

ACT AUDITOR–GENERAL'S **ANNUAL REPORT**

2022–23 Annual Report

The ACT Audit Office acknowledges the Ngunnawal people as the traditional custodians of the ACT and recognises any other people or families with connection to the lands of the ACT and region.

The ACT Audit Office acknowledges and respects their continuing culture and the contribution they make to the life of this city and this region.

Contact for this report

General enquiries about this report should be directed to:

Email: actauditorgeneral@act.gov.au

Phone: 02 6027 0833

Postal address: ACT Audit Office, GPO Box 158, Canberra ACT 2601.

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Freedom of information requests can be made by emailing: actauditorgeneral@act.gov.au

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Produced for the Office of the ACT Legislative Assembly by the ACT Audit Office.

Information about the ACT Audit Office and an electronic version of this annual report can be found on the website www.audit.act.gov.au.

Contents

Contents.....	i
List of abbreviations and glossary.....	v
A Transmittal Certificate	vii
B Organisational overview and performance	1
B.1 Organisational overview	1
B.1.1 Vision, role and values	1
B.1.2 Organisation.....	5
B.1.3 Performance and outlook	6
B.1.4 Internal accountability	6
B.1.5 Key internal accountability mechanisms	10
B.1.6 Strategic and organisational planning	10
B.1.7 Executive remuneration.....	10
B.2 Performance analysis.....	11
B.2.1 Audit Office objectives.....	11
B.2.2 Financial results of the ACT Audit Office	11
B.2.3 Performance audits.....	12
B.2.4 Meeting targets.....	12
B.2.5 Performance audit reports and other reports tabled in 2022-23	13
B.2.6 Planning for performance audits	13
B.2.7 Timeliness of performance audits	14
B.2.8 Satisfaction with performance audits.....	14
B.2.9 Performance audit methods and practices	16
B.2.10 Monitoring and improving the quality of performance audit work.....	17
B.2.11 New reports	18
B.2.12 Financial Audits	19
B.2.13 Meeting targets.....	19
B.2.14 Improving reporting.....	20
B.2.15 Financial audit webinar.....	21
B.2.16 Improving the quality of financial audit work	21
B.2.17 Comparison with other jurisdictions	22
B.3 Scrutiny	23
B.3.1 ACT Legislative Assembly inquiries and reports	23

B.3.2	Reports of the Ombudsman	24
B.4	Risk management	24
B.4.1	Risk management.....	24
B.5	Internal audit	25
B.5.1	Audit and Review Committee	25
B.6	Fraud prevention	27
B.6.1	Integrity Risk Register	27
B.6.2	Fraud and Corruption Prevention Plan.....	28
B.6.3	Senior Executive Responsible for Business Integrity Risk.....	28
B.7	Freedom of information	29
B.7.1	Open access information	29
B.7.2	FOI applications received and decision type	29
B.7.3	FOI processing timeframe.....	29
B.7.4	Amendment to personal information.....	29
B.7.5	Reviews and fees.....	29
B.7.6	Process to lodge a request.....	30
B.8	Community engagement and support	30
B.8.1	Community engagement activities	30
B.8.2	Community support initiatives: Grants and sponsorship.....	30
B.9	Aboriginal and Torres Strait Islander reporting.....	30
B.10	Work health and safety	32
B.10.1	Workplace safety representatives	32
B.10.2	Workstation – staff practices and assessments	32
B.10.3	Health and well-being initiatives	32
B.11	Human resources management	33
B.11.1	Workforce planning	33
B.11.2	Forward work and human resource planning	34
B.11.3	Staffing profile.....	34
B.11.4	Workplace diversity	36
B.11.5	Age profile.....	36
B.11.6	Learning and development.....	36
B.12	Ecological sustainability reporting.....	37
C	Financial management reporting.....	41
C.1	Financial management analysis.....	41
C.1.1	Operating results	41

C.1.2	Financial results	41
C.1.3	Income	42
C.1.4	Expenses.....	43
C.1.5	Financial position	43
C.2	Financial statements.....	45
C.3	Capital works	77
C.4	Asset management.....	77
C.4.1	Assets managed	77
C.4.2	Accommodation.....	77
C.5	Government contracting	77
C.6	Statement of performance	79
Appendix A:	Financial Audit Fees.....	101
Appendix B:	Compliance index	107
Appendix C:	Audit Office reports.....	109

List of abbreviations and glossary

ACAG	Australasian Council of Auditors-General
A-G Act	<i>Auditor-General Act 1996</i>
ACT	Australian Capital Territory
ASE	Agency Security Executive
ASPIRE	Auditing Systems by Planning, Implementing, Reporting and Evaluating
Audit Office	ACT Audit Office
Auditees	ACT Government entities audited by the Auditor-General
CO2-e	Carbon dioxide equivalent
CA	Chartered Accountants Australia and New Zealand
CPA	CPA Australia
CPSU	Community and Public Sector Union
ESR	Ecological Sustainability Reporting
FA	Financial Audit
FTE	Full-time equivalent
FOI	Freedom of Information
FOI Act 2016	<i>Freedom of Information Act 2016</i>
GST	Goods and services tax
HR	Human resources
IMPACT	International Meeting of Performance Audit Critical Thinkers
IT	Information technology
KwH	Kilowatt-hour
MLA	Members of the ACT Legislative Assembly
OCC	Office Consultative Committee
PA	Performance Audit
PAC	Standing Committee on Public Accounts
PASAI	Pacific Association of Supreme Audit Institutions
PAMPr	Performance Audit Methods and Practices
SERBIR	Senior Executive Responsible for Business Integrity Risk
Strategic Plan	<i>Strategic Plan 2023-2026 of the ACT Audit Office</i>

A Transmittal Certificate



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

Joy Burch MLA
Speaker
Legislative Assembly ACT
London Circuit
Canberra ACT 2601

Dear Madam Speaker

I have pleasure in submitting the 2022-23 Annual Report of the ACT Audit Office (Audit Office). The Annual Report has been prepared to fulfil the requirements of section 7A of the *Annual Reports (Government Agencies) Act 2004*. While paragraph 8(2)(b) of the Act advises that an annual report direction does not apply to Officers of the ACT Legislative Assembly, this report has been prepared to respect the directions outlined in the *Annual Reports (Government Agencies) Directions 2023*.

I certify that the information in the attached 2022-23 Annual Report, and information for whole of government reporting, is an honest and accurate account of the management of the Audit Office and that all material information on the operations of the Audit Office has been included for the period from 1 July 2022 to 30 June 2023.

I also hereby certify that fraud prevention in 2022-23 was managed in accordance with *Public Sector Management Standards 2006 (repealed)*, Part 2.3 (see section 113, *Public Sector Management Standards 2016*).

Section 15 of the *Annual Reports (Government Agencies) Act 2004* requires that you present a copy of the Annual Report to the ACT Legislative Assembly within 15 weeks after the end of the reporting year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. L. Harris', with a horizontal line underneath.

Michael Harris
Auditor-General
9 October 2023

B Organisational overview and performance

B.1 Organisational overview

The *Auditor-General Act 1996* (A-G Act) governs the functions and powers of the Auditor-General. It also establishes that the Auditor-General is an independent Officer of the ACT Legislative Assembly. While this emphasises the important connection with the ACT Legislative Assembly, the Auditor-General is an independent statutory position with complete discretion in how functions are undertaken.

The Auditor-General conducts independent financial and performance audits on ACT Government agencies and those entities in receipt of ACT Government funding or resources. The results of these audits are reported to the ACT Legislative Assembly and ACT community. Audits are, therefore, an important means of holding agencies and entities to account and encouraging them to continuously improve their activities.

Additionally, the Auditor-General receives representations from the public, with some issues raised being examined through performance audits.

The ACT Audit Office (Audit Office) supports the Auditor-General in performing his functions.

B.1.1 Vision, role and values

The Audit Office's [Strategic Plan 2023-2026](#) (Strategic Plan) sets out the vision, role, and values of the Audit Office and defines its objectives. It is available on the Audit Office's website (www.audit.act.gov.au).

The vision is 'an accountable and highly performing ACT Public Sector' and the Audit Office's role is to:

- provide an independent view to the ACT Legislative Assembly and the community on the accountability, efficiency and effectiveness of the ACT Public Sector;
- foster accountability in the public administration of the Territory; and
- promote the efficiency and effectiveness of public services and programs provided by the Territory.

B.1.1.1 Values

The values which 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.

These values align with those of the ACT Public Service; a difference arises due to the Audit Office's core value of independence which takes precedence over the ACT Public Service value of collaboration. While the Audit Office uses collaborative approaches in undertaking its work, attention is given to doing this within the context of the Audit Office's independence.

B.1.1.2 Independence

The independence of the Auditor-General and the quality and objectivity of the Audit Office's work form the foundation of the Audit Office's standing and reputation.

Provisions in the A-G Act support the Auditor-General to undertake financial and performance audits independent of the agency or entity being audited. The A-G Act mandates that the Auditor-General is not subject to direction in the exercise of the Auditor-General's functions. A similar provision applies to Audit Office staff, who are not subject to direction from anyone other than the Auditor-General or another member of the Audit Office authorised by the Auditor-General.

While having legislation that enshrines independence is important, so are the professional auditing standards that require auditors' attestations of independence, adopted by the Audit Office. Also of importance is the commitment by staff to independence in the conduct and reporting of audits. This ability is tested at recruitment and re-enforced by ongoing professional development activities supported by the Office's learning and development program. Importantly, the values of the Audit Office are fostered in all activities staff undertake.

B.1.1.3 Integrity

Integrity, honesty, truthfulness and fairness are achieved primarily through the quality of the people we recruit and are emphasised through ongoing professional development activities and regular internal communication.

Integrity is routinely examined through the Audit Office's strong quality assurance and quality control processes for financial and performance audits and is considered an important aspect of the governance arrangements for the Audit Office. There is also a program of internal audits, overseen by the Audit and Review Committee, which assists in strengthening the governance of the Audit Office. The Committee's membership includes two independent external members in addition to an internal senior officer. One of these external members is appointed as the Chair of the Committee.

In addition to the above, the Audit Office places continuing emphasis on risk management (covered in Section B.4.1 'Risk management'). One of the key risks in this area is the quality of audits. To address this risk, the Audit Office routinely undertakes a self-assessment against the requirements of the quality control standards issued by the Accounting Professional and Ethical Standards Board and the Auditing and Assurance Standards Board.

The Audit Office conducts quality assurance reviews of its financial and performance audit work every year in accordance with its *Quality Control and Assurance Policy*. The quality assurance work relating to performance audits and financial audits is discussed under Section B.2.10 'Monitoring and improving the quality of performance audit work' and Section B.2.16 'Improving the quality of financial audit work'

B.1.1.4 Professionalism

Professionalism includes a commitment for staff to fulfil obligations. Importantly, this involves the completion of an annual program of financial and performance audits. Information on the progress of the program is provided in Section B.2 'Performance analysis'.

A part of the Office's value of professionalism is to seek to deliver services despite any adverse events; therefore, risk management is important. For the Audit Office, a key risk arises from its small size which contributes to significant key person dependencies.

The Auditor-General is a member of the Australasian Council of Auditors-General (ACAG), which is a forum for all Auditors-General in Australia and some from the Pacific region, to share information. It fosters performance improvement through supporting targeted projects, such as mutual quality assurance reviews and benchmarking.

There are ACAG sub-committees which focus on financial audits; performance audits; financial reporting and accounting; quality assurance and auditing; and data analytics. Sub-committees provide opportunities for executives and senior audit staff to share information and work together on key issues relevant to audit offices. The Auditor-General has been appointed the Chair of the financial reporting and accounting sub-committee for a period of two years.

The Auditor-General attended the 24th Pacific Association of Supreme Audit Institutions (PASAI) Congress in Koror, Palau on 27 February to 3 March 2023. The Audit Office became a member of PASAI during 2022-23.

The Audit Office formed a twinning arrangement with the Kiribati Audit Office to assist with introducing performance audit into the Kiribati Audit Office remit of work. The Speaker of the ACT Legislative Assembly and the Auditor-General issued a joint media release on 28 April 2023 about the ACT Audit Office and Kiribati Audit Office twinning partnership. The ACT Legislative Assembly and the Kiribati Maneaba ni Maungatabu (national parliament) also have a partnership.

B.1.1.5 Respect

This value reflects the Audit Office's concerted effort to strengthen the trust and respect of stakeholders through effective engagement.

The Audit Office serves the community through the elected representatives in the ACT Legislative Assembly to whom it reports. Each year, there are many interactions with Members of the ACT Legislative Assembly (MLAs). MLAs can provide their feedback to the Auditor-General at any time.

Engagement with the Speaker of the ACT Legislative Assembly and members of the Standing Committee on Public Accounts (PAC) occurs more frequently, given their respective roles.

Another way in which the Audit Office shows respect for the community is in the development of the annual performance audit program. Information received from representations, key community groups, the PAC, MLAs, the Head of Service and ACT Government directorates and other entities is considered.

Building confidence in the work of the Audit Office is also achieved through consultation at key stages of an audit and by seeking and responding to feedback provided by auditees. The Audit Office builds its understanding of the operations of agencies by routinely attending agencies' internal audit committee meetings. Attendance at these meetings improves communication with agencies and informs the Audit Office of emerging issues.

A financial audit reporting webinar was conducted by the Audit Office for auditees on 22 March 2023 and was positively received by a wide range of attendees. Additionally, briefings are provided to auditees routinely as part of audit planning processes and when requested.

Auditees' perceptions of audits are routinely collected through surveys of audited agencies and detailed information is included in the reporting on the Audit Office's Statement of Performance. In brief, all respondents thought financial audits and performance audits were conducted satisfactorily and in a professional manner.

The 2023 Audit Office Staff Survey reported that 87 percent of staff find their work satisfying. The staff survey is an important tool to identify areas of continuous improvement for the Office.

B.1.1.6 Learning and innovation

As discussed in Section B.11.6 'Learning and development', the Audit Office continued to give a high priority to improving staff capabilities. Staff are trained on a diverse range of topics including requirements of the auditing and accounting standards and opportunities to pursue individual training needs identified in discussion with supervisors.

The Audit Office has established a data analytics project team to examine options to establish a function to oversee the use of technology solutions and data for financial and performance audits. As ACT Government agencies are making greater use of technology to support their operations and provide services to the public, such a function will assist the Audit Office to maintain efficiency in its audit approaches and aim to enhance the Office's ability to provide assurance over digital records.

In November 2022 the Performance Audit Team spent a day walking and talking at Mulligan's Flat Woodland Sanctuary with Mr Richie Allan, a Ngunnawal and Kamilaroi man and Director of the Traditional Owners Aboriginal Corporation. Team members wanted to improve their cultural awareness and learn about creating workplaces that are culturally safe for Aboriginal and Torres Strait Islander people.

The Audit Office co-hosted the 2023 International Meeting of Performance Audit Critical Thinkers (IMPACT) with the Australian National Audit Office (ANAO) that took place in Canberra on 19 and 20 April 2023. The conference is an opportunity for auditors, both national and international to discuss emerging issues and best practices in performance audit. The overarching theme for the conference was 'The Auditor of the Future' and it explored themes of 'technology as a tool' and 'technology and the impact on the auditor'. The Chair of the Legislative Assembly Standing Committee on Public Accounts presented to the conference, providing insights into the impact of audit from a parliamentary perspective.

The Audit Office continued to support staff studying for tertiary and professional qualifications including covering the costs of up to two professional memberships for staff.

Staff undertaking the CPA and CA programs have continued to benefit from the Audit Office's accreditation as CPA Australia's Recognised Employer Partner (since 2016) and Chartered Accountants Australia and New Zealand's Recognised Training Employer (since 2017).

B.1.2 Organisation

The Audit Office consists of the following operation areas:

- Financial Audit;
- Performance Audit, and
- Professional Services.

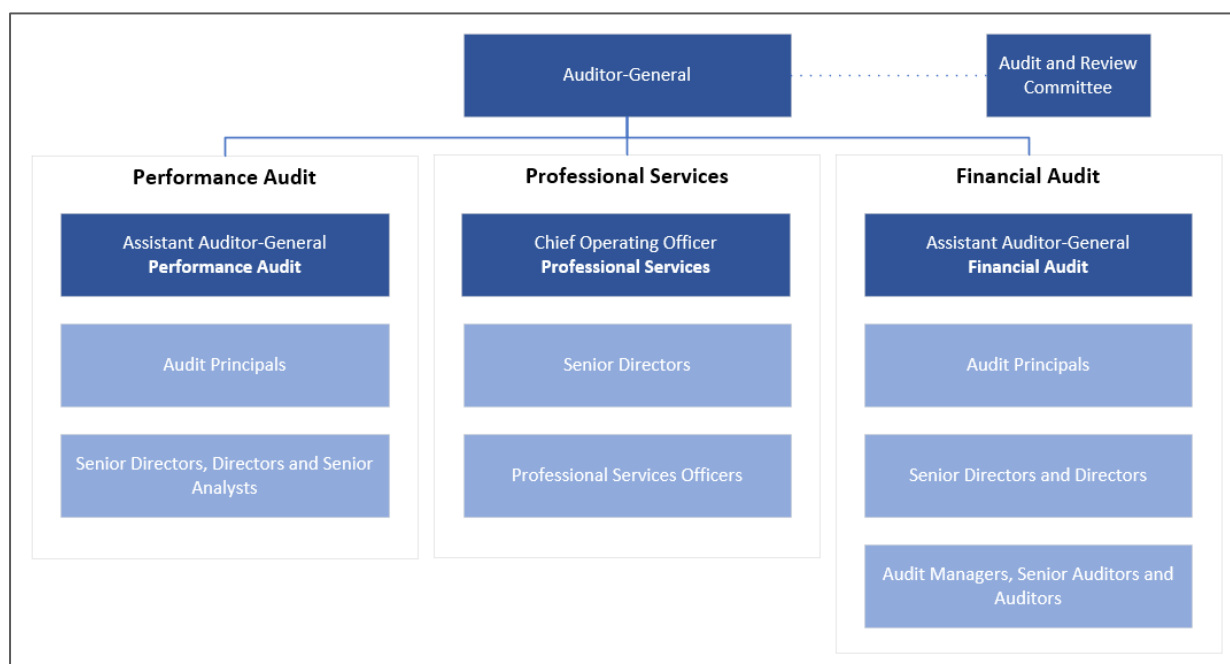
Figure B.1 shows the organization structure of the Audit Office as of 30 of June 2023.

The Audit Office's Senior Executives in 2022-23 were:

- Mr Michael Harris, Auditor-General
- Mr Ajay Sharma, Assistant Auditor-General, Financial Audit;
- Mr Brett Stanton, Assistant Auditor-General, Performance Audit; and
- Ms Caroline Smith, Chief Operating Officer, Professional Services.

Further information on these and other key management personnel, is provided in Section B.1.4.1 'Executive Committee'; and in Note 10: 'Related parties' in Section C.2 'Financial statements'.

Figure B.1 Organisational structure



B.1.3 Performance and outlook

B.1.3.1 Delivery of the Office's program of audits

In 2022-23 the Audit Office delivered 60 financial auditor's reports and 30 limited assurance reports and tabled six performance audit reports and one information report.

Information on the Audit Office's operating results is provided in Section C.1 'Financial management analysis'.

B.1.4 Internal accountability

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

B.1.4.1 Executive Committee

The Executive Committee is responsible for the management of the Audit Office, including the implementation of the Audit Office's risk management, business continuity and fraud prevention plans.

The Executive Committee comprises the Auditor-General; Assistant Auditor-General, Performance Audit; Assistant Auditor-General, Financial Audit; Chief Operating Officer, Professional Services; and a member of the Office Consultative Committee.

The Executive Committee is supported by the Executive Officer.

Executive Committee members at 30 June 2023 were the:

- Auditor-General: Mr Michael Harris, responsible for carrying out functions under the A-G Act, including promoting public accountability and undertaking audits;
- Assistant Auditor-General, Performance Audit: Mr Brett Stanton, responsible for managing Performance Audit activities. This includes management of performance audits and representations received by the Audit Office. Mr Stanton also fulfils the roles of Senior Executive Responsible for Business Integrity Risk (SERBIR) and Agency Security Executive (ASE);
- Assistant Auditor General, Financial Audit: Mr Ajay Sharma PSM, responsible for managing Financial Audit activities;
- Chief Operating Officer, Professional Services: Ms Caroline Smith, responsible for managing the day-to-day running of the Audit Office; providing advice on auditing standards; accounting and human resource matters; conducting quality assurance reviews on performance and financial audits; developing learning and development programs; and fulfilling the role of Chief Audit Executive; and
- a Member of the Office Consultative Committee (OCC): the following OCC Members individually attended the Executive Committee during 2022-23: Mr Chris Huang, Director, Financial Audit, OCC Chair until 26 August 2022; Dr Tanja Porter, Audit Principal, Performance Audit, OCC Chair from 29 August 2022 to 23 May 2023; and Ms Tehmina Mazhar, Senior Auditor, Financial Audit, OCC Member from 23 May 2023.

B.1.4.2 Internal committees, management and staff groups

The Executive Committee is supported by internal committees, management and staff groups. Management of the Audit Office is coordinated through regular meetings between the Executive, Audit Principals, Senior Directors, Directors, Audit Managers and other staff. Table B-1 outlines the internal committees in the Audit Office.

Table B-1: Internal Committees

Committee name and meeting frequency	Committee purpose	Committee membership in 2022-23
Executive Committee Generally meets fortnightly	<p>The Executive Committee is the senior group responsible for the governance and management of the Audit Office.</p> <p>The Committee considers strategic and operational matters, monitors the Audit Office's performance and determines the strategic and operational priorities for the office.</p>	<p>Chaired by Auditor-General</p> <p>Assistant Auditor-General, Financial Audit</p> <p>Assistant Auditor-General Performance Audit (and Agency Security Executive)</p> <p>Chief Operating Officer, Professional Services (and Chief Audit Executive)</p> <p>OCC Member</p> <p>Executive Officer provides secretariat services</p>

Committee name and meeting frequency	Committee purpose	Committee membership in 2022-23
<p>Audit and Review Committee</p> <p>Five meetings per year</p>	<p>The Committee provides assurance to the Auditor-General 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, quality assurance reports and reports from the Risk Manager.</p>	<p>Two independent external members, one of which is the Chair of the Committee</p> <p>One senior audit staff member from Financial Audit</p> <p>The Auditor-General and the Chief Audit Executive (Chief Operating Officer, Professional Services) have standing invitations to attend the meeting as observers</p> <p>The Director, Professional Services provides secretariat services</p>
<p>Agency Security Committee</p> <p>Generally meets fortnightly</p>	<p>The Committee monitors key protective security risks and provides oversight of the Audit Office's protective security practices.</p> <p>The Committee is a sub-committee of the Executive Committee.</p> <p>The Committee considers reports from the Risk Manager and Agency Security Adviser.</p>	<p>Chaired by the Agency Security Executive (Assistant Auditor-General, Performance Audit)</p> <p>Executive Committee</p> <p>Risk Manager and Agency Security Adviser</p>
<p>Quality Assurance and Review Committee</p> <p>Generally meets fortnightly</p>	<p>The Committee discusses quality assurance matters and monitors changes to auditing standards.</p> <p>The Committee is a sub-committee of the Executive Committee.</p>	<p>Chaired by Chief Audit Executive (Chief Operating Officer, Professional Services)</p> <p>Executive Committee</p>
<p>Office Consultative Committee</p> <p>Meets at least four times per year or more frequently as required</p>	<p>The Committee is a formal forum for liaison between the Office Executive and staff for effective consultation and staff participation in decisions that affect employment; these include changes to organisational policies and work practices. Through it, staff have input to such policies and practices.</p>	<p>Three staff representatives</p> <p>One representative from the Executive Committee (Assistant Auditor-General, Financial Audit)</p> <p>One representative from the Community and Public Sector Union (CPSU)</p>

Committee name and meeting frequency	Committee purpose	Committee membership in 2022-23
Digital Committee Meets as required	The Committee was established as a sub-committee of the Executive Committee to support the planning, prioritising and implementation of technological improvements for the Office.	Six staff representatives, including a staff member as Chair
Social Committee Meets as required	The Committee was established as a sub-committee of the Executive Committee to help maintain a positive, inclusive and supportive workplace atmosphere by creating a sense of community, harmony, familiarity and friendship amongst all staff of the Office. The Social Committee does this by organising social and recreational events for the enjoyment of staff members. This may include an end of year celebration, multicultural days and other ad hoc events throughout the year.	Four staff representatives, including a staff member as Chair

Table B-2 outlines the management of staff groups in the Audit Office.

Table B-2: Management and staff groups

Group name and meeting frequency	Purpose	Participation
Financial Audit Management meeting Generally meets fortnightly or as required	Considers strategic and operational matters relating to financial audit activities	Chaired by Assistant Auditor-General, Financial Audit Audit Principals, Financial Audit Senior Directors, Financial Audit
Financial Audit Forum Generally meets monthly	Considers operational and technical issues affecting financial audit activities.	Chaired by various Financial Audit staff Financial Audit staff

Group name and meeting frequency	Purpose	Participation
Performance Audit Team meeting Generally meeting fortnightly or as required	Considers operational issues affecting the performance audit function	Chaired by various Performance Audit staff Performance Audit staff
Professional Services Team meeting Generally meets fortnightly	Considers strategic and operational issues affecting the professional services function.	Chaired by the Chief Operating Officer, Professional Services Professional Service Staff
All staff meetings Generally held quarterly	A forum in which to share information and discuss Audit Office issues with all staff.	Chaired by Chief Operating Officer, Professional Services All staff

B.1.5 Key internal accountability mechanisms

The Audit and Review Committee (the Committee) is an important internal accountability mechanism for the Audit Office. The Committee reports directly to the Auditor-General and provides assurance on the Audit Office's risk, control and compliance framework and its external accountability responsibilities.

This Committee's membership consists of an independent Chair (external), an external member and one senior Audit Office staff member. The activities of the Audit and Review Committee are discussed in Section B.5 'Internal audit'.

The Audit Office has internal review processes that 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 under Section B.2.10 'Monitoring and improving the quality of performance audit work' and Section B.2.16 'Improving the quality of financial audit work'.

B.1.6 Strategic and organisational planning

The Audit Office's future corporate direction, planned outcomes and objectives are set out in the [Strategic Plan 2023-2026](#) (Strategic Plan). The Strategic Plan provides a means of ensuring that management and staff share a common view about the Audit Office's objectives and areas of responsibility. It is supported by reporting mechanisms for financial audit, performance audit and professional services activities and monitored regularly by the Executive Committee.

B.1.7 Executive remuneration

Executive remuneration is determined by the ACT Remuneration Tribunal and under the *ACT Remuneration Tribunal Act 1995* and under other relevant laws and instruments, such as the *Public Sector Management Act 1994* and the *Public Sector Management Standards 2016*. The Tribunal's Determinations are available from the [ACT Remuneration Tribunal](#) website.

Information on the remuneration of executives in the Audit Office is provided in Note 10 'Related Parties' in Section C.2 'Financial Statements'

Further information can be obtained from

Ms Caroline Smith, Chief Operating Officer, Professional services on telephone number (02) 6207 7829 or email caroline.smith@act.gov.au.

B.2 Performance analysis

B.2.1 Audit Office objectives

The Audit Office's strategic direction is based on the *Auditor-General Act 1996* (A-G Act) and is set out in its Strategic Plan.

Under paragraph 12(2)(b) of the *Financial Management Act 1996*, the requirement imposed on directorates to have performance criteria (i.e. accountability indicators) does not apply to the Audit Office. While the Audit Office is not required to have strategic or accountability indicators, it does so as better practice. Each year, the Audit Office also:

- advises the Speaker of the ACT Legislative Assembly and Standing Committee on Public Accounts (PAC) of its planned levels of performance by reference to specific accountability indicators and related targets; and
- prepares a Statement of Performance which compares the Audit Office's actual performance to planned levels of performance. This statement is independently reviewed by the external auditor engaged by the Speaker and is included in the Audit Office's annual report.

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

B.2.2 Financial results of the ACT Audit Office

In 2022-23, income (\$10.034 million) largely consisted of financial audit fees (\$5.788 million) and appropriation (\$4.064 million); expenses (\$9.413 million) largely comprised of employee expenses (\$7.051 million) and supplies and services costs (\$2.345 million).

The Audit Office made an operating surplus of \$621,000 in 2022-23 compared to the budgeted operating surplus of \$67,000. The significantly better operating result compared to budget is primarily due to lower employee and contractor expenses.

Further information on the Audit Office's financial results is provided in Section C.1 'Financial Management analysis.'

B.2.3 Performance audits

Performance audits are a key activity of the Audit Office. They seek to promote public accountability in the public administration of the Territory by providing the ACT Legislative Assembly and broader ACT community with an independent assessment of the management of public resources and delivery of services. Performance audits also identify areas where public administration and services could be improved and usually include recommendations that address identified issues.

In surveys undertaken by the Audit Office, auditees advised that they were satisfied with the way performance audits were conducted. Auditees' comments were largely positive and indicated 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.

In 2022-23 the Audit Office sought opportunities to reinforce and enhance the impact of performance audits. It sought to do this by:

- preparing Insights publications, the purpose of which is to provide another mechanism for the identification and dissemination of key insights arising from the conduct of performance audits; and
- preparing a report for the Public Accounts Committee on agencies' reporting on the implementation of recommendations made in performance audits.

In 2022-23 the Audit Office also explored different ways in which it can continue to promote public accountability in the public administration of the Territory through alternatives to the conduct of performance audits. This resulted in the Audit Office's first information report being presented to the Legislative Assembly.

B.2.4 Meeting targets

Table B-3: Accountability indicators for performance audits

Accountability indicators	2021-22 Actual	2022-23 Actual	2022-23 Target
Number of reports, including performance audit and limited assurance, presented to the ACT Legislative Assembly	7	7	9
Average period of completion of performance audits	10.9 months	11.2 months	9.0 months
Percentage of agencies satisfied with performance audits	100%	100%	95%
Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity	90%	100%	80%

B.2.5 Performance audit reports and other reports tabled in 2022-23

Six performance audit reports were tabled in the ACT Legislative Assembly in 2022-23. These were:

- [*Procurement and contracting activities for the Acton Waterfront Project*](#) (Report No. 5/2022)
- [*ACT Childhood Healthy Eating and Active Living Programs*](#) (Report No. 6/2022)
- [*Construction occupations licensing*](#) (Report No. 1/2023)
- [*Management of Operation Reboot \(Outpatients\)*](#) (Report No. 2/2023)
- [*Financial management services for protected persons*](#) (Report No. 3/2023)
- [*Procurement of a hybrid electric fire truck*](#) (Report No. 4/2023)

B.2.5.1 Information report

One information report was also presented to the ACT Legislative Assembly in 2022-23:

- [*ACT Emergency Services Agency Cleaning Services Arrangements*](#) (Report No. 9/2022)

The information report arose because of further inquiries conducted by the Audit Office following the tabling of [*Procurement exemptions and value for money*](#) (Report No. 7/2021) in June 2021. The Audit Office became aware of cleaning services provided by one particular provider over a long period of time and what appeared to be a lack of documented procurement for the service. As the arrangements described in the information report were largely historical, and had been replaced by an integrated facilities management services contract, the Audit Office decided not to conduct a performance audit. Nevertheless, the information report seeks to provide information to the ACT Legislative Assembly and broader ACT community, without the time and cost associated with a performance audit.

The reports listed above can be found on the ACT Audit Office's website (www.audit.act.gov.au/reports-and-publications/audit-reports).

B.2.6 Planning for performance audits

The Audit Office has robust planning, consultation and topic selection processes for the annual performance audit program.

The Audit Office develops the annual performance audit program having regard to its mandate, strategic plan, and the interests of the ACT Legislative Assembly and the ACT community.

The performance audit program aims to balance coverage across ACT Government agencies and focus on topics that are of interest to the ACT Legislative Assembly and the community.

In developing the annual performance audit program the Audit Office consults with the Standing Committee on Public Accounts, Members of the Legislative Assembly, the Head of

Service, directors-general and chief executives of ACT Government directorates and agencies, statutory officers and representatives of community groups.

The [2023-24 Performance Audit Program](#) was published on 23 June 2023. It identifies areas of public administration that could be the subject of audit attention for 2023-24 and future years.

The performance audit program is flexible and responsive to new and emerging issues, including those identified from representations from the ACT Legislative Assembly or broader community.

B.2.7 Timeliness of performance audits

The average time taken to complete performance audits in 2022-23 was 11.2 months. This exceeded the targeted completion timeframe of 9.0 months.

In 2022-23, three of the six tabled performance audits were completed in 9.0 months or less. One of the six tabled audits was completed in 12.2 months and the other two were tabled in 15.7 months and 17.0 months.

Reasons for exceeding the target time varied according to the audit.

The Audit Office continues to explore ways to provide the capacity needed to deliver its performance audit program. The use of contractors and consultants in the delivery of performance audits, and subject matter experts when appropriate, is a means by which capacity for the delivery of audits can be increased.

B.2.7.1 Comparison with other jurisdictions

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

Timeliness

The Audit Office's average period of completion of performance audits in 2022-23 of 11.2 months compares to the average of 11.9 months for all state and territory audit offices in Australia.

Cost

In 2022-23, the average cost of a performance audit for all state and territory offices in Australia was \$436,422. The Audit Office's average cost per performance audit for 2022-23 was \$334,187. This was an increase on the 2021-22 average of \$281,809. The increase in cost of performance audits reflects increased input costs (including staffing and contractor costs) and the complexity of audits completed in 2022-23.

B.2.8 Satisfaction with performance audits

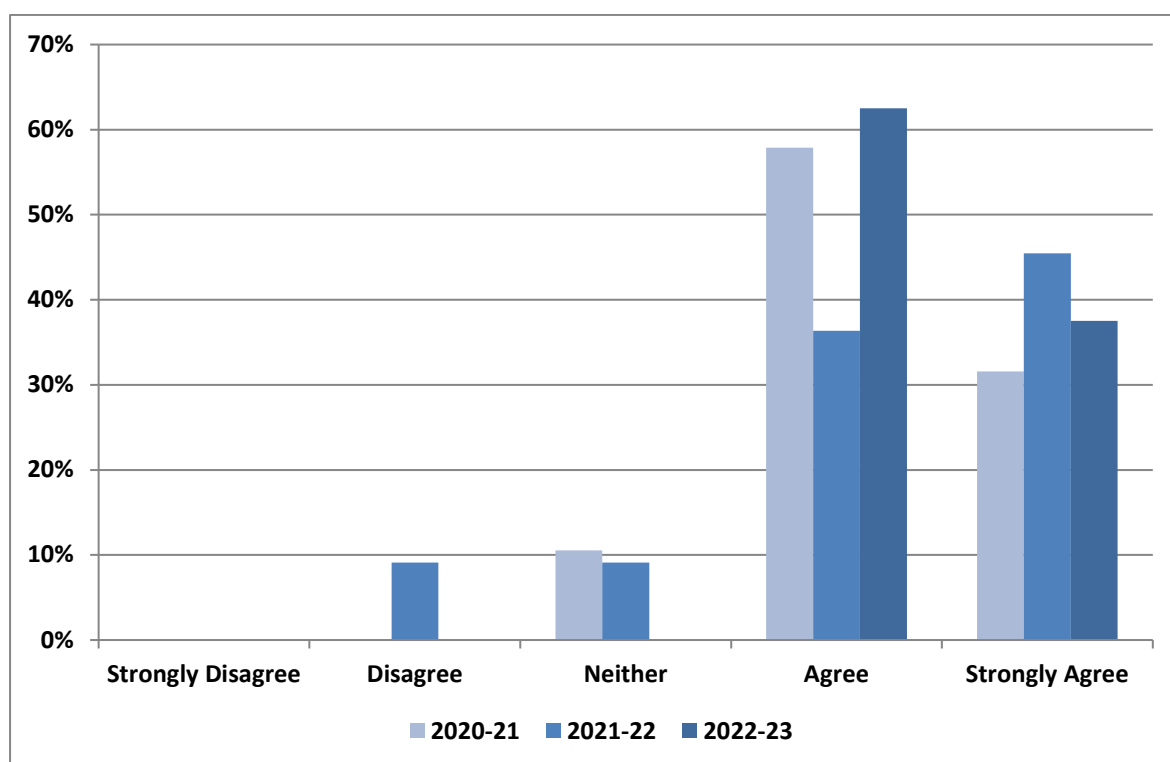
Auditees are surveyed following the completion of each performance audit. Survey responses showed that agencies in general value the work of the Audit Office. Comments

provided by agencies in 2022-23 were generally positive and indicated high levels of satisfaction with the way in which audits were conducted. Comments from agencies are in Note 6 of the Audit Office’s Statement of Performance in Section C.6 ‘Statement of performance.’

Figure B.2 and Figure B.3 is based on a total of eight agency responses to satisfaction surveys.

Figure B.2 indicates agencies’ perceptions of audit contributions to improving administration of the audited activity.

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

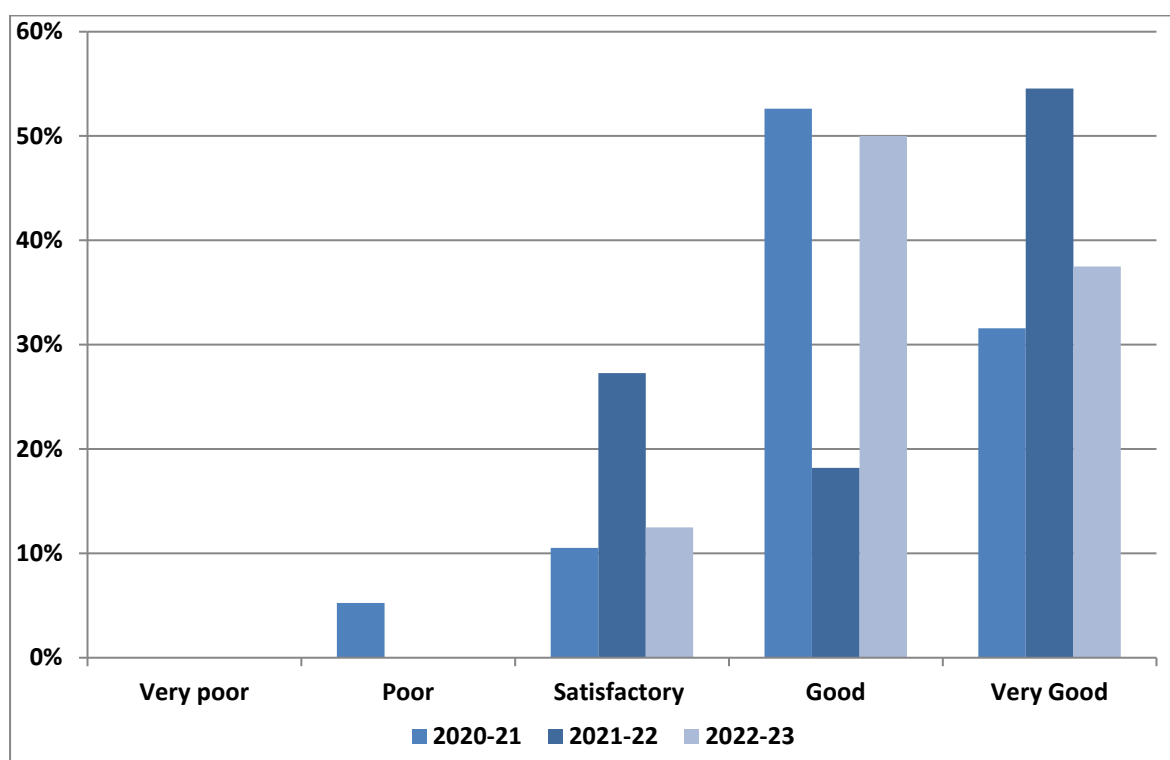


Source: Performance audit satisfaction survey responses.

Figure B.2 shows that, in 2022-23, auditees generally responded positively to the statement ‘the audit will help our organisation to improve administration of the audited activity’. Figure B.2, which is based on eight survey responses received, shows that all of the respondents agreed (five responses) or strongly agreed (three responses) with the statement.

Figure B.3 indicates agencies’ overall satisfaction with the conduct of the performance audit.

Figure B.3 Auditees' responses: 'Performance audit – overall performance'



Source: Performance audit satisfaction survey responses.

Figure B.3 shows that most agencies continued to have a positive performance audit experience. Figure B.3, which is based on eight survey responses received, shows that seven out of eight respondents rated overall performance as 'good' (three responses) or 'very good' (four responses). One respondent identified the Office's overall performance as 'satisfactory'.

The Audit Office uses the survey process as a means to identify auditees' concerns and, where appropriate, modify methods and practices. This is part of a continuous improvement process to implement more effective work practices.

B.2.9 Performance audit methods and practices

PAMPr

Performance Audit Methods and Practices (PAMPr) is the Audit Office's methodology for the conduct of performance audits.

The use of PAMPr contributes to compliance with relevant auditing standards and consistency in Audit Office practice.

In 2022-23 the Audit Office conducted a comprehensive review of PAMPr. The purpose of the review was to:

- confirm the continuing relevance and appropriateness of its requirements; and
- where possible, make the relevant guidance more stream-lined and user-friendly.

The review has concluded with a revised and up-to-date PAMPr for the conduct of performance audits. The revised PAMPr was agreed to and implemented in August 2023.

ASPIRE/Caseware

PAMPr has been incorporated into ASPIRE (an electronic document management system). The incorporation of PAMPr into ASPIRE contributes to compliance with relevant auditing standards and consistency in Audit Office practice.

In 2022-23 the Audit Office undertook a review of the use of ASPIRE, which is provided on the Lotus Notes platform, as support costs for Lotus Notes were becoming cost-prohibitive.

Caseware was identified as an alternative system. In 2023-24 the Audit Office will transition to Caseware for the management and documentation of performance audits.

B.2.10 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 as they involve a review of audit work, and any findings being addressed, before the audit is completed; and
- quality assurance reviews, sometimes referred to as ‘cold’ reviews. These involve a review of audit work after the audit has been completed.

B.2.10.1 Engagement quality control reviews

All audits completed in 2022-23 were subject to an engagement quality control review. These reviews sought to provide assurance that the:

- performance audit report conclusions were supported by audit findings;
- audit findings were supported by sufficient and appropriate evidence; and
- audit work was subjected to an appropriate level of review.

Findings relating to individual audits were addressed prior to the tabling of reports in the ACT Legislative Assembly.

B.2.10.2 Quality assurance reviews

The quality assurance review process primarily focuses on whether the selected performance audits were conducted in accordance with the Office’s performance audit methods and practices. Additionally, these reviews assess the implementation of any matters identified from previous quality assurance reviews, including those from the Office’s external reviews and engagement quality control reviews. These reviews are undertaken and finalised after an audit has been completed.

In 2022-23 quality assurance reviews were conducted on two performance audits tabled in 2021-22. The reviewer concluded that the performance audits complied with the Office’s

performance audit methods and practices and included appropriate audit evidence to support their findings and conclusions.

In 2022-23 the Audit Office entered into an arrangement with the Tasmanian Audit Office and South Australian Auditor-General's Department for the conduct of quality assurance reviews. Through these arrangements the Audit Office:

- was subject to quality assurance reviews by the Tasmanian Audit Office; and
- conducted quality assurance reviews of South Australian Auditor-General's Department audits.

The arrangements allow for cross-jurisdictional knowledge and practice-sharing and fostering of relationships across the offices.

B.2.11 New reports

In 2022-23 the Audit Office has sought opportunities to reinforce and enhance the impact of performance audits. It has sought to do this by:

- preparing Insights publications; and
- preparing a report for the Public Accounts Committee on agencies' reporting on the implementation of recommendations made in performance audits.

Insights publications

Two Insights publications were released in 2022-23:

- [Insights on procurement](#) (December 2022); and
- [Insights on performance reporting](#) (June 2023).

The Insights publications draw on findings and observations made in recently conducted performance audits. They summarise key messages from the Auditor-General in relation to the audits.

Recommendations Implementation Report for the Public Accounts Committee

The report considered agencies' reporting on the implementation of performance audit report recommendations.

The report focused on performance audit reports tabled since October 2020. The review focused on how recommendations in these reports were reported in agencies' 2021-22 annual reports. The purpose of review was to provide the Public Accounts Committee with information on:

- agencies' reporting of progress in the implementation of recommendations made in performance audit reports; and
- the transparency with which this information is conveyed.

Further information can be obtained from

Mr Brett Stanton, Assistant Auditor-General, Performance Audit on telephone number (02) 6207 9534 or email Brett.Stanton@act.gov.au.

B.2.12 Financial Audits

The Audit Office provides auditor's reports on financial statements and where applicable, limited assurance reports on statements of performance, of ACT Government directorates, authorities and territory owned corporations.

Most financial statements audits are required by the *Financial Management Act 1996* or *Corporations Act 2001* with a small number of audits such as grant acquittals and land joint venture audits performed under other requirements.

Limited assurance engagements on statements of performance for ACT Government directorates and authorities are required by the *Financial Management Act 1996*.

ACT Government agencies are required to include auditor's reports and limited assurance reports in their annual reports along with the financial statements and statement of performance that have been examined by the Audit Office. These reports are issued in accordance with the Australian Auditing Standards and include an independent opinion on whether information reported in financial statements and statements of performance are fairly presented.

The results and findings from the Office's work on financial statements audits and limited assurance engagements on statements of performance are summarised in the following reports published on the Office's website:

- [2021-22 Financial Audits – Overview](#) (Report No. 8/2022)
- [2021-22 Financial Audits – Financial Results and Findings](#) (Report No. 10/2022)

B.2.13 Meeting targets

Table B-4: Accountability indicators for financial audits

Accountability indicators	2022-23 Target	2022-23 Actual	Variance from Target
Number of auditor's reports issued on financial statements and compliance auditor's reports	61	60	(2%)
Number of limited assurance reports issued on statements of performance	30	30	-
Percentage of agencies satisfied with financial audits and compliance audits	95%	100%	5%
Percentage of agencies satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance or internal controls	85%	100%	25%
Percentage of financial audits completed within the required timetable	100%	98%	(2%)

Accountability indicators	2022-23 Target	2022-23 Actual	Variance from Target
Presentation of the summary reports on financial audits to the ACT Legislative Assembly			
• Financial Audits – Overview	Nov 2022	Nov 2022	-
• Financial Audits – Financial Results and Audit Findings	Dec 2022	Dec 2022	-

Overall, the Audit Office performed well against all its financial audit accountability indicators in 2022-23. More details on these are disclosed in Section C.6 ‘Statement of performance’.

B.2.14 Improving reporting

Each year, the Audit Office works with agencies to improve their financial and performance reporting processes and practices with the aim of assisting them to publish high quality financial statements and statements of performance in their annual reports.

The Chief Minister, Treasury and Economic Development Directorate (Directorate) issues financial reporting guidance and policies to agencies. The Directorate consults with the Audit Office to address any significant matters before issuing these to agencies. This consultation process provides increased assurance that reporting agencies using this guidance material will comply with Australian Accounting Standards and other reporting requirements. This also facilitates an efficient and effective review process as it allows for any amendments to be made to the guidance and policies before it is implemented by the reporting agencies.

Reporting agencies also consult with the Audit Office to gain its views on complex accounting and reporting matters on their financial statements or statements of performance. This consultation process reduces the risk of:

- modified reports on financial statements¹ or statements of performance²;
- errors or misstatements in financial statements or statements of performance; and/or
- agencies not complying with legislative reporting deadlines.

The Audit Office may use accounting specialists to assist in its review of accounting and reporting practices used by reporting agencies. The Audit Office is more likely to use an accounting specialist where the:

- Audit Office assesses that it does not have sufficient internal expertise; and/or

¹ A modified auditor’s report is issued where the Audit Office disagrees with management about reported amounts or disclosures or has been unable to gain sufficient evidence, or perform sufficient work, to form an opinion in relation to the information reported in the financial statements.

² A modified limited assurance report will be issued where a reported result of an accountability indicator is not accurate or cannot be independently verified.

- transactions and arrangements are significant and complex or will have a significant financial impact over several years.

Consistent with previous years, in 2022-23 the Audit Office used accounting specialists to assist in performing its review of accounting and reporting practices when necessary, and IT audit specialists to review information technology general controls and controls over various IT applications used by reporting agencies to prepare their financial statements.

The Audit Office also used experts to review:

- estimates of reported actuarial liabilities, including superannuation liabilities (Superannuation Provision Account), claims liabilities (ACT Insurance Authority, Default Insurance Fund, Public Sector Workers Compensation Fund, Office of the Nominal Defendant of the ACT, and Lifetime Care and Support Fund), and portable long service leave scheme liabilities (Long Service Leave Authority); and
- tax affected accounting balances and disclosures (Suburban Land Agency, City Renewal Authority and Transport Canberra Operations).

B.2.15 Financial Audit Webinar

The Audit Office held its Financial Audit Webinar (Webinar) on 22 March 2023. The Webinar was opened by the Chair of the Standing Committee on Public Accounts and was well attended by representatives of reporting agencies involved in the preparation of financial statements and annual reporting process. This included Chairs of audit and review committees and Chairs of governing boards.

The Webinar provided attendees with information on:

- results and key findings from the previous year's audit process;
- key areas of focus and tips for 2022-23 audits. These related to shell financial statements, asset valuations, third party monies and related party disclosures;
- impact of IT on the financial statements;
- tips for the preparation and review of financial statements;
- changes to the model financial statements and new ACT Government accounting policies issued by the Chief Minister, Treasury and Economic Development Directorate;
- whole-of-Government reporting requirements and timetable; and
- key audit contacts.

Overall, attendees provided favourable feedback on the Webinar.

B.2.16 Improving the quality of financial audit work

Reviews of audit work are performed on all financial audits. These reviews provide assurance that audit work has been properly planned and performed under the Australian Auditing Standards and Office's financial audit methodology. This means that sufficient evidence has been obtained to support the opinions provided in auditor's reports on financial statements and limited assurance reports on statements of performance. These

reviews are performed by experienced members of the assigned audit team and they also provide feedback to improve the skills of less experienced team members.

In addition to team based reviews, the Audit Office's Chief Operating Officer, Professional Services oversees the conduct of quality control reviews, performed by an experienced person independent of the audit team, in accordance with the Audit Office's *Quality Control and Assurance Policy*. These reviews comprise of engagement quality control reviews and quality assurance reviews.

Engagement quality control reviews

Financial audits assessed as high risk engagements are subject to an engagement quality control review. The engagement quality control reviewer assesses if judgements made, and conclusions reached by the audit team are appropriate by reviewing key documentation and discussing relevant issues with the Audit Engagement Leader. Any matters identified from these reviews are addressed prior to the completion of the financial audits.

Quality assurance reviews

The quality assurance review primarily focuses on whether the selected financial audits and limited assurance engagements on statements of performance were conducted in accordance with the Office's financial audit methodology and Australian Auditing Standards. The review also assesses the implementation of any matters identified from previous quality assurance reviews, including those from the Office's external reviews and engagement quality control reviews. These reviews are undertaken and finalised after the audit has been completed.

During 2022-23, quality assurance reviews of selected financial audit files were conducted by an independent engagement quality control reviewer. Overall, the reviewer concluded that there was sufficient and reliable audit evidence in the financial audit files reviewed to demonstrate compliance with the Office's financial audit method and Australian Auditing Standards. A few areas for improvement were identified during the review. Training has been provided to staff on the areas for improvement identified during the review at the Financial Audit Methodology Training held in May 2023.

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

- provides guidance to staff through training on these matters;
- includes these matters in future quality assurance reviews to confirm that previous review findings were consistently addressed.

B.2.17 Comparison with other jurisdictions

While a comparison with other jurisdictions is provided, it should be interpreted with caution as variations are likely 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 and statements of performance in 2022-23 was \$75,120 compared to the average cost per opinion for all state and territory audit offices in Australia of \$101,857.

Timeliness

The Audit Office issued 91 percent of its auditor's reports on financial statements within three months of the end of the reporting period compared to the average of 56 percent for all state and territory audit offices in Australia.

Further information can be obtained from:

Mr Ajay Sharma, Assistant Auditor-General, Financial Audit on telephone number (02) 6207 0830 or email Ajay.Sharma@act.gov.au

B.3 Scrutiny

B.3.1 ACT Legislative Assembly inquiries and reports

Mechanisms for scrutinising the Audit Office's performance are provided by the *Annual Reports (Government Agencies) Act 2004*, the *Auditor-General Act 1996* (A-G Act) and engagement with the Standing Committee on Public Accounts (PAC). The Audit Office's annual reports, which include the Audit Office's audited financial statements and statement of performance, are examined by the ACT Legislative Assembly's Estimates Committee and the PAC.

The Audit Office's work is also subject to scrutiny and commentary by auditees, the general community and the media. Performance audit reports are tabled in the ACT Legislative Assembly by the Speaker, thereby being made public; they are also referred to the PAC. The PAC examines audit reports and may hold public inquiries into them.

The Audit Office offers to brief the PAC on all performance and financial audit reports and gives evidence to public inquiries at the request of the PAC.

The following Audit Office reports were referred to the PAC in 2022-23:

- [*Procurement and contracting activities for the Acton Waterfront project*](#) (Report No.5/2022) (adopted for further inquiry by the PAC) (inquiry in progress at 30 June 2023)
- [*ACT Childhood Healthy Eating and Active Living Programs*](#) (Report No.7/2022) (adopted for further inquiry by the PAC) (inquiry in progress at 30 June 2023)
- [*2021-22 Financial Audits Overview*](#) (Report No. 8/2022)
- [*ACT Emergency Services Agency cleaning services arrangement*](#) (Report No.9/2022) (adopted for further inquiry by the PAC) (inquiry in progress)
- [*2021-22 Financial Audits – Financial Results and Audit Findings*](#) (Report No. 10/2022)

- [Construction Occupations licensing](#) (Report No.11/20223) (adopted for further inquiry by the PAC in August 2023)
- [Management of Operation Reboot \(Outpatients\)](#) (Report 2/2023) (adopted for further inquiry by the PAC in August 2023)
- [Financial Management Services for Protected Persons](#) (Report No. 3/2023) (adopted for further inquiry by the PAC in August 2023)
- [Procurement of a Hybrid Electric Fire Truck](#) (Report No. 4/2023) (adopted for further inquiry by the PAC in August 2023)

A PAC inquiry into the following performance audit report was also in progress as at 30 June 2023:

- [Campbell Primary School Modernisation Project Procurement](#) (Report No. 13/2021)

PAC inquiries into the following performance audit reports were concluded in 2022-23:

- [Management of detainee mental health services in the Alexander Maconochie Centre](#) (Report No. 1/2022) (concluded 3 March 2023);
- [Fraud Prevention](#) (Report No. 2/2022) (concluded 3 March 2023);
- [Taxi Subsidy Scheme](#) (Report No. 3/2022) (concluded 3 March 2023);
- [Governance arrangements for the planning of Parkwood Ginniderry](#) (Report No. 4/2022) (concluded 3 March 2023);
- [Canberra Light Rail Stage 2a: Economic Analysis](#) (Report No. 8/2021:) (concluded 21 March 2023); and
- [Residential Land Supply and Release](#) (Report No 4/2020) (concluded 11 October 2022).

B.3.2 Reports of the Ombudsman

The Audit Office is not a prescribed authority under the *Ombudsman Regulation 1989* made under the *Ombudsman Act 1989*. This means the Audit Office does not fall under the ACT Ombudsman's jurisdiction.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au

B.4 Risk management

B.4.1 Risk management

The Audit Office's risk management framework complies with the risk management standard AS ISO 31000:2018 as required by the ACT Government *Risk Management Policy 2021*, and the requirements of the ACT Government *Protective Security Policy Framework* (2017). The Audit Office's risk management framework includes a *Risk Management Policy*

and Plan, Risk Registers, a Fraud and Corruption Prevention Plan and a Business Continuity Policy and Plan and is supported by a comprehensive suite of other policies and procedures.

The Audit Office's Risk Registers comprise a Strategic Risk Register, Operational Risk Registers for the Office's three branches, an Integrity Risk Register (formerly named a Fraud Risk Register), a Finance Risk Register and a Work Health and Safety Risk Register. The Business Continuity Plan was tested in December 2022, facilitated by an independent risk management consultant. The alternate crisis management team carried out a scenario-based exercise and the consultant assessed how the team responded to the exercise against five objectives. The Office was assessed as achieving all five objectives.

The Audit Office undertook the ACT Government's Protective Security Policy Framework self-assessment in January 2023. The Audit Office is not obliged to report on an annual self-assessment as stated in the *ACT Government Protective Security Policy Framework (2017)*; however, the Audit Office chooses to conduct self-assessments for the information of the Audit Office's Executive Committee and to uphold better practices.

The Audit Office's Risk Manager is responsible for monitoring and reporting on the Audit Office's risk management framework. The Risk Manager provides a bi-annual Risk Management Report to the Audit Office's Executive Committee and Audit and Review Committee.

The Executive Committee has overall responsibility for overseeing risk management in the Audit Office. This Committee is also the Audit Office's Security Committee and monitors the Office's register of risks including security risks and their mitigation.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au

B.5 Internal audit

B.5.1 Audit and Review Committee

The Audit and Review Committee operates in accordance with its charter; it 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 his 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 in 2022-23 are provided in Table B-5.

Table B-5: Audit and Review Committee

Name	Position	External/ Internal	Duration	No. of meetings attended in 2022-23
Mr James Palmer	Independent Chair	External	March 2017 to March 2021 Reappointed March 2021 to March 2023	4
Ms Moira Crowhurst	Independent Chair	External	March 2023 to March 2025	1
Ms Sally Ramsay	Member	External	May 2020 to May 2022 Reappointed May 2022 to May 2024	5
Ms Rosa San Miguel	Member	Internal	1 July 2022 to 30 June 2024	5

One member of the Committee is remunerated.

The Auditor-General and the Chief Audit Executive (Chief Operating Officer, Professional Services) have a standing invitation to attend all Audit and Review Committee Meetings as observers.

The main activities of the Committee in 2022-23 were:

- implementing an annual internal audit work program against a three-year *Strategic Internal Audit Plan*;
- overseeing internal audits and reviews of the Audit Office's compliance with key legislation, the Audit Office's implementation of recommendations from previous internal audits and other reviews;
- reviewing the effectiveness of the systems for monitoring compliance with key legislative obligations;
- reviewing and endorsing the Audit Office's financial statements and statement of performance; and
- monitoring the Audit Office's risk management, fraud control and financial management activities through regular reports from the Audit Office's Risk Manager, Senior Executive Responsible for Business Integrity Risk (SERBIR) and Chief Finance Officer.

B.5.1.1 Internal Audit

One internal audit was completed during 2022-23.

External provider, OCM, was engaged to conduct a review of the Audit Office's 2022 *Strategic Review* recommendations implementation.

OCM concluded that:

Based on the work performed, there are minimal weaknesses in the design and application of controls and/or opportunities to increase efficiencies in [the] implementation of [the] Strategic Review recommendations.

In particular, improvement is recommended to reporting processes to ensure the adequacy and effectiveness of monitoring implementation of agreed actions.

One recommendation was made to enhance the process and format of the Strategic Review action items implementation report. This recommendation will be implemented after the completion of the next Strategic Review that is expected to commence in late 2023.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.6 Fraud prevention

The Audit Office has a suite of policies in place to minimise the risk of fraud and corruption. The key policies for the management of fraud and corruption risks are:

- the *Integrity Code*;
- the *Fraud and Corruption Prevention Plan*; and
- the *Positive Workplace Culture Policy and Procedures*.

Other relevant policies and procedures include the *Protective Security – Physical Security Policy*; *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.

In early 2023 all Audit Office staff were required to undertake Procurement ACT's 'Probity in Procurement' online training module.

B.6.1 Integrity Risk Register

Integrity risks, including fraud and corruption risks, have been identified for the purpose of an Integrity Risk Register. Risks on the Integrity Risk Register are reviewed every six months, with a view to identifying whether: any new risks need to be added; the existing risk ratings remain appropriate; and the identified controls continue to be effective. The risks on the Integrity Risk Register inform the development of the Fraud and Corruption Prevention Plan.

The Integrity Risk Register identifies 13 fraud and corruption-related risks (10 medium-rated risks and three low-rated risks) for which existing controls have been identified as Adequate. The Office's 13 fraud and corruption-related risks are categorised as follows:

- financial management and administration;

- leave management and time recording;
- recruitment;
- procurement and contracting; and
- theft and misuse of data.

B.6.2 Fraud and Corruption Prevention Plan

The *Fraud and Corruption Prevention Plan*, which was completed in October 2021, includes:

- a Fraud and Corruption Policy Statement that encapsulated the key points conveyed in the Plan;
- descriptions of roles and responsibilities;
- information and guidance to highlight the importance of ethical culture and behaviour as the key control to fraud and corruption prevention; and
- emphasis on the linkage between the Office's Fraud and Corruption Risk Register and its input into the Plan.

B.6.3 Senior Executive Responsible for Business Integrity Risk

The Assistant Auditor-General, Performance Audit is the Senior Executive Responsible for Business Integrity Risk (SERBIR). The SERBIR gives presentations to Audit Office staff at all Staff Meetings and in doing so discusses Audit Office integrity and the responsibility of all staff to identify and report any concerns they might have with respect to unethical or inappropriate behaviour. Any revisions and updates to the Office's policies and procedures are also promoted and discussed at All Staff Meetings.

The SERBIR also provides a twice-yearly report to the Office's Audit and Review Committee, which focuses on:

- the status of integrity and fraud and corruption prevention policy and procedural guidance in the Audit Office - this guidance is an important means of control for business integrity risk;
- staff training and awareness raising activities that have been conducted;
- any incidents that have been reported or identified and investigations undertaken in the previous six months;
- the Audit Office's Integrity Risk Register, identifying integrity and fraud-related risks and sources of assurance with respect to existing controls; and
- any integrity and fraud risks and challenges that have been identified for the forthcoming six months.

No fraudulent or corrupt activity was identified or reported during 2022-23.

Further information can be obtained from:

Mr Brett Stanton, SERBIR on telephone number (02) 6207 9534 or email Brett.Stanton@act.gov.au

B.7 Freedom of information

The ACT Freedom of Information (FOI) legislation, the *Freedom of Information Act 2016* (FOI Act) provides a legal right of access by everybody to information in the possession of the ACT Government, subject only to exemptions to protect the public interest, and the interests of third parties who deal with the ACT Government.

B.7.1 Open access information

During the period 1 July 2022 to 30 June 2023 the Audit Office:

- did not publish any documents on the Open Access website;
- did not make any decisions to withhold Open Access Information; and
- did not make any decisions not to publish a description of Open Access Information that was withheld.

B.7.2 FOI applications received and decision type

During the period 1 July 2022 to 30 June 2023 the Audit Office:

- did not receive any access applications;
- did not receive any applications where access to all information requested was given;
- did not receive any applications where access to only some of the information requested was given (Partial release); and
- did not receive any applications where access to the information was refused.

B.7.3 FOI processing timeframe

During the period 1 July 2022 to 30 June 2023 the Audit Office did not receive any applications.

B.7.4 Amendment to personal information

During the period 1 July 2022 to 30 June 2023 the Audit Office did not receive any requests to amend personal information.

B.7.5 Reviews and fees

During the period 1 July 2022 to 30 June 2023 there were:

- no applications made to the Ombudsman under section 74 of the FOI Act;
- no applications made to ACAT under section 84 of the FOI Act; and
- no charges or application fees were collected.

B.7.6 Process to lodge a request

To lodge a request for access to documents under the FOI Act, you must do so in writing, noting that you are seeking access under the FOI Act.

To lodge a Freedom of Information request, or for further information about FOI legislation and processes, contact the FOI Coordinator for the ACT Audit Office at:

<https://www.audit.act.gov.au/contact-us>.

The ACT Audit Office FOI Disclosure log can be accessed at:

<https://www.audit.act.gov.au/about-us/freedom-of-information>.

Further information can be obtained from

Ms Taylah Commisso, Freedom of Information Coordinator on telephone number (02) 6207 4280 or email Taylah.Commisso@act.gov.au.

B.8 Community engagement and support

B.8.1 Community engagement activities

As described in Section B.2.3 Performance Audits', the Audit Office has robust planning, consultation and topic selection processes for the annual performance audit program. Community views are received through consultation with key community groups and other representative bodies, the Standing Committee on Public Accounts (PAC) and Members of the ACT Legislative Assembly (MLAs).

The performance audit program is also informed by representations received directly from community groups or individual members of the community or MLAs. In 2022-23, the Audit Office received 12 representations. Information received from the community through representations is used to inform the development of the performance audit program and selection of topics.

B.8.2 Community support initiatives: Grants and sponsorship

The Audit Office did not provide any grants, assistance or sponsorship programs during 2022-23.

B.9 Aboriginal and Torres Strait Islander reporting

The *Aboriginal and Torres Strait Islander Procurement Policy (July 2019)* applies to all Territory entities covered by the *Government Procurement Act 2001*, and as such, applies to the Audit Office. The aim of the *Aboriginal and Torres Strait Islander Procurement Policy* is to support the advancement of Aboriginal and Torres Strait Islander Enterprises in the Canberra Region and the economic participation objectives of the *ACT Aboriginal and Torres Strait Islander Agreement 2019-28*.

Under the *Aboriginal and Torres Strait Islander Procurement Policy*, Territory entities are required to identify and act upon opportunities for Aboriginal and Torres Strait Islander Enterprises in their procurement activities and to encourage quotes from relevant Aboriginal and Torres Strait Islander enterprises, where possible. The Audit Office takes this policy into consideration in its procurement processes.

B.9.1.1 Reporting on issues affecting Aboriginal and Torres Strait Islander people

The Audit Office endeavours to report on issues affecting Aboriginal and Torres Strait Islander people through its performance audits.

The performance audit in relation to the implementation of the *Aboriginal and Torres Strait Islander Agreement 2019-2028* (the Agreement) was progressed during 2022-23. The audit was tabled in August 2023. The audit considered the governance, monitoring, and reporting associated with the Agreement's implementation. It is also reviewing the activities of the Office for Aboriginal and Torres Strait Islander Affairs as well as ACT Government directorates to implement the Agreement and consider the views of community stakeholders as part of the activities.

The performance audit of A Step Up for our Kids as administered by ACT Together (Barnardos) and Uniting Children and Families ACT (CFACT) and oversighted by the Community Services Directorate was commenced in 2021-22 and progressed during 2022-23. The audit is considering the governance and administrative arrangements, performance management and monitoring and measures put in place to ensure culturally appropriate care is provided to Aboriginal and Torres Strait Islander children and young people. This audit is anticipated to be tabled in the third quarter of 2023.

B.9.1.2 Cultural Awareness professional development

In November 2022 the Performance Audit Team spent a day walking and talking at Mulligan's Flat Woodland Sanctuary with Mr Richie Allan, a Ngunnawal and Kamilaroi man and Director of the Traditional Owners Aboriginal Corporation. Team members wanted to improve their cultural awareness and learn about creating workplaces that are culturally safe for Aboriginal and Torres Strait Islander people.

The day included traditional weaving, eating food made with local traditional foods and learning how to throw a boomerang. As well as these fun activities, team members listened to Mr Allan's sharing of his life story, experiences and culture and reflected on their own knowledge, understanding and experience of Aboriginal and Torres Strait Islander people, history and culture. Mr Allan and the team talked about ways to create a culturally safe workplace and reflected on culturally safe ways of working with Aboriginal and Torres Strait Islander people as they conduct performance audits. The day was a key part of the Performance Audit Team's ongoing cultural awareness journey.

B.10 Work health and safety

The Audit Office is committed to providing a safe and healthy work environment and encourages all staff to contribute to a safe and healthy workplace.

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

In 2022-23, no enforceable undertaking and improvement, prohibition, or non-disturbance notices were issued to the Audit Office under the parts 10 or 11 of the *Work Health and Safety Act 2011*.

There were no accidents or dangerous occurrences in 2022-23 that required a notice under Part 3, section 38 of the *Work Health and Safety Act 2011*.

B.10.1 Workplace safety representatives

In 2022-23, the Audit Office workplace safety representatives consisted of:

- one Health and Safety Representative;
- one First Aid Officer;
- three Fire Wardens;
- two Respect, Equity and Diversity Officers;
- a Mental Health Champion; and
- a Designated Domestic and Family Violence Officer.

The workplace safety representatives play an active role in the Office to promote health, safety and welfare to all staff.

B.10.2 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 and working at their computers. Workplace safety assessments are performed, including ergonomic workstation assessments in the Office and at home, on an as needed basis.

All new staff from who joined the Office from April 2022 until April 2023 were offered an ergonomic assessment of their Office workstations. In addition, two virtual sessions, 'Move More Work Well' about healthy work habits and how to prevent and manage discomfort and pain were offered to all staff in April 2023.

B.10.3 Health and well-being initiatives

Health and well-being initiatives for the Audit Office include:

- the Employee Assistance Program;
- flexible working arrangements, including agreed days of the week to work from home;

- free influenza vaccinations to all staff;
- mentoring/coaching;
- open door policy;
- improving hygiene levels and reducing the risk of illness with provision of suitable cleaning products, hand sanitisers and facial tissues;
- regular updates from the Mental Health Champion; and
- supporting Social Committee events including office wide celebrations and fundraising activities.

The Audit Office's work programs and audit completion timeframes can place high demands on some staff at times. The Audit Office actively manages this by forward planning and sharing the workload amongst audit teams to minimise excessive periods of long hours.

The Audit Office provides flexible working arrangements and enables staff to plan their recreational, study and other leave to support a healthy work/life balance.

During 2022-23, most staff applied a flexible working arrangement to work from home for three days a week and were responsible for implementing healthy work practices at their home-work stations. Staff responsibilities included seeking advice and support from their supervisor and the Office's Professional Services team on any concerns about their ability to implement healthy work practices at home.

The results from the 2023 Audit Office Staff Survey demonstrate that 97 percent of staff feel that they are provided with flexibility to manage their work and personal commitments. The survey results also indicated that 87 percent of staff feel that the Office promotes and supports good mental health and wellbeing.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.11 Human resources management

B.11.1 Workforce planning

The Audit Office is in the process of reviewing its *Workforce Planning and Review Policy and Guidelines* (Workforce Plan). The existing Workforce Plan assists the Audit Office to determine the mix of experience, knowledge, and skills required to meet its obligations by having the right people, in the right roles, with the right capabilities, at the right time.

The Workforce Plan assists the Audit Office in maintaining adequate staffing levels to complete its program of financial and performance audits and provides professional services support for its operations.

The Audit Office's challenge of continuing to maintain a workforce with the knowledge and experience required to deliver quality work is acknowledged in the Workforce Plan. In particular, the challenge of provision of sufficient career opportunities in a small agency remains, which leads to difficulty in retaining experienced staff.

In 2022-23, the Audit Office did not implement an Attraction and Retention (ARin), a Special Employment Arrangement (SEA) or any other instrument providing a remuneration supplement to a staff's salary as defined by the *ACT Public Sector Administrative and Related Classifications Enterprise Agreement 2021-22*.

The Workforce Plan provides a framework for the continuous development of staff. Some of the mechanisms used by the Audit Office to facilitate this includes maintaining a Professional Development Journey, including a position capability framework, for each staff member. Staff Professional Development Journeys identify staff's confidence and growth against six capabilities, their learning and development needs and a place to record regular feedback with supervisors.

B.11.2 Forward work and human resource planning

To meet audit timetables, including legislated timelines, the Audit Office plans the allocation of staff to audits and other tasks. The Audit 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 consultants from the private sector or outsourcing all or part of an audit, particularly when the Audit Office does not have specialist skills required to complete the audit. The specialist skills often include information technology, actuarial and taxation expertise.

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

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.11.3 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 47 staff (headcount) in the Audit Office (including the Auditor-General) as of 30 June 2023 (46.4 full-time equivalent (FTE) staff). The Audit Office is not required to have a Gender Action Plan and conduct Gender Impact Assessment Reporting as the Audit Office's workforce comprises less than 100 staff. The small size of the Audit Office's workforce means that providing detailed information on some aspects of its workforce could infringe the privacy of individual staff. Therefore, the Audit Office has only provided general information on:

- the average length of service by gender and age group;
- the age profile of staff; and
- certain equity and diversity groups.

Table B-6 Full time equivalent and headcount by division/branch

Operational area	FTE	Headcount
Executive	3.6	4
Financial Audit	27.0	27
Performance Audit	11.8	12
Professional Services	4.0	4
Total	46.4	46

Source: Shared Services Human Resources

Table B-7 Full-time equivalent and head count by gender

	Female	Male	Total
Full-time equivalent	21.4	25.0	46.4
Headcount	22	25	47
Percentage of workforce (based on headcount)	46.8%	53.2%	100%

Source: Shared Services Human Resources

Table B-8 Head count by classification and gender

Classification	Female	Male	Total
Statutory office holders	0	1	1
Executives	1	2	3
Professional and administrative officers	21	22	43
Total	22	25	47

Source: Shared Services Human Resources

Table B-9: Head count by employment category and gender

Employment category	Female	Male	Total
Permanent full-time	17	17	34
Permanent part-time	1	0	1
Temporary full-time	3	8	11
Temporary part-time	1	0	1
Casual	0	0	0
Total	22	25	47

Source: Shared Services Human Resources

B.11.4 Workplace diversity

Staff who have advised they are from culturally and linguistically diverse backgrounds represent 51.1 percent of the workforce. No staff member has advised that they are Aboriginal and/or Torres Strait Islander. No staff have advised they have a disability.

B.11.5 Age profile

Due to the small numbers in most categories, staff numbers by age group and gender are not reported in order to protect the privacy of individuals. The largest group, 68 percent of staff, are aged under 44 years and 32 percent of staff are aged 45 or over.

Table B-10: Average length of service (years) by gender

Gender	Female	Male	Average
Average length of service (years)	4.4	7.5	6.1

Source: Shared Services Human Resources

Table B 11: Recruitment and separation rates

	Recruitment rate	Separation rate
Audit Office	13.8 (%)	11.1 (%)

Source: Shared Services Human Resources

B.11.6 Learning and development

The Audit Office's Learning and Development approach aims to build and develop capabilities, knowledge and skills to support the Audit Office to meet its audit responsibilities in an effective and efficient manner and the professional growth of its staff.

The Audit Office supports learning and development activities in relation to technical and professional needs of the Audit Office and its staff in key areas such as audit, accounting, information technology, leadership, communication, public sector matters and management skills.

The Audit Office has supported the following learning and development activities in 2022-23:

- formal training;
- mentoring;
- secondments;
- seminars/conferences;
- education courses;
- study assistance;
- coaching;
- on-the-job training; and

- professional memberships.

In addition, professional development and technical training was provided on financial and performance audit methods and practices; and changes to accounting and auditing standards. Maintaining and developing audit technical proficiency is a constant priority for staff's future learning and development requirements.

In 2022-23, the Audit Office also supported five staff through study assistance which included providing study leave and financial assistance for course costs.

The Audit Office also encourages professional membership of relevant bodies, such as the Chartered Accountants Australia and New Zealand, Institute of Internal Auditors, CPA Australia or the Information Systems Audit and Control Association.

The results from the 2023 Audit Office Staff Survey demonstrate that 77 percent of staff feel that they are encouraged to pursue training and development opportunities.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

B.12 Ecological sustainability reporting

The Audit Office accords with, and contributes to, the principles of ecological sustainable development (ESD) under the *Climate Change and Greenhouse Gas Reduction Act 2010* and the *Environment Protection Act 1997*.

Staff are encouraged to assist in reducing the Audit Office's ecological footprint by:

- minimising the number of printed documents, particularly those in colour, and using duplex printing;
- recycling paper using the appropriate bins;
- using electronic audit work papers;
- turning off lights and computer equipment and monitors when not in use; and
- using public transport and walking to the Office and audit locations.

The Audit Office also uses:

- carbon neutral printing paper;
- toner cartridges that can be recycled; and
- a waste disposal system that separately disposes recyclable material and other non-recyclable material.

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

Table B-12: Audit Office staff and floor area

Staff and area	Unit	2022-23	2021-22	Percentage change
Staff	FTE	46.4	45.3	2.4%
Workplace floor area	Area (m2)	617	617	- %

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

Table B-12 includes the workplace floor area occupied by full-time equivalent (FTE) staff employed at the end of each reporting period by the Audit Office.

The Audit Office had 46.4 FTE staff as of 30 June 2023 compared to 45.3 FTE staff as of 30 June 2022. The Audit Office occupies 617 square metres in the Nara Centre, 3 Constitution Avenue, Canberra.

Table B-13: Sustainable development performance: Current and Previous Financial Year

Indicator as at 30 June	Unit	2022-23	2021-22	Change
Stationary energy usage				
Electricity use	Kilowatt hours	51 731	72 861	(29%)
Natural Gas use (non-transport)	Megajoules	198 934	212 299	(6%)
Diesel use (non-transport)	Kilolitres	0	0	- %
Transport fuel usage				
Battery Electric Vehicles (BEV)	Number	0	0	- %
Hydrogen Fuel Cell Electric Vehicles (FCEV)	Number	0	0	- %
Plug in Hybrid Electric Vehicles (PHEV)	Number	0	0	- %
Hybrid Electric Vehicles (HEV)	Number	0	0	- %
Internal Combustion Engine (ICE) vehicles	Number	1	1	0%
Total number of vehicles	Number	1	2	(50%)
Fuel use – Petrol	Kilolitres	0	0.08	(100%)
Fuel use – Diesel	Kilolitres	0	0	- %
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	0	0	- %
Fuel use – Compressed Natural Gas (CNG)	Gigajoules	0	0	- %
Water usage				
Water use	Kilolitres	114	180	(37%)

Indicator as at 30 June	Unit	2022-23	2021-22	Change
Resource efficiency and waste				
Reams of paper purchased	Reams	60	27	122%
Recycled content of paper purchased	Percentage	58%	56%	4%
Waste to landfill	Litres	2 820	4 927	(43%)
Co-mingled material recycled	Litres	2 085	4 540	(54%)
Paper & Cardboard recycled (incl. secure paper)	Litres	1 532	5 112	(70%)
Organic material recycled	Litres	73	4	1 713%
Greenhouse gas emissions				
Emissions from natural gas use (non-transport)	Tonnes CO2-e	10.25	10.94	(6%)
Emissions diesel use (non-transport)	Tonnes CO2-e	0	0	- %
Emissions from transport fuel use	Tonnes CO2-e	0	0.2	(100%)
Emissions from refrigerants	Tonnes CO2-e	-	-	- %
Total emissions	Tonnes CO2-e	10.25	7.52	27%

Source: Environment, Planning and Sustainable Development Directorate, SGFleet, ACT Property Group

The Audit Office's electricity usage decreased in 2022-23. The decrease may be attributed to the Office's energy figures no longer including electricity usage in a larger office space at 5 Constitution Avenue where the Office was temporary located until March 2022.

The Office's natural gas was reported as 39,467 in 2021-22; however, this figure was in kilowatt hours instead of megajoules. The Office's 2021-22 natural gas usage was 212,299 megajoules that decreased to 198,934 megajoules in 2022-23. The decrease may be attributed to the Office occupying a smaller floor area at 3 Constitution Avenue compared with the temporary office accommodation at 5 Constitution Avenue.

The Audit Office leases one executive vehicle which is also used by staff for business related travel. The Audit Office started a new executive vehicle lease agreement in February 2022 for a 48-month contract.

The estimated fuel usage and greenhouse gas emissions in Table B-13 is for business purposes only. The kilometres travelled for business purposes in 2022-23 are lower than in the prior year as more meetings are held online or are accessible by walking or public transport.

The Audit Office's 2021-22 water use figure has been revised from 38 kilolitres to 180 kilolitres. This includes consumption of 139 kilolitres of water at 5 Constitution Avenue and

41 kilolitres at the Nara Centre. The Office's 2022-23 consumption of water at the Nara Centre is 114 kilolitres.

The Audit Office's paper consumption has increased with 33 more reams of paper purchased when compared to the prior year. The Audit Office continues to promote the minimisation of paper usage by using electronic practices where possible.

As part of facilities management arrangements for the Nara Centre, the Audit Office has been provided with waste facilities for general waste, mixed recycling, organics, and secure paper by ACT Property Group. The waste data is apportioned according to the Audit Office's floor area which is 9.71 percent of the Nara Centre. There has been a reduction in the Office's 2022-23 waste figures. The 2021-22 waste figures include 5 Constitution Avenue where the Audit Office had a larger attributable floor space. There may also be a reduction in waste more generally as staff work flexibly from home at least three days every week. The organic waste figure, however, has increased as there was no organic waste collection while the Office was located at 5 Constitution Avenue.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

C Financial management reporting

C.1 Financial management analysis

This section discusses the ACT Audit Office's (Audit Office) financial results and compares to estimates of amounts contained in the 2022-23 Budget Papers.

C.1.1 Operating results

The Audit Office made an *operating surplus* of \$621,000 in 2022-23 compared to the budgeted operating surplus of \$67,000 and an operating surplus of \$1,136,000 in 2021-22. The significantly better operating result compared to the budget is primarily due to lower employee and contractor expenses.

C.1.2 Financial results

The Audit Office's income is mainly comprised of *financial audit fees* and *appropriation*. *Financial audit fees* are charged for auditing the financial statements and performing limited assurance engagement on the statements of performance of reporting agencies. Information on the setting of *financial audit fees* is provided in Appendix A 'Financial Audit Fees'. Other costs funded by *financial audit fees* and *appropriation* include reviewing ACT Government Accounting Policies, reporting on the results of the annual program of financial audits, a portion of the corporate overheads which includes learning and development expenses, accommodation and information technology costs.

Appropriation received from the ACT Government mainly funds the costs of performance audits, briefing the Standing Committee on Public Accounts on reports tabled in the Legislative Assembly, responding to representations and public interest disclosures, production of the Audit Office's Annual Report, a portion of the learning and development program for staff and other administrative expenses such as accommodation and information technology costs.

Expenses are mainly comprised of employee expenses and supplies and services expenses. Supplies and services expenses include contractors and consultants, accommodation, information technology, recruitment, training, and printing costs.

Table C-1: Financial Results

	2020-21	2021-22	2022-23	2022-23
	Actual	Actual	Actual	Budget
	\$ 000	\$ 000	\$ 000	\$ 000
Income				
Appropriation	3 546	4 058	4 064	4 064
Financial Audit Fees	4 778	5 281	5 788	5 892
Other Income	82	88	182	63
Total Income	8 406	9 427	10 034	10 019
Expenses				
Employee Expenses	6 541	6 484	7 051	7 561
Supplies and Services	2 121	1 792	2 345	2 358
Depreciation and Amortisation	41	16	17	33
Total Expenses	8 703	8 291	9 413	9 952
Operating Result	(297)	1 136	621	67
Total Comprehensive Result	(297)	1 136	621	67

Source: Audit Office's audited 2020-21, 2021-22 and 2022-23 financial statements and 2022-23 budget papers.

C.1.3 Income

C.1.3.1 Income compared to budget estimates

Total income (\$10.034 million) is marginally higher than the budgeted amount (\$10.019 million) due to *Other Income* (\$0.182 million) being higher than budget amount of \$0.063 million. *Other Income* was higher than budget mainly as a result of higher interest received on cash at bank due to higher interest rates.

C.1.3.2 Income compared to previous year's income

Total income (\$10.034 million) is higher than the previous year's amount (\$9.427 million) mainly due to the increase in *Financial audit fees*.

Financial audit fees are higher as a result of additional fees charged in line with the wage price index to recover higher operating costs and more work completed at balance date on 30 June 2023 audits (46 percent) compared to 30 June 2022 audits (42 percent).

C.1.4 Expenses

C.1.4.1 Expense compared to budget estimates

Total expenses (\$9.413 million) are lower than the budget estimate (\$9.952 million) by \$0.539 million (5 percent) due to lower *Employee expenses*.

Employee expenses are \$0.510 million (7 percent) lower than the budget mainly due to:

- vacant positions during the year while recruitment activities were not completed; and
- lower rates used to estimate the present value of annual leave and long service leave liabilities.

C.1.4.2 Expense compared to previous year's expenses

Total expenses (\$9.413 million) are higher than 2021-22 (\$8.291 million) mainly due to higher *Employee expenses* (\$0.568 million) and *Supplies and services* (\$0.553 million).

Employee expense increased by \$0.568 million (9 percent) mainly due the increase in average staffing levels (10 percent) and salary increases under the Office's enterprise agreement.

Supplies and services expenses increased by \$0.553 million (31 percent) largely as a result of higher contractors and consultants costs mainly due to more consultants engaged to assist with performance audits, higher utilities costs associated with the new office accommodation, increased information technology costs due to price increases for equipment and support services, and higher travel expenses due to more travel following the relaxation of COVID-19 travel restrictions and the cost associated with the Auditor-General attending the 24th Pacific Association of Supreme Audit Institutions (PASAI) Congress in Palau.

C.1.5 Financial position

The Audit Office's ability to meet its liabilities are discussed below.

Table C-2: Current financial position

	2020-21	2021-22	2022-23	2022-23
	Actual	Actual	Actual	Budget
	\$ 000	\$ 000	\$ 000	\$ 000
Current assets	3 010	4 259	4 997	3 538
Current liabilities	2 669	2 736	2 944	2 619
Net current assets	341	1 524	2 053	919
Current ratio	1.13	1.56	1.70	1.35

Source: Audit Office's audited 2020-21, 2021-22 and 2022-23 financial statements and 2022-23 budget papers.

The Audit Office has sufficient current assets to meet its current liabilities as there is \$1.70 in current assets available to meet each dollar of current liabilities at 30 June 2023. This position is better than the budget mainly as the opening cash balance was higher than the anticipated cash balance as a result of the better than anticipated operating result in 2021-22.

Table C-3: Long-term financial position

	2020-21	2021-22	2022-23	2022-23
	Actual	Actual	Actual	Budget
	\$ 000	\$ 000	\$ 001	\$ 000
Current assets	3 010	4 259	4 997	3 538
Total liabilities	2 886	3 048	3 147	3 259
Net long-term financial position	124	1 212	1 850	279
Ratio of current assets to total liabilities	1.04	1.40	1.59	1.09

Source: Audit Office's audited 2020-21, 2021-22 and 2022-23 financial statements and 2022-23 budget papers.

The long-term financial position of the Office as at 30 June 2023 is stronger than the budget and prior year. The Office plans to continue prudent financial management practice to further improve its financial position over the next few years.

Further information can be obtained from:

Mr Basu Banka, Chief Finance Officer, Professional Services on telephone number (02) 6207 0987 or email Basu.Banka@act.gov.au

C.2 Financial statements

ACT AUDIT OFFICE

FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2023

STATEMENT OF RESPONSIBILITY

In my opinion, the accompanying financial statements for the ACT Audit Office for the year ended 30 June 2023, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Statement of Cash Flows;

Statement of Appropriation; and

Notes to the Financial Statements;

are in agreement with the ACT Audit Office's accounts and records and fairly reflect the financial operations of the ACT Audit Office for the year ended 30 June 2023 and the financial position of the ACT Audit Office on that date.



Michael Harris
Auditor-General
25 September 2023

ACT AUDIT OFFICE
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2023

STATEMENT BY THE CHIEF OPERATING OFFICER

In my opinion, the accompanying financial statements for the ACT Audit Office for the year ended 30 June 2023, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Statement of Cash Flows;

Statement of Appropriation; and

Notes to the Financial Statements;

have been prepared in accordance with the Australian Accounting Standards, are in agreement with the ACT Audit Office's accounts and records, and fairly reflect the financial operations of the ACT Audit Office for the year ended 30 June 2023 and financial position of the ACT Audit Office on that date.



Caroline Smith
Chief Operating Officer, Professional Services
25 September 2023

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT ON THE ACT AUDIT OFFICE FOR THE YEAR ENDED 30 JUNE 2023

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

Opinion

I have audited the financial statements of the ACT Audit Office for the year ended 30 June 2023 which comprise the operating statement, balance sheet, statement of changes in equity, statement of cash flows, statement of appropriation, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the ACT Audit Office's financial position as at 30 June 2023, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the ACT Audit Office in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities for the financial statements

The Auditor-General is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the ACT Audit Office to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, Charterpoint is responsible for issuing an audit report that includes an independent opinion on the financial statements of the ACT Audit Office.

AUDITOR'S REPORT (CONTINUED)



My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the ACT Audit Office's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACT Audit Office;
- conclude on the appropriateness of the ACT Audit Office's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ACT Audit Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the ACT Audit Office to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in black ink, appearing to read "A Kelly".

Adrian Kelly
Registered Company Auditor

Dated this 25th day of September 2023

ACT AUDIT OFFICE

OPERATING STATEMENT

YEAR ENDED 30 JUNE 2023

	Note No.	Actual 2023 \$'000	Original Budget 2023 \$'000	Actual 2022 \$'000
Income				
Revenue				
Financial Audit Fees	2	5 788	5 892	5 281
Appropriation		4 064	4 064	4 058
Other Income		182	63	88
Total Revenue		10 034	10 019	9 427
Total Income		10 034	10 019	9 427
Expenses				
Employee Expenses	3	7 051	7 561	6 484
Supplies and Services	4	2 345	2 358	1 792
Depreciation and Amortisation		17	33	16
Total Expenses		9 413	9 952	8 291
Operating Result		621	67	1 136
Total Comprehensive Result		621	67	1 136

The above Operating Statement is to be read in conjunction with the accompanying notes.

ACT AUDIT OFFICE

BALANCE SHEET AT 30 JUNE 2023

	Note No.	Actual 2023 \$'000	Original Budget 2023 \$'000	Actual 2022 \$'000
Current Assets				
Cash	6	3 810	2 185	3 368
Receivables	5	1 137	1 304	848
Other Assets		50	49	44
Total Current Assets		4 997	3 538	4 259
Non-Current Assets				
Right-of-use Motor Vehicle		42	40	59
Office fit-out		-	496	-
Total Non-Current Assets		42	536	59
Total Assets		5 039	4 074	4 318
Current Liabilities				
Payables	7	642	244	795
Contract Liabilities	8	279	54	80
Employee Benefits	3	2 007	2 321	1 861
Lease Liabilities		16	-	-
Total Current Liabilities		2 944	2 619	2 736
Non-Current Liabilities				
Lease Liabilities		27	44	58
Employee Benefits	3	176	265	254
Other Provision		-	331	-
Total Non-Current Liabilities		203	640	312
Total Liabilities		3 147	3 259	3 048
Net Assets		1 892	815	1 271
Equity				
Accumulated Funds		1 892	531	1 271
Asset Revaluation Surplus		-	284	-
Total Equity		1 892	815	1 271

The above Balance Sheet is to be read in conjunction with the accompanying notes.

ACT AUDIT OFFICE

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2023

Year ended 30 June 2023	Accumulated Funds	Total Equity	Total Equity Original
	Actual	Actual	Budget
	2023	2023	2023
	\$'000	\$'000	\$'000
Balance at 1 July 2022	1 271	1 271	748
Comprehensive surplus			
Operating surplus	621	621	67
Total Comprehensive surplus	621	621	67
Balance at 30 June 2023	1 892	1 892	815

Year ended 30 June 2022	Accumulated Funds	Asset Revaluation Surplus	Total Equity
	Actual	Actual	Actual
	2022	2022	2022
	\$'000	\$'000	\$'000
Balance at 1 July 2021	(149)	284	135
Comprehensive surplus			
Operating surplus	1 136	-	1 136
Transfer to accumulated funds	284	(284)	-
Total Comprehensive surplus/(deficit)	1 420	(284)	1 136
Balance at 30 June 2022	1 271	-	1 271

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

ACT AUDIT OFFICE

STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2023

	Note No.	Actual 2023 \$'000	Original Budget 2023 \$'000	Actual 2022 \$'000
Cash Flows from Operating Activities				
Receipts				
Appropriation		4 064	4 064	4 058
Financial Audit Fees		5 799	5 840	5 485
Other Receipts		493	268	293
Total Receipts from Operating Activities		10 356	10 172	9 836
Payments				
Employee		7 084	7 209	6 410
Supplies and Services		2 494	2 389	1 520
Interest on Lease Liability		2	2	1
Other Payments		319	250	213
Total Payments from Operating Activities		9 899	9 850	8 144
Net Cash Inflows from Operating Activities	6	457	322	1 692
Cash Flows from Investing Activities				
Payments				
Purchase of Property, Plant and Equipment		-	200	-
Total Payments from Investing Activities		-	200	-
Net Cash Outflow from Investing Activities		-	(200)	-
Cash Flows from Financing Activities				
Payments				
Repayment of Lease Liabilities		15	15	17
Total Payments from Financing Activities		15	15	17
Net Cash Outflows from Financing Activities		(15)	(15)	(17)
Net Increase in Cash		442	107	1 675
Cash at the Beginning of the Reporting Period		3 368	2 078	1 693
Cash at the End of the Reporting Period	6	3 810	2 185	3 368

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

ACT AUDIT OFFICE

STATEMENT OF APPROPRIATION YEAR ENDED 30 JUNE 2023

	Original Budget 2023 \$'000	Total Appropriated 2023 \$'000	Appropriation Drawn 2023 \$'000	Appropriation Drawn 2022 \$'000
Controlled				
Controlled Recurrent Payments	4 064	4 064	4 064	4 058
Total Controlled Appropriation	4 064	4 064	4 064	4 058

The above Statement of Appropriation is to be read with the accompanying notes below.

Notes

Controlled recurrent payments accounting policy

Controlled recurrent payments are recognised as revenue on receipt.

ACT AUDIT OFFICE

Notes to the Financial Statements Year Ended 30 June 2023

Note Index	Page No.
1. About these financial statements	55
2. Funding for the delivery of audit services.....	57
3. The cost of delivering audit services	59
4. Supplies and services expenses.....	64
5. Receivables	66
6. Cash	67
7. Payables.....	69
8. Contract liabilities.....	70
9. Financial instrument exposures	71
10. Related parties.....	73
11. Budgetary Reporting	75

Notes to the Financial Statements

Year Ended 30 June 2023

Note 1. About these financial statements

Our objectives

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

Basis of preparation

The Audit Office is a not-for-profit reporting entity, established under the *Auditor-General Act 1996*, that prepares general purpose financial statements intended to meet the needs of users who cannot require an entity to prepare reports tailored to their information needs.

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

The financial statements comprise the following:

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

Notes to the Financial Statements

Year Ended 30 June 2023

Note 1. About these financial statements (Continued)

- a statement of appropriation which provides information on cash appropriations received from the ACT Government; and
- notes providing descriptions of items and the accounting policies for recognition.

The financial statements:

- apply the historical cost basis unless a different measurement basis is specifically disclosed in the note associated with the item measured;
- contain certain significant accounting estimates and assumptions and reflect the exercise of professional judgement based on historical experience and various other factors considered reasonable in the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision;
- contains information that is material. Omitting or misstating information is material where the omission or misstatement could influence decisions that users of the financial statements make based on the financial information provided; and
- are in Australian dollars with all amounts rounded to the nearest \$1,000, unless otherwise stated.

The *Financial Management Act 1996* also requires the financial statements to include budget information to facilitate a comparison with the budget papers. Budget amounts disclosed in the financial statements are from the 2022-23 Budget Statements.

Material variances from the budget are explained as a separate note.

There is no material impact of Australian Accounting Standards issued that apply to the future reporting periods.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 2. Funding for the delivery of audit services

To fund its objectives, the Audit Office has two primary sources of revenue – appropriation and financial audit fees.

Appropriation (Controlled recurrent payments)

The Statement of Appropriation contains details of the controlled recurrent payments.

Financial audit fees

Fees are charged for auditing financial statements and undertaking limited assurance engagements on the statements of performance of ACT Public Sector agencies. Financial audit fees are charged on a scale determined by the Auditor-General under the *Auditor-General Act 1996*.

	2023 \$'000	2022 \$'000
General Government Sector	3 885	3 709
Public Non-Financial Corporation Sector	871	708
Other	1 032	864
Total financial audit fees	5 788	5 281

Financial audit fees are higher than last year by \$0.507 million (10 percent) mainly due to additional fees charged in line with the wage price index to recover higher operating costs and higher revenue as more audit work was completed at balance date for 30 June 2023 audits (46 percent) compared to 30 June 2022 audits (42 percent).

Notes to the Financial Statements

Year Ended 30 June 2023

Note 2. Funding for the delivery of audit services (Continued)

Financial audit fees accounting policy

Revenue from the provision of financial audit services is recognised over time as the Audit Office satisfies its performance obligation completing the audit work. For audits performed by staff, the stage of completion of audit work for each financial audit is estimated by using an input method of 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 Audit Office by the financial audit contractors, information technology consultants, tax experts, actuaries and other experts.

Significant estimates and judgements

The Audit Office has made a significant estimate that included assumptions about when the financial audit fees are recognised as revenue according to the estimated stage of completion of each audit. This is based on an estimate of the total number of hours that will be required to complete each audit.

ACT AUDIT OFFICE

Notes to the Financial Statements

Year Ended 30 June 2023

Note 3. The cost of delivering audit services

The costs of delivering audit services mainly include employee expenses and, supplies and services expenses (Note 4).

Employee Expenses	2023 \$'000	2022 \$'000
Salaries	6 031	5 454
Superannuation	1 003	874
Annual Leave Expense	(5)	26
Long Service Leave Expense	(98)	16
Workers' Compensation Insurance Premium	82	75
Fringe benefits tax	20	20
Motor Vehicle running costs	5	4
Other Employee Benefits	13	14
Total Employee Expenses	7 051	6 484

Employee expenses are higher than last year by \$0.567 million (9 percent) mainly due the increase in average number of staff during the year (10 percent) and salary increases under the Office's enterprise agreement.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 3. The cost of delivering audit services (Continued)

Nature and classification

Employee benefits liabilities classified as current and non-current liabilities in the balance sheet were:

	2023 \$'000	2022 \$'000
Current Employee Benefits		
Annual Leave	745	749
Long Service Leave	930	951
Accrued Salaries	327	156
Accrued other employee benefits	5	5
Total Current Employee Benefits	2 007	1 861
Non-Current Employee Benefits		
Long Service Leave	176	254
Total Non-Current Employee Benefits	176	254
Total Employee Benefits	2 183	2 114

	2023 \$'000	2022 \$'000
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 Months		
Annual Leave	417	379
Long Service Leave	36	36
Accrued Salaries and other employee benefits	332	161
Total Employee Benefits Payable within 12 Months	785	576

Estimated Amount Payable after 12 Months		
Long Service Leave	1 070	1 169
Annual Leave	328	370
Total Employee Benefits Payable after 12 Months	1 398	1 539
Total Employee Benefits	2 183	2 114

Notes to the Financial Statements

Year Ended 30 June 2023

Note 3. The cost of delivering audit services (Continued)

As at 30 June 2023 the ACT Audit Office employed 46 full time equivalent (FTE) staff, which is the same as 30 June 2022.

Accrued salaries accounting policy

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

Annual and long service leave accounting policy

Annual and long service leave that is not expected to be wholly settled within 12 months after the end of the reporting period in which employees render the related service are measured at the present value of estimated future payments to be made for the services provided by employees up to the end of reporting period.

Annual leave and long service leave liabilities include estimated on-costs.

Assumptions

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. The rate used to estimate the present value of future payments for annual leave was 98.2 percent at 30 June 2023 (101.8 percent at 30 June 2022).

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

The rate used to estimate the present value of future payments for long-service leave was 93.0 percent at 30 June 2023 (95.3 percent at 30 June 2022).

As on-costs become payable only if an employee takes annual and long-service leave while in service, the probability of this occurring has been considered in estimating the liability for on-costs.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 3. The cost of delivering audit services (Continued)

Significant estimates and judgements

The estimated liability for annual and long-service leave requires consideration of 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. The judgements and assumptions included in the estimation of annual and long service leave liabilities were determined by the Australian Government Actuary in December 2021. The next review is expected to be undertaken by 2024.

This assessment is performed every three 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.

Classification as current and non-current liabilities

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 as there is an unconditional right to defer the settlement of the liability until the employee has completed the required years of service.

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 a result of services provided by employees up to the reporting date that remain unpaid.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 3. The cost of delivering audit services (Continued)

Sick leave

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.

Superannuation

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

The schemes 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 schemes is recognised in the balance sheet as the total territory superannuation liability is recorded in the financial statements of the Superannuation Provision Account.

Superannuation payments are also made to other schemes. These include the Public Sector Superannuation Scheme Accumulation Plan and schemes chosen by employees. These are accumulation plans. No liability is recognised in the balance sheet for these schemes as the Audit Office's liability is extinguished once superannuation contributions have been paid.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 4. Supplies and services expenses

Supplies and services expenses comprise of audit contractors and consultants fees and day to day running costs incurred in normal operations. They are recognised as an expense in the reporting period in which they are incurred.

Nature and classification

Supplies and Services	2023	2022
	\$'000	\$'000
Contractors and Consultants		
Performance Audit	371	104
Financial Audit	950	810
Other	86	127
Sub - total	1 407	1 042
Accommodation Lease	258	237
Information Technology	287	238
Utilities	54	6
Printing	19	14
Telephones	14	16
Publications and Subscriptions	42	33
Staff Development	71	48
Audit Fees	12	12
HR, Recruitment and Advertising	48	48
Services Received Free of Charge - ICT, HR and Finance	55	41
Travel	35	-
Security	-	14
Other	43	42
Sub-Total	938	750
Total Supplies and Services	2 345	1 792

Notes to the Financial Statements

Year Ended 30 June 2023

Note 4. Supplies and services expenses (Continued)

Supplies and services expenses increased by \$0.553 million (31 percent) largely as a result of higher:

- contractors and consultants expense mainly due to more contractors used to assist with performance audits,
- utilities mainly reflecting additional costs associated with new office accommodation,
- information technology costs mostly due to price increase for equipment and support services, and
- travel expenses mainly due to more travel following the relaxation of COVID-19 travel restrictions and costs associated with the Auditor-General attending the 24th Pacific Association of Supreme Audit Institutions (PASAI) Congress in Palau.

Commitments (inclusive of GST)

	2023	2022
	\$'000	\$'000
Not later than one year	1 117	717
Later than one year but not later than five years	686	1 148
Later than five years	5	9
Total Commitments to contractors	1 808	1 873

The above table includes commitments to contractors for financial audits and performance audits, and for information technology equipment. In the 2021-22 financial statements, commitments to contractors were disclosed separately to commitments for information technology equipment. The 2022 commitments have been restated to combine the amounts to provide a useful comparison with the 2023 commitments.

Total commitments balance does not include office accommodation rental commitments as the Audit Office has not yet been issued a final occupancy agreement for its current premises. However, the ACT Property Group have been invoicing the Audit Office each month since the move to Nara House at a cost of approximately \$21,312 per month.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 5. Receivables

Receivables largely consist of billed and unbilled amounts owing to the Office for financial audits. Accrued financial audit income is unbilled amounts receivable for audit work performed until the end of the reporting period. It includes amounts recoverable from auditees for amounts billed to the Office by contractors for financial audits.

Receivables by class of debtors was as follows:

	2023	2022
	\$'000	\$'000
Billed financial audit income	829	-
Accrued staff salary recoveries	101	-
Accrued financial audit income	207	848
Total Receivables	1 137	848

Total receivables at 30 June 2023 are higher than the last year actual by \$0.289 million (34 percent) mainly due unpaid invoices for 31 December financial audits.

No allowance for impairment at 30 June 2023 was recorded because all amounts owed to the Audit Office are expected to be collected.

Receivables accounting policy

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

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

Notes to the Financial Statements

Year Ended 30 June 2023

Note 5. Receivables (Continued)

Under the *Auditor-General Act 1996*, ACT Government agencies are liable to pay fees for financial audits based on the scale of fees decided by the Auditor-General. In accordance with the ACT Government policy, inter-agency receivables between ACT Government agencies are expected to have low credit risks and therefore agencies are not required to measure any loss allowance for receivables collectible from other ACT Government agencies.

Note 6. Cash

	2023 \$'000	2022 \$'000
Cash at bank	3 810	3 368
Cash as per Statement of Cash Flows and Balance Sheet	3 810	3 368

Cash at bank earned an average floating interest rate of 4.48 percent in 2022-23 (1.28 percent in 2021-22).

Total cash is higher than the prior year by \$0.422 million (13 percent) mainly due to the operating profit recorded for the year.

Accounting policy

Cash is recorded at its nominal amount.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 6. Cash (Continued)

Reconciliation of the operating surplus to net cash inflows from operating activities

	2023	2022
	\$'000	\$'000
Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities.		
Operating surplus	621	1 136
Add Non-Cash Items		
Depreciation on Motor Vehicle	17	16
Cash Before Changes in Operating Assets and Liabilities	638	1 152
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(289)	424
(Increase)/Decrease in Other Assets	(6)	2
(Increase) in Other non-current assets	-	(64)
(Decrease)/Increase in Payables	(153)	325
Increase /(Decrease) in Contract Liabilities	199	(285)
Increase in Employee Benefits	68	74
Increase in other liabilities	-	65
Net Changes in Operating Assets and Liabilities	(181)	541
Net Cash Inflows from Operating Activities*	457	1 692
* Minor amendments have been made to the comparative information to conform with current year presentation and disclosure requirements.		

ACT AUDIT OFFICE

Notes to the Financial Statements

Year Ended 30 June 2023

Note 7. Payables

	2023	2022
	\$'000	\$'000
Creditors and accruals	642	795
Total Payables	642	795

Payables at 30 June 2023 are lower than the last year actual by \$0.153 million (19 percent) mainly due to lower amounts for contractors for financial audit services.

Accounting policy

Creditors and accruals are amounts payable for goods and services provided to the Audit Office before the end of the reporting period. They are recognised at the amount to be paid for these goods and services when the liabilities are settled.

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

ACT Property Group rental charges invoiced for the Audit Office's temporary accommodation from 1 July 2021 to 15 March 2022 for Customs House are overdue at 30 June 2023 because the Office has disputed the charges and is awaiting a final decision on this matter.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 8. Contract liabilities

	2023	2022
	\$'000	\$'000
Revenue received in advance	279	80
Total Contract liabilities	279	80

Contract liabilities at 30 June 2023 are higher than prior year by \$0.199 million (249 percent) mainly due to more payments being received in advance because progress invoices for 30 June 2023 financial audits were sent earlier than the invoices for 30 June 2022 audits.

Accounting policy

Contract liabilities relate to financial audit fees consideration received in advance or invoiced in advance but not yet received from auditees where the Audit Office has yet to satisfy its performance obligation to complete the audit work. These contract liabilities will be recognised as revenue once the Audit Office has satisfied its performance obligation to complete the audit work. The Audit Office expects all contract liabilities at 30 June 2023 will be recognised as revenue during the next reporting period.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 9. Financial instrument exposures

Financial assets comprise of cash and receivables, and financial liabilities including payables. These balances are not exposed to price and currency risk.

The carrying amounts of each category of financial assets and liabilities approximate fair values and are as follows.

	Note No.	Carrying Amount 2023 \$'000	Fair Value 2023 \$'000	Carrying Amount 2022 \$'000	Fair Value 2022 \$'000
Financial Assets					
Cash	6	3 810	3 810	3 368	3 368
Receivables	5	1 137	1 137	848	848
Total Financial Assets		4 947	4 947	4 215	4 215
Financial Liabilities					
Payables	7	642	642	795	795
Total Financial liabilities		642	642	795	795
Net financial assets		4 305	4 305	3 420	3 420

The Audit Office has sufficient financial assets to meet financial liabilities when they fall due.

Interest rate risk exposure

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 (floating interest rate).

The Audit Office is exposed to movements in the amounts of interest earned on cash. However, as operating cash flows are not significantly dependent on interest earned, there is no significant exposure. The weighted average interest rate in 2022-23 was 4.48 percent and 1.28 percent at 2021-22.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 9. Financial instrument exposures (Continued)

As receivables and payables are non-interest-bearing, there is no exposure to movements in interest rates.

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 assets, net of any allowance made for impairment.

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

Credit risk is considered to be low, and there are no significant concentrations of credit risk.

Liquidity risk exposure

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

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

ACT AUDIT OFFICE

Notes to the Financial Statements

Year Ended 30 June 2023

Note 10. Related parties

Key management personnel

Key management personnel plan, direct and control the Audit Office's activities. The Audit Office's key management personnel are members of the Executive Committee.

2022-23 Key Management Personnel	Position	Period in Position
Michael Harris	Auditor-General	1 July 2022 to 30 June 2023
Ajay Sharma	Acting Auditor-General	16 January 2023 to 30 January 2023 24 February 2023 to 6 March 2023
Ajay Sharma	Assistant Auditor-General, Financial Audit	1 July 2022 to 30 June 2023
Rosario San Miguel	Acting Assistant Auditor-General, Financial Audit	24 February 2023 to 6 March 2023
Brett Stanton	Assistant Auditor-General, Performance Audit	1 July 2022 to 30 June 2023
Caroline Smith	Chief Operating Officer, Professional Services	1 July 2022 to 30 June 2023

2021-22 Key Management Personnel	Position	Period in Position
Michael Harris	Auditor-General	1 July 2021 to 30 June 2022
Ajay Sharma	Assistant Auditor-General, Financial Audit	1 July 2021 to 30 June 2022
Brett Stanton	Assistant Auditor-General, Performance Audit	1 July 2021 to 30 June 2022
Caroline Smith	Chief Operating Officer, Professional Services	20 September 2021 to 30 June 2022
Erika Hudleston	Acting Chief Operating Officer, Professional Services	1 July 2021 to 19 September 2021

Remuneration

Remuneration of the Audit Office's senior executive positions are determined by the ACT Remuneration Tribunal and tabled in the ACT Legislative Assembly.

	2023	2022
	\$'000	\$'000
Short-term employee benefits	1 021	942
Post-employment benefits	226	221
Other long-term benefits	132	132
Total Remuneration of key management personnel	1 379	1 295

Notes to the Financial Statements

Year Ended 30 June 2023

Note 10. Related parties (Continued)

Transactions and balances with key management personnel and other related parties

There were no related party transactions that involved key management personnel, their close family members, and their personal business interests in the current reporting period, other than the KMP disclosed above.

The Audit Office is an ACT Government related entity and therefore all other ACT Government agencies are related parties. Transactions with other ACT Government agencies are performed in the usual course of operations, typically required by legislation or the ACT Government's policies. Material transactions with other ACT Government agencies disclosed in these financial statements are:

- revenue that funds the Audit Office's operations in the form of Controlled Recurrent Payments Appropriation from the Territory Banking Account (Appropriation Statement); and Financial Audit Fees charged to all ACT Government agencies under the Auditor-General Act 1996 (Note 2).
- expenses relating to accommodation lease and information technology equipment and services (Note 4) to the Chief Minister, Treasury and Economic Development Directorate under whole-of-government service provider arrangements.

Notes to the Financial Statements

Year Ended 30 June 2023

Note 11. Budgetary Reporting

AASB 1055 Budgetary Reporting sets out the budgetary reporting requirements for not-for-profit entities within the General Government Sector (GGS).

Disclosures under AASB 1055 are intended to provide primary users with information relevant to assessing the financial performance of an agency. The main user is considered to be the Legislative Assembly.

Significant judgements have been applied in determining what variances are considered 'major variances'. Variances are considered major if both of the following criteria are met:

- the line item is a significant line item: where either the line-item actual or budget amount accounts for more than 10 percent of the relevant associated actual category amount (Income, Expenses, Assets, Liabilities and Equity totals); and
- the variance (original budget to actual) is greater than plus (+) or minus (-) 10 percent for the financial statement line item.

Professional judgement has also been applied to report on variances which are not major variances but considered important for readers.

Balance Sheet line Items

	Variance Explanation	Actual \$'000	Original Budget \$'000	Variance \$'000	Variance %
Balance Sheet Line Items					
Cash	1	3 810	2 185	1 625	74%
Receivables	2	1 137	1 304	(167)	-13%
Office fit-out	3	-	496	(496)	-100%
Payables	4	642	244	398	163%
Employee Benefits	5	2 183	2 586	(403)	-16%
Other Provision	6	-	331	(331)	-100%
Accumulated Funds	7	1 892	531	1 361	256%
Asset Revaluation Surplus	8	-	284	(284)	-100%

- Cash is higher than the budget estimate mainly due to higher than estimated opening cash balance and better than expected operating performance in 2022-23.
- Receivables are lower than the budget estimate mostly related to lower financial audit fees receivables due to less than expected audit work completed at 30 June 2023 (46 percent) compared to the budget estimate (50 percent).

Notes to the Financial Statements

Year Ended 30 June 2023

Note 11. Budgetary Reporting (Continued)

Variance Explanations

3. The budget contained balance for Office Fit-out for the new office accommodation in Nara Centre. There is nil Office Fit-out balance due to a decision by the ACT Property Group to retain ownership of the fit-out for the new office accommodation in the Nara Centre.
4. Payables are higher than the budget estimate mainly due to the outstanding rent accrued from 1 July 2021 to 15 March 2022 for the old office accommodation at Customs House. The Office has disputed the charges and awaiting a final decision on this matter.
5. Employee benefits is lower than the budget estimate mainly due to lower overall staff leave balances mainly due to staff using more leave during the year and lower than budgeted rates used to calculate the present value of annual leave and long service leave liabilities.
6. The budget contained an Other Provision related to the make-good of new office accommodation at the end of the lease. However, this balance is nil as the ACT Property Group owns the fit-out and is responsible for the make-good.
7. Accumulated funds are higher than budget due to the higher-than-expected operating surplus in 2022-23 and 2021-22.
8. Asset Revaluation Surplus was transferred to accumulated funds in the previous financial year following the disposal of the related asset.

Statement of Changes in Equity - these line items are covered in other financial statements.

Statement of Cashflows line Items

	Variance Explanation	Actual \$'000	Original Budget \$'000	Variance \$'000	Variance %
Statement of Cashflows Line Items					
Purchase of Property, Plant and Equipment	1	-	200	(200)	-100%

Variance Explanations

1. The budget contained balance for the purchase of Office Fit-out for the Office's new office accommodation in the Nara Centre. However, this balance is nil as the ACT Property Group retained ownership of the fit-out.

C.3 Capital works

The Audit Office had no capital projects in 2022 -23.

Further information can be obtained from:

Mr Basu Banka, Chief Finance Officer, Professional Services on telephone number (02) 6207 0987 or email Basu.Banka@act.gov.au

C.4 Asset management

C.4.1 Assets managed

Assets for Nara House are owned and managed by ACT Property Group.

C.4.2 Accommodation

From 1 July 2022 to 30 June 2023, the Audit Office occupied permanent accommodation at Nara Centre, 3 Constitution Avenue and occupies 617 square metres. The Office employed 46 staff (headcount) at 30 June 2023 and each staff member is allocated an individual desk.

Further information can be obtained from:

Ms Caroline Smith, Chief Operating Officer, Professional Services on telephone number (02) 6207 7829 or email Caroline.Smith@act.gov.au.

C.5 Government contracting

Contracts entered by the Audit Office during 2022-23 with a value of \$25,000 and above are listed in the table below.

Table C-4 Audit Office contracts 2022-23

Contract Number	Contracting Firm	Nature of works & related audit	Total Contract	Contract execution date	Contract expiry date
			Price \$ GST included		
FA19/05	CaseWare Australia & New Zealand	Software , Support, Services and As-A-Services Agreement	190,960	06/12/2019	05/12/2024
2020.89472.210	Ernst & Young	FA- Audit Services for Icon Water and ActewAGL	2,474,536	01/12/2020	30/06/2025
M21/30-04	BellchambersBarrett	FA- Tax Services for TCCS & Surburban Land Agency	53,000	30/04/2021	23/09/2025
M22/25-02	Axiom Associates (Aust) Pty Ltd	FA - Computer Information Systems Audit Services	137,783	25/02/2022	28/02/2023
2021-2022.02	Resolution Consulting Services PTY LTD	PA - Performance Audit Services	73,920	01/06/2022	17/08/2022
2021-2022.03	Curijo Pty Ltd	PA - Performance Audit Services	47,520	01/06/2022	30/11/2022
2021-2022.05	Bellchambers Barrett	FA - Professional Services	69,190	06/06/2022	30/09/2022
(VP290628)					
2022-2023.01	O'Connor Marsden & Associates	PA - Performance Audit Services - Step Up for Kids audit	39,204	30/06/2022	30/11/2022
2022-2023.02	Bellchambers Barrett	FA - Professional Services	59,331	11/07/2022	30/09/2022
(VN290628/2)					
2022-2023.03	First Nations Consultants Australia	PA - Performance Audit - Aboriginal and Torres Strait Islander Consulting Services	27,000	11/08/2022	30/11/2022
2022-2023.04	Deloitte Touche Tohmatsu	FA - Professional Services	69,500	18/08/2022	30/09/2022
2022-2023.13	Advizon Consulting	PA - Performance Audit Services - HRIMS Program	49,978	08/11/2022	19/05/2023
2022-2023.15	Australian Healthcare Associates	PA- Performance Audit Services - audit of supports for students with disability in ACT public schools.	69,190	08/02/2023	26/05/2023
2022-2023.23	New High Consulting Pty Ltd	Performance Audit Services	88,000	23/05/2023	31/08/2023
2022-2023.21	Bellchambers Barrett	FA - Professional Services	53,938	09/06/2023	29/09/2023
2022-2023.22	Deloitte Touche Tohmatsu	FA - Professional Services	141,636	11/06/2023	29/09/2023
2022-2023.24	Content Group Pty Ltd	Review and redesign of Performance audit reports and other publications	25,328	27/06/2023	31/08/2023
2022-2023.25	IBN MASAUD PTY LTD	FA - Professional Services	55,000	30/06/2023	06/10/2023
2022-2023.10	Axiom Associates (Aust) Pty Ltd	FA - Computer Information Systems Audit Services - June 2023	163,567	13/12/2022 & variation signed on 11/07/2023	31/08/2023
2023-2024.01	Deloitte Consulting Pty Ltd	FA - Actuarial Services for 2023 and 2024	194,189	29/06/2023	29/06/2025

Source: ACT Government Contracts Register

Note: All contracts entered by the Audit Office during 2022-23 with a value of \$25,000 or above were procured by seeking at least three quotes except for Contract Number 2022-2023.10 Axiom Associates (Aust) Pty Ltd which was approved by the Auditor-General. In prior years, contract number FA19/05 Case Ware Australia & New Zealand was a single-select procurement approved by the Auditor-General and contract number 2020.89472.210 with Ernst and Young was entered into following a public tender.

Secure local jobs code requirements were not applicable to any of the contracts the Audit Office entered in 2022-23.

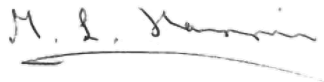
C.6 Statement of performance

ACT AUDIT OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2023

STATEMENT OF RESPONSIBILITY

In my opinion, the Statement of Performance is in agreement with the ACT Audit Office's records and fairly reflects the operational performance of the ACT Audit Office for the year ended 30 June 2023.

A handwritten signature in black ink, appearing to read 'M. L. Harris', with a long horizontal flourish underneath.

Michael Harris
Auditor-General

25 September 2023

ACT AUDIT OFFICE

**STATEMENT OF PERFORMANCE
YEAR ENDED 30 JUNE 2023**

STATEMENT OF RESPONSIBILITY

In my opinion, the Statement of Performance is in agreement with the ACT Audit Office's records and fairly reflects the operational performance of the ACT Audit Office for the year ended 30 June 2023.



Caroline Smith
Chief Operating Officer – Professional Services
25 September 2023

LIMITED ASSURANCE REPORT



INDEPENDENT LIMITED ASSURANCE REPORT ON THE ACT AUDIT OFFICE FOR THE YEAR ENDED 30 JUNE 2023

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

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the ACT Audit Office for the year ended 30 June 2023.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2023 are not in agreement with the ACT Audit Office's records or do not fairly reflect, in all material respects, the performance of the ACT Audit Office, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described below.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Responsibility for preparing and fairly presenting the statement of performance

The Auditor-General is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Responsibility for the limited assurance engagement of the statement of performance

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, Charterpoint is responsible for issuing a limited assurance report on the statement of performance of the ACT Audit Office.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the ACT Audit Office's records or do not fairly reflect, in all material respects, the performance of the ACT Audit Office, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the ACT Audit Office, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

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LIMITED ASSURANCE REPORT (CONTINUED)



Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the ACT Audit Office.

A handwritten signature in black ink, appearing to read "A Kelly".

Adrian Kelly
Registered Company Auditor

Dated this 25th day of September 2023

ACT AUDIT OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2023

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

The Audit Office meets its objectives largely by auditing the financial statements of the Territory and its agencies and conducting performance audits.

The accountability indicators provide information on the cost, quantity and timeliness of reports and the quality and effectiveness of audit work.

Accountability indicators	Note No.	2022-23 Target	2022-23 Actual Result	Variance from Target
Costs				
Audit cost per hour excluding audit contractor costs	1	\$214	\$194	(9%)
Quantity				
Number of auditor's reports issued on financial statements and compliance auditor's report	2	61	60	(2%)
Number of limited assurance reports issued on statements of performance	3	30	30	0%
Number of reports, including performance audit and limited assurance, presented to the ACT Legislative Assembly	4	9	7	(22%)

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

ACT AUDIT OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2023

Accountability indicators	Note No.	2022-23 Target	2022-23 Actual Result	Variance from Target
Quality and effectiveness				
Percentage of agencies satisfied with financial audits and compliance audits	5	95%	100%	5%
Percentage of agencies satisfied with performance audits	6	95%	100%	5%
Percentage of agencies satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance, or internal controls	7	80%	100%	25%
Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity	8	80%	100%	25%
Timeliness				
Percentage of financial audits completed within the required timetable	9	100%	98%	(2%)
Average period of completion of performance audits	10	9 months	11.2 months	25%
Presentation of summary reports on financial audits to the ACT Legislative Assembly				
1. Financial Audits – Overview		Nov 2022	Nov 2022	0%
2. Financial Audits – Financial Results and Audit Findings		Dec 2022	Dec 2022	0%

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

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 1. Audit cost per hour excluding audit contractor costs

This accountability indicator represents the *internal cost per hour* for financial audit and performance audit functions.

Internal costs are calculated by subtracting audit contractor costs and resources received free of charge from total expenses incurred by the Audit Office. *Internal cost per hour* is calculated by dividing internal costs by the number of hours spent by the staff on audits.

The 2022-23 target of \$214 was calculated as budgeted total expenses minus budgeted audit contractor costs for 2022-23 (i.e. \$9,945,690 minus \$1,000,173 equals \$8,945,517) divided by the estimated number of hours to be charged to audits and related activities in 2022-23 (41,729 hours). There was no budgeted resources received free of charge.

Actual audit costs per hour excluding audit contractor costs and resources received free of charge is \$194. This was calculated as the actual cost of \$7,949,601 (i.e. actual total expenses of \$9,412,904 minus audit contractor costs of \$1,408,629 and resources received free of charge of \$54,673) divided by the actual number of hours charged to audits for 2022-23 of 40,991 hours.

The audit cost per hour excluding audit contractor costs and resources received free of charge is \$194 which is 9 percent lower than the targeted cost of \$214.

Actual cost per hour was below the target cost per hour mainly because of the underspend in employee costs.

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 2. Number of auditor's reports issued on financial statements and compliance auditor's report

This accountability indicator represents the number of auditor's reports issued on financial statements and the number of compliance auditor's reports issued in 2022-23.

There were 59 auditor's reports issued on financial statements and 1 compliance auditor's report issued in 2022-23. The total number of these reports (60) was slightly less than the 2022-23 target (61). One audit for the ACT Veterinary Surgeons Board did not go ahead as anticipated as the Board did not require an audit to be undertaken in 2022-23.

A listing of these reports is provided in Note 3.

Note 3. Number of limited assurance reports issued on statements of performance

This accountability indicator represents the number of limited assurance reports issued on statements of performance of agencies in 2022-23.

The number of limited assurance reports issued on statements of performance in 2022-23 (30) was consistent with the 2022-23 target (30). A listing of these reports is provided in the following table.

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 3. Number of auditor's reports and limited assurance reports issued in 2022-23 (continued)

This table represents the auditor's reports and limited assurance reports that were issued in the period from 1 July 2022 to 30 June 2023.

No.		Auditor's Reports	No.	Limited Assurance Reports
	Territory's financial statements			
1	Consolidated Annual Financial Statements	Unmodified	-	Not applicable
	Directorates			
2	ACT Electoral Commission	Unmodified	-	Not applicable
3	ACT Executive	Unmodified	-	Not applicable
4	ACT Health Directorate	Unmodified	1	Unmodified
5	ACT Integrity Commission	Unmodified	-	Not applicable
6	ACT Local Hospital Network Directorate	Unmodified	2	Unmodified
7	Canberra Health Services	Unmodified	3	Unmodified
8	Chief Minister, Treasury and Economic Development Directorate	Unmodified	4	Unmodified
9	Community Services Directorate	Unmodified	5	Unmodified
10	Education Directorate	Unmodified	6	Unmodified
11	Environment, Planning and Sustainable Development Directorate	Unmodified	7	Unmodified
12	Housing ACT	Unmodified	8	Unmodified
13	Justice and Community Safety Directorate	Unmodified	9	Unmodified
14	Lifetime Care and Support Fund	Unmodified	-	Not applicable
15	Major Projects Canberra	Unmodified	10	Unmodified
16	Office of the Legislative Assembly	Unmodified	11	Unmodified
17	Public Sector Workers Compensation Fund	Unmodified	12	Unmodified
18	Superannuation Provision Account	Unmodified	13	Unmodified
19	Territory Banking Account	Unmodified	14	Unmodified
20	Transport Canberra and City Services Directorate	Unmodified	15	Unmodified
21	Transport Canberra Operations	Unmodified	16	Unmodified

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 3. Number of auditor's reports and limited assurance reports issued in 2022-23 (continued)

No.		Auditor's Reports	No.	Limited Assurance Reports
	Authorities			
22	ACT Gambling and Racing Commission	Unmodified	17	Unmodified
23	ACT Insurance Authority	Unmodified	18	Unmodified
24	Building and Construction Industry Training Fund Authority	Unmodified	19	Unmodified
25	Canberra Institute of Technology	Unmodified	20	Unmodified
26	Cemeteries and Crematoria Authority	Modified	21	Unmodified
27	City Renewal Authority	Unmodified	22	Unmodified
28	Cultural Facilities Corporation	Unmodified	23	Unmodified
29	Independent Competition and Regulatory Commission	Unmodified	24	Unmodified
30	Legal Aid Commission (ACT)	Unmodified	25	Unmodified
31	Long Service Leave Authority	Unmodified	26	Unmodified
32	Motor Accident Injuries Commission	Unmodified	27	Unmodified
33	Office of the Work Health and Safety Commissioner (WorkSafe ACT)	Unmodified	28	Unmodified
34	Public Trustee and Guardian	Unmodified	29	Unmodified
35	Suburban Land Agency	Unmodified	30	Unmodified
36	University of Canberra	Unmodified	-	Not applicable
	Territory-owned corporations and other companies			
37	CIT Solutions Pty Limited	Unmodified	-	Not applicable
38	Community Housing Canberra Limited	Unmodified	-	Not applicable
39	Icon Distribution Investments Limited	Unmodified	-	Not applicable
40	Icon Retail Investments Limited	Unmodified	-	Not applicable
41	Icon Water Limited	Unmodified	-	Not applicable
42	UCX Ltd	Unmodified	-	Not applicable
	Joint ventures and partnerships			
43	ActewAGL Distribution Partnership	Unmodified	-	Not applicable

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 3. Number of auditor's reports and limited assurance reports issued in 2022-23 (continued)

No.		Auditor's Reports	No.	Limited Assurance Reports
44	ActewAGL Joint Venture Special Purpose Financial Report	Unmodified	-	Not applicable
45	ActewAGL Joint Venture Summary Financial Report	Unmodified	-	Not applicable
46	ActewAGL Retail Partnership	Unmodified	-	Not applicable
47	West Belconnen Joint Venture	Unmodified	-	Not applicable
	Other audits			
48	Capital Region Community Foundation Gift Fund	Unmodified	-	Not applicable
49	Capital Region Community Foundation Open Fund	Unmodified	-	Not applicable
50	Commonwealth funding under the Local Roads and Community Infrastructure Program	Unmodified	-	Not applicable
51	Commonwealth funding under the National Land Transport Act 2014 - Black Spot Projects	Unmodified	-	Not applicable
52	Commonwealth funding under the National Land Transport Act 2014 - National Projects	Unmodified	-	Not applicable
53	Commonwealth funding under the National Land Transport Act 2014 - Roads to Recovery	Unmodified	-	Not applicable
54	Default Insurance Fund	Unmodified	-	Not applicable
55	Disaster Recovery Funding Arrangements	Unmodified	-	Not applicable
56	National Health Funding Pool Account for the ACT	Unmodified	-	Not applicable
57	Office of the Nominal Defendant of the ACT	Unmodified	-	Not applicable
58	Public Trustee and Guardian - Trust Account	Unmodified	-	Not applicable
59	University of Canberra Research Income Return	Unmodified	-	Not applicable
	Compliance audit			
60	Public Trustee and Guardian - Compliance with the <i>Public Trustee Ancillary Guidelines 2011</i>	Unmodified	-	Not applicable

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 4. Number of reports, including performance audit and limited assurance, presented to the ACT Legislative Assembly

This accountability indicator represents the number of reports presented in the ACT Legislative Assembly in 2022-23.

The following six performance audit reports were presented to the ACT Legislative Assembly in 2022-23.

1. Procurement and contracting activities for the Acton Waterfront Project (Report No. 5/2022)
2. ACT Childhood Healthy Eating and Active Living Programs (Report No. 6/2022)
3. Construction occupations licensing (Report No. 1/2023)
4. Management of Operation Reboot (Outpatients) (Report No. 2/2023)
5. Financial management services for protected persons (Report No. 3/2023)
6. Procurement of a hybrid electric fire truck (Report No. 4/2023)

The following information report was presented to the ACT legislative Assembly in 2022-23:

1. ACT Emergency Services Agency Cleaning Services Arrangements (Report No. 9/2022)

The Audit Office had planned for the delivery of nine reports to the ACT Legislative Assembly in 2021-22. However, delays to the delivery of audits in 2021-22 subsequently impacted the delivery of audits in 2022-23. A suite of audits are currently underway with a view to delivering in excess of the expected nine reports for tabling to the Assembly in 2023-24.

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 5. Percentage of agencies satisfied with financial audits and compliance audits

This accountability indicator provides information on reporting agencies' level of satisfaction with financial audits conducted by the Audit Office.

A survey of reporting agencies is conducted to obtain feedback on the financial audit process and to rate their overall satisfaction with their financial audits completed in 2022-23. This percentage is calculated as the number of reporting agencies that provide a satisfactory or better rating in relation to financial audits completed in 2022-23 divided by the number of agencies that responded to the survey.

While 60 audits were completed in 2022-23, 45 satisfaction surveys were issued as some satisfaction surveys cover multiple audits (e.g. the Icon Water group, ActewAGL Joint Venture and the Public Trustee and Guardian). No surveys are sent in relation to the several small Commonwealth grant acquittal audits.

The Audit Office received survey responses from 41 (91 percent) of the 45 reporting agencies surveyed. Of the 41 survey responses received, 40 agencies provided a rating to the question on 'overall satisfaction rating with the financial audit'.

Satisfaction rating	Number of responses	%
Satisfied		
Very good	18	45
Good	20	50
Satisfactory	2	5
Sub-total	40	100
Not satisfied (Poor)	0	0
Total	40	100

Source: Agency satisfaction surveys

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

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

The percentage of reporting agencies satisfied with financial audits and the one compliance audit performed during 2022-23 (100 percent) exceeded the target (95 percent).

Ninety-five percent (38 of 40) of respondents to the survey rated 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.

Feedback provided by reporting 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 AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 6. 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 agencies subjected to a performance audit is undertaken to rate their satisfaction with performance audits completed during 2022-23.

This percentage is calculated as the number of survey responses that provide a satisfactory or better than satisfactory rating for performance audits completed during 2022-23 divided by the number of audited agencies that responded to the survey.

The Audit Office received responses for 8 (73 percent) of the 11 surveys sent.

Satisfaction rating	Number of responses	%
Satisfied		
Very good	3	37
Good	4	50
Satisfactory	1	13
Sub-total	8	100
Not satisfied		
Poor	0	0
Very poor	0	0
Sub-total	0	0
Total	8	100

Source: Agency satisfaction surveys

Explanations Accompanying the Statement of Performance
Year Ended 30 June 2023

Note 6. Percentage of agencies satisfied with performance audits (continued)

The percentage of agencies satisfied with performance audits (100 percent) exceeded the target (95 percent). The respondents to the survey rated the Audit Office's performance as 'good' or 'very good'.

The Audit Office received a number of positive comments in the survey responses from audited agencies, some of which indicated satisfaction with, and endorsement of, Audit Office processes associated with auditee engagement and communication:

We would like to express our gratitude to the ACT Audit Office for their ability to quickly acquire knowledge in the field ... and to accurately capture service protocols and service gaps ... The auditors communicated in a timely and professional manner and provided adequate lead time to prepare responses to each report. It was a pleasure working with them.

The performance audit team communicated well with representatives from [the agency]. The audit team were flexible, respected the operational constraints under which [the agency] operates and took on board feedback in respect to the subject matter.

The Audit Office was open and transparent in its communication, sharing multiple draft reports and early findings, and actively incorporating advice along the way.

One agency noted the value of the early engagement with the Audit Office and the benefits this brought to the audit process:

The value of this audit was significantly strengthened by early engagement between the Office and [the agency] to assist the Office in understanding the [audit subject matter] and to assist in defining the scope of the audit.

This early engagement and understanding of the function by the Office had the flow on benefit of ongoing collaboration between the parties, due to shared understanding of the process, but was also aided by consistent representation from the Office during the audit.

Notwithstanding the value of the final recommendations, this process allowed [the agency] to adapt and modify procedures that were identified through the audit processes and where appropriate.

One agency, in its response, identified a desire for a longer period to consider the draft proposed and final proposed reports that are provided for comment:

For consideration as an improvement in the audit cycle/process, we suggest extending the timeframes for provision of Directorate comments on both the draft and final report. This

would greatly assist in the context of managing competing priorities, while maintaining thorough review of the report by all relevant stakeholders.

Another agency commented on the length of time taken for the audit, and the potential for this to lead to a poorer audit outcome:

[We] believe the length of time this audit has taken has meant different auditors have been involved, different views taken, additional impost on time and resourcing to respond to and support the audit has been incurred, and ultimately this has led to some confusion about the [audit subject]. The final audit findings and recommendations remain useful to the [agency].

The same agency also noted:

... while described as a performance audit, we consider the audit moved into a compliance audit focus. We consider that the real performance of [the agency] in delivering these services was missed in context and audit findings.

Feedback provided by audited 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 AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 7. Percentage of agencies satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance, or internal controls

This accountability indicator provides information on reporting agencies' level of satisfaction with audit findings and/or recommendations made during financial audits conducted by the Audit Office.

Reporting agencies were asked to respond to the '**Potential of the Audit Office's audit findings and/or recommendations to improve the financial reporting, governance or internal controls of our organisation.**' This percentage is 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 question. Of the 41 survey responses received by the Audit Office in 2022-23, 30 agencies provided a rating to the question. The remaining 11 agencies did not provide a response to the question as no recommendations were made during these financial audits.

Satisfaction rating	Number of responses	%
Satisfied		
Very good	9	30
Good	17	57
Satisfactory	4	13
Sub-total	30	100
Not satisfied		
Poor	0	0
Total	30	100

The percentage of reporting agencies that were satisfied with the potential for financial audit findings and/or recommendations to improve their financial reporting, governance, or internal controls (100 percent) exceeded the target (80 percent).

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 8. Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity

This accountability indicator provides information on whether the performance audit will help improve administration of the audited activity. A survey of audited agencies subjected to a performance audit was performed to rate their satisfaction with performance audits completed in 2022-23.

Audited agencies were asked whether **‘the audit will help your organisation to improve administration of the audited activity.’** The percentage is calculated as the number of audited agencies that provide an ‘agree’ or ‘strongly agree’ to this question divided by the number of agencies that responded to the survey.

The Audit Office received responses for 8 (73 percent) of the 11 surveys sent.

Agency rating	Number of responses	%
<u>Ratings</u>		
Strongly agree	3	37
Agree	5	63
Sub-total	8	100
Strongly disagree	0	0
Disagree	0	0
Sub-total	0	0
Neither agree nor disagree	0	0
Unsure	0	0
Sub- total	0	0
Total	8	100

Source: Agency satisfaction surveys

Explanations Accompanying the Statement of Performance
Year Ended 30 June 2023

Note 8. Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity (continued)

The percentage of agencies that indicated that they 'agree' or 'strongly agree' that 'the audit will help their organisation improve administration of the audited activity' (100 percent) is higher than the target (80 percent).

Note 9. Percentage of financial audits completed within the required timetable

The 'required timetable' refers to the reporting and audit timetable issued by the Chief Minister, Treasury and Economic Development 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.

The Audit Office plans to complete all financial audits within the 'required timetable'. Meeting this timetable is challenging and depends on many factors which are outside the control of the Audit Office. For example, for audits to be completed by the required date, reporting agencies need to:

- provide satisfactory financial statements and supporting work papers to the Audit Office by the planned date; and
- respond in a timely manner to requests from the audit team for information.

In 2022-23, the Audit Office completed 98 percent (59 of 60) of the financial audits within the required timetable.

Delays were experienced with one audit as the certified financial statements for this audit was provided to the Audit Office twelve days later than planned. The auditor's report was issued on the same day of the receipt of the certified financial statements and in time for this reporting agency to meet its statutory reporting timeframe.

ACT AUDIT OFFICE

Explanations Accompanying the Statement of Performance Year Ended 30 June 2023

Note 10. 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 ACT Legislative Assembly for tabling.

The indicator 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
1. Procurement and contracting activities for the Acton Waterfront Project (Report No. 5/2022)	12.2
2. ACT Childhood Healthy Eating and Active Living Programs (Report No. 6/2022)	9.0
3. Construction occupations licensing (Report No. 1/2023)	15.7
4. Management of Operation Reboot (Outpatients) (Report No. 2/2023)	7.2
5. Financial management services for protected persons (Report No. 3/2023)	17.0
6. Procurement of a hybrid electric fire truck (Report No. 4/2023)	5.7
Average period of completion of performance audits	11.2

Explanations Accompanying the Statement of Performance
Year Ended 30 June 2023

Note 10. Average period of completion of performance audits (continued)

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. The average period of completion of performance audits in 2022-23 was 11.2 months compared to the target of 9.0 months.

Reasons for exceeding the target time varied according to the audit. Audits may be impacted by factors within the control of the audit team and Audit Office. The Audit Office continues to look for more ways to improve performance and build resilience into the audit process, including through the use of contractors and subject matter experts to support audit teams.

Appendix A: Financial Audit Fees

Subsection 11A(5) of the A-G Act requires the Audit Office to disclose the basis on which the Auditor-General decided fees for audits conducted during the reporting period.

Financial audit fees are based on an estimate of the time and cost of completing each audit. This estimate is prepared before the audit is performed and communicated to reporting agencies during the planning phase of the audit.

Estimates of financial audit fees are mainly based on information on the time taken and costs incurred in completing the financial statements audit and limited assurance engagement on the statement of performance (where applicable) in recent years while taking into account known factors that would cause significant changes to the cost of audits.

These include changes to:

- accounting, reporting and audit requirements;
- information and other systems used to prepare the financial statements;
- the cost of using information technology, accounting and actuarial experts;
- the number and type of accountability indicators;
- administrative arrangements; and
- Audit Office staff salaries and overhead costs.

Where an audit is being undertaken primarily by contractors, audit fees are based on the expected contract cost plus an estimate of the time and cost of work by staff from the Audit Office on the audit.

The Audit Office attempts to minimise fee variations between years to provide budget consistency and certainty, especially for small reporting agencies. This practice means that the Audit Office:

- will, in nearly all cases, charge the estimated audit fees communicated to reporting agencies during the planning phase regardless of actual costs that are subsequently incurred on the audit. This practice results in surpluses and deficits occurring on individual audits; and
- may change fees on the basis of the time and costs incurred on an audit over a number of years particularly where significant surpluses or deficits are generated, rather than amending fees whenever a surplus or deficit is recorded.

When estimating fees for audits, the Audit Office seeks to recover the costs of completing the annual program of financial audits. A small surplus or deficit is estimated when setting fees for the entire annual financial audit program.

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

Table 1: Summary of financial audit fees

	2021-22 Actual Audit Fees \$	2022-23 Estimated Audit Fees \$
Territory's financial statements (refer Table 2)	205 991	211 766
Directorates (refer Table 2)	3 083 268	3 238 631
Statutory authorities (refer Table 3)	1 431 639	1 466 253
Territory-owned corporations and companies (refer Table 4)	491 333	493 902
Joint ventures and partnerships (refer Table 5)	361 663	384 360
Other audits (refer Table 6)	162 986	168 283
Total financial audit fees	5 736 880	5 963 195

Source: Audit Office records

Table 1 shows that audit fees are estimated to increase by \$226 315 (4 percent) from \$5 736 880 in 2021-22 to \$5 963 195 in 2022-23. The increase in audit fees is consistent with the increase in Office costs mainly arising from wage price increases.

Financial audit fees charged to agencies are presented in Tables 1 to 6 of this Appendix. These fees vary from that reported in the Audit Office's financial statements because the revenue from the provision of financial audit services is recognised over time as the Audit Office satisfies its performance obligation of completing the audit work.

Explanations for fee variations greater than 5 percent on individual audits other than the increase in Office costs mentioned above are provided after Table 6.

Estimated financial audit fees (excluding GST) shown are for audits with reporting periods ending 31 December and 30 June.

Further information can be obtained from:

Mr Ajay Sharma, Assistant Auditor-General on telephone number (02) 6207 0830 or email Ajay.Sharma@act.gov.au

Table 2: Financial audit fees – The Territory and directorates

	Note No.	2021-22 Actual Audit Fees \$	2022-23 Estimated Audit Fees \$
Territory's financial statements			
Territory's consolidated annual financial statements		205 991	211 766
Total		205 991	211 766
Directorates			
ACT Electoral Commission		41 000	42 333
ACT Executive		41 000	42 333
ACT Health Directorate		149 275	154 680
ACT Integrity Commission		49 975	51 599
ACT Local Hospital Network Directorate		67 273	69 459
Canberra Health Services		209 375	216 733
Chief Minister, Treasury and Economic Development Directorate	1	530 641	594 959
Community Services Directorate		149 275	154 680
Education Directorate		202 539	195 709
Environment, Planning and Sustainable Development Directorate		229 275	237 280
Housing ACT	2	160 025	168 709
Justice and Community Safety Directorate		318 775	329 689
Lifetime Care and Support Fund		62 068	64 085
Major Projects Canberra		128 775	133 514
Office of the Legislative Assembly		60 000	61 950
Public Sector Workers Compensation Fund		63 795	65 869
Superannuation Provision Account		56 811	58 658
Transport Canberra and City Services Directorate		347 366	358 289
Transport Canberra Operations	3	164 775	185 187
Territory Banking Account		51 250	52 916
Total		3 083 268	3 238 631

Explanatory notes are provided after Table 6 in this Appendix.

Table 3: Financial audit fees –Territory authorities

	Note No.	2021-22 Actual Audit Fees \$	2022-23 Estimated Audit Fees \$
Territory authorities			
ACT Gambling and Racing Commission		51 250	52 916
ACT Insurance Authority		67 870	70 076
Building and Construction Industry Training Fund Authority		37 500	38 719
Canberra Institute of Technology		194 750	200 590
Cemeteries and Crematoria Authority		90 000	92 925
City Renewal Authority		68 909	71 022
Cultural Facilities Corporation		76 000	78 470
Independent Competition and Regulatory Commission		40 000	41 300
Legal Aid Commission (ACT)		68 000	70 210
Long Service Leave Authority		71 136	73 448
Motor Accident Injuries Commission		26 650	27 516
Office of the Work Health and Safety Commissioner		40 000	41 300
Public Trustee and Guardian		51 250	52 916
Suburban Land Agency		217 054	223 575
University of Canberra		331 270	331 270
Total		1 431 639	1 466 253

Explanatory notes are provided after Table 6 in this Appendix.

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

	Note No.	2021-22 Actual Audit Fees \$	2022-23 Estimated Audit Fees \$
Territory-owned corporations and companies			
CIT Solutions Pty Limited		50 000	51 500
Community Housing Canberra Limited		68 600	70 830
CHC Trust Account under Territory Management Agreement	4	-	9 500
Icon Water Limited (including Icon Water Distribution Investments Limited and Icon Water Investments Limited)		315 733	305 072
UCX Ltd		57 000	57 000
Total		491 333	493 902

Explanatory notes are provided after Table 6 in this Appendix.

Table 5: Financial audit fees – joint ventures and partnerships

	Note No.	2021-22 Actual Audit Fees \$	2022-23 Estimated Audit Fees \$
Joint ventures and partnerships			
ActewAGL Joint Venture	5	300 163	320 861
West Belconnen Joint Venture		61 500	63 499
Total		361 663	384 360

Explanatory notes are provided after Table 6 in this Appendix.

Table 6: Financial audit fees – other audits

	Note No.	2021-22 Actual Audit Fees \$	2022-23 Estimated Audit Fees \$
Other audits			
Capital Region Community Foundation Gift Fund		4 100	4 233
Capital Region Community Foundation Open Fund		4 100	4 233
Commonwealth Funding for Roads Program (several small grant acquittal audits)		20 500	21 166
Default Insurance Fund		33 145	34 223

	Note No.	2021-22 Actual Audit Fees \$	2022-23 Estimated Audit Fees \$
Disaster Funding Arrangement	6	7 000	-
National Health Funding Pool – ACT State Pool Account		18 900	19 514
Office of the Nominal Defendant of the ACT		33 691	34 786
Public Trustee and Guardian - compliance with the <i>Public Ancillary Fund Guidelines 2011</i>		6 150	6 350
Public Trustee and Guardian - Trust Account		36 900	38 099
University of Canberra Research Income Return		5 500	5 679
Total		169 986	168 283

Explanatory notes

Note 1: The increase in audit fees includes the contractor costs to be recovered for the review of IT controls over various revenue systems in 2022-23. These controls are required to be comprehensively reviewed every three years.

Note 2: The increase in audit fees includes the contractor costs to be recovered for the review of IT controls over the Homenet application in 2022-23. These controls are required to be comprehensively reviewed every three years.

Note 3: The increase in audit fees includes the contractor costs to be recovered for the review of IT controls over the MyWay application in 2022-23. These controls are required to be comprehensively reviewed every three years.

Note 4: This audit was performed at the request of Community Housing Canberra Limited.

Note 5: The increase in audit fees includes additional audit work performed to meet the new requirements of the Australian Auditing Standard ASA 315: 'Identifying and Assessing the Risks of Material Misstatement'.

Note 6: This was a one-off audit to acquit disaster funding received from the Commonwealth.

Appendix B: Compliance index

Section	Contents	Page No.
	Contents	i
	List of abbreviations and glossary	v
A	Transmittal Certificate	vii
B	Organisational overview and performance	1
B.1	Organisational overview	1
B.2	Performance analysis	11
B.3	Scrutiny	23
B.4	Risk management	24
B.5	Internal audit	25
B.6	Fraud prevention	27
B.7	Freedom of information	29
B.8	Community engagement and support	30
B.9	Aboriginal and Torres Strait Islander reporting	30
B.10	Work health and safety	32
B.11	Human resources management	33
B.12	Ecological sustainability reporting	37
C	Financial management reporting	41
C.1	Financial management analysis	41
C.2	Financial statements	45
C.3	Capital works	77
C.4.	Asset management	77
C.5	Government contracting	77
C.6	Statement of performance	79
Appendix A	Financial Audit Fees	101
Appendix B	Compliance index	107
Appendix C	Audit Office reports	109

Appendix C: Audit Office reports

Report number and publishing year	Report title
Reports Published in 2022-23	
Report No. 06 – 2023	Implementation of the ACT Aboriginal and Torres Strait Islander Agreement
Report No. 05 – 2023	Activities of the Government Procurement Board
Report No. 04 – 2023	Procurement of a hybrid electric fire truck
Report No. 03 – 2023	Financial Management Services for Protected Persons
Report No. 02 – 2023	Management of Operation Reboot (Outpatients)
Report No. 01 – 2023	Construction Occupations Licensing
Report No. 10 – 2022	2021-22 Financial Audits Financial Results and Audit Findings
Report No. 09 – 2022	ACT Emergency Services Agency Cleaning Services Arrangements
Report No. 08 – 2022	2021-22 Financial Audits Overview
Report No. 07 – 2022	ACT Childhood Health Eating and Active Living Programs
Reports Published in 2021-22	
Report No. 05 – 2022	Procurement and contracting activities for the Acton Waterfront Project
Report No. 04 – 2022	Governance arrangements for the planning of services for Parkwood, Ginninderry
Report No. 03 – 2022	ACT Taxi Subsidy Scheme
Report No. 02 – 2022	Fraud Prevention
Report No. 01 – 2022	Management of detainee mental health services in the Alexander Maconochie Centre
Report No. 13 – 2021	Campbell Primary School Modernisation Project Procurement
Report No. 12 – 2021	2020-21 Financial Audits – Financial Results and Audit Findings
Report No. 11 – 2021	Digital Records Management
Report No. 10 – 2021	2020-21 Financial Audits Overview
Report No. 09 – 2021	Annual Report 2020-21
Report No. 08 – 2021	Canberra Light Rail Stage 2a: Economic Analysis

These and earlier reports can be obtained from the ACT Audit Office or the ACT Audit Office's website: <http://www.audit.act.gov.au>