



STANDING COMMITTEE ON PUBLIC ACCOUNTS

ALISTAIR COE MLA (CHAIR), MICHAEL PETERSSON MLA (DEPUTY CHAIR), ANDREW BRADDOCK MLA

**Inquiry into referred 2019–20 Annual and Financial Reports and Budget Estimates 2020-21**  
**ANSWER TO QUESTION ON NOTICE**

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Asked by Peter Cain MLA on 10 March 2021:

Ref: Budget Outlook, table 3.8.5, Budget Forecast

In relation to:

In the 2020-21 budget, expenditure is forecast to increase at a rate of 2.3% per annum on average, although such a low level of expenditure growth has not been achieved over the last decade.

1. Will the ACT Auditor-General conduct a performance audit of the budget forecasting practices and procedures to assure the Legislative Assembly that the budget and forward estimates present a true and accurate picture of the costs of government services and policies current at the time of the publication of the budget?

In South Australia, the Auditor-General presents to the House of Assembly and the State Council a report (under SA's Public Finance and Audit Act 1987) on the State's finances which includes, among other things, analysis of budget and forward estimates and its underlying assumptions.

2. Will the Auditor-General implement a model of this kind in the ACT for the Legislative Assembly and the community to ensure the reliability of the budget forecasts (subject to adequate resourcing for the Auditor-General's Office)?
  - a. Given that this model is not currently in place in the ACT, what is the risk that the financial statements in the budget papers do not meet the requirements of the Financial Management Act 1996 in regard to "giving full, accurate and timely disclosure of financial information about the activities of the government and its agencies"?

Michael Harris, ACT Auditor-General: The answer to the Member's question is as follows: –

1. The ACT Audit Office publishes an annual performance audit program in June each year. This program includes information on audits that are currently underway, audits planned for the following year and proposed topics for the two out years. This program is prepared in accordance with the *Auditor-General Act 1996* and is prepared via consultation with the Standing Committee on Public Accounts (PAC), Members of the Legislative Assembly (MLAs), the Head of the ACT Public Service and ACT Government directorates and other agencies. The performance audit program is flexible and responsive to new and emerging issues, including those from representations or public interest disclosures from the Legislative Assembly or broader community. The program for the next two years is published on Audit Office's website at <https://www.audit.act.gov.au/2020-21-Performance-Audit-Program.pdf>. This program currently does not include a performance audit of the budget forecasting practices and procedures.



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

**QON No. 011**

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2. I have briefly reviewed the State Finances report produced by the Auditor-General's Office in South Australia (refer to <https://www.audit.sa.gov.au> for a copy) and found page 5 of the report states:

The data and assumptions underlying this information are not subject to audit and no audit opinion is provided on the accuracy of either the historical or prospective figures presented in the 2019-20 Budget.

*The Financial Management Act 1996 (FMA) does not require the Auditor-General to audit the budget papers or the reliability of the forecasts contained in the Budget Papers. The Auditor-General is only required to audit the financial statements in accordance with the requirements of the Australian Accounting Standards. Agencies are required by the FMA to facilitate comparison with the budget papers by including the budget figures in their financial statements. As required by the accounting standards agencies include information on budgetary reporting in the notes to their financial statements and report reasons for any significant variations from the budget as contained in the Budget Papers. These explanations are reviewed by the Audit Office for reasonableness as part of the annual audit of agencies financial statements.*

Approved for circulation to the Standing Committee on Public Accounts

Signature:

Date: 23 March 2021

By the ACT Auditor-General, Michael Harris