 029	18 947
Payables with Non-ACT Government Entities	2011 \$	2010 \$
Creditors and accruals	113 843	72 011
	113 843	72 011
Total Payables	126 872	90 958

19. Finance Leases

	2011 \$	2010 \$
Current - due at the reporting date	0	24 642
Non-current - not due at the reporting date	0	0
Total Finance Leases	0	24 642

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

The number of motor vehicles provided as part of the remuneration of senior executives fell from one to none during the 2010-11 reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

20. Employee Benefits

	2011	2010
	\$	\$
Current - due at the reporting date		
Accrued salaries	85 025	174 130
Salary packaging expenses	5 953	8 148
Annual leave	516 800	399 949
Long service leave	666 586	655 570
Other	0	22 100
Sub-total	1 274 364	1 259 897
Non-current - not due at the reporting date		
Long service leave	111 027	81 738
Sub-total	111 027	81 738
Total Employee Benefits	1 385 391	1 341 635

Most of the \$43 756 (3.3 percent) increase in employee benefits was caused by higher long service and annual leave liabilities, partially offset by lower accrued salaries.

Long service leave and annual leave liabilities increased by \$40 305 (5.5 percent) and \$116 851 (29.2 percent) 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. Annual leave and long services leave liabilities include amounts owing relating to the prior service of the incoming Auditor-General of \$346 516.

The reduction in accrued salaries of \$89 105 (51.2 percent) was due to the accrual, at the end of the previous reporting period, of annual pay rises under the Audit Office's enterprise agreement. A similar accrual was not applicable at the end of the current reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

20. Employee Benefits (Continued)

As disclosed in Note 2(k): '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	2011 \$	2010 \$
Estimated amount payable within 12 months		
Accrued salaries	85 025	174 130
Salary packaging expenses	5 953	8 148
Annual leave	273 348	280 477
Long service leave	133 789	268 505
Other employee benefits	0	22 100
Sub-total	498 115	753 360
Estimated amount payable after 12 months		
Annual leave	243 452	119 472
Long service leave	643 824	468 803
Sub-total	887 276	588 275
Total Employee Benefits	1 385 391	1 341 635

The reduction in accrued salaries (\$89 105 or 51.2 percent) was due to the accrual, at the end of the previous reporting period, of annual pay rises under the Audit Office's enterprise agreement. A similar accrual was not applicable at the end of the current reporting period.

The decrease in long service leave payable within 12 months of the end of the reporting period reflects the payment of long service leave entitlements to the former Auditor-General following the completion of her term of appointment.

The increase in annual leave and long service leave payable after 12 months of the end of the reporting period mostly reflects the transfer in of leave entitlements relating to the prior service of the incoming Auditor-General.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

20. Employee Benefits (Continued)

Staffing Levels

The full-time equivalent staff employed by the Audit Office at 30 June 2011 was 31.9 compared to 35.7 at 30 June 2010.

The *average* number of full-time equivalent staff employed in 2010-11 was 33.7 compared to 32.1 in 2009-10.

21. Other Liabilities

	2011	2010
	\$	\$
Current		
Lease incentive liability	0	5 208
Sub-total	0	5 208
Non-Current		
Provision for make good	75 000	72 500
Sub-total	75 000	72 500
Total Other Liabilities	75 000	77 708

Reconciliation of the Provision for Make good	2011	2010
	\$	\$
Balance at the beginning of the reporting period	72 500	72 500
Additional provision recognised	2 500	0
Reduction in provision as a result of payments	0	0
Balance at the end of the reporting period	75 000	72 500

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

The lease incentive liability represents lease incentives (for example, half-rent) included in the accommodation lease. The liability was fully amortised over the initial six-year lease term which expired on 31 October 2010.

The small increase in the provision for make good on the accommodation lease was due to a reassessment of the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy. The amount was estimated by the Australian Valuation Office. Further details are disclosed in Note 17: 'Plant and Equipment'.

22. Asset Revaluation Surplus

	2011 \$	2010 \$
Balance at the beginning of the reporting period	13 064	19 235
Revaluation increment	69 884	0
Transfer of asset revaluation surplus relating to sold plant and equipment to accumulated funds	0	(6 171)
Balance at the end of the reporting period	82 948	13 064

The revaluation increment resulted from an upwards revaluation of the Audit Office's plant and equipment. Further information on the revaluation is provided in Note 17: 'Plant and Equipment'.

23. Auditor's Remuneration

An independent auditor was appointed to audit the Audit Office's financial statements and review the Office's statement of performance.

The auditor's remuneration for 2010-11 is \$10 000 excluding GST (2009-10: \$10 000).

The auditor did not provide other services to the Audit Office.

The independent auditor was selected by the Chief Minister under section 27 of the *Auditor-General Act 1996* to conduct audits of the Audit Office's financial statements and reviews of the Office's statement of performance for the 2009-10, 2010-11 and 2011-12 financial years. The Office expects to pay the auditor \$33 550 including GST for these services over the three-year period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

24. Commitments

Finance Lease Commitments

Finance lease commitments for motor vehicles are as follows:

	2011 \$	2010 \$
Not later than one year	0	25 138
Later than one year and not later than five years	0	-
Later than five years	0	-
Sub-total	0	25 138
Less: Future interest charges	0	(496)
Total Finance Lease Commitments	0	24 642

There are no finance lease commitments at 30 June 2011.

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 one to none during the 2010-11 reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

24. Commitments (continued)**Operating Lease Commitments**

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

	2011 \$	2010 \$
Not later than one year	364 891	195 257
Later than one year and not later than five years	985 471	46 656
Later than five years	0	0
Total Operating Lease Commitments	1 350 362	241 913

Most information technology equipment is under three-year leases and accommodation is under a five-year lease.

Operating lease commitments increased because the Audit Office:

- entered into new three year leases for IT equipment to replace equipment under leases which expired; and
- extended the accommodation lease for a further five-years. The lease expires on 31 October 2015.

Other Commitments

Other commitments to financial audit contractors are as follows.

	2011 \$	2010 \$
Not later than one year	474 438	0
Later than one year and not later than five years	1 117 887	0
Later than five years	0	0
Total Other Commitments	1 592 325	0

Other commitments increased as the Audit Office entered into contracts with financial audit contractors during the 2010-11 reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

25. Contingent Liabilities

No contingent liabilities are known to exist.

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

(a) Act of Grace Payments

No act of grace payments were made during the 2010-11 or 2009-10 reporting periods.

(b) Waivers

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

There were no waivers of public monies during the 2010-11 or 2009-10 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 2010-11 or 2009-10 reporting periods.

27. 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, investments and receivables and its financial liabilities are comprised of payables and finance leases.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011****27. Financial Instruments (Continued)****(a) 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 27(i): 'Maturity Analysis and Exposure to Interest Rates'.

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

The Audit Office is exposed to movements in the amount of interest it may earn on cash. As the Office's operating cash flows are not significantly dependant on interest earned from cash, a sensitivity analysis of the interest rate risk has not been performed.

(b) Credit Risk Exposure

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets consist of cash, 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 27(i): 'Maturity Analysis and Exposure to Interest Rates'.

Cash and investments 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. These 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.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

27. Financial Instruments (Continued)

(c) Liquidity Risk

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

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

Note 27(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 liabilities, most of which consist of employee benefits.

(d) Price Risk

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

The Audit Office is exposed to price risk from its investment in the Territory Banking Account's Cash Enhanced Portfolio. The price fluctuations in the units of the cash enhanced portfolio are caused by movements in the underlying investments of the portfolio. The underlying investments are managed by an external fund manager who invests in a variety of different bonds, including bonds issued by the Commonwealth Government, State Government guaranteed treasury corporations and semi-government authorities, as well as investment-grade corporate issues.

As the Audit Office's operating results are not significantly affected by movements in the price of this investment, a sensitivity analysis of the price risk has not been performed.

(e) Currency Risk

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

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

(f) Unrecognised Financial Assets and Financial Liabilities

There were no unrecognised financial assets or financial liabilities.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

27. Financial Instruments (Continued)**(g) Fair Values of Financial Assets and Financial Liabilities**

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

	Note	Carrying Amount 2011 \$	Fair Value 2011 \$	Carrying Amount 2010 \$	Fair Value 2010 \$
Financial Assets					
Cash	13	258 514	258 514	417 871	417 871
Investments	14	1 211 065	1 211 065	1 000 000	1 000 000
Receivables	15	1 384 963	1 384 963	1 489 515	1 489 515
Total Financial Assets		2 854 542	2 854 542	2 907 386	2 907 386
Financial Liabilities					
Payables	18	126 872	126 872	90 958	90 958
Finance leases	19	0	0	24 642	24 642
Total Financial Liabilities		126 872	126 872	115 600	115 600

Fair Value Hierarchy

The Audit Office is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy consists of the following three levels:

- Level 1 – fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

27. Financial Instruments (Continued)

(g) Fair Values of Financial Assets and Financial Liabilities (Continued)

30 June 2011	Classification according to the Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets				
Financial assets at fair value through the operating statement				
Investment with the Territory Bank Account – Cash Enhanced Fund	0	1 211 065	0	1 211 065
	0	1 211 065	0	1 211 065

Transfers between Categories

There were no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

30 June 2010	Classification according to the Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets				
Financial assets at fair value through the operating statement				
Investment with the Territory Bank Account – Cash Enhanced Fund	0	1 000 000	0	1 000 000
	0	1 000 000	0	1 000 000

Transfers between Categories

There were no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

27. Financial Instruments (Continued)**(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 2011 and 30 June 2010.

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.

As at 30 June 2011

	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	4.5%	258 014	0	0	500	258 514
Investments		0	0	0	1 211 065	1 211 065
Receivables		0	0	0	1 384 963	1 384 963
Total		258 014	0	0	2 596 528	2 854 542
Financial Liabilities						
Payables		0	0	0	126 872	126 872
Finance leases		0	0	0	0	0
Total		0	0	0	126 872	126 872
Net Financial Assets		258 014	0	0	2 469 656	2 727 670

ACT AUDITOR-GENERAL'S OFFICE

Notes to the Financial Statements
for the Year Ended 30 June 2011

27. Financial Instruments (Continued)

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

As at 30 June 2010

	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	3.6%	417 371	0	0	500	417 871
Investments		0	0	0	1 000 000	1 000 000
Receivables		0	0	0	1 489 515	1 489 515
Total		417 371	0	0	2 490 015	2 907 386
Financial Liabilities						
Payables		0	0	0	90 958	90 958
Finance leases	5.3%	0	25 138	0	0	25 138
Total		0	25 138	0	90 958	116 096
Net Financial Assets/(Liabilities)		417 371	(25 138)	-	2 399 057	2 791 290

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

27. Financial Instruments (Continued)**(j) Carrying Amount of Each Category of Financial Asset and Financial Liability**

	2011	2010
	\$	\$
Financial Assets		
Fair value through the operating statement designated upon initial recognition - Investment with the Territory Bank Account – Cash Enhanced Fund	1 211 065	1 000 000
Loans and receivables at amortised cost	1 384 963	1 489 515
Financial Liabilities		
Financial liabilities at amortised cost	126 872	115 600

The Audit Office does not have any financial assets in the 'available for sale' or held to maturity' category or any financial liabilities in the 'fair value through the operating statement' category.

(k) Gains or Losses on Each Category of Financial Asset and Liability

	2011	2010
	\$	\$
Gains on Financial Assets		
Financial assets at fair value through the operating statement designated upon initial recognition - Investment with the Territory Bank Account – Cash Enhanced Fund	11 065	0
Loans and receivables at amortised cost	0	0
Financial Liabilities		
Financial liabilities at amortised cost	0	0

The Audit Office does not have any financial assets in the 'available for sale' or held to maturity' category or any financial liabilities in the 'fair value through the operating statement' category.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to the Financial Statements
for the Year Ended 30 June 2011**

28. Related Party Disclosures

Australian Accounting Standard AASB 124: 'Related Party Disclosures' requires the financial statements of private sector entities to disclose transactions that have taken place between the key management personnel of an entity and parties that are related to these personnel. 'Key management personnel' are those persons that have the authority and responsibility for planning, directing and controlling the activities of the entity.

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

The Audit Office's key management personnel are represented by its Executive consisting of the Auditor-General, Director, Performance Audits and Corporate Services and Director, Financial Audits.

Remuneration of key management personnel is set out below:

Remuneration of Key Management Personnel	2010-11 \$	2009-10 \$
Short-term employee benefits	751 829	719 097
Long-term employee benefits	17 331	24 566
Total Employee Benefits	769 160	743 663

The remuneration of key management personnel reflects increases determined by the ACT Remuneration Tribunal.

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

Mr Bernie Sheville was Acting Auditor-General and Director, Financial Audits during the reporting periods covered by these financial statements. Mr Sheville is the brother of a Partner of PricewaterhouseCoopers. PricewaterhouseCoopers conducts financial audits under contract with the Audit Office from time to time. To address any potential conflict of interest, Mr Sheville is not involved in approving the selection of audit contractors.

In 2010-11, the Audit Office paid \$145 718 (including GST) to PricewaterhouseCoopers for the provision of financial audit services (\$556 165 in 2009-10) and \$4 312 (including GST) for the preparation of the Office's fringe benefits tax return (\$3 630 in 2009-10). All transactions between PricewaterhouseCoopers and the Office were conducted on an arm's length basis.

APPENDIX D STATEMENT OF PERFORMANCE

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2011

STATEMENT OF RESPONSIBILITY

In my opinion, the Statement of Performance is in agreement with the ACT Auditor-General's Office's records and fairly reflects the operational performance of the Office for the year ended 30 June 2011.

Bernie Sheville
Acting Auditor-General

27 July 2011

ACT AUDITOR-GENERAL'S OFFICE

**STATEMENT OF PERFORMANCE
YEAR ENDED 30 JUNE 2011**

STATEMENT BY THE CHIEF FINANCE OFFICER

In my opinion, the Statement of Performance is in agreement with the ACT Auditor-General's Office's records and fairly reflects the operational performance of the Office for the year ended 30 June 2011.

Malcolm Prentice
Acting Chief Finance Officer

27 July 2011

REPORT OF FACTUAL FINDINGS

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership

Chartered Accountants
& Business AdvisersREPORT 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 2011 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 2011, 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: 27 July 2011

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ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE

YEAR ENDED 30 JUNE 2011

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

The Audit Office meets its objectives largely through auditing of the annual financial statements of the Territory and its agencies and conducting performance audits and other reviews.

The performance indicators provide information on the number and timeliness of reports and the quality and effectiveness of audit work.

Performance indicators	Notes	Target 2010-11	Result 2010-11	Variance from target
Costs				
Audit costs per hour excluding audit contractor costs	1	\$120	\$139	16%
Quantity				
Number of audit reports issued on financial statements	2	69	80	15%
Number of reports of factual findings issued on statements of performance	3	28	30	7%
Number of performance audit reports presented to the Legislative Assembly	4	6	7	17%
Quality and effectiveness				
Percentage of agencies satisfied with financial audits	5	95%	100%	5%
Percentage of agencies satisfied with performance audits	6	95%	80%	(16%)

The targets for the above performance indicators are sourced from the Audit Office's 2010-11 Budget Submission to the Standing Committee on Public Accounts.

This statement of performance should be read in conjunction with the accompanying explanations.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE

YEAR ENDED 30 JUNE 2011

Performance indicators (continued)	Notes	Target 2010-11	Result 2010-11	Variance from target
Quality and effectiveness (continued)				
Percentage of recommendations accepted in financial audits*	7	95%*	89%*	(6%)
Percentage of recommendations accepted in performance audits*	8	95%*	86%*	(9%)
Percentage of employees that are satisfied with working for the Audit Office	9	85%	82%	(3%)
Timeliness				
Percentage of financial audits completed within the required timetable	10	100%	79%	(21%)
Average period of completion of performance audits (months)	11	7 months	6.5 months	(7%)
Presentation of the summary report on financial audits to the Legislative Assembly	12	December 2010	December 2010	0%

* In measuring these performance indicators, 'partial agreements', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

The targets the above performance indicators are sourced from the Audit Office's 2010-11 Budget Submission to the Standing Committee on Public Accounts.

This statement of performance should be read in conjunction with the accompanying explanations.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance
Year Ended 30 June 2011**

1. Audit costs per hour excluding audit contractor costs

This performance indicator is the Audit Office's internal cost per hour for both financial audit and performance audit functions. It is calculated by taking the total expenses of the Office less audit contractor costs, and dividing by the number of hours spent by the Office's staff on audits.

The 2010-11 target of \$120 for the audit cost per hour, excluding contractor costs, is calculated as budgeted total expenses of \$5 650 000 less budgeted contractor costs of \$960 000 divided by the budgeted audit hours for 2010-11 of 39 211¹.

The actual audit costs per hour excluding audit contractor costs per hour of \$139 was calculated as the actual total expenses of \$5 662 875, less actual audit contractor costs of \$750 826, divided by the actual hours charged to audits for the year ended 30 June 2011 (35 329).

The audit costs per hour of \$139 exceeded the target cost of \$120 by 16 percent due mostly to:

- lower than expected hours allocated to performance audits due to staff absences and the departure of staff in the second half of 2010-11. The Audit Office was unable to replace these staff; and
- higher than anticipated total expenses (less audit contractor costs) due mainly to higher employee expenses.

The Audit Office incurred significant unexpected 'one-off' costs associated with the incoming Auditor-General (employee entitlements for prior service of \$346 516 and recruitment costs of \$82 462). Had these costs not been incurred, audit costs per hour would have been \$127 per hour (6 percent higher than the target).

Salary increases were provided in an attempt to improve staff retention to address a high staff turnover. These higher costs exceeded the salary savings generated by the loss of staff.

¹The budgeted audit hours for 2010-11 of 39 211 assumes the number of full-time equivalent staff does not change from 2009-10 (31.95) and that the audit hours per staff member will be around the same as that achieved in 2009-10 (1 227.27). The budgeted hours of 39 211 were estimated as 31.95 staff multiplied by 1 227.27 hours.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

2. Number of audit reports issued on financial statements

This performance indicator represents the number of audit reports issued on financial statements during 2010-11.

The Audit Office issued 80 financial audit reports during 2010-11; exceeding the target of 69. This was mainly due to the completion of:

- final audits of the financial statements of the Cleaning Industry Long Service Leave Authority and Construction Industry Long Service Leave Authority. Unexpected additional audits for each of these authorities were required following the transfer of their operations to the newly established ACT Long Service Leave Authority;
- an audit of Rhodium Asset Solutions Limited on request from the Department of Treasury for the period from 1 July 2010 to 30 September 2010 in anticipation of its wind up;
- five audits for the Lyons Estate Redevelopment Joint Venture for the half-yearly reporting periods between 16 May 2007 and 30 June 2009. These audits were expected to have been performed in previous reporting periods, however, the Joint Venture did not provide financial statements to the Audit Office for audit until the 2010-11 financial year;
- an audit for NATSEM Pty Limited (a subsidiary of the University of Canberra) following the appointment of the Auditor-General as the statutory auditor of this company; and
- two Commonwealth grant acquittals audits that were omitted from the 2010-11 target.

A complete listing of the financial audit reports issued during 2010-11 is provided later in this statement of performance.

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

This performance indicator represents the number of reports of factual findings issued on statements of performance during 2010-11.

The Audit Office completed 30 reports of factual findings; two more than the 2010-11 target of 28. Unexpected final reviews of the statements of performance of the Cleaning Industry Long Service Leave Authority and Construction Industry Long Service Leave Authority were required following the transfer of their operations to the newly established ACT Long Service Leave Authority.

A complete listing of the reports of factual findings issued during 2010-11 is provided later in this statement of performance.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

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

This performance indicator represents the number of performance audit reports presented in the Legislative Assembly during 2010-11.

The Audit Office tabled seven performance audit reports in the Legislative Assembly during 2010-11 compared to a target of six reports. The audit reports presented were:

- (i) Report No. 5 / 2010: Delivery of Action Bus Services;
- (ii) Report No. 7 / 2010: Management of Feedback and Complaints;
- (iii) Report No. 8 / 2010: Delivery of Mental Health Services to Older Persons;
- (iv) Report No. 9 / 2010: Follow-up Audit - Courts Administration;
- (v) Report No. 1 / 2011: Waiting Lists for Elective Surgery and Medical Treatment;
- (vi) Report No. 2 / 2011: Residential Land Supply and Development; and
- (vii) Report No. 3 / 2011: The North Weston Pond Project.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

5. Percentage of agencies satisfied with financial audits

This performance indicator demonstrates how satisfied agencies are with financial audits conducted by the Audit Office.

A survey of all reporting agencies is conducted to rate their satisfaction with financial audits completed during 2010-11.

This percentage is calculated as the number of agencies that provide a satisfactory or better than satisfactory rating in relation to financial audits completed during 2010-11 divided by the number of agencies that responded to the survey. The Audit Office received a response from 42 of the 51 agencies surveyed.

The results of these surveys are shown below.

Satisfaction rating	Number of responses	%
<u>Satisfied</u>		
Very good	21	50
Good	20	48
Satisfactory	1	2
Sub-total	42	100
<u>Not satisfied</u>		
Poor	0	0
Very poor	0	0
Sub-total	0	0
Total	42	100

Source: Agency satisfaction surveys.

The percentage of agencies satisfied with financial audits (100 percent) exceeded the target (95 percent), with 98 percent of agencies rating the Audit Office's performance as either 'good' or 'very good'.

While agency feedback was largely positive, a few agencies also raised some concerns such as the timeliness of audit management reports and the timing of audit field work. These concerns are carefully considered and discussed with agencies with a view to improving the Audit Office's performance.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

6. Percentage of agencies satisfied with performance audits

This performance indicator demonstrates how satisfied agencies are with performance audits conducted by the Audit Office.

A survey of all agencies subjected to a performance audit is performed to rate their satisfaction with performance audits completed during 2010-11.

This percentage is calculated as the number of agencies that provide a satisfactory or better than satisfactory rating in relation to performance audits completed during 2010-11, divided by the number of agencies surveyed. The Audit Office received a response from 10 of the 11 agencies surveyed.

The results of these surveys are shown below.

Satisfaction rating	Number of Responses	%
<u>Satisfied</u>		
Very good	1	10
Good	5	50
Satisfactory	2	20
Sub-total	8	80
<u>Not satisfied</u>		
Poor	2	20
Very poor	0	0
Sub-total	2	20
Total	10	100

Source: Agency satisfaction surveys.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011**6. Percentage of agencies satisfied with performance audits (continued).**

The percentage of agencies satisfied with performance audits (80 percent) was lower than the target (95 percent).

The survey results indicate that the large majority of agencies felt that performance audits were conducted in a professional manner. However, two agencies advised that they were not satisfied with the Audit Office's performance on the audit of 'Residential Land Supply and Development'.

The Department of Land and Property Services provided a 'poor' overall assessment on this audit. The Department indicated that the Audit Office did not:

- understand the ACT Government policy outcome of the land rent scheme; and
- fully understand the Department's business.

The Land Development Agency (the LDA) also provided an overall assessment of 'poor' on this audit. The LDA felt that the initial scope of the audit changed significantly, diminishing its usefulness and did not address the key issues that impacted on the LDA to meet the ACT Government's objectives in land supply and development.

Both agencies felt that the draft reports contained a number of factual errors.

The Audit Office carefully considers comments or concerns raised by audited agencies and, where possible, improves 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 2011

7. Percentage of recommendations accepted in financial audits

This percentage is calculated as the number of financial audit recommendations accepted by agencies in audit management reports issued during 2010-11, divided by the number of recommendations made in these reports.

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.

Agencies accepted 315 (89 percent) of the 352 recommendations made in 2010-11. This is slightly lower than the target acceptance rate of 95 percent.

8. Percentage of recommendations accepted in performance audits

This percentage is calculated as the number of recommendations accepted by agencies in performance audit reports issued during 2010-11, divided by the number of recommendations made in these reports.

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.

Agencies accepted 66 (86 percent) of the 77 recommendations made in 2010-11.

The result is lower than the target acceptance rate of 95 percent and is due to a number of recommendations that were agreed 'in part' or 'in principle'. There were no recommendations that were 'not agreed' to by agencies.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

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

A staff survey is conducted annually to measure staff satisfaction with working for the Audit Office. Survey questions cover important aspects of the Office, including its leadership, management, working conditions, learning and development, teamwork and communication.

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

Rating	Number of responses	%
<u>Satisfied</u>		
Strongly agree	4	15
Agree	18	67
Sub-total	22	82
<u>Not satisfied</u>		
Neither agree or disagree	3	11
Disagree	2	7
Strongly disagree	0	0
Sub-total	5	18
Total	27	100

Source: Annual staff survey.

The annual staff survey is conducted anonymously. Most staff (27 or 84 percent) submitted a response to the survey.

The Audit Office's staff survey indicated that 82 percent of staff were satisfied with working for the Office. This result was slightly below the targeted satisfaction rate of 85 percent.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

10. Percentage of financial audits completed within the required timetable

This percentage is calculated as the percentage of financial 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 63 (79 percent) of the 80 financial audits within the required timetable. This result is less than the target of 100 percent.

The Audit Office was unable to meet this target, due largely to factors outside the Office's control. The audits not completed within the agreed timeframe include:

- Community Housing Canberra Limited, UCU Ltd, NATSEM Pty Limited, Crace and Forde Joint Ventures for the six months ended 31 December 2010, audits of the Lyons Estate Redevelopment Joint Venture for the five reporting periods between 16 May 2007 and 30 June 2009 and the Lyons Estate Redevelopment Joint Venture for the year ended 30 June 2010. These audit reports were not completed within the required timetable because the financial statements were not provided on time;
- Department of Treasury and Territory Banking Account. The financial statements of the Department of Treasury and Territory Banking Account include financial information from the Land Development Agency. The audit reports were not completed within the required timetable because late corrections were needed to the financial statements of the Department of Treasury and Territory Banking Account as a result of errors in the financial information from the Land Development Agency; and
- Legal Aid Commission (ACT), Construction Industry Long Service Leave Board, Cleaning Industry Long Service Leave Board and Canberra Institute of Technology. The audit reports were not completed within the required timetable to enable the correction of errors in the financial statements of these agencies.

Although the target result was not achieved, there were no instances where audits reports were not completed in time for agencies to meet their statutory or legislative reporting responsibilities.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

11. Average period of completion of performance audits (months)

This performance indicator reports the average duration of a performance audit, from commencement to completion during the reporting period. It is calculated as the total duration of all performance audits (in months) divided by the number of performance audit reports issued during the reporting period.

A performance audit is commenced when an engagement letter is sent to the relevant agency head or their equivalent – even though some planning activity is usually undertaken prior to the commencement of the audit. The completion date is the date the report is presented to the Speaker of the Legislative Assembly for tabling.

The average period of completion of performance audits completed during 2010-11 was 6.5 months. This was better than the targeted average period of completion of 7 months.

12. Presentation of the summary report of financial audits to the Legislative Assembly

One report summarising the results of the financial audit program is scheduled to be tabled in the Legislative Assembly in December each year.

The target was achieved as the report titled '2009-10 Financial Audits' (Report No.10 of 2010) was presented to the Legislative Assembly on 21 December 2010.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2011

FINANCIAL AUDITS COMPLETED IN 2010-11

This table represents the financial audits that were completed during the period from 1 July 2010 to 30 June 2011. This list includes audits for the years ending 30 June 2010 and 31 December 2010.

		Audit opinion on financial statements	Report of factual findings on statements of performance
	Territory financial statements		
1	Consolidated Annual Financial Statements	Unqualified	Not applicable
	Departments		
2	ACT Executive	Unqualified	Not applicable
3	ACT Health	Unqualified	Unqualified
4	ACT Planning and Land Authority	Unqualified	Unqualified
5	ACTION	Unqualified	Unqualified
6	Chief Minister's Department	Unqualified	Unqualified
7	Department of Disability, Housing and Community Services	Unqualified	Unqualified
8	Department of Education and Training	Unqualified	Unqualified
9	Department of the Environment, Climate Change, Energy and Water	Unqualified	Unqualified
10	Department of Justice and Community Safety	Unqualified	Unqualified
11	Department of Land and Property Services	Unqualified	Unqualified
12	Department of Territory and Municipal Services	Unqualified	Unqualified
13	Department of Treasury	Unqualified	Unqualified
14	Home Loan Portfolio	Unqualified	Unqualified
15	Housing ACT	Unqualified	Unqualified
16	Legislative Assembly Secretariat	Unqualified	Not applicable
17	Shared Services Centre	Unqualified	Unqualified
18	Superannuation Provision Account	Unqualified	Unqualified
19	Territory Banking Account	Unqualified	Unqualified
	Authorities		
20	ACT Building and Construction Industry Training Fund Authority	Unqualified	Unqualified
21	ACT Cleaning Industry Long Service Leave Authority	Unqualified	Unqualified
22	ACT Construction Industry Long Service Leave Authority	Unqualified	Unqualified
23	ACT Insurance Authority	Unqualified	Unqualified
24	ACT Long Service Leave Authority	Unqualified	Unqualified
25	ACT Public Cemeteries Authority	Unqualified	Unqualified
26	Canberra Institute of Technology	Unqualified	Unqualified
27	Cultural Facilities Corporation	Unqualified	Unqualified
28	Exhibition Park Corporation	Unqualified	Unqualified
29	Gambling and Racing Commission	Unqualified	Unqualified
30	Independent Competition and Regulatory Commission	Unqualified	Unqualified

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

FINANCIAL AUDITS COMPLETED IN 2010-11 (CONTINUED)

		Audit opinion on financial statements	Report of factual findings on statements of performance
	Authorities (continued)		
31	Land Development Agency	Unqualified	Unqualified
32	Legal Aid Commission	Unqualified	Unqualified
33	Public Trustee for the ACT – Office Account	Unqualified	Unqualified
34	University of Canberra	Unqualified	Not applicable
	Territory-owned corporations and other companies		
35	ACTEW Corporation Limited	Unqualified	Not applicable
36	ACTEW Distribution Limited	Unqualified	Not applicable
37	ACTEW Retail Limited	Unqualified	Not applicable
38	ACTTAB Limited	Unqualified	Not applicable
39	CIT Solutions Pty Limited	Unqualified	Not applicable
40	Community Housing Canberra Limited	Unqualified	Not applicable
41	NATSEM Pty Limited	Unqualified	Not applicable
42	Rhodium Asset Solutions Limited	Unqualified	Not applicable
43	Rhodium Asset Solutions Limited 1 July to 31 September 2010	Unqualified	Not applicable
44	Totalcare Industries Limited	Unqualified	Not applicable
45	UCU Ltd	Unqualified	Not applicable
46	University of Canberra College Pty Limited	Unqualified	Not applicable
	Joint ventures and partnerships		
47	ActewAGL Summary Financial Report	Unqualified	Not applicable
48	ActewAGL Joint Venture Special Purpose Financial Report	Unqualified	Not applicable
49	ActewAGL Distribution Partnership	Unqualified	Not applicable
50	ActewAGL Retail Partnership	Unqualified	Not applicable
51	Crace Joint Venture 30 June 2010	Unqualified	Not applicable
52	Crace Joint Venture 31 December 2010	Unqualified	Not applicable
53	Forde Joint Venture 30 June 2010	Unqualified	Not applicable
54	Forde Joint Venture 31 December 2010	Unqualified	Not applicable
55	Lyons Estate Redevelopment Joint Venture 30 June 2007	Unqualified	Not applicable
56	Lyons Estate Redevelopment Joint Venture 31 December 2007	Unqualified	Not applicable
57	Lyons Estate Redevelopment Joint Venture 30 June 2008	Unqualified	Not applicable
58	Lyons Estate Redevelopment Joint Venture 31 December 2008	Unqualified	Not applicable
59	Lyons Estate Redevelopment Joint Venture 30 June 2009	Unqualified	Not applicable
60	Lyons Estate Redevelopment Joint Venture 30 June 2010	Unqualified	Not applicable
61	Woden East Joint Venture	Unqualified	Not applicable
	Other audits		
62	Building the Education Revolution Program	Unqualified	Not applicable
63	Canberra Business Development Fund	Unqualified	Not applicable

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)
Year Ended 30 June 2011

FINANCIAL AUDITS COMPLETED IN 2010-11 (CONTINUED)

		Audit opinion on financial statements	Report of factual findings on statements of performance
	Other audits (continued)		
64	Capital Region Community Foundation Gift Fund	Unqualified	Not applicable
65	Capital Region Community Foundation Open Fund	Unqualified	Not applicable
66	Commonwealth Funding under the <i>Auslink National Land Transport Act 2005</i> – Black Spot Projects	Unqualified	Not applicable
67	Commonwealth Funding under the <i>Auslink National Land Transport Act 2005</i> – National Projects	Unqualified	Not applicable
68	Commonwealth Funding under the <i>Auslink National Land Transport Act 2005</i> – Roads to Recovery	Unqualified	Not applicable
69	Commonwealth Funding under the <i>Auslink National Land Transport Act 2005</i> – Roads to Recovery Supplementary Funding	Unqualified	Not applicable
70	Commonwealth Funding under the <i>Interstate Road Transport Act 1985</i> – Expenditure Statement	Unqualified	Not applicable
71	Commonwealth Funding under the <i>Interstate Road Transport Act 1985</i> – Revenue Statement	Unqualified	Not applicable
72	Default Insurance Fund	Unqualified	Not applicable
73	Gungahlin Cemetery Perpetual Care Trust	Unqualified	Not applicable
74	Hall Cemetery Perpetual Care Trust	Unqualified	Not applicable
75	Legal Aid Commission – Annual Revenue and Expenditure Statement Acquittal	Unqualified	Not applicable
76	Nicholls Primary School Joint Facilities	Unqualified	Not applicable
77	Nominal Defendant	Unqualified	Not applicable
78	Public Trustee for the ACT – Trust Account	Unqualified	Not applicable
79	University of Canberra Research Income Return	Unqualified	Not applicable
80	Woden Cemetery Perpetual Care Trust	Unqualified	Not applicable

APPENDIX E AUDIT OFFICE REPORTS

Audit reports published in recent years are listed below.

Reports Published in 2011-12

Report No. 04 / 2011 Annual Report 2010-11

Reports Published in 2010-11

Report No. 03 / 2011 The North Weston Pond Project
Report No. 02 / 2011 Residential land Supply and Development
Report No. 01 / 2011 Waiting Lists for Elective Surgery and Medical Treatment
Report No. 10 / 2010 2009-10 Financial Reports
Report No. 09 / 2010 Follow-up audit – Courts Administration
Report No. 08 / 2010 Delivery of Mental Health Services to Older Persons
Report No. 07 / 2010 Management of Feedback and Complaints
Report No. 06 / 2010 Annual Report 2009-10
Report No. 05 / 2010 Delivery of ACTION Bus Services

Reports Published in 2009-10

Report No. 04 / 2010 Water Demand Management: Administration of Selected Initiatives
Report No. 03 / 2010 Delivery of Budget Initiatives
Report No. 02 / 2010 Student Support Services for Public High Schools
Report No. 01 / 2010 Performance Reporting
Report No. 08 / 2009 2008-09 Financial Audits
Report No. 07 / 2009 Annual Report 2008-09
Report No. 06 / 2009 Government Office Accommodation
Report No. 05 / 2009 Administration of employment issues for staff of Members of the ACT Legislative Assembly

Reports Published in 2008-09

Report No. 04 / 2009 Delivery of Ambulance Services to the ACT Community
Report No. 03 / 2009 Management of Respite Care Services
Report No. 02 / 2009 Follow-up Audit: Implementation of Audit Recommendations on Road Safety
Report No. 01 / 2009 Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive
Report No. 08 / 2008 2007-08 Financial Audits
Report No. 07 / 2008 Proposal for a Gas-Fired Power Station and Data Centre – Site Selection Process
Report No. 06 / 2008 Annual Report 2007-08
Report No. 05 / 2008 Administration of the *Freedom of Information Act 1989*
Report No. 04 / 2008 Maintenance of Public Housing

Reports Published in 2007-08

Report No. 03 / 2008 Records Management in ACT Government Agencies
Report No. 02 / 2008 Management of Calvary Hospital Agreements
Report No. 01 / 2008 Chris21 Human Resource Management System: Procurement and Implementation
Report No. 08 / 2007 2006-07 Financial Audits
Report No. 07 / 2007 The Aged Care Assessment Program and the Home and Community Care Program
Report No. 06 / 2007 Annual Report 2006-07
Report No. 05 / 2007 The FireLink Project

Details of reports published prior to 2007-08 can be obtained from the ACT Auditor-General's Office or the ACT Auditor-General's homepage: <http://www.audit.act.gov.au>.

APPENDIX G

COMPLIANCE INDEX FOR THE 2010-11 REPORT

This index is required to comply with Attachment 5 of Notifiable Instrument N12011-311 issued on 21 June 2011.

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Compliance index for the 2010-11 report

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Note 1: The Audit Office did not publish specific strategic indicators. However, its strategic direction was taken into account in determining the performance indicators included in the Statement of Performance.

Note 2: Due to the nature of the audit work, the Audit Office does not provide services to the ACT community that meet the specific Government objectives under the Strategic Bushfire Management Plan.

Note 3: The Audit Office does not undertake capital works.

AVAILABILITY OF REPORTS

Copies of reports issued by the ACT Auditor-General's Office are available from:

ACT Auditor-General's Office
Level 4, 11 Moore Street
Canberra City ACT 2601

or

PO Box 275
CIVIC SQUARE ACT 2608

Phone (02) 62070833 / Fax (02) 62070826

Copies of reports are also available from the
ACT Auditor-General's Office Homepage: <http://www.audit.act.gov.au>