



**Northern Territory
Auditor-General's Office**

Auditing for Parliament

Annual Report 2023-24

Our Purpose

To assist Parliament in the oversight of the performance of the NT Government by providing independent analysis through the conduct of audits and reviews

Acknowledgement of Country

At the Northern Territory Auditor-General's Office we acknowledge the Aboriginal and Torres Strait Islander people as the traditional Owners, Custodians of Country throughout Australia and their connection to land, seas and community.

We pay our respects to their cultures, and to their Elders past and present.

About This Report

The purpose of this Annual Report is to provide a range of stakeholders and interested readers with an understanding of the operations and performance of the Northern Territory Auditor-General's Office (NTAGO or 'the Office') for the year ended 30 June 2024.

As well as reporting on the performance for the past year, the report also looks to the year ahead. The cost of preparing this report is nominal as it was prepared in-house with no marketing and minimal printing costs.

This report is not a report on the results of audits conducted, as the results and findings from audits and reviews are tabled separately in Parliament.

Annual reports, together with details of other publications, are available on the Office's website at <https://ago.nt.gov.au>.

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We continually strive to improve our communication to our stakeholders and invite you to provide feedback on this report via our email address NT.Audit@nt.gov.au.

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Auditor-General's Foreword

The Year in Review

I present the Annual Report of the Northern Territory Auditor-General's Office (the Office) for the year ended 30 June 2024. This year, personnel within the Office coordinated the delivery of 111 new audit related tasks and produced three reports to the Legislative Assembly.

Most of the audits commenced during the year were completed prior to 30 June 2024.

Costs associated with the delivery of the audit program increased, when compared to the prior year, due to the increase in contracted rates in January 2023 of 6.4% (aligned to the increase in Consumer Price Index) and the commencement of the new three-year period panel contract in January 2024. The past five years have seen the annual audit program contract each year to keep expenditure within budget. In approving the Office's appropriation budget, the government has accepted the risks associated with reduced audit coverage. The Office reported a surplus of \$100,000 in the 2023-24 year however this was directly related to the inability of the Office to identify a suitable candidate to fill a Principal Auditor role between March and June 2024.

Procurement for the three-year period panel contract resulted in contracts awarded in October 2023 for the period from 2 January 2024 to 1 January 2026.

The Year Ahead

Excluding reviews of information referred under the *Public Information Act 2010*, the number of which cannot be estimated with certainty, Budget Paper 3 2024-25 identified 108 audit related tasks for the forthcoming year.

The Office will welcome Mr Jara Dean as the eleventh Auditor-General for the Northern Territory at the commencement of his term on 13 September 2024.

Acknowledgement

I thank the team within the Office who have supported me during my 10-year tenure as Auditor-General. They have individually and collectively worked consistently and diligently in the public interest during their time in the Office. The hard work and commitment to service delivery and continuous improvement from this small team has enabled the Office to deliver a comprehensive audit program whilst maintaining a strong Office culture of compliance, integrity and accountability and upholding the Office's values.

I would like to particularly acknowledge the assistance and professionalism of Sue Cooper who was recognised in July 2024 for her 20 years' service in the Office.

I extend my thanks to the Authorised Auditors within the private sector to whom the majority of audit tasks are outsourced. Over 20,000 hours are contributed by the partners and staff of the firms contracted by the Office in order to deliver the annual audit program.

I thank the various members of the Public Accounts Committee and the Legislative Assembly personnel for their support over the past 10 years.



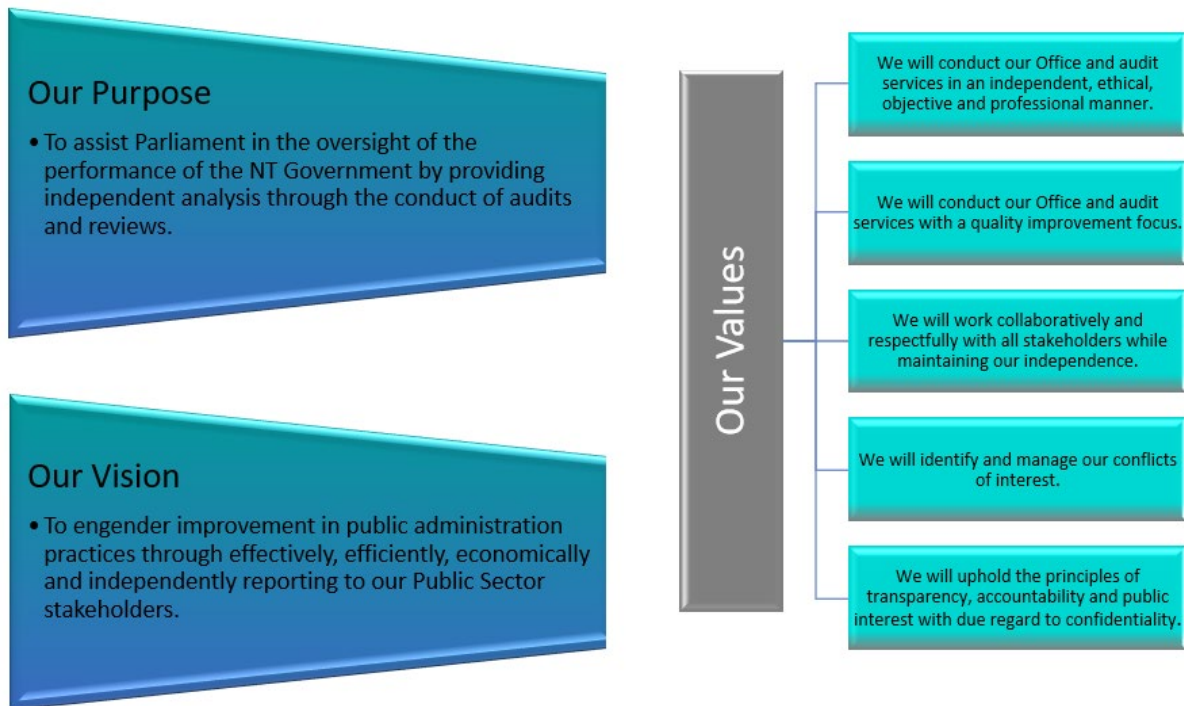
Julie Crisp
Auditor-General
22 August 2024

Our Organisation

2023-24 Highlights and Statistics

Deliverables to Parliament				
August 2023 Legislative Assembly Report	November 2023 Legislative Assembly Report	May 2024 Legislative Assembly Report	Audited Financial Statements 2022-23	
Audits and Reviews				
55	39	6	10	1
Financial Statement Audits	Compliance Audits	Performance Management System Audits	Other Assignments	<i>Public Information Act 2010</i> Referral
Stakeholder Engagement				
3 Public Accounts Committee Appearances	38 Audit Committee Meetings Attended	Annual Evaluation held with 6 Authorised Auditor Firms	41 NTG Agencies Consulted for Feedback	
Finance				
\$0.100 million Operating Surplus	100% Invoices Paid within NT Government Policy terms		6 Local Audit Firms	
People				
5	100%		100%	
Full Time Personnel	Employee Performance Plans Completed		Response to the People Matter Survey	

NTAGO Strategic Plan 2024-2026



The Role of the Northern Territory Auditor-General

The Auditor-General's powers and responsibilities are established in section 13 of the *Audit Act 1995* (the Act) by the Northern Territory's Parliament, the Legislative Assembly. The Act requires the Auditor-General to:

“audit the Public Account and other accounts (including the accounts of a Territory controlled entity) in such manner as he or she thinks fit having regard to the character and effectiveness of the internal control and recognised professional standards and practices.”

The Northern Territory Auditor-General's Office is an Agency established pursuant to the provisions of the *Financial Management Act 1995*. The Auditor-General is assisted by two Principal Auditors who plan and coordinate the delivery of audits and tasks conducted by private sector Authorised Auditors as well as undertaking a range of audits, reviews and data analytic exercises that are conducted within the Office. Section 17 of the Act permits the Auditor-General to appoint in writing, a person to be an Authorised Auditor for the purpose of delivering audit services.

The Act requires audits to be conducted having regard to the character and effectiveness of internal control and recognised professional standards and practices. Professional standards include the Australian Auditing Standards which are 'principles based' in most respects but are directive on some matters such as the content of audit opinions. Additional explanations and communication regarding the results, observations and findings from audits are included within the Auditor-General's formal reports to Parliament.

The Auditor-General is required to report to the Legislative Assembly at least once each year on matters arising from the exercise of the auditing powers established in the Act. Reports

may contain findings from financial statement audits, information technology audits, controls and compliance audits, performance management system audits and special reviews. The Auditor-General reports to management of public sector entities on matters arising from the conduct of audits. Reports provided to Parliament and public sector managers are a useful source of independent analysis of government information and the systems and controls underpinning the delivery of that information.

The Auditor-General does not investigate criminal matters or alleged administrative malpractice that affects an individual. If such matters are brought to the attention of the Auditor-General, the matters are referred to the appropriate investigative body which may include the Northern Territory Police, the Ombudsman and/or the Independent Commissioner Against Corruption. The Auditor-General may investigate administrative matters if they are systemic and/or significant in value or impact to the Public Account.

Independence of the Auditor-General

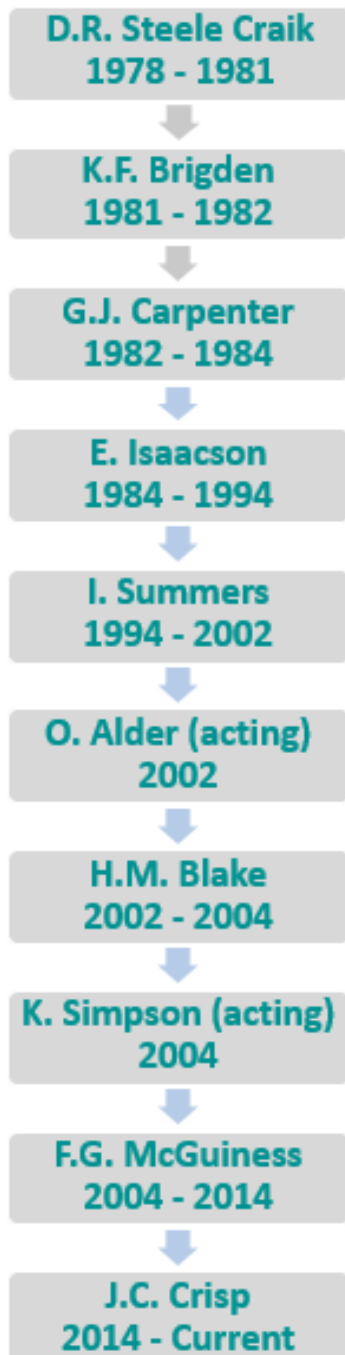
Section 12A of the Act provides for safeguards to ensure the Auditor-General remains independent and is not actually, or perceived to be, influenced by anyone. These safeguards are intended to ensure that work conducted is independent, impartial and within the public interest.

By convention, the Auditor-General will not comment upon government policy as this risks politicising the position and diminishing the perceived independence. Section 15(5) of the Act prohibits the Auditor-General from questioning the merits of policy objectives of the Government as a result of conducting a performance management system audit. The Auditor-General can assess whether government policy has been effectively implemented.

Our Office

History of the NT Auditor-General's Office

Figure 1 Timeline of Auditors-General in the Northern Territory



On 5 July 1978, during the first year of self-government, the Administrator for the NT appointed the Auditor-General for the Commonwealth of Australia to be the Auditor-General for the NT.

The first resident Auditor-General was appointed by the Administrator in 1982. Graham Carpenter was instrumental in setting up the administration and audit direction for the new audit office and developing the outsourcing model for accessing audit services in the NT which is still in use today.

Under the terms of the *Financial Administration and Audit Act 1978*, the Auditor-General was appointed as an independent officer, separate from the Executive of Government, on a term agreed with the Administrator. These appointments were limited by the age of the Auditor-General, in that the appointment could be held until that person attained the age of 65.

The *Financial Administration and Audit Act 1978* was repealed in 1995 and replaced by the *Financial Management Act 1995* and the *Audit Act 1995* (the Act). The separation of the audit function better enabled the Auditor-General's independence. With the introduction of the Act in 1995, the term of appointment was limited to a single term of seven years.

Review of the Act in 2011 saw an amendment to the term of appointment of the Auditor-General which changed from a maximum term of seven years to two possible terms of five years with a maximum of ten years. Further revisions in 2019 changed the process by which appointment of the Auditor-General is to occur.

Structure

The Office's operational responsibilities attributed to each output group are presented below:

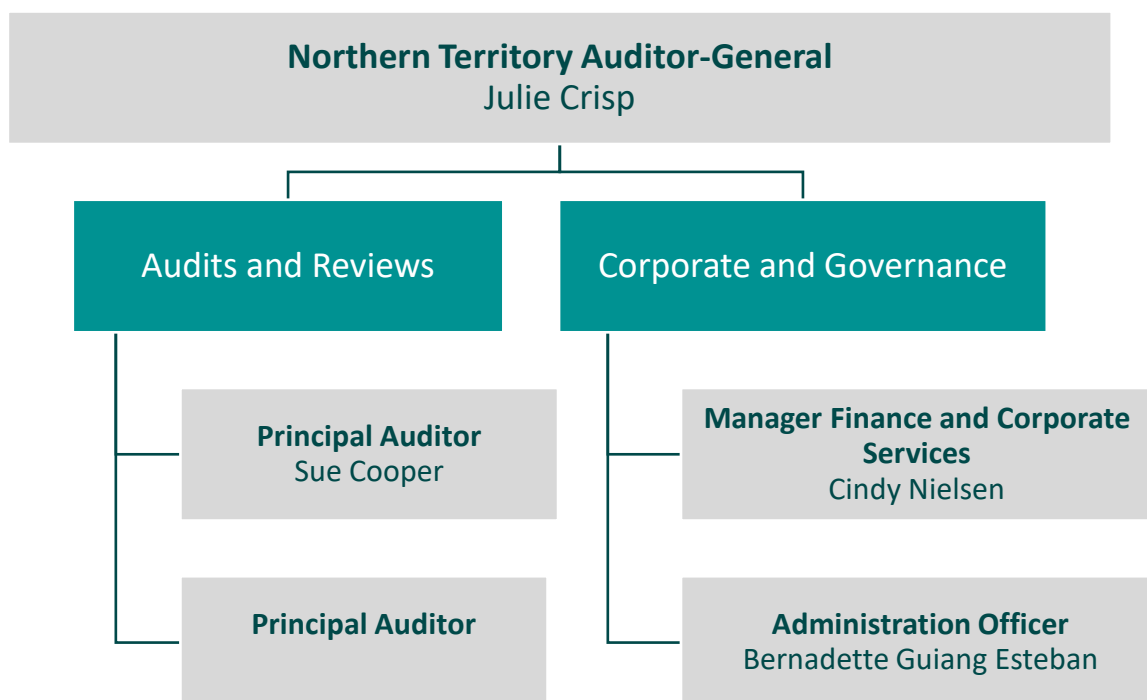
Figure 2 Output Groups and operational responsibilities

Audits and Reviews	Corporate and Governance
• Financial Statement Audits	• Financial Management
• Compliance Audits	• Corporate, Governance and Risk Management
• Performance Management System Audits	• Work Health and Safety
• <i>Public Information Act 2010</i> Referrals	• Human Resources
• Data Analytics	• Procurement
• Other Reviews	• Information, Communications and Technology
• Reporting to the Legislative Assembly	• Records Management
• Maintenance of audit systems	• Travel

The Office is subject to the same legislative requirements that apply to other NT public sector agencies. Thus while the Auditor-General may be independent in terms of performing the functions established under the Act, he or she is answerable to the Chief Minister, as Portfolio Minister, for the stewardship of the public resources provided to the Office.

The Office operates in a manner reflecting its independent statutory functions as demonstrated by our agreed values. Employee conduct must be independent, ethical, objective and professional and align with the principles of transparency, accountability and public interest. It is an expectation that the Office will model better practice as demonstrated through compliance with relevant legislation, regulations and professional standards.

Figure 3 NTAGO Reporting Structure as at 30 June 2024



Our People

The Office has five positions, three of which are primarily concerned with the audit and review functions and two positions that provide corporate services supporting the Office and its stakeholders. Short professional biographies of the individuals holding these positions during the year ended 30 June 2024 are presented below.



Julie Crisp **Northern Territory Auditor-General**

Julie Crisp was appointed as Auditor-General for a 5-year term effective 15 September 2014 and was reappointed in September 2019 for a second 5-year term. Julie was previously a Partner of an international professional services firm with whom she had 16 years of service following employment within various industry sectors.

Julie is currently Deputy Chair of the Australian Auditing and Assurance Standards Board, a statutory Commonwealth agency responsible for establishing auditing and assurance standards. Julie's professional designations and qualifications include:

- Registered Company Auditor, Australian Securities and Investment Commission
- Fellow, Chartered Accountants Australia and New Zealand
- Fellow, CPA Australia
- Fellow, Governance Institute of Australia
- Fellow, Institute of Public Administration Australia
- Graduate, Australian Institute of Company Directors
- Professional Member, Institute of Internal Auditors (Certified Internal Auditor, Certified Government Audit Professional)
- Member, Association of Certified Fraud Examiners
- Bachelor of Accounting, University of South Australia
- Diploma of Government Investigation, College of Law, Education and Training
- Diploma of Government Fraud Control, College of Law, Education and Training



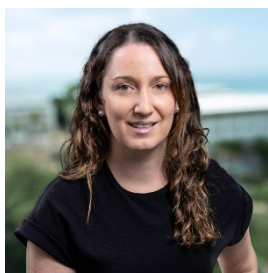
Sue Cooper **Principal Auditor**

Sue Cooper was appointed on contract as a Principal Auditor in 2004. Sue is a Chartered Accountant and was previously a senior audit manager for an international professional services firm.

Sue is responsible for the delivery of financial statement and compliance audits across the agencies of the public sector. Sue developed and implemented the Office's core audit monitoring and reporting system "AudTas" and remains responsible for its maintenance and upgrades. Sue is the administrator of the Office's website. Sue has primary responsibility for developing the three-year audit plan with the Auditor-General and fellow Principal Auditor and has implemented extensive reporting and communication tools to increase efficiencies associated with the systems within the Office that support audit activity. Sue's focus on innovation and technology have enabled the Office to undertake a range of data analytic tasks to support the audit mandate. Sue's qualifications include:

- Member, Chartered Accountants Australia and New Zealand
- Bachelor of Commerce (With Distinction), University of Southern Queensland

Our people cont.



Stacey Kelly

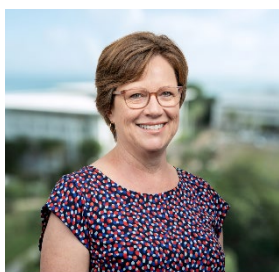
Principal Auditor (2018-2024)

Stacey Kelly commenced with the office in January 2018 with a primary focus on performance management system audits. Stacey is a Fellow of Chartered Accountants Australia and New Zealand and worked for six years in an international professional services firm prior to joining a Government Owned Corporation in October 2012. Stacey left the Office in March 2024. During her time delivering audit and assurance services, Stacey has been responsible for undertaking and managing complex financial statement audits, consultancy engagements, internal audits and performance management system audits. Stacey's role has primary responsibility for the delivery of performance management system audits and special reviews and investigations within the Office.

Stacey is currently the Chair of the Regional and Rural Advisory Committee and member of the Northern Territory Chartered Accountant's Panel.

Stacey's qualifications include:

- Fellow, Chartered Accountants Australia and New Zealand
- Professional Member, Institute of Internal Auditors (Certified Internal Auditor)
- Bachelor of Commerce (Major: Accounting, Minor: International Business), Flinders University Australia



Lisa Blakeley (2020 – 2024)

Manager Finance and Corporate Services

Lisa Blakeley commenced with the Office in July 2020. Lisa is a Fellow of CPA Australia and has a diverse finance background having worked previously in Corporate Finance, Taxation and Business Services. Lisa left the Office in January 2024.

Lisa managed the Corporate and Governance output group of the Office which involved a broad range of functions including financial management, human resources, procurement, information and communications technology, records management, governance and risk management. Lisa was primarily responsible for the preparation of the Office's budget, financial statements and annual report, coordination of the independent external audit of the Office's financial statements and providing supervision and support to the Administration Officer.

Lisa's qualifications include:

- Fellow, CPA Australia
- Graduate, Australian Institute of Company Directors
- Bachelor of Business (Accounting), Charles Darwin University
- Diploma of Financial Planning
- Graduate Certificate in Corporate Finance

Our people cont.



Cindy Nielsen

Manager Finance and Corporate Services

Cindy Nielsen commenced with the Office in January 2024. Cindy has worked for the Northern Territory Government for a number of years in various roles across Asset Management, Finance and Business Services within the Department of Education and Department of Corporate and Digital Development.

Cindy manages the Corporate and Governance output group of the Office which involves a broad range of functions including financial management, human resources, procurement, information and communications technology, records management, governance and risk management. Cindy is primarily responsible for the preparation of the Office's budget, financial statements and annual report, coordination of the independent external audit of the Office's financial statements and providing supervision and support to the Administration Officer.

Cindy's qualifications include:

- Bachelor of Accounting, Charles Darwin University



Bernadette Guiang Esteban

Administration Officer

Bernadette commenced with the Northern Territory Government in August 2022 and joined the Office in February 2023. Prior to joining the public sector, Bernadette worked in a variety of private sector positions in administrative and bookkeeping roles.

Bernadette's role provides administrative support to all personnel in the Office and assisting the Manager Finance and Corporate Services with finance and corporate services tasks. Bernadette has primary responsibility for managing electronic and manual records relating to audits and the Office. Bernadette is responsible for maintaining and updating the Office records management systems and processes and contributed to the preparation and maintenance of policy and procedural documents.

Bernadette's qualifications include:

- Bachelor of Science in Accountancy and Commerce, Saint Louis University, Philippines

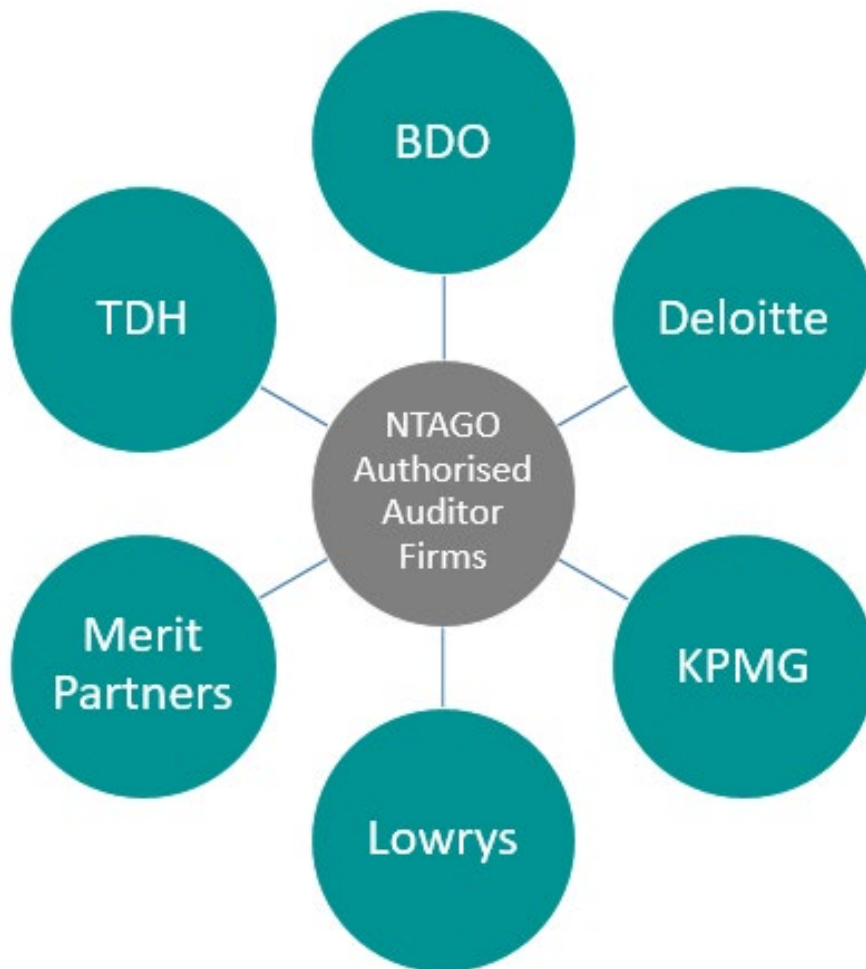
Outsourcing Model

In addition to its internal resources, the NTAGO outsources audit related tasks to six local audit firms to assist with the delivery of the Auditor-General's mandate. Employees within the audit firms must be approved as Authorised Auditors prior to undertaking audit work on behalf of the Auditor-General. The outsourced model was introduced in 1982 as a means to address both the difficulty faced by the Office in attracting and retaining appropriately qualified auditors and the intent of the then Government of the day to support the presence and growth of private sector audit firms.

Authorised Auditors are appropriately qualified and experienced persons who are appointed by the Auditor-General pursuant to section 17 of the Act. The majority of the Office's audit field work is conducted by its private sector Authorised Auditors, with the Auditor-General and Principal Auditors of the Office involved in establishing the audit program, planning, preparation of guidelines for audit assignments, information support and managing the contracts with private sector firms. Principal Auditors of the Office also undertake some audits, reviews and data analytic exercises in-house.

There are currently 154 personnel recognised as Authorised Auditors of the Auditor-General within the Northern Territory-based firms listed below as at 30 June 2024.

Figure 4 NTAGO Authorised Auditor Firms



Communication Framework

A communication framework for the Office was developed and implemented in the 2016 financial year and reviewed during the 2023-24 annual review of the Office's strategic plan. The framework addresses communication objectives for stakeholder groups and is the basis for regular communication with all stakeholder groups.

Figure 5 Communication framework



Output Group: Audits and Reviews

Business Plan

Objective

To discharge the responsibilities of the *Audit Act 1995*, independently, impartially and in the public interest by delivering the audit program and reporting to the Legislative Assembly and auditing the Treasurer's Annual Financial Statement and reporting to the Treasurer.

Outputs

- Deliver a minimum of one report to Parliament annually.
- Conduct audits, reviews and related tasks.
- Issue an audit opinion annually on the Treasurer's Annual Financial Statement.
- Issue audit opinions on audited financial statements.
- Issue management letters to Accountable Officers.
- Report on reviews of matters referred under the *Public Information Act 2010*.

Outcomes

- Parliament is efficiently and effectively informed by independent and objective reports that provide assurance on the performance and accountability of the NT Government.
- Enhance public sector financial and performance reporting by audited entities.
- Provide an opinion on the whole of government financial statements.
- Provide audit opinions as required by legislation.
- Provide recommendations to engender improvement in public administration practices.

Key Activities

The Act requires the Auditor-General to conduct:

- the audit of the Public Account (section 13);
- audit of a specific aspect as directed by the Minister (section 14);
- audits of performance management systems (section 15);
- the annual audit of the Treasurer's Annual Financial Statement (section 25); and
- audits of the accounts of an organisation in which the Territory, an Agency or a Territory controlled entity has an interest (section 28).

Audits are conducted with regard to Australian Auditing Standards issued by the Australian Auditing and Assurance Standards Board, a Commonwealth statutory body established under the *Australian Securities and Investments Commission Act 2001*. The types of audits conducted through the Auditor-General's Office are described below:

Statutory Financial Statements Audits

Statutory audits of financial statements are conducted on the full financial reports of Government Business Divisions, Government Owned Corporations and other government-controlled entities that prepare statutory financial statements in accordance with legislation including the *Financial Management Act 1995*, *Government Owned Corporations Act 2014* and the *Commonwealth Corporations Act 2001*. Audits of special purpose financial statements are undertaken as required in accordance with instruments such as funding agreements and National Partnership Agreements.

Information Technology Audits

Information technology audits are undertaken as stand-alone audits of key agency or across-government systems. Each of the systems selected for audit plays an important role in processing data and providing information for the purposes of financial management and financial reporting.

End of Year Reviews

End of year reviews provide an audit focus on year end balances particularly within agencies. The nature of the review is determined annually whilst planning the audit of the Treasurer's Annual Financial Statement but includes testing of transactions occurring around year end to provide a degree of confidence about the data provided to Treasury which will form part of the overall reporting on the Public Account.

Controls and Compliance Audits

Controls and compliance audits are conducted of selected systems and accounting processes to determine whether the systems and processes achieve compliance with legislated or otherwise mandated requirements. These audits contribute to the audit of the Public Account.

Performance Management System Audits

The audit process determines whether existing systems or practices, or management controls over systems, are adequate to provide relevant and reliable performance information that will assist intended users of the information to make decisions relating to accountability and achieving results. These audits are also intended to contribute to the audit of the Public Account.

Key Performance Indicators (KPIs)

The Office commenced 111 audit tasks in 2023-24, of which 108 were outsourced and three were allocated to internal resources. Planned activity during the 2023-24 financial year, as presented in Budget Paper 3, was for the commencement of 110 audit tasks. Another audit task was added after the budget papers were published.

Figure 6 Reporting of KPIs as presented in Budget Paper 3

Audits and Reviews	2023-24 Budget	2023-24 Actual	Variance
Financial statement audits ⁽¹⁾	56	55	(1)
Compliance audits ⁽²⁾	41	39	(2)
Performance management system audits ⁽³⁾	4	6	2
Other assignments ⁽⁴⁾	9	10	1
<i>Public Information Act 2010</i> referrals ⁽⁵⁾	-	1	1
Total	110	111	1

The following changes impacted the planned audit program as presented in Budget Paper 3.

- (1) The change in legislation for the NT Grants Commission which no longer requires an audit to be undertaken by the Auditor-General.
- (2) One planned agency compliance audit for NT Fire and Emergency Services did not occur as the agency was still being established. One compliance audit directed at the SerPro information technology system was cancelled at the request of the Department of Corporate and Digital Development as the design and implementation of the system was not sufficiently advanced to enable the objectives of the audit to be achieved.
- (3) Performance management system audits are undertaken pursuant to section 15 of the *Audit Act 1995*. There was an additional audit conducted for Manual Payroll Calculations and an additional audit for the Achievement of Objectives for Grant Activities.
- (4) Other assignments include data analytics tasks and audits required as a result of funding arrangements entered into by the Territory Government. The 2023-24 budget line 'Other assignments' included the audits of seven financial acquittal statements; an analysis of Fringe Benefits relating to the State Square Car Park; a review of the IT Strategy and a Program Management Review relating to the implementation of NTGPAY. The audit of the seven acquittal statements related to the following Commonwealth arrangements:
 - Health Pool Funding
 - Regional Health Services Funding
 - Black Spot Program
 - Infrastructure Investment Program
 - Roads to Recovery
 - Local Government Financial Assistance
 - Charles Darwin University Research Data
- (5) The number of reviews performed in accordance with the *Public Information Act 2010* is dependent upon the number of referrals from members of the Legislative Assembly thus cannot be accurately predicted at the time of establishing the budget. One matter was referred in May 2024 and will be reported upon in the 2024-25 financial year.

Key Performance Indicators (KPIs) cont.

The Office also monitors other KPIs that are not specifically included in the Budget Papers. Figure 7 presents these KPIs and a summary of the results achieved in 2023-24.

Figure 7 Audits and Reviews KPIs as included in the NTAGO Strategic Plan 2024-2026

Key Performance Indicator	Results for 2023-24
Number of reports to the Legislative Assembly (at least one a year)	3 reports were delivered to the Legislative Assembly and tabled in August 2023, November 2023 and May 2024 .
Number of presentations delivered to the Public Accounts Committee (PAC)	The Auditor-General provides a presentation to the Public Accounts Committee (PAC) on the key findings included in each of the reports delivered to the Legislative Assembly. The Auditor-General appeared on 3 occasions before the PAC during the year.
Conduct annual surveys from PAC, Authorised Auditors and audited entities.	Feedback was sought from 41 entities and 6 audit firms following the conclusion of the financial year. Members of the PAC provide feedback to the Auditor-General throughout the year.
Conduct annual briefings to Authorised Auditors and audited entities	The following annual briefings and training were provided during the 2023-24 financial year: July 2023 <ul style="list-style-type: none"> • New Authorised Auditor training package released February 2024: <ul style="list-style-type: none"> • Senior Authorised Auditor briefing (13 Attendees) • NTG Agency briefings (54 Attendees)
Inductions provided to new Members of the Legislative Assembly and PAC	There were no newly elected Members during the 2023-24 financial year.
Inductions provided to new Accountable Officers of Northern Territory Government (NTG) agencies	There were no introductory meetings held between the Auditor-General and newly appointed Accountable Officers during the 2023-24 financial year.
Minimum required number of hours of continuous professional development training attended met	The total number of professional development hours undertaken by the Auditor-General and Principal Auditors are recorded and monitored individually by the staff member and exceeded the minimum number of hours required for their professional qualifications.

Reflection on 2023-24

During 2023-24, the Office finalised 10 of the 10 audit tasks carried forward from the 2022-23 financial year. These audits were:

- Financial Statement Audit – Interim - Batchelor Institute of Indigenous Tertiary Education
- Financial Statement Audit – Batchelor Institute of Indigenous Tertiary Education
- Financial Statement Audit – Charles Darwin University
- Financial Statement Audit – Planning - Department of Treasury and Finance
- Financial Statement Audit – IT Support – Motor Accidents (Compensation) Commission
- Compliance Audit IT – Department of Corporate and Digital Development – Post Implementation Review, Client Management Service Alignment project and CARE System
- Performance Management System Audit – Department of Infrastructure, Planning and Logistics – Infrastructure Program Development, Budgeting and Reporting
- Performance Management System Audit – Department of the Chief Minister and Cabinet – Assurance Engagement of Controls – Disaster Recovery Funding Arrangements
- *Public Information Act 2010* referral – Department of the Chief Minister and Cabinet – Bail Amendment Bill 2023
- Other Audit – Selected Agencies – Asset Valuations

The following audit, that has been delayed due to resourcing constraints, is currently being completed:

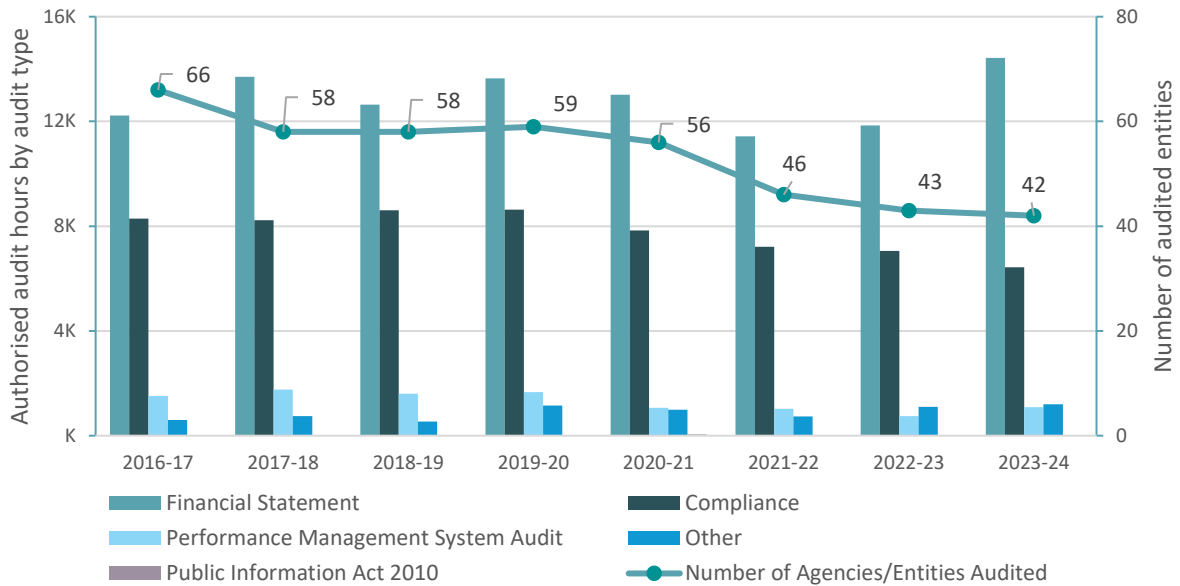
- Performance Management System Audit – Accounting for Assets on Leased Land

Of the 111 new audits and reviews that commenced during the 2023-24 year, 102 audit tasks were finalised by 30 June 2024 and six were substantially complete with associated reporting being finalised in July 2024. The following outstanding audit tasks will be finalised in 2024-25:

- Performance Management System Audit – Department of Corporate and Digital Development – Manual Payroll Calculations
- Performance Management System Audit – Department of Industry, Tourism and Trade – Achievement of objectives for grant activities
- *Public Information Act 2010* referral.

Reflection on 2023-24 cont.

Figure 8 Number of audited entities and outsourced audit hours by audit type



During the 2023-24 financial year, 42 entities were audited, one less than the number of entities audited in the 2022-23 period. The decrease reflects the change of legislation establishing the Northern Territory Grants Commission in force from 18 August 2023, which no longer has a requirement for the Auditor-General to conduct an annual financial statement audit.

Of the 111 new audits, reviews and audit related tasks conducted through the Office during the 2023-24 financial year, three were conducted by employees of the Office. The costs associated with these employees are reported within the employee expenses category of cost in the Office's audited financial statements.

Expenses incurred in 2023-24 for Authorised Auditors as a result of the Office's outsourcing arrangements with private audit firms amounted to \$4.548 million compared to \$4.065 million for the 2022-23 year.

Where increased costs were incurred on financial statements audits of entities subject to the cost recovery model, the costs were recovered from those entities. Of the \$0.483 million in additional costs, \$0.277 million was recovered as demonstrated by the corresponding increase in income from sales of goods and services.

Outsourced information technology audits, performance management system audits, agency compliance audits and end of year reviews conducted at NTG agencies and the audits of the Treasurer's Annual Financial Statement and the Northern Territory Police Supplementary Scheme are funded through appropriation. Where these audits incur increased costs, the Office must reduce elements of the audit program to remain within budget. In 2023-24 some output appropriation was redirected from savings in employee expenses due to one Principal Auditor position being vacant between March and June 2024.

Reflection on 2023-24 cont.

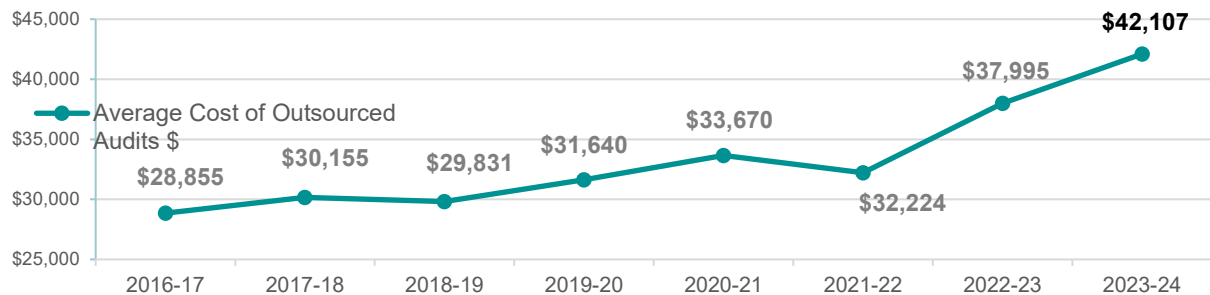
Figure 9 Authorised audit costs, number of audits and average cost per financial year

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total Cost of Outsourced Audits \$'000	3,780	3,890	3,699	4,145	3,939	3,770	4,065	4,548
No. of Audits	141	136	136	139	125	120	113	111
In-house Audits	10	7	12	8	8	3	6	3
Outsourced Audits	131	129	124	131	117	117	107	108
Average Cost of Outsourced Audits \$	28,855	30,155	29,831	31,640	33,670	32,224	37,995	42,107

The above figure demonstrates the substantially higher cost per audit and the decreasing number of audits being undertaken. The average cost per outsourced audit increased by 11% in 2023-24 when compared to 2022-23. Costs associated with audits are identified and significant variances between years explained from page 42 in the narrative accompanying Figure 35. The increase in average cost is the result of higher charge-out rates paid to outsourced audit service providers; the use of more experienced auditors to understand and test increasingly complex accounting estimates prepared by audited entities; increased time required to respond to additional auditing standard requirements; and, in some instances, more time spent because entities are not adequately prepared for audits and need to amend and resubmit information provided for audit.

A total of 23,166 hours of audit activity was delivered in 2023-24 compared to 26,281 hours in 2022-23.

Figure 10 Average outsourced audit cost trend



The Office conducts its audits using an outsourcing model involving local audit firms. The 2023 calendar year was the final year of the panel contract for the period from 2 January 2021 to 1 January 2024. The Office undertook procurement activity during 2023 and awarded the period panel contract in October 2023 with effect from 2 January 2024. The panel contract will run for a three-year period from 2 January 2024 to 1 January 2027.

Reflection on 2023-24 cont.

Actual audit costs are affected by the nature of the audit, the time an audit takes to complete, the composition and experience of the audit team assigned to the audit, annual contractual price escalations as well as the increasing market rates of audit services. As increased costs can presently only be recovered from those entities who require audits of their financial statements, much of the cost increase must be managed within budget by reducing the audit program.

For the financial years 2020-21 to 2023-24, the reduction in the audit program has largely been contained to reducing the number of performance management system audits and removing elements of agency compliance audits and end of year reviews that do not have a direct correlation to the financial balances reported in the Treasurer's Annual Financial Statement. As an example, agencies are no longer assessed for compliance with Treasurer's Directions relating to information and communication technology.

With no substantial approved increase in appropriation, significant inflationary pressures have again necessitated a reduced audit program for the forthcoming year. Elements of the audit program that will be reduced include audits of performance management systems and information technology systems. Performance management system audits are often directed at major capital projects, management of financially significant service provision contracts, grants programs and internal control frameworks. Many information technology audits seek to gain assurance over the design and implementation of new information technology systems that have significant across-government impact and high cost. Given the NTG's significant financial investment in information technology systems, major projects, grant programs and service contracts, the removal of these audits significantly increases the risk of financial loss and fraud and error occurring and remaining undetected.

The figure below demonstrates the movement in output appropriation in the years since the cost recovery model was approved in 2015 by the then government of the day.

Figure 11 Output appropriation

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Output appropriation \$'000	3,152	3,077	3,060	3,053	3,088	3,091	3,098	3,111

Audit Deliverables

For all audit tasks undertaken, a management letter is prepared and addressed to the Board or the Accountable Officer of the public sector entity. The management letter sets out any significant issues identified during the audit and provides recommendations for improving the entity's controls, systems and processes.

Audits of financial statements and financial acquittals result in the Auditor-General issuing an audit opinion in accordance with the relevant reporting framework.

Performance management system audits result in the Auditor-General providing a management letter addressed to the Accountable Officer which presents a conclusion regarding the existence and effectiveness of systems in place within the audited entity to determine whether outcomes are being delivered effectively, economically and with efficiency. In addition, the management letter sets out any significant issues identified during the audit and provides recommendations for improving the entity's controls, systems and processes.

Our Audited Entities

- Aboriginal Areas Protection Authority
- Batchelor Institute of Indigenous Tertiary Education
- Board of the Museum and Art Gallery of the Northern Territory
- Bridging the Gap Foundation
- Charles Darwin University
- Cobourg Peninsula Sanctuary and Marine Park Board
- Darwin Waterfront Corporation
- Data Centre Services
- Department of Corporate and Digital Development
- Department of Education
- Department of Environment, Parks and Water Security
- Department of Health
- Department of Industry, Tourism and Trade
- Department of Infrastructure, Planning and Logistics
- Department of Territory Families, Housing and Communities
- Department of the Attorney-General and Justice
- Department of the Chief Minister and Cabinet
- Department of the Legislative Assembly
- Department of Treasury and Finance
- Desert Knowledge Australia
- Indigenous Essential Services Pty Ltd
- Land Development Corporation
- Menzies School of Health Research
- Motor Accidents (Compensation) Commission
- Nitmiluk (Katherine Gorge) National Park Board
- Northern Territory Electoral Commission
- Northern Territory Legal Aid Commission
- Northern Territory Major Events Company Pty Ltd
- Northern Territory Police
- Northern Territory Police Supplementary Benefit Scheme
- Northern Territory Police (previously Northern Territory Police Fire and Emergency Services)
- Northern Territory Treasury Corporation
- NT Build
- NT Fleet
- NT Home Ownership
- Office of the Independent Commissioner Against Corruption
- Office of the Public Trustee for the Northern Territory
- Ombudsman's Office
- Power and Water Corporation
- Power Generation Corporation (trading as Territory Generation)
- Power Retail Corporation (trading as Jacana Energy)
- Territory Wildlife Parks

Financial Statement Audits

Financial statement audits include the audits of statutory financial statements and audits of information technology systems used to record and report financial transactions. This class of activity relates to the Auditor-General's statutory duty to carry out audits of financial statements prepared by the Treasurer, statutory bodies, Government Business Divisions and Government Owned Corporations. Financial statement audits lead to two main outputs, an audit report and a management letter (also referred to as a management report).

The Auditor-General is required to audit the Treasurer's Annual Financial Statement in accordance with section 25 of the Act. The Treasurer's Annual Financial Statement provides information about the financial performance and position of the NTG and consolidates the results figures from:

- General Government Sector;
- Public Non-Financial Corporations; and
- Public Financial Corporations.

Statutory bodies, Government Owned Corporations and Government Business Divisions are required by various Acts of Parliament to prepare annual financial statements and to submit those statements to the Auditor-General for audit. Those statements are audited and audit opinions issued accordingly. The opinions are included in the respective entities' annual reports that are tabled in the Legislative Assembly.

In addition, the NTG controls, either directly or indirectly, a small number of companies that have been incorporated pursuant to the Commonwealth *Corporations Act 2001*. These audits are performed subject to the provisions of the Commonwealth legislation, with the Auditor-General being deemed by the *Corporations Act 2001* to be a Registered Company Auditor.

The financial statements of the following Government Owned Corporations, Government Business Divisions are individually subject to audit and are consolidated into the Treasurer's Annual Financial Statement:

- Batchelor Institute of Indigenous Tertiary Education
- Board of the Museum and Art Gallery of the Northern Territory
- Darwin Waterfront Corporation
- Data Centre Services
- Desert Knowledge Australia
- Indigenous Essential Services Pty Ltd
- Land Development Corporation
- Motor Accidents (Compensation) Commission
- Northern Territory Legal Aid Commission
- Northern Territory Major Events Company Pty Ltd
- Northern Territory Treasury Corporation
- NT Build
- NT Fleet
- NT Home Ownership
- Power and Water Corporation
- Power Generation Corporation (Territory Generation)
- Power Retail Corporation (Jacana Energy)
- Territory Wildlife Parks

Financial Statement Audits cont.

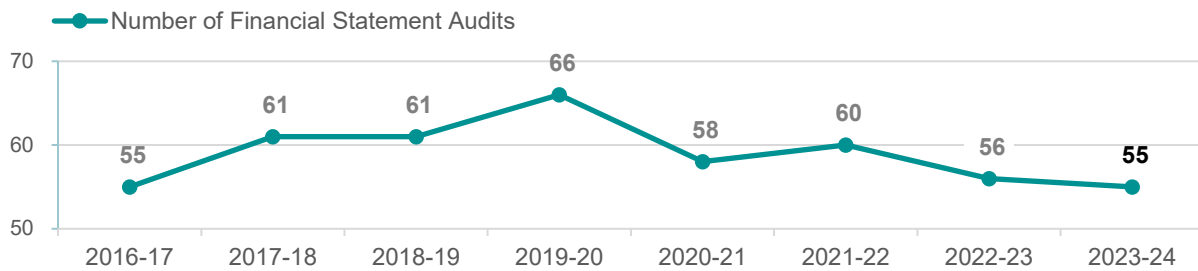
Entities with their own legislation that were subject to audit during 2023-24 and are not consolidated into the Treasurer's Annual Financial Statement include:

- Bridging the Gap Foundation
- Charles Darwin University
- Cobourg Peninsula Sanctuary and Marine Park Board ⁽¹⁾
- Menzies School of Health Research
- Nitmiluk (Katherine Gorge) National Park Board
- Northern Territory Police Supplementary Benefit Scheme
- Office of the Public Trustee for the Northern Territory

(1) The audit of the financial statements of Cobourg Peninsula Sanctuary and Marine Park Board for the year ended 30 June 2023 has not been completed as financial statements have not been provided for audit due to ongoing governance issues within the entity.

In 2023-24, 55 audits were undertaken in order to provide audit opinions on statutory financial statements. There was a decrease of one audit from the prior year's total of 56 new financial statement audits.

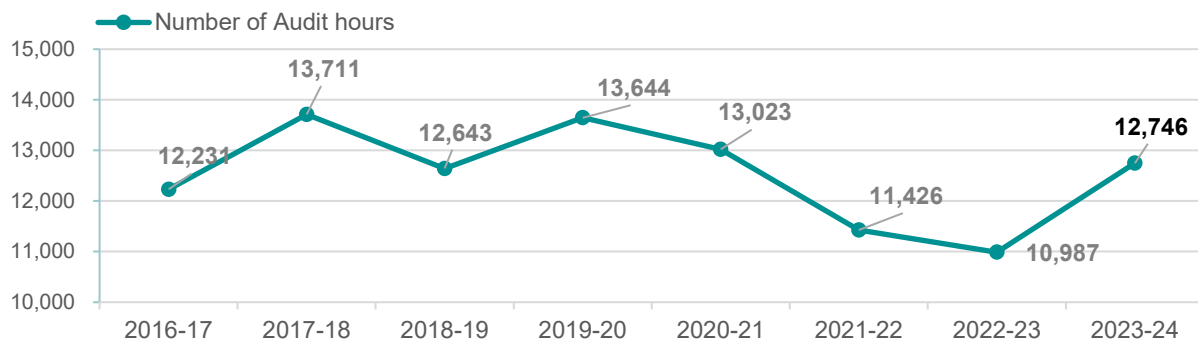
Figure 12 Number of new financial statement audit task assignments issued



The net decrease of one financial statements audit when compared to the prior year results from the requirement for the NT Grants Commission to be audited by the Auditor-General being rescinded through legislation.

In 2023-24, audit hours attributable to financial statement audits totalled 12,746 hours, an increase of 1,758 hours (16%) from the 2022-23 financial year.

Figure 13 Audit hours allocated to new financial statement audits each financial year



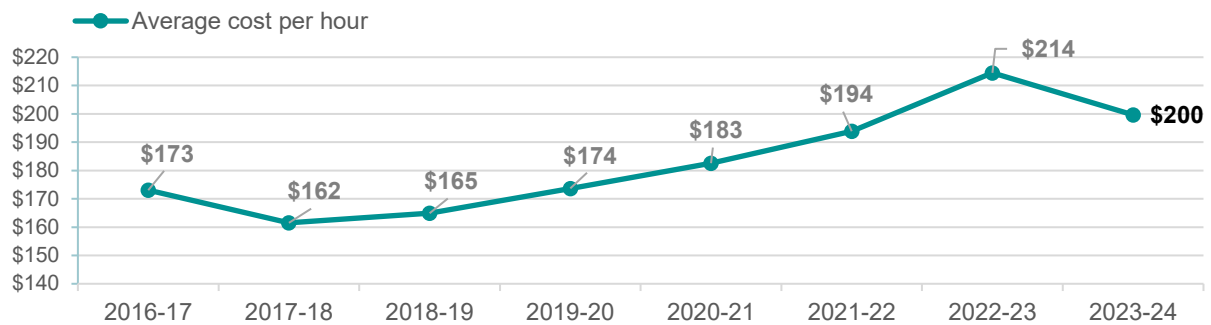
The increase in the number of audit hours was predominantly influenced by substantial increases in hours relating to the audits of the Motor Accidents (Compensation) Commission, Batchelor Institute of Indigenous Tertiary Education and the Office of the Public Trustee.

Financial Statement Audits cont.

Costs of audits are dependent on the allocation of hours across the professional levels of Authorised Auditors required for each audit, the hourly contracted rate, the inclusion of supplementary expenses for travel disbursements (related to visiting specialists) and the number of hours an audit may take to complete. Staffing levels and audit hours required can be affected by the introduction of new accounting policies and complex accounting estimates and valuations within an entity. Accordingly, the cost of an individual audit may not be constant across years.

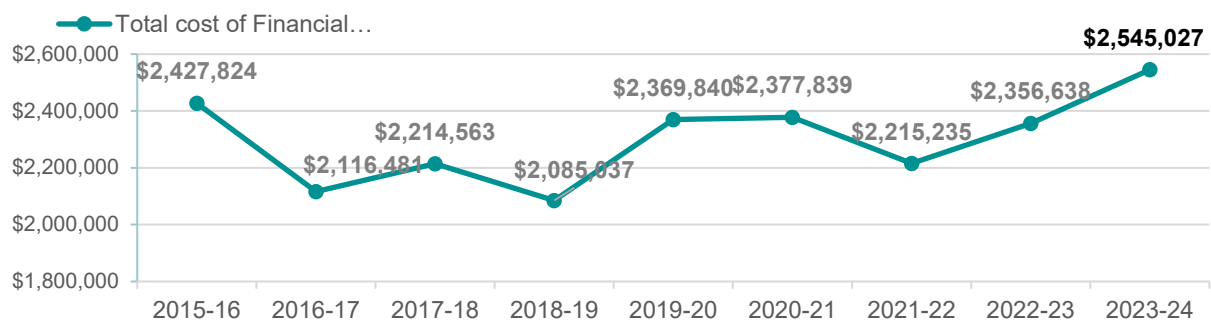
The weighted average cost per hour of providing financial statement assurance for 2023-24 was \$200 per hour (2022-23: \$214 per hour). Whilst hourly rates and hours worked have increased from the prior year, the hours worked have had a higher proportion of junior audit personnel thereby reducing the weighted average cost per hour. There were also some reduced rates as a result of the competitive tender process leading to the new period panel contract. The new contract is for 36 months from 2 January 2024 to 1 January 2027.

Figure 14 Weighted average cost per hour for new financial statement audits each financial year



The total cost related to undertaking new financial statement audits for 2023-24 was \$2.545 million, an increase of \$0.188 million from \$2.357 million in the 2022-23 financial year. The two most significant influencing factors were the new period panel contract the significant additional hours spent auditing the Motor Accidents (Compensation) Commission, Batchelor Institute of Indigenous Tertiary Education and the Office of the Public Trustee. The significant increase in average audit cost is largely attributable to CPI-based rate escalation and the increased requirements on auditors arising from the revised Australian Auditing Standard ASA 540 *Auditing Accounting Estimates and Related Disclosures*.

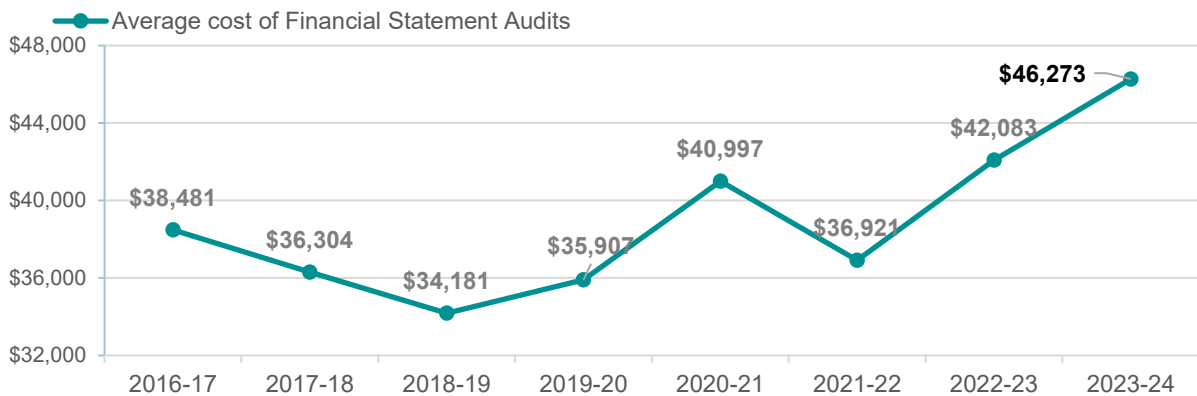
Figure 15 Cost of undertaking new financial statement audits each financial year



Financial Statement Audits cont.

Average cost then declined consistently until 2019-20 where a further increase was due to the additional work associated with the introduction of new accounting standards. The significant increase in average cost per audit for 2020-21 reflects the increase in contract rates, the impacts from the rotation of audit firms between audited entities and the use of higher cost specialist Authorised Auditors associated with the audit of complex valuations and estimates. The decline in cost per audit in 2021-22 is influenced by the proportionately lower costs associated with four large audits in 2021 (a decrease of \$163,000), and the impact of the audits of the Treasurer's Annual Financial Statement (interim visit) and Batchelor Institute of Indigenous Tertiary Education not having been completed by 30 June 2022, totalling approximately \$20,000. These decreases were partially offset by increases in hourly rates. The increase in cost per audit in 2022-23 and 2023-24 reflects the further CPI-based rate escalation and new rates in the panel contract, and the increased requirements on auditors arising from the revised Australian Auditing Standard ASA 540 *Auditing Accounting Estimates and Related Disclosures*.

Figure 16 Average cost of new financial statement audits each financial year



Compliance Audits

The General Government Sector comprises the agencies providing services to the public. The annual financial statements of agencies are not subject to individual audit and thus no audit opinion is issued on their annual financial statements. Agencies' financial results are consolidated within the Treasurer's Annual Financial Statement.

In order to form an opinion on the Treasurer's Annual Financial Statement, agency compliance audits and end of year reviews are performed by the Auditor-General to establish the extent to which agencies have implemented systems and controls to ensure compliance with the prescribed financial management and accountability requirements. These audits support the audit of the Treasurer's Annual Financial Statement.

The number of agency compliance audits undertaken is directly affected by the number of agencies consolidated into the Treasurer's Annual Financial Statement. Consistent with the prior year, the following agencies were subject to compliance audits and year end reviews during 2023-24 (as part of the audit of the Treasurer's Annual Financial Statement):

- Aboriginal Areas Protection Authority
- Department of Corporate and Digital Development
- Department of Education
- Department of Environment, Parks and Water Security
- Department of Health
- Department of Industry, Tourism and Trade
- Department of Infrastructure, Planning and Logistics
- Department of Territory Families, Housing and Communities
- Department of the Attorney-General and Justice
- Department of the Chief Minister and Cabinet
- Department of the Legislative Assembly
- Department of Treasury and Finance
- Northern Territory Electoral Commission
- Northern Territory Police (previously Northern Territory Police Fire and Emergency Services)
- Office of the Independent Commissioner Against Corruption
- Ombudsman's Office

One compliance audit is undertaken at the Department of Corporate and Digital Development to assess the provision of across-government shared services. Compliance audits of critical information technology systems are also undertaken at the Department of Corporate and Digital Development. Consistent with the prior year, four compliance audits relating to information technology systems were undertaken. The systems assessed were:

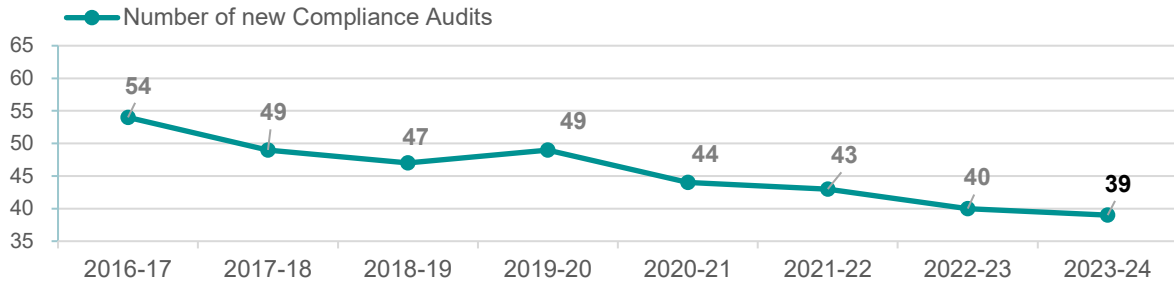
- Payroll Information Processing System
- Government Accounting System.
- GrantsNT
- MOVERS

Two compliance audits occurred at the Motor Accidents (Compensation) Commission, consistent with prior years.

Compliance Audits cont.

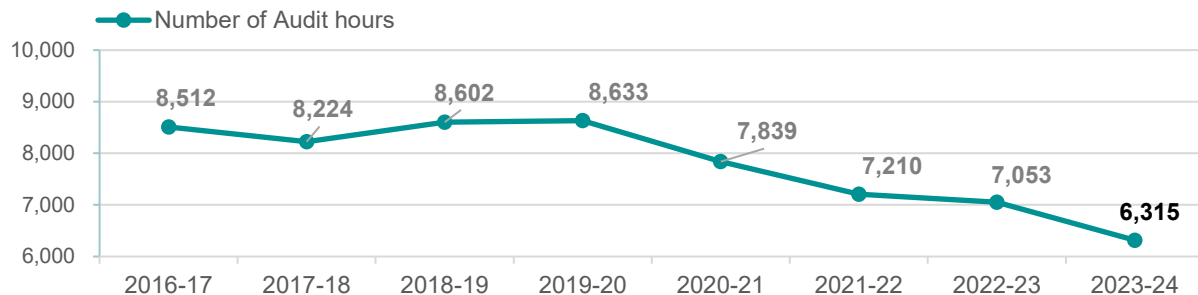
In total, there were 39 compliance audit task assignments issued. During 2022-23, an additional assignment testing controls to support Disaster Recovery Funding Acquittals was undertaken at the Department of the Chief Minister and Cabinet but was not required in the 2023-24 year.

Figure 17 Number of new compliance audit task assignments issued



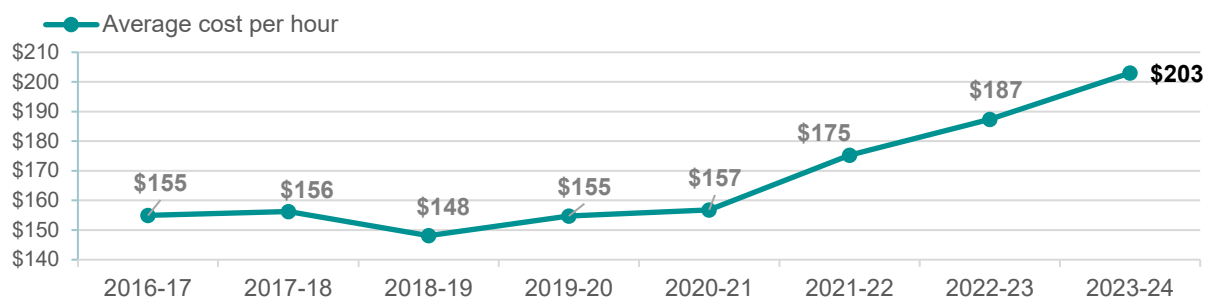
During the 2023-24 year, compliance audit activity utilised 6,315 audit hours, compared to 7,053 hours in the previous year. The hours required to complete each audit are affected by the nature of the audit and the size and complexity of the audit subject. In order to stay within the approved output appropriation budget, the testing procedures undertaken during the end-of-year reviews conducted at 16 agencies were reduced to test only those balances that would be qualitatively or quantitatively material to the Treasurer's Annual Financial Statements. This reduction in audit testing increases the risk that fraud or error may not be detected as a result of the audit process.

Figure 18 Audit hours allocated to new compliance audits



The weighted average cost of a compliance audit is consistently less than the cost of a financial statement audit. Compliance audits are generally non-complex and can largely be completed by less experienced Authorised Auditors. Higher costs associated with compliance audits were anticipated in the 2023-24 financial year due to CPI indexation and the period panel contract renewal resulting in an uplift from \$187 per hour to \$203 per hour.

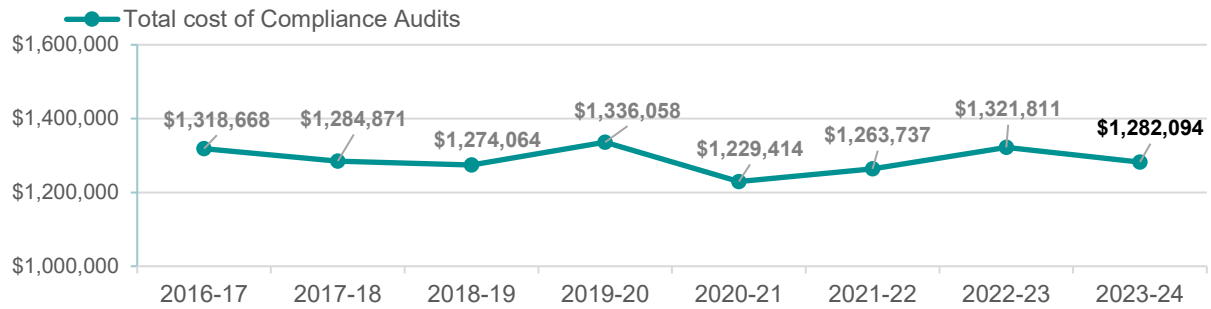
Figure 19 Weighted average cost per hour for new compliance audits



Compliance Audits cont.

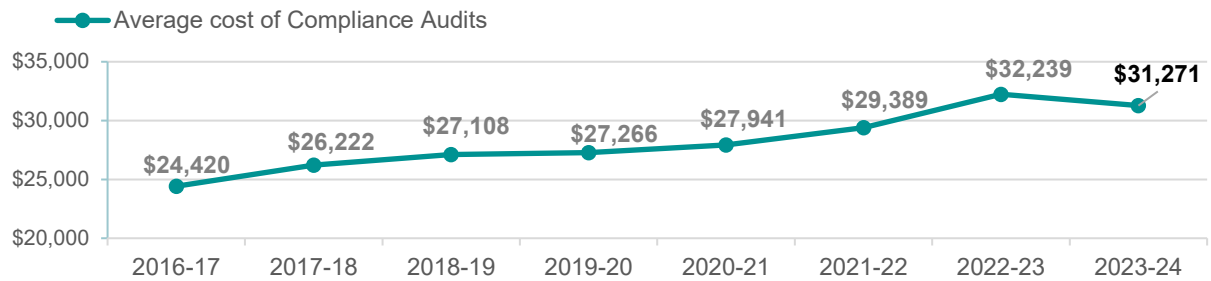
The cost to undertake the total number of audits has reduced as a result of the reduction of procedures within each audit. Whilst not optional, reducing the scope of each compliance audit has enabled the Office to remain within its appropriation budget. As noted earlier, this approach has increased the risk that fraud and error will not be detected as the size of the agencies, the number of transactions flowing through the agencies, and the complexity of government programs and accounting requirements have all increased. This risk has been communicated to and accepted by the government.

Figure 20 Total cost of undertaking new compliance audits



The average cost per new compliance audit has decreased from \$32,239 in 2022-23 to \$31,271 in 2023-24. This decrease was due to the reduction in scope for the end of year review to enable the audit program to come within budget as previously discussed.

Figure 21 Average cost of new compliance audits



Performance Management System Audits

A Chief Executive Officer, as an Accountable Officer, is responsible to the appropriate Minister under section 23 of the *Public Sector Employment and Management Act 1993* for the proper, efficient and economic administration of his or her agency. Performance management system audits are intended to establish whether appropriate systems exist and are effective in enabling agencies to manage their outputs.

The Office has developed a framework for its approach to the conduct of performance management system audits, which is based on the premise that an effective performance management system would contain the following elements:

- identification of the policy and corporate objectives of the entity;
- incorporation of those objectives in the entity's corporate or strategic planning process and allocation of these to programs of the entity;
- identification of what successful achievement of those corporate objectives would look like, and recording of these as performance targets;
- development of strategies for achievement of the desired performance outcomes;
- monitoring of the progress toward that achievement;
- evaluation of the effectiveness of the final outcome against the intended objectives; and
- reporting on the outcomes, together with recommendations for subsequent improvement.

During the 2023-24 year, six new performance management system audits were scheduled.

The following audits were scheduled in 2023-24:

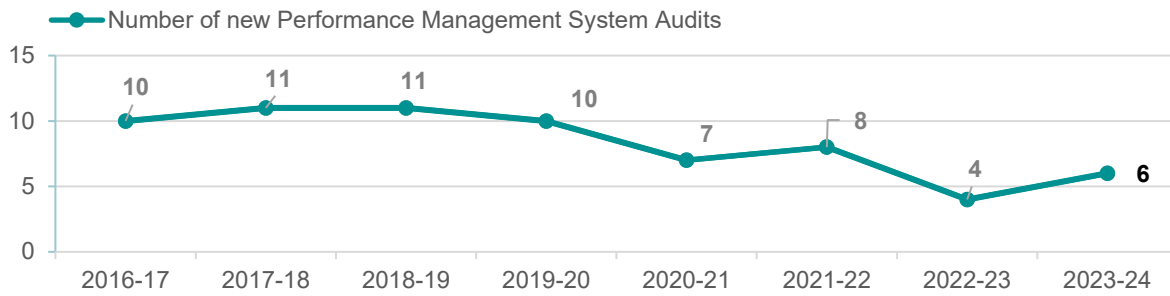
- Selected Agencies – Ship Lift Facility
- Department of Infrastructure, Planning and Logistics – Tiger Brennan Drive and Berrimah Overpass
- Department of the Chief Minister and Cabinet – NT Implementation Plan for Closing the Gap
- Selected Agencies – Aboriginal Economic Participation Framework
- Department of Industry, Tourism and Trade – Achievement of objectives for grant activities
- Department of Corporate and Digital Development – Manual Payroll Calculations

As the financial statement audits have mandatory completion and reporting dates, and the compliance audits form the basis of the audit of the Treasurer's Annual Financial Statement, the completion of those audits took priority over the completion of the performance management system audits when the Office was faced with resourcing constraints during the financial year. One performance management system audit carried forward from prior years, relating to Accounting for Assets on Leased Land, was yet to be completed at year end.

Performance Management System Audits cont.

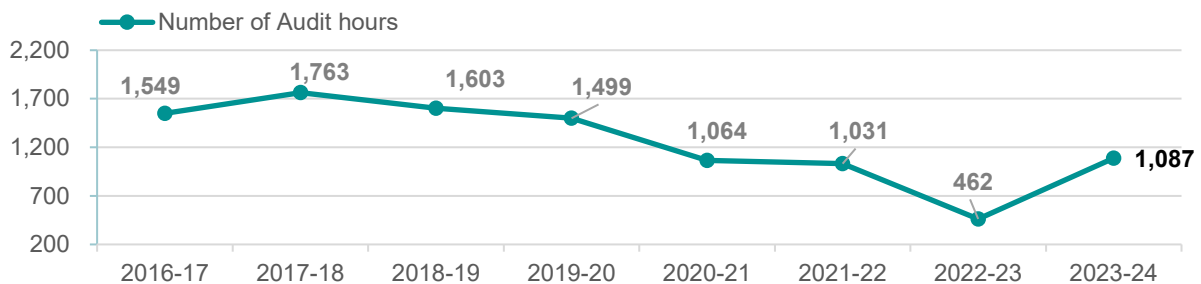
Of the six new performance management system audits scheduled in 2023-24, five were outsourced and one was conducted in-house. In 2022-23, two were outsourced and two were conducted in-house. The ability to undertake performance management system audits is dependent upon the level of available financial resources and the capacity of Office personnel after prioritising the scheduling of the financial statement and compliance audits.

Figure 22 Number of new performance management system audit task assignments issued



During the 2023-24 period, actual performance management system audit hours, including hours spent by in-house personnel, totalled 1,087, more than double the hours in the prior year. The increase in the hours for performance management system audits was directly due to the higher number of audits undertaken.

Figure 23 Actual audit hours for new performance management system audits



The total cost of undertaking performance management system audits is a product of the number of audits, the hours allocated due to the complexity of the audit and the proportion of audits performed in-house or by Authorised Auditors.

Performance management system audits are more complex and require more experienced staff. The management reports resulting from these audits can extend beyond 50 pages and are another factor influencing the required hours and level of Authorised Auditors. As a result, the weighted average hourly cost for outsourced audits has, in past years, been consistently higher than the weighted average hourly cost of a financial statement audit or a compliance audit.

Performance Management System Audits cont.

The following graphs and accompanying narrative analysis refer only to new performance management system audits conducted by outsourced audit service providers as the costs of audits that are performed in-house are captured within employee expenditure. The higher outsourced cost demonstrates the number of outsourced audits increasing from two to five.

Figure 24 Cost of new outsourced performance management system audits

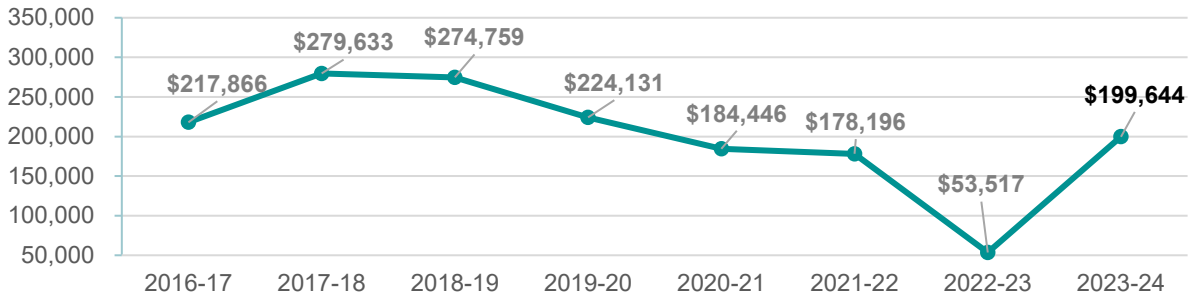
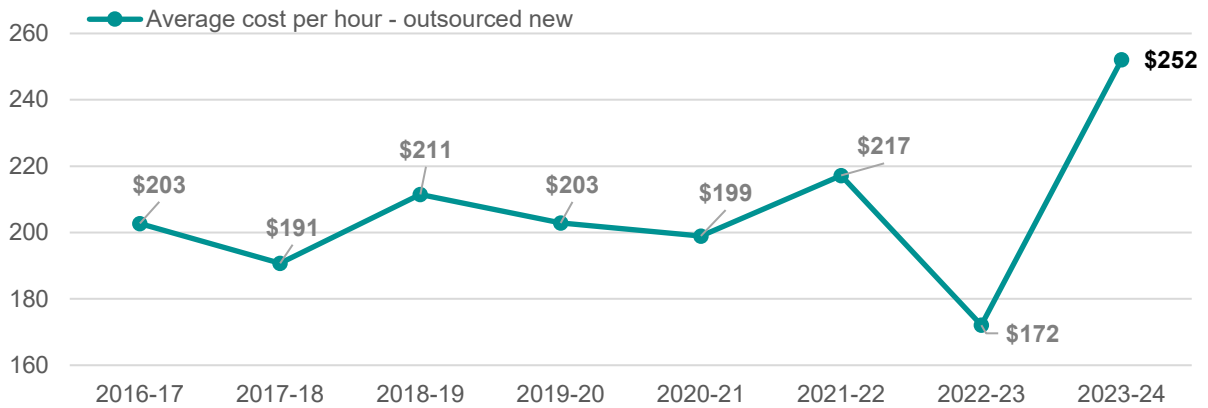
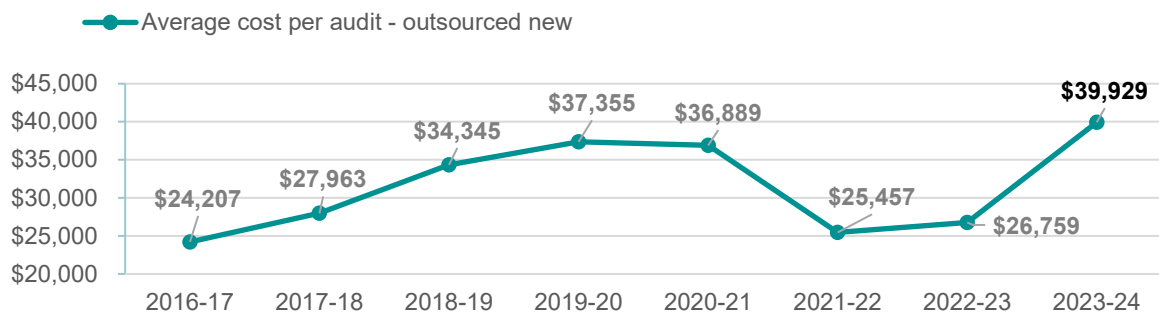


Figure 25 Weighted average cost per hour for new outsourced performance management system audits



The weighted average cost of \$172 per hour in 2022-23 is an anomaly. For one of the two outsourced audits, the audit service provider waived the cost of 47% of the hours spent on the audit as it presented a developmental opportunity for their staff. Without the waiver of costs, the weighted average cost per hour would have been \$246 and the increase to \$252 in 2023-24 would have been 2% higher than the previous year. This waiver has also affected the average cost in the figure below which, without the waiver, would have been \$39,827 in 2022-23. The higher average cost also reflects the complexity of the audited subject matter.

Figure 26 Average cost of new outsourced performance management system audits



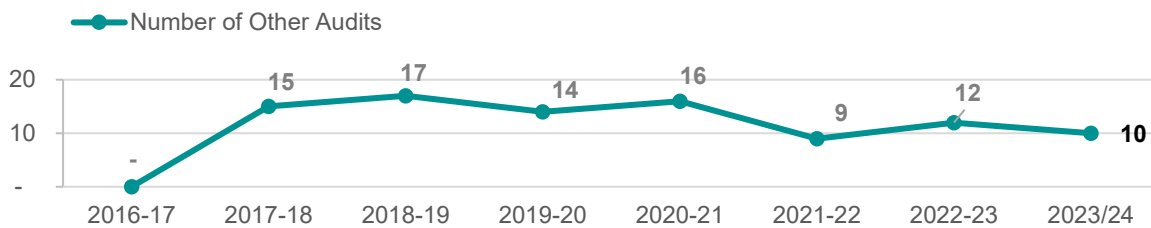
Other Audits

The Office conducts other categories of audits including acquittals and reviews. During the 2023-24 year, the Office:

- commenced audits of seven acquittal statements;
- undertook a review of the information technology systems across government to inform the future audit strategy;
- completed an analysis of the use of free carparking by Northern Territory Government employees and the associated fringe benefits tax; and
- reviewed the project management associated with the implementation of the across-government purchasing system, NTGPay.

By comparison, in 2022-23, the Office completed the audits of seven acquittal statements and undertook a further five audits and data analytic assignments.

Figure 27 Number of new other audit task assignments issued



The seven acquittal statements are consistent with previous years.

Public Information Act 2010 Reviews

In addition to the obligations imposed by the Act, the Auditor-General has obligations to carry out reviews in accordance with the *Public Information Act 2010*.

The *Public Information Act 2010* requires the Auditor-General, upon receipt of a written request of an Assembly member, or on the Auditor-General's initiative, to conduct a review of particular public information to determine whether the *Public Information Act 2010* has been contravened in relation to the information. If review of the information suggests a contravention, the Auditor-General issues a preliminary opinion to the public authority that gave the relevant public information. When preparing the resultant opinion and report, any comments provided by the public authority following the preliminary opinion are considered. The associated reports are included in the Auditor-General's reports to the Legislative Assembly and are also required to be presented to the Speaker for tabling.

One review of referred information commenced in accordance with the *Public Information Act 2010* in the 2023-24 financial year, with the resultant report issued after the end of the financial year.

Reports to the Legislative Assembly

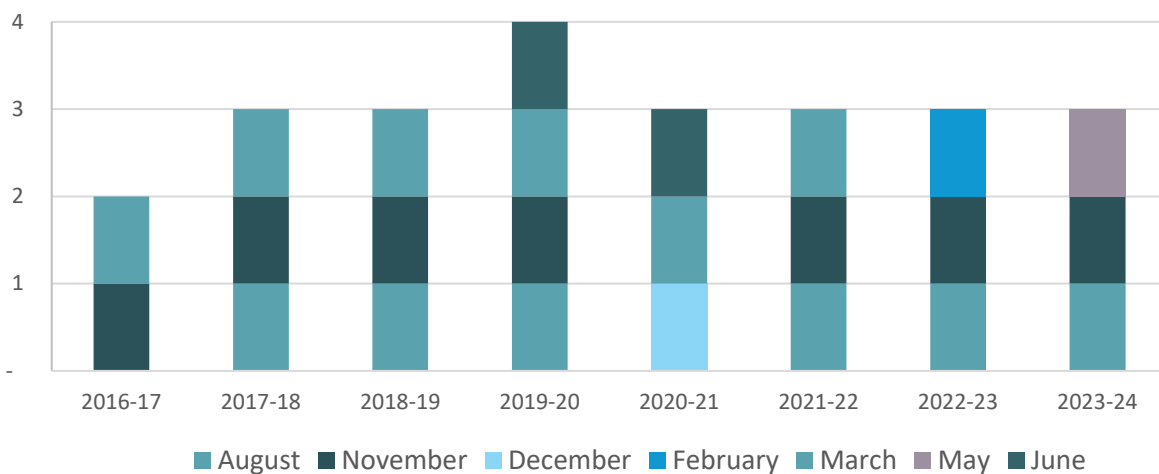
The Act requires the Auditor-General to report to the Legislative Assembly at least once each year. Each report (available online on the publications page of the Office's webpage) may contain findings from financial statement audits, information technology audits, controls and compliance audits, performance management system audits and any special reviews conducted. Material is included depending on when each audit is completed. Results of any reviews of referred information under the *Public Information Act 2010* are included when the reviews are concluded. The approximate timing and the contents of these reports are explained below.

- November/December report which contains commentary on agencies and entities with a 30 June financial year-end. The report also contains commentary on the Auditor-General's audit of the Treasurer's Annual Financial Statement and the end of year reviews of financial information undertaken at each agency.
- February/March report which contains commentary on results of information technology audits, compliance audits and audits of performance management system and any financial statement audits completed since the previous report.
- August report which contains commentary on agencies and entities with a year ending 31 December of the previous calendar year together with the results of information technology audits, compliance audits and audits of performance management systems.

During 2023-24 financial year the following reports were submitted to the Legislative Assembly:

- August 2023 – This report presented the results of 29 separate audits and other tasks completed during the period 28 January 2023 to 31 July 2023.
- November 2023 – This report presented the results of 40 separate audits and other tasks completed during the period 1 August 2023 to 31 October 2023.
- May 2024 – This report presented the results of 13 separate audits and other tasks completed during the period 1 November 2023 to 30 April 2024.

Figure 28 Number and timeframe of Legislative Assembly reports tabled



Output Group: Corporate and Governance

Business Plan

Objective

To provide strategic advice, professional services and support to the Office and its stakeholders to enable the efficient, effective and economical delivery of the audit program.

Outputs

- Coordinate development of the three-year strategic plan.
- Prepare and update the budget within the required time frames.
- Prepare monthly and annual reconciliations and reports within the required time frames.
- Prepare the financial statements and facilitate their audit within the required time frame.
- Prepare the annual report within the required time frame.
- Establish and update our Office's policies and procedures.
- Coordinate the annual employee performance review process.
- Timely processing of Authorised Auditors' administrative tasks such as invoice processing and auditor applications.

Outcomes

- Ensure operational compliance with legislated and mandated requirements.
- Provide finance, corporate and governance services to support the Office.
- Manage the finances of the Office effectively and economically.
- Manage the records of the Office efficiently and effectively.
- Participate in relevant forums leading to improved practices in the Office.
- Undertake relevant and appropriate training and development.
- Effectively managing shared service arrangements.
- Effective administrative engagement with Authorised Auditors.

Key Performance Indicators

As a result of the strategic planning workshop undertaken with all staff members of the Office in 2023-24, the following key performance indicators were agreed for the Corporate and Governance output group, accompanied by the results for the 2023-24 financial year:

Figure 29 Corporate and Governance KPIs

Key Performance Indicator	Results for 2023-24
100% of invoices paid within NT Government policy	100% of the 311 invoices were paid within payment policy.
Annual report delivered within the legislated timeframe	The 2022-23 Annual Report was tabled to Parliament in the November 2023 sittings.
Financial statements prepared and audited within the legislated timeframe	The NTAGO 2023-24 Financial Statements were prepared by the required due date with an unmodified audit opinion issued by the Office's external auditors on 22 August 2024 . (Refer to the Independent Auditor's Report section of this Annual Report)
Budget deliverables are completed within the specified timeframe	All budget related returns for the Office have been completed and provided to the Department of Treasury and Finance by the due dates.
Employee performance plans are in place and reviews have been held for each employee	All employees in the Office have performance plans in place and were provided feedback during the year.
100% of records with a retention schedule	100% of new records created have an appropriate retention schedule attached.
Annual agency procurement management plan delivered within the required timeframe	The NTAGO Procurement Management Plan for 2023-24 has been prepared and submitted to Procurement NT by the due date.
Mandated internal audits undertaken within the specified timeframe	An internal review of the Office's travel transactions was conducted for the 2023/24 financial year and results have been reported. The audit for the Buy Local Industry Advocate was completed and accepted.

Reflection on 2023-24

In 2023-24, the Corporate and Governance output group undertook the following activities in addition to its key financial and administrative responsibilities:

Figure 30 Key achievements for the Corporate and Governance output group

Key Achievements during the year	
1	Facilitate a review of the current NTAGO ledger to align with the updates to Treasurer's Direction A1.3 – Standard Classification Codes.
2	Agency and Contractor feedback surveys prepared, sent out and responses analysed for contractor reporting and continual improvement purposes.
3	Completed updates to the Financial, Procurement and Human Resource delegations.
4	Coordinated NTAGO biannual internal Risk Management Workshops.
5	Completed the annual NTAGO Agency Procurement Management Plan.
6	Facilitated the renewal of the Authorised Auditor panel contract.
7	Completed the review of the Principal Auditor 2 role through the JAQ and JES process.
8	Reviewed and undertook training in the TRAX - Contract Management System, to ensure the Office complies with mandated procurement requirements.
9	Facilitated the Mid-Year Budget Cabinet submission for the Office.
10	Undertook a review and prepared a report to the Buy Local Industry Advocate for procurement.
11	Completed new employee inductions and coordinated compulsory orientation training.
12	Finalised Disability Action Plan and Aboriginal Employment Action Plan reporting for the Office.
13	Prepared and facilitated the tabling of the NTAGO 2022-23 Annual Report.
14	Facilitated the successful external audit of the NTAGO 2022-23 Financial statements.

Financial Management

The Office's financial statement overview for the year ended 30 June 2024 is discussed on pages 55 and 56 of this report. A summary of key financial results compared to previous financial years is presented below.

Key Financial Results

The following table presents a comparison of the expenditure by Output group against the 2023-24 budget and estimated results as published in Budget Paper 3.

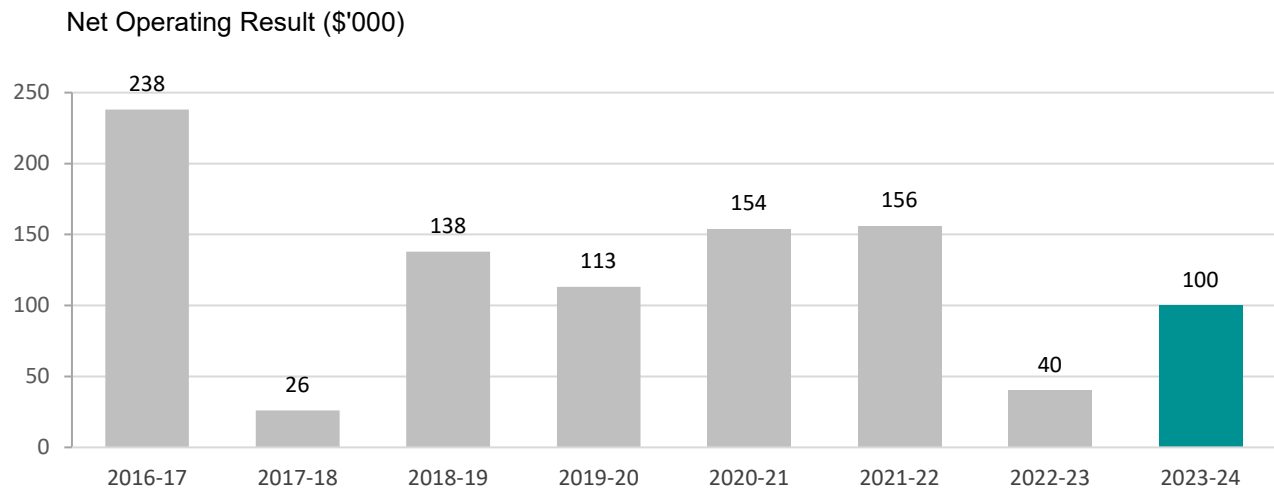
Figure 31 Output Group comparison of budget, estimate and actual results

Output Group	Actual 2022-23	Budget 2023-24	Estimate 2023-24	Actual 2023-24	Variance (Original Budget v Actual) 2023-24
	\$'000	\$'000	\$'000	\$'000	\$'000
Audits and Reviews	4,822	5,023	5,051	5,228	205
Corporate and Governance	594	598	608	575	(23)
Total	5,416	5,621	5,659	5,803	182

Refer to Note 23 *Budgetary information* for further details on variations to the Office's actual outcome compared to budget for revenue and expenses.

The following graph presents the net operating surplus comparatively for the last eight financial years. In 2023-24, the Office continued to operate at a surplus with a net surplus at the end of the year of \$0.100 million, following a surplus in the prior year of \$0.040 million.

Figure 32 Office net operating results (\$'000)



Part of the surplus for the year ended 30 June 2024 is attributable to a number of scheduled audits which were not completed within the financial year due to resourcing constraints within the Office, the Authorised Audit firms and the entities subject to audit. Part of the surplus was associated with savings of employee expenditure attributable to a senior position in the Office being unfilled between March and June 2024.

When establishing the annual audit program, attempts are made to ensure that a small proportion of output appropriation is retained to cover any overrun in costs associated with audit activity and to ensure that the Office does not record a deficit.

Financial Management cont.

Revenue

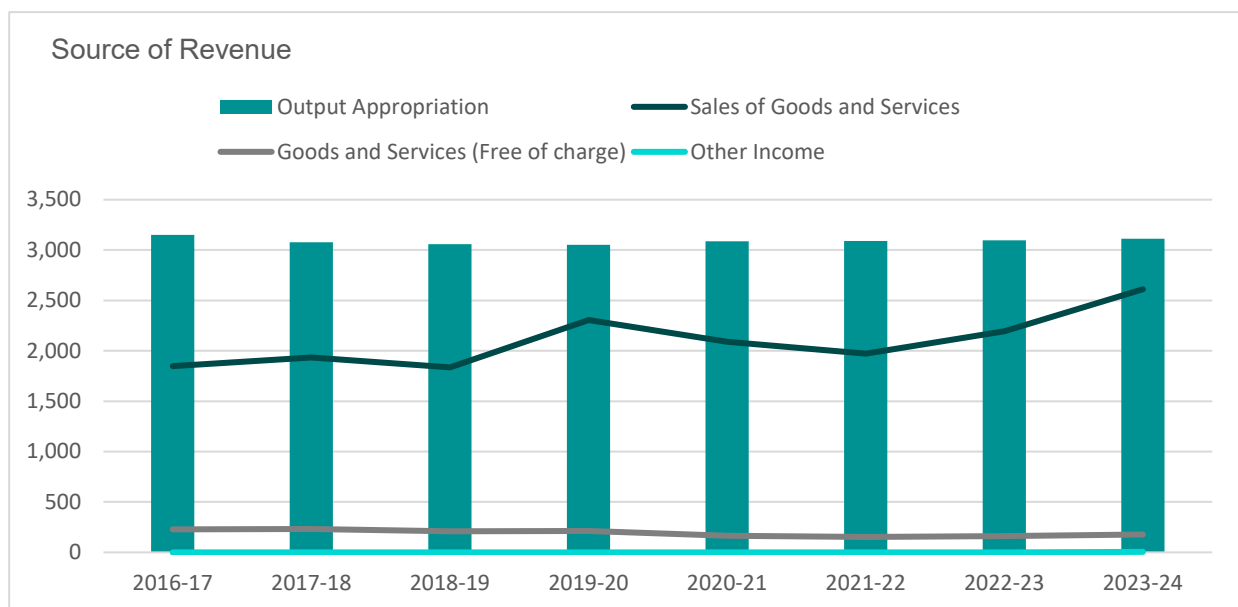
Revenue for the Office comprises output appropriation and sales of goods and services income derived from the recovery of audit costs from statutory entities and costs associated with audits mandated to be undertaken by the Auditor-General through requirements stipulated in agreements or legislation. The Office also received shared services support from the Department of Corporate and Digital Development and records notional charges for these services as expenditure. The repairs and maintenance budget of \$2,000 was transferred to the Department of Infrastructure, Planning and Logistics from 1 July 2019 consistent with NTG policy direction.

As in previous years, revenue from output appropriation continues to be the largest source of income for the Office and represents 53% of its total revenue in 2023-24. Output appropriation increased by \$13,000 representing adjustments to across-government budget parameters adjustments and efficiency dividends.

Figure 33 Office source of revenue summary for the last eight financial years

Source of Revenue	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Output appropriation	3,152	3,077	3,060	3,053	3,088	3,091	3,098	3,111
Sales of goods and services	1,847	1,935	1,836	2,307	2,090	1,973	2,195	2,611
Goods and services (free of charge)	227	232	209	214	165	153	162	176
Other Income	-	-	-	1	-	-	1	5
Total	5,226	5,244	5,105	5,575	5,343	5,217	5,456	5,903

Figure 34 Source of revenues (\$'000)



Financial Management cont.

A total of 27 (2022-23: 28) entities (as listed in the following table) were subject to recovery of audit costs. Costs recovered include costs associated with work completed or accrued as at 30 June of the reporting year.

Figure 35 Agencies subject to recovery of audit costs

Entity	2024	2023	Movement
Batchelor Institute of Indigenous Tertiary Education ⁽¹⁾	358,396	135,029	223,367
Board of the Museum and Art Gallery of the Northern Territory	16,593	16,059	534
Bridging the Gap Foundation	17,000	18,478	(1,478)
Charles Darwin University	251,633	228,951	22,682
Cobourg Peninsula Sanctuary and Marine Park Board ⁽²⁾	4,521	19,218	(14,697)
Darwin Waterfront Corporation	52,864	48,581	4,283
Data Centre Services	29,705	27,437	2,268
Department of the Chief Minister and Cabinet ⁽³⁾	42,668	15,838	26,830
Department of Health	102,992	93,647	9,345
Department of Infrastructure, Planning and Logistics	30,388	27,831	2,557
Desert Knowledge Australia	29,178	23,511	5,667
Indigenous Essential Services Pty Ltd	76,550	77,425	(875)
Land Development Corporation	59,423	49,389	10,034
Menzies School of Health Research	78,360	78,197	163
Motor Accidents (Compensation) Commission ⁽⁴⁾	432,715	357,490	75,225
Nitmiluk (Katherine Gorge) National Park Board	23,956	21,376	2,580
Northern Territory Grants Commission ⁽⁵⁾	-	4,791	(4,791)
Northern Territory Legal Aid Commission	19,082	17,961	1,121
Northern Territory Major Events Company Pty Ltd	31,529	29,788	1,741
Northern Territory Treasury Corporation	88,285	84,182	4,103
NT Build	27,414	26,493	921
NT Fleet	51,356	48,082	3,274
NT Home Ownership	42,439	44,771	(2,332)
Office of the Public Trustee for the Northern Territory	59,350	38,641	20,709
Power and Water Corporation	304,387	306,149	(1,762)
Power Generation Corporation (Territory Generation)	189,272	175,194	14,078
Power Retail Corporation (Jacana Energy)	161,545	153,205	8,340
Territory Wildlife Parks	29,576	27,492	2,084
Total	2,611,178	2,195,206	415,972

In addition to the increase in Authorised Auditor rates from the prior year, additional explanations as to the causes of significant variances are provided below:

- (1) Costs incurred during the 2023-24 financial year included costs incurred for the audits of the financial statements for the Batchelor Institute of Indigenous Tertiary Education for the years ended 31 December 2022 and 31 December 2023.

Financial Management cont.

- (2) The audit of the Cobourg Peninsula Sanctuary and Marine Park Board was postponed due to legislative matters affecting the Board.
- (3) An audit of the controls in place at the Department of the Chief Minister and Cabinet to support the reporting and acquittal of disaster recovery funding commenced late in the 2022-23 financial year with the majority of audit work completed in the 2023-24 financial year.
- (4) Costs incurred to audit the Motor Accidents (Compensation) Commission during the 2023-24 financial year included costs incurred for the supporting information technology audit which commenced in the 2022-23 financial year and concluded in the 2023-24 financial year.
- (5) NT Grants Commission is no longer required to be audited by the Auditor-General due to a change in legislation.

Expenses

Expenses for the Office are classified into four categories as presented below.

Figure 36 Comparison of major categories of expenses

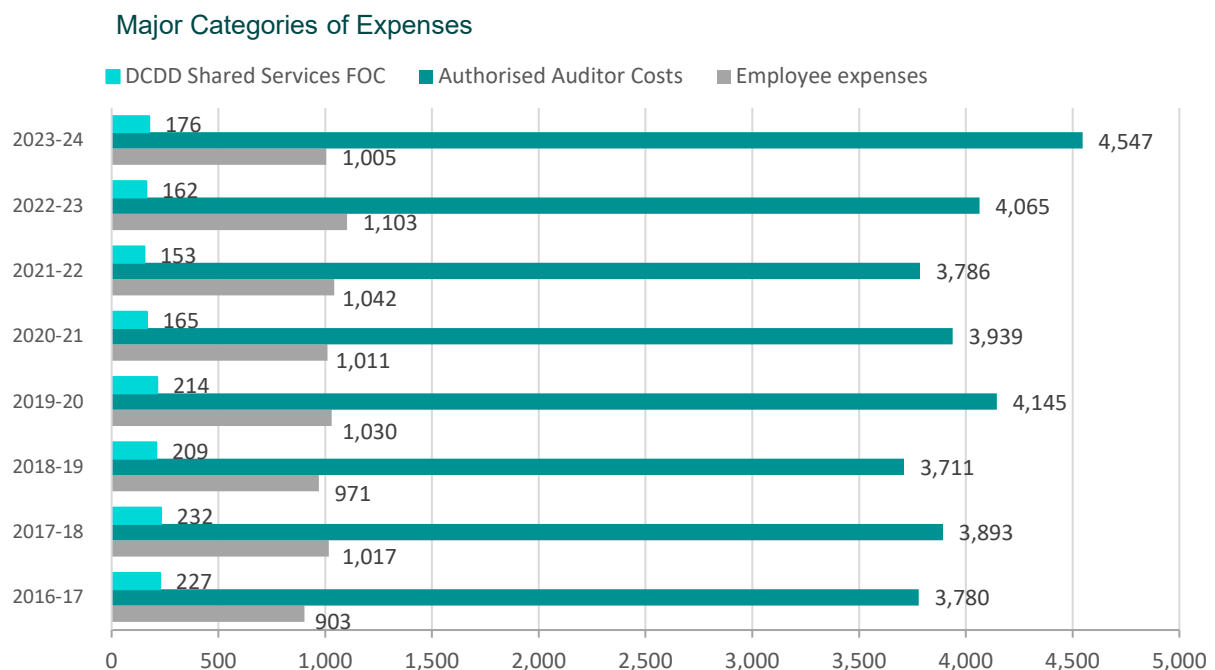
Expenses	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee expenses ⁽¹⁾	903	1,017	971	1,030	1,011	1,042	1,103	1,005
Authorised Auditor Costs ⁽²⁾	3,780	3,893	3,711	4,145	3,939	3,786	4,065	4,547
DCDD Shared Services FOC	227	232	209	214	165	153	162	176
Other Admin Costs ⁽³⁾	78	76	76	73	74	80	86	75
Total	4,987	5,217	4,967	5,462	5,189	5,061	5,416	5,803

(1) Employee expenditure decreased by \$0.098 million due to a vacant senior position from March 2024.

(2) As explained in Figure 9, the most significant cause of the increase in Authorised Auditor costs relates to rate escalations.

(3) Other administrative costs include expenses such as professional memberships and subscriptions, motor vehicle expenses for Executive Contract Officers, property maintenance, training and travel related expenses.

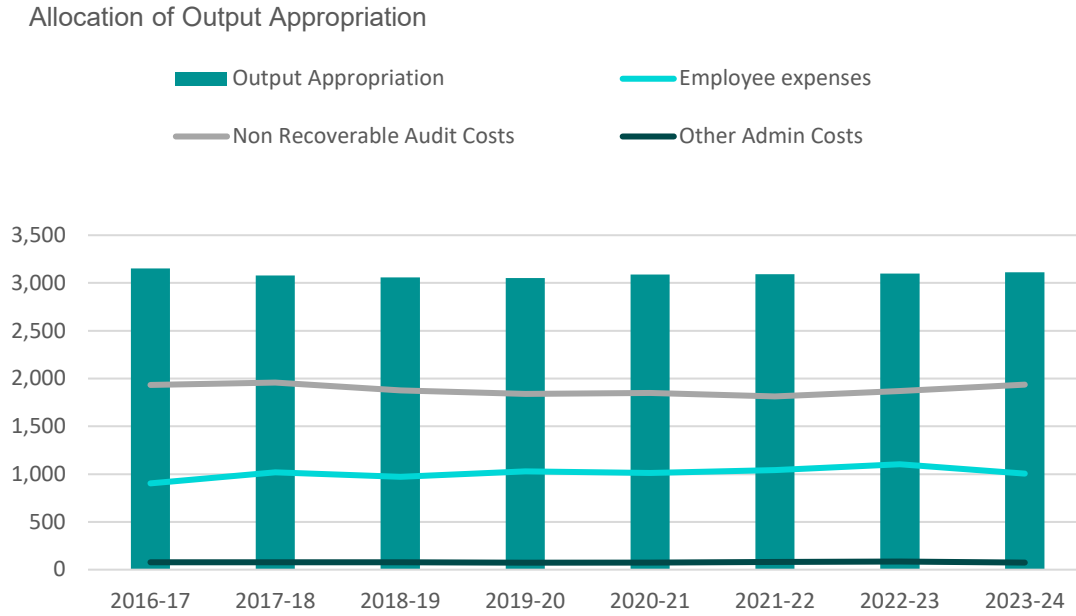
Figure 37 Major categories of expenses (\$'000)



Financial Management cont.

Figure 37 demonstrates that the Office's main source of revenue is output appropriation which, as shown in the table below, is used to fund employee expenses, fees paid to Authorised Auditors that are not recovered from audited entities and other administrative costs.

Figure 38 Allocation of output appropriation revenue



Financial Management cont.

Comparison of Results to 2023-24 Budget

The following table compares the actual operating results for the Office's 2023-24 financial year to its 2023-24 budgets as presented in Budget Paper 3 and the revised budget as presented to the Estimates Committee hearing held in June 2024. Analysis of significant variances between Actual and Budget is presented within Note 23 to the financial statements.

Figure 39 Comparison of 2023-24 Original Budget and Actuals

	Actual 2022-23	Original Budget 2023-24	Revised Budget 2023-24	Actual 2023-24
	\$000	\$000	\$000	\$000
INCOME				
Appropriation				
Output	3,098	3,111	3,111	3,111
Sales of goods and services (audit costs recovered)	2,195	2,334	2,368	2,611
Services free of charge	162	176	180	176
Other Income	1	-	-	5
TOTAL INCOME	5,456	5,621	5,659	5,903
EXPENSES				
Employee expenses	(1,103)	(1,031)	(1,075)	(1,005)
Administrative expenses				
Purchases of goods and services	(4,151)	(4,414)	(4,404)	(4,622)
Repairs and maintenance	(1)	(2)	(2)	-
Other administrative expenses	(161)	(174)	(178)	(176)
TOTAL EXPENSES	(5,416)	(5,621)	(5,659)	(5,803)
NET SURPLUS/(DEFICIT)	40	-	-	100
ASSETS				
Cash and deposits	1,035	1,091	1,035	1,265
Receivables	651	487	651	696
Prepayments	-	-	-	-
TOTAL ASSETS	1,686	1,578	1,686	1,961
LIABILITIES				
Payable	188	159	189	372
Provisions	133	94	132	124
TOTAL LIABILITIES	321	253	321	496
NET ASSETS	1,365	1,325	1,365	1,465
EQUITY				
Capital	570	570	570	570
ACCUMULATED FUNDS	795	755	795	895
TOTAL EQUITY	1,365	1,325	1,365	1,465

Corporate Governance and Risk Management

Good corporate governance is intended to assist an organisation to achieve its outcomes and obligations through planning, decision-making and risk management. The Office's corporate governance framework is intended to ensure the efficient use of resources, compliance with statutory and other external requirements, adherence to sound administrative and financial management practices.

The Auditor-General is accountable:

- to the Legislative Assembly for the discharge of the responsibilities allocated under the Act, including the ways by which the strategies and goals of the Office are set, promoted and achieved; and
- to the Chief Minister for the stewardship of resources entrusted to the Office.

These obligations are discharged through the Office's Corporate Governance Framework as presented below.

Figure 40 NTAGO Corporate Governance Framework

	Internal	External
Planning	<ul style="list-style-type: none"> • Development, review and maintenance of the strategic plan. • Identification of strategic risks and mitigating controls to support the efficient, effective and economical delivery of services from the Office. • Maintenance of the strategic risk register. 	<ul style="list-style-type: none"> • The audit program is established for two six monthly periods, January to June and July to December. The Auditor-General, Principal Auditors and Authorised Auditors resolve any conflicts of interest that may impact the allocation of work. The audit program is then finalised, communicated to Authorised Auditors and audited entities and published on the Office's internet site. • Briefings are held with Authorised Auditors and training provided to newly appointed Authorised Auditors.
Monitoring, Review and Evaluation	<ul style="list-style-type: none"> • Due to the small size of the Office, weekly meetings are held with all personnel to discuss the progression of the audit program and matters relating to finance, administration, human resources, information, communications and technology, risk management and work health and safety. • Calls for conflicts of interest are made at each weekly meeting to ensure staff report any conflicts, perceived conflicts or potential conflicts which may arise. All staff provide an annual declaration of interest. • Authorised Auditors submit a weekly progress report to the Office to enable monitoring of progress against finance and time budgets for each engagement. • Principal Auditors undertaking in-house audits hold a weekly one-on-one meeting with the Auditor-General. 	<ul style="list-style-type: none"> • The annual financial statements of the Office are subject to independent audit by an auditor appointed by the Administrator. • Section 26 of the Act requires a strategic review of the Office to be conducted at least once every three years. The terms of reference and the appointment of the reviewer are recommended by the Chief Minister to the Administrator, after consultation with the Public Accounts Committee and the Auditor-General. The last review was conducted in October 2021 and was tabled in Parliament in November 2021. The next strategic review will be completed by December 2024.

Corporate Governance and Risk Management cont.

Figure 41 NTAGO Corporate Governance Framework cont.

	Internal	External
	<ul style="list-style-type: none"> The Manager Finance and Corporate Services reports regularly to the Auditor-General. Issues requiring attention are discussed and actions taken where required. Policies, procedures and manuals are updated in accordance with established timetables or, if required, as a result of legislative change. Monitor existing and emerging NTG policies, frameworks and legislation to ensure the Office is compliant. 	<ul style="list-style-type: none"> Regular status updates and exit meetings are held with Authorised Auditors and representatives from audited entities. Annual feedback sessions are held with the Authorised Audit Firms.
Reporting	<ul style="list-style-type: none"> Weekly progress reports are prepared on the status of each audit task against the estimated time and cost. Monthly management reports with detailed explanations provided for material variances are prepared by the Manager Finance and Corporate Services, reviewed by the Auditor-General and circulated to all staff members of the Office. 	<ul style="list-style-type: none"> Management letters and audit reports are provided to the Accountable Officers of audited entities. To assist Parliament in the oversight of the performance of the NT Government, reports are submitted to the Legislative Assembly each year, setting out the results of audits and observations that may be relevant. The audited annual financial reports of the Office are tabled to the Legislative Assembly. An unmodified audit opinion was issued on the Office's financial statements for the year ended 30 June 2024. The financial statements are included in this report. Appearances by the Auditor-General before the Public Accounts Committee during which the Committee has the opportunity to question the Auditor-General about the content of reports to the Legislative Assembly, and current and planned audits. Annual appearances before the Estimates Committee during which the Committee has the opportunity to question the Auditor-General about the activities of the Office. □
Informing	<ul style="list-style-type: none"> The Office's internet page contains links to all relevant Office policy and guidance documents and corporate governance registers. 	<ul style="list-style-type: none"> The Auditor-General presents regularly at the '<i>Foundations of Public Sector Governance</i>' training sessions run by the Office of the Commissioner for Public Employment. The Office's internet page contains past publications and information regarding current and past audit programs.

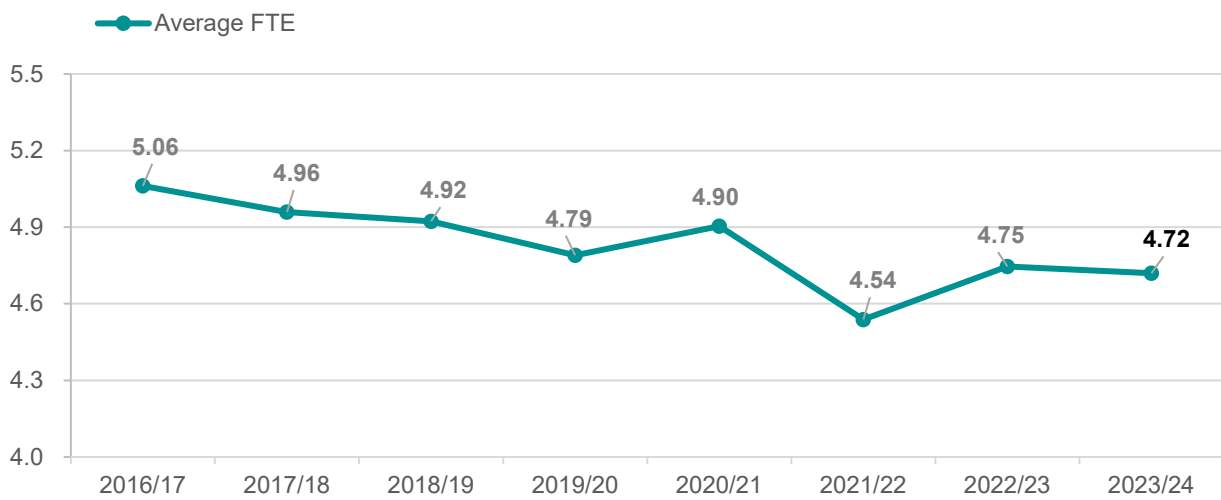
Human Resources

Employee Demographics

During the year ended 30 June 2024, the average full time equivalent (FTE) employees of the Office was 4.72 compared to an average of 4.75 for the previous financial year.

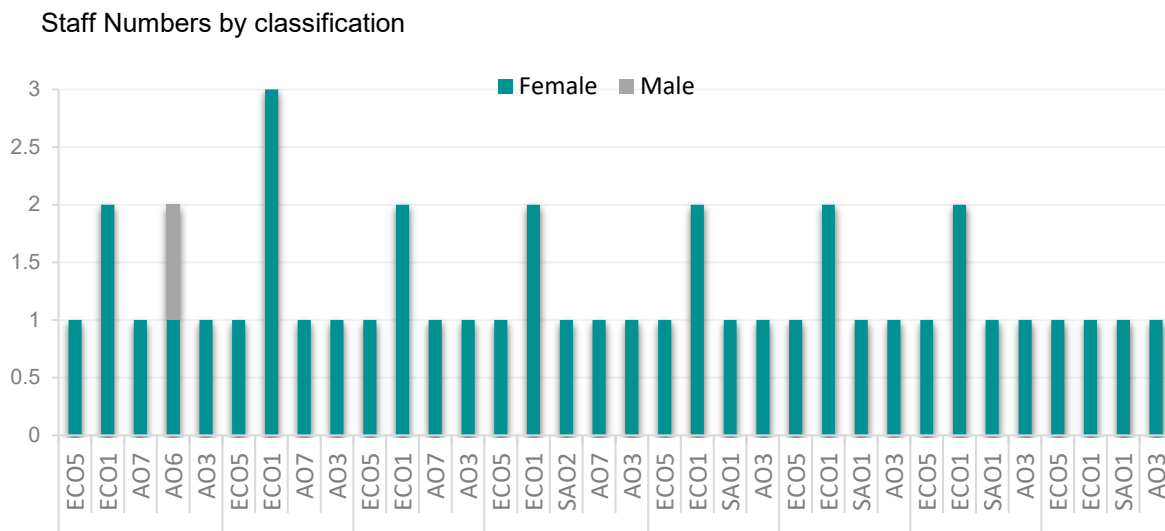
The approved head count for staffing has been 5.0 FTE across all years. The dips shown in the table below represent periods where positions have been vacant during recruitment periods or where personnel have taken temporary leave without pay. The period where the headcount exceeded 5.0 reflects the overlap upon appointment of new personnel to replace outgoing personnel.

Figure 42 Comparison of average FTE



The graph below shows the variation in staff numbers by classification at the end of each year for the past eight financial years. The Manager Finance and Corporate Services position was re-evaluated from an AO7 to a SAO1 level in May 2020 through the Job Evaluation System process before the position was advertised and filled in July 2020. The additional positions (one ECO1 during the 2018 financial year and one AO6 in 2017 financial year) represent temporary coverage for staff who were on long leave or during recruitment processes. The reduction in 2023-24 of an ECO1 is due to the position being vacated and subsequently re-evaluated to a Senior Professional 2 role. Recruitment for this position was underway at 30 June 2024.

Figure 43 Comparison of head count, gender and designation of NTAGO employees



Human Resources cont.

Compliance with Employment Instructions

In accordance with the *Public Sector Employment and Management Act 1993* (PSEMA) section 16, Employment Instructions provide directions to NTG agencies on how public sector employees are to be managed and how public sector employees are required to behave. The following table reports on employment instructions issued by the Commissioner for Public Employment.

Figure 44 NTAGO reporting on Employment Instructions

Employment Instruction	NTAGO Performance 2023-24
No. 1. Filling Vacancies	<p>The Principal Auditor 2 position was re-evaluated at the end of the contract period and was reassessed to a Senior Professional 2. The nominal occupant resigned, and the position is being advertised.</p> <p>The Manager Finance and Corporate Services position was filled on a temporary basis from February to July 2023, while the nominal occupant took leave. The nominal occupant resigned, and the position was filled on a permanent basis from January 2024.</p> <p>There were no other staff movements during the year.</p>
No. 2. Probation	<p>No probationary processes were undertaken during the 2023-24 financial year.</p>
No. 3. Natural Justice	<p>The principles of natural justice are promoted within the Office and are included as part of the recruitment process. Employees can also access the Office of the Commissioner for Public Employment (OCPE) website for more information on natural justice.</p>
No. 4. Employee Performance Management and Development Systems	<p>The Office reports to OCPE annually on performance management and training and development matters through the State of Service report. The Office, in accordance with its Employee Performance Review and Development Policy, has implemented performance management and development procedures for its employees which include the completion of annual training requirements against their professional standing.</p> <p>The Office continues to review and update its Performance Review and Development processes in line with changes to the NTPS Capability Framework.</p>
No. 5. Medical Examinations	<p>There were no requirements during the reporting period for the Auditor-General to engage a health practitioner for the purpose of conducting an examination of an employee.</p>
No. 6. Performance and Inability	<p>The Office reports annually to OCPE on performance and inability.</p> <p>There were no performance or inability issues during the reporting period.</p>
No. 7. Discipline	<p>Employment Instruction 7 – Discipline was revoked following the publication of the NTPS Disciplinary Handbook, which was approved by the Commissioner for Public Employment 17 March 2021.</p>
No. 8. Internal Agency Complaints and Section 59 Grievance Reviews	<p>The Office reports annually to OCPE on internal agency complaints and grievance matters.</p> <p>There were no complaints or section 59 grievance matters for the reporting period.</p>

Human Resources cont.

Figure 44 NTAGO reporting on Employment Instructions cont.

Employment Instruction	NTAGO Performance 2023-24
No. 9. Employment Records	Personnel records for Office staff are maintained by DCDD with all other human resource documents maintained within the Office. The Office has implemented procedures for maintaining and accessing appropriate employee records in accordance with records management standards.
No. 10. Equality of Employment Opportunity Programs	<p>The Office reports annually to OCPE on equal opportunity matters. Diversity and inclusion are supported and promoted throughout the Office.</p> <p>The Office has an Aboriginal Employment Career Development Strategy Action Plan and implemented a Special Measures Plan as a part of the action plan during 2023-24.</p> <p>The Office has a Disability Action Plan in place and successfully achieved all targets for the period.</p>
No. 11. Occupational Health and Safety Standards Program	The Office, with the assistance of DCDD, undertook a review of the Work Health and Safety (WHS) framework during the 2023-24 financial year.
No. 12. Code of Conduct	<p>The Office has communicated its expectations and information regarding the guidelines and values associated with behaviour in the workplace within the induction process. Regular team meetings are used to reinforce and communicate information relating to gifts, benefits, independence, conflicts of interest and other agency, public sector or politically specific principles.</p> <p>All Office employees have undertaken the NTPS essential online Code of Conduct training.</p>
No. 13. Appropriate Workplace Behaviour	<p>Appropriate workplace behaviour for new employees is communicated as part of the induction process. Guidance documents and references are also available through the OCPE website. Discussion and communication are provided either through team meetings or on a case-by-case basis.</p> <p>The Northern Territory Auditor-General's Office's <i>Code of Conduct Policy</i> incorporates the requirements of this Employment Instruction.</p>
No. 14. Redeployment and Redundancy Procedures	There were no redeployment or redundancy activities undertaken within the Office during the year.
No. 15 Special Measures	<p>A Special Measures plan was developed during the 2022-23 financial year and applied to the recruitment actions undertaken after 1 January 2023.</p> <p>The Office continues to support an inclusive and diverse workplace.</p>
PSEMA – Reports by the OCPE	In accordance with section 18 of the PSEMA, the Office participated in the completion of the OCPE's State of Service Report through completion of the agency reporting survey by the required due date.

Human Resources cont.

Public Sector Principles

Personnel of the Office are familiar with the public sector principles contained within Part 1A of the *Public Sector Employment and Management Act 1993*, those being:

- the administration management principle;
- the human resource management principle, including:
 - the merit principle; and
 - the equality of employment opportunity principle;
- the performance and conduct principle.

No instances of failure to uphold public sector principles have been identified during the year ended 30 June 2024.

Training and Professional Development

The Auditor-General and Principal Auditor positions are required to hold appropriate post-graduate qualifications and are members of professional bodies that mandate a minimum number of professional development hours per annum. In order to meet the continuous professional development requirements during the year ended 30 June 2024, staff with professional memberships undertook the following training and development activities:

- attendance at seminars relevant to the accounting and auditing profession;
- online sessions informing changes to accounting and auditing standards; and
- presentation and facilitation at training and development sessions provided to others.

The small size of the Office and the breadth of skills that are required to maintain a small, specialised agency present a challenge to simultaneously completing training requirements and maintaining enough resources to ensure continuity of business in the absence of those attending training. To this end, the Office has directed its attention towards online training modules wherever possible, in order to meet the training needs and requirements of its personnel. This mode of training provides greater value for money as time and cost associated with travel are not incurred.

All personnel within the Office undertake induction, work health and safety (WHS) awareness and workplace refresher courses. Personnel also undertake courses and training identified through gap analysis that have direct relevance to the Office as well as individual training needs identified through the performance appraisals relevant to each individual employee.

All personnel within the Office have completed mandatory across-government training sessions.

Records Management

The Office complies with mandated requirements for records management within the NTG as contained in standards and guidelines issued and maintained by DCDD.

Proper record keeping is essential in the delivery of the audit program, and all staff members are provided with support and training in terms of appropriate record keeping and the use of the NTG mandated system - Territory Records Manager 8 (referred to as RM8 or TRM). All audit tasks are recorded within a TRM file and appropriate retention schedules are applied with each file to ensure compliance with legislation and policies. All other administrative files within the Office are managed in accordance with the NTG retention schedule for administrative functions.

Work Health and Safety

Federal legislation effective from 1 July 2012 requires all employers to achieve compliance with the national uniform legislation relating to WHS. To this end, the Office undertook a major review of this framework during 2021-22 with an induction held for all Office personnel in February 2022.

The NTAGO WHS policy is forwarded to the firms contracted to provide audit services. At the time of confirming the six-monthly allocation of audits, the firms are required to return a written acknowledgement confirming that all Authorised Auditors employed by the firm have read and understood the WHS Policy and will comply with the Policy.

WHS risks are considered within the Office's risk register which is reviewed on a regular basis. Workshops are held every six months to identify any emerging risks relating to the Office and consider the status of current risks which had previously been identified. Workshops were held in December 2023 and May 2024.

Tagging and testing has been completed annually since it was first conducted in January 2013. All Office signage clearly reflects locations and contact details of wardens, exits and fire extinguishers.

The Manager Finance and Corporate Services participates in the fire warden training and the Administration Officer is the Office's nominated First Aid Officer.

WHS is a standing agenda item at weekly staff meetings. As part of the Office's communication framework for WHS, all minutes recording WHS discussions are recorded in TRM.

Corporate Social Responsibility

Environmental Reporting

The Office has long been conscious of minimising waste and creating efficiency. The Northern Territory of Climate Change are establishing and implementing emissions reporting for whole of government. The Office is expecting to be able to provide additional information on environmental reporting in the coming years.

Since the 2012 financial year, the following measures have been implemented to reduce the Office's environmental footprint:

Paperless Office

Internal

- All information received physically or electronically is immediately recorded in TRM enabling staff to access relevant documentation efficiently. Since 2016, internal processes were enhanced to reduce the need for creation of physical files.

External

- With limited exceptions, all elements of the audit files received from Authorised Auditors are received electronically.
- The Auditor-General and Principal Auditors review audit files electronically.
- Weekly progress reports from Authorised Auditors are received electronically.
- Financial reporting, including the audit of the Office's financial statements are completed predominantly in electronic format.

The Office has reduced its paper use from 65 reams per year in 2020-21 to 40 reams in 2023-24.

Corporate Social Responsibility cont.

Our Emissions

The Office leased one vehicle from NT Fleet during the financial year for the Principal Auditor positions with that vehicle returned on 16 January 2024.

As at 30 June 2024, the Office had no vehicles leased from NT Fleet, and therefore no direct emissions.

Emissions reduction

The Manager Finance and Corporate Services attended the NT Government's operational emission reduction priorities workshop, held in February 2022, in order to better understand how our Office can assist in the NT Government's net-zero by 2030 goal and assist in the development of the NTG's emission reduction strategy.

Power Saving

Most electronic devices are powered down completely when not in use. The Office has a "lights off" policy for parts of its tenancy that are temporarily not in use. Power usage is monitored and recorded to assist in identifying areas for improvement. In 2021-22 the power consumption for the year was stated at 4268.656 kWh, however there was a fault with the meter that did not capture almost 3 months of use. Since then, the use of power was 5875.852 kWh in 2022-23 and 6557.19 in 2023-24. The increase of 681.33 kWh is attributed to additional use of kitchen facilities as more staff bring and heat their lunch to minimise financial costs of living.

Sustainability

When considering purchases of stationery requirements, the Office continues to recycle or purchase recycled options where possible.

All professional staff will be undertaking professional development during the coming financial year to ensure they are up to date on sustainability and environment, social and governance matters as they pertain to the upcoming changes in reporting.

Contributions to Society

Contributions to the auditing and accounting profession, and more broadly to society, by the personnel of the Office are encouraged and supported.

Professional

Staff members are encouraged to contribute to their professions through involvement with professional bodies and community associations.

The Auditor-General is currently the Deputy Chair of the Australian Auditing Standards Board, a Commonwealth statutory organisation that constitutes the National Standard Setter for auditing standards in Australia.

The Auditor-General regularly provides presentations at forums and professional development sessions facilitated by professional associations such as CPA Australia, CAANZ and the Governance Institute of Australia.

The Auditor-General regularly presents a session as part of the NTG *Foundations of Public Sector Governance* four-day residential program.

Community

Individual members of the Office are voluntarily involved with a range of community organisations, events and activities, including mentoring graduates and other emerging professionals.

Future priorities

The Office is committed to achieving the following:

Audits and Reviews

As presented in Budget Paper 3, the Audits and Reviews output group has committed to achieving the following key performance measures in the next 12 months:

	2024-25 Target
Completion of financial statement audits within statutory timeframes	55
Completion of audits within 6 months of commencement:	
– compliance audits	42
– performance management system audits	3
– other assignments	8
Financial statement audits completed within statutory timeframes	100%
Compliance audits completed within 6 months of commencement	100%
Performance management system audits completed within 6 months of commencement	100%
Other assignments completed within 6 months of commencement	100%
Prepare and submit one report to the Legislative Assembly	Yes
Treasurer's Annual Financial Statement audited within 2 months of receipt	Yes
Audit report prepared and submitted to the Treasurer	Yes

Corporate and Governance

The Corporate and Governance output group will be focusing on the following in the next 12 months:

- Review and update the Accounting and Property manual in line with changes to Treasurer's Directions.
- Plan for and facilitate the renewal of the Office's Strategic Plan.
- Assist with the Office's triennial strategic review.
- Plan for and facilitate the six-monthly review of the Office's Risk Registers.
- Ensure work instructions for key administrative tasks are available and up to date to assist with future succession planning.
- Closely monitor Budget and Actual expenditure, providing timely management reports and information to support the efficient delivery of the audit program.

Financial statement overview for the year ended 30 June 2024

The Northern Territory Auditor-General's Office (the Office) is a statutory office, established by the Legislative Assembly under the *Audit Act 1995*, which provides the following supporting services to the Auditor-General to enable the effective and efficient delivery of the audit program:

- Coordinating the audits of financial information prepared by the Treasurer, agencies, statutory bodies and other public sector entities that are controlled by the Territory;
- Coordinating and conducting performance management and information system audits;
- Coordinating and conducting compliance audits and data analysis;
- Conducting reviews of public information issued by public authorities in accordance with the *Public Information Act 2010*; and
- Providing corporate and governance services relating to human resources, financial management, information and communication technology and records management.

Strategic objectives of the Office in 2023-24

- Deliver effective, efficient and economical audit activities to provide assurance relating to the allocation of resources and investment.
- Deliver independent whole of government audit reporting to improve the Legislative Assembly's oversight of public sector programs and financial management.
- Continue to engage with agencies' internal audit functions through attendance at audit committee meetings in order to minimise duplication of audit tasks.
- Promote the importance of managing conflicts of interest and maintaining independence.

Strategic issues currently faced by the Office

- New and revised Australian Auditing Standards have increased the amount of work, and consequently, the cost of undertaking audits. In addition, costs associated with the delivery of the audit program increased due to the new Authorised Auditor contract from 2 January 2024 to 1 January 2027. It has been necessary to plan a reduced audit program in order to keep expenditure within budget, increasing the risk of insufficient audit coverage to provide assurance over the Treasurer's Annual Financial Report.
- In order to mitigate the risk that reducing the audit program will result in insufficient audit coverage to provide assurance over the Public Account, part of the budget for employee expenditure has been redirected to audit expenditure in past years. There is no capacity to further reduce employee expenditure.
- The small number of personnel within the Office presents a risk that insufficient internal human resource capacity and capability will result in inability to deliver audit services; non-compliance with legislation; and/or loss of corporate knowledge.

Financial statement overview for the year ended 30 June 2024 cont.

Analysis of financial results

- The Office achieved a net operating surplus for the year of \$0.100 million compared to \$0.040 million in the prior year primarily as a result of having one position unfilled for four months of the financial year.
- Output appropriation was \$3.111 million compared to \$3.098 million in the prior year, an increase of \$0.013 million. The increase was provided to address the impact of the Northern Territory Government's wages policy. Recoverable audit fees increased by \$0.416 million from \$2.195 million in 2023 to \$2.611 million in 2024, due to some costs of completion of audits carried forward from the previous year and a consumer price indexed increase in Authorised Auditor rates in line with contract terms.
- Purchases of goods and services include payments for Authorised Auditors' fees of \$4.547 million (of which \$2.611 million was recoverable) and operational expenditure of \$0.075 million. The increase in total goods and services expense of \$0.471 million was attributable to the increase in Authorised Auditor costs. Employee expenditure decreased by \$0.098 million due to one Principal Auditor position being vacant from March 2024 to the end of the financial year.
- The net assets of the Office increased from \$1.365 million to \$1.465 million for the year, reflecting the surplus of \$0.100 million shown on the comprehensive operating statement.
- Cash balances, when compared to the prior year, increased from \$1.035 million to \$1.265 million, while employee expenditure provisions decreased from \$0.133 million to \$0.124 million primarily due to the vacant position.
- The decreases in accounts receivable by \$0.045 million and payables by \$0.184 million are reflective of the accrual for recoverable audit costs and outstanding audit costs, respectively.
- A comparison of actual results to the Office's budget, as reported in Budget Paper 3 2023-24, is presented in Note 23 to the financial statements.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Chief Minister of the Northern Territory and the Auditor-General of the Northern Territory Auditor-General's Office

Opinion

We have audited the financial report of the Northern Territory Auditor-General's Office (the "Office") which comprises the Balance Sheet as at 30 June 2024, the Comprehensive Operating Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended and notes to the financial statements, including material accounting policy information and the Certification of the Financial Statements.

In our opinion, the accompanying financial report gives a true and fair view, in all material respects, of the financial position of the Office as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with the prescribed format, the *Financial Management Act 1995* and associated Treasurer's Directions and *Australian Accounting Standards*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Office in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Auditor-General is responsible for the other information. Other information is financial and non-financial information in the annual report of the Office which is provided in addition to the financial report and the auditor's report.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial report, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial report or the knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Auditor-General for the Financial Report

The Auditor-General is responsible for the preparation and fair presentation of the financial report in accordance with the prescribed format, the *Financial Management Act 1995* and associated Treasurer's Directions and *Australian Accounting Standards* and for such internal control as the Auditor-General determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Auditor-General is responsible for assessing the ability of the Office to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Auditor-General either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

SAAS Audit Pty Ltd



James Kenward
Director

Greenslopes, Queensland

Dated: 22nd August 2024

Certification of the financial statements

Certification of the financial statements

Certification of the financial statements

We certify that the attached financial statements for the Northern Territory Auditor-General's Office have been prepared based on proper accounts and records in accordance with Australian Accounting Standards and with the requirements as prescribed in the *Financial Management Act 1995* and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2024 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

We also advise to the best of our knowledge and belief:

- a) proper records of all transactions affecting the Office are kept and that employees under our control observe the provisions of the *Financial Management Act 1995*, the Financial Management Regulations and Treasurer's Directions;
- b) procedures within the Office afford proper internal control and a current description of such procedures is recorded in the Office Manual which has been prepared in accordance with the requirements of the *Financial Management Act 1995*;
- c) no indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records exists;
- d) in accordance with the requirements of section 15 of the *Financial Management Act 1995*, the internal audit capacity available to the Office is adequate and the results of internal audits have been reported to the Auditor-General;
- e) the financial statements included in the annual report have been prepared from proper accounts and records and are in accordance with Treasurer's Directions;
- f) all employment instructions issued by the Commissioner for Public Employment have been satisfied; and
- g) the Office has implemented processes to achieve compliance with the archives and records management provisions as prescribed in Part 9 of the *Information Act 2002*.



Julie Crisp
Auditor-General
22 August 2024



Cindy Nielsen
Manager Finance and Corporate Services
22 August 2024

Audited Financial Statements

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		\$000	\$000
INCOME			
Appropriation			
Output	4	3,111	3,098
Sales of goods and services	5	2,611	2,195
Goods and services received free of charge	6	176	162
Other income	7	5	1
TOTAL INCOME	3	5,903	5,456
EXPENSES			
Employee expenses	8	1,005	1,103
Administrative expenses			
Purchases of goods and services	9	4,622	4,151
Other administrative expenses ⁽¹⁾	6	176	162
TOTAL EXPENSES	3	5,803	5,416
NET SURPLUS/(DEFICIT)		100	40
COMPREHENSIVE RESULT		100	40

(1) Includes the Department of Corporate and Digital Development (DCDD) service charges and the Department of Infrastructure, Planning and Logistics (DIPL) repairs and maintenance service charges.

The comprehensive operating statement is to be read in conjunction with the notes to the financial statements.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
BALANCE SHEET
AS AT 30 JUNE 2024

	Note	2024	2023
		\$000	\$000
ASSETS			
Current assets			
Cash and deposits	11	1,265	1,035
Receivables	13	696	651
Total current assets		1,961	1,686
TOTAL ASSETS		1,961	1,686
LIABILITIES			
Current liabilities			
Payables	15	372	188
Provisions	16	124	133
Total current liabilities		496	321
TOTAL LIABILITIES		496	321
NET ASSETS		1,465	1,365
EQUITY			
Capital		570	570
Accumulated funds		895	795
TOTAL EQUITY		1,465	1,365

The balance sheet is to be read in conjunction with the notes to the financial statements.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2023-24					
Accumulated funds		795	100	-	895
Capital – transactions with owners					
Equity injections					
Capital appropriation		26	-	-	26
Equity transfers in		53	-	-	53
Other equity injections		801	-	-	801
Equity withdrawals					
Capital withdrawal		(310)	-	-	(310)
Equity transfers out		-	-	-	-
		570	-	-	570
Total equity at end of financial year		1,365	100	-	1,465
2022-23					
Accumulated funds		755	40	-	795
Capital – transactions with owners					
Equity injections					
Capital appropriation		26	-	-	26
Equity transfers in		53	-	-	53
Other equity injections		801	-	-	801
Equity withdrawals					
Capital withdrawal		(310)	-	-	(310)
Equity transfers out		-	-	-	-
		570	-	-	570
Total equity at end of financial		1,325	40	-	1,365

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Appropriation received			
Output		3,111	3,098
Receipts from sales of goods and services		3,024	2,438
Total operating receipts		6,135	5,536
Operating payments			
Payments to employees		(1,019)	(1,059)
Payments for goods and services		(4,886)	(4,533)
Total operating payments		(5,905)	(5,592)
Net cash from/(used in) operating activities	12	230	(56)
Net increase/(decrease) in cash held		230	(56)
Cash at beginning of financial year		1,035	1,091
CASH AT END OF FINANCIAL YEAR	11	1,265	1,035

The cash flow statement is to be read in conjunction with the notes to the financial statements.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
Notes to the financial statements
For the year ended 30 June 2024

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NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

1. Objectives and funding

The Northern Territory Auditor-General's Office (the Office) is an Agency established under the *Audit Act 1995* to support the activities of the Auditor-General.

The Auditor-General's role is to audit the Public Accounts and other accounts as required by various Acts of Parliament, to perform such other audits as may be permitted by the *Audit Act 1995* and to report to the Legislative Assembly at least once in each year.

The Office is predominantly funded, and therefore dependent, on the receipt of Parliamentary appropriations. The financial statements encompass all funds through which the Office controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by the Office are summarised into two output groups: Audits and Reviews; and Corporate and Governance. Note 3 provides summarised financial information in the form of a comprehensive operating statement by the output group.

The operations of the Office were not affected by machinery of government changes during the year.

2. Statement of material accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires the Office to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements should include:

- a) a certification of the financial statements
- b) a comprehensive operating statement
- c) a balance sheet
- d) a statement of changes in equity
- e) a cash flow statement
- f) applicable explanatory notes to the financial statements.

b) Basis of accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra-agency transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of the Office's financial statements is also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

2. Statement of material accounting policies cont.

c) Standards and interpretations effective from 2023-24 financial year

Several amending standards and AASB interpretations have been issued that apply to the current reporting periods but are considered to have no or minimal impact on public sector reporting.

d) Standards and interpretations issued but not yet effective

No Australian Accounting Standards have been adopted early for the 2023-24 financial year.

e) Reporting entity

The financial statements cover the Office as an individual reporting entity. The Office is a Northern Territory agency established under the *Interpretation Act 1978* and *Administrative Arrangements Order*.

The principal place of business is Level 9, 22 Mitchell Street, Darwin NT 0800.

f) Agency and Territory items

The financial statements of the Office include income, expenses, assets, liabilities and equity over which the Office has control. Certain items, while managed by the Office, are controlled and recorded by the Territory rather than the Office (Territory items). Territory items are recognised and recorded in the Central Holding Authority as discussed below.

g) Central Holding Authority

The Central Holding Authority is the 'parent body' that represents the government's ownership interest in government-controlled entities.

The Central Holding Authority also records all Territory items, such as income, expenses, assets and liabilities controlled by the government and managed by agencies on behalf of the government. The main Territory item is Territory income, which includes taxation and royalty revenue, Commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

The Central Holding Authority also holds certain Territory assets not assigned to agencies as well as certain Territory liabilities that are not practical or effective to assign to individual agencies such as unfunded superannuation and long service leave.

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the Office's financial statements. Where the Office is accountable for certain Territory items managed on behalf of government, these items are required to be separately disclosed in Note 22 – Schedule of administered Territory items. The Office did not manage any Territory items on behalf of the government during the years ended 30 June 2023 and 30 June 2024.

h) Comparatives

Where necessary, comparative information for the financial year ended 30 June 2023 has been reclassified to provide consistency with current year disclosures.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

i) Presentation and rounding of amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of less than \$500 being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

j) Changes in accounting policies

There have been no changes to accounting policies adopted in the year ended 30 June 2024 as a result of management decisions.

k) Accounting judgements and estimates

The preparation of the financial report requires the making of judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

l) Goods and services tax

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

3. Comprehensive operating statement by output group

	Note	Audits and Reviews		Corporate and Governance		Total	
		2024	2023	2024	2023	2024	2023
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Appropriation							
Output	4	2,689	2,666	422	432	3,111	3,098
Sales of goods and services	5	2,611	2,195	-	-	2,611	2,195
Goods and services received free of charge	6	-	-	176	162	176	162
Other income	7	-	1	5	-	5	1
TOTAL INCOME		5,300	4,862	603	594	5,903	5,456
EXPENSES							
Employee expenses	8	654	723	351	380	1,005	1,103
Administrative expenses							
Purchases of goods and services	9	4,574	4,099	48	52	4,622	4,151
Repairs and maintenance ⁽¹⁾		-	-	-	1	-	1
Other administrative expenses ⁽¹⁾	6	-	-	176	161	176	161
TOTAL EXPENSES	6	5,228	4,822	575	594	5,803	5,416
NET SURPLUS/(DEFICIT)		72	40	28	-	100	40
COMPREHENSIVE RESULT		72	40	28	-	100	40

(1) Includes DCDD service charges and DIPL repairs and maintenance service charges.

This comprehensive operating statement by output group is to be read in conjunction with the notes to the financial statements.

The Northern Territory Auditor-General's Office is predominantly funded by Parliamentary appropriations for the provision of outputs. Outputs are the services provided or goods produced by the Office and represents the delivery of the Office's objectives and or statutory responsibilities. The table disaggregates revenue and expenses that enable delivery of services by output group which form part of the balances of the Office.

Income

Income encompasses both revenue and gains. Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

4. Appropriation

Appropriation recorded in the operating statement includes output appropriation received for the delivery of services.

	2024			2023		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Output	-	3,111	3,111	-	3,098	3,098
Total appropriation in the operating statement	-	3,111	3,111	-	3,098	3,098

The Office does not receive Commonwealth appropriation.

Output appropriation is the operating payment to each agency for the outputs they provide as specified in the *Appropriation Act*. It does not include any allowance for major non-cash costs such as depreciation. Output appropriations do not have sufficiently specific performance obligations and are recognised upon receipt of funds.

Summary of changes to budget appropriations

There were no changes to budgeted appropriations authorised during the current financial year as demonstrated in the table below which compares the amounts originally identified in the *Appropriation (2023-2024) Act 2023* with revised appropriations as reported in *2024-25 Budget Paper No. 3 Agency Budget Statements* and the final end of year appropriation.

This table relates only to appropriation and does not include the Office's self-generated revenue (such as goods and services revenue) or expenditure. Refer to Note 23 *Budgetary information* for detailed information on variations to the Office's actual outcome compared to budget for revenue and expenses.

	Original 2023-24 budget appropriation (a)	Revised 2023-24 budget appropriation (b)	Change to budget appropriation (b-a)	Final 2023-24 budget appropriation (c)	Change to budget appropriation (c-b)
	\$000	\$000	\$000	\$000	\$000
Output	3,111	3,111	-	3,111	-
Total appropriation	3,111	3,111	-	3,111	-

(a) Appropriation as per the Appropriation (2023-24) Act 2023

(b) Appropriation as per the 2024-25 Budget Paper No. 3 Agency Budget Statements.

(c) Appropriation revenue as recognised in the comprehensive operating statement.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

5. Sales of goods and services

	2024			2023		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Other goods and services revenue	-	2,611	2,611	-	2,195	2,195
Total sales of goods and services	-	2,611	2,611	-	2,195	2,195

Other goods and services revenue

Sales of goods and services constitute recoveries of audit costs in relation to the audits of statutory entities. Revenue from recovery of audit costs is recognised by reference to the stage of completion of the audit and is recognised consistently with the value of recoverable accrued audit expenditure. The revenue is recognised when:

- the amount of revenue, stage of completion of the audit and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Office.

The table following presents the costs recovered from entities subject to audit. In most instances, the increased costs attributable to the financial year ended 30 June 2024 relate to increased rates paid for audit services that have escalated in accordance with contractual terms. Significant movements not attributed to increased rates have been explained in the accompanying notes.

Revenue from the recovery of audit costs by entity

	2024	2023
	\$000	\$000
Batchelor Institute of Indigenous Tertiary Education ⁽¹⁾	358	135
Board of the Museum and Art Gallery of the Northern Territory	17	16
Bridging the Gap Foundation	17	18
Charles Darwin University	252	229
Cobourg Peninsula Sanctuary and Marine Park Board ⁽²⁾	5	19
Darwin Waterfront Corporation	53	49
Data Centre Services	30	27
Department of the Chief Minister and Cabinet ⁽³⁾	43	16
Department of Health	103	94
Department of Infrastructure, Planning and Logistics	30	28
Desert Knowledge Australia	29	24

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

5. Sales of goods and services cont.

Revenue from the recovery of audit costs by entity cont.

	2024	2023
	\$000	\$000
Indigenous Essential Services Pty Ltd	77	77
Land Development Corporation	59	49
Menzies School of Health Research	78	78
Motor Accidents (Compensation) Commission ⁽⁴⁾	433	357
Nitmiluk (Katherine Gorge) National Park Board	24	21
Northern Territory Grants Commission ⁽⁵⁾	-	5
Northern Territory Legal Aid Commission	19	18
Northern Territory Major Events Company Pty Ltd	32	30
Northern Territory Treasury Corporation	88	84
NT Build	27	27
NT Fleet	51	48
NT Home Ownership	42	45
Office of the Public Trustee for the Northern Territory	59	39
Power and Water Corporation	304	306
Power Generation Corporation (Territory Generation)	189	175
Power Retail Corporation (Jacana Energy)	162	153
Territory Wildlife Parks	30	28
	2,611	2,195

- (1) Costs incurred during the 2023-24 financial year included costs incurred for the audits of the financial statements for the Batchelor Institute of Indigenous Tertiary Education for the years ended 31 December 2022 and 31 December 2023.
- (2) The audit of the Cobourg Peninsula Sanctuary and Marine Park Board was postponed due to legislative matters affecting the Board.
- (3) An audit of the controls in place at the Department of the Chief Minister and Cabinet to support the reporting and acquittal of disaster recovery funding commenced late in the 2022-23 financial year with the majority of audit work completed in the 2023-24 financial year.
- (4) Costs incurred to audit the Motor Accidents (Compensation) Commission during the 2023-24 financial year included costs incurred for the supporting information technology audit which commenced in the 2022-23 financial year and concluded in the 2023-24 financial year.
- (5) NT Grants Commission is no longer required to be audited by the Auditor-General due to a change in legislation.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

6. Goods and services received free of charge

	2024	2023
	\$000	\$000
Corporate and information services	176	161
Repairs and maintenance	-	1
Total goods and services received free of charge	176	162

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Repairs and maintenance expenses incurred on the Office's assets and costs associated with administration of these expenses are centralised in the Department of Infrastructure, Planning and Logistics on behalf of the Office.

In addition, the following corporate services functions are centralised and provided by Department of Corporate and Digital Development on behalf of the Office and form part of goods and services received free of charge by the Office:

- financial services including accounts receivable, accounts payable and payroll;
- employment and workforce services;
- information management services;
- procurement services;
- and property leasing services.

7. Other income

	2024			2023		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Miscellaneous revenue ⁽¹⁾	-	5	5	-	1	1
Total other income	-	5	5	-	1	1

(1) Miscellaneous revenue received in 2023-24 is a refund for fringe benefits tax. In 2022-23 miscellaneous revenue resulted from the transfer of credited airfares to another agency.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

8. Employee expenses

	2024	2023
	\$000	\$000
Salaries and wages	853	941
Superannuation expenses	88	93
Fringe benefits tax	12	12
Payroll tax	52	57
Total	1,005	1,103

The approved number of full-time equivalent employees for 2023-24 was 5 (2022-23: 5).

Salaries and wages are recognised in the reporting period when the employee renders services to the Northern Territory Government. Salaries and wages include recreation leave, allowances and other benefits, which are recognised in the reporting period when employees are entitled to the benefit or when incurred.

The recognition and measurement policy for employee benefits is detailed in Note 15: Payables and Note 16: Provisions.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

9. Purchases of goods and services

	2024	2023
	\$000	\$000
The net surplus/(deficit) has been arrived at after charging the following expenses:	100	40
Goods and services expenses:		
Consultants ⁽¹⁾		
Authorised Auditor' fees (Non-recoverable audit costs)	1,936	1,870
Authorised Auditor' fees (Recoverable audit costs)	2,611	2,195
Other consultancy fees	-	-
Total Consultants	4,547	4,065
Plus:		
Advertising ⁽²⁾	-	-
Audit expense (NTAGO Financial Statement Audit)	11	11
Document production	-	-
Legal expenses ⁽³⁾	-	-
Marketing and promotion ⁽⁴⁾	-	-
Recruitment ⁽⁵⁾	-	-
Training and study	4	9
Official duty fares	1	2
Travelling allowance	-	-
Property management	5	5
Information technology charges and communications	23	21
Other	31	38
	75	86
Total purchases of goods and services	4,622	4,151

(1) Consultant expenses include Other Consultancy fees for the triennial Strategic Review of the Office in accordance with s26 of the Audit Act 1995.

(2) Does not include recruitment related advertising or advertising for marketing and promotion.

(3) Includes legal fees, claim and settlement costs.

(4) Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the consultants' category.

(5) Includes recruitment-related advertising costs.

Purchases of goods and services generally represent the day-to-day running costs incurred in normal operations, including supplies and service costs recognised in the reporting period in which they are incurred.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

10. Write-offs, postponements, waivers, gifts and ex gratia payments

The Office had no write-offs, postponements, waivers, gifts or ex gratia payments during the financial years ended 30 June 2023 and 30 June 2024.

11. Cash and deposits

	2024	2023
	\$000	\$000
Cash at bank	1,265	1,035
Total cash and deposits	1,265	1,035

For the purposes of the balance sheet and the cash flow statement, cash includes cash at bank.

12. Cash flow reconciliation

a) Reconciliation of cash

The total of the Office's 'Cash and deposits' of \$1.265 million recorded in the balance sheet is consistent with that recorded as 'Cash' in the cash flow statement.

b) Reconciliation of net surplus/deficit to net cash from operating activities

	2024	2023
	\$000	\$000
Net surplus/(deficit)	100	40
<i>Non-cash items:</i>	-	-
<i>Changes in assets and liabilities:</i>		
(Increase) in receivables	(45)	(163)
Increase in payables	184	29
Increase/(decrease) in provision for employee benefits	(6)	31
Increase/(decrease) in other provisions	(3)	7
Net cash from/(used in) operating activities	230	(56)

c) Reconciliation of liabilities arising from financing activities

The Office does not engage in any financing activities.

d) Non-cash financing and investing activities

The Office does not engage in any non-cash financing and investing activities.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

13. Receivables

	2024	2023
	\$000	\$000
Current		
Accounts receivable	341	448
Less: loss allowance	-	-
GST receivables	-	2
Prepayments	5	-
Accrued revenue	350	201
Total receivables	696	651

Receivables include accounts receivable, accrued revenue and other receivables.

Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments.

Accounts receivable, contract receivables and other receivables are generally settled within 30 days.

The loss allowance reflects lifetime expected credit losses and represents the amount of receivables the Office estimates are likely to be uncollectible and are considered doubtful.

Prepayments

Prepayments represent payments made in advance of receipt of goods and services. Prepayments are recognised on an accrual basis and amortised over the period in which the economic benefits from these assets are received.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. The Office applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivable, other receivables and accrued revenue. To measure expected credit losses, receivables have been grouped based on shared risk characteristics and days past due.

The expected loss rates are based on historically observed loss rates, adjusted to reflect current and forward-looking information. The Office recovers the costs related to a number of audits undertaken in accordance with Commonwealth or Northern Territory legislation. There have been no historical losses incurred upon which to base an expected loss rate. Assuming the recovery of the costs will continue to apply to the same or similar entities and that other accounts receivable remain insignificant, then in the absence of any historic losses, the expected loss rate has been determined as 0%.

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written off when there is not reasonable expectation of recovery for reasons beyond the Office's control.

There is no loss allowance for receivables at the reporting date as all receivables are expected to be recovered.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
Notes to the financial statements
For the year ended 30 June 2024

Internal receivables reflect amounts owing from entities controlled by the Northern Territory Government such as other agencies, government business divisions and government owned corporations. External receivables reflect amounts owing from third parties which are external to the Northern Territory Government.

Ageing analysis

	2024				2023			
	Gross Receivables	Loss rate	Expected credit losses	Net receivables	Gross receivables	Loss rate	Expected credit losses	Net receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Internal receivables								
Not overdue	361	-	-	361	330	-	-	330
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	361	-	-	361	330	-	-	330
External receivables								
Not overdue	330	-	-	330	319	-	-	319
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total external receivables	330	-	-	330	319	-	-	319

Total amounts disclosed exclude statutory amounts as these do not meet the definition of a financial instrument and therefore will not reconcile to the receivables note.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

14. Office as a lessee

The Office leases car parking bays, which are considered short-term leases. The Office has elected to recognise payments for short-term leases and low-value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a term of 12 months or less with no purchase option. Low-value assets are assets with a fair value of \$10,000 or less when new and not subject to a sublease arrangement.

Inter-government leases

The Office applies the inter-governmental leases recognition exemption in accordance with the Treasurer's Direction – *Leases and* recognises these leases as an expense on a straight-line basis over the lease term. These largely relate to the lease of motor vehicles from NT Fleet. Leases of commercial properties for office accommodation are centralised within DCDD. Consequently all lease liabilities and right-of-use assets relating to these arrangements are recognised by DCDD and not disclosed within these financial statements.

15. Payables

	2024	2023
	\$000	\$000
Accounts payable	-	-
Accrued salaries and wages	19	24
Other accrued expenses	353	164
Total payables	372	188

Liabilities for accounts payable and other amounts payable are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Office. Accounts payable are normally settled within 20 days from receipt of valid invoices under \$1 million or 30 days for invoices over \$1 million.

Salaries and wages that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the amounts expected to be paid.

16. Provisions

	2024	2023
	\$000	\$000
Current		
<i>Employee benefits</i>		
Recreation leave	98	103
Leave loading	3	5
Other employee benefits ⁽¹⁾	23	25
Total provisions	124	133

(1) Provisions for other employment benefits include provisions for employer superannuation contributions, fringe benefits tax and payroll on-costs.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

16. Provisions cont.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of recreation leave and other employee benefit liabilities that fall due within 12 months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value of estimated future cash flows, calculated using the appropriate government bond rate and taking into consideration expected future salary and wage levels, experience of employee departures and periods of service.

All recreation leave is classified as a current liability.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave and other leave entitlements; and
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including the Office and therefore no long service leave liability is recognised within these financial statements.

17. Commitments

Commitments represent future obligations or cash outflows that can be reliably measured and arise out of a contractual arrangement and typically bind the Office to performance conditions. Commitments are not recognised as liabilities on the balance sheet.

Commitments may extend over multiple reporting periods and may result in payment of compensation or return of funds if obligations are breached.

Internal commitments reflect commitments with entities controlled by the Northern Territory Government such as other agencies, government business divisions and government owned corporations. External commitments reflect those to third parties which are external to the Northern Territory Government.

The Office has no capital commitments.

Other non-cancellable contract commitments predominantly comprise contractual service obligations with Authorised Auditors. The model under which the Office operates relies upon the use of auditors who are drawn from private accounting firms and appointed by the Auditor-General pursuant to section 17 of the *Audit Act 1995*. A number of firms are appointed to the period panel contract, which is executed every three years. The current contract was awarded in October 2023 following a Tier-5 procurement activity and is effective from 2 January 2024 to 1 January 2027. The contract provides for rate escalation aligned to CPI. As future CPI changes are unknown at reporting date, estimates have therefore been used in the calculation of future commitments.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

17. Commitments cont.

	2024		2023	
	Internal \$000	External \$000	Internal \$000	External \$000
Not later than one year	-	2,263	-	499
Later than one year and not later than five years	-	4,180	-	-
Later than five years	-	-	-	-
Total other non-cancellable contract commitments (exclusive of GST)	-	6,443	-	499
Plus: GST recoverable	-	644	-	50
Total other non-cancellable contract commitments (inclusive of GST)	-	7,087	-	549

18. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the balance sheet when the Office becomes a party to the contractual provisions of the financial instrument. The Office's financial instruments include cash and deposits; receivables; and payables.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per *AASB 132 Financial Instruments: Presentation*. These include statutory receivables arising from taxes including GST and penalties.

Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

18. Financial instruments cont.

a) Categories of financial instruments

The carrying amounts of the Office's financial assets and liabilities by category are disclosed in the table below.

	Fair value through profit or loss			Fair value through other comprehensive income	Total
	Mandatorily at fair value \$000	Designated at fair value \$000	Amortised cost \$000		
2023-24					
Cash and deposits	-	-	1,265	-	1,265
Receivables ⁽¹⁾	-	-	696	-	696
Total financial assets	-	-	1,961	-	1,961
2022-23					
Cash and deposits	-	-	1,035	-	1,035
Receivables ⁽¹⁾	-	-	649	-	649
Total financial assets	-	-	1,684	-	1,684

(1) Total amounts disclosed here exclude statutory amounts, prepaid expenses and accrued contract revenue.

AASB 9 *Financial Instruments* requires financial assets to be classified under the following categories:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit and loss.

Financial instruments are reclassified when and only when the Office's business model for managing those assets changes. All the Office's financial instruments are classified at amortised cost in accordance with AASB 9 *Financial Instruments*.

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by the Office to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest. These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. The Office's financial assets categorised at amortised cost include receivables.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. The Office's financial liabilities categorised at amortised cost include all accounts payable.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

18. Financial instruments cont.

b) Financial risks

The Office has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The Territory Government's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise the risk.

i. Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation

The Office has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, the Office has adopted a policy of only dealing with credit-worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Office's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Credit risk relating to receivables is disclosed in Note 13.

ii. Liquidity risk

Liquidity risk is the risk the Office will not be able to meet its financial obligations as they fall due. The Office's approach to managing liquidity is to ensure it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring minimum levels of cash are held to meet various current employee and supplier liabilities. The Office's exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event of the occurrence of one-off extraordinary expenditure items that deplete cash to levels that compromise the Office's ability to meet its financial obligations.

The following tables detail the Office's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date.

2024 Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Payables ⁽¹⁾	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

18. Financial instruments cont.

ii. Liquidity risk cont.

2023 Maturity analysis for financial liabilities

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables ⁽¹⁾	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

(1) Amounts disclosed exclude statutory amounts and accruals (such as AOTA, accrued expenses, unearned revenue and provisions), as these do not meet the definition of financial instruments and therefore amounts will not be recognised in the balance sheet.

iii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Office is not exposed to interest rate risk as the Office's financial assets and financial liabilities are non-interest bearing.

Price risk

The Office is not exposed to price risk as the Office does not hold units in unit trusts.

Currency risk

The Office is not exposed to currency risk as the Office does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

19. Related parties

a) Related parties

The Northern Territory Auditor-General's Office exists to provide support to the Auditor-General (an independent statutory officer) in the delivery of services mandated primarily by the *Audit Act 1995*.

Related parties of the Office include:

- close family members of the key management personnel including spouses, children and dependants;
- all public sector entities that are controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled by key management personnel or controlled or jointly controlled by their close family members.

b) Key management personnel

Key management personnel of the Office are those persons having authority and responsibility for planning, directing and controlling the activities of the Office.

As the individual ultimately responsible for planning, directing and controlling the activities of the Office, the Auditor-General (who is also the Chief Executive Officer) represents the key management personnel of the Office.

c) Remuneration of key management personnel

The aggregate compensation of key management personnel of the Office is set out below:

	2024	2023
	\$000	\$000
Short-term benefits	302	298
Post-employment benefits	27	25
Long-term benefits	-	-
Termination benefits	-	-
Total	329	323

d) Related party transactions

Transactions with Northern Territory Government-controlled entities

The Office's primary ongoing source of funding is received from the Central Holding Authority in the form of output appropriation.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government-controlled entities.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

19. Related parties cont.

d) Related party transactions cont.

2024

Related party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
<i>All Northern Territory Government departments</i>	2,787	263	237	17

2023

Related party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
<i>All Northern Territory Government departments</i>	2,358	261	341	18

The Office's transactions with other government entities are not individually significant.

Further information regarding revenue from related parties is disclosed in Note 5 Sales of Goods and Services.

e) Other related party transactions

The Office had no other related party transactions in excess of \$10,000 or non-standard terms and conditions.

20. Contingent liabilities and contingent assets

The Office had no contingent liabilities or contingent assets as at 30 June 2023 or 30 June 2024.

21. Events subsequent to balance date

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

22. Schedule of administered Territory items

The office did not manage any Territory items on behalf of the government during the current or prior year. (refer to Note 2f).

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

23. Budgetary information

The following tables present the variation between the 2023-24 original budgeted financial statements, as reported in *2023-24 Budget Paper No. 3 Agency Budget Statements*, and the 2023-24 actual amounts reported in the financial statements, with explanations for significant variations.

Comprehensive operating statement	2023-24 Actual ^(a)	2023-24 Original budget ^(b)	Variance ^(c)	Note
	\$000	\$000	\$000	
INCOME				
Appropriation				
Output	3,111	3,111	-	
Sales of goods and services	2,611	2,334	277	1
Goods and services received free of charge	176	176	-	
Other income	5	-	5	
TOTAL INCOME	5,903	5,621	282	
EXPENSES				
Employee expenses	1,005	1,031	(26)	
Administrative expenses				
Purchases of goods and services	4,622	4,414	208	2
Repairs and maintenance	-	2	(2)	
Other administrative expenses	176	174	2	
TOTAL EXPENSES	5,803	5,621	182	
NET SURPLUS/(DEFICIT)	100	-	100	
COMPREHENSIVE RESULT	100	-	100	

^(a) The line items and corresponding amounts duplicate those reported on the face of the comprehensive operating statement.

^(b) Original budget amounts correspond to those disclosed in the Northern Territory Government Budget 2023-24 BP3 Agency Budget Statements (May 2023), classified on a basis consistent with the presentation and classification adopted in the corresponding financial statement.

^(c) Variance = Actual amount – Budget amount.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

23. Budgetary information cont.

Notes:

The following note descriptions relate to variances greater than 10 per cent or where multiple significant variances have occurred.

- (1) Costs associated with the audits of statutory entities are permitted to be recovered. Those audits that experienced costs more than \$10,000 in excess of the original budget were Batchelor Institute of Indigenous Tertiary Education; Darwin Waterfront Corporation; Motor Accidents (Compensation) Commission; Office of the Public Trustee for the Northern Territory; and Power Retail Corporation (Jacana Energy). Refer Note 5 for further details.
- (2) The variance relating to purchases of goods and services results from the timing of the completion of audits, the level of audit work required and the increase in contract rates payables to Authorised Auditors, in line with contract terms.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

23. Budgetary information cont.

Balance Sheet	2023-24	2023-24	Variance ^(c)	Note
	Actual ^(a)	Original budget ^(b)		
	\$000	\$000	\$000	
ASSETS				
Current assets				
Cash and deposits	1,265	1,091	174	1
Receivables	696	487	209	2
TOTAL ASSETS	1,961	1,578	383	
LIABILITIES				
Current liabilities				
Payables	372	159	213	3
Provisions	124	94	30	4
TOTAL LIABILITIES	496	253	243	
NET ASSETS	1,465	1,325	140	
EQUITY				
Capital	570	570	-	
Reserves	-	-	-	
Accumulated funds	895	755	140	
TOTAL EQUITY	1,465	1,325	140	

^(a) The line items and corresponding amounts duplicate those reported on the face of the balance sheet.

^(b) Original budget amounts correspond to those disclosed in the NTG Budget 2023-24 BP3 Agency Budget Statements (May 2023), classified on a basis consistent with the presentation and classification adopted in the corresponding financial statement.

^(c) Variance = Actual amount – Budget amount.

Notes:

The following note descriptions relate to variances greater than 10 per cent or where multiple significant variances have occurred.

- (1) The increase in cash balances at year end is reflective of the surplus for the 2023-24 financial year and timing variances in the recognition and payment of expenses and receipt of cash from receivables.
- (2) Receivables were higher than budget by \$0.209 million due to the timing of the completion of audit work and the resultant invoicing of recoverable audit fees.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

23. Budgetary information cont.

- (3) Payables represent accrued expenses at year end and were higher than budgeted by \$0.213 million primarily for expenses accrued for recoverable and non-recoverable audit costs, accrued employee expenses and audit fees accrued for the audit of the Office for the year ended 30 June 2024.
- (4) Provisions represent the recognition of employee related expenses as at 30 June 2024. The significant increase in the provision for recreation leave is due to a leave entitlement balance transferred to the Office associated with the transfer in of an employee.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

Notes to the financial statements

For the year ended 30 June 2024

23. Budgetary information cont.

Cash flow statement	2023-24 Actual ^(a)	2023-24 Original budget ^(b)	Variance ^(c)	Note
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Appropriation				
Output	3,111	3,111	-	
Receipts from sales of goods and services	3,024	2,334	690	1
Total operating receipts	6,135	5,445	690	
Operating payments				
Payments to employees	1,019	1,031	(12)	
Payments for goods and services	4,886	4,414	472	2
Total operating payments	5,905	5,445	460	
Net cash from/(used in) operating activities	230	-	230	
Net cash from/(used in) financing activities				
Net increase/(decrease) in cash held	230	-	230	
Cash at beginning of financial year	1,035	1,091	(56)	
CASH AT END OF FINANCIAL YEAR	1,265	1,091	174	

^(a) The line items and corresponding amounts duplicate those reported on the face of the balance sheet.

^(b) Original budget amounts correspond to those disclosed in the NTG Budget 2023-24 BP3 Agency Budget Statements (May 2023), classified on a basis consistent with the presentation and classification adopted in the corresponding financial statement.

^(c) Variance = Actual amount – Budget amount.

Notes:

- (1) Represents the receipt of recoverable audit fees attributable to the current and prior year in excess of the budget value. Recoverable audit fees were \$0.277 higher than budgeted during the year. Receivables as at 30 June 2024 were higher than budgeted due to timing of invoicing and collection of invoiced amounts. Receipts are reported inclusive of GST in accordance with Australian Accounting Standards.
- (2) The variance in payments for goods and services is related to the timing of recognition of expenses and payments made. The reported payments are inclusive of GST in accordance with the Australian Accounting Standards.

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Abbreviations list

AASB	Australian Accounting Standards Board
ATO	Australian Taxation Office
CDU	Charles Darwin University
CEO	Chief Executive Officer
DCDD	Department of Corporate and Digital Development
DCDD FOC	Department of Corporate and Digital Development, services received free of charge
FTE	Full time equivalent employee
FVTPL	Fair Value Through Profit and Loss
KPI	Key Performance Indicator
NTAGO	Northern Territory Auditor-General's Office
NTG	Northern Territory Government
NTPS	Northern Territory Public Sector
NTTC	Northern Territory Treasury Corporation
OCPE	Office of the Commissioner for Public Employment
PAC	Public Accounts Committee
PSEMA	<i>Public Sector Employment and Management Act 1993</i>
TERC	Territory Economic Reconstruction Commission
TRM	Territory Records Manager
WHS	Work Health and Safety