

ACT AUDITOR-GENERAL'S REPORT

ANNUAL REPORT 2013-14

REPORT NO. 6 / 2014

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ACT Audit Office

The roles and responsibilities of the Auditor-General are set out in the *Auditor-General Act 1996*.

The Auditor-General is an Officer of the ACT Legislative Assembly.

ACT Audit Office undertakes audits on financial statements of Government agencies, and the whole-of-Government consolidated financial statements.

The Office also conducts performance audits, to examine whether a Government agency is carrying out its activities effectively and efficiently, and in compliance with relevant legislation.

ACT Audit Office acts independently of the Government, and reports the results of the audits directly to the ACT Legislative Assembly.

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Mrs Vicki Dunne MLA
Speaker
Legislative Assembly for the ACT
London Circuit
CANBERRA ACT 2601

Dear Madam Speaker

The Annual Report of the ACT Audit Office for the year ended 30 June 2014 is attached. It has been prepared to fulfil the requirements of section 6(3)(b) of the *Annual Report (Government Agencies) Act 2004* relating to Officers of the Legislative Assembly.

Section 9(2) of the Act advises that an annual report direction does not apply to an Officer of the Legislative Assembly. However this report respects the directions outlined in the *Annual Reports (Governance Agencies) Notice 2014*.

I certify that this Annual Report is an honest and accurate account of the management of the Audit Office during the period from 1 July 2013 to 30 June 2014.

Section 15 of the *Annual Reports (Government Agencies) Act 2004* requires that you present a copy of the Annual Report to the Legislative Assembly within 3 months of the end of the financial year.

Yours sincerely

Dr Maxine Cooper
Auditor-General
18 September 2014

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List of abbreviations and glossary

ACAG	Australasian Council of Auditors-General
A-G Act	<i>Auditor-General Act 1996</i>
Assembly	Legislative Assembly of the ACT
ASPIRE	Auditing Systems by Planning, Implementation, Reporting & Evaluation
Audit Office	ACT Audit Office
Auditees	ACT Government agencies and other entities subject to audit by the Auditor-General
CO ₂	Carbon dioxide
CO ₂ -e	Carbon dioxide equivalent
ESD	Ecologically sustainable development
ESP	Enterprise Sustainability Platform
FTE	Full-time equivalent(s)
FOI	Freedom of Information
GEHU	Gastroenterology and Hepatology Unit (of the Canberra Hospital)
ICRC	Independent Competition and Regulatory Commission
kwh	Kilowatt-hour
MLAs	Members of the Legislative Assembly
PAC	Public Accounts Committee
PAMPr	Performance Audit Methods and Practices
PID	Public Interest Disclosure
SEAs	Special Employment Arrangements
PASAI	Pacific Association of Supreme Audit Institution
SERBIR	Senior Executive Responsible for Business Integrity Risk
Strategic Plan	Strategic Plan 2012-2015

A PERFORMANCE REPORTING

A.1 Organisational overview

The Auditor-General is a statutory position under the *Auditor-General Act 1996* (A-G Act) and is responsible for auditing all ACT Public Service agencies. The Audit Office supports the Auditor-General in carrying out these duties.

The Audit Office provides assurance and independent advice to the community, through the Legislative Assembly, that the ACT Public Service is accountable and managed in an effective and efficient manner.

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

A.1.1 Vision, role and values

The *Strategic Plan 2012-2015* (Strategic Plan) sets out the vision, role, and values of the Audit Office and also defines the Office's outcomes and objectives. It is available on the Office's website (www.audit.act.gov.au).

The vision of the Audit Office is to have 'an accountable and highly performing ACT public sector'.

The role of the Audit Office is to:

- provide an independent view to the Legislative Assembly and the community on accountability, efficiency and effectiveness of the public sector;
- foster accountability in the public administration of the Territory; and
- promote efficiency, effectiveness and value for money expenditure in the Territory's delivery of services and programs.

The values that guide the Audit Office's work and the behaviour of its staff are:

- *independence* – impartial and evidence-based reporting is our most powerful influence;
- *integrity* – we are honest, truthful and fair;
- *professionalism* – we fulfil our obligations;
- *respect* – we seek to understand and be trusted by our stakeholders; and
- *learning and innovation* – we strive to realise our full potential.

The Audit Office's core values are similar to those of the ACT Public Service. The major difference is that the ACT Public Service has a value of *collaboration*. While the Audit Office will be collaborative where possible, it gives priority to *independence*.

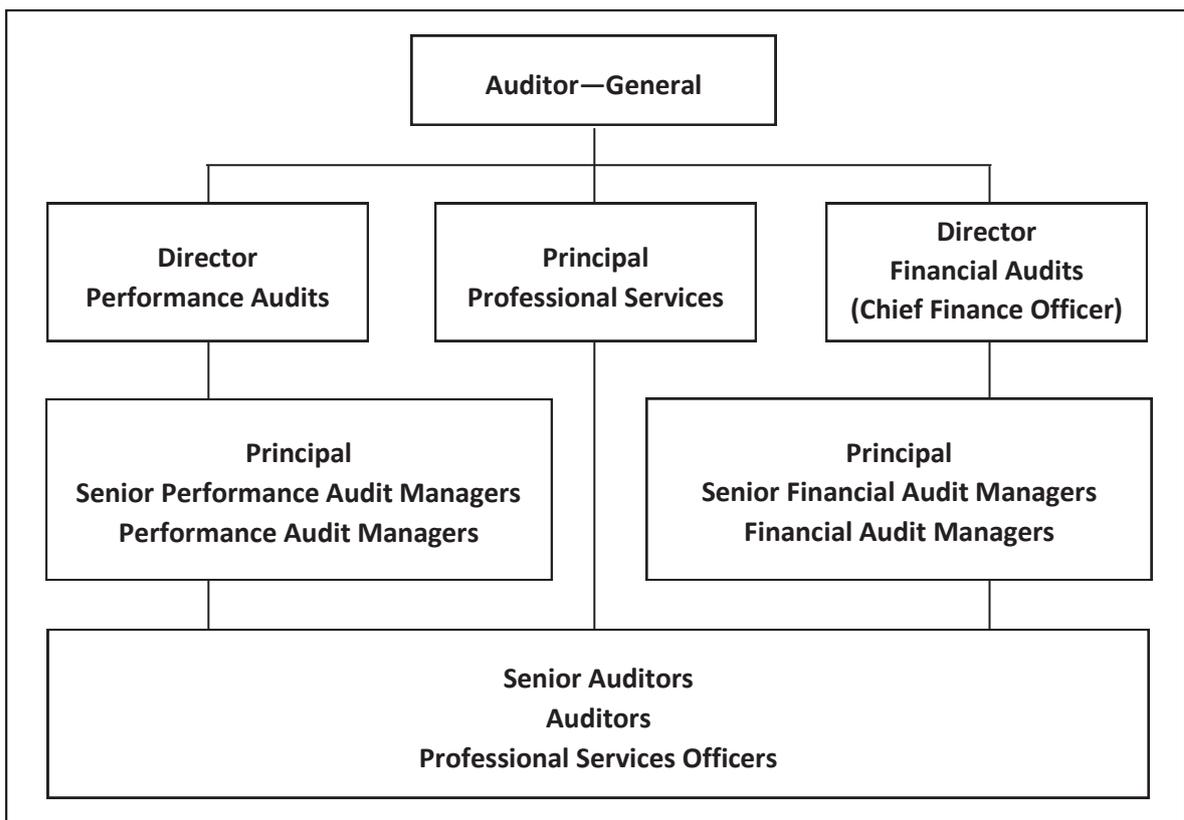
A.1.2 Organisation

The Audit Office consists of the following functional areas:

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

The following figure shows the organisational structure of the Audit Office for 2013-14.

Figure A.1: Organisational structure as at 30 June 2014



Source: Audit Office records

The Audit Office's Executive during the 2013-14 reporting year were:

- Dr Maxine Cooper, Auditor-General;
- Mr Bernie Sheville, Director, Financial Audits (Chief Finance Officer);
- Mr Malcolm Prentice, Acting Director, Financial Audits (Chief Finance Officer) from 1 July 2013 to 10 July 2013 and 7 April 2014 to 30 May 2014;
- Dr David Hughes, Director, Performance Audits and Professional Services from 1 July 2013 to 11 April 2014;
- Mr Ajay Sharma, Acting Director, Performance Audits and Professional Services, 5 May 2014 to 30 May 2014; and
- Mr Brett Stanton, Director, Performance Audits, 2 June 2014 to 30 June 2014.

A.1.3 Performance and outlook

A.1.3.1 Independence

The A-G Act provides, among other things, a statutory mandate for financial and performance audits of public sector agencies. The A-G Act supports the Auditor-General's independence 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.

Amendments to the A-G Act that came into force on 20 February 2014 included several enhancements that reinforced both the independence of the Auditor-General and the independence of Audit Office staff. Staff are not subject to direction from anyone other than the Auditor-General or another member of the Audit Office authorised by the Auditor-General.

The independence of the position of the Auditor-General is further reinforced by amendments that came into force on 1 July 2014. The A-G Act now states that the Auditor-General is an Officer of the Legislative Assembly, and, among other things, that the appointment, suspension and retirement of the Auditor-General are to be done by the Speaker, with specified conditions on these processes. The Auditor-General was sworn in as an Officer of the Legislative Assembly on 8 July 2014.

As important as the statutory powers, is the commitment of Audit Office staff to an independent spirit in the conduct of audits. This is tested at recruitment, encouraged by continual support, and documented through attestations of independence by auditors.

A.1.3.2 Integrity

The Audit Office's value of integrity – that we are honest, truthful and fair – is achieved primarily through the quality of the people we recruit and is continually re-enforced through internal communication.

To provide assurance of integrity, we conduct a program of review of audits, through quality assurance and quality control processes. There is also a program of internal audits governed by the Internal Audit Committee. The Committee was strengthened during the year through the appointment of an officer from the Commonwealth Government as an additional external member. Findings from internal audits and reviews have strengthened assurance in areas such as budgeting, legislative compliance and contract management.

Another measure that the Audit Office takes to assure itself of integrity is its continuing emphasis on risk management, which is covered in Part B of this report. One of the key risks is the quality of its audits. To address this risk the Office routinely undertakes a self-assessment against the requirements of the quality control standards issued by the Accounting Professional and Ethical Standards Board and Auditing and Assurance Standards Board.

In 2013-14, the Audit Office conducted a self-assessment of its overall operations against the quality control standards. This assessment was reviewed by a team from the Australasian Council of Auditors-General (ACAG). The ACAG review concluded that:

Overall, the Office provides an important service efficiently and effectively to the Parliament and people of the ACT. It achieves this notwithstanding funding pressures, the complexity of its role and the demands on it.

The views of key stakeholders we interviewed (Members of the Legislative Assembly , senior officers from government entities) were complimentary of the professionalism of the Auditor-General, her executive team and the Office as a whole. The Auditor-General's approachability and the extent of engagement between the Office and its audit clients were appreciated. This result is consistent with the results from the formal surveys the Office conducts.

The Office has a vision for the future and a set of values it operates by that are both aspirational and relevant.

The external review supported recommendations for improvements that were identified in a self-assessment undertaken by the Office. The recommended improvements relating to performance and financial audits are discussed under Sections A.2.3.5 and A.2.4.7, respectively.

A.1.3.3 Professionalism

The value of professionalism includes a commitment for all staff to fulfil obligations. This includes delivery of the program of financial and performance audits. Details on the delivery of the program are in the next section on 'performance analysis', with the following paragraphs focusing on highlights and trends.

The Audit Office completed 71 audits of financial statements and 30 reviews of statements of performance during the year, with 93 percent of audits completed within the required timetable. There is a slight variation in the number of audits from year to year, but the operation is predominantly stable.

Seven performance audits were completed during 2013-14, as planned. The degree of acceptance of recommendations is no longer measurable due to a new process initiated by the ACT Government for responding to recommendations.

Most (94 percent) auditees advised they were satisfied with the way performance audits were conducted. For performance audit, trends observed during 2013-14 included the need for increased performance audits that had a relationship to representations and/or public interest disclosures brought to the attention of the Audit Office. This resulted in the need to reprioritise audits that had been scheduled. In contrast to the previous year's performance audits, none emerged as a result of a request by a Member of the Legislative Assembly.

Changes during the year to the A-G Act allow the Office to undertake performance audits of non-public sector entities who receive ACT Government resources. This provision has not yet been employed. The Performance Audit Program for 2014-15 (published on the Auditor-General's website (www.audit.act.gov.au)) includes several potential audits for which this provision may be employed.

Consultants and contractors will continue to be used judiciously to assist in undertaking audits, with due recognition of the need for contract management and ensuring that they deliver according to requirements.

Part of our value of professionalism is to seek to deliver services despite any adverse events, so risk management is important. For the Audit Office, a key risk arises from the small size of the Office which contributes to significant key person dependencies.

Another way in which the Audit Office fulfils its obligations is in its contributions to audit associations. The Australasian Council of Auditors-General (ACAG) was established by Auditors-General in Australia, New Zealand, Papua New Guinea and Fiji to share information and assist audit offices to improve their performance through targeted projects, such as mutual quality assurance reviews. The Auditor-General, Dr Maxine Cooper, completed her three-year term as a member of the executive committee of ACAG on 30 June 2014, during which time she was the Convenor for 2013-14.

The Audit Office co-hosted, with the Australian National Audit Office, two events in Canberra: a business meeting of the ACAG; and the 8th ACAG-PASAI Regional Working Group Meeting on Environmental Auditing (PASAI - the Pacific Association of Supreme Audit Institutions - is a grouping of the national and some sub-national audit offices in Australia, New Zealand, Papua New Guinea and Pacific islands). The Audit Office has offered assistance to the Kiribati National Audit Office.

A.1.3.4 Respect

This value reflects the Audit Office's desire to understand and be trusted by stakeholders.

The Audit Office serves the community, through the elected representatives in the Legislative Assembly to whom it directly reports. Each year, there are many interactions with Members of the Legislative Assembly (MLAs). The Auditor-General and senior staff are open to engaging with all MLAs, particularly members of the Public Accounts Committee (PAC).

In addition, the Auditor-General offers to meet with all newly elected MLAs early in their term. The Office also contributes to the Legislative Assembly Budget Seminar series, which is presented to new staff in the ACT Public Service, every year.

A survey is conducted each year to gauge MLA's opinions of the services offered by the Audit Office. The majority (71 percent) of the MLAs who responded to the survey in 2014 agreed that Audit Office reports and services improve administration in the ACT and provide useful information on public sector performance. Some thought the Office could improve the layout of its website to assist in accessing relevant information.

The Auditor-General makes a number of speeches each year designed to improve accountability and public sector performance. These have included presentations to the Institute of Internal Auditors, the CPA Congress, an International Women's day event and at the City Uniting Church.

Members of the community make representations to the Audit Office, some of which are public interest disclosures. In 2013-14, the Audit Office received 12 representations covering a wide range of issues of concern to the ACT community and five public interest disclosures. The Office expects to continue to receive a significant number of representations and public interest disclosures.

Sometimes, representations or public interest disclosures become a key initiating factor in the decision to conduct a performance audit. Two of the performance audits tabled in 2013-14 emerged from or were related to public interest disclosures – Report 2/2014 The Water and Sewerage Pricing Process; and Report 4/2014 Gastroenterology and Hepatology Unit (GEHU), Canberra Hospital.

In addition to the community and MLAs, the ACT Government, its agencies and other entities who can become auditees are key stakeholders. These agencies and entities contribute through cooperation and support to the audit program – conduct of such audits would not be feasible without their support. Building confidence in the audit process is achieved through consultation at key stages of an audit, and by seeking and responding openly to feedback provided by auditees. The Audit Office builds an understanding of agencies' operations by continuing to routinely attend their internal audit committee meetings. Attendance at these meetings improves communication with and informs the Office of emerging issues.

The Audit Office conducted two information seminars for auditees: one on performance auditing in August 2013; and another on financial statements auditing in May 2014; as well as providing briefings to auditees when requested.

Details of auditees' perceptions of audits are included in the reporting on the Audit Office's Statement of Performance. In brief, all respondents (47 out of 47) thought financial statements audits were at least satisfactory as did the large majority of respondents on performance audits (15 out of 16).

As reported in the Audit Office's Statement of Performance, the overall results of the 2014 staff survey were positive with 74 percent (69 percent last year) of staff advising that they were satisfied with their job.

A.1.3.5 Innovation and Learning

As discussed in Section 'D.2 Learning and development', the Audit Office continued to give a high priority to improving staff capabilities through its learning and development program. Under this program, staff are trained to meet technical requirements (such as auditing, accounting, reporting and information technology) as well as developing their knowledge of public sector issues, management and improving their communication skills. The Audit Office continued to support staff studying for tertiary and professional qualifications. Professional development is needed given the rate of turnover of full time equivalent permanent employees which increased from 8 percent in 2012-13 to 16 percent in 2013-14. The Audit Office continuously seeks to achieve efficiencies in its financial and performance audit processes.

Following a 2012-13 review of corporate service activities, the Audit Office was restructured during 2013-14 to form a Professional Services group which amalgamated corporate services, technical and quality assurance officers.

As discussed in A.1.3.2, the Audit Office undertook a review against quality control standards which showed that the Office was complying with relevant standards but there were some opportunities for improving audit and governance processes. The areas identified for improvement in performance audits and financial audits are discussed in sections A.2.3.5 and A.2.4.7, respectively.

In 2013-14, the Audit Office continued its use of subject matter experts, when appropriate, to help deliver the financial audit and performance audit program.

The opinion of MLAs was sought on reports issued by the Audit Office. The majority of the MLAs who responded indicated the Office's reports were easy to understand. Nevertheless, the opportunity was taken to refresh the look and feel of the reports – the first instance of this is this Annual Report.

A.2 Performance analysis

A.2.1 The Audit Office's objectives

The Audit Office's strategic direction is based on the A-G Act and is set out in the *Strategic Plan 2012-2015* (Strategic Plan). Accordingly, it does not have, or need to have, strategic indicators. It does have however, accountability indicators. These are included in the Audit Office's Statement of Performance and reflect the Office's vision, roles and values which are described in the Strategic Plan.

The following sections describe performance based on financial results, data from the Statement of Performance and qualitative information relating to the elements of the Audit Office's Strategic Plan.

A.2.2 Financial results

In 2013-14, the Audit Office made an operating surplus of \$263 000 compared to a budgeted operating deficit of \$88 000. Consistent with the cost recovery nature of its operations, the Audit Office expects to generate essentially break-even operating results.

Revenue for 2013-14 of \$6.6 million consisted largely of financial audit fees of \$3.8 million and appropriation funding of \$2.6 million, with other income from workers' compensation insurance recoveries and interest.

The Audit Office's short and long-term financial positions remain sound.

Some continuing challenges for the Audit Office are:

- completing the planned number of performance audits given the unpredictable time and cost of these audits and costs of other activities that are dependent on funding from appropriations. These other activities include the handling of representations and public interest disclosures, development of and training on the performance audit method and provision of seminars to auditees; and
- meeting the tight legislative timeframe for a large program of financial audits. The Audit Office is mindful of managing its financial audits so that audit fees are appropriate. Accordingly, ongoing attention is given to identifying efficiencies in the delivery of financial audits without compromising the quality of audits, and communicating effectively with auditees on changes to audit fees.

A.2.3 Performance audits

Performance auditing is a primary function of the Audit Office. The objectives of a performance audit are twofold. The first objective is to provide the Legislative Assembly with an independent assessment of the quality of management of public resources. The second objective is to identify and promote better management practices.

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

The Audit Office has robust planning, topic selection and consultation processes for the annual performance audit program, which involves consultation with the PAC, MLAs, the Head of Service and ACT Government directorates and other agencies. While the Audit Office has implemented robust planning, topic selection and consultation processes, the performance audit program is flexible and responsive to new and emerging issues that may arise from representations or public interest disclosures from the Legislative Assembly and broader community.

Agencies and entities continued to accept a high proportion of the Audit Office's recommendations and auditees advised that they were generally satisfied with the way performance audits were conducted. Agencies' and entities comments were largely positive, indicating satisfaction with the professional and constructive way in which audits were conducted. Suggestions for improvements to Audit Office practices were also received and have been carefully considered and addressed where possible.

A.2.3.1 Meeting targets

Table A.1: Accountability indicators for performance audits

Accountability indicators	2012-13 Actual	2013-14 Actual	2013-14 Target
Number of performance audit reports presented to the Legislative Assembly	7	7	7
Average period of completion of audits	7.5 months	8.4 months	7 months
Percentage of agencies satisfied with performance audits	100%	94%	95%
Percentage of recommendations accepted in performance audits – Note 1	91%	No longer measurable	95%

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

Note 1: This indicator is no longer measurable in a timely manner following the ACT Government's new approach for responding to performance audit reports. Further information on this new approach for responding to reports is in the Statement of Performance at E.6.

A.2.3.2 Performance audits tabled in 2013-14

The Audit Office completed seven performance audit reports in 2013-14 which were tabled in the Legislative Assembly:

- Report No. 05 / 2013 Bushfire Preparedness;
- Report No. 08 / 2013 Management of Funding for Community Services;
- Report No. 01 / 2014 Speed Cameras in the ACT;
- Report No. 02 / 2014 The Water and Sewerage Pricing Process;
- Report No. 03 / 2014 Single Dwelling Development Assessments;

A: Performance reporting

- Report No. 04 / 2014 Gastroenterology and Hepatology Unit, Canberra Hospital; and
- Report No. 05 / 2014 Capital Works Reporting.

Of the seven audits, four (Bushfire Preparedness, Management of Funding for Community Services, Speed Cameras in the ACT and Capital Works Reporting) had been identified in the forward annual performance audit program. A proposed audit in relation to Single Dwelling Development Assessments was modified in response to new information. Two audits (The Water and Sewerage Pricing Process; and the Gastroenterology and Hepatology Unit, Canberra Hospital) had not been included in the annual performance audit program but were undertaken in response to information received through the public interest disclosure process.

Report No. 05 / 2013 Bushfire Preparedness

The audit examined the effectiveness of the ACT Government's approach to bushfire preparedness. This included consideration of the activities of the Emergency Services Agency in the Justice and Community Safety Directorate, the Territory and Municipal Services Directorate and the Environment and Sustainable Development Directorate.

The audit concluded that:

The ACT Government's bushfire prevention and preparedness activities are informed by legislation and strategic and operational plans. They involve activities to manage fuel loads and develop infrastructure to assist in suppressing bushfires, engage with and raise awareness within the community and maintain a bushfire-fighting capability. While this approach positions the ACT Government and community to meet the challenge of living in an environment that will inevitably have bushfires, there are shortcomings which present a risk to their effectiveness.

Twenty four recommendations were made, with six recommendations identified as a high priority. All recommendations were supported by the relevant agencies' Directors-General. On 12 March 2014, the PAC announced that it was conducting an inquiry into the report. As at 30 June 2014, the inquiry was still ongoing.

Report No. 08 / 2013 Management of Funding for Community Services

The audit examined whether selected ACT Government directorates had effective controls and procedures for managing funding for community services. The directorates considered were the Community Services Directorate, the Health Directorate and the Economic Development Directorate.

The audit concluded that:

The Community Services Directorate has comprehensive governance and administrative arrangements, and its processes explicitly align guiding legislation, policies and plans with grants and Service Funding Agreements. This provides the foundation for the Directorate to manage funding for community services efficiently and effectively.

The Health Directorate has a sound foundation to manage funding for community services efficiently and effectively. Improvements should be made in the Directorate's risk assessments, documentation of strategic planning for delivery models, and use of standardised reporting templates for Service Funding Agreements.

The Economic Development Directorate's management of funding for community services was predominantly sound, with some improvements required ... needs to ensure compliance with procurement regulations to support open and effective competition in tendering ... explicitly consider and manage the conflict of interest arising from the Director-General's role as the key decision maker over Tourism and his membership of the Canberra Convention Bureau's board of management.

Ten recommendations were made.

Report No. 01 / 2014 Speed Cameras in the ACT

The audit examined ACT Government agencies' activities to manage the ACT's speed camera network. In this respect, the audit considered whether: there were the right number of speed cameras in the right places; speed cameras were effective in reducing speed; and speed cameras were reliable. The audit primarily considered the activities of the Justice and Community Safety Directorate and the Territory and Municipal Services Directorate.

The audit concluded that:

The ACT is unlikely to have the right number of speed cameras in the right places. The effectiveness of speed cameras in the ACT has not been established. Speed camera reliability is poor. However, this has no effect on the validity of infringements issued.

There is no strategic basis for making decisions for integrating the use of the ACT's speed camera systems as the ACT Government does not have a speed camera strategy...

Reliability problems, particularly with mobile cameras, have led to escalating maintenance costs, limited camera availability, and a greater number of rejected infringements when checked by adjudicators prior to issuing.

Sixteen recommendations were made.

Report No. 02 / 2014 The Water and Sewerage Pricing Process

The audit examined the efficiency and effectiveness of the processes for the regulatory review of water and sewerage prices in the ACT, including administrative processes for the review and the roles and responsibilities of, and communication protocols between, the key entities involved in the review, specifically the ICRC and ACTEW. The audit primarily considered the activities of the ICRC and ACTEW, as well as the Chief Minister and Treasury Directorate and the voting shareholders of ACTEW.

The audit concluded that:

Administrative and communication processes associated with the 2013 water and sewerage pricing process have been ineffective and inefficient. In particular, the process has been characterised by poor communication and a poor relationship between the ICRC and ACTEW.

While the ICRC advised that it sought to approach the 2013 process from 'first-principles', this was not supported by effective stakeholder communication. Assertions made by the ICRC about ACTEW reflect the poor relationship between the two organisations. Furthermore, Queen's Counsel, Mr Peter Hanks advises that '...the Price Direction made by the ICRC...is invalid' because the terms of reference issued by the Treasurer was insufficient. The issues identified in this audit indicate that there is a need for the water and sewerage price setting framework in the ACT to be reviewed.

Assertions made by the ICRC that ACTEW deliberately withheld information from the ICRC in the course of the water and sewerage pricing process, including that 'whilst it was in possession of the information, ACTEW did not want to release the information and be responsible for influencing the outcome of the upcoming election' are not supported by evidence. Accordingly, the ICRC's view that 'the actions or inactions of ACTEW [posed] a threat to the public interest' is also not supported.

One overall recommendation and seven other recommendations were made.

Report No. 03 / 2014 Single Dwelling Development Assessments

The audit examined whether the Development Application exemption and Development Application approval processes for single dwelling developments were open to improper influence. This included consideration of the activities of the Environment and Sustainable Development Directorate.

The audit concluded that:

There was no evidence of improper influence being exerted on, or by, the Environment and Sustainable Development Directorate's assessing officers, for the seven case studies examined as part of this audit. Nevertheless, the safeguards for mitigating improper influence in the Development Application exemption and Development Application Merit Track assessment processes for single dwellings need to be strengthened in accordance with the recommendations made. An important safeguard missing is the Directorate's auditing of the fundamental decision made by a certifier on whether or not to exempt a development. Safeguards are important as the ACT's complex planning framework and discretionary decision-making powers provide the opportunity for improper influence to occur.

Fourteen recommendations were made, including two high priority recommendations.

Report No. 04 / 2014 Gastroenterology and Hepatology Unit, Canberra Hospital

The audit examined the effectiveness of administrative and triaging practices of outpatient services provided by the Gastroenterology and Hepatology Unit (GEHU) at Canberra Hospital. The Health Directorate is responsible for the GEHU at Canberra Hospital.

The audit concluded that:

Governance of the GEHU is inadequate and this compromises its ability to align its activities with the strategic direction of the Health Directorate and to be held accountable.

The GEHU outpatient waiting list has not been managed effectively due to inadequate strategic management rather than a lack of resources.

Two recommendations, with multiple parts, were made.

Report No. 05 / 2014 Capital Works Reporting

The audit examined the effectiveness of reporting to the Chief Minister and Treasury Directorate, the Budget Committee of Cabinet and the public on the delivery of the capital works program. This included consideration of the activities of Chief Minister and Treasury Directorate, the Commerce and Works Directorate, the Economic Development Directorate, the Education and Training Directorate, the Health Directorate and the Territory and Municipal Services Directorate.

The audit concluded that:

The capital works reporting initiatives introduced as part of the 2009-10 Budget have been effective in providing specific capital works information to the Chief Minister and Treasury Directorate and the Budget Committee of Cabinet, on a monthly and bi-monthly basis, respectively. Along with quarterly reports which are available to the public, these reports have increased the transparency of capital works projects and program's progress and can be used to hold directorates accountable.

However, shortcomings identified included:

- information reported to the Budget Committee of Cabinet was sometimes weeks, or even months, old and some information was incomplete and inaccurate;
- the majority of projects considered by the Audit Office were not completed on time as originally planned; and
- reporting roles were not always documented or clearly understood, particularly the coordination of roles between the Commerce and Works Directorate's Shared Services Procurement team and other directorates.

Eight recommendations were made.

A.2.3.3 Timeliness of performance audits

The average time taken to complete performance audits in 2013-14 was 8.4 months. This exceeded the targeted completion timeframe of 7 months and was longer than the 2012-13 average of 7.5 months but shorter than the average of 9.5 months in 2011-12.

The average time to complete a performance audit will vary due to the size and complexity of the audit and circumstances under which the audit is performed. For example, there were delays in completing Report No. 5 / 2013 Bushfire Preparedness and Report No. 2/2014 The Water and Sewerage Pricing Process:

- Bushfire Preparedness (Report No. 5 / 2013) was a more complex audit than anticipated, which resulted in a comprehensive and more detailed audit report; and
- The Water and Sewerage Pricing Process (Report No. 2 / 2014) was a more complex audit than anticipated with respect to administrative processes associated with the reporting of the audit. The nature of the audit and the subject matter required additional communication and reporting processes not usually undertaken for performance audits. This included the provision of multiple versions of the report to auditees and additional quality assurance and peer reviews.

The timeliness of the delivery of other audits was also delayed by the departure of senior staff. Such delays highlight the challenge of completing audits with a comparatively small performance audit team.

The Audit Office continued to explore ways to provide the capacity needed to deliver its performance audit program. In 2013-14, the Audit Office again used contractors and consultants in the delivery of performance audits and continued to use subject matter experts when appropriate. The practice of using subject matter experts proved to be particularly useful for complex audits or those examining highly technical or specialist information.

Forums and workshops

A performance audit seminar was held in August 2013 which was opened by the Chair of the PAC. The seminar focused on providing the opportunity for agencies and entities that had recently been audited to share their experiences so that those who were to be audited could benefit.

Three auditees presented:

- Community Services Directorate, on the National Partnership Agreement on Homelessness (Report No. 4 / 2013);
- Justice and Community Services – Emergency Services Agency, on Bushfire Preparedness (Report No. 5 / 2013); and
- Environment and Sustainable Development Directorate, on Development Application and Approval Systems for High Density Residential and Commercial Developments (Report No. 4 / 2012).

A common theme in the presentations was the benefits of effective communication between auditees and Audit Office staff.

The forward performance audit program was announced and discussed.

This seminar was well attended by auditees' representatives and feedback was positive.

A.2.3.4 Satisfaction with performance audits

Auditees are surveyed following the completion of each performance audit. Survey responses primarily showed that agencies in general value the work of the Audit Office. Overall feedback was positive, with almost all survey respondents indicating that they were satisfied with the performance audits.

Some auditees provided specific comments, such as:

... the audit was very complex with a number of interested stakeholders. We were impressed with the [Audit Office's] handling of the audit and communication. The auditors sought to verify every piece of information which was important for this audit.

... the Auditor-General's officers were very professional in their treatment of this issue and thorough in their investigation. At all times [the business unit] felt involved, and open and honest discussion always occurred whenever issues were raised. The willingness of the [Audit Office] to take on new issues and advice was very pleasing and we are very comfortable with both the process and the outcome.

... the auditors sought to gather all relevant information to gain a detailed understanding of our work and broader implications across Government.

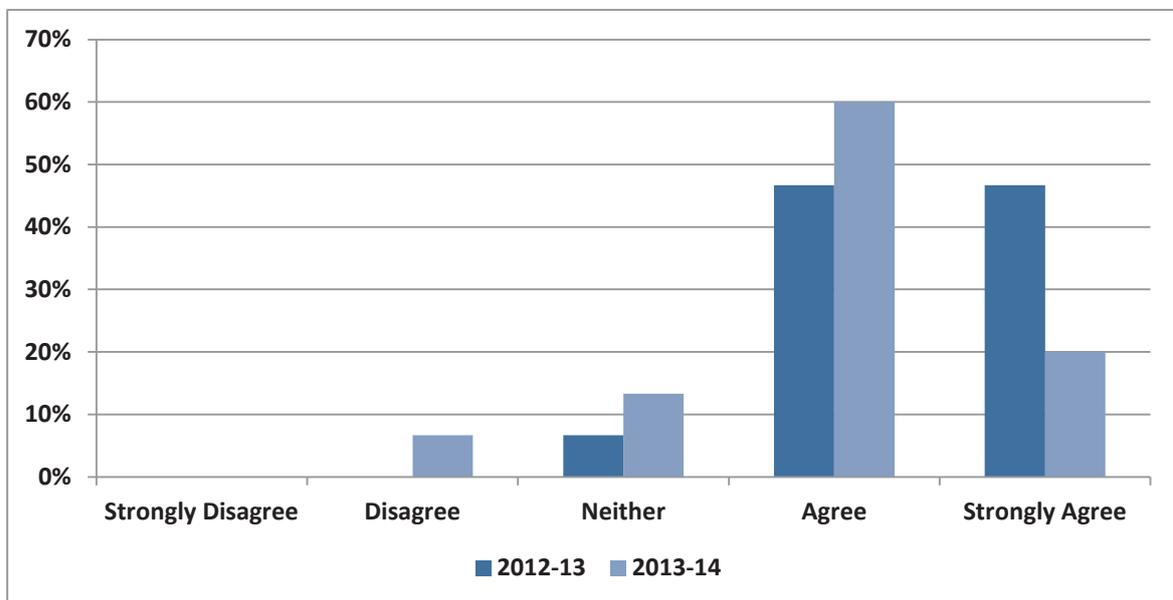
Opportunities for improvement in the performance audit process were also identified by auditees:

... the Auditor could have benefited from having a stronger understanding of the [business] environment, and the other requirements (procurement) of delivering service funding in [the business environment].

... other [directorate] areas other than [the business unit] should have been considered in this audit.

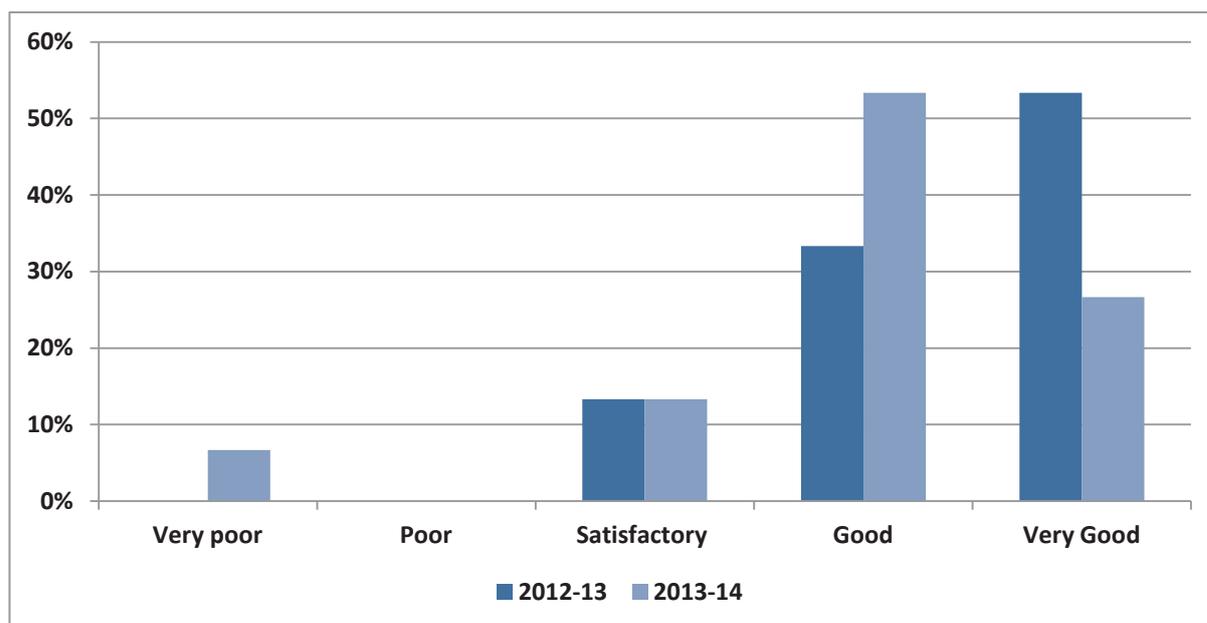
... the time available from the receipt of the draft audit to finalisation was very tight and the subsequent tabling in the Assembly responding to audits was made difficult by the limited access to source materials.

Figure A.2: Auditees’ responses: ‘The [performance] audit will help our organisation to improve administration of the audited activity’



Source: Auditee satisfaction surveys

Figure A.2 shows that the majority of auditees responded positively to the statement ‘the audit will help our organisation to improve administration of the audited activity’ in 2013-14. However, one auditee indicated that they did not feel the audit would improve administration. This auditee also rated the Audit Office’s overall performance as very poor.

Figure A.3: Auditees' responses: 'Performance audit - overall performance'

Source: Auditee satisfaction surveys

Figure A.3 shows that the majority of auditees responded positively to the overall experience of the performance audit process in 2013-14 with most indicating that overall performance was either good or very good. However, one auditee rated their overall experience of the performance audit process as very poor. The very poor rating occurred even though other agencies involved in the same audit considered that the Audit Office's overall performance was good or very good. Executive members of the Audit Office and the agency that provided the adverse response met to identify potential improvements to the audit process and communication within the agency.

The Audit Office uses the survey process as a means to recognise auditees' concerns and, where appropriate, change methods and practices. This is part of a continuous improvement process to implement more effective work practices. In 2013-14, auditees' feedback was considered in the review of performance audit methods and practices, specifically the Office's Performance Audit Methods and Practices document (PAMPr).

A.2.3.5 Monitoring and improving the quality of performance audit work

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

- engagement quality control reviews, sometimes referred to as 'hot' reviews. These involve a review of audit work before the audit is completed. The findings from this review are addressed before the audit is completed; and
- quality assurance reviews. These involve a review of audit work after the audit has been completed.

All audits completed in 2013-14 were subject to an engagement quality control review. These reviews sought to provide assurance that: the performance audit report conclusion was accurate and appropriate; with the audit findings are being supported by sufficient and appropriate evidence; and audit work was subjected to an appropriate level of review. Findings relating to individual audits were recognised and actioned prior to the tabling of reports in the Legislative Assembly.

In 2013-14, a selection of performance audits were also considered as part of the Audit Office's broader quality assurance reviews which examined audits with respect to quality control standards issued by the Accounting Professional and Ethical Standards Board and Auditing and Assurance Standards Board. The quality assurance reviews were conducted by a team from the Australasian Council of Auditors-General. This review found that:

The Office's performance audit function is generally well-managed and effective. The Office met the minimum standards required by the auditing standards although we identified areas where practices could be improved.

The Office has a robust process to select the performance audit program and, despite the Office's relatively small size, met its 2012/13 target to present seven performance audits to the ACT Legislative Assembly. Both performance audits selected for review were generally conducted in accordance with the PAMPr and aligned with relevant auditing standards. The Office's post audit review process is also well managed and provides valuable feedback for future audits.

In 2013-14, the Office continued with its review of its performance auditing methods and practices. This review primarily focused on the Office's PAMPr and electronic document management system *Auditing Systems by Planning, Implementation, Reporting & Evaluation* (ASPIRE). Findings from the engagement quality control reviews and quality assurance reviews have been considered as part of this review and are being incorporated into revised methods and procedures.

An additional key outcome from the review of performance auditing methods and practices has been a revised performance audit report structure and format, which is intended for use from 2014-15 onwards.

A.2.3.6 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 2013-14 was \$253 900. This is significantly (17 percent) lower than the national average of \$307 238 for audit offices in Australia.

Timeliness

The Audit Office's average period of completion of performance audits in 2013-14 was 8.4 months which is marginally lower than the national average of 8.8 months for audit offices in Australia.

Further information can be obtained from:

Mr Brett Stanton	Director, Performance Audits	(02) 6207 9534	brett.stanton@act.gov.au
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A.2.4 Financial audits

The Audit Office provides independent:

- audit reports on financial statements prepared for the ACT Government and its directorates, authorities, companies and other entities in which the ACT Government has a financial interest; and
- reports of factual findings on statements of performance of ACT Government directorates and authorities.

These reports include an independent opinion on whether information reported in financial statements and statements of performance is fairly presented. Most of these reports are required by legislation such as the *Financial Management Act 1996* and *Corporations Act 2001* and are included in the annual reports of the reporting agencies which are tabled in the Legislative Assembly.

Audits are also performed pursuant to other requirements such as grant and land joint venture agreements.

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

In 2013-14, the Audit Office completed 71 audit reports on financial statements and 30 reports of factual findings on statements of performance. Ninety-three percent of audits were completed within the required timetable. This is a slight improvement on the 88 percent achieved in 2012-13. All audits were completed in time for agencies to meet any applicable statutory reporting timeframes.

The acceptance rate of financial audit recommendations of 86 percent was below the target of 95 percent and similar to the acceptance rate achieved in 2012-13 (87 percent). This was mainly due to several recommendations being 'agreed-in-principle', 'partially agreed' or 'noted'. Only three percent of recommendations were 'not agreed' to by the auditees.

The high proportion of audit recommendations that are accepted indicates that these recommendations are sound and that auditees are willing to improve their operations in response to Audit Office findings and recommendations.

The summary report on the results of the financial audits (Report No. 7 / 2013) was tabled in the Legislative Assembly in December 2013 as planned.

Report No. 7 / 2013 2012-13 Financial Audits

This report has a summary of the results of audits of financial statements and reviews of statement of performance completed by the Audit Office between 30 June 2012 and 30 June 2013. This report contains:

- assessments 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;
- details of audit findings identified during the audits of financial statements and reviews of statements of performance. Audit findings consist of deficiencies in governance arrangements, internal controls and reporting systems implemented by agencies, legislative breaches, errors and fraud; and
- status reports on progress made by auditees in resolving audit findings previously reported to agencies.

Audits of 74 financial statements were completed in 2012-13 and no qualified audit reports were issued. The matter that resulted in a qualification of the audit report on the 2011-12 financial statements of the Economic and Sustainable Development Directorate was resolved in 2012-13.

Reviews of 30 statements of performance were completed in 2012-13 and no qualified reports of factual findings were issued. The matters that resulted in the qualification of reports of factual findings on the 2011-12 statements of performance of the Environment and Sustainable Development, Justice and Community Safety Directorate, Territory and Municipal Services Directorate and ACTION were resolved in 2012-13.

The performance of agencies in resolving previously reported audit findings improved significantly in 2012-13. However, many weaknesses in controls over computer information systems, including major revenue applications, were not resolved.

The quality of financial statements submitted by agencies for audit in 2012-13 was slightly better than the quality achieved in 2011-12. The combined percentage of good and satisfactory financial statements increased from 72 percent in 2011-12 to 77 percent in 2012-13. Furthermore, the percentage of unsatisfactory financial statements decreased from 15 percent in 2011-13 to 11 percent in 2012-13.

Compliance with the whole-of-government reporting timetable for submitting financial statements to the Audit Office for audit remained high.

The quality of statements of performance submitted by agencies for review improved markedly in 2012-13 with the percentage of good or satisfactory statements of performance increasing from 64 percent in 2011-12 to 90 percent in 2012-13, and unsatisfactory statements of performance decreasing from 18 percent in 2011-12 to 7 percent in 2012-13.

Compliance with the whole-of-government reporting timetable for submitting statements of performance to the Audit Office for review declined with 83 percent of auditees achieving the deadline for submitting statements of performance to the Audit Office in 2012-13 compared to 90 percent in 2011-12. While some agencies did not submit their statements of performance to the Audit Office on time, most provided their statements of performance soon after the due date.

A.2.4.1 Improving financial reporting

Technical advice

Accounting and reporting guidance is provided to ACT Government agencies by the then Chief Minister and Treasury Directorate. This guidance assists agencies to prepare their financial statements and statements of performance. The Directorate may consult with the Audit Office before releasing this guidance. This provides increased assurance that:

- agencies that use the guidance material will comply with relevant accounting and reporting requirements; and
- audits can be efficiently undertaken.

The Audit Office provided advice to the then Chief Minister and Treasury Directorate on the example financial statements prepared by the Directorate to guide agencies in preparing their 2013-14 financial statements.

In 2013-14, the Audit Office engaged an accounting and reporting specialist to assist in the Audit Office's review of the example 2013-14 financial statements prepared by the then Chief Minister and Treasury Directorate to provide guidance to reporting agencies. This review provided further assurance that reporting requirements, in particular, any new reporting requirements were addressed in guidance material provided to reporting agencies.

The Audit Office also provided advice on accounting guidance prepared by the then Chief Minister and Treasury Directorate on:

- estimating employee entitlement liabilities, including the actuarial estimates used in this estimate; and
- accounting for back pay relating to enterprise agreements for 2013-17.

Agencies may seek the Audit 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 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 in the resolution of complex audit and accounting issues. When required, the Office obtained advice from accounting and reporting specialists to assist in the provision of this advice. For example, in 2013-14 the Office obtained specialist advice on:

- whether an amount drawn by an agency into its bank account from the Territory Banking Account in excess of the appropriation results in a breach of section 6 of the *Financial Management Act 1996* (Justice and Community Safety Directorate);
- whether the accounting treatment used to account for course fee income complied with Australian Accounting Standards (University of Canberra);
- the accounting treatment used to account for complex arrangements relating to the construction and use of a 'GP Super Clinic' (University of Canberra);
- accounting for energy trading certificates (former Chief Minister and Treasury Directorate and Environment and Sustainable Development Directorate); and
- accounting for press clippings as part of a library collection (Office of the Legislative Assembly).

The Audit Office also obtained specialist advice on the:

- adequacy of controls over major revenue systems (Territory Revenue System, Community 2008, rego.act, Cashlink and MyWay);
- estimates of liabilities calculated by agencies using actuaries (for example, the estimated superannuation liabilities by the Superannuation Provision Account and estimated claims liabilities of the ACT Insurance Authority); and
- compliance by reporting agencies with complex disclosures and reporting requirements. For example, the complex insurance disclosures reported in the financial statements of the ACT Insurance Authority.

As in previous years, the Audit Office worked with auditees to improve their financial statements and statements of performance. This reduces the risk of qualified audit reports on financial statements and statements of performance.

Forums and workshops

The Audit Office held its annual financial audit information seminar in May 2014. At this seminar, the attendees were provided with information on:

- major or common audit findings from past audits;
- emerging accounting and reporting issues in the public sector;
- fraud risks, including information about the profile of fraudsters and fraud risk factors;
- estimating employee benefit liabilities and disclosure requirements for assets measured at fair value;
- whole-of-government reporting requirements; and
- key audit contacts.

This information was presented by representatives from the Audit Office, former Chief Minister and Treasury Directorate and private sector audit firms. The Chair of the PAC opened the seminar.

This seminar was well attended by auditees' representatives and positive feedback was received.

A.2.4.2 Meeting targets

Table A.2: Accountability indicators for financial audits

Accountability indicators	2012-13 Actual	2013-14 Actual	2013-14 Target
Quantity			
Number of audit opinions issued on financial statements	68	71	68
Number of reports of factual findings issued on statements of performance	28	30	29
Quality and effectiveness			
Percentage of agencies satisfied with financial audits	98%	100%	95%
Percentage of recommendations accepted in financial audits	87%	86%	95%
Percentage of financial audits completed within the required timetable	88%	93%	100%

A.2.4.3 Audit reports and reports of factual findings

In 2013-14, the Audit Office met its reporting obligations and issued an audit report or a report of factual findings whenever it was required to do so. The Office completed:

- 71 audit reports on financial statements; three (4 percent) more than the target of 68 audits; and
- 30 reports of factual findings on statements of performance; one (3 percent) more than the target of 29 reports.

The number of audit reports issued in the 2013-14 financial year exceeded the target because five unexpected audits were required. An audit of the financial statements of the:

- former Treasury Directorate for the period from 1 July 2012 to 9 November 2012 was required following the administrative arrangement on 10 November 2012. This audit was expected to be completed in the 2012-13 financial year and was therefore not included in the 2013-14 target;
- Digital Hubs Program was required under a new funding agreement between the Commonwealth Government and Territory and Municipal Services Directorate;
- Woden Mausoleum Perpetual Care Trust was required under the *Cemeteries and Crematoria Act 2003*;
- Crace Joint Venture's financial position as at 17 May 2013 was requested by CIC Australia Limited; and

- Roads to Recovery Program for the year ended 30 June 2012 was required. Amended financial statements were prepared (and audited) because the original financial statements had been prepared on an accrual basis when they should have been prepared on a cash basis.

These were partially offset by two audits that are no longer required:

- the University of Canberra advised that an audit of NATSEM Pty Limited was no longer required; and
- the joint venture agreement for the Crace Joint Venture was amended to remove the requirement for the preparation (and audit) of financial statements for the period from 1 July 2013 to 31 December 2013.

The Audit Office completed 30 reports of factual findings in 2013-14; one more than the 2013-14 target of 29. A review of the statement of performance of the former Treasury Directorate for the period from 1 July 2012 to 9 November 2012 was required. This review was expected to be completed in the 2012-13 financial year and was therefore not included in the 2013-14 target.

Audit reports issued on financial statements, along with reports of factual findings issued on statements of performance, are listed in the Audit Office's Statement of Performance at E.6.

A.2.4.4 Timeliness of financial audits

The Audit Office attempts to complete all financial audits within the required timetable. The 'required timetable' refers to the reporting and audit timetable issued by the then Chief Minister and Treasury Directorate to meet legislative requirements or, where there is no legislative timeframe, the planned time agreed between the Audit Office and auditee.

Achievement of this timetable is dependent on many factors that are outside the control of the Audit Office. For example, auditees need to provide satisfactory financial statements and supporting work papers to the Audit Office by the planned date to allow sufficient time for an audit to be completed. Reporting agencies also need to respond in a timely manner to requests from the audit team for information. In this context, the Audit Office's target of completing all financial audits within the required timetable is challenging.

In 2013-14, the Audit Office completed 93 percent of the financial audits within the required timetable. This result is below the target of 100 percent but higher than the result of 88 percent achieved in 2012-13.

Audits of the financial statements of the former Treasury Directorate, Lyons Estate Redevelopment Joint Venture and Woden East Joint Venture were delayed because certified financial statements were not provided to the Audit Office by the scheduled timeframe. Audits of the financial statements of Community Housing Canberra Limited and Forde Joint Venture were delayed as these financial statements were amended.

Despite these delays, all audits were completed in time for agencies to meet any applicable statutory reporting timeframes.

A.2.4.5 Acceptance of audit recommendations

The Audit Office is required by Australian Auditing Standards to advise reporting agencies of matters of governance interest (audit findings) identified during an audit. Such matters include weaknesses in governance arrangements, internal controls and reporting systems implemented by agencies, legislative breaches, errors and fraud.

These audit findings are reported to agencies in audit management reports. The audit management reports provide details of the audit findings and associated recommendations together with the comments provided by agencies.

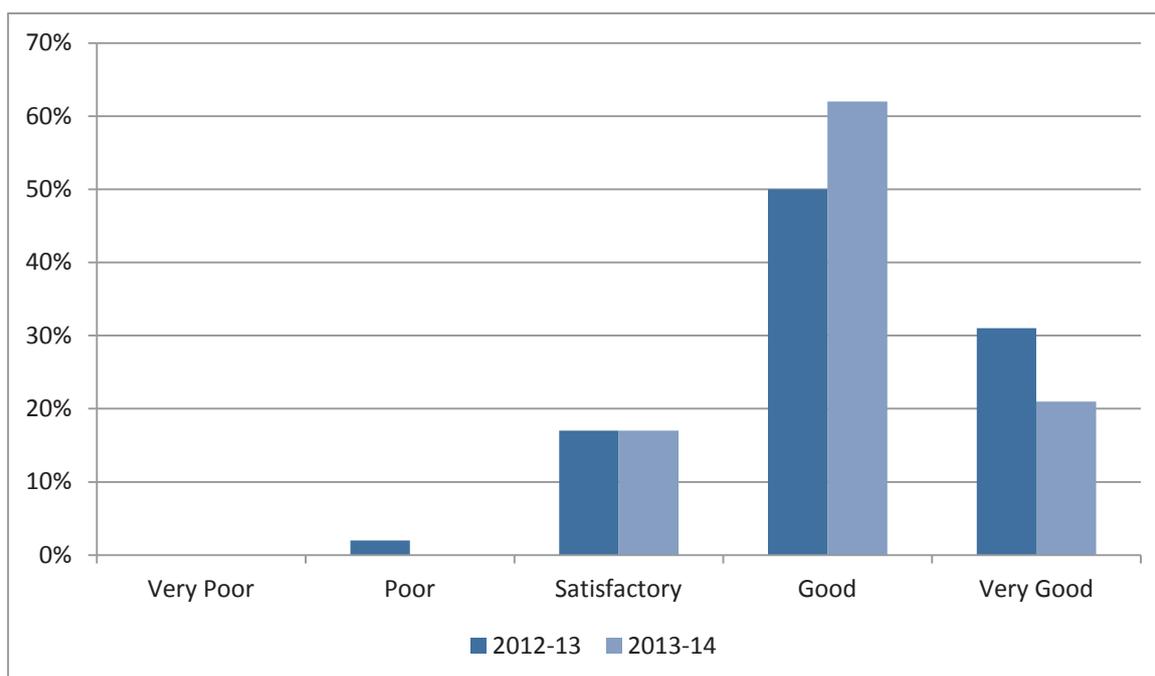
Agencies accepted 209 (86 percent) of the 244 audit recommendations made in 2013-14. This is close to the acceptance rate of 87 percent achieved in 2012-13 but below the target acceptance rate of 95 percent. The target acceptance rate was not achieved due mainly to 13 (5 percent) recommendations being 'agreed in principle', 8 (3 percent) being partially agreed and 7 (3 percent) 'noted'. Only seven recommendations (3 percent) were 'not agreed'.

The continuing high acceptance rate indicates that the Audit Office's recommendations are sound and agencies are willing to improve aspects of their operations.

A.2.4.6 Satisfaction with financial audits

In 2013-14, agencies continued to provide consistently high ratings of the Audit Office's performance on financial audits.

Forty-nine agencies were surveyed on their satisfaction with financial audits. All of the 47 that responded to the survey advised that they were satisfied with the Audit Office's performance on financial audits. Ten (21 percent) rated the Office's performance as very good, 29 (62 percent) as good and eight (17 percent) as satisfactory.

Figure A.4: Auditees' responses – 'Financial audit - overall performance'

Source: Audit Office's Statement of Performance and auditee satisfaction surveys

The Audit Office obtained auditees' views on its own performance in its annual satisfaction surveys. Auditees' comments were largely positive and indicated generally high levels of satisfaction with the professional and constructive way in which audits were conducted. Positive and negative comments provided by agencies are provided in Note 5 of the Statement of Performance at E.6.

Feedback provided by agencies is considered by the Audit Office and where appropriate, discussed with agency representatives to improve agency understanding of the audit process and identify ways of improving audit methods and practices.

A.2.4.7 Monitoring and improving the quality of financial audit work

The Audit Office seeks to improve the quality of its financial audits through:

- engagement quality control reviews, sometimes referred to as 'hot' reviews. These involve a review of audit work before the audit is completed. The findings from this review are addressed before the audit is completed; and
- quality assurance reviews. These involve a review of audit work after the audit has been completed.

This is similar to the processes used for performance audits, as discussed in section A.2.3.5.

In 2013-14, the quality assurance reviews which were conducted by a team from ACAG found that:

The Office's financial audit function is generally well-managed and effective, but has aspects that require attention. The audit findings were generally supported by sufficient and appropriate evidence.

The quality assurance review team recommended improvements to financial audit planning processes and implementation of additional testing in some areas. The review team also recommended that written procedures be developed for:

- resolving differences of professional opinion between members of the audit team; and
- actions to be taken where an inappropriate audit opinion may have been provided or significant audit procedures were omitted.

The review team did not identify any instances where an inappropriate audit opinion had been provided or significant audit procedures were omitted.

To provide assurance that review findings and recommendations lead to improvements in the quality of financial audit work:

- review findings were considered in the annual financial audit method training held in April 2014;
- audit teams are required to complete a checklist indicating that review findings have been addressed before audits are completed; and
- quality assurance reviews address whether review findings are being consistently addressed.

A.2.4.8 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 opinion issued on financial statements in 2013-14 was \$68 648 as compared to the national average cost of \$63 897 for audit offices in Australia. The Audit Office's higher cost reflects the cost of, for example, issuing reports of factual findings on statements of performance. Most of the other audit offices do not issue reports of factual findings.

Timeliness

The Audit Office issued audit reports on financial statements within three months of the end of the reporting period on 92 percent of the occasions as compared to the national average of 78 percent for audit offices in Australia. This reflects the requirement for a high proportion of the audits of financial statements and reviews of statements of performance to be completed within three months of the end of the financial year.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
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A.3 Community engagement and support

The Audit Office supports the community through its audit work and by being responsive to representations and public interest disclosures. Information provided by community members is considered in designing the forward performance audit program and in undertaking particular audits.

Private briefings, on tabled reports, are given to the PAC and Audit Office staff attend Legislative Assembly committee public inquiries as required. The Audit Office recognises the important role that the MLAs play with respect to representing the broader community and recognises that attendance at Legislative Assembly committee briefings and inquiries is an important means by which the Audit Office can communicate with the community through its elected representatives.

An independent consultant was engaged to conduct a survey of MLAs to understand their views of the Audit Office. Survey results were generally positive with a majority (71 percent) of the MLAs responding agreeing that Audit Office reports and services improve administration in the ACT and provide useful information on public sector performance (two were unsure). Some thought the Audit Office could improve its website and also more clearly identify significant contemporary issues and their application for investigation and reporting.

The Audit Office seeks the views of the PAC and other MLAs, as well as ACT Government directorates and agencies, when developing the Office's annual performance audit program. Information received through this consultation process is used to inform the selection and scoping of topics for inclusion in the Office's annual performance audit program. The Audit Office's annual performance audit program is available for the information of the broader community through the Office's website (www.audit.act.gov.au).

Members of the Legislative Assembly, community groups and individuals may make submissions, representations or public interest disclosures to the Audit Office. The Office considers this information and determines whether further action is warranted under the *Public Interest Disclosure Act 2012* or, if it is not appropriate to take further action under the *Public Interest Disclosure Act 2012*, whether the issues raised could be the subject of a future performance audit. For example, the performance audit on the GEHU, Canberra Hospital which was tabled in 2013-14 was initiated following the receipt of a public interest disclosure. It was determined that it would be appropriate to consider the issues raised in the disclosure as a performance audit.

The Audit Office may seek the views of individuals or relevant interest and community groups when planning and performing individual performance audits. For example, in the audit of Bushfire Preparedness, the Audit Office sought the views of the Bushfire Council.

All of the Audit Office's reports tabled in the Legislative Assembly are available to the community through the Audit Office's website (www.audit.act.gov.au) and copies of reports may also be obtained directly from the Audit Office.

Further information can be obtained from:

Dr Maxine Cooper	Auditor-General	(02) 6207 0833	maxine.cooper@act.gov.au
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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.

Table A.3: 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	\$300 to the student who achieves the best academic result in the subject Auditing PG (Post-Graduate)

Source: Audit Office records

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
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A.4 Ecologically sustainable development

The ways in which the Audit Office accords with, and contributes to, the principles of ecologically sustainable development (ESD) as per the *Environment Protection Act 1997* are outlined in this section.

To assist in reducing the Audit Office's ecological footprint, staff are encouraged to:

- minimise the number of printed documents, particularly those in colour;
- recycle paper using the appropriate bins;
- use electronic audit work papers;
- turn-off lights, computer equipment and monitors when not in use;
- use on-line information services such as messaging; and
- use public transport and walk to audit locations.

The Office also:

- purchases carbon neutral printing paper;
- uses toner cartridges that can be recycled;
- has a waste disposal system that separately disposes recyclable material, organic waste and other non-recyclable material; and
- has a hybrid car.

ESD issues may also be considered as part of performance audits that focus on the delivery of public services.

Table A.4: Audit Office staff and area

Staff and area	Unit	2012-13	2013-14	Percentage Change
Staff	FTE	41.3	38.7	(6%)
Workplace floor area	Area (m ²)	500	500	0%

Source: Data from Shared Services Human Resources, Audit Office records and advice from ACT Property Group

In Table A.5, staff represents the number of full-time equivalent (FTE) staff employed at the end of the reporting periods.

The Audit Office had 38.7 FTE staff at 30 June 2014 and 41.3 FTE staff at 30 June 2013. This decrease reflects the timing of recruitment to replace staff that had departed.

In Table A.5, workplace floor area reflects the amount of floor space occupied by the Audit Office on Level 4, 11 Moore Street, Canberra City.

The amount of floor area occupied by the Audit Office remains unchanged from the prior year.

Data on resource usage

In June 2014, the ACT Government established an Enterprise Sustainability Platform (ESP), to provide a consistent approach to reporting sustainability data for ACT Government agencies and entities. ESP is managed by the Environment and Planning Directorate. Data from ESP has been used to provide electricity usage for 2012-13 and 2013-14, refer to Table A.5, below.

Table A.5: Stationary energy usage

Stationary energy usage	Unit	2012-13	2013-14	Percentage change
Electricity use	Kilowatt hours	39 934	38 024	(5%)

Source: Enterprise Sustainability Platform

Electricity use reported for 2012-13 in last year's annual report was 60 998. The lower number (39 934) reported this year reflects a change in method.

The electricity use of the Audit Office was slightly lower in 2013-14 compared with the prior year.

Table A.6: Transport fuel usage

Transport fuel usage	Unit	2012-13	2013-14	Percentage Change
Total number of vehicles	Number	1	1	0%
Total kilometres travelled	Kilometres	5 312	3 231	(39%)
Fuel use - Petrol	Kilolitres	0.30	0.19	(37%)

Source: Audit Office records

Audit Office staff have access to a hybrid vehicle. This vehicle is provided to a senior executive as part of their remuneration. The vehicle was replaced during 2013-14. Hybrid powered vehicles are fuel efficient and have low emissions.

During 2013-14, approximately 3 231 kilometres was travelled for business purposes. This is significantly lower than in the previous year. This reflects a one-off business trip in 2012-13 to Brisbane for the Auditor-General to attend a conference of ACAG.

Fuel use for business purposes is estimated by apportioning total fuel use on the basis of kilometres driven.

Table A.7: Water usage

Water usage	Unit	2012-13	2013-14	Percentage Change
Water use	Kilolitres	235	245	4%

Source: Audit Office records

Water use is estimated from the total use of water in the building apportioned by floor space occupied by the Audit Office. The amount used is marginally higher than the prior year.

Table A.8: Resource efficiency and waste

Resource efficiency and waste indicators	Unit	2012-13	2013-14	Percentage change
Reams of paper purchased	Reams	550	368	(33%)
Recycled content of paper purchased	Percentage	0% Carbon neutral paper is used	0% Carbon neutral paper is used	0%
Waste to landfill	Litres	Not known	Not known	Not known
Co-mingled material recycled	Litres	21 720	5 880	N/A
Paper and cardboard recycled (inc. secure paper)	Litres		21 120	N/A
Organic material recycled	Litres	1 800	4 750	164%
Total material recycled	Litres	23 520	31 750	35%

Source: Audit Office records

The Audit Office's resource management practices did not change in 2013-14. The Office continued to try to minimise the use of paper by practices such as scanning and emailing documents and using electronic audit work papers. The Office purchased fewer reams of paper in 2013-14 compared to the prior year.

The Office continues to use carbon neutral paper certified under the Australian Government's National Carbon Offset Standard Carbon Neutral Program for its printing and copying needs. This means that all direct and indirect greenhouse gas emissions used to produce the paper have been reduced and offset.

The Audit Office is unable to provide an estimate of 'Waste to landfill' as no records of the Office's waste are maintained by the contract cleaners. The contract cleaners are not employed by the Audit Office. These services are arranged by the property manager.

The Audit Office continued to be part of the ACTSmart Business Recycling Program. Under this program, general waste is sorted into organic material, recyclable material and non-recyclable material. In 2012-13, data on volume of co-mingled material was not separated from the volume of paper and cardboard recycled, making accurate comparisons impossible. However, overall, the volume of material recycled continued to increase significantly, from 23 520 litres in 2012-13 to 31 750 litres in 2013-14.

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

Table A.9: Greenhouse gas emissions

Greenhouse gas emissions	Unit	2012-13	2013-14	Percentage change
Emissions from stationary energy use	Tonnes CO ₂ -e	41.65	40.31	(3%)
Emissions from transport total	Tonnes CO ₂ -e	0.77	0.49	(36%)
Total emissions	Tonnes CO₂-e	42.42	40.80	(4%)

Source: Enterprise Sustainability Platform

The Audit Office's estimated total emissions in 2013-14 were slightly lower than the levels for 2012-13.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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B GOVERNANCE AND ACCOUNTABILITY REPORTING

B.1 Internal accountability

The Audit Office has sound internal accountability and governance arrangements in place, including risk and fraud management. These are overseen by the Audit Office's Executive Committee and other internal committees and management groups.

Executive Committee

The Executive Committee is the senior group responsible for the management of the Audit Office and is *inter alia* responsible for the implementation of the Office's risk management, business continuity and fraud prevention plans. The Committee includes the Auditor-General, Directors and Principals from the Performance Audit, Financial Audit and Professional Services teams, supported by the Executive Officer.

Executive members of the Committee as at 30 June 2014 were:

- Auditor-General: Dr Maxine Cooper who is responsible for carrying out functions under the A-G Act, including promoting public accountability and undertaking audits;
- Director, Financial Audits: Mr Bernie Sheville who is responsible for managing the Financial Audit Branch, which conducts audits of financial statements, and fulfilling the role of Chief Financial Officer; and
- Director, Performance Audits: Mr Brett Stanton who is responsible for managing the Performance Audit Branch, which conducts performance audits, and managing representations and public interest disclosures received by the Audit Office.

The Audit Office's organisational structure is shown in Figure A.1.

Internal committees and management groups

The Executive Committee of the Audit Office is supported by a range of internal committees and management groups. Management of the Audit Office is mainly conducted through regular meetings between the executive, managers and staff. Table B.1 outlines the internal committees and management groups in the Audit Office.

Table B.1: Internal committees and management groups

Name	Purpose	Membership in 2013-14
Executive Committee	<p>The Executive Committee is the senior group responsible for the governance of the Audit Office.</p> <p>The Committee meets weekly to consider strategic and operational matters, monitor the Audit Office's performance and determine the strategic and operational priorities for the Office.</p>	<p>Auditor-General Director, Financial Audits Director, Performance Audits Principals Executive Officer provides secretariat services</p>
Management Committee	<p>This Committee meets monthly to discuss the Audit Office's activities, report on progress against targets and consider audit and corporate issues requiring attention.</p>	<p>Auditor-General Directors, Principals, Senior Managers and Managers Staff representatives Executive Officer provides secretariat services</p>
Audit and Review Committee	<p>This Committee meets quarterly. The Committee reports directly to the Auditor-General.</p> <p>The Committee provides assurance that the Audit Office's governance, internal audit and risk management arrangements are adequate.</p> <p>The Committee considers the Audit Office's financial statements and statement of performance and monitors the implementation of relevant recommendations from internal audit reports, reports from the Risk Manager, the Office's performance audit reports and Assembly Committees' reports.</p>	<p>External Chair External members Two senior staff members from Performance Audit and Financial Audit The Auditor-General has a standing invitation to attend the meeting as an observer. A member of the Professional Services attends to provide secretariat services.</p>
Agency Security Committee	<p>This Committee meets biannually.</p> <p>The Committee monitors key protective security risks and provides oversight of the Audit Office's protective security practices.</p> <p>The Committee considers reports from the Risk Manager and Security Adviser.</p>	<p>Executive Committee Security Adviser</p>
Office Consultative Committee	<p>The objective of the Office Consultative Committee is to provide a formal forum for liaison between the Office Executive and staff in the development and review of organisational policies and work practices and for providing staff input to such policies and practices.</p>	<p>Three staff representatives One representative from the Executive Committee</p>
Financial Audit Managers meeting	<p>This meeting considers strategic and operational matters relating to the financial audit activities. It meets fortnightly or as required.</p>	<p>Chaired by the Principal, Professional Services Director, Financial Audits Principal, Financial Audits Senior Financial Audit Managers</p>

Table B.1: Internal committees and management groups (continued)

Name	Purpose	Membership in 2013-14
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 Managers meeting	This meeting considers strategic and operational issues affecting the performance audit function. It meets monthly or as required.	Chaired by the Director, Performance Audits Principal, Performance Audits Senior Performance Audit Managers
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 Performance audit staff
Professional Services team meeting	The meeting considers strategic and operational issues affecting the Professional Services function. It meets fortnightly or as required.	Chaired by the Principal, Professional Services Professional Services staff
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

B.1.1 Key internal accountability mechanisms

An important internal accountability mechanism for the Audit Office is its Audit and Review Committee. This Committee's membership consists of an independent (external) chair, an external member and two senior Office staff. The Committee provides assurance and assistance to the Auditor-General on the Office's risk, control and compliance framework and its external accountability responsibilities. The activities of the Audit and Review Committee are reported in Section B.2.1.1.

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 discussed in Sections A.2.3.5 and A.2.4.7, respectively.

B.1.2 Strategic and organisational planning

The Audit Office's future corporate directions, planned outcomes and objectives are set out in the *Strategic Plan 2012-2015* (Strategic Plan). This Strategic Plan is reviewed and updated annually at the Office's planning day, providing an opportunity for staff to participate in identifying and setting priorities for the Office in the coming years. It also provides a means of ensuring that management and staff share a common view about the Office's objectives and areas of responsibility.

The Strategic Plan is supported by individual Branch action plans for financial audit, performance audit and professional services activities. These plans identify and assign responsibility for specific tasks and timeframes for completion, and are monitored regularly by the Executive Committee.

B.1.3 Executive remuneration

Executive remuneration is provided in accordance with the Determinations of the ACT Remuneration Tribunal and under other relevant laws and instruments, such as the *Public Sector Management Act 1994* and the *Public Sector Management Standards 2006*. The Remuneration Tribunal's Determinations are available from the Tribunal's website at www.cmd.act.gov.au/governance/remtrib/determinations.

Information on the remuneration of executives in the Audit Office is provided in Section E.2 (Note 27. Related Party Disclosures).

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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B.2 Risk management and internal audit

B.2.1 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, but is not limited to, a Risk Management Policy and Plan and Business Continuity Plan. The Audit Office's Business Continuity Plan and Emergency Response Plan was reviewed and revised in March 2014.

The Office's Risk Manager is responsible for monitoring and reporting on the Office's risk management framework.

The Executive Committee has broad responsibility for overseeing risk management in the Audit Office. Its role was expanded to include being the Office's Security Committee, in October 2013. These committees monitor the Office's register of risks including security risks and their mitigation.

The Audit and Review Committee also monitors risk management in the Office, as discussed below.

B.2.1.1 Audit and Review Committee

The Audit and Review Committee operates in accordance with its charter and provides assurance and assistance to the Auditor-General on the Audit Office's risk, control and compliance framework and its external accountability responsibilities.

In particular, the Committee assists the Auditor-General in discharging her responsibilities for exercising due care, diligence and skill in relation to the Audit Office's financial and risk management, adequacy of internal controls, application of accounting policies, compliance with applicable laws, and reporting of financial information. The Committee also supports the Auditor-General in maintaining an ethical culture within the Office.

Details of the membership of the Committee and meetings attended by its members are provided in Table B.2.

Table B.2: Audit and Review Committee

Name	Agency	Duration	Position	No. of meetings attended
Ms Janean Richards	External	July 2013 to June 2014	Independent Chair	5
Mr Tim Larnach	Audit Office	September 2011 to June 2014	Member	5
Mr Brett Stanton	Audit Office	September 2011 to June 2014	Member	4
Ms Clea Lewis	External	June 2014	Member	0
Dr Maxine Cooper	Auditor-General	Ongoing	Observer	5

Source: Audit Office records

The Audit and Review Committee met five times during 2013-14. In 2013-14 the Committee welcomed a new external Chair, Ms Janean Richards from the Commonwealth Department of Social Security and in June 2014 welcomed a second external member, Ms Clea Lewis, from the Australian National Audit Office. During the year, the main activities of the Committee were to:

- develop and implement an annual internal audit work program against a three-year Strategic Internal Audit Plan;
- oversee internal audits and reviews of the Office's compliance with key legislation, the Office's implementation of recommendations arising from previous internal audits and other reviews, the efficiency of financial audit processes and the Office's procurement and contract management arrangements;
- initiate the development of a legislative compliance framework for providing ongoing assurance with respect to the Office's management of, and compliance with, key legislative obligations;
- review and endorse the Audit Office's 2012-13 financial statements and 2012-13 Statement of Performance; and

- monitor the Office's risk management, fraud control and financial management activities through regular reports from the Office's Risk Manager, Senior Executive Responsible for Business Integrity Risk (SERBIR) and the Chief Finance Officer.

B.2.1.2 Review of legislative compliance

In 2013-14, the Audit Office undertook an internal review of its compliance with legislation. This was to provide assurance that the Audit Office had mechanisms for managing and monitoring compliance with key legislation. The review was conducted by the Audit Office's Risk Manager.

The review considered compliance with the following key legislation:

- *Auditor-General Act 1996;*
- *Financial Management Act 1996;*
- *Public Interest Disclosure Act 2012;*
- *Public Sector Management Act 1994;* and
- *Territory-owned Corporations Act 1990.*

The review did not find any instances of non-compliance. While the review found that the Audit Office fully complies with the majority of the relevant legislation, the reviewer identified opportunities to improve Office practices.

B.2.1.3 Review of the implementation of review recommendations

A review of the implementation of audit recommendations was undertaken in 2013-14. The Audit Office's progress in implementing recommendations from different audits and reviews that had been conducted in recent years was considered.

The review was conducted by the Audit Office's Risk Manager. The review assessed progress in implementing recommendations from the following audits and reviews:

- Independent performance audit of the operations of the ACT Auditor-General and the ACT Audit Office (May 2010);
- Information Security Management (March 2012);
- Compliance with Key Legislation (February 2013); and
- Review of Budget Management (July 2013).

The review found that the majority of recommendations had been implemented, but four had only been partially implemented. Further work has since been undertaken to address the outstanding recommendations.

Further information can be obtained from:

Mr Tim Larnach	Internal Audit Committee	(02) 6205 2441	tim.larnach@act.gov.au
Mr Brett Stanton	Internal Audit Committee	(02) 6207 9534	brett.stanton@act.gov.au

B.3 Fraud prevention

The Office's *Fraud and Corruption Prevention Plan* minimises the risk of fraud and corruption. Other policies addressing fraud and corruption prevention included the Office's *Integrity Code, Asset Management Policy and Procedures, Acceptable Access and Use of Information and Communication Technology Resources Policy and Guidelines, Privacy of Information Policy* and *Personnel Delegations*.

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

No fraudulent activity, unethical behaviour or lack of compliance with fraud prevention procedures and guidelines was identified during 2013-14.

The Director, Performance Audits is the SERBIR.

Further information can be obtained from:

Mr Brett Stanton	Director, Performance Audits and SERBIR	(02) 6207 9534	brett.stanton@act.gov.au
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B.4 Legislative Assembly inquiries and reports

B.4.1 External Scrutiny

Mechanisms for scrutinising of the Audit Office's performance are provided by the *Annual Reports (Government Agencies) Act 2004*, the A-G Act and engagement with the PAC.

The Audit Office's annual reports, which includes the Office's audited financial statements and Statement of Performance, are examined by the Assembly's Estimates Committee and PAC.

The Audit Office's financial statements and Statement of Performance are audited by an external auditor under the A-G Act. Unqualified audit reports for the 2013-14 financial statements and Statement of Performance were issued by the auditor, PKF Chartered Accountants & Business Advisers.

The Audit Office's work is also subject to significant scrutiny and commentary by auditees, the general community and the media. Performance audit reports are tabled in the Legislative Assembly and are publicly available. When a performance audit report is tabled in the Legislative Assembly, the Audit Office offers to brief MLAs.

Under the A-G Act, the Chair of the PAC may request a review of the operations of the Audit Office by an independent auditor. No such review occurred during 2013-14.

Performance audit reports are tabled in the Legislative Assembly and then referred to the PAC. The PAC examines audit reports and may hold public inquiries into them. 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 following reports were referred to the PAC in 2014 and were under consideration as at 30 June 2014:

- Report No. 1 / 2014: Speed Cameras in the ACT;
- Report No. 2 / 2014: The Water and Sewerage Pricing Process;
- Report No. 3 / 2014: Single Dwelling Development Assessments;
- Report No. 4 / 2014: Gastroenterology and Hepatology Unit, Canberra Hospital; and
- Report No. 5 / 2014: Capital Works Reporting.

During 2013-14, the PAC commenced inquiries into the following performance audit reports:

- Report No. 4 / 2013: National Partnership Agreement on Homelessness; and
- Report No 5 / 2013: Bushfire Preparedness.

The PAC's inquiries into these performance audit reports were still in progress as at 30 June 2014.

In 2013-14, there were no recommendations specifically made to the Audit Office. However, there were recommendations made to the 'ACT Government directorates and agencies' that could apply to the Audit Office. These are listed in Table B.4.

Table B.4: Recommendations by Assembly Committees

Committee/ Report Title/ Date Tabled	Recommendation	Audit Office comment
<p>Committee Standing Committee on Public Accounts</p> <p>Report Title Report 4: Annual and Financial reports 2012-2013</p> <p>Date Tabled: 20 March 2014</p>	<p>Recommendation 1</p> <p>The Committee recommends that ACT Government agencies should ensure complete reporting with all compliance requirements as specified in the Annual Report Directions.</p>	<p>The Audit Office applies the requirements as specified in the Annual Reports Directions to its Annual Report. Although the Annual Report Directions do not apply to the Auditor-General as an Officer of the Legislative Assembly, this report respects the Directions.</p>
	<p>Recommendation 2</p> <p>The Committee recommends that ACT Government directorates and agencies should ensure the provision of complete statements of performance and full disclosure as required by the <i>Financial Management Act 1996</i>. In doing so, ensure the following: (i) implement processes for checking the accuracy of reported results; and (ii) provide clear and informative explanations of material variations from planned results.</p>	<p>The Audit Office provides a complete Statement of Performance with full disclosure as required by the <i>Financial Management Act 1996</i>. The Office's Statement of Performance contains material variations from planned results.</p>
	<p>Recommendation 3</p> <p>The Committee recommends that all Directors-General, and equivalents, ensure that all exemption requests for single select procurements include consideration of 'best value for money' as per the Government Procurement Policy Circular.</p>	<p>The Audit Office applies this principle.</p>
	<p>Recommendation 4</p> <p>The Committee recommends that ACT Government directorates and agencies should ensure complete compliance with the reporting requirements as prescribed under Section C.3 – Public Interest Disclosure reporting of the Annual Report Directions.</p>	<p>The Audit Office complies with the reporting requirements prescribed under Section C.3 – Public Interest Disclosure reporting of the Annual Report Directions. Although the Annual Report Directions do not apply to the Auditor-General as an Officer of the Legislative Assembly, this report respects the Directions.</p>
	<p>Recommendation 5</p> <p>The Committee recommends that Designated Disclosure Officers appointed for the purposes of the <i>Public Interest Disclosure Act 2012</i> should ensure that the appropriate</p>	<p>The Audit Office has guidelines for informing persons making disclosures under the <i>Public Interest Disclosure Act 2012</i>.</p>

Committee/ Report Title/ Date Tabled	Recommendation	Audit Office comment
	<p>steps, as outlined in the PID Factsheet, are taken to inform persons making disclosures about the outcomes of investigations and, where applicable, actions taken.</p>	
	<p>Recommendation 6 The Committee recommends that ACT Government directorates and agencies should assess, and where applicable, take appropriate action to ensure that the structures underpinning their respective internal audit functions support independence. Where an agency considers a key requirement of best practice for supporting independence as not appropriate to its particular circumstances, it should document it as such by using an “if not, why not?” test to explain why not.</p>	<p>The Audit Office’s Internal Audit Committee is chaired by a person independent of the Office and reports directly to the Auditor-General.</p>
<p>Committee Standing Committee on Public Accounts Report Title Report 5: Appropriation Bill 2013-2014 (No.2) and Appropriation (Office of the Legislative Assembly) Bill 2013-2014 (No.2) Date Tabled: 6 May 2014</p>	<p>Recommendation 3 The Committee recommends that ACT Government directorates and agencies should ensure the investigation of bullying complaints, whatever the method of notification, in a timely manner.</p>	<p>The Audit Office has a <i>Positive Workplace Culture Policy and Procedures</i> that aims to prevent bullying. If bullying is reported an investigation may occur in a timely manner, if considered appropriate.</p>

B.5 Reports of the Ombudsman and independent auditor

There were no reports by the independent auditor and no recommendations from the Ombudsman relevant to the Audit Office in 2013-14.

B.6 Representations

The Audit Office receives representations bringing various matters and issues relating to the ACT Government to the attention of the Office. Sometimes these representatives specifically request that the Office undertake an audit or investigation. These representations may be provided by any person or body, including members of the public or Assembly, businesses and employees of ACT Government agencies.

While these representations often do not meet the definition of public interest disclosure under the *Public Interest Disclosure Act 2012* (PID Act), they reflect areas of interest or concern to the individual. Such representations are considered under the provisions of the A-G Act.

In deciding whether a representation requires further investigation (through, for example, a performance audit), the Audit Office considers the identified financial risks and impacts and potential implications for public administration and effect on the delivery of public services. Information provided through representations is considered when planning the Office's performance audit program.

In 2013-14, the Audit Office received 12 representations. These covered a diverse range of issues, including those relating to roads and traffic management, development application and approval processes and the management of funding for community service organisations.

In each case, the Audit Office reviewed information provided by the correspondent to determine whether further investigation was warranted and, if so, what action should be taken. Where necessary, the Office obtained information from the relevant ACT Government agency.

C LEGISLATION BASED REPORTING

C.1 Public interest disclosures

The Auditor-General is a Disclosure Officer for receiving public interest disclosures under the *Public Interest Disclosure Act 2012* (the PID Act).

Public interest disclosures received by the Audit Office may be categorised as one of two types:

- disclosures relating to the Audit Office and its operations; or
- disclosures relating to another ACT public sector entity.

No disclosures were received during the year that related to the Audit Office and its operations.

For disclosures relating to ACT public sector entities, the Office may:

- refer the disclosure to the subject entity for investigation;
- conduct an investigation into the disclosure; or
- conduct a performance audit into the issues associated with the disclosure.

In considering disclosures relating to public sector entities, the Office assesses if it is in the public interest to refer the disclosure to the subject entity or to conduct an investigation or a performance audit in relation to the disclosure. When the Audit Office considers it is in the public interest to manage a disclosure relating to a public sector entity, the Office has a practice of considering the disclosure through undertaking a performance audit which is tabled in the Legislative Assembly. This practice highlights the complementary nature of the PID Act and A-G Act. While an issue may not constitute a public interest disclosure, it may have important public administration or accountability ramifications.

For disclosures relating to the Audit Office or its operations, the Audit Office may conduct an investigation. Processes would include:

- identifying or appointing appropriate officers to undertake an impartial and fair investigation into the information;
- providing ongoing advice to the Auditor-General on the actions taken to investigate the disclosure;

C: Legislation based reporting

- deciding if further action should be undertaken through the use of procedures for investigating unethical or inappropriate behaviours, as set out in *Public Sector Management Act 1994* and related standards, or through the relevant enterprise agreement; and
- advising the Auditor-General on corrective action to be taken to prevent the disclosable conduct continuing or occurring in the future and disciplinary options for any person responsible for the disclosable conduct.

Table C.1: Public Interest Disclosures in 2013-14

Disclosure requirement	Details
Number of disclosures received	5 (Health Directorate – issues associated with the GEHU at the Canberra Hospital; Health Directorate – issue associated with a workplace investigation; Community Services Directorate - issue of potential fraud; Economic Development Directorate – issue of potential fraud; and ACTEW – issues associated with the planning and construction of the Enlarged Cotter Dam).
Type of disclosures under Section 8(1) of the PID Act – Note 1	Two disclosures were received relating to section 8(1)(a)(ii) of the PID Act (Community Services Directorate - issue of potential fraud; and Economic Development Directorate – issue of potential fraud). One disclosure was received relating to section 8(1)(b)(i) of the PID Act (Health Directorate – issue associated with a workplace investigation). Two disclosures were received relating to section 8(1)(b)(ii) of the PID Act (Health Directorate – issues associated with the GEHU at the Canberra Hospital; and ACTEW – issues associated with the planning and construction of the Enlarged Cotter Dam).
Number of disclosures referred by other agencies	1 (ACTEW – issues associated with the planning and construction of the Enlarged Cotter Dam).
Number of public interest disclosures investigated by the Audit Office	2 (issues associated with the GEHU at the Canberra Hospital; and issues associated with the planning and construction of the Enlarged Cotter Dam).

Note 1

Section 8(1)(a) of the PID Act relates to conduct of a person that could, if proved:

- I. be a criminal offence against a law in force in the ACT; or
- II. give reasonable grounds for disciplinary action against the person.

Section 8(1)(b) of the PID Act relates to action of a public sector entity or public official for a public sector entity that is any of the following:

- I. maladministration that adversely effects a person’s interests in a substantial and specific way;
- II. a substantial misuse of public funds;
- III. a substantial and specific danger to public health and safety; or
- IV. a substantial and specific danger to the environment.

Table C.1: Public Interest Disclosures in 2013-14 (continued)

Disclosure requirement	Details
Number of disclosures referred to other Government agencies for investigation	<p>3 (Health Directorate – issue associated with a workplace investigation; Community Services Directorate - issue of potential fraud; and Economic Development Directorate – issue of potential fraud).</p> <p>The Health Directorate and Economic Development Directorate advised the Audit Office that the issues raised had been investigated and were not substantiated.</p> <p>The Community Services Directorate advised the Audit Office that it had referred the matter to the Commissioner for Public Administration for further consideration and, after advice was received, determined that no further action was warranted by virtue of section 20 of the PID Act.</p>
Number of disclosures on which the Audit Office has declined to act under Section 20 of the PID Act	0
Number of investigations completed by the Audit Office	2 (issues associated with the GEHU at the Canberra Hospital; and issues associated with the planning and construction of the Enlarged Cotter Dam).
Average time taken for completed PID investigations	2.3 months
Number of disclosures substantiated by investigation	0

Source: Audit Office records

The Audit Office received five public interest disclosures in 2013-14, as shown in Table C.1. Two of the public interest disclosures relating to section 8(i)(a)(ii) of the PID Act were referred to directorates; the Community Services Directorate and Economic Development Directorate (now part of Chief Minister, Treasury and Economic Development Directorate). One public interest disclosure relating to section 8(1)(b)(i) of the PID Act was referred to the Health Directorate.

With respect to the two public interest disclosures that the Audit Office has directly managed, the issues were investigated and it was decided that performance audits were appropriate. One of the audits, relating to the GEHU, Canberra Hospital has been concluded and the report of this performance audit was tabled in the Legislative Assembly in June 2014. The other audit, relating to ACTEW's water infrastructure projects, is still in progress.

The water and sewerage pricing audit, which was tabled in April 2014, was conducted in response to a public interest disclosure received under the PID Act. It was determined that the most appropriate way to proceed with the issues raised was through a performance audit process. The information provided to the Audit Office was the catalyst for this audit and was reported as a public interest disclosure in the Audit Office's 2012-13 Annual Report.

Further information can be obtained from:

Mr Brett Stanton	Director, Performance Audits	(02) 6207 9534	brett.stanton@act.gov.au
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C.2 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 A-G Act contains provisions protecting the integrity of an audit or investigation by the Auditor-General (sections 33-36 of the Act). Under these provisions, it is an offence for a person exercising a function of the Auditor-General to disclose 'protected information' to someone else. A document obtained in reviewing matters relevant to an audit or investigation is '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 A-G Act would generally be exempt from FOI Act provisions.

The Audit Office has administrative guidelines in place for Office staff with FOI responsibilities.

No FOI requests were received in 2013-14.

C.2.1 Section 7 statement

Section 7 of the FOI Act requires the Audit Office to prepare and publish a statement outlining the Office's organisation, functions and decision-making powers, the categories of documents available, as well as the facilities available to the public for accessing the documents.

C.2.1.1 Organisation, functions and decision-making powers

Details of the Audit Office's functions, operations and decision-making arrangements are included in Section A.1 of this report.

C.2.1.2 Participation in the work of the Audit Office by members of the public

Members of the public can make representations directly to the Audit Office, or to their elected representatives in the Assembly who may, in turn, decide to make representations to the Office. These representations may be considered by the Audit Office, or used to inform performance audit work being undertaken or a future audit. Each representation is considered on a case-by-case basis and managed accordingly.

C.2.1.3 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 (www.audit.act.gov.au) and from libraries throughout the ACT;
- *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 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 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.

Further information can be obtained from:

Ms Sophie Butler-Stratton	Freedom of Information Coordinator	(02) 6207 0833	actauditorgeneral@act.gov.au
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C.2.2 Section 8 statement

Section 8 of the FOI Act requires the Audit Office to prepare, and make available, an annual statement (which may be an index) of the documents that were used by, or provided by, the Office for the purpose of making a decision or recommendation under an enactment or scheme administered by the Office.

This 'Section 8 statement' was included in an Audit Office document titled '*Freedom of Information Act 1989 Section 7 and Section 8 statements*', which can be obtained by contacting the Office's FOI Coordinator.

C.2.3 Section 79 statement

In 2013-14, as there were no FOI requests, the Audit Office did not charge or collect any fees in relation to processing of FOI requests as no requests were received for:

- access to documents;
- amendment of records under section 48 of the FOI Act; or

- internal review of decisions under section 59 of the FOI Act.

Further information can be obtained from:

Ms Sophie Butler-Stratton	Freedom of Information Coordinator	(02) 6207 0833	actauditorgeneral@act.gov.au
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C.3 Human Rights Act 2004

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

- the A-G Act 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 Auditor-General is a Disclosure Officer for the receipt of disclosures under the PID Act. Representations received by the Office in 2013-14 were reviewed to determine whether consideration as a public interest disclosure was warranted and, if so, how the disclosure was to be considered;
- performance audits may consider human rights issues;
- management promotes an organisational culture that is inclusive, respectful and responsive to staff and audited agencies and entities. 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 *ACT Public Service Administrative and Related Classifications Enterprise Agreement 2013–2017*, which includes Audit Office staff, recognises the importance of balancing work and other life responsibilities;
- the Audit Office's *Positive Workplace Culture Policy and Procedures* supports and promote a diverse and non-discriminatory workplace, where different cultures and talents of staff are recognised and valued; and
- the Audit Office's *Complaint Handling Policy and Procedures* refer to the important role that complaints may have in the process of continuous improvement of services. This policy is available to the community through the Office's website (www.audit.act.gov.au).

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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C.4 Territory Records Act 2002

The Audit Office has an approved records management program consisting of a *Records Management Policy and Procedures*, and *Records Disposal Schedule* as required under the *Territory Records Act 2002 (Territory Records Act)*. The *Records Disposal Schedule for Audit Services* was approved by the Director of Territory Records.

Part 3 of the Territory Records Act provides for public access to records older than 20 years. Although the Audit Office does not hold any records of that age, the Office's records management procedures ensure 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 will be identified. To date, no records have been identified as exempt.

The Audit Office has a process to preserve records that may allow people to establish links with their Aboriginal or Torres Strait Islander heritage. The Audit Office's *Records Management Policy and Procedures* requires that these records are not to be destroyed. Where a record contains such information it is to be retained and preserved as a Territory archive.

The Audit Office's *Records Management Policy and Procedure* and *Records Management Quickguide* provide guidance to Audit Office staff on records management. New staff are introduced to record keeping essentials as part of the Office's induction program. All staff are reminded at various meetings and forums of the importance of sound records management practices.

The approved records management schedule for the Audit Office is noted in Table C.2, below.

Table C.2 Records disposal

Records disposal schedule name	Effective	Year and No.
Territory Records (Records Disposal Schedule-Audit Services Records) Approval 2006 (No. 1)	3 February 2006	NI 2006-26

Source: ACT Legislation Register - www.legislation.act.gov.au

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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C.5 Legal services directions

The Office seeks advice and support from the ACT Government Solicitor and Justice and Community Safety Directorate and other appropriate legal entities, as appropriate, in relation to legal matters. The Audit Office was not involved in legal proceedings during 2013-14.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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C.6 Notices of non compliance

The Audit Office did not commit any offences against the *Dangerous Substances Act 2004* in 2013-14.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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C.7 Bushfire risk management

The *Emergencies Act 2004* outlines reporting requirements for agencies that are either a manager of unleased Territory land or the owner of Territory land. The Audit Office is neither the owner or manager of Territory land and therefore has no reporting responsibilities under this Act.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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C.8 Commissioner for 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 Report.

The Office of the Commissioner for the Environment did not carry out any investigation which directly related to the Audit Office's operations in 2013-14.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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C.9 Government Procurement Act 2001

The Office made no contracts that excluded the liability to pay interest on the occasion of late payment (*Government Procurement Act 2001*, section 48).

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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D HUMAN RESOURCES MANAGEMENT REPORTING

D.1 Human resources management

D.1.1 Human resource planning

The Audit Office maintains staffing at sufficient capacity to deliver its program of financial and performance audits, and provide professional services support for its operations.

The Audit Office's *Strategic Plan 2012-2015* (Strategic Plan) includes strategies aimed at supporting staff. These include maintaining a Performance Development Plan for each staff member, identifying learning and development needs, and providing regular feedback to staff on performance.

Nevertheless, there continue to be workforce challenges which include:

- the provision of sufficient career opportunities in a small agency, which leads to difficulty in retaining experienced staff; and
- maintaining a workforce with the knowledge and experience required to deliver quality work.

Table D.1: Staff movements

Staff movements	2009-10	2010-11	2011-12	2012-13	2013-14
Recruitment	9	7	14	9	7
Departures	5	11	8	6	10
Number of staff	37	33	39	42	39
Staff turnover	15%	30%	24%	15%	24%

Source: Data from Shared Services Human Resources and Audit Office records

As the above table indicates, the staff turnover rate remains significant which requires the Audit Office to conduct recruitment activities and engage contractors on a short-term basis to assist in the completion of the financial and performance audit programs.

Staff departures in 2013-14 included retirements, officers resigning to accept promotions or to move interstate. Several short-term contractors' contracts also expired which meant these staff departed.

D.1.2 Short-term human resource planning

To meet audit timetables, including legislated timelines, the Audit Office plans the allocation of permanent staff to audits and other tasks. The Office uses a forward planning schedule to organise 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 considers the need for contracting staff or using a consultancy from the private sector or outsourcing some or part of an audit, particularly when the Office does not have specialist skills required to complete the audit – such as information technology, actuarial and taxation expertise.

Financial and performance audit staff are assigned to assist in specific corporate tasks as needed. The Office identifies opportunities for staff to undertake a diversity of tasks, when possible.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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D.2 Learning and development

The Audit Office's Learning and Development Program is developed through consultation between managers and staff. This program is focused on the high priority areas for staff development which is identified in individual Performance Development Plans.

The Learning and Development Program focuses on developing the Office's capacity to meet its audit responsibilities in an effective and efficient manner. It addresses the technical and professional needs of the Office and its staff in key areas such as audit, accounting, information technology, supervision, communication, public sector matters and management skills.

The Office encourages membership of relevant professional bodies, such as the Institute of Chartered Accountants in Australia or CPA Australia. In 2013-14, the Office supported 15 staff in studying towards tertiary or professional qualifications.

In 2013-14, staff time spent on learning and development activities averaged five days per staff member plus an additional five days per staff member for the 15 staff who accessed study leave. Expenditure on external training courses including studies assistance was approximately \$58 000 with the full cost of the learning and development activities (including staff time) totalling approximately \$362 000.

Technical training was provided on audit methods and training on changes to accounting standards. Management training covered training on records management, supervision and team building. Staff also received training on security and workplace health and safety. In addition, there was relevant IT training.

Staff from non-English speaking backgrounds are supported with training in verbal and written communication skills. This training is delivered by instructors who are experienced in training people with English as a second language.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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D.3 Work health and safety

D.3.1 Workplace safety representatives

Workplace safety representatives are responsible for assisting in identifying and responding effectively to hazards, conducting risk assessments and promoting health, safety and welfare.

In 2013-14, the Audit Office had two Workplace Safety Representatives, two Fire Wardens and two First Aid Officers.

Improving awareness of workplace health and safety issues

Staff are encouraged to personally act to ensure that the workplace is a healthy and safe place.

The Audit Office's *Workplace Health and Safety Policy and Procedures* are provided to new staff and are readily accessible to all staff.

Sharing the workload

The Audit Office's work programs, at times, place high demands on some staff, for example, financial audit staff during the peak financial audit period. The Office shares this workload between audit teams to minimise instances of excessive periods of long hours. It also uses a forward planner to manage the workload and enable staff to plan for their recreational, study and 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 improving posture and taking regular breaks from sitting in front of the computer.

Professional rehabilitation case management services are available, if needed.

For those staff with injuries or other medical conditions, individual workstations are professionally assessed to ensure that the medical needs of an individual are effectively addressed. Workplace safety assessments are periodically performed, including ergonomics assessments, on an as needed basis.

The Office has height-adjustable workstations for three staff allowing these people to stand at their workstations while working on their computers.

Health and well-being initiatives

In 2013-14, health and well-being activities continued to be organised for staff. This included inviting guest speakers to attend staff meetings and give presentations on health and well-being. Publications and material on this issue is available throughout the Office.

Health and well-being initiatives for the Office included:

- free influenza vaccinations to all staff; and
- improving hygiene levels and reducing the risk of illness with provision of hand sanitizers and facial tissues in the Office.

Other support available to staff include access to:

- a coach and/or mentor;
- the Office's Respect, Equity and Diversity Officers to discuss matters relating to bullying and harassment, or any other matter that affects their well being or that of other staff; and
- an employee assistance program provided by David Trahaire Corpsych.

Legislative compliance

There were no accidents or dangerous occurrences in 2013-14 that required a notice under Part 3, section 38 of the *Work Health and Safety Act 2011*.

In 2013-14, no enforceable undertaking and improvement, prohibition, or non-disturbance notices were issued to the Audit Office under the parts 10 and 11 of the *Work Health and Safety Act 2011*.

Social club

The Staff Social Club facilitated a number of social events during 2013-14, many of which generated funds that have supported charitable causes. The Club is fully funded by staff and run by a small committee.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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D.4 Workplace relations

D.4.1 Staff satisfaction

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

- job satisfaction;
- leadership and management;
- communication and corporate governance; and
- the working environment.

The Audit Office engaged an independent consultant to manage the conduct of the 2014 survey. Results of this survey were positive with 74 percent of staff completing the survey advising that they were satisfied with their job and 81 percent indicating that their work made an important contribution to the Audit Office's success.

The overall results of the Staff survey are reported in the Office's Statement of Performance at E.6.

D.4.2 Office Consultative Committee

The Office Consultative Committee consists of three members nominated by staff and one representative from the Executive Committee.

The Office Consultative Committee assists in the development and review of organisational policies and work practices by obtaining staff views. It also reviews the results of the staff survey and facilitates Office-wide discussions with staff on how issues identified in the survey might best be addressed.

The Office Consultative Committee plays an important role in developing the Audit Office's enterprise agreements and assisted in the bargaining process and finalisation of the *ACT Public Service Administrative and Related Classifications Enterprise Agreement 2013 – 2017* (Enterprise Agreement).

D.4.3 Special Employment Arrangements

No staff members were on individual Special Employment Arrangements (SEAs) under the Audit Office's Enterprise Agreement at 30 June 2014. There were no group SEAs during the 2013-14 reporting period.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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D.5 Staffing profile

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

There were 39 staff employed in the Audit Office (including the Auditor-General) as at 30 June 2014 (38.7 full-time equivalent (FTE) staff).

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; and
- certain equity and diversity groups. In particular, the number and percentage of staff who have advised that they are from designated groups – 'Aboriginal or Torres Strait Islander', 'culturally and linguistically diverse' and 'people with a disability'.

D.5.1 Full time equivalent staff and head count

Table D.2: FTE and head count by gender

	Female	Male	Total
Full Time Equivalent	19.8	18.9	38.7
Headcount	20	19	39
Percentage of workforce (based on headcount)	51%	49%	100%

Source: Shared Services Human Resources and Audit Office records

D.5.2 Classification groups

Table D.3: Head count by classification and gender

Classification group	Female	Male	Total
Statutory office holder	1	0	1
Executive officers	0	2	2
Professional and administrative officers	19	17	36
Total	20	19	39

Source: Shared Services Human Resources and Audit Office records

D.5.3 Employment category by gender

Table D.4: Head count by employment category and gender

Employment category	Female	Male	Total
Permanent part-time	1	1	2
Permanent full-time	14	13	27
Temporary full-time	5	5	10
Temporary part-time	0	0	0
Casual	0	0	0
Total	20	19	39

Source: Shared Services Human Resources and Audit Office records

D.5.4 Average length of service

The average length of service for staff in the Audit Office is 5.7 years with 6.7 years for males and 4.7 years for females.

Table D.5: Average length of service by gender (headcount)

Gender	Female	Male	Total
Average length of service	4.7	6.7	5.7

Source: Shared Services Human Resources and Audit Office records

Most staff (62 percent) have been with the Audit Office less than six years. Most of these staff are classified as 'Generation Y' (i.e. born in or after 1980).

Staff that have been with the Audit Office for periods of between six to ten years (21 percent) are evenly distributed across the age spectrum.

Staff who have been with the Office for 10 or more years (18 percent) are mostly 'baby boomers' (born 1946 to 1964) or 'Generation X' (born 1965 to 1979).

D.5.5 Age profile

Details of staff numbers by age group and gender are not reported due to the small numbers in each category causing privacy concerns.

The most common age group (51 percent of staff) is 'Generation Y' (i.e. born after 1980). A further 28 percent of staff are classified as 'Generation X' and 21 percent are 'baby boomers'.

D.5.6 Agency profile

Table D.6: FTE and headcount by division/branch

Division/branch	FTE	Headcount
Executive	3	3
Financial Audits	23	23
Performance Audits	8	8
Professional Services	4.7	5
Total	38.7	39

Source: Shared Services Human Resources and Audit Office records

Table D.7: Head count by division/branch and employment type

Division/branch	Permanent	Temporary	Casual
Executive	0	3	0
Financial Audits	17	6	0
Performance Audits	7	1	0
Professional Services	5	0	0
Total	29	10	0

Source: Shared Services Human Resources and Audit Office records

D.5.7 Equity and workplace diversity

Staff who have advised they are from culturally and linguistically diverse backgrounds represent 46 percent of the workforce. Staff who have indicated they have a disability are also part of the workforce. No staff member has advised that they are an Aboriginal or Torres Strait Islander.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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E FINANCIAL MANAGEMENT REPORTING

E.1 Financial management analysis

The Audit Office's financial results for the reporting period are shown in Table E.1 and discussed in this section.

Table E.1: Financial results

	2011-12 Actual \$ 000	2012-13 Actual \$ 000	2013-14 Actual \$ 000	2013-14 Budget \$ 000
INCOME				
Appropriation	2 222	2 545	2 625	2 598
Financial audit fees	3 679	3 376	3 807	3 808
Other income	105	202	213	40
Total income	6 006	6 123	6 645	6 446
EXPENSES				
Employee expenses	4 072	4 360	4 364	4 607
Supplies and services	1 931	1 635	1 918	1 829
Depreciation	98	97	97	98
Other expenses	2	14	3	-
Total expenses	6 103	6 106	6 382	6 534
Operating (deficit)/surplus	(97)	17	263	(88)

Source: Audit Office's audited financial statements

E.1.1 Income

Income consists of financial audit fees and appropriation. Audit fees are charged for auditing financial statements and reviewing statements of performance of reporting agencies.

No fees are charged for performance audits.

When setting financial audit fees, the Audit Office attempts to recover the estimated costs of financial audits and reviews.

The costs of completing the annual program of financial audits are influenced by the number and complexity of audits, accounting and reporting requirements, adequacy of financial reporting systems, governance arrangements and internal controls implemented by reporting agencies, and costs charged by audit contractors and other specialists (e.g. information technology, actuarial and taxation specialists).

Further information on the setting of audit fees is provided in Appendix A.

The appropriation funds performance audits and costs of activities not covered by financial audit fees. These activities include responding to representations and public interest disclosures, briefings and submissions to Legislative Assembly committees, in particular, the PAC, providing technical advice to agencies on accounting and reporting matters, and reporting the results of the annual program of financial audits.

E.1.1.1 Income compared to budget estimates

Income exceeded budget by \$199 000 (3.1 percent). This was largely due to higher than expected other income and, to a lesser extent, appropriation.

Other income exceeded budget by \$173 000 (432.5 percent) due to:

- unbudgeted workers' compensation insurance recoveries. These recoveries are not budgeted for because they are unpredictable and vary according to the progress of individual workers' compensation cases, decisions made by the insurer (Comcare) and timing of those decisions;
- higher than expected interest income because interest rates and average cash balances held during 2013-14 were higher than estimated; and
- unbudgeted legal services received free of charge through the ACT Government Solicitor's Office. These services are not budgeted for because they are unable to be reliably predicted. Legal advice was sought on changes to reporting processes and powers to conduct audits following amendments to the A-G Act, handling of public interest disclosures, employment and other matters.

The Audit Office received supplementary appropriation to meet the cost of pay rises provided under a new enterprise agreement.

E.1.1.2 Income compared to previous year's income

Income increased by \$522 000 (8.5 percent) due mainly to higher financial audit fees and, to a lesser extent, appropriation.

The increase in financial audit income of \$431 000 (12.8 percent) mostly reflects the later stage of completion of the financial audit program in the period leading up to 30 June 2013 (i.e. the previous reporting period). This meant that audit fee income that would otherwise have been earned in the 2012-13 reporting period was earned in the 2013-14 reporting period. Some audit fees were increased to recover the cost of using specialists to review systems used by reporting agencies and entities in the preparation of their financial statements and provide accounting advice. Most audit fees were also indexed to recover higher costs.

The increase in appropriation of \$80 000 (3.1 percent) consists of the annual indexation of the 2012-13 appropriation and supplementary appropriation to meet the cost of pay rises provided under a new enterprise agreement as previously mentioned.

E.1.1.3 Trends in income

Table E.2: Trends in income

	2013-14 Actual \$ 000	2014-15 Budget \$ 000	2015-16 Budget \$ 000	2016-17 Budget \$ 000	2017-18 Budget \$ 000
INCOME					
Appropriation	2 625	2 719	2 798	2 876	2 917
Financial audit fees	3 807	3 786	4 058	4 166	4 264
Other income	213	95	90	90	90
Total income	6 645	6 600	6 946	7 132	7 271

Source: Audit Office's audited financial statements and ACT Budget 2014-15 Budget Statements

Income is estimated to increase by \$626 000 (an average of 2.4 percent per annum) from 2013-14 to 2017-18. This consists of an estimated increase in financial audit fees of \$457 000 (an average of 3.0 percent per annum) and appropriation income of \$292 000 (an average of 2.8 percent per annum).

Income estimates from 2014-15 to 2017-18 are prepared on the assumption that there will be no major changes to the:

- size and complexity of the financial audit program; and
- planned number of performance audits (seven performance audits per annum).

Other income is estimated to fall by \$118 000 (55.4 percent) in 2014-15 as budget estimates for other income from 2014-15 to 2017-18 only include estimates for interest income.

Budget estimates do not include amounts for:

- workers' compensation insurance recoveries because any amounts that might be recovered depend on future decisions made by the insurer (Comcare) and progress of individual cases; and
- legal services received free of charge through the ACT Government Solicitor's Office because the legal services that may be required are unable to be reliably predicted.

E.1.2 Expenses

Expenses consist of employee expenses, supplies and services costs (mainly contractors and consultants, accommodation, information technology and training and printing costs) and depreciation.

E.1.2.1 Expenses compared to budget estimates

Expenses were \$152 000 (2.3 percent) below budget due mainly to lower than estimated employee expenses, partially offset by slightly higher than estimated supplies and services costs.

Employee expenses were below budget by \$243 000 (5.3 percent) as salary savings were generated by:

- departing staff, until these staff were replaced; and
- senior staff taking an extended period of annual or long service leave.

E.1.2.2 Expenses compared to previous year's expenses

Expenses increased by \$276 000 (4.5 percent) due largely to higher supplies and services expenses. Supplies and services costs increased by \$283 000 (17.3 percent) due mainly to higher:

- contractors and consultants costs, as contractors and consultants were used:
 - on some financial audits to review information technology systems used by reporting agencies in the preparation of their financial statements and provide specialist accounting advice. (These higher costs were recovered from financial audit fees);
 - to develop a new reporting template for performance audit reports and review the performance audit method;
 - on selected performance audits to complete audit fieldwork and provide advice where subject matter experts were needed; and

- to conduct more internal audits and reviews; and
- recruitment and advertising costs, as recruitment agencies and advertisements were used to identify suitable applicants for financial auditor positions, and a recruitment advisor was used to assess applications for positions in financial and performance audit; and
- information technology costs, as audit software was upgraded.

E.1.2.3 Trends in expenses

Table E.3: Trends in expenses

	2013-14 Actual \$ 000	2014-15 Budget \$ 000	2015-16 Budget \$ 000	2016-17 Budget \$ 000	2017-18 Budget \$ 000
EXPENSES					
Employee expenses	4 364	4 659	4 998	5 138	5 221
Supplies and services	1 918	1 874	1 921	1 972	2 024
Depreciation	97	98	98	97	43
Other expenses	3	-	-	-	-
Total expenses	6 382	6 631	7 017	7 207	7 288

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars

Source: Audit Office's audited financial statements and ACT Budget 2014-15 Budget Statements

Expenses are estimated to increase by \$906 000 (an average of 3.5 percent per annum) from 2013-14 to 2017-18. This consists of an estimated increase in:

- employee costs of \$857 000 (an average of 4.9 percent per annum). This increase mostly reflects the assumption that the salary savings generated in 2013-14 are not repeated from 2014-15 to 2017-18; and
- supplies and services costs of \$106 000 (an average of 1.4 percent per annum).

Expense estimates from 2014-15 to 2017-18 are prepared on the assumption that:

- the budgeted number of staff is maintained. The expected increase of \$295 000 (6.8 percent) in employee costs in 2014-15 reflects the budget assumption that previously mentioned salary savings generated by departing staff and the taking of leave in 2013-14 do not recur in 2014-15; and
- there will be no major changes to the size and complexity of the financial audit program, and planned number of performance audits (seven performance audits per annum).

E.1.3 Operating results

E.1.3.1 Operating result compared to the budgeted operating result

An operating surplus of \$263 000 was generated compared to the budgeted operating deficit of \$88 000. This was mainly due to:

- lower than estimated employee costs as salary savings were generated by:
 - departing staff until these staff were replaced;
 - senior staff taking an extended period of annual or long service leave; and
- higher other income as a result of unbudgeted workers' compensation insurance recoveries and higher than estimated interest income.

These were partially offset by slightly higher than estimated supplies and services costs.

E.1.3.2 Operating result compared to the previous year's operating result

The operating surplus increased from \$17 000 in 2012-13 to \$263 000 in 2013-14 due mainly to higher income from financial audit fees and appropriation; partially offset by increased supplies and services costs.

The higher income from:

- financial audit fees mostly reflects the later stage of completion of the financial audit program in the period leading up to 30 June 2013 (i.e. the previous reporting period). This meant that audit fee income that would otherwise have been earned in the 2012-13 reporting period was earned in the 2013-14 reporting period. Some audit fees were increased to recover the cost of using specialists to review systems used by reporting agencies in the preparation of their financial statements and provide accounting advice. Most audit fees were also indexed to recover higher costs; and
- appropriation is due to annual indexation of the 2012-13 appropriation and supplementary appropriation to meet the costs of pay rises provided under a new enterprise agreement.

The increase in supplies and services costs was mainly due to higher contractors and consultants, information technology and recruitment and advertising costs.

Table E.4: Trends in operating results

	2013-14 Actual \$ 000	2014-15 Budget \$ 000	2015-16 Budget \$ 000	2016-17 Budget \$ 000	2017-18 Budget \$ 000
Operating surplus/(deficit)	263	(31)	(71)	(75)	(17)

Source: Audit Office's audited financial statements and ACT Budget 2014-15 Budget Statements

Consistent with the cost recovery nature of its operations, the Audit Office expects to incur small operating deficits over the period from 2014-15 to 2017-18.

E.1.4 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 E.5: Current financial position

	Actual 2012 \$ 000	Actual 2013 \$ 000	Actual 2014 \$ 000	Budget 2014 \$ 000
Current assets	3 161	3 136	3 748	3 391
Current liabilities	1 660	1 616	1 832	1 873
Net current assets	1 501	1 520	1 916	1 518
Current ratio	1.90	1.94	2.05	1.81

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars

Source: Audit Office's audited financial statements

The short-term financial position is stronger than the budgeted and prior year positions.

There was \$2.05 in current assets available to meet each dollar of current liabilities as at 30 June 2014. The Audit Office has sufficient assets to meet its liabilities in the short-term.

Table E.6: Long-term financial position

	Actual 2012 \$ 000	Actual 2013 \$ 000	Actual 2014 \$ 000	Budget 2014 \$ 000
Current assets	3 161	3 136	3 748	3 391
Total liabilities	1 910	1 770	2 033	2 181
Net long-term financial position	1 251	1 366	1 715	1 210
Ratio of current assets to total liabilities	1.65	1.77	1.84	1.55

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars

Source: Audit Office's audited financial statements

Non-current assets consist of plant and equipment. As plant and equipment assets are not available to meet the Audit Office's liabilities, the long-term position of the Office is best assessed by comparing the Office's current assets to total liabilities.

The long-term financial position is stronger than the budgeted and prior year positions.

The Audit Office has sufficient assets to meet its liabilities.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits and Chief Finance Officer	(02) 6207 0821	bernie.sheville@act.gov.au
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E.2 Financial statements

ACT AUDITOR-GENERAL'S OFFICE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

STATEMENT OF RESPONSIBILITY

In my opinion, the accompanying financial statements for the ACT Auditor-General's Office for the year ended 30 June 2014, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Cash Flow Statement;

Statement of Appropriation; and

Notes to the Financial Statements;

fairly reflect the financial operations of the Office for the year ended 30 June 2014 and financial position of the Office on that date.

A handwritten signature in black ink, appearing to read 'M. Cooper', is written over a light grey rectangular background.

Dr Maxine Cooper
Auditor-General

15 August 2014

ACT AUDITOR-GENERAL'S OFFICE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 2014, 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 generally accepted accounting principles, 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 2014 and financial position of the Office on that date.

A handwritten signature in black ink, appearing to read 'Bernie Sheville', is centered on a light gray rectangular background.

Bernie Sheville
Chief Finance Officer

15 August 2014

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership

Chartered Accountants
& Business Advisers

INDEPENDENT AUDIT REPORT ACT AUDITOR GENERAL'S OFFICE

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

Report on the Financial Report

We have audited the accompanying financial report of the ACT Auditor General's Office, which comprises the balance sheet as at 30 June 2014 and the operating statement, statement of changes in equity, cash flow statement and statement of appropriation for the year ended on that date, a summary of significant accounting policies and other explanatory 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 2014 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: 15 August 2014

ACT AUDITOR-GENERAL'S OFFICE

OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013-14 \$ 000	Budget* 2013-14 \$ 000	Actual 2012-13 \$ 000
INCOME				
<i>Revenue</i>				
Appropriation (See Note (a) below)		2 625	2 598	2 545
Financial audit fees	6	3 807	3 808	3 376
Other income	7	213	40	202
Total revenue		6 645	6 446	6 123
Total income		6 645	6 446	6 123
EXPENSES				
Employee expenses	8	4 364	4 607	4 360
Supplies and services	9	1 918	1 829	1 635
Depreciation	10	97	98	97
Other expenses	11	3	-	14
Total expenses		6 382	6 534	6 106
Operating surplus/(deficit)		263	(88)	17
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss:				
Increase in the asset revaluation surplus	20	87	-	-
Total other comprehensive income		87	-	-
Total comprehensive surplus/(deficit)		350	(88)	17

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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 2013-14 Budget Paper No. 4 'Budget Estimates'.

ACT AUDITOR-GENERAL'S OFFICE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

Comparison of the Current Year's Results to Budget Estimates

An operating surplus of \$263 000 was generated compared to the budgeted operating deficit of \$88 000. This was mainly due to:

- lower than estimated employee costs as salary savings were generated by:
 - departing staff until these staff were replaced; and
 - senior staff taking an extended period of annual or long service leave; and
- higher other income as a result of unbudgeted workers' compensation insurance recoveries and higher than estimated interest income.

These were partially offset by slightly higher than estimated supplies and services costs.

Comparison of the Current Year's Results to Previous Year's Results

The operating surplus increased from \$17 000 in 2012-13 to \$263 000 in 2013-14. This increase relates to financial audit fees and appropriation which was partially offset by increased supplies and services costs.

The higher income from:

- financial audit fees mostly reflects the later stage of completion of the financial audit program in the period leading up to 30 June 2013 (i.e. the previous reporting period). This meant that audit fee income that would otherwise have been earned in the 2012-13 reporting period was earned in the 2013-14 reporting period. Some audit fees were increased to recover the cost of using specialists to review systems used by reporting agencies in the preparation of their financial statements and provide accounting advice. Most audit fees were also indexed to recover higher costs; and
- appropriation is due to annual indexation of the 2012-13 appropriation and supplementary appropriation to meet the costs of pay rises provided under a new enterprise agreement.

The increase in supplies and services costs was mainly due to higher contractors and consultants, information technology and recruitment and advertising costs. More information on these higher costs is provided in Note 9: 'Supplies and Services'.

Further information on the financial results of the Audit Office is provided in Section E.1: 'Financial management analysis'.

ACT AUDITOR-GENERAL'S OFFICE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

Information on major variances in the current year's results from the previous year's results is also provided in the accompanying notes to the financial statements.

ACT AUDITOR-GENERAL'S OFFICE

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	Actual 2014 \$ 000	Budget* 2014 \$ 000	Actual 2013 \$ 000
ASSETS				
Current Assets				
Cash	12	2 279	1 507	1 639
Receivables	13	1 437	1 869	1 486
Other assets	14	32	15	11
Total current assets		3 748	3 391	3 136
Non-current assets				
Plant and equipment	15	234	188	234
Total non-current assets		234	188	234
Total assets		3 982	3 579	3 369
LIABILITIES				
Current liabilities				
Payables	16	205	256	60
Finance leases	17	5	5	20
Employee benefits	18	1 623	1 612	1 536
Total current liabilities		1 832	1 873	1 616
Non-current liabilities				
Finance leases	17	24	20	-
Employee benefits	18	114	213	80
Other liabilities	19	63	75	75
Total non-current liabilities		200	308	155
Total liabilities		2 033	2 181	1 770
NET ASSETS		1 950	1 398	1 599
EQUITY				
Accumulated funds		1 779	1 315	1 516
Asset revaluation surplus	20	170	83	83
TOTAL EQUITY		1 950	1 398	1 599

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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

* The budget amounts disclosed above are sourced from 2013-14 Budget Paper No. 4 'Budget Estimates'.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Year ended 30 June 2014	Accumulated Funds Actual 2013-14 \$ 000	Asset Revaluation Surplus Actual 2013-14 \$ 000	Total Equity Actual 2013-14 \$ 000	Budget* 2013-14 \$ 000
Balance at 1 July 2013	1 516	83	1 599	1 486
<i>Comprehensive surplus/(deficit)</i>				
Operating surplus/(deficit)	263	-	263	(88)
Increase in the asset revaluation surplus	-	87	87	-
<i>Total comprehensive surplus/(deficit)</i>	263	87	350	(88)
Transfer from the asset revaluation surplus relating to disposed plant and equipment	-	-	-	-
	-	-	-	-
Balance at 30 June 2014	1 779	170	1 950	1 398

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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

* The budget amounts disclosed above are sourced from 2013-14 Budget Paper No. 4: 'Budget Estimates'.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

<u>Year ended 30 June 2013</u>	Accumulated Funds Actual 2012-13 \$ 000	Asset Revaluation Surplus Actual 2012-13 \$ 000	Total Equity Actual 2012-13 \$ 000
Balance at 1 July 2012	1 499	83	1 582
<i>Comprehensive surplus</i>			
Operating surplus	17	-	17
Increase in the asset revaluation surplus	-	-	-
<i>Total comprehensive surplus</i>	17	-	17
Transfer from the asset revaluation surplus relating to disposed plant and equipment	-	-	-
Balance at 30 June 2013	1 516	83	1 599

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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

* The budget amounts disclosed above are sourced from 2013-14 Budget Paper No. 4: 'Budget Estimates'.

ACT AUDITOR-GENERAL'S OFFICE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013-14 \$ 000	Budget* 2013-14 \$ 000	Actual 2012-13 \$ 000
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Appropriation		2 625	2 598	2 545
Financial audit fees		3 894	3 878	3 469
Interest received		103	40	61
Goods and Services Tax collected from auditees		389	354	347
Goods and Services Tax refunded from the Australian Taxation Office		59	33	60
Other receipts		114	-	138
Total receipts from operating activities		7 184	6 903	6 620
PAYMENTS				
Employee payments		(4 246)	(4 298)	(4 309)
Payments for supplies and services		(1 777)	(2 174)	(1 746)
Goods and Services Tax paid on goods and services		(185)	(173)	(169)
Goods and Services Tax remitted to the Australian Taxation Office		(306)	(112)	(227)
Total payments from operating activities		(6 514)	(6 757)	(6 450)
Net cash inflows from operating activities	(a)	670	146	170

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Note (a) A reconciliation of the operating surplus to the net cash inflows from operating activities is presented in Note 26: 'Cash Flow Reconciliation'.

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

* The budget amounts disclosed above are sourced from 2013-14 Budget Paper No. 4: 'Budget Estimates'.

ACT AUDITOR-GENERAL'S OFFICE

CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

Comparison of the Current Year's Results to Budget Estimates

Net cash inflows from operating activities of \$670 000 exceeded the budget estimate of \$146 000. This was mostly due to:

- lower than estimated payments for supplies and services;
- unbudgeted workers' compensation insurance recoveries (included in other receipts); and
- higher than estimated interest received.

Comparison of the Current Year's Results to Previous Year's Results

Net cash inflows from operating activities of \$670 000 exceeded the previous year's inflows of \$170 000. This was mainly due to an increase in cash received from financial audit fees and, to a lesser extent, appropriation. The increase in:

- financial audit fees mostly reflects the later stage of completion of the financial audit program in the period leading up to 30 June 2013 (i.e. the previous reporting period). This meant that audit fees that would otherwise have been received in the 2012-13 reporting period were received in the 2013-14 reporting period. Some audit fees were increased to recover the cost of using specialists to review systems used by reporting agencies in the preparation of their financial statements and provide accounting advice. Most audit fees were also indexed to recover higher costs; and
- appropriation funding consists of annual indexation of the 2012-13 appropriation and supplementary appropriation to meet the cost of pay rises provided under a new enterprise agreement.

ACT AUDITOR-GENERAL'S OFFICE
CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013-14 \$ 000	Budget* 2013-14 \$ 000	Actual 2012-13 \$ 000
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPTS				
Proceeds from sale of plant and equipment		-	-	14
Total receipts from investing activities		-	-	14
PAYMENTS				
Payments for plant and equipment		(9)	-	-
Total payments from investing activities		(9)	-	-
Cash (outflows)/inflows from investing activities		(9)	-	14
CASH FLOWS FROM FINANCING ACTIVITIES				
PAYMENTS				
Payment of finance leases		(21)	(8)	(7)
Total payments from financing activities		(21)	(8)	(7)
Cash (outflows) from financing activities		(21)	(8)	(7)
Net increase in cash		640	138	177
Cash at the beginning of the reporting period		1 639	1 369	1 461
Cash at the end of the reporting period	(b)	2 279	1 507	1 639

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Note (b) A reconciliation of cash in the Cash Flow Statement to related items in the Balance Sheet is presented in Note 26: 'Cash Flow Reconciliation'.

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

* The budget amounts disclosed above are sourced from 2013-14 Budget Paper No. 4: 'Budget Estimates'

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF APPROPRIATION

FOR THE YEAR ENDED 30 JUNE 2014

	2013-14 Budget*	2013-14 Total Appropriated	2013-14 Appropriation Drawn	2012-13 Appropriation Drawn
	\$ 000	\$ 000	\$ 000	\$ 000
Appropriation	2 598	2 625	2 625	2 545
Total appropriation	2 598	2 625	2 625	2 545

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars

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

* The budget amounts disclosed above are sourced from 2013-14 Budget Paper No. 4: 'Budget Estimates'.

The total appropriated in 2013-14 (\$2 625 000) exceeded the budgeted amount (\$2 598 000). The Audit Office received supplementary appropriation of \$27 000 (1.0 percent) to meet the cost of pay rises provided under a new enterprise agreement.

Appropriation funding received by the Audit Office in 2013-14 (\$2 625 000) exceeded the amount received in 2012-13 (\$2 545 000). This increase of \$80 000 (3.1 percent) consists of annual indexation of the 2012-13 appropriation and supplementary appropriation to meet the cost of pay rises provided under a new enterprise agreement.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

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ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

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ACT AUDITOR-GENERAL'S OFFICE**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014****1. Objectives of the Audit Office**

The objectives of the Audit Office are to inform the Assembly and community of the performance of ACT public services, 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 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 included in plant and equipment which were valued at fair value under the valuation policies applicable to the Audit Office during the reporting period.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)

(a) Basis of Preparation (Continued)

(iv) Historical Cost Convention (Continued)

Fair value is the amount for which an asset could be exchanged between market participants in an orderly transaction at the measurement date.

Fair value is measured using market approach, cost approach or income approach valuation techniques as appropriate. In estimating the fair value of an asset, the characteristics of the asset are taken into account if market participants would take those characteristics into account when pricing the asset at measurement date.

For disclosure purposes, fair value measurements are classified into the Fair Value Hierarchy which is explained in Note 15: 'Plant and Equipment'.

(v) Significant Accounting Estimates and Judgement

The preparation of the financial statements requires the use of certain significant accounting estimates and 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'.

(vi) 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 2014 and its financial position as at 30 June 2014.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)**(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 2013-14 Budget Paper No. 4: 'Budget Estimates' have been included in these financial statements to allow easy comparison to these Budget Papers.

(ii) Prior Year Comparatives

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

(c) Revenue Recognition

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

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Audit Office and the recognition criteria for types of revenue described in Note 2 (c) (i) to (iv) is 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.

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

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)

(c) Revenue Recognition (Continued)

(ii) Financial Audit Fees

The Audit Office charges fees for auditing financial statements and reviewing statements of performance. Revenue is recognised in the Operating Statement by reference to the stage of completion of each audit at the end of the reporting period and 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 amounts recovered or recoverable from auditees for amounts billed to the Office by audit contractors, information technology consultants, tax specialists, actuaries or other specialists engaged to assist the completion of the financial audit program.

(iii) Interest

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

(iv) Workers' Compensation Insurance Recoveries

Workers' compensation insurance recoveries are recognised when Comcare advises the Audit Office of the amounts to be received by the Office.

(d) Cash

Cash is stated at its nominal amount. For Cash Flow Statement presentation purposes, cash includes petty cash and cash at bank.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements**for the Year Ended 30 June 2014****2. Significant Accounting Policies (Continued)****(e) Receivables**

Receivables mainly consist of billed and unbilled amounts owing to the Audit Office in relation to financial audits and interest accrued on cash 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, information technology 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 owing from each debtor and 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 for any allowance for impairment of receivables is recorded as an expense in the Operating Statement.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)

(f) Plant and Equipment

(i) Acquisition and Recognition of Plant and Equipment

Plant and equipment is initially recorded at cost. Cost includes the purchase price, the directly attributable costs of acquisition and 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 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 in an orderly transaction between market participants at measurement date. 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 rarely sold, fair value is measured using the estimated cost of replacing the service capacity ('optimised depreciated replacement cost') for that asset. The estimated cost of replacing the service capacity of an asset will equal the estimated replacement cost of the asset where the service capacity of the asset would be replaced if the Audit Office were to be deprived of it.

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.

Plant and equipment was valued at 30 June 2014. The next valuation is to be performed at 30 June 2017.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)**(f) Plant and Equipment (Continued)****(iii) Assets Held for Sale**

Assets held for sale are assets that are available for sale in their present condition and their sale is highly probable. Assets held for sale are measured at the lower of the carrying amount and fair value less cost to sell. An impairment loss is recognised for any initial or subsequent write-down of assets to fair value less costs to sell. Assets held for sale are not depreciated.

(iv) Depreciation

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.

Leasehold improvements and motor vehicles under finance leases are depreciated over their useful lives or the unexpired period of the relevant leases, whichever is the shorter period.

Depreciation of plant and equipment is estimated as follows:

Class of Asset	Period of the Lease
Office fit-out	4 years
Motor vehicles under a finance lease	2 years

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)

(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.

(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 on the transaction costs to be received by the Audit Office for these goods and services.

Payables are unsecured and are usually paid within 30 days of recognition.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements**for the Year Ended 30 June 2014****2. Significant Accounting Policies (Continued)****(j) Employee Benefits**

Employee benefits include wages and salaries, annual leave, long service leave and applicable on-costs. When employees take annual and long service leave, on-costs include annual leave, long service leave, superannuation and other costs that continue to accrue while employees are on leave. These benefits accrue as result of services provided by employees up to the reporting date that remain unpaid.

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 and long service leave including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period when employees render the related service are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service.

At the end of each reporting period, the present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity and currency that match, as closely as possible, the timing of the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. In 2013-14, the rate used to estimate the present value of future payments for annual leave was 100.9 percent.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)

(j) Employee Benefits (Continued)

(iii) Annual and Long Service Leave (Continued)

The rate used to estimate the present value of future payments for long service leave was 103.5 percent in 2013-14 compared to 101.3 percent in 2012-13.

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 of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the liability for long service leave and applicable on-costs.

The liability for annual leave and long service leave includes estimated on-costs. As 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.

The judgements and assumptions included in the estimation of annual and long service leave liabilities are determined by an actuary. The Australian Government Actuary performed this assessment in 30 June 2014. The assessment by an actuary is performed every five years, however, it may be performed more frequently if there is an indication that the judgements and assumptions used to estimate the liability are no longer appropriate. The next actuarial review is expected to be undertaken by 30 June 2019. Further information about this estimate is provided in Note 5(d): 'Employee Benefits'.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there is no unconditional right to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the Audit Office has an unconditional right to defer the settlement of the liability until the employee has completed the required years of service.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)

(j) Employee Benefits (Continued)

(iv) Superannuation

Defined Benefit Superannuation Schemes

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

The Commonwealth Superannuation Scheme and 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.

Other Superannuation Schemes

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

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

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

2. Significant Accounting Policies (Continued)

(k) 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 present value of the minimum lease payments at the inception of the lease. Each lease payment is allocated between the lease liability and borrowing costs.

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 there is an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

(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.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014****2. Significant Accounting Policies (Continued)****(I) 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 liability is based on an estimate provided by an independent valuer.

Provision for make good is assessed every three years as part of the revaluation of plant and equipment. The provision for make good was estimated at 30 June 2014.

The next estimate is to be performed at 30 June 2017.

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

There were no changes to significant accounting policies during the reporting period. There were no changes to significant accounting estimates during the reporting period. There were no corrections to the financial statements for material prior period errors.

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.

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.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

5. Significant Accounting Estimates and Judgements (Continued)

(a) Receivables - Accrued Financial Audit Income

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

(b) Employee Benefits

The estimated liability for annual and long service leave requires a consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken while in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and on-costs will become payable. The present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity and currency that match, as closely as possible, the timing or the estimated future cash flows.

Further information on this estimate is provided in Note 2(j)(ii): 'Annual and Long Service Leave'.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

6. Financial Audit Fees

	2013-14 \$ 000	2012-13 \$ 000
General Government Sector	2 444	2 121
Public Trading Enterprises	587	544
Other	775	711
Total Financial Audit Fees	3 807	3 376

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

The increase in financial audit income of \$431 000 (12.8 percent) mostly reflects the later stage of completion of the audit program in the period leading up to 30 June 2013 (i.e. the previous reporting period). As a result, audit fee income that would otherwise have been earned in the 2012-13 reporting period was earned in the 2013-14 reporting period. Some audit fees were increased to recover the cost of using specialists to review systems used by reporting agencies in the preparation of their financial statements and provide accounting advice. Most audit fees were also indexed to recover higher costs.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

7. Other Income

	2013-14 \$ 000	2012-13 \$ 000
Workers' compensation insurance recoveries	84	112
Interest	99	60
Legal services received free of charge from the ACT Government Solicitor's Office	30	27
Other income	-	3
Total Other Income	213	202

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

The increase in other income of \$11 000 (5.4 percent) resulted from higher interest income due to higher average cash balances and interest rates; mostly offset by a reduction in workers' compensation insurance recoveries.

Interest increased by \$39 000 (65.0 percent) due mainly to higher average cash balances held and interest rates. As shown in Note 25(h): 'Maturity Analysis and Exposure to Interest Rates', the weighted average interest rate increased from 2.6 percent in 2012-13 to 3.4 percent in 2013-14.

Workers' compensation insurance recoveries vary according to the progress of individual compensation cases, decisions made by the insurer (Comcare) and timing of those decisions.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

8. Employee Expenses

	2013-14 \$ 000	2012-13 \$ 000
Salaries	3 776	3 757
Superannuation	540	535
Annual leave	(2)	47
Long service leave	10	(21)
Fringe Benefits Tax	3	15
Motor vehicle running costs	4	4
Borrowing costs on finance leases – motor vehicles	1	1
Workers' compensation insurance premium	32	22
Total Employee Expenses	4 364	4 360

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Employee expenses were in line with the previous year's cost.

The average number of full-time equivalent staff in 2013-14 (39.4) was slightly higher than in 2012-13 (38.7).

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

9. Supplies and Services

	2013-14	2012-13
	\$ 000	\$ 000
Contractors and consultants:		
– Performance audits	187	140
– Financial audits	635	563
– Other	144	59
Sub-total	967	763
Accommodation lease	247	239
Information technology	325	292
Training	51	58
Printing	25	20
Payroll and recruitment processing	20	20
Recruitment and advertising costs	77	54
Electricity, gas and cleaning	34	34
Telephones	17	16
Travel	6	9
Library journals and subscriptions	20	17
Security	11	11
Insurance	8	8
Audit fees	12	12
Legal services received free of charge from the ACT Government Solicitor's Office	30	27
Other	71	61
Sub-total	951	872
Total Supplies and Services	1 918	1 635

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

9. Supplies and Services (Continued)

Supplies and services costs increased by \$283 000 (17.3 percent) due mainly to higher:

- contractors and consultants costs as contractors and consultants were used:
 - on some financial audits to review information technology systems used by reporting agencies in the preparation of their financial statements and provide specialist accounting advice. (These higher costs were recovered from financial audit fees);
 - to develop a new reporting template for performance audit reports and review the performance audit method;
 - on selected performance audits to complete audit fieldwork and provide advice where subject matter experts were needed; and
 - to conduct more internal audits and reviews; and
- recruitment and advertising costs as recruitment agencies and advertisements were used to identify suitable applicants for financial auditor positions, and a recruitment advisor was used to assess applications for positions in financial and performance audit; and
- information technology costs as audit software was upgraded.

10. Depreciation

	2013-14 \$ 000	2012-13 \$ 000
Office fit-out	92	92
Motor vehicles under a finance lease	5	5
Total Depreciation	97	97

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

11. Other Expenses

	2013-14 \$ 000	2012-13 \$ 000
Impairment loss on an asset held for sale - motor vehicle	3	-
Write-off of receivables	-	13
Loss from the sale of an asset - motor vehicle	-	1
Total other expenses	3	14

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

An impairment loss was incurred on an asset held for sale - motor vehicle because the expected sales price of the asset less the costs of selling this asset exceeded the recorded value of this asset.

In 2012-13, employee costs included remuneration paid to the Auditor-General relating to services provided to other agencies by the Auditor-General prior to commencing with the Audit Office. The Office therefore billed these agencies to recover these costs. Amounts were recovered from two of the three agencies, however, one agency declined to pay the billed amount of \$12 796 on the basis that the amount related to services provided many years ago and any appropriation received by the agency did not include funding for such payments.

12. Cash

	2014 \$ 000	2013 \$ 000
Bank	2 278	1 638
Petty cash	1	1
Total Cash	2 279	1 639

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

12. Cash (Continued)

Bank represents cash held with the Commonwealth Bank. Cash at bank earned an average floating interest rate of 3.4 percent in 2013-14 (2.6 percent in 2012-13).

Bank funds may be withdrawn upon request.

Cash increased by \$640 000 (39.1 percent) due largely to an increase in the net cash inflows generated from the Audit Office's operating activities. This increase is explained in the Cash Flow Statement.

13. Receivables

	2014 \$ 000	2013 \$ 000
Invoiced financial audit debtors (i)	728	147
Accrued financial audit income (ii)	694	1 309
Sub-total	1 422	1 456
Goods and Services Tax net receivable (iii)	10	22
Fringe Benefits Tax receivable (iv)	5	-
Workers' compensation insurance recoveries (v)	-	4
Accrued interest	-	4
Sub-total	15	30
Total Receivables	1 437	1 486

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

- (i) Invoiced financial audit debtors are amounts billed for audits of financial statements and/or review of statements of performance. Credit terms are net 30 days.
- (ii) Accrued financial audit income is unbilled amounts receivable 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 audit contractors, information technology consultants, tax specialists, actuaries or other specialists engaged to assist the completion of the financial audit program.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

13. Receivables (Continued)

(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.

As disclosed in Note 16: 'Payables' there was no net amount payable to the Australian Taxation Office at 30 June 2014 and 30 June 2013.

(iv) Fringe Benefits Tax receivable is the amount recoverable from the Australian Taxation Office and Shared Services relating to staff salary packaging arrangements.

(v) Workers' compensation insurance recoveries are amounts recoverable from Comcare relating to workers' compensation claims.

Credit risk relating to receivables is disclosed in Note 25(b): 'Credit Risk Exposure'. Receivables are non-interest bearing.

Receivables were slightly below the prior year's amount.

The increase in invoiced financial audit debtors and corresponding decrease in accrued financial audit income mainly results from the invoicing of more debtors before 30 June 2014 compared to the amount invoiced before 30 June 2013.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

13. Receivables (Continued)

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
2014					
Not Impaired					
Receivables	1 437	-	-	-	1 437
Impaired					
Receivables	-	-	-	-	-
2013					
Not Impaired					
Receivables	1 486	-	-	-	1 486
Impaired					
Receivables	-	-	-	-	-

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

13.Receivables (Continued)

Receivables with ACT Government Entities	2014	2013
	\$ 000	\$ 000
Invoiced financial audit debtors	621	-
Accrued financial audit income	624	1 076
Fringe Benefit Tax receivables	5	-
Sub-total	1 250	1 076
Less: Allowance for impairment	-	-
Total Receivables with ACT Government Entities	1 250	1 076
Receivables with Non-ACT Government Entities		
Invoiced financial audit debtors	107	147
Accrued financial audit income	70	233
Accrued interest	-	4
Goods and Services Tax net receivable	10	22
Workers' compensation insurance recoveries	-	4
Sub-total	187	410
Less: Allowance for impairment	-	-
Total Receivables with Non-ACT Government Entities	187	410
Total Receivables	1 437	1 486

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

14. Other Assets

	2014 \$ 000	2013 \$ 000
Prepayments	21	11
Asset held for sale - motor vehicle	11	-
Total Other Assets	32	11

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

The increase in prepayments resulted from the prepayments for audit software, a time recording system and annual subscription to a service provider under the Employee Assistance Program.

One motor vehicle that was provided as part of the remuneration of a senior executive was held for sale at 30 June 2014.

15. Plant and Equipment

	2014 \$ 000	2013 \$ 000
Office fit-out (at fair value)	207	399
Less: Accumulated depreciation	-	(184)
Sub-total	207	215
Motor vehicles under a finance lease (at fair value)	28	24
Less: Accumulated depreciation	-	(5)
Sub-total	28	19
Total Plant and Equipment	234	423
Less: Accumulated Depreciation	-	(190)
Total Plant and Equipment	234	234

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

15. Plant and Equipment (Continued)

The office fit-out is measured at fair value. An independent valuation of the office fit-out was performed by Mr Nirav Shah RHAS at 30 June 2014.

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

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

Computer equipment used by the Audit Office is provided under the operating lease arrangements disclosed in Note 22: 'Commitments'.

Reconciliation of the Movements in the Carrying Amounts of Plant and Equipment	2013-14 \$ 000	2012-13 \$ 000
Office fit-out		
Carrying amount at the beginning of the reporting period	215	307
Additions	9	-
Revaluation increment as a result of an increase in the estimated fair value of the office fit-out (Note 20: 'Asset Revaluation Surplus')	75	-
Depreciation (Note 10: 'Depreciation')	(92)	(92)
Carrying amount at the end of the reporting period	207	215

Totals shown may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

The decrease in the office fit-out is due to depreciation charges. These decreases were mostly offset by an increase the estimated fair value of the office fit-out.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

15. Plant and Equipment (Continued)

Reconciliation of the Movements in the Carrying Amounts of Plant and Equipment (Continued)	2013-14 \$ 000	2012-13 \$ 000
Motor vehicles under a finance lease		
Carrying amount at the beginning of the reporting period	19	24
Additions	28	-
Transfer to asset held for sale - motor vehicle (Note 14: 'Other Assets')	(11)	-
Impairment loss on an asset held for sale - motor vehicle (Note 11: 'Other Expenses')	(3)	-
Depreciation	(5)	(5)
Carrying amount at the end of the reporting period	28	19

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

The increase in motor vehicles under a finance lease is due to a new lease of a motor vehicle provided as part of the remuneration of a senior executive following the completion of the previous lease. The motor vehicle provided to this senior executive under a previous lease was held for sale at 30 June 2014.

Fair Value Hierarchy

The Audit Office is required to classify plant and equipment using a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs that are unobservable for particular assets.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

15.Plant and Equipment (Continued)

Details of plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June 2014 are provided below:

2014	Classification According to Fair Value Hierarchy			Total \$ 000
	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	
	Plant and Equipment at Fair Value			
Office fit-out	-	-	207	207
	-	-	207	207

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

The Audit Office used the exemption under Australian Accounting Standard AASB 13: 'Fair Value Measurement' that comparative information for reporting periods before initial application of AASB 13 need not be applied.

Transfers between Categories

There were no transfers between Levels 1, 2 and 3 during the reporting period.

Valuation Techniques and Inputs***Level 3 Valuation Techniques and Inputs***

Valuation Technique: The office fit-out is considered to be a specialised asset. The value of the fit-out was measured using the cost approach that reflects the cost to a market participant to construct assets of comparable utility adjusted for obsolescence.

Inputs: The age and condition of the assets was considered in estimating the replacement cost and current use of the office fit-out.

There was no change to valuation techniques during the reporting period.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

15.Plant and Equipment (Continued)

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

2014	Office Fit-out \$ 000
Fair value at the beginning of the reporting period	215
Additions	9
Revaluation increment as a result of an increase in the estimated fair value of the office fit-out (Note 20: 'Asset Revaluation Surplus')	75
Depreciation (Note 10: 'Depreciation')	(92)
Fair value at the end of the reporting period	207

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars

Information about Significant Unobservable Inputs (Level 3) in Fair Value Measurements					
Description	Fair Value as at 30 June 2014 \$ 000	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Office fit-out	207	Optimised depreciated replacement cost*	Physical obsolescence (useful life)	3 to 20 years	A longer useful life increases the fair value of the office fit-out

* Where a market price cannot be obtained for an asset, because the asset is specialised and rarely sold, fair value is measured using the estimated cost of replacing the service capacity ('optimised depreciated replacement cost') for that asset. The estimated cost of replacing the service capacity of an asset will equal the estimated replacement cost of the asset where the service capacity of the asset would be replaced if the Audit Office were to be deprived of it.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

16. Payables

	2014	2013
	\$ 000	\$ 000
Creditors and accruals	205	60
Goods and Services Tax – net payable (i)	-	-
Total Payables	205	60

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Creditors and accruals are 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 non-interest bearing.

- (i) 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 13: 'Receivables' there was a net amount receivable from the Australian Taxation Office at 30 June 2014 and 30 June 2013.

Payables increased by \$145 000 (241.7 percent) due mainly to higher amounts being owed to audit contractors and consultants engaged to assist in the completion of performance audits and financial audits at the end of the reporting period.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

16. Payables (Continued)

Aging of Payables	2014 \$ 000	2013 \$ 000
Not overdue	205	59
Overdue for less than 30 days	-	-
Overdue for 30 to 60 days	-	-
Overdue for more than 60 days	-	1
Total Payables	205	60

Totals shown above may not add due to rounding errors resulting from reported figures being rounded to the nearest thousand dollars.

In 2013, one supplier's invoice became overdue due to negotiations with the supplier. The invoice was paid on 8 July 2013.

Payables with ACT Government Entities	2014 \$ 000	2013 \$ 000
Creditors and accruals	8	17
Total Payables with ACT Government Entities	8	17
Payables with Non-ACT Government Entities		
Creditors and accruals	197	42
Goods and Services Tax – net payable (i)	-	-
Total Payables with Non-ACT Government Entities	197	42
Total Payables	205	60

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

17. Finance Leases

	2014 \$ 000	2013 \$ 000
Current - due at the reporting date	5	20
Non-current - not due at the reporting date	24	-
Total Finance Leases	29	20

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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

One motor vehicle was provided under a finance lease as part of the remuneration of a senior executive in 2013-14 and 2012-13.

The increase in this liability is due to a new lease of a motor vehicle; partially offset by the payment of the remaining balance of a previous lease.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

18. Employee Benefits

	2014 \$ 000	2013 \$ 000
Current - due at the reporting date		
Accrued salaries	253	140
Salary packaging expenses	3	4
Annual leave	634	636
Long service leave	733	757
Sub-total	1 623	1 536
Non-current - not due at the reporting date		
Long service leave	114	80
Sub-total	114	80
Total Employee Benefits	1 737	1 616

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars

Total employee benefits increased by \$121 000 (7.5 percent) due mainly to an increase in accrued salaries which resulted from back pay owing to staff under a new enterprise agreement.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

18. Employee Benefits (Continued)

As disclosed in Note 2(j): 'Employee Benefits' these liabilities are classified as current where there is no unconditional right to defer the settlement of the liabilities for at least 12 months, 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	2014 \$ 000	2013 \$ 000
Estimated amount payable within 12 months		
Accrued salaries	253	140
Salary packaging expenses	3	4
Annual leave	335	323
Long service leave	38	83
Sub-total	629	550
Estimated amount payable after 12 months		
Annual leave	299	312
Long service leave	809	754
Sub-total	1 108	1 066
Total Employee Benefits	1 737	1 616

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Staffing Levels

The number of full-time equivalent staff employed by the Audit Office at 30 June 2014 was 38.7 compared to 41.3 at 30 June 2013.

The *average* number of full-time equivalent staff employed in 2013-14 was 39.4 compared to 38.7 in 2012-13.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

19. Other Liabilities

	2014 \$ 000	2013 \$ 000
Non-current		
Provision for make good	63	75
Total Other Liabilities	63	75

Totals shown above may not add due to rounding errors resulting from reported figures being rounded to the nearest thousand dollars.

The provision for make-good was estimated by Mr Nirav Shah RHAS at 30 June 2014.

	2014 \$ 000	2013 \$ 000
Reconciliation of the Provision for Make Good		
Balance at the beginning of the reporting period	75	75
Reduction in provision as a result of a decrease in the estimated cost of make good (Note 20: 'Asset Revaluation Surplus')	(13)	-
Balance at the end of the reporting period	63	75

Totals shown above may not add due to rounding errors resulting from reported figures being rounded to the nearest thousand dollars.

There was a decrease in 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.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

20. Asset Revaluation Surplus

	2014 \$ 000	2013 \$ 000
Balance at the beginning of the reporting period	83	83
Revaluation increment as a result of an increase in the estimated fair value of the office fit-out (Note 15: 'Plant and Equipment')	75	-
Revaluation increment as a result of a decrease in provision for make good (Note 19: 'Other Liabilities')	13	-
Increase in the asset revaluation surplus	87	-
Balance at the end of the reporting period	170	83

Totals shown above may not add due to rounding errors resulting from reported figures being rounded to the nearest thousand dollars.

An independent valuation of the office fit-out was performed by Mr Nirav Shah RHAS at 30 June 2014.

The revaluation increments resulted from an increase in the estimated cost of replacing the office fit-out and a decrease in the provision for make good.

The provision for make good is 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.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

21. Auditor's Remuneration

An independent auditor was selected by the Chief Minister to conduct audits of the Audit Office's financial statements and reviews of the Office's statement of performance for the 2012-13, 2013-14 and 2014-15 financial years. The auditor did not provide other services to the Audit Office.

The auditor's remuneration for 2013-14 is \$11 500 excluding GST (2012-13: \$11 000). The auditor is expected to be paid \$35 000 excluding GST for audits of the Audit Office's financial statements and reviews of the Office's statement of performance in 2012-13, 2013-14 and 2014-15.

22. Commitments**Finance Lease Commitments**

Finance lease commitments for motor vehicles are as follows:

	2014 \$ 000	2013 \$ 000
Not later than one year	6	21
Later than one year and not later than five years	26	-
Sub-total	32	21
Less: Future interest charges	3	1
Total Finance Lease Commitments	29	20

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

One motor vehicle was provided as part of the remuneration of a senior executive. The increase in finance lease commitments is due to a new lease of a motor vehicle; partially offset by payment of the remaining balance on a previous lease.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

22. Commitments (Continued)**Operating Lease Commitments**

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

	2014 \$ 000	2013 \$ 000
Not later than one year	462	367
Later than one year and not later than five years	528	363
Later than five years	-	-
Total Operating Lease Commitments	990	730

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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

The increase in operating lease commitments resulted from a new lease on information technology equipment and indexation of accommodation lease payments.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

22. Commitments (Continued)

Other Commitments

Other commitments including GST to contractors are as follows.

	2014	2013
	\$ 000	\$ 000
Not later than one year	412	561
Later than one year and not later than five years	-	580
Later than five years	-	-
Total Other Commitments	412	1 141

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Other commitments decreased as the payments made to financial audit contractors exceeded commitments from contracts entered into in 2013-14.

23. Contingent Liabilities

No contingent liabilities are known to exist.

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

(a) Act of Grace Payments

No act of grace payments were made during in 2013-14 or 2012-13.

(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 in 2013-14 or 2012-13.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

**24. Act of Grace Payments, Waivers, Write-Offs and Impairment Losses
(Continued)**

(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.

Write-offs and impairment losses are disclosed in Note 11: 'Other Expenses'.

25. Financial Instruments

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

(a) Interest Rate Risk

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

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

The Audit Office's maximum exposure to interest rate risk relating to these financial assets and liabilities is shown in Note 25(h): '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.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014****25. Financial Instruments (Continued)****(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 and receivables. The Audit Office's maximum exposure to credit risk is limited to the amount of these financial assets, net of any allowance made for impairment. This is shown below in Note 25(h): 'Maturity Analysis and Exposure to Interest Rates'.

Cash is held with a high credit quality financial institution.

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

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

(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 that the Office can meet its obligations throughout the year.

Note 25(h): '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.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

25. Financial Instruments (Continued)**(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 not exposed to price risk.

(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.

(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 2014 \$ 000	Fair Value 2014 \$ 000	Carrying 2013 \$ 000	Fair Value 2013 \$ 000
Financial Assets					
Cash	12	2 279	2 279	1 639	1 639
Receivables	13	1 437	1 437	1 486	1 486
Total Financial Assets		3 716	3 716	3 125	3 125
Financial Liabilities					
Payables	16	205	205	60	60
Finance leases	17	29	29	20	20
Total Financial Liabilities		234	234	79	79

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

25. Financial Instruments (Continued)**(h) 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 2014 and 30 June 2013.

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 2014	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
	%	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Financial Assets						
Cash	3.4%	2 278	-	-	1	2 279
Receivables		-	-	-	1 437	1 437
Total		2 278	-	-	1 438	3 716
Financial Liabilities						
Payables		-	-	-	205	205
Finance leases		-	6	26	-	32
Total		-	6	26	205	237
Net Financial Assets/(Liabilities)						
		2 278	(6)	(26)	1 233	3 479

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

25. Financial Instruments (Continued)**(h) Maturity Analysis and Exposure to Interest Rates (Continued)**

As at 30 June 2013	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
	%	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Financial Assets						
Cash	2.6%	1 638	-	-	1	1 639
Receivables		-	-	-	1 486	1 486
Total		1 638	-	-	1 487	3 125
Financial Liabilities						
Payables		-	-	-	60	60
Finance leases		-	21	-	-	21
Total		-	21	-	60	80
Net Financial Assets/(Liabilities)						
		1 638	(21)	-	1 427	3 045

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

25. Financial Instruments (Continued)**(i) Carrying Amount of Each Category of Financial Asset and Financial Liability**

	2014 \$ 000	2013 \$ 000
Financial Assets		
Loans and receivables measured at amortised cost	1 437	1 486
Financial Liabilities		
Financial liabilities measured at amortised cost	233	79

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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.

There were no gains or losses on financial asset and liabilities.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

26. Cash Flow Reconciliation**Note (a): Reconciliation of Operating Surplus to Net Cash Inflows from Operating Activities**

	Actual 2013-14 \$ 000	Actual 2012-13 \$ 000
Operating surplus	263	17
Depreciation	97	97
Borrowing costs on finance leases – motor vehicles	2	1
Loss from the sale of an asset - motor vehicle	-	1
Impairment loss on an asset held for sale - motor vehicle	3	-
Changes in assets and liabilities		
Decrease in receivables	49	184
(Increase)/decrease in other current assets	(10)	4
Increase/(decrease) in payables	145	(197)
Increase in employee benefits	121	63
Net cash inflows from operating activities	670	170

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

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

	Actual 2014 \$ 000	Actual 2013 \$ 000
Cash	2 278	1 638
Petty cash	1	1
Cash in the Cash Flow Statement and Balance Sheet	2 279	1 639

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

26. Cash Flow Reconciliation (Continued)

Note (c): Non-Cash Financing and Investing Activities

	Actual 2014 \$ 000	Actual 2013 \$ 000
Acquisition of motor vehicles by means of a finance lease	29	-

27. Related Party Disclosures

Australian Accounting Standard AASB 124: 'Related Party Disclosures' requires 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 is better practice to include related party disclosures in its financial statements.

The Audit Office's key management personnel are those on the Audit Office's Executive Committee.

The remuneration of the Audit Office's executive positions - Auditor-General, Director, Performance Audits and Director, Financial Audits is determined by the ACT Remuneration Tribunal and tabled in the Assembly.

The remuneration of the Office's non-executive positions - Principal, Financial Audits and Principal, Professional Services is determined under the relevant enterprise agreements.

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014

27. Related Party Disclosures (Continued)

2013-14		
Key Management Personnel	Position	Period in Position
Dr Maxine Cooper	Auditor-General	1 July 2013 to 30 June 2014
Bernie Sheville	Director, Financial Audits	1 July 2013 to 30 June 2014
Dr David Hughes	Director, Performance Audits	1 July 2013 to 11 April 2014
Brett Stanton	Director, Performance Audits	2 June 2014 to 30 June 2014
	Acting Director, Performance Audits	1 July 2013
Malcolm Prentice	Acting Director, Financial Audits	1 July 2013 to 10 July 2013
		7 April 2014 to 30 May 2014
	Principal, Financial Audits	11 July 2013 to 6 April 2014
		31 May 2014 to 30 June 2014
Ajay Sharma	Acting Director, Performance Audits	5 May 2014 to 30 May 2014
	Principal, Professional Services	1 July 2013 to 4 May 2014
		31 May 2014 to 30 June 2014

2012-13		
Key Management Personnel	Position	Period in Position
Dr Maxine Cooper	Auditor-General	1 July 2012 to 30 June 2013
Bernie Sheville	Director, Financial Audits	1 July 2012 to 30 June 2013
Dr David Hughes	Director, Performance Audits	27 May 2013 to 30 June 2013
Malcolm Prentice	Acting Director, Financial Audits	8 April 2013 to 3 May 2013
		20 June 2013 to 30 June 2013
Jordan Langford-Smith	Acting Director, Financial Audits	1 October 2012 to 12 October 2012
Brett Stanton	Acting Director, Performance Audits	1 July 2012 to 19 October 2012
		2 January 2013 to 30 June 2013

ACT AUDITOR-GENERAL'S OFFICE

Notes to and Forming Part of the Financial Statements

for the Year Ended 30 June 2014

27. Related Party Disclosures (Continued)

Remuneration of key management personnel is set out below:

Remuneration of Key Management Personnel	2013-14	2012-13
Below \$50 000	1	3
\$50 000 to \$149 999	-	-
\$150 000 to \$159 999	1	-
\$160 000 to \$169 999	-	-
\$170 000 to \$179 999	1	-
\$180 000 to \$189 999	1	1
\$190 000 to \$199 999	-	-
\$200 000 to \$209 999	-	-
\$210 000 to \$219 999	-	-
\$220 000 to \$229 999	-	-
\$230 000 to \$239 999	1	1
\$240 000 to \$379 999	-	-
\$380 000 to \$389 999	1	1
The aggregate of the remuneration for key management personnel included above	\$1 171 267	\$ 822 386

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

In 2012-13, membership of the Executive Committee only consisted of executive positions - the Auditor-General, Director, Performance Audits and Director, Financial Audits. In 2013-14, the Executive Committee also included non-executive positions, the Principal, Financial Audits and Principal, Professional Services.

The increase in the remuneration of key management personnel mainly reflects the inclusion of two more members on the Audit Office's Executive Committee in 2013-14.

Mr Bernie Sheville was Acting Auditor-General and Director, Financial Audits during the reporting periods covered by these financial statements. Mr Sheville's brother was a Director of Vincents Chartered Accountants for part of the 2012-13 and all of the 2013-14 reporting period and a Partner of PwC Australia for part of the 2012-13 reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2014**

27. Related Party Disclosures (Continued)

On 12 June 2014, at which time Mr Sheville was Director, Financial Audits, the Audit Office entered into a contract with Vincents Chartered Accountants for the provision of an auditor to assist in completing financial audits. The Audit Office expects to pay \$40 837 (including GST) to Vincents Chartered Accountants for these services in 2014-15.

In 2012-13, the Audit Office paid \$32 023 (including GST) to PwC Australia for the provision of financial and performance audit services.

All transactions with Vincents Chartered Accountants and PwC Australia were conducted on an arm's length basis. Any potential conflict of interest regarding Mr Sheville was managed by ensuring Mr Sheville was not involved in the procurement process that related in the selection of audit firms (including Vincents Chartered Accountants and PwC Australia), that provide assistance in completing the financial audit program.

28. Events Occurring after Balance Date

There were no events after balance date that had an impact on the financial statements for the 2013-14 reporting period or future reporting periods.

E.3 Capital works

The Audit Office had no projects included in the Capital Works Program for 2013-14.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
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E.4 Asset management

E.4.1 Assets Managed

The Office's plant and equipment assets are comprised of the office fit-out, a senior executive hybrid motor vehicle, equipment and furniture such as audio visual equipment, workstations and chairs. As at 30 June 2014, these assets valued \$234 000, the same amount as at 30 June 2013.

E.4.2 Asset Maintenance and Upgrade

No major asset upgrades were undertaken during 2013-14.

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

As disclosed in the Audit Office's financial statements, the office fit-out valuation included the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy (\$62 500).

E.4.3 Accommodation

There was no change in office accommodation in 2013-14.

At 30 June 2014, the Audit Office occupied 500 square metres at 11 Moore Street, Canberra City and had 31 workstations. This equates to approximately 16.1 square metres per workstation.

The ACT Government target space utilisation rate for workstations in 2013-14 was 16 square metres per workstation. The Audit Office's workstation utilisation rate of 16.1 metres was marginally higher than the target rate.

The Audit Office employed 39 staff at 30 June 2014. As the Office only has 31 workstations, the Office employs a 'hot desking arrangement' whereby not all Office staff have a desk allocated to them. This is because many staff for most of the year work offsite at auditees' premises and it is unusual for all staff to be in the Office at the same time.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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E.5 Government contracting

E.5.1 Use of contractors

In 2013-14, the Audit Office engaged financial audit contractors and performance audit contractors to complement the Office's in-house audit capacity. The Office also used external firms to provide internal audit services, quality assurance services and administrative support.

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

Table E.7: External sources of labour and services

Firm	Type	Date contract let	Financial audits \$ Note 1	Performance audits \$ Note 2	Other services \$ Note 3	Total \$
Axiom Associates Pty Ltd	select tender	16 April 2014	54 750			54 750
Axiom Associates Pty Ltd	single select	10 May 2013	22 100			22 100
Cumpston Sargeant Pty Ltd	open tender	24 July 2013	36 718			36 718
Deloitte Touche Tohmatsu	select tender	24 May 2012	46 509			46 509
Deloitte Touche Tohmatsu	open tender	20 December 2010	415 753			415 753
Deloitte Touche Tohmatsu	single select	8 May 2013	16 500			16 500
Ernst and Young	select tender	18 March 2014	26 000			26 000
KPMG	single select	8 May 2013	10 000			10 000
Australian Institute of Criminology (Note 4)	single select	10 June 2014		3 623		3 623
Protiviti	select tender	15 May 2014		25 000		25 000
Australian Government Solicitor	single select	3 October 2013		15 242		15 242
Axiom Associates Pty Ltd	select tender	12 June 2013		52 200		52 200
David Cousins	single select	21 October 2013		12 500		12 500
Purdon Associates Pty Ltd	select tender	26 September 2013		21 810		21 810
Cain Consulting	single select	1 April 2014			17 545	17 545
Courage Partners	single select	14 May 2014			14 300	14 300
Courage Partners	single select	13 June 2014			22 100	22 100
Evan Smith and Dando Pty Ltd	select tender	15 April 2014			20 400	20 400
Humanoeuvre Pty Ltd	single select	17 April 2014			15 988	15 988
Roderick Nicholas	single select	19 December 2013			21 818	21 818
PricewaterhouseCoopers	select tender	18 March 2014			17 500	17 500
Other (Note 5)			7 000	56 896	45 330	88 825
Total (Note 6)			635 330	187 271	174 981	997 582

Source: Audit Office records

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

Note 2 These suppliers assisted with the Audit Office's performance audit activities.

Note 3 These suppliers provided mainly internal audit and related services as well as a range of corporate functions including recruitment, report templates, review of audit methodology and quality assurance reviews.

Note 4 This expenditure relates to a contract with the Australian Institute of Criminology (AIC) for the provision of advice and assistance relating to the performance audit of rehabilitation for the Alexander Maconochie Centre. The total value of the contract is \$40 263. A single select procurement was approved due to AIC's pre-eminence in this field, its cost basis, and its accessibility and flexibility as it is located in Canberra.

Note 5 The Annual Reports Directions only require contracts procured using a select tender valued over \$200 000 or using a single select tender over \$25 000 to be disclosed in the Annual Report. However, the Audit Office has disclosed all contracts valued \$10 000 and above as this provides information for the majority of contracts. A number of contracts valued less than \$10 000 are grouped under 'Other'.

E: Financial management reporting

Note 6 The total amounts are those disclosed at Note 9 of the Office's financial statements. The total for 'Other' is higher than the amount reported at Note 9 as contracts relating to recruitment services are disclosed under 'Recruitment and advertising costs' under Note 9.

The amounts disclosed in Table E.7 reflect payments to contractors for work performed in 2013-14. The amounts do not represent the total value of the contract as contracts often covered more than one financial year and the work performed did not necessarily coincide with the financial year.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Professional Services	(02) 6207 0830	ajay.sharma@act.gov.au
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E.6 Statement of performance

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2014

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 2014.

A handwritten signature in black ink, appearing to read 'M. Cooper', is written on a light-colored background.

Dr Maxine Cooper
Auditor-General

15 August 2014

ACT AUDITOR-GENERAL'S OFFICE

**STATEMENT OF PERFORMANCE
YEAR ENDED 30 JUNE 2014**

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 2014.

A handwritten signature in black ink, appearing to read 'B Sheville', is centered on a light gray rectangular background.

Bernie Sheville FCA
Chief Finance Officer

15 August 2014

Report of factual findings

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership



Chartered Accountants
& Business Advisers

REPORT OF FACTUAL FINDINGS ACT AUDITOR GENERAL'S OFFICE

To the Members of the ACT Legislative Assembly

Findings

Based on our procedures, no matters have come to our attention, which indicate the Statement of Performance of the ACT Auditor General's Office for the year ended 30 June 2014 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 2014, 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: 15 August 2014

Tel: 02 6257 7500 | Fax: 02 6257 7599 | www.pkf.com.au
Level 7, 28 University Ave | Canberra City | ACT 2601
GPO Box 588 | Canberra City | ACT 2601

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

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ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2014

The Audit Office's objectives are to provide an independent view to the Assembly and the community on accountability, efficiency and effectiveness of the public sector; fostering accountability in the public administration of the Territory and promote efficiency, effectiveness and value for money expenditure in the Territory's delivery of services and programs.

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

The accountability indicators provide information on the quantity and timeliness of reports and quality and effectiveness of audit work.

Accountability indicators	Notes	Target 2013-14	Result 2013-14	Variance from target
Costs				
Audit costs per hour excluding audit contractor costs	1	\$134	\$138	3%
Quantity				
Number of audit reports issued on financial statements	2	68	71	4%
Number of reports of factual findings issued on statements of performance	3	29	30	3%
Number of performance audit reports presented to the Legislative Assembly	4	7	7	0%

Targets for the above accountability indicators were obtained from the Audit Office's Projected Budget for 2013-14 provided to the Public Accounts Committee on 12 April 2013.

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 2014

Accountability indicators (continued)	Notes	Target 2013-14	Result 2013-14	Variance from target
Quality and effectiveness				
Percentage of agencies satisfied with financial audits	5	95%	100%	5%
Percentage of agencies satisfied with performance audits	6	95%	94%	(1%)
Percentage of recommendations accepted in financial audits*	7	95%	86%	(9%)
Percentage of recommendations accepted in performance audits**	8	95%	No longer measurable**	Not applicable
Percentage of employees that are satisfied with working for the Audit Office	9	85%	74%	(13%)
Timeliness				
Percentage of financial audits completed within the required timetable	10	100%	93%	(7%)
Average period of completion of performance audits	11	7 months	8.4 months	(20%)
Presentation of the summary report on financial audits to the Legislative Assembly	12	December 2013	December 2013	0%

* In measuring a result for this accountability indicator, 'partial agreements', 'agreed-in-principle', unclear responses, and 'noted' response provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

** Percentage of recommendations accepted in performance audits is no longer measurable in a timely manner following the ACT Government's new approach to responding to performance audit reports. See Note 8 for more information about this new approach.

Targets for the above accountability indicators were obtained from the Audit Office's Projected Budget for 2013-14 provided to the Public Accounts Committee on 12 April 2013.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance

Year Ended 30 June 2014

(i) Audit costs per hour excluding audit contractor costs

This accountability indicator represents the *internal audit cost* per hour for financial audit and performance audit functions.

Internal costs are calculated by subtracting audit contractor costs from total expenses incurred by the Audit Office. *Internal audit costs per hour* are calculated by dividing internal costs by the number of hours spent by the staff on audits.

The 2013-14 target of \$134 for audit costs per hour excluding audit contractor costs, is calculated as *budgeted internal costs* of \$5 700 706 (i.e. total budget expenses of \$6 532 132 less audit contractor costs of \$831 426) divided by the *estimated number of hours charged to audits* of 42 599 hours for 2013-14.

The estimated audit hours (42 599) used to calculate the 2013-14 target is calculated as the total standard hours for the budgeted number of full time equivalent staff in 2013-14 (1 906 standard hours per full time equivalent staff member multiplied by 39.28 full time equivalent staff) multiplied by an average of the percentage of standard hours charged to audits during the last three financial years (57.2 percent in 2009-10, 56.0 percent in 2010-11, and 57.4 percent in 2011-12).

Actual audit costs per hour excluding audit contractor costs of \$138 was calculated as the actual internal costs of \$5 559 842 (i.e. actual total expenses of \$6 382 445 minus audit contractor costs of \$822 602) divided by the *actual number of hours charged to audits* for 2013-14 of 40 199 hours.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance**Year Ended 30 June 2014****(i) Audit costs per hour excluding audit contractor costs (Continued)**

Audit costs per hour excluding audit contractor costs of \$138 were 3 percent higher than the targeted cost of \$134. This was mainly due to actual hours charged to audits (40 199 hours) being less than estimated (42 599 hours). The lower than expected hours charged to audits mainly reflects an increase in hours spent on non-audit activities. In particular, there was an increase in time spent by staff on:

- leave, in particular, workers' compensation leave;
- activities relating to the Audit Office's internal audit program;
- recruitment activities as staff were recruited to complete performance and financial audit programs; and
- performance management activities such as the development of performance development plans, learning and development plans and performance appraisals.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(ii) Number of audit reports issued on financial statements

This accountability indicator represents the number of audit reports issued on financial statements during 2013-14.

In 2013-14, the Audit Office met its reporting obligations and issued an audit report whenever it was required to do so. The Office completed 71 audit reports on financial statements; three (4.4 percent) more than the target of 68 audits.

The number of audit reports issued in the 2013-14 financial year exceeded the target because five unexpected audits were required. An audit of the financial statements of the:

- former Treasury Directorate for the period from 1 July 2012 to 9 November 2012 was required following the administrative arrangement on 10 November 2012. This audit was expected to be completed in the 2012-13 financial year and was therefore not included in the 2013-14 target;
- Digital Hubs Program was required under a new funding agreement between the Commonwealth Government and Territory and Municipal Services Directorate;
- Woden Mausoleum Perpetual Care Trust was required by the *Cemeteries and Crematoria Act 2003*;
- Crace Joint Venture's financial position as at 17 May 2013 was requested by CIC Australia Limited; and
- Roads to Recovery Program for the year ended 30 June 2012 was required. Amended financial statements were prepared (and audited) because the original financial statements had been prepared on an accrual basis when they should have been prepared on a cash basis.

These were partially offset by two audits that are no longer required. The:

University of Canberra advised that an audit of NATSEM Pty Limited is no longer required; and

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(ii) Number of audit reports issued on financial statements (continued)

- joint venture agreement for the Crace Joint Venture was amended to remove the requirement for the preparation (and audit) of financial statements for the period from 1 July 2013 to 31 December 2013. A listing of the audit reports issued on financial statements in 2013-14 is provided later in this statement of performance.

(iii) Number of reports of factual findings issued on statements of performance

This accountability indicator represents the number of reports of factual findings issued on statements of performance during 2013-14.

The Audit Office completed 30 reports of factual findings; one more than the target of 29.

A review of the statement of performance of the former Treasury Directorate for the period from 1 July 2012 to 9 November 2012 was required. This review was expected to be completed in the 2012-13 financial year and was therefore not included in the 2013-14 target.

A listing of the reports of factual findings issued on statements of performance during 2013-14 is provided later in this statement of performance.

(iv) Number of performance audit reports presented to the Legislative Assembly

This accountability indicator represents the number of performance audit reports presented in the Legislative Assembly during 2013-14.

The targeted number of reports tabled in the Legislative Assembly was achieved with seven reports being tabled in 2013-14. The reports are:

- Bushfire Preparedness (Report 5/2013);
- Management of Funding for Community Services (Report 8/2013) ;
- Speed Cameras in the ACT (Report 1/2014);
- The Water and Sewerage Pricing Process (Report 2/2014);
- Single Dwelling Development Assessments (Report 3/2014);
- Gastroenterology and Hepatology Unit, Canberra Hospital (Report 4/2014); and
- Capital Works Reporting (Report 5/2014).

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(v) Percentage of agencies satisfied with financial audits

This accountability indicator provides information on reporting agencies' level of satisfaction 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 2013-14.

This percentage is calculated as the number of reporting agencies that provide a satisfactory or better than satisfactory rating in relation to financial audits completed during 2013-14 divided by the number of agencies that responded to the survey.

The Audit Office received survey responses from 47 (96 percent) of the 49 reporting agencies surveyed. Two declined to provide a response to the survey.

Satisfaction Rating	Number of Responses	%
<u>Satisfied</u>		
Very good	10	21
Good	29	62
Satisfactory	8	17
Sub-total	47	100
<u>Not satisfied</u>		
Poor	0	0
Very poor	0	0
Sub-total	0	0
Total	47	100

Source: Agency satisfaction surveys.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(v) Percentage of agencies satisfied with financial audits (continued)

The percentage of reporting agencies satisfied with financial audits (100 percent) exceeded the target (95 percent) with 83 percent of respondents to the survey rating the Audit Office's performance as 'good' or 'very good'.

Comments provided by respondents were generally positive and indicated high levels of satisfaction with the professional and constructive way in which audits were conducted. Comments provided by respondents included:

..... audit team worked closely and collaboratively with the Finance team to achieve an improved outcome

no issues, communication was good and all went smoothly

very happy with audit staff interaction with our agency staff. Highly professional and polite

..... audit team was very professional and worked openly and collaboratively to achieve a good outcome for the agency in 2012-13

the audit team displayed at all times very high standards of professionalism and an excellent understanding of the fund, its operations and its specificity

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(v) Percentage of agencies satisfied with financial audits (continued)

Some agencies also identified areas for improvement. Comments provided by respondents included:

some of the junior audit staff found it difficult to understand organisational context. Consistency of audit staff from year to year will assist

earlier communication of potential issues and changes to financial statements would assist the agency in ensuring any corrections are done correctly and with sufficient background knowledge

..... complex transactions and accounting advice was protracted and the formation of opinions late in the process, with limited opportunity to debate findings

no clear pathway contemplated on how to remedy long standing recommendations or willingness to accept difference of opinion on immaterial matters

..... would assist in the process if draft letters were available to be sure facts quoted were correct and to avoid having to revisit once management comments received

Feedback provided by agencies is considered by the Audit Office and where appropriate, discussed with agency representatives to improve agency understanding of the audit process and identify ways of improving audit methods and practices.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(vi) Percentage of agencies satisfied with performance audits

This accountability indicator provides information on audited agencies' level of satisfaction 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 2013-14.

This percentage is calculated as the number of agencies that provide a satisfactory or better than satisfactory rating for performance audits completed during 2013-14 divided by the number of agencies that responded to the survey.

The Audit Office received responses for 16 (84 percent) of the 19 surveys sent.

Satisfaction rating	Number of Responses	%
<u>Satisfied</u>		
Very good	4	25
Good	9	56
Satisfactory	2	13
Sub-total	15	94
<u>Not satisfied</u>		
Poor	-	-
Very poor	1	6
Sub-total	1	6
Total	16	100

Source: Agency satisfaction surveys.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(vi) Percentage of agencies satisfied with performance audits (continued)

The percentage of agencies satisfied with performance audits (94 percent) was close to the target (95 percent) with 81 percent of the respondents to the survey rating the Audit Office's performance as 'good' or 'very good'.

Comments provided by respondents were generally positive and indicated high levels of satisfaction with the professional and constructive way in which audits were conducted. Comments provided by respondents included:

the Auditor's rigorous approach to the audit, the search for an evidence base and a willingness to complete picture when initial views may not have been comprehensive were appreciated

the audit was very complex with a number of interested stakeholders. We were impressed with the [Audit Office's] handling of the audit and communication. The auditors sought to verify every piece of information which was important for this audit

..... the auditors sought to gather all relevant information to gain a detailed understanding of our work and broader implications across Government

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)**Year Ended 30 June 2014****(vi) Percentage of agencies satisfied with performance audits (continued)**

..... [the Audit Office's contractor] always engaged with [business unit] staff in a professional way and clearly gained a deep understanding of the work we do. [They] sought detailed knowledge from staff and concisely expressed a consolidated view of the program

the Auditor-General's officers were very professional in their treatment of this issue and thorough in their investigation. At all times [the business unit] felt involved, and open and honest discussion always occurred whenever issues were raised. The willingness of the [Audit Office] to take on new issues and advice was very pleasing and we are very comfortable with both the process and the outcome

appreciated the strong consultation

this audit was a very sensitive and contentious audit and in these circumstances the manner in which the AG's office conducted the audit was professional

the [business unit] particularly appreciated the time and effort taken by the Auditor-General to ensure the final report was of a high standard

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(vi) Percentage of agencies satisfied with performance audits (continued)

Some respondents also identified areas for improvement. Comments provided by respondents included:

the structure of reporting lines was a little unclear. The line areas that were directly affected / involved in the audit missed some important information

..... there were some discrepancies in accuracy of information in the statement of findings however the final report accurately reflected the workings of the [program]

the Auditor could have benefited from having a stronger understanding of the [business] environment, and the other requirements (procurement) of delivering service funding in [the business environment]

..... unsure of how senior audit staff are required to be involved however the audit staff clearly explained the processes

..... other [directorate] areas other than [the business unit] should have been considered in this audit

the time available from the receipt of the draft audit to finalisation was very tight and the subsequent tabling in the Assembly

One respondent rated the performance of the Audit Office as 'very poor' on one audit. This rating contrasts with the 'good' and 'very good' ratings provided by other respondents for the same audit.

Feedback provided by agencies is considered by the Audit Office and where appropriate, discussed with agency representatives to improve agency understanding of the audit process and identify ways of improving audit methods and practices.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)**Year Ended 30 June 2014****(vii) Percentage of recommendations accepted in financial audits**

This accountability indicator provides information on the level of acceptance with recommendations made in financial audits conducted by the Audit Office.

This percentage is calculated as the number of financial audit recommendations accepted by agencies in audit management reports issued during 2013-14, divided by the number of recommendations made in these reports.

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

Agencies accepted 209 (86 percent) of the 244 recommendations made in 2013-14. This is lower than the target acceptance rate of 95 percent.

The target acceptance rate was not achieved due mainly to 13 (5 percent) recommendations being 'agreed in principle', 8 (3 percent) being partially agreed and 7 (3 percent) 'noted'. Only seven recommendations (3 percent) were 'not agreed'.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(viii) Percentage of recommendations accepted in performance audits

This accountability indicator provides information on the level of acceptance of recommendations made in performance audits conducted by the Audit Office.

In 2013-14, the ACT Government adopted a new approach for responding to performance audit reports. Under the new approach, agency responses:

- are *generally* purely factual, focussed on correcting factual inaccuracies or providing additional factual material; and
- *generally* do not commit the ACT Government to a course of action.

This new approach means that a result for the accountability indicator 'percentage of recommendations accepted in performance audits' will not be able to be measured until the ACT Government has responded. As this is likely to take several months, the new approach means that the percentage of recommendations accepted in most of the performance audits completed during 2013-14 could not be measured.

The accountability indicator 'percentage of recommendations accepted in performance audits' has therefore been removed for 2014-15.

For 2014-15, this accountability indicator has been replaced with a new accountability indicator 'percentage of agencies agreeing that the audit will help their organisation improve administration of the audited activity'. The 2014-15 target for this accountability indicator is 80 percent. The percentage will be calculated as the number of agencies that provide a satisfactory or better rating on whether the audit will help their organisation improve administration of the audited activity divided by the number of agencies that respond to the survey. The new accountability indicator and related target was included in the Audit Office's Projected Budget for 2014-15 provided to the Public Accounts Committee on 2 May 2014.

The new ACT Government approach to responding to performance audit recommendations means that the percentage of recommendations accepted in performance audit reports is no longer measureable for most performance audit reports completed in 2013-14.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(ix) Percentage of employees that are satisfied with working for the Audit Office

This accountability indicator provides information on the level of satisfaction with staff working in the Audit Office.

A staff survey is conducted annually to measure staff satisfaction with working for the Audit Office. Survey questions cover 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.

The results of these surveys are shown below.

Rating	Number of Responses	%
<u>Satisfied</u>		
Strongly agree	10	37
Agree	10	37
Sub-total	20	74
<u>Not satisfied</u>		
Neither agree or disagree	3	11
Disagree	2	7
Strongly disagree	2	7
Sub-total	7	26
Total	27	10

Source: Annual staff survey

The annual staff survey is conducted anonymously. Twenty-nine (74 percent) out of 39 staff submitted a response to the survey.

Twenty seven of the 29 respondents responded to the question '**overall, I am satisfied with my job**'.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)**Year Ended 30 June 2014****(ix) Percentage of employees that are satisfied with working for the Audit Office (continued)**

The staff survey was completed in June 2014. The survey indicates that a large majority of staff are satisfied with their job, however, some staff are not 'satisfied'.

20 of the 27 staff (74 percent) that responded to the survey question 'overall I am satisfied with my job' indicated that they were satisfied with working for the Audit Office compared to the target rate of 85 percent. Three staff (11 percent) 'neither agree nor disagree' that they were satisfied with their job, with four staff (14 percent) indicating they were 'not satisfied' with their job.

This indicator alone does not address other important aspects of staff feedback. Survey responses indicated that a large majority of staff felt that their work was important to the success of the Audit Office (81 percent), were motivated to do the best possible work (74 percent), and could approach their supervisor about a problem (70 percent). Staff also commented favourably on the training and development with most agreeing that training and development met their job needs (70 percent) and improved their performance (66 percent). Most staff (67 percent) indicated they would recommend the Office as a place to work and 70 percent of staff expected to be in the Office in two years time.

Despite these positive results, some staff indicated that they wished to see improvements made to staff performance appraisals and reviews, and more recognition being given for doing a good job.

(x) Percentage of financial audits completed within the required timetable

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

This percentage is calculated as the percentage of financial audits completed within the required timetable divided by the number of audits completed.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(x) Percentage of financial audits completed within the required timetable (continued)

The Audit Office attempts to complete all financial audits within the 'required timetable'. The 'required timetable' refers to the reporting and audit timetable issued by the Chief Minister and Treasury Directorate to meet legislative requirements or, where there is no legislative timeframe, the planned time agreed between the Audit Office and reporting agency.

Achievement of this timetable is dependent on many factors that are outside the control of the Audit Office. For example, reporting agencies need to provide satisfactory financial statements and supporting workpapers to the Office by the planned date to allow sufficient time for the audit to be completed. Reporting agencies also need to respond in a timely manner to requests from the audit team for information. In this context, the Office's target of completing all financial audits within the required timetable is challenging.

In 2013-14, the Audit Office completed 66 (93 percent) of the financial audits within 'the required timetable'. This result is below the target of 100 percent.

Audits of the financial statements of the former Treasury Directorate, Community Housing Canberra Limited, Lyons Estate Redevelopment Joint Venture and Woden East Joint Venture were delayed because certified financial statements were not provided to the Audit Office by the scheduled timeframe. The audit of the financial statements of Forde Joint Venture was delayed while its financial statements were amended.

Despite these delays, all audits were completed in time for agencies to meet any applicable statutory reporting timeframes.

(xi) Average period of completion of performance audits

This accountability indicator reports the average duration of a performance audit, from commencement to completion 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.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)**Year Ended 30 June 2014****(xi) Average period of completion of performance audits (Continued)**

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.

Report	Months
Bushfire Preparedness (Report No. 5/2013)	11.3
Management of Funding for Community Services (Report No. 8/2013)	6.3
Speed Cameras in the ACT (Report No. 1/2014)	7.6
The Water and Sewerage Pricing Process (Report No. 2/2014)	11.3
Single Dwelling Development Assessments (Report No. 3/2014)	9.9
Gastroenterology and Hepatology Unit, Canberra Hospital (Report No. 4/2014)	3.7
Management of Capital Works (Report No. 5/2014)	9.0
Average period of completion of performance audits	8.4

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

(xi) Average period of completion of performance audits (continued)

The average period of completion of performance audits during 2013-14 was 8.4 months compared to the target of 7 months.

As shown above, the average period of completion of audits varied widely. The average time to complete a performance audit will vary due to the size and complexity of the audit and circumstances under which the audit is performed. In particular, there were delays in completing Report No. 5 / 2013: 'Bushfire Preparedness and Report' No. 2/2014: 'The Water and Sewerage Pricing Process':

'Bushfire Preparedness' (Report No. 5 / 2013) was a more complex audit than anticipated, which resulted in a comprehensive and more detailed audit report; and

'The Water and Sewerage Pricing Process' (Report No. 2 / 2014) was a more complex audit than anticipated with respect to administrative processes associated with the reporting of the audit. The nature of the audit and the subject matter required additional communication and reporting processes not usually undertaken for performance audits. This included the provision of multiple versions of the report to auditees and additional quality assurance and peer reviews.

The timeliness of the delivery of other audits has also been delayed by the departure of senior staff. Such delays highlight the challenge of completing audits with a comparatively small performance audit team.

(xii) 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 of each year.

The target was achieved as the report titled '2012-13 Financial Audits' (Report No. 7 / 2013) was tabled in the Legislative Assembly on 16 December 2013.

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

Financial audits completed in 2013-14

This table represents the audit reports and reports of factual findings that were completed during the period from 1 July 2013 to 30 June 2014.

		Audit report on financial statements	Report of factual findings on statements of performance
	Territory financial statements		
1	Territory's Annual Financial Statements	Unqualified	Not applicable
	Directorates		
2	ACT Executive	Unqualified	Not applicable
3	ACTION	Unqualified	Unqualified
4	ACT Local Hospital Network Directorate	Unqualified	Unqualified
5	Chief Minister and Treasury Directorate	Unqualified	Unqualified
6	Commerce and Works Directorate	Unqualified	Unqualified
7	Community Services Directorate	Unqualified	Unqualified
8	Economic Development Directorate	Unqualified	Unqualified
9	Education and Training Directorate	Unqualified	Unqualified
10	Environment and Sustainable Development Directorate	Unqualified	Unqualified
11	Health Directorate	Unqualified	Unqualified
12	Home Loan Portfolio	Unqualified	Unqualified
13	Housing ACT	Unqualified	Unqualified
14	Justice and Community Safety Directorate	Unqualified	Unqualified
15	Office of the Legislative Assembly	Unqualified	Not applicable
16	Shared Services Centre	Unqualified	Unqualified
17	Superannuation Provision Account	Unqualified	Unqualified
18	Territory and Municipal Services Directorate	Unqualified	Unqualified
19	Territory Banking Account	Unqualified	Unqualified
20	Treasury Directorate	Unqualified	Unqualified
	Authorities		
21	ACT Building and Construction Industry Training Fund Authority	Unqualified	Unqualified

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

Financial audits completed in 2013-14 (continued)

		Audit report on financial statements	Report of factual findings on statements of performance
	Authorities (continued)		
22	ACT Compulsory Third-Party Insurance Regulator	Unqualified	Unqualified
23	ACT Insurance Authority	Unqualified	Unqualified
24	ACT Gambling and Racing Commission	Unqualified	Unqualified
25	ACT Long Service Leave Authority	Unqualified	Unqualified
26	ACT Public Cemeteries Authority	Unqualified	Unqualified
27	Canberra Institute of Technology	Unqualified	Unqualified
28	Cultural Facilities Corporation	Unqualified	Unqualified
29	Exhibition Park Corporation	Unqualified	Unqualified
30	Independent Competition and Regulatory Commission	Unqualified	Unqualified
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	UCU Ltd	Unqualified	Not applicable
42	University of Canberra College Pty Limited	Unqualified	Not applicable
43	ActewAGL Distribution Partnership	Unqualified	Not applicable
44	ActewAGL Joint Venture Special Purpose Financial Report	Unqualified	Not applicable

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

Financial audits completed in 2013-14 (Continued)

		Audit report on financial statements	Report of factual findings on statements of performance
	Joint ventures and partnerships		
45	ActewAGL Retail Partnership	Unqualified	Not applicable
46	ActewAGL Summary Financial Report	Unqualified	Not applicable
47	Crace Joint Venture 30 June	Unqualified	Not applicable
48	Crace Joint Venture – Special Purpose at 17 May 2013	Unqualified	Not applicable
49	Forde Joint Venture 30 June	Unqualified	Not applicable
50	Lyons Estate Redevelopment Joint Venture	Unqualified	Not applicable
51	Nicholls Primary School Joint Facilities	Unqualified	Not applicable
52	Woden East Joint Venture	Unqualified	Not applicable
	Other audits		
53	Canberra Business Development Fund	Unqualified	Not applicable
54	Capital Region Community Foundation Gift Fund	Unqualified	Not applicable
55	Capital Region Community Foundation Open Fund	Unqualified	Not applicable
56	Commonwealth Funding under the Nation Building Program (National Land Transport) Act 2009 – Black Spot Projects 30 June 2013	Unqualified	Not applicable
57	Commonwealth Funding under the Nation Building Program (National Land Transport) Act 2009 – National Projects 30 June 2013	Unqualified	Not applicable
58	Commonwealth Funding under the Nation Building Program (National Land Transport) Act 2009 – Roads to Recovery 30 June 2012	Unqualified	Not applicable
59	Commonwealth Funding under the Nation Building Program (National Land Transport) Act 2009 – Roads to Recovery 30 June 2013	Unqualified	Not applicable
60	Commonwealth Funding under the Interstate Road Transport Act 1985 – Expenditure Statement	Unqualified	Not applicable
61	Commonwealth Funding under the Interstate Road Transport Act 1985 – Revenue Statement	Unqualified	Not applicable

ACT AUDITOR-GENERAL'S OFFICE

Explanations Accompanying the Statement of Performance (Continued)

Year Ended 30 June 2014

Financial audits completed in 2013-14 (Continued)

		Audit report on financial statements	Report of factual findings on statements of performance
	Other audits (Continued)		
62	Default Insurance Fund	Unqualified	Not applicable
63	Gungahlin Cemetery Perpetual Care Trust	Unqualified	Not applicable
64	Hall Cemetery Perpetual Care Trust	Unqualified	Not applicable
65	National Health Funding Pool Account for the ACT	Unqualified	Not applicable
66	Nominal Defendant	Unqualified	Not applicable
67	Public Trustee for the ACT – Trust Account	Unqualified	Not applicable
68	University of Canberra Research Income Return	Unqualified	Not applicable
69	Woden Cemetery Perpetual Care Trust	Unqualified	Not applicable
70	Woden Mausoleum Perpetual Care Trust	Unqualified	Not applicable
71	Digital Hubs Program	Unqualified	Not applicable

APPENDIX A: FINANCIAL AUDIT FEES

The Audit Office's Annual Report is required by subsection 11A(5) of the A-G Act to disclose the basis on which the Auditor-General decided fees for financial audits conducted during the reporting period.

Fees charged to agencies for financial audits are based on estimates of the time and related costs of completing audits. While these estimates are prepared using information on actual time taken in previous years, they also take into account known factors that would cause major changes to the cost of audits. The factors include:

- changes to information systems used by the agency to prepare its financial statements;
- changes in the number and type of accountability indicators;
- changes to accounting, reporting and audit requirements; and
- administrative restructures.

Fees for an audit undertaken by contractors are based on the amounts payable to contractors plus the time and related cost of work of Audit Office staff in managing the audit.

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:

- in the large majority of cases, will charge agencies previously advised estimated fees. This practice means that surpluses or deficits will inevitably be recorded on individual audits; and
- may decide to amend fees on the basis of the time and costs incurred over a number of years rather than amending fees as soon as a surplus or deficit is recorded. Audit fees are more likely to be amended when surpluses or deficits are generated over a number of years.

Overall the Audit Office plans to recover the costs of completing all financial audits.

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

Audit fees are estimated to decrease by \$41 872 (1.1 percent) from \$3 785 538 in 2012-13 to \$3 743 666 in 2013-14. This small decrease mainly resulted from:

- audits being performed in 2012-13 that are no longer required 2013-14 (Shared Services Centre, Treasury Directorate, NATSEM Pty Limited, Crace Joint Venture, Forde Joint Venture and Woden East Joint Venture); and
- a decreases in audit fees for several audits following an assessment of the cost of the audit and surpluses generated on the audit in recent years.

These decreases are estimated to be largely offset by increases in audit fees:

- to recover the costs of using information technology specialists to review major revenue systems (Community 2008, Territory Revenue System, Cashlink, rego.act and MyWay);
- charged to the Commerce and Works Directorate due to the inclusion of the Shared Services Centre and some functions of the former Treasury Directorate in the 2013-14 financial statements of the Directorate;
- to recover higher costs charged by audit contractors to review new billing, finance and human resource systems (ACTEW Corporation Limited and ActewAGL Joint Venture);
- to recover higher costs of accounting advice on audits (University of Canberra and ACTEW Corporation Limited); and
- an increase in audit fees for several audits following an assessment of the cost of the audit and to reduce deficits incurred in recent years.

Financial audit fees charged to agencies are presented in Tables 1 to 6 later in this Appendix. These fees vary from that reported in the Audit Office's financial statements because the financial statements include amounts owing to the Office at the end of each of the reporting periods covered by the Office's financial statements.

Explanations for variations on individual audits are provided after Table 6 in this Appendix.

Estimated financial audit fees (excluding GST) shown for 2013-14 are for audits with reporting periods ending 31 December 2013 and 30 June 2014.

Table 1: Summary of financial audit fees

	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Territory (see Table 2)	139 317	139 317
Directorates (see Table 2)	1 878 643	1 809 115
Statutory authorities (see Table 3)	934 499	994 336
Territory-owned corporations and other companies (see Table 4)	411 513	378 430
Joint ventures and partnerships (see Table 5)	336 207	320 831
Other audits (see Table 6)	85 359	101 637
Total financial audit fees	3 785 538	3 743 666

Source: Audit Office records

Table 2: Financial audit fees – Territory and directorates

	Note	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Territory financial statements			
Territory's consolidated annual financial statements	1	139 317	139 317
Total financial audit fees – Territory		139 317	139 317
Directorates			
Territory Banking Account	2	41 595	36 595
Capital Metro Agency	3	-	25 000
Chief Minister and Treasury Directorate	4	130 000	125 000
Community Services Directorate		105 003	108 153
Commerce and Works Directorate	5	80 000	180 000
Economic Development Directorate	6	135 000	120 000
Education and Training Directorate	7	124 425	119 425
Environment and Sustainable Development Directorate	8	125 000	132 500
Executive		18 749	19 311
Health Directorate	9	204 147	189 147
Home Loan Portfolio	10	16 285	19 285
Housing ACT	11	102 282	97 282

Table 2: Financial audit fees – Territory and directorates (continued)

	Note	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Shared Services Centre	12	83 429	-
Justice and Community Safety Directorate	13	221 837	255 587
Office of the Legislative Assembly		36 806	37 910
Local Hospital Network Directorate	14	45 000	40 000
Superannuation Provision Account	15	51 422	46 422
Treasury Directorate	16	107 665	-
Territory and Municipal Services Directorate	17	249 998	257 498
Total		1 878 643	1 809 115

Explanatory notes are provided after Table 6 in this Appendix

Table 3: Financial audit fees – statutory authorities

	Note	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Statutory authorities			
ACTION Authority		106 536	109 732
Building and Construction Industry Training Fund Authority		18 105	18 648
Canberra Institute of Technology		114 000	117 990
Compulsory Third Party Insurance Regulator	18	13 000	16 000
Cultural Facilities Corporation	19	35 510	45 510
Default Insurance Fund	20	26 140	26 140
Exhibition Park Corporation		34 267	35 295
Gambling and Racing Commission	21	34 866	39 866
Independent Competition and Regulatory Commission		23 104	23 797
Insurance Authority		54 495	56 988
Land Development Agency	22	102 044	97 044
Legal Aid Commission		42 305	43 574
Long Service Leave Authority	23	56 682	48 682
Nominal Defendant	24	25 988	25 988
Public Cemeteries Authority and Related Perpetual Care Trusts	25	39 102	46 602

Table 3: Financial audit fees – statutory authorities (continued)

	Note	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Public Trustee for the ACT - Office Account	26	20 355	30 355
University of Canberra	27	188 000	212 125
Total		934 499	994 336

Explanatory notes are provided after Table 6 in this Appendix

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

	Note	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Territory-owned corporations and other companies			
ACTEW Corporation Limited	28	176 648	164 212
ACTEW Distribution Limited		12 016	12 280
ACTEW Retail Limited		12 016	12 280
ACTTAB Limited		52 885	54 544
CIT Solutions Pty Limited		28 334	29 326
Community Housing Canberra Limited		42 114	43 377
NATSEM Pty Limited	29	27 200	-
University of Canberra College Pty Limited		25 300	26 186
UCU Ltd		35 000	36 225
Total		411 513	378 430

Explanatory notes are provided after Table 6 in this Appendix

Table 5: Financial audit fees – joint ventures and partnerships

	Note	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Joint ventures and partnerships			
ActewAGL Joint Venture	30	265 000	281 739
Crace Joint Venture (30 June)		13 178	13 573
Crace Joint Venture (31 December)	31	9 662	-
Crace Joint Venture – Statement of Financial Position at 17 May	32	5 300	-
Forde Joint Venture (30 June)		10 178	10 483
Forde Joint Venture (31 December)	33	8 113	-
Lyons Estate Redevelopment Joint Venture		14 598	15 036
Woden East Joint Venture	34	10 178	-
Total		336 207	320 831

Explanatory notes are provided after Table 6 in this Appendix

Table 6: Financial audit fees – other audits

	Note	2012-13 Actual Audit Fees \$	2013-14 Estimated Audit Fees \$
Other audits			
Canberra Business Development Fund		12 341	12 711
Commonwealth Funding for Roads Program (several small grant acquittal audits)		13 660	14 070
Digital Hubs Program		3 300	3 399
University of Canberra Research Income Return		3 888	4 024
National Health Funding Pool Account	35	16 000	21 000
Nicholls Primary School Joint Facilities		3 181	3 276
Public Trustee for the ACT - Trust Account	36	27 391	37 391
Capital Region Foundation Gift Fund		2 799	2 883
Capital Region Foundation Open Fund		2 799	2 883
Total		85 359	101 637

Explanatory notes are provided below

Explanatory notes

Note 1: The fee for the audit of the Territory's consolidated annual financial statements was not changed as the fee was assessed to be sufficient to meet the estimated cost of the audit.

- Note 2: The audit fee for the Territory Banking Account was reduced because an accounting expert was not needed in 2013-14 to review whether complex disclosures of financial instruments in the financial statements of the Territory Banking Account complied with Australian Accounting Standard AASB 7: 'Financial Instrument Disclosures'.
- Note 3: The newly established Capital Metro Agency will be audited for the first time 2013-14.
- Note 4: The audit fee for the Chief Minister and Treasury Directorate was reduced. Even though the Directorate includes the functions of the former Treasury Directorate for all of the 2013-14 reporting period, audit fees were reduced following an assessment of the cost of the audit and surpluses generated in recent years.
- Note 5: The increase in the audit fee for Commerce and Works Directorate resulted from the inclusion of the Shared Services Centre in the 2013-14 financial statements of the Directorate and functions of the former Treasury Directorate for all of the 2013-14 reporting period. In addition, the audit fee also includes the estimated cost of using information technology specialists to review controls in the Community 2008 and Territory Revenue System.
- Note 6: The audit fee for the Economic Development Directorate was decreased following an assessment of the cost of the audit given surpluses generated in recent years.
- Note 7: The audit fee for the Education and Training Directorate was reduced after an assessment of the cost of the audit given surpluses generated in recent years.
- Note 8: The audit fee for the Environment and Sustainable Development Directorate was increased to recover half of the cost of using information technology specialists to review controls in the Cashlink system. The other half of this cost has been included in the audit fee for the Justice and Community Safety Directorate.
- Note 9: The audit fee for the Health Directorate was reduced following an assessment of the cost of the audit given surpluses generated in recent years.
- Note 10: The audit fee for the Home Loan Portfolio was increased to reduce deficits incurred on this audit over recent years.
- Note 11: The audit fee for the Housing ACT was reduced following an assessment of the cost of the audit given surpluses generated in recent years.
- Note 12: An audit of the financial statements of the Shared Services Centre is no longer required. As disclosed in Note 5, the financial results of the Shared Services Centre are included in the 2013-14 financial statements of the Commerce and Works Directorate.
- Note 13: The audit fee for the Justice and Community Services Directorate was increased to recover the cost of using information technology specialists to review controls in revenue systems (Cashlink and rego.act) As disclosed in Note 8, half of the costs of reviewing Cashlink have been included in the audit fee for the Environment and Sustainable Development Directorate.
- Note 14: The audit fee for the Local Hospital Network Directorate was reduced following an assessment of the cost of the audit given the surplus generated in 2012-13.
- Note 15: The audit fee for the Superannuation Provision Account was reduced because an accounting expert was not needed in 2013-14 to review whether complex disclosures of financial instruments in the financial statements of the Territory Banking Account complied with Australian Accounting Standard AASB 7: 'Financial Instrument Disclosures'.
- Note 16: An audit of the financial statements of the Treasury Directorate is no longer required. As disclosed in Note 4 and Note 5, the financial results of the Treasury Directorate are included in the 2013-14 financial statements of the Chief Minister and Treasury Directorate and Commerce and Works Directorate.
- Note 17: While the audit fee includes the estimated cost of using information technology specialists to review controls in ACTION's ticketing system (MyWay), the increase in the audit fee for the Territory and Municipal Services Directorate was limited to an increase by a wage price index in view of surpluses generated in recent years.
- Note 18: The audit fee for the Compulsory Third Party Insurance Regulator was increased to address the deficit incurred in 2011-12. In 2011-12, an audit of the Regulator was performed for the entire reporting period for the first time.
- Note 19: The audit fee for the Cultural Facilities Corporation was increased to reduce deficits incurred on this audit in recent years.
- Note 20: The fee for the audit of the financial statements of the Default Insurance Fund was not changed as fees were assessed as sufficient to meet the estimated cost of the audit given the surplus generated in 2012-13.
- Note 21: The audit fee for the Gambling and Racing Commission was increased to reduce deficits incurred on this audit in recent years.
- Note 22: The audit fee for the Land Development Agency was reduced following an assessment of the cost of the audit given surpluses generated in recent years.
- Note 23: The audit fee for the Long Service Leave Authority was reduced following an assessment of the cost of the audit given surpluses generated in recent years.
- Note 24: The fee for the audit of the financial statements of the Nominal Defendant was not changed as fees were assessed as sufficient to meet the estimated cost of the audit given the surplus generated in 2012-13.
- Note 25: The audit fee for the Public Cemeteries Authority and Related Perpetual Care Trusts was increased to reduce deficits incurred on these audits in recent years.

- Note 26: The audit fee for the Public Trustee for the ACT - Office Account was increased to reduce deficits incurred on this audit in recent years. Additional audit work will be required due to an alleged fraud that is under investigation by the Public Trustee.
- Note 27: The increase in audit fee for the University of Canberra was mainly due to the higher cost of using accounting experts to review accounting treatments in the preparation of the financial statements, wage price indexation and review the accounting for NATSEM's unaudited financial results in the financial results of the University. As disclosed in Note 29, an audit of NATSEM Pty Limited was not required in 2013.
- Note 28: The fee for the audit of the financial statements of the ACTEW Corporation Limited was reduced as higher fees were charged in 2012-13 to recover costs incurred by the audit contractor resulting from delays in the audit process. This is expected to be partially offset additional costs in 2013-14 of reviewing new billing, finance and human resource systems and assessing the accounting treatment for the ActewAGL Joint Venture under new requirements of Australian accounting Standard AASB 11: 'Joint Arrangements'.
- Note 29: As disclosed in Note 27, an audit of NATSEM Pty Limited was not required in 2013.
- Note 30: The fee for the audit of the financial statements of the ActewAGL was increased to recover higher costs expected to be charged by the audit contractor in 2013-14 to review new billing, finance and human resource systems.
- Note 31: An audit of the Crace Joint Venture (31 December) is no longer required. Audits are now performed on an annual, rather six monthly, basis.
- Note 32: The audit of the Crace Joint Venture at 17 May 2013 was performed at the request of a new participant to the joint venture. A similar request has not been received for the 2013-14 reporting period.
- Note 33: An audit of the Forde Joint Venture (31 December) is no longer required. Audits are now performed on an annual, rather six monthly, basis.
- Note 34: An audit of the Woden East Joint Venture (31 December) is no longer required as the joint venture has been completed.
- Note 35: The fee for the audit of the financial statements of the National Health Funding Pool Account was increased as the Account has been operating for all of the 2013-14 reporting period. The Account only operated for three months of the 2012-13 reporting period.
- Note 36: The audit fee for the Public Trustee for the ACT - Trust Account was increased to reduce deficits incurred on this audit in recent years. Additional audit work will be required due to an alleged fraud that is under investigation by the Public Trustee.

APPENDIX B: COMPLIANCE INDEX FOR THE 2013-14 REPORT

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Source: Audit Office records

Note 1: 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 2: The Audit Office did not undertake capital works in 2013-14.

Note 3: 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.

APPENDIX C: AUDIT OFFICE REPORTS

Audit reports published in recent years are listed below.

Reports Published in 2013-14	
Report No. 5 / 2014	Capital Works Reporting
Report No. 4 / 2014	Gastroenterology & Hepatology Unit, Canberra Hospital
Report No. 3 / 2014	Single Dwelling Development Assessments
Report No. 2 / 2014	The Water and Sewerage Pricing Process
Report No. 1 / 2014	Speed Cameras in the ACT
Report No. 8 / 2013	Management of Funding for Community Services
Report No. 7 / 2013	2012-13 Financial Audits
Report No. 6 / 2013	ACT Auditor-General's Office Annual Report 2012-13
Report No. 5 / 2013	Bushfire Preparedness
Reports Published in 2012-13	
Report No. 4 / 2013	National Partnership Agreement on Homelessness
Report No. 3 / 2013	ACT Government Parking Operations
Report No. 2 / 2013	Executive Remuneration Disclosed in ACTEW Corporation Limited's (ACTEW) 2010-11 Financial Statements and Annual Report 2011
Report No. 1 / 2013	Care and Protection System
Report No. 10 / 2012	2011-12 Financial Audits
Report No. 9 / 2012	Grants of Legal Assistance
Report No. 8 / 2012	Australian Capital Territory Public Service Recruitment Practices
Report No. 7 / 2012	ACT Auditor-General's Annual Report 2011-12
Report No. 6 / 2012	Emergency Department Performance Information
Reports Published in 2011-12	
Report No. 5 / 2012	Management of Recycling Estates and E-waste
Report No. 4 / 2012	Development Application and Approval System for High Density Residential and Commercial Developments
Report No. 3 / 2012	Early Childhood Schooling
Report No. 2 / 2012	Whole-of-Government Information and ICT Security Management and Services
Report No. 1 / 2012	Monitoring and Minimising Harm Caused by Problem Gambling in the ACT
Report No. 06 / 2011	Management of Food Safety in the Australian Capital Territory
Report No. 05 / 2011	2010-11 Financial Audits
Report No. 04 / 2011	Annual Report 2010-11
Report No. 05 / 2010	Delivery of ACTION Bus Services

Details of reports published prior to 2011-12 can be obtained from the ACT Audit Office or the ACT Audit Office's homepage: <http://www.audit.act.gov.au>.

AVAILABILITY OF REPORTS

Copies of reports issued by the ACT Audit Office are available from:

ACT Audit Office
Level 4, 11 Moore Street
Canberra City ACT 2601

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ACT Audit Office Homepage: www.audit.act.gov.au