



Speaker

Mr Andrew Barr MLA  
Treasurer  
Legislative Assembly for the ACT  
Civic Square, London Circuit  
CANBERRA ACT 2601

**COPY**

Dear Mr Barr

**2018-19 DRAFT BUDGET FOR THE ACT AUDIT OFFICE**

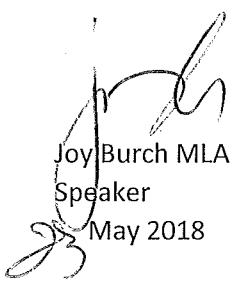
Section 20AB(c) of the *Financial Management Act 1996* requires the Speaker to give the Treasurer a draft 2018-19 Budget for the ACT Audit Office.

Attached is the draft 2018-19 Budget for the ACT Audit Office. This draft budget:

- is consistent with budget information recorded in the Chief Minister, Treasury and Economic Development Directorate's 'Government Budget Management Application' (GBMS); and
- does not include any appropriation funding which was not approved by the Budget Cabinet Committee.

The draft 2018-19 Budget includes additional appropriation for performance audits in future budget periods. As shown in Table 2 on page 3, the Budget Cabinet Committee has approved appropriation for one additional performance audit in 2019-20 and two additional performance audits from 2020-21 onwards. This will increase the number of performance audits completed by the ACT Audit Office from seven in 2018-19 to eight in 2019-20 and nine per year from 2020-21.

Yours sincerely

  
Joy Burch MLA  
Speaker

23 May 2018

**BUDGET STATEMENTS**

**2018-19**

**for**

**Auditor-General**

*This page deliberately left blank*

# AUDITOR-GENERAL

---

## Purpose

The Auditor-General is an independent Officer of the Legislative Assembly and aims to promote public accountability for the effective and efficient provision of ACT public services by providing independent, evidenced-based audit reports to the ACT Legislative Assembly and ACT community on these services.

The Auditor-General, subject to Territory laws, has complete discretion in performing audits. The Auditor-General makes recommendations to ACT Government agencies and Legislative Assembly Committees on how improvements could be made to services and programs provided by the ACT public sector.

The Auditor-General also responds to representations and public interest disclosures made by members of the Legislative Assembly and the community.

The ACT Audit Office supports the Auditor-General in carrying out these activities.

## 2018-19 Priorities

The main priorities for 2018-19 include:

- completing a planned program of performance audits which meets the expectations of the Legislative Assembly and ACT community and achieving an even spread of these audits during the year;
- completing an annual program of audits of financial statements and reviews of statements of performance within required timeframes including completing the summary reports on the results of these audits and reviews;
- completing performance audits and financial audits in accordance with professional auditing requirements and maintaining compliance with the Quality Control Standards;
- responding to representations and public interest disclosures made by members of the Legislative Assembly and the community; and
- addressing any recommendations from internal audit and quality assurance reviews.

## Estimated Employment Level

Table 1: Estimated Employment Level

	2016-17 Actual Outcome	2017-18 Budget	2017-18 Estimated Outcome	2018-19 Budget
Staffing (FTE)	33	37	37	35

# Strategic Objectives and Indicators

## Strategic Objective 1

### *Business and Corporate Strategies*

The Audit Office will be operating under its 'Strategic Plan 2018-2021'. This plan is supported by individual action plans for performance audit, financial audit and professional services (corporate) activities for 2018-19.

The main strategies the Audit Office plans to use to achieve its objectives include the:

- provision of informative and evidenced-based reports on the results of the performance audits and financial audits to the ACT Legislative Assembly;
- provision of advice and briefings to ACT Legislative Assembly committees, including the Standing Committee on Public Accounts;
- completion of audits efficiently and effectively in accordance with professional auditing requirements;
- continuation of bringing the performance audit work forward to achieve a more even spread of performance audits; and
- improvement in performance by:
  - addressing recommendations from internal audits and quality control reviews of performance audit and financial audit work;
  - providing learning and development opportunities to staff; and
  - responding to feedback provided in surveys by audited agencies and Audit Office staff.

## Changes to Appropriation

Table 2: Changes to appropriation – Controlled Recurrent Payments

	2017-18 Estimated Outcome \$'000	2018-19 Budget \$'000	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000
<b>2017-18 Budget</b>	2,894	2,935	2,947	2,977	2,977
<b>2018-19 Budget Policy Decisions</b>					
Better Government - More resources for the ACT Auditor-General	0	0	280	560	571
<b>2018-19 Budget Technical Adjustments</b>					
Comcare Premium adjustment	-5	0	0	0	0
Revised Wage Parameters	0	20	49	78	107
Revised Indexation Parameters	0	7	0	0	-12
Revised Superannuation Guarantee Rate	0	3	5	11	11
Revised Superannuation Parameters	-34	-16	-11	-5	-5
<b>2018-19 Budget</b>	<b>2,855</b>	<b>2,949</b>	<b>3,270</b>	<b>3,621</b>	<b>3,649</b>

**Table ##: Changes to appropriation – Capital Injections, Controlled**

	2017-18 Estimated Outcome \$'000	2018-19 Budget \$'000	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000
<b>2017-18 Budget</b>	0	0	0	0	0
<b>2018-19 Budget Technical Adjustments</b>					
Revised Wage Parameters	0	9	0	0	0
<b>2018-19 Budget</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Financial Statements – Controlled (GGS)

Table 3: Auditor-General: Operating Statement

2017-18 Budget		2017-18 Estimated Outcome \$'000	2018-19 Budget \$'000	Var %	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
2,894	Controlled Recurrent Payments	2,855	2,949	3	3,270	3,621	3,649
4,040	User Charges	3,985	4,203	5	4,330	4,459	4,591
45	Interest	50	45	-10	45	45	46
<b>6,979</b>	<b>Total Revenue</b>	<b>6,890</b>	<b>7,197</b>	<b>4</b>	<b>7,645</b>	<b>8,125</b>	<b>8,286</b>
<b>Expenses</b>							
4,344	Employee Expenses	3,939	4,201	7	4,577	4,912	5,018
653	Superannuation Expenses	619	585	-5	661	700	715
2,589	Supplies and Services	2,766	2,315	-16	2,362	2,437	2,435
52	Depreciation and Amortisation	52	52	-	52	18	0
<b>7,638</b>	<b>Total Expenses</b>	<b>7,376</b>	<b>7,153</b>	<b>-3</b>	<b>7,652</b>	<b>8,067</b>	<b>8,168</b>
<b>-659</b>	<b>Operating Result</b>	<b>-486</b>	<b>44</b>	<b>109</b>	<b>-7</b>	<b>58</b>	<b>118</b>
<b>-659</b>	<b>Total Comprehensive Income</b>	<b>-486</b>	<b>44</b>	<b>109</b>	<b>-7</b>	<b>58</b>	<b>118</b>

**Table 4: Auditor-General: Balance Sheet**

Budget at 30/6/18 \$'000		2017-18 Estimated Outcome \$'000	Budget at 30/6/19 \$'000	Var %	Estimate at 30/6/20 \$'000	Estimate at 30/6/21 \$'000	Estimate at 30/6/22 \$'000
<b>Current Assets</b>							
1,483	Cash and Cash Equivalents	1,581	1,282	-19	1,511	1,475	1,411
1,410	Receivables	1,401	1,483	6	1,457	1,737	2,090
17	Other Assets	25	25	-	25	25	25
<b>2,910</b>	<b>Total Current Assets</b>	<b>3,007</b>	<b>2,790</b>	<b>-7</b>	<b>2,993</b>	<b>3,237</b>	<b>3,526</b>
<b>Non Current Assets</b>							
122	Property, Plant and Equipment	122	70	-43	18	0	0
<b>122</b>	<b>Total Non Current Assets</b>	<b>122</b>	<b>70</b>	<b>-43</b>	<b>18</b>	<b>0</b>	<b>0</b>
<b>3,032</b>	<b>TOTAL ASSETS</b>	<b>3,129</b>	<b>2,860</b>	<b>-9</b>	<b>3,011</b>	<b>3,237</b>	<b>3,526</b>
<b>Current Liabilities</b>							
186	Payables	209	209	-	209	209	209
1,655	Employee Benefits	1,420	1,079	-24	1,218	1,366	1,518
<b>1,841</b>	<b>Total Current Liabilities</b>	<b>1,629</b>	<b>1,288</b>	<b>-21</b>	<b>1,427</b>	<b>1,575</b>	<b>1,727</b>
<b>Non Current Liabilities</b>							
151	Employee Benefits	112	131	17	150	170	189
86	Other Liabilities	86	86	-	86	86	86
<b>237</b>	<b>Total Non Current Liabilities</b>	<b>198</b>	<b>217</b>	<b>10</b>	<b>236</b>	<b>256</b>	<b>275</b>
<b>2,078</b>	<b>TOTAL LIABILITIES</b>	<b>1,827</b>	<b>1,505</b>	<b>-18</b>	<b>1,663</b>	<b>1,831</b>	<b>2,002</b>
<b>954</b>	<b>NET ASSETS</b>	<b>1,302</b>	<b>1,355</b>	<b>4</b>	<b>1,348</b>	<b>1,406</b>	<b>1,524</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
666	Accumulated Funds	1,018	1,071	5	1,064	1,122	1,240
288	Asset Revaluation Surplus	284	284	-	284	284	284
<b>954</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>1,302</b>	<b>1,355</b>	<b>4</b>	<b>1,348</b>	<b>1,406</b>	<b>1,524</b>

**Table 5: Auditor-General: Statement of Changes in Equity**

Budget at 30/6/18 \$'000		2017-18 Estimated Outcome \$'000	Budget at 30/6/19 \$'000	Var %	Estimate at 30/6/20 \$'000	Estimate at 30/6/21 \$'000	Estimate at 30/6/22 \$'000
	<b>Opening Equity</b>						
1,325	Opening Accumulated Funds	1,504	1,018	-32	1,071	1,064	1,122
288	Opening Asset Revaluation Reserve	284	284	-	284	284	284
<b>1,613</b>	<b>Balance at the Start of the Reporting Period</b>	<b>1,788</b>	<b>1,302</b>	<b>-27</b>	<b>1,355</b>	<b>1,348</b>	<b>1,406</b>
	<b>Comprehensive Income</b>						
-659	Operating Result	-486	44	109	-7	58	118
<b>-659</b>	<b>Total Comprehensive Income</b>	<b>-486</b>	<b>44</b>	<b>109</b>	<b>-7</b>	<b>58</b>	<b>118</b>
	<b>Closing Equity</b>						
666	Closing Accumulated Funds	1,018	1,071	5	1,064	1,122	1,240
288	Closing Asset Revaluation Reserve	284	284	-	284	284	284
<b>954</b>	<b>Balance at the end of the Reporting Period</b>	<b>1,302</b>	<b>1,355</b>	<b>4</b>	<b>1,348</b>	<b>1,406</b>	<b>1,524</b>

**Table 6: Auditor-General: Cash Flow Statement**

2017-18 Budget	2017-18 Estimated Outcome	2018-19 Budget	Var %	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
2,894	2,855	2,949	3	3,270	3,621	3,649
Controlled Recurrent Payments						
4,204	4,137	4,333	5	4,667	4,541	4,733
User Charges						
45	45	45	-	45	45	46
Interest Received						
281	529	427	-19	478	462	477
Other						
<b>7,424</b>	<b>7,566</b>	<b>7,754</b>	<b>2</b>	<b>8,460</b>	<b>8,669</b>	<b>8,905</b>
<b>Operating Receipts</b>						
<b>Payments</b>						
4,008	3,921	4,349	11	4,342	4,737	4,902
Employee						
735	701	681	-3	770	832	855
Superannuation						
2,885	3,305	2,767	-16	2,856	2,873	2,949
Supplies and Services						
275	275	265	-4	263	263	263
Other						
<b>7,903</b>	<b>8,202</b>	<b>8,062</b>	<b>-2</b>	<b>8,231</b>	<b>8,705</b>	<b>8,969</b>
<b>Operating Payments</b>						
<b>-479</b>	<b>-636</b>	<b>-308</b>	<b>52</b>	<b>229</b>	<b>-36</b>	<b>-64</b>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>						
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
0	0	9	#	0	0	0
Capital Injections						
0	0	9	#	0	0	0
Financing Receipts						
<b>Payments</b>						
0	0	0	-	0	0	0
Financing Payments						
<b>0</b>	<b>0</b>	<b>9</b>	<b>#</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>						
<b>-479</b>	<b>-636</b>	<b>-299</b>	<b>53</b>	<b>229</b>	<b>-36</b>	<b>-64</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
<b>1,962</b>	<b>2,217</b>	<b>1,581</b>	<b>-29</b>	<b>1,282</b>	<b>1,511</b>	<b>1,475</b>
<b>CASH AT THE BEGINNING OF REPORTING PERIOD</b>						
<b>1,483</b>	<b>1,581</b>	<b>1,282</b>	<b>-19</b>	<b>1,511</b>	<b>1,475</b>	<b>1,411</b>
<b>CASH AT THE END OF REPORTING PERIOD</b>						

## **Notes to the Controlled Budget Statements**

Significant variations are explained below.

### ***Operating Statement***

- Employee Expenses
  - The 2017-18 estimated outcome was \$0.405 million lower than the 2017-18 Budget as the departure of financial and performance audit staff resulted in a lower than anticipated full time equivalent staff in 2017-18.
  - The increase of \$0.262 million in the 2018-19 Budget from the 2017-18 estimated outcome reflects the budget assumption that the budgeted number of audit staff will be maintained in 2018-19.
- Supplies and Services
  - The 2017-18 estimated outcome was \$0.177 million higher than the 2017-18 Budget due mainly to higher performance audit contractor costs to replace departing performance audit staff.
  - The decrease of \$0.451 million in the 2018-19 Budget from the 2017-18 estimated outcome reflects a decrease in performance audit contractor costs as the number of performance audits delivered in 2018-19 will be reduced by one. In 2017-18, the Audit Office used its cash reserves to do an additional performance audit as recommended by the strategic reviewer.

### ***Balance Sheet***

- Cash and Cash Equivalents
  - The 2017-18 estimated outcome was \$0.098 million higher than the Budget mainly due to a higher than anticipated cash balance at the beginning of the year.
  - The Budget at 30 June 2019 is \$0.299 million lower than the 2017-18 estimated outcome as cash is anticipated to be used to pay leave entitlements for an executive staff member.

### ***Statement of Changes in Equity***

- Variations in this statement are explained in the notes above.

### ***Cash Flow Statement***

- Variations in this statement are explained in the notes above.