

**ACT AUDITOR-GENERAL'S REPORT**

**ANNUAL REPORT 2019-20**

REPORT NO.8 / 2020

# Corrigendum

**CORRIGENDUM****ACT AUDITOR-GENERAL'S REPORT****ANNUAL REPORT 2019-20****REPORT No. 8 / 2020**

This corrigendum corrects the following errors in the *ACT Auditor-General's Report Annual Report 2019-20*:

**Page 30**

- Omit first line under the 'Timeliness' heading 'The Audit Office's average period of completion of performance audits in 2018-19...' and replace with 'The Audit Office's average period of completion of performance audits in 2019-20...'.

**Page 67**

- Omit third heading line 'YEAR ENDED 30 JUNE 2019' and replace with 'YEAR ENDED 30 JUNE 2020'.
- Omit fourth heading line 'STATEMENT BY THE CHIEF FINANCE OFFICER' and replace with 'STATEMENT BY THE SENIOR DIRECTOR, PROFESSIONAL SERVICES'.

**Page 76**

- Omit third heading line 'Year Ended 30 June 2030' and replace with 'Year Ended 30 June 2020'.

**Page 86**

- Omit third heading line 'Year Ended 30 June 2019' and replace with 'Year Ended 30 June 2020'.

**Page 88**

- Omit third heading line 'Year Ended 30 June 2019' and replace with 'Year Ended 30 June 2020'.

**Page 91**

- Omit third heading line 'Year Ended 30 June 2019' and replace with 'Year Ended 30 June 2020'.

**Page 97**

- Omit third heading line 'Year Ended 30 June 2019' and replace with 'Year Ended 30 June 2020'.

### Performance Audit Methods and Practices

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

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

#### B.2.9.1 Comparison with other jurisdictions

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

##### Cost

The Audit Office's average cost per performance audit for 2019-20 was \$296 407, which was higher than the 2018-19 average of \$230 646. The higher average cost of performance audits in 2019-20 was primarily due to the large and complex nature of some of the audits, which required extensive audit fieldwork and consultation.

In 2019-20, the average cost of a performance audit for all state and territory offices in Australia was \$400 498.

##### Timeliness

The Audit Office's average period of completion of performance audits in 2019-20 was 8.4 months compared to the average of 10.9 months for all state and territory audit offices in Australia.

#### Further information can be obtained from:

Mr Brett Stanton	Assistant Auditor-General, Performance Audit	(02) 6207 9534	brett.stanton@act.gov.au
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#### B.2.10 Financial audits

The Audit Office provides:

- audit reports on financial statements prepared by ACT Government directorates, authorities and companies. While most are required by legislation (for example, the *Financial Management Act 1996* or *Corporations Act 2001*) some are also performed under other requirements (for example, grant acquittals and land joint venture agreements); and

**ACT AUDIT OFFICE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2020**

**STATEMENT BY THE SENIOR DIRECTOR, PROFESSIONAL SERVICES**

In my opinion, the accompanying financial statements for the ACT Audit Office for the year ended 30 June 2020, consisting of the:

Operating Statement;  
Balance Sheet;  
Statement of Changes in Equity;  
Cash Flow Statement;  
Statement of Appropriation; and  
Notes to the Financial Statements;

have been prepared in accordance with the Australian Accounting Standards, are in agreement with the ACT Audit Office's accounts and records, and fairly reflect the financial operations of the ACT Audit Office for the year ended 30 June 2020 and financial position of the ACT Audit Office on that date.



Erika Hudleston  
Acting Senior Director, Professional Services

25 August 2020

**ACT AUDIT OFFICE**

**Notes to the Financial Statements**

**Year Ended 30 June 2020**

**Note 1. About these financial statements**

**Our objectives**

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

**Basis of preparation**

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

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

The financial statements comprise the following:

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

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2020

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

*Supplies and services expenses* (\$2 576 000) were \$404 000 (19 percent) higher than the budget estimate (\$2 172 000) mainly due to additional consultants and contractors required as a result of COVID-19 pandemic.

**Prior year**

*Supplies and services expenses* increased by \$386 000 (18 percent) largely as a result of a higher cost of contractors and consultants on required as a result of COVID-19 pandemic.

Commitments to contractors (inclusive of GST)

	Actual 2020 \$ 000	Actual 2019 \$ 000
Not later than one year	837	81
Later than one year and not later than five years	149	100
<b>Total commitments to contractors</b>	<b>986</b>	<b>181</b>

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

The increase in commitments to contractors at 30 June 2020 reflects new contracts committed in 2019-20.

**ACT AUDIT OFFICE****Notes to the Financial Statements****Year Ended 30 June 2020****Note 5. Assets available to support service delivery (Continued)****Depreciation accounting policy**

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

**Impairment accounting policy**

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

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

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

**Provision for make good accounting policy**

We have recognised a liability and a corresponding asset for the estimated cost of returning the Office premises to a similar condition to that which existed before our occupancy if we were to vacate.

The provision for make good was estimated by Ty Noble FAPI CPV (Director, Australian Valuation Solutions Pty Ltd) at 30 June 2017. Provision for make good is assessed every three years as part of the revaluation of Office fit-out.

The Audit Office is scheduled to move to a new location at the end of the current building lease term at the end October 2020. Given this, a comprehensive revaluation was not undertaken in 2019-20 but an assessment from the valuer was obtained that the current value reflects fair value.



## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2020

**Note 6. Receivables (Continued)****Receivables accounting policy**

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

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

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

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2020

## Note 10. Related parties (Continued)

## Key management personnel (Continued)

2018-19		
Key Management Personnel	Position	Period in Position
Maxine Cooper	Auditor-General	1 July 2018 to 7 August 2018
Michael Harris	Auditor-General	8 February 2019 to 30 June 2019
Ajay Sharma	Director, Financial Audit and Chief Finance Officer	1 July 2018 to 7 August 2018
	Acting Auditor-General	8 August 2018 to 7 February 2019
	Assistant Auditor-General, Financial Audit and Chief Finance Officer	8 February 2019 to 30 June 2019
Brett Stanton	Director, Performance Audit	1 July 2018 to 22 January 2019
	Assistant Auditor-General, Performance Audit	23 January 2019 to 30 June 2019
Tim Larnach	Acting Director, Financial Audit and Chief Finance Officer	17 August 2018 to 22 January 2019
	Assistant Auditor-General, Financial Audit and Chief Finance Officer	23 January 2019 to 6 February 2019
Rosario San Miguel	Acting Principal, Professional Services	1 July 2018 to 28 November 2018
Caroline Smith	Principal, Professional Services	29 November 2018 to 22 January 2019
	Senior Director, Professional Services	23 January 2019 to 30 June 2019