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ACT AUDITOR–GENERAL'S

FINANCIAL AUDIT REPORT

2023-24 Financial Audits – Overview

Report No. 9 / 2024

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.

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The support of Axiom Associates Pty Ltd, BellchambersBarrett, Cumpston Sarjeant Pty Limited, Deloitte Touche Tohmatsu, Ernst & Young, GAAP Consulting, Justin Reid Consulting, O’Connor Marsden & Associates and RSM Australia is appreciated.

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

The Speaker
ACT Legislative Assembly
Civic Square, London Circuit
CANBERRA ACT 2601

Dear Speaker

I am pleased to forward to you a Financial Audit Report titled '2023-24 Financial Audits – Overview' for tabling in the ACT Legislative Assembly pursuant to Subsection 17(5) of the *Auditor-General Act 1996*.

Yours sincerely

M. L. Harris

Michael Harris
Auditor-General
7 November 2024

Contents

Summary

The ACT Audit Office (Audit Office) provides independent auditor's reports on financial statements and limited assurance reports on statements of performance to inform the ACT Legislative Assembly and the ACT community on whether ACT Government directorates, authorities, companies, joint ventures and partnerships as well as other reporting agencies have provided, in all material respects, a true and fair view of their financial results and operating performance for the reporting period.

In 2023-24, the Audit Office conducted:

- audits of 60 financial statements with reporting periods primarily ending 31 December 2023 and 30 June 2024;
- limited assurance engagements on 30 statements of performance with reporting periods ending 31 December 2023 and 30 June 2024; and
- one compliance engagement.

This report provides a summary of the results of financial statements audits and limited assurance engagements on statements of performance. It also includes information on the Audit Office's assessment of the:

- quality of 52 financial statements, for which agencies prepare a full set of financial statements, and the timeliness of 33 reporting agencies required to prepare financial statements in accordance with the whole of government reporting timetable;
- quality of 30 statements of performance submitted by reporting agencies to the Audit Office, and the timeliness of 27 reporting agencies required to prepare statements of performance in accordance with the whole of government reporting timetable; and
- accuracy and completeness of this information included in 45 reporting agencies' embargoed annual reports.

This is the first of two reports on 2023-24 financial audits and will be followed by a report titled 'Financial Results and Audit Findings'.

Terms the reader may not be familiar with, such as the types of reports issued on financial statements and statements of performance, are explained in *Appendix A: Key Terms and Rating Criteria*.

Conclusions

Results of financial statements audits

In 2023-24, unmodified auditor's reports were issued by the Audit Office on all except one of the financial statements prepared by reporting agencies as they materially complied with the relevant accounting and financial reporting requirements and presented, in all material respects, a true and fair view of the financial performance and position of the reporting agencies.

One modified auditor's report with a qualified opinion was issued on the 2023-24 financial statements of the Cemeteries and Crematoria Authority.

The overall quality of the financial statements submitted by reporting agencies to the Audit Office remained high in 2023-24 with 90 percent (47 of 52) of the financial statements submitted for audit assessed as either good or satisfactory.

All except two reporting agencies provided their financial statements to the Audit Office in accordance with the whole of government reporting timetable. The agencies that were late provided their financial statements within four days after the due date.

Overall, given the high quality of financial statements submitted to the Audit Office in a timely manner, the risk of non-compliance with the whole of government reporting timetable and modification of the auditor's report is low.

Results of statements of performance limited assurance engagements

No modified limited assurance reports were issued in 2023-24. No matters were identified from the limited assurance engagements performed on reporting agencies' statements of performance to indicate that reported results were materially incorrect or unable to be independently verified.

The overall quality of statements of performance submitted to the Audit Office by reporting agencies improved in 2023-24. The percentage of statements of performance rated as good or satisfactory in 2023-24 increased to 97 percent (29 of 30) from 87 percent (26 of 30) in 2022-23.

Almost all reporting agencies provided their statements of performance to the Audit Office in accordance with the whole of government reporting timetable. The two agencies that were late provided their statements of performance within four days after the due date.

Overall, given the high quality of statements of performance submitted to the Audit Office in a timely manner, the risk of non-compliance with the whole of government reporting timetable and modification of the limited assurance report is low.

Annual reports

All reporting agencies included complete and accurate financial statements with the auditor's report, and where applicable, the statement of performance with the limited assurance report, in their embargoed annual reports.

Key findings

Results of financial statements audits	Paragraph
In 2023-24, unmodified auditor's reports were issued by the Audit Office on all except one of the financial statements prepared by reporting agencies as they materially complied with the relevant accounting and financial reporting requirements and presented, in all material respects, a true and fair view of the financial performance and position of the reporting agencies.	2.9
A modified auditor's report with a qualified opinion was issued on the 2023-24 financial statements of the Cemeteries and Crematoria Authority as the Authority did not correctly recognise transactions relating to the Perpetual Care Trust (PCT) in its financial statements as required by the Australian Accounting Standards.	2.10
An unmodified compliance auditor's report was also issued on the Public Trustee and Guardian's compliance with the *Taxation Administration (Public Ancillary Fund) Guidelines 2022* in relation to the Capital Region Community Foundation Gift Fund.	2.11
The overall quality of the financial statements submitted by reporting agencies to the Audit Office remained high in 2023-24 with 90 percent (47 of 52) of the financial statements submitted for audit assessed as either good or satisfactory, a slight improvement from 87 percent (45 of 52) in 2022-23.	2.15
Compliance with the whole of government reporting timetable for reporting agencies to provide their financial statements to the Audit Office declined slightly from 97 percent (32 of 33) in 2022-23 to 94 percent (31 of 33) in 2023-24.	2.24

Results of statements of performance limited assurance engagements	Paragraph
Unmodified limited assurance reports were issued on 30 reporting agencies' statements of performance in 2023-24 as no matters were identified that would indicate the results for their accountability indicators in their statements of performance were not materially correct or could not be independently verified during the limited assurance engagement.	3.8
The overall quality of statements of performance submitted to the Audit Office by reporting agencies improved in 2023-24. The percentage of statements of	3.12

performance rated as good or satisfactory in 2023-24 increased to 97 percent (29 of 30) from 87 percent (26 of 30) in 2022-23.	
Compliance by reporting agencies with the whole of government reporting timetable for providing their statements of performance to the Audit Office declined from full compliance in 2022-23 to 93 percent (25 of 27) in 2023-24.	3.20

Annual reports

	Paragraph
All forty-five reporting agencies included complete and accurate financial statements with the auditor's report, and where applicable, the statement of performance with the limited assurance report, in their embargoed annual reports.	4.7

1 Auditor’s reports and limited assurance reports

1.1 The Audit Office issued 60 auditor’s reports on financial statements, 30 limited assurance reports on statements of performance and one compliance auditor’s report in 2023-24. Table 1-1 below lists these reports.

1.2 The types of reports issued on financial statements and statements of performance are explained in *Appendix A: Key Terms and Rating Criteria*.

Table 1-1 Auditor’s reports and limited assurance reports

	Auditor’s Reports	Limited Assurance Reports
Territory		
Territory's Consolidated Annual Financial Statements	Unmodified	Not applicable
Directorates		
ACT Electoral Commission	Unmodified	Not applicable
ACT Executive	Unmodified	Not applicable
ACT Health Directorate	Unmodified	Unmodified
ACT Integrity Commission	Unmodified	Not applicable
ACT Local Hospital Network	Unmodified	Unmodified
Canberra Health Services	Unmodified	Unmodified
Chief Minister, Treasury and Economic Development Directorate	Unmodified	Unmodified
Community Services Directorate	Unmodified	Unmodified
Education Directorate	Unmodified	Unmodified
Environment, Planning and Sustainable Development Directorate	Unmodified	Unmodified
Housing ACT	Unmodified	Unmodified
Justice and Community Safety Directorate	Unmodified	Unmodified
Lifetime Care and Support Fund	Unmodified	Unmodified
Major Projects Canberra	Unmodified	Unmodified
Office of the Legislative Assembly	Unmodified	Not applicable
Public Sector Workers Compensation Fund	Unmodified	Unmodified
Superannuation Provision Account	Unmodified	Unmodified
Territory Banking Account	Unmodified	Unmodified
Transport Canberra and City Services Directorate	Unmodified	Unmodified
Transport Canberra Operations	Unmodified	Unmodified

	Auditor's Reports	Limited Assurance Reports
Authorities		
ACT Building and Construction Industry Training Fund Authority	Unmodified	Unmodified
ACT Gambling and Racing Commission	Unmodified	Unmodified
ACT Insurance Authority	Unmodified	Unmodified
Cemeteries and Crematoria Authority	Modified	Unmodified
Canberra Institute of Technology	Unmodified	Unmodified
City Renewal Authority	Unmodified	Unmodified
Cultural Facilities Corporation	Unmodified	Unmodified
Independent Competition and Regulatory Commission	Unmodified	Unmodified
Legal Aid Commission (ACT)	Unmodified	Unmodified
Long Service Leave Authority	Unmodified	Unmodified
Motor Accident Injuries Commission	Unmodified	Unmodified
Office of the Work Health and Safety Commissioner (WorkSafe ACT)	Unmodified	Unmodified
Public Trustee and Guardian	Unmodified	Unmodified
Suburban Land Agency	Unmodified	Unmodified
University of Canberra	Unmodified	Not applicable
Territory-owned corporations and other companies		
CIT Solutions Pty Limited	Unmodified	Not applicable
Icon Distribution Investments Limited	Unmodified	Not applicable
Icon Retail Investments Limited	Unmodified	Not applicable
Icon Water Limited	Unmodified	Not applicable
UCX Ltd	Unmodified	Not applicable
Joint ventures and partnerships		
ActewAGL Distribution Partnership	Unmodified	Not applicable
ActewAGL Joint Venture Special Purpose Financial Report	Unmodified	Not applicable
ActewAGL Joint Venture Summary Financial Report	Unmodified	Not applicable
ActewAGL Retail Partnership	Unmodified	Not applicable
West Belconnen Joint Venture	Unmodified	Not applicable
Other audits		
Capital Region Community Foundation Gift Fund	Unmodified	Not applicable
Capital Region Community Foundation Open Fund	Unmodified	Not applicable

	Auditor's Reports	Limited Assurance Reports
Other audits – continued		
Commonwealth funding under the *National Land Transport Act 2014* - Black Spot Projects	Unmodified	Not applicable
Commonwealth funding under the *National Land Transport Act 2014* - National Projects	Unmodified	Not applicable
Commonwealth funding under the *National Land Transport Act 2014* - Roads to Recovery	Unmodified	Not applicable
Commonwealth funding under the *Local Roads and Community Infrastructure Program Guidelines*	Unmodified	Not applicable
Default Insurance Fund	Unmodified	Not applicable
National Health Funding Pool Account for the ACT	Unmodified	Not applicable
Office of the Nominal Defendant of the ACT	Unmodified	Not applicable
Public Trustee and Guardian - Trust Account	Unmodified	Not applicable
University of Canberra Research Income Return	Unmodified	Not applicable
ACT Veterinary Practitioners Board	Unmodified	Not applicable
Community Housing Canberra - Common Ground Dickson Tenancy and Property Management and Tenancy Support Services (30 June 2023)	Unmodified	Not applicable
Community Housing Canberra - Trust Account under the Territory Property Management Agreement (30 June 2023)	Unmodified	Not applicable
Compliance audit		
Public Trustee and Guardian - Compliance with the *Taxation Administration (Public Ancillary Fund) Guidelines 2022*	Unmodified	Not applicable

2 Results of financial statements audits

Introduction

2.1 The *Financial Management Act 1996* requires the Audit Office to audit the financial statements of the Territory and ACT Government directorates and authorities.

2.2 Audits of other ACT Government related reporting agencies are also performed under other legislation or reporting requirements, such as the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission Act 2012*, joint venture agreements, trust deeds and Commonwealth Government funding agreements.

2.3 The independent auditor’s report issued by the Audit Office on the financial statements includes an opinion on whether the financial statements provide, in all material respects, a true and fair view of the financial position and financial performance of the reporting agency for the reporting period and are presented in accordance with the relevant reporting and disclosure requirements, including Australian Accounting Standards.

2.4 Where it is concluded that the financial statements meet these requirements an unmodified auditor’s report is provided on the financial statements. Where these requirements are not met a modified auditor’s report is issued on the financial statements.

2.5 To provide an overall picture of the effectiveness of the reporting arrangements implemented by reporting agencies, the Audit Office also assesses the quality of 52 financial statements, for which agencies prepare a full set of financial statements, and the timeliness of 33 reporting agencies required to produce financial statements in accordance with the whole of government reporting timetable.

2.6 The whole of government reporting timetable (reporting timetable) is issued each year by the Chief Minister, Treasury and Economic Development Directorate for reporting agencies that prepare financial statements under the *Financial Management Act 1996*.

Overall findings

Conclusions

In 2023-24, unmodified auditor’s reports were issued by the Audit Office on all except one of the financial statements prepared by reporting agencies as they materially complied with the relevant accounting and financial reporting requirements and presented, in all material respects, a true and fair view of the financial performance and position of the reporting agencies.

One modified auditor’s report with a qualified opinion was issued on the 2023-24 financial statements of the Cemeteries and Crematoria Authority.

remained high in 2023-24 with 90 percent (47 of 52) of the financial statements submitted for audit assessed as either good or satisfactory.

All except two reporting agencies provided their financial statements to the Audit Office in accordance with the whole of government reporting timetable. The agencies that were late provided their financial statements within four days after the due date.

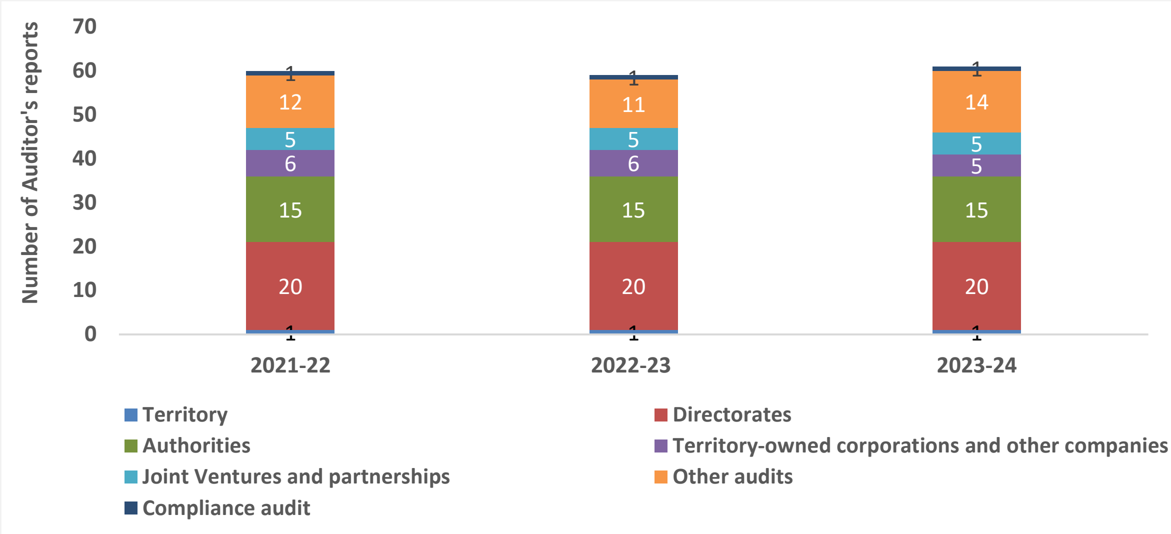
Overall, given the high quality of financial statements submitted to the Audit Office in a timely manner, the risk of non-compliance with the whole of government reporting timetable and modification of the auditor's report is low.

Key findings

	Paragraph
In 2023-24, unmodified auditor's reports were issued by the Audit Office on all except one of the financial statements prepared by reporting agencies as they materially complied with the relevant accounting and financial reporting requirements and presented, in all material respects, a true and fair view of the financial performance and position of the reporting agencies.	2.9
A modified auditor's report with a qualified opinion was issued on the 2023-24 financial statements of the Cemeteries and Crematoria Authority as the Authority did not correctly recognise transactions relating to the Perpetual Care Trust (PCT) in its financial statements as required by the Australian Accounting Standards.	2.10
An unmodified compliance auditor's report was issued on the Public Trustee and Guardian's compliance with the *Taxation Administration (Public Ancillary Fund) Guidelines 2022* in relation to the Capital Region Community Foundation Gift Fund.	2.11
The overall quality of the financial statements submitted by reporting agencies to the Audit Office remained high in 2023-24 with 90 percent (47 of 52) of the financial statements submitted for audit assessed as either good or satisfactory, a slight improvement from 87 percent (45 of 52) in 2022-23.	2.15
Compliance with the whole of government reporting timetable for reporting agencies to provide their financial statements to the Audit Office declined slightly from 97 percent (32 of 33) in 2022-23 to 94 percent (31 of 33) in 2023-24.	2.24

Auditor's reports

Figure 2-1 Number of auditor's reports



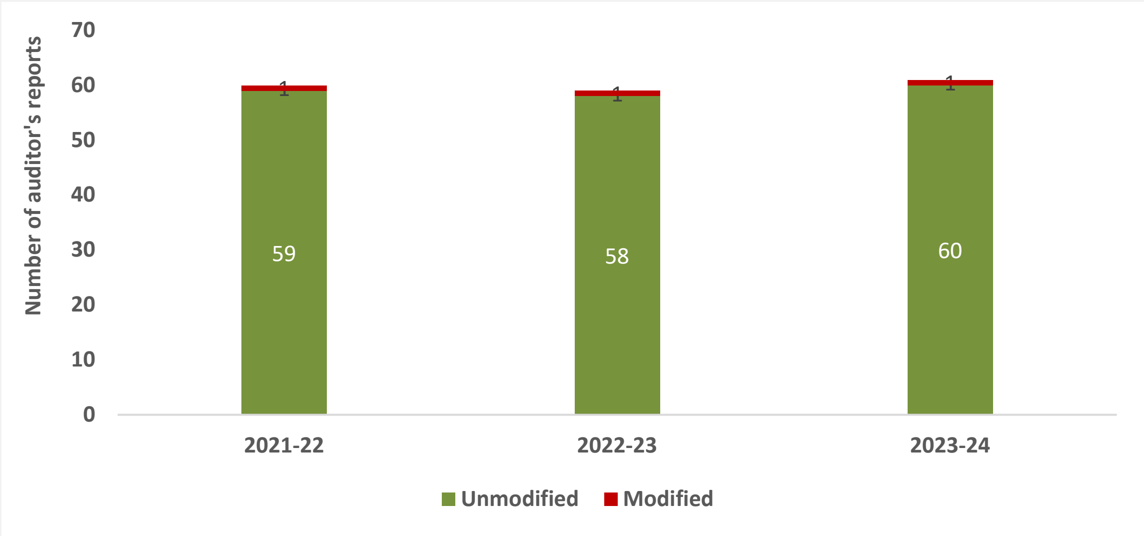
2.7 The Audit Office completed 61 audits in 2023-24 comprising 60 financial statements audits and one compliance audit. These included the Territory's consolidated annual financial statements, 20 directorates, 15 authorities, 5 territory-owned corporations and other companies, 5 joint ventures and partnerships, 14 other audits and one compliance audit. A listing of these audits is included in Table 1-1 in Chapter 1.

2.8 There was an increase in the number of auditor's reports issued in 2023-24 (61) compared to 2022-23 (59). Three additional auditor's reports were required for the financial statements of:

- ACT Veterinary Practitioners Board (audited tri-annually and last audited in 2020-21);
- Common Ground Dickson Tenancy and Property Management and Tenancy Support Services for the year ended 30 June 2023 (audit requested by Community Housing Canberra Limited); and
- Trust Account under the Territory Property Management Agreement for the year ended 30 June 2023 (audit requested by the Chief Minister, Treasury and Economic Development Directorate).

These were partially offset by the audit of Community Housing Canberra Limited for the year ended 30 June 2024 which was not required following changes to its constitution and borrowing arrangements. As a result of these changes, the ACT Government's controlling interest in Community Housing Canberra Limited ended, along with the legislative requirement for the Audit Office to conduct the audit.

Figure 2-2 Types of auditor's reports



2.9 In 2023-24, unmodified auditor's reports were issued by the Audit Office on all except one of the financial statements prepared by reporting agencies as they materially complied with the relevant accounting and financial reporting requirements and presented, in all material respects, a true and fair view of the financial performance and position of the reporting agencies.

2.10 A modified auditor's report with a qualified opinion was issued on the 2023-24 financial statements of the Cemeteries and Crematoria Authority as the Authority did not correctly recognise transactions relating to the Perpetual Care Trust (PCT) in its financial statements as required by the Australian Accounting Standards.

2.11 An unmodified compliance auditor's report was also issued on the Public Trustee and Guardian's compliance with the *Taxation Administration (Public Ancillary Fund) Guidelines 2022* in relation to the Capital Region Community Foundation Gift Fund.

Quality of financial statements

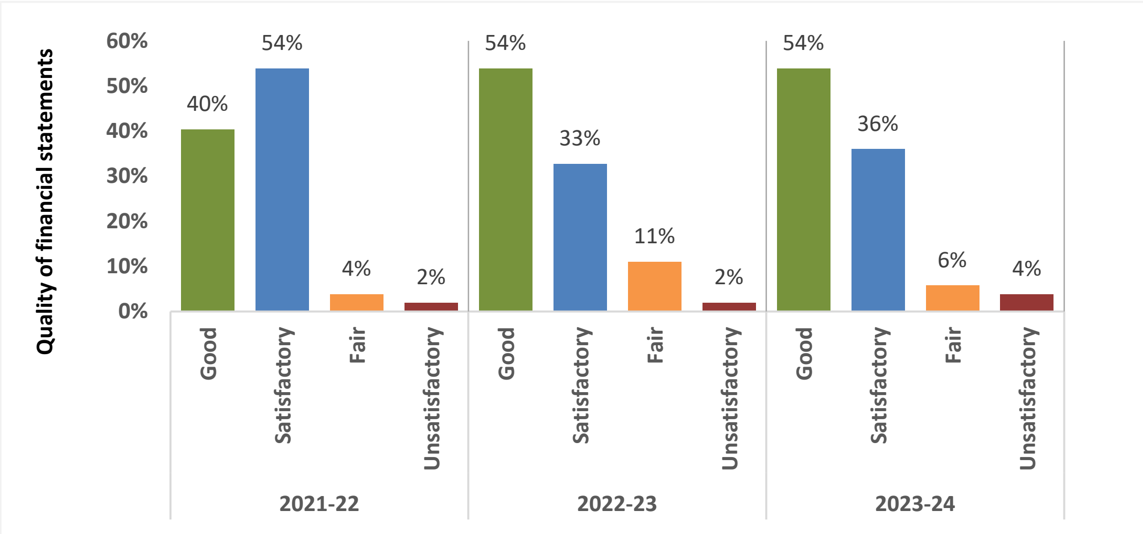
2.12 An unmodified auditor's report is provided on the financial statements where the Audit Office concludes they fairly present a true and fair view of the financial results of the reporting agency for the reporting period. However, as the financial statements are often corrected during the audit process an unmodified auditor's report does not mean the:

- quality of the financial statements submitted for audit were satisfactory; or
- processes implemented by the reporting agencies to prepare their financial statements were adequate.

2.13 The Audit Office therefore assesses the quality of the financial statements submitted for audit each year to provide an overall indication of the adequacy of the processes implemented by reporting agencies to prepare their financial statements. In 2023-24, the Audit Office assessed the quality of 52 financial statements, as 8 of 60 reporting agencies' financial statements relate mainly to acquittal audits, which do not prepare a full set of financial statements.

2.14 The Audit Office uses the rating criteria in *Appendix A: Key Terms and Rating Criteria*, to perform this assessment.

Figure 2-3 Quality of financial statements



2.15 The overall quality of the financial statements submitted by reporting agencies to the Audit Office remained high in 2023-24 with 90 percent (47 of 52) of the financial statements submitted for audit assessed as either good or satisfactory, a slight improvement from 87 percent (45 of 52) in 2022-23.

2.16 Twenty-eight financial statements (54 percent) of reporting agencies were rated as good in 2023-24, which is similar to 2022-23, as there were no errors in the reported amounts and only minor or minimal changes were required to the financial statements and note disclosures.

2.17 In 2023-24, 19 financial statements (36 percent) were rated as satisfactory, a slight improvement from 17 (33 percent) from the prior year. These financial statements required a few changes to the reported amounts for minor errors along with some improvements to the note disclosures.

2.18 Three financial statements (6 percent) of reporting agencies were rated as fair in 2023-24, an improvement from 6 (11 percent) from the prior year. These financial statements were of a borderline quality requiring several changes to the reported amounts along with improvements to accounting policies, note disclosures and variance explanations before the auditor's report was able to be issued.

2.19 Two reporting agencies' financial statements (4 percent) were rated as unsatisfactory in 2023-24, an increase from one (2 percent) from the prior year. The Audit Office will typically rate financial statements submitted for audit as unsatisfactory where there is non-compliance with the Australian Accounting Standards or the *Financial Management Act 1996*, there are numerous errors in reported amounts, the financial statements are incomplete and where significant changes are required to note disclosures and the presentation of information.

2.20 Where the financial statements of a reporting agency are rated as unsatisfactory, the Audit Office will make recommendation in the relevant agency's audit management report on how to improve its financial reporting processes. This report is provided to the agency head or governing board and the responsible Minister.

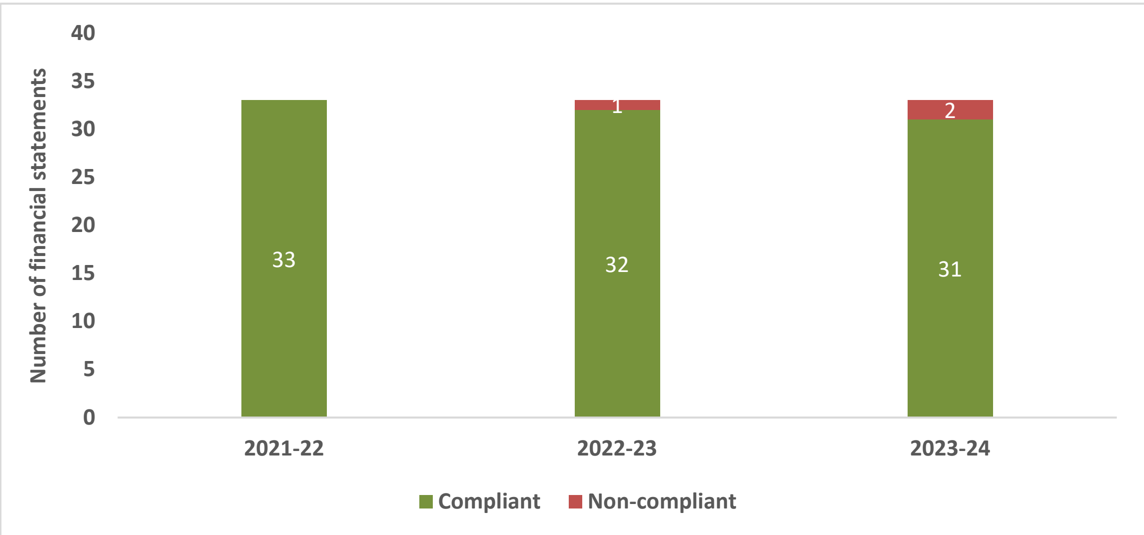
Timeliness of financial statements

2.21 The reporting timetable includes the dates for when reporting agencies with a reporting period ending 30 June are required to submit their financial statements to the Audit Office. Compliance with the reporting timetable allows the financial statements of the Territory to be prepared and audited within the timeframe required by the *Financial Management Act 1996*.

2.22 The timetable also allows agencies to compile and complete their annual reports, which includes their audited financial statements and auditor's report, in accordance with the publication and tabling requirements of the Annual Report Directions under the *Annual Reports (Government Agencies) Act 2004*.

2.23 This section includes the thirty-three reporting agencies which are required to produce financial statements in accordance with the reporting timetable.

Figure 2-4 Compliance with whole of government reporting timetable



2.24 Compliance with the whole of government reporting timetable for reporting agencies to provide their financial statements to the Audit Office declined slightly from 97 percent (32 of 33) in 2022-23 to 94 percent (31 of 33) in 2023-24.

2.25 The two reporting agencies that did not comply with the reporting timetable provided their financial statements to the Audit Office within four days after the due date.

3 Results of statements of performance limited assurance engagements

Introduction

3.1 The majority of ACT Government directorates and authorities are required by the *Financial Management Act 1996* to prepare a statement of performance which presents their performance against targets for accountability indicators disclosed in the Budget Papers (for directorates) or Statements of Intent (for authorities).

3.2 The Audit Office is required to provide limited assurance reports on the statements of performance under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*.

3.3 A limited assurance report provides an independent conclusion on whether any matters have come to the attention of the Audit Office that would indicate that the results of the accountability indicators included in the statement of performance do not accurately reflect, in all material respects, the performance of the reporting agency.

3.4 A limited assurance report provides a lower level of assurance than an auditor's report as the work performed is less than what is required for an audit of financial statements. The work performed by the Audit Office on the results of accountability indicators is limited to those procedures determined as necessary by the Audit Office such as making inquiries with representatives of the reporting agency, performing analytical and other review procedures, and examining available documentation.

3.5 A limited assurance report does not provide a conclusion on the relevance or usefulness of the reporting agencies accountability indicators included in its statement of performance. The accountability indicators and their related targets are set by reporting agencies during the annual budget process. However, where the Audit Office identifies concerns regarding the accountability indicators of reporting agencies, including opportunities to improve accountability indicators' relevance and usefulness, these are reported in the audit management report provided to the head of the agency or governing board as well as the responsible Minister.

3.6 To provide an overall picture of the effectiveness of the reporting arrangements implemented by reporting agencies to prepare the statements of performance, the Audit Office assesses the quality of 30 statements of performance, and the timeliness of 27 reporting agencies required to produce statements of performance in accordance with the reporting timetable.

Overall findings

Conclusions

No modified limited assurance reports were issued in 2023-24. No matters were identified from the limited assurance engagements performed on reporting agencies' statements of performance to indicate that reported results were materially incorrect or unable to be independently verified.

The overall quality of statements of performance submitted to the Audit Office by reporting agencies improved in 2023-24. The percentage of statements of performance rated as good or satisfactory in 2023-24 increased to 97 percent (29 of 30) from 87 percent (26 of 30) in 2022-23.

Almost all reporting agencies provided their statements of performance to the Audit Office in accordance with the whole of government reporting timetable. The two agencies that were late provided their statements of performance within four days after the due date.

Overall, given the high quality of statements of performance submitted to the Audit Office in a timely manner, the risk of non-compliance with the whole of government reporting timetable and modification of the limited assurance report is low.

Key findings

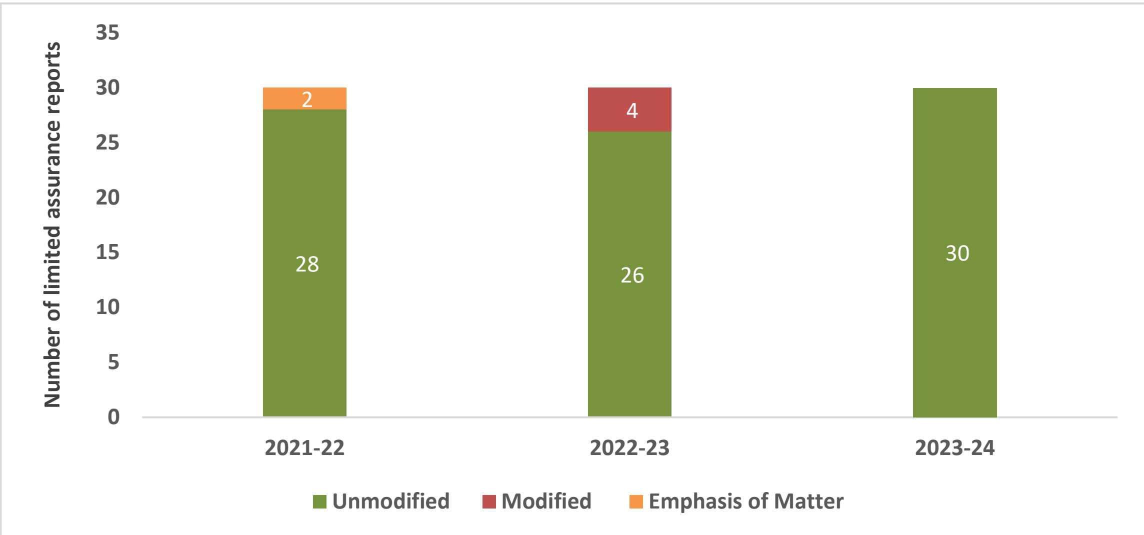
	Paragraph
Unmodified limited assurance reports were issued on 30 reporting agencies' statements of performance in 2023-24 as no matters were identified that would indicate the results for their accountability indicators in their statements of performance were not materially correct or could not be independently verified during the limited assurance engagement.	3.8
The overall quality of statements of performance submitted to the Audit Office by reporting agencies improved in 2023-24. The percentage of statements of performance rated as good or satisfactory in 2023-24 increased to 97 percent (29 of 30) from 87 percent (26 of 30) in 2022-23.	3.12
Compliance by reporting agencies with the whole of government reporting timetable for providing their statements of performance to the Audit Office declined from full compliance in 2022-23 to 93 percent (25 of 27) in 2023-24.	3.20

Limited assurance reports

Figure 3-1 Number of limited assurance reports

3.7 As shown in Figure 3-1, the Audit Office performed limited assurance engagements on the statements of performance of 30 reporting agencies in 2023-24 comprising 16 directorates and 14 authorities. This number remains unchanged for the past two years. The listing of these agencies is included in Table 1-1 in Chapter 1.

Figure 3-2 Types of limited assurance reports



3.8 Unmodified limited assurance reports were issued on 30 reporting agencies' statements of performance in 2023-24 as no matters were identified that would indicate the results for their accountability indicators in their statements of performance were not materially correct or could not be independently verified during the limited assurance engagement.

Quality of statements of performance

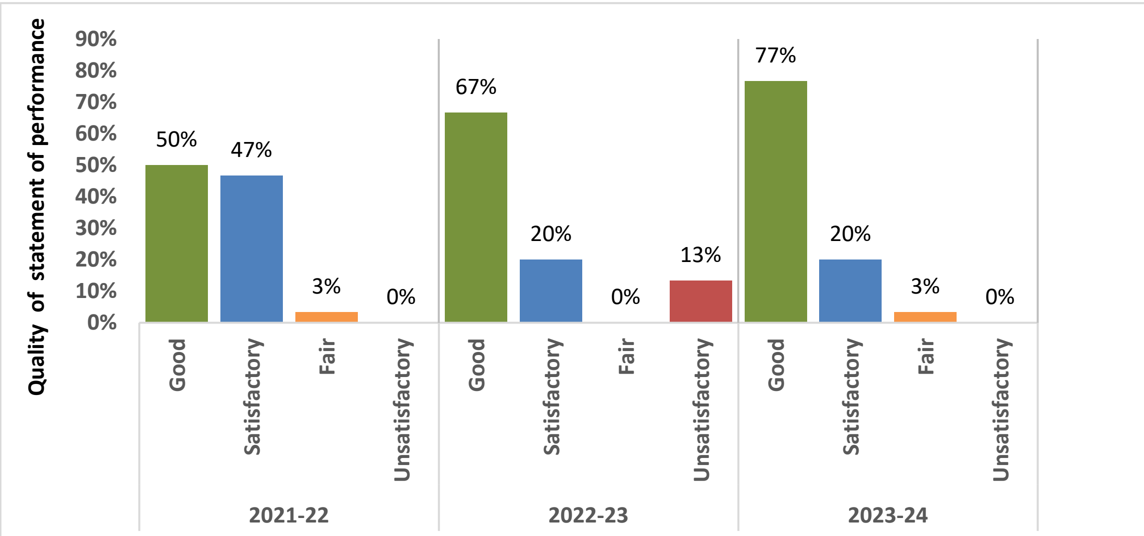
3.9 An unmodified limited assurance report is issued at the end of the limited assurance engagement where no matters of concern are identified providing a positive conclusion on the accuracy of the reported results of the accountability indicators in the statement of performance.

3.10 However, as statements of performance are often corrected before the limited assurance report is issued, an unmodified limited assurance report does not mean the:

- quality of statement of performance submitted to the Audit Office was satisfactory; or
- processes implemented by reporting agencies in preparing their statements of performance are adequate.

3.11 Therefore, the Audit Office has assessed the quality of 30 statements of performance submitted by reporting agencies using the rating criteria in *Appendix A: Key Terms and Rating Criteria* to provide an overall indication of the adequacy of reporting agencies' processes for preparing their statements of performance.

Figure 3-3 Quality of statements of performance



3.12 The overall quality of statements of performance submitted to the Audit Office by reporting agencies improved in 2023-24. The percentage of statements of performance rated as good or satisfactory in 2023-24 increased to 97 percent (29 of 30) from 87 percent (26 of 30) in 2022-23.

3.13 The Audit Office rated 23 (77 percent) statements of performance submitted by reporting agencies as good in 2023-24 as no errors were identified in the reported results of the accountability indicators and minimal, mostly editorial, changes were required to disclosures. This is an improvement from 2022-23 when 20 reporting agencies' (67 percent) statements of performance submitted for review were rated as good.

3.14 The statements of performance of six (20 percent) reporting agencies were rated as satisfactory, which is similar to 2022-23, as the reported results of the accountability indicators contained a few errors in one or more of the reported results and needed minor improvements to disclosures including variance explanations and explanatory information about the accountability indicators.

3.15 The Audit Office rated the statement of performance of one (3 percent) reporting agency as fair as it required several corrections to the reported results and improvements to the disclosures to bring it up to an acceptable standard before the limited assurance report was issued.

3.16 No statements of performance were rated as unsatisfactory in 2023-24 compared to four in 2022-23. These reporting agencies improved the quality of their statements of performance in 2023-24 by measuring the results for all their accountability indicators as required by the *Financial Management Act 1996*.

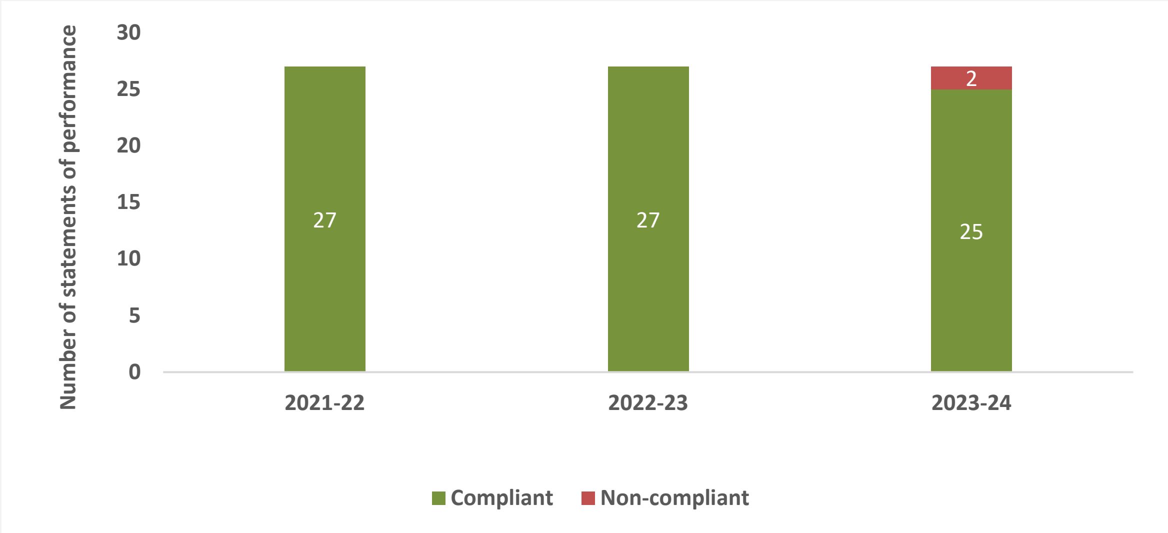
3.17 Typically, the Audit Office will rate a statement of performance as unsatisfactory where it is found to be non-compliant with the *Financial Management Act 1996*, there are a numerous or material errors in the reported results, or significant corrections are required to be made to disclosures and other explanatory information. Where the statement of performance is rated as unsatisfactory this is reported in the reporting agencies' audit management report, which is provided to the agency head or governing board and also the responsible Minister.

Timeliness of statements of performance

3.18 The reporting timetable includes the date by which relevant reporting agencies are required to submit their statement of performance to the Audit Office. This section only relates to the twenty-seven reporting agencies required to prepare statements of performance in accordance with the reporting timetable.

3.19 Compliance with the timetable is required so agencies have time to prepare and complete their annual reports, which includes their statement of performance and the limited assurance report on the statement of performance, in accordance with the Annual Report Directions issued under the *Annual Reports (Government Agencies) Act 2004*.

Figure 3-4 Compliance with whole of government reporting timetable



3.20 Compliance by reporting agencies with the whole of government reporting timetable for providing their statements of performance to the Audit Office declined from full compliance in 2022-23 to 93 percent (25 of 27) in 2023-24.

3.21 The two reporting agencies that did not comply with the whole of government reporting timetable in 2023-24 submitted their statements of performance to the Audit Office within four days after the due date.

4 Annual reports

Introduction

4.1 The *Annual Reports (Government Agencies) Act 2004* (Annual Reports Act) mandates ACT Government reporting agencies to prepare their annual reports in accordance with the *Annual Reports (Government Agencies) Directions 2024* (Annual Report Directions) issued by the Chief Minister, Treasury and Economic Development Directorate.

4.2 In accordance with the *Financial Management Act 1996,* reporting agencies are required to include their financial statements, the auditor's report, and where applicable, their statement of performance and the limited assurance report in their annual reports.

4.3 The Annual Reports Act stipulates specific provisions for the tabling and presentation of annual reports during an election year. As 2024 was an election year, the Annual Reports Directions prescribe that annual reports must not be published on a reporting agencies' website until they have been tabled in the ACT Legislative Assembly on the second sitting day of the new Assembly.

4.4 At the time of this report, the Audit Office has reviewed only embargoed annual reports of the reporting agencies as the reports are required to remain confidential until tabled in the Legislative Assembly or circulated out of session by the Speaker of Assembly.

Overall findings

Conclusion

All reporting agencies included complete and accurate financial statements with the auditor's report, and where applicable, the statement of performance with the limited assurance report, in their embargoed annual reports.

Key finding

	Paragraph
All forty-five reporting agencies included complete and accurate financial statements with the auditor's report, and where applicable, the statement of performance with the limited assurance report, in their embargoed annual reports.	4.7

Responsibilities

4.5 Reporting agencies are responsible for ensuring that their annual report contains:

- complete and accurate financial statements along with the auditor's report; and
- where applicable, a complete and accurate statement of performance, as well as the limited assurance report.

4.6 The Audit Office is required under Australian Auditing Standard ASA 720: 'The Auditor's Responsibilities Relating to Other Information' to examine the annual reports of reporting agencies to verify that:

- the financial statements and statements of performance are complete and accurate;
- a complete and correct auditor's report and limited assurance report are included; and
- other relevant financial and performance information in the annual report is consistent with the audited financial statements and reviewed statement of performance.

Financial and performance information in annual reports

4.7 All forty-five reporting agencies included complete and accurate financial statements with the auditor's report, and where applicable, the statement of performance with the limited assurance report, in their embargoed annual reports.

Appendix A: Key terms and rating criteria

This report contains terms the reader may not be familiar with. These are discussed below.

Financial statements

Financial statements are a summary of transactions undertaken by reporting agencies. These transactions are summarised from the accounting records maintained by the reporting agencies to present the financial information in a meaningful way.

Financial statements show a reporting agency's financial performance (revenue, expenses and operating result and cash flows) and financial position (assets, liabilities, and net assets/liabilities). The financial position shows the capacity of a reporting agency to meet its financial obligations (liabilities).

Reporting agencies are required to prepare financial statements in accordance with Australian Accounting Standards set by the Australian Accounting Standards Board. These standards outline the reporting and disclosure requirements for financial statements.

An auditor's report is issued on a reporting agency's financial statements after the completion of an audit in accordance with the Australian Auditing Standards.

Auditor's report on financial statements

An auditor's report with an unmodified audit opinion is issued where the Auditor-General concludes the financial statements provide, in all material respects, a true and fair presentation of a reporting agency's financial performance and position in accordance with the relevant reporting and disclosure requirements.

An auditor's report with a modified audit opinion is issued where the Audit Office:

- disagrees with management about the financial statements. This includes disagreements in relation to the reported amounts or other disclosures; or
- has been unable to gain sufficient evidence, or perform sufficient work, to form an opinion in relation to the information (amounts and disclosures) reported in the financial statements.

Statement of performance

Statement of performance show the results of a reporting agency's accountability indicators (performance measures) and related performance targets. This facilitates an assessment of the reporting agency's performance in providing public services by enabling the actual performance to be compared to planned (targeted) levels of performance.

The statement of performance is also required to include explanations for significant variances between actual and planned performance for each accountability indicator.

Accountability indicators are set by the reporting agency and included in its Budget Papers or Statement of Intent presented to the ACT Legislative Assembly and may provide information on the number, quality and timeliness of services provided.

A limited assurance report is issued on a reporting agency's statement of performance after the Audit Office has completed audit work on the reported results.

The Audit Office performs a limited assurance engagement for each reporting agency's statement of performance. The work performed in a limited assurance engagement is substantially less than those performed in an audit of financial statements and therefore a lower level of assurance is provided.

Work performed on accountability indicators is limited to making inquiries with representatives of the reporting agency, performing analytical and other review procedures, and examining selected evidence supporting the results of accountability indicators.

The limited assurance report does not include an opinion on the relevance or usefulness of the accountability indicators or targets included in the statement of performance because these indicators and their related targets are set by the reporting agency during the annual budget process.

Limited assurance report on statement of performance

A limited assurance report with an unmodified conclusion is issued where no matters have come to the Audit Office's attention which indicate the results of the accountability indicators reported in the statement of performance are not fairly or accurately presented.

A limited assurance report with a modified conclusion will be issued where the reporting agency has not complied with the requirements of the *Financial Management Act 1996* to establish accountability indicators and targets, or measure a result, for one or more of its accountability indicators.

A limited assurance report with a modified conclusion can have either a qualified conclusion, adverse conclusion or a disclaimer of conclusion. The conclusion provided will be based on the materiality and number of the accountability indicators that are not correctly reported or measured or that cannot be independently verified.

Materiality

In assessing whether information included in financial statements or statements of performance is fairly presented, the Audit Office assesses whether any misstatements (whether caused by error or fraud) are material. Material information is that which affects decisions made by readers of the financial statements or statement of performance.

Where misstatements are identified but their combined effect is not material, the Auditor-General is required to provide an unmodified auditor's report or unmodified limited assurance report.

The Audit Office focuses on information in financial statements and statement of performance that is of higher risk of material misstatement to provide readers with assurance that they are free of material misstatements.

Not fairly presented

Where the Auditor-General concludes the financial statements or statement of performance are not fairly presented, the Auditor-General's reasons for this conclusion and, where possible the correct information, will be disclosed in the auditor's report on the financial statements or limited assurance report on the statement of performance.

Rating criteria for quality of financial statements and statements of performance

The following criteria were used to assess the quality of financial statements and statements of performance submitted by reporting agencies to the Audit Office for examination.

The assessment of each reporting agency's financial statements and statement of performance is undertaken collectively by the Assistant Auditor-General, Financial Audit and other senior members of the financial audit team.

Rating	Criteria
Good	Statements were prepared to a high standard as no errors were identified in reported amounts and minimal changes were required to disclosures.
Satisfactory	Statements were well prepared, but a few errors were identified in reported amounts or a few changes to disclosures.
Fair	Statements were of borderline quality as several errors were identified in reported amounts or several changes to disclosures.
Unsatisfactory	Statements were not well prepared as there were many errors in reported amounts and disclosures including non-compliance with the *Financial Management Act 1996* and Australian Accounting Standards.

Audit reports

Reports Published in 2024-25	
Report No. 08 - 2024	Annual Report 2023-24
Report No. 07 - 2024	Reusable Facility Services Procurement
Report No. 06 - 2024	Business Transformation Program: ICT renewal activities
Reports Published in 2023-24	
Report No. 05 - 2024	Management and oversight of ACT Policing services
Report No. 04 - 2024	Planning and delivery of services for young people with moderate to severe mental illness
Report No. 03 - 2024	Management of the Growing and Renewing Public Housing Program
Report No. 02 - 2024	Management of key contracts under A Step Up For Our Kids
Report No. 01 - 2024	Urban Tree Management
Report No. 11 - 2023	2022-23 Financial Audits – Financial Results and Audit Findings
Report No. 10 - 2023	Human Resources Information Management System (HRIMS) Program
Report No. 09 - 2023	2022-23 Financial Audits Overview
Report No. 08 - 2023	Supports for students with disability in ACT public schools
Report No. 07 - 2023	Annual Report 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
Reports Published in 2022-23	
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 arrangement
Report No. 08 - 2022	2021-22 Financial Audits – Overview
Report No. 07 - 2022	ACT Childhood Healthy Eating and Active Living Programs
Report No. 06 - 2022	Annual Report 2021-22
Report No. 05 - 2022	Procurement and contracting activities for the Acton Waterfront Project

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