



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

Auditing for Parliament

Annual Report 2020/21

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*

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 2021.

As well as reporting on the performance for the past year, the report 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>.

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.

Contact Details

Northern Territory Auditor-General's Office

22 Mitchell Street

Darwin, Northern Territory 0800

GPO Box 4594

Darwin, Northern Territory 0801

+61 8 8999 7155

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Auditor-General's Foreword

The Year in Review

It is my pleasure to present the Annual Report of the Northern Territory Auditor-General's Office (the Office) for the year ended 30 June 2021. This year, personnel within the Office coordinated the delivery of 125 audit related tasks and produced three reports to the Legislative Assembly.

I thank the four permanent staff within the Office, Principal Auditors Sue Cooper and Stacey Kelly, Manager Finance and Corporate Services Lisa Blakeley and Administration Officer Kaaren Matthewson for their consistent effort and dedication to serving the public interest. The hard work and commitment to service delivery and continuous improvement from this small team enabled the Office to efficiently, effectively and economically deliver an ambitious audit program whilst maintaining a strong Office culture of compliance, integrity and accountability and upholding the Office's values.

I extend my thanks to the Authorised Auditors within the private sector to whom the majority of audit tasks are outsourced. The hours contributed by the partners and staff of the firms contracted by the Office in order to deliver the audit program are significant (over 20,000 hours annually) and are largely delivered over two three-month periods throughout the financial year.

Agencies have continued to have been impacted during the year by circumstances created by COVID-19. Despite these impacts, Accountable Officers and agency representatives have continued to respond to audit requests in a timely manner. I acknowledge the efforts of public sector employees to ensure controls and processes are designed and implemented effectively to support accountability and transparency across-government.

I would also like to acknowledge and thank the members of the Public Accounts Committee and the Legislative Assembly personnel for their support.

The Year Ahead

The work program for the forthcoming year includes the delivery of 115 audit related tasks. The decrease in the number of audit tasks takes into account machinery of government changes during the prior year and the effects of increased costs of audit services associated with the new three year panel period contract which commenced on 2 January 2021.

The legislated triennial strategic review of the Office will occur during the 2021/2022 financial year, the results of which will inform the future review of the *Audit Act 1995*, the appropriate structure of the Office and aspects of the service delivery model. Any resultant changes to the legislation, the Office or the service delivery model will only be considered where such changes would lead to an increased ability to support the principles of transparency, accountability and public interest as they apply to the Northern Territory Public Sector.

From a governance perspective, the Office will continue to embed, update and introduce policies and guidance designed to enhance consistency across operational procedures and mitigate the risks associated with the resourcing constraints affecting the Office.



Julie Crisp
Auditor-General

20 October 2021

Our Organisation

2020/21 Highlights and Statistics

Deliverables to Parliament

December 2020 Legislative Assembly Report	March 2021 Legislative Assembly Report	June 2021 Legislative Assembly Report	Audited Financial Statements 2019/20
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Audits and Reviews

58 Financial Statement Audits	44 Compliance Audits	7 Performance Management System Audits	15 Other Audits	1 Public Information Act Referral
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Stakeholder Engagement

3 Public Accounts Committee Appearances	29 Audit Committee Meetings Attended	Annual Evaluation held with 6 Authorised Auditor Firms	33 NTG Agencies Consulted for Feedback
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Finance

\$0.154 million Operating Surplus	99.3% Invoices Paid within NT Government Policy terms	6 Local Audit Firms
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People

5 Full Time Personnel	100% Employee Performance Plans Completed	100% response to the People Matter Survey
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NTAGO Strategic Plan 2021/2023

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.

Our Vision

To engender improvement in public administration practices through effectively, efficiently, economically and independently reporting to our Public Sector stakeholders.

Our Values

We will conduct our Office and audit services in an independent, ethical, objective and professional manner.

We will conduct our Office and audit services with a quality improvement focus.

We will work collaboratively and respectfully with all stakeholders while maintaining our independence.

We will identify and manage our conflicts of interest.

We will uphold the principles of transparency, accountability and public interest with due regard to confidentiality.

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 the 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 explanation 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 significant in value or impact to the Public Account.

Independence of the Auditor-General

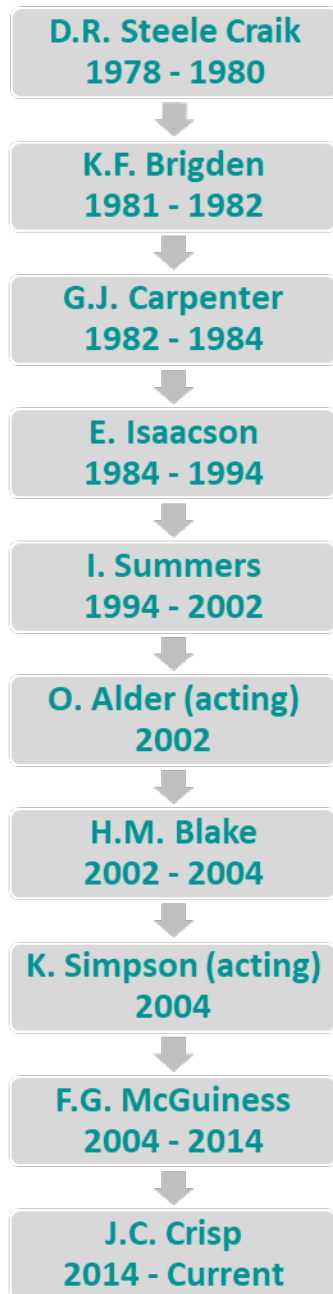
Section 12A of the Act provides for safeguards to ensure the Auditor-General remains independent and is not actually, or perceived to be, influenced by anyone. These safeguards are intended to ensure that work conducted is independent, impartial and within the public interest.

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 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 *Audit Act 1995* 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:

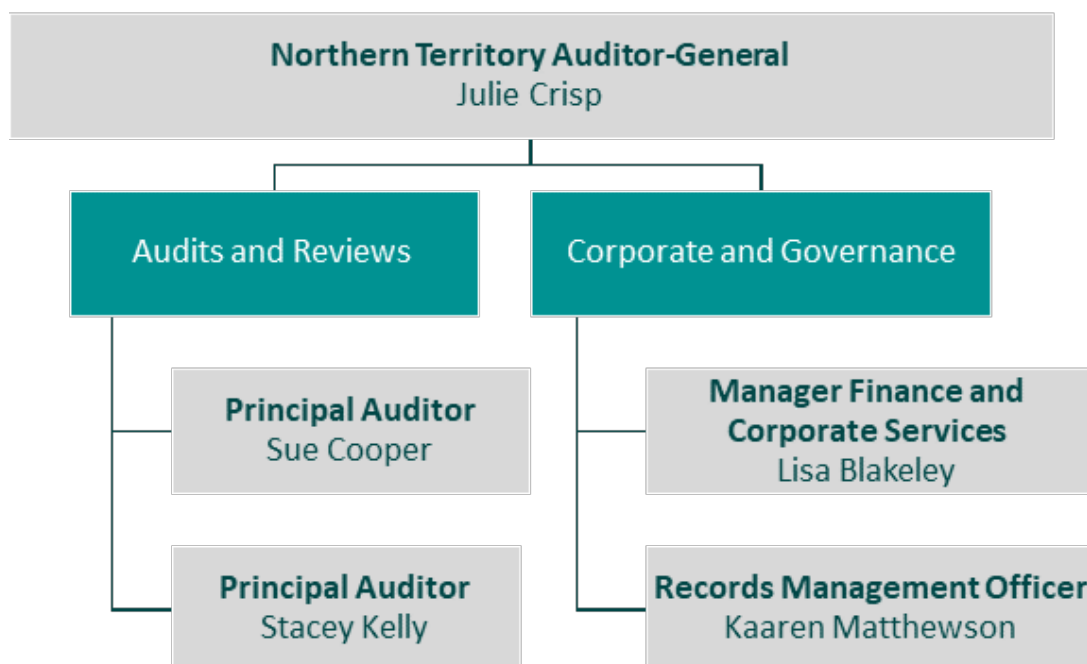
Figure 2 Output Groups and operational responsibilities

Audits and Reviews	Corporate and Governance
Financial Statement Audit	Financial Management
Compliance Audit	Corporate Governance and Risk Management
Performance Management System Audit	Work Health and Safety and Human Resources
<i>Public Information Act 2010</i> Referrals	Procurement
Data Analytics	Travel
Other Reviews	Records Management
	Information, Communications and Technology

The Office is subject to the same legislative requirements that apply to other NT public service 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



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.



Julie Crisp

Northern Territory Auditor-General

Julie Crisp was appointed as Auditor-General effective 15 September 2014 by the former Administrator, Her Honour, The Honourable Sally Thomas. 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 Auditing and Assurance Standards Board, a statutory Commonwealth agency responsible for establishing auditing and assurance

standards, and guidance in accordance with the *Australian Securities and Investment Act 2001*, and the *Corporations Act 2001*. Following a competitive recruitment process, which commenced in April 2019, Julie was reappointed to the role of Auditor-General in September 2019 having been sworn in by the Administrator, Her Honour, The Honourable Vicki O'Halloran AO on 21 August 2019.

Julie was an Authorised Auditor of the Northern Territory Auditor-General's Office from 1998 to 2014.

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, Chartered Governance Institute
- 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, Certification in Risk Management Assurance)
- Member, Association of Certified Fraud Examiners
- Bachelor of Accountancy, 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 (CAANZ) and was previously a senior audit manager for an international professional services firm.

During her time with the Office, Sue has been responsible for the delivery of financial statement and compliance audits across the agencies of the public sector and has been instrumental in developing and implementing the Office's core audit monitoring and reporting system "AudTas". This application has been developed in-house by Sue who is responsible for its maintenance and upkeep.



Sue is also the administrator of the Office's website. Sue has primary responsibility for developing the three-year audit plan in conjunction with the Auditor-General and Principal Auditor Stacey Kelly 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



Stacey Kelly

Principal Auditor

Stacey Kelly commenced with the office in January 2018 with a primary focus on performance management system audits. Stacey is a Chartered Accountant (CAANZ) and worked for six years in an international professional services firm prior to joining a Government Owned Corporation in October 2012.

During her time delivering audit and assurance services, Stacey was responsible for undertaking and managing complex financial statement audits, consultancy engagements, internal audits and performance management

system audits. It is this combination of professional services experience together with experience in a commercial role which makes Stacey committed to making the audit process valuable and smooth while achieving the regulatory outcomes. Stacey has primary responsibility for the delivery of performance management system audits and special reviews and investigations within the Office. Stacey has been a member of the Northern Territory Chartered Accountants' Committee since 2017.

Stacey's qualifications include:

- Member, Chartered Accountants Australia and New Zealand
- Bachelor of Commerce (Major: Accounting, Minor: International Business), Flinders University Australia

Lisa Blakeley

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 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.

Lisa 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 Records Management Officer.

Over the past year Lisa has been working towards improving efficiency and effectiveness within the Office through improvements in analysis and reporting of results, review and update of policies and processes and changes to ensure the Office continues to meet COVID-19 requirements. Lisa's qualifications include:

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



Kaaren Matthewson

Records Management Officer

Kaaren Matthewson joined the Office in September 2012. Prior to joining the public sector, Kaaren worked in a variety of private sector, administrative and retail roles.

Since joining the Office, Kaaren has implemented a cyclical and systematic approach towards the records management function and has contributed towards the reduction of the Office's storage and destruction costs and archival tasks over the years. Beyond Kaaren's responsibility for

managing all electronic and manual records relating to audits and the Office more broadly, Kaaren assists the Manager Finance and Corporate Services with finance and corporate services tasks and provides administrative support to all personnel in the Office.

During 2021, Kaaren has been involved with the updates to the Office Manual and the Records Management Manual, and is currently undergoing training to maintain and update the NTAGO Intranet site. Kaaren's qualifications include:

- Certificate III in Business Studies, Charles Darwin University

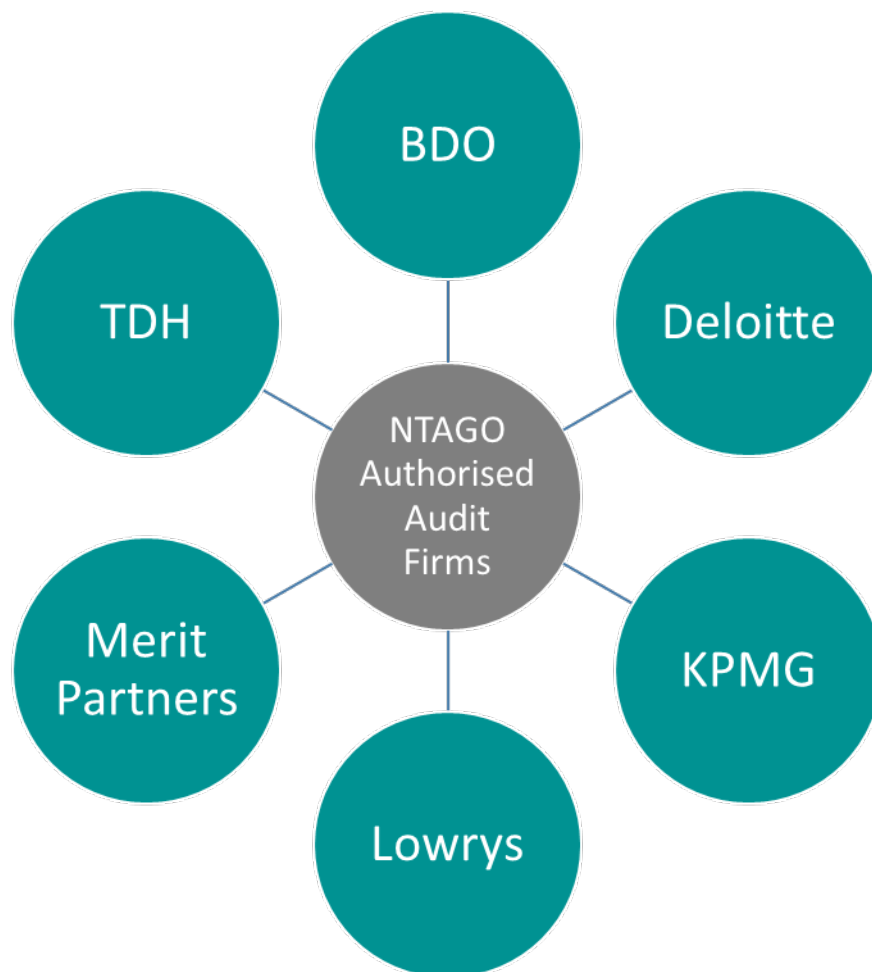
Outsourcing Model

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.

Authorised Auditors were drawn from the following Northern Territory-based firms during the year:

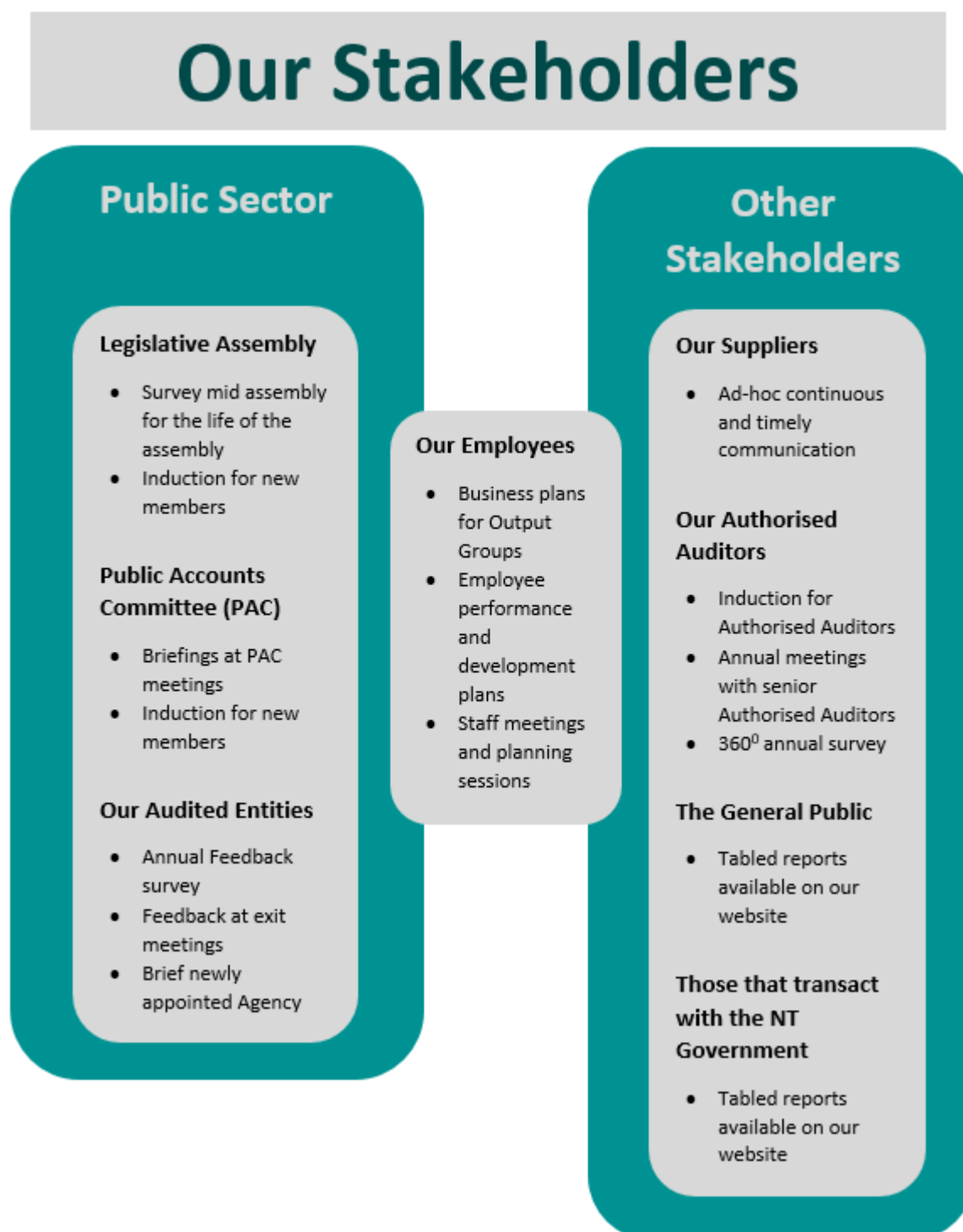
Figure 4 NTAGO Authorised Auditor firms



Communication Framework

A communication framework for the Office was developed and implemented in the 2016 financial year and reviewed as a part of the 2020-21 internal review of our strategic plan. The framework addresses communication objectives for our 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 deliver independent professional audit services taking into consideration Australian Auditing Standards.

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 Statements.
- 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*.
- Undertake the minimum continuous professional development training.
- Establish and resource the audit program.

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 on the whole of government financial statements.
- Provide recommendations to engender improvement in public administration practices.
- Retention of mandated professional membership designation.
- Promote the importance of managing conflicts of interest and independence.

Key Activities

The Act requires the Auditor-General to conduct the following audits:

- audit of the Public Account (section 13);
- audit of a specific aspect as directed by the Minister (section 14);
- audit of performance management systems (section 15); and
- audit of the Treasurer's Annual Financial Statement (section 25).

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.

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, more particularly, for the purposes of financial reporting and the preparation of the Treasurer's Annual Financial Statement.

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 or 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.

Audits are conducted in accordance with Australian Auditing Standards. Those standards are issued by the Australian Auditing and Assurance Standards Board, a Commonwealth statutory body established under the *Australian Securities and Investments Commission Act 2001*.

Key Performance Indicators (KPIs)

The Office commenced 125 audit tasks in 2020/21, of which 117 were outsourced and eight were allocated to internal resources. Planned activity during the 2020/21 financial year, as presented in Budget Paper No.3, was for the commencement of 124 audit tasks.

Figure 6 Reporting of KPIs as presented in Budget Paper No. 3

Audits and Review	2020/21 Budget	2020/21 Actual	Variance
Statutory audits	104	102	-2
Other audits ⁽¹⁾	17	22	5
Reviews ⁽²⁾	3	1	-2
Total	124	125	1

(1) Includes audits directed at agencies' performance management systems, data analytic tasks, audits of financial statements prepared to acquit third-party funding and other audit tasks.

(2) Constitutes reviews of referred information under the *Public Information Act 2010* and is dependent on the number of referrals from external parties.

The number of statutory audits decreased by two as the legislative requirement to audit the Legislative Assembly Members' Superannuation Fund or the Northern Territory Government and Public Authorities Superannuation Fund was removed.

The increase in five other audits resulted from:

- the inclusion of two data analytic exercises conducted in-house relating to NTG Employee Christmas leave and Fuel Card transactions;
- the addition of the following four audits:
 - Department of Corporate and Digital Development, superannuation payments audit;
 - Department of Health, procurement compliance audit;
 - Department of Treasury and Finance, A Plan for Budget Repair; and
 - Selected Agencies, status of action taken to deliver 'Root and Branch review savings'; and
- the removal of one financial assistance acquittal audit which was not required for the year.

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.

The Office also monitors other KPIs that are not specifically included in the Budget Papers. Figure 6 presents these KPIs and a summary of the results achieved in 2020/21.

Key Performance Indicators (KPIs) cont.

Figure 7 Audits and Reviews KPIs as included in the NTAGO Strategic Plan 2021/2023

Key Performance Indicator	Results for 2020/21
Number of reports to the Legislative Assembly (at least one a year)	Three reports were delivered to the Legislative Assembly and tabled in December 2020, March 2021 and June 2021.
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 three occasions before the PAC during the year.
100% of Audits and Reviews completed and audit opinions issued within statutory or agreed timeframes	Five audit opinions were not issued by statutory deadlines as the information submitted for audit was not received in sufficient time. As most underlying legislation no longer contains a completion date or a tabling date, and the Office is unable to control the receipt of information for audit, this measure will no longer be reported as a KPI.
Conduct annual surveys from PAC, Authorised Auditors and audited entities.	Feedback was sought from 33 agencies and seven audit firms following the conclusion of the financial year. Members of the PAC provided 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 2020/21 financial year: <ul style="list-style-type: none"> • February 2021: Authorised Auditor Update • February 2021: Briefing to NTG Agencies; and • April 2021: New Authorised Auditor training.
Inductions provided to new Members of the Legislative Assembly and PAC	The Auditor-General participated in the briefing to Members elected to the Legislative Assembly on 13 October 2020.
Inductions provided to new Accountable Officers of NTG agencies	No introductory meetings were held between the Auditor-General and newly appointed Accountable Officers.
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 each officer and exceeded the minimum number of hours required for their professional qualifications.

Reflection on 2020/21

During 2020/21, the Office finalised three of the four audit tasks carried forward from the 2019/20 financial year. The findings from the completed tasks were included in my report tabled to Parliament in December 2020. These audits were:

- Financial Statements Audit – ICHM Pty Ltd
- Financial Statements Audit IT Support – Power Retail Corporation (Jacana Energy)
- Analytics – Selected Agencies' Corporate Credit Cards

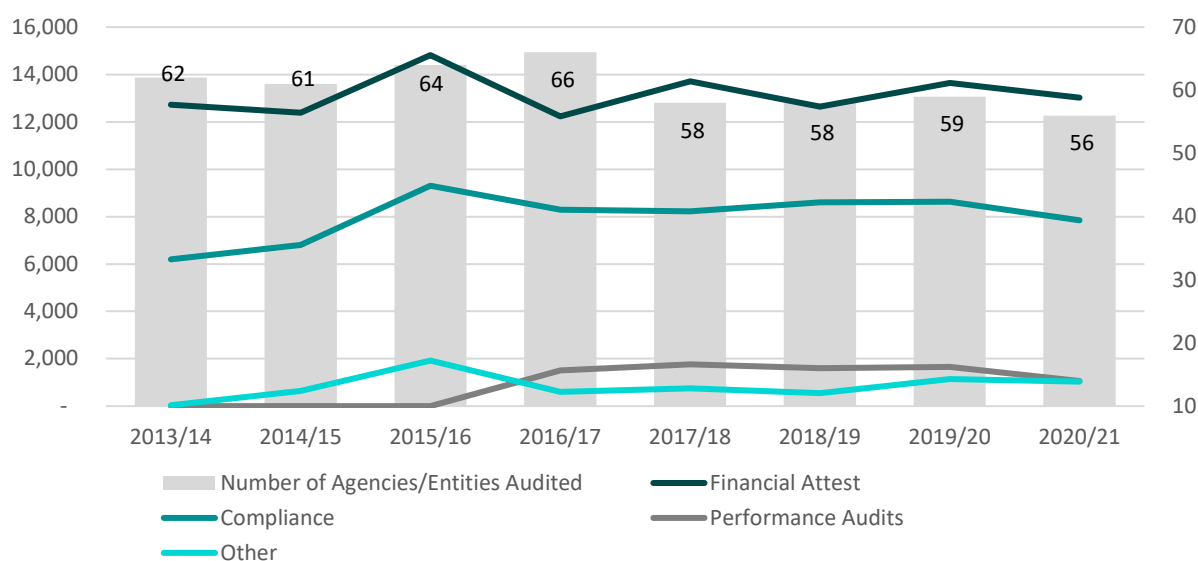
The following audit commenced in February 2020 and is yet to be completed due to resourcing constraints:

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

Of the 125 new audits and reviews that commenced during the 2020/21 year, 122 audit tasks were finalised by 30 June 2021. The following outstanding audit tasks will be finalised in 2021/22 with findings included in a subsequent report to the Legislative Assembly:

- Financial Statements Audit – Batchelor Institute of Indigenous Tertiary Education
- Performance Management Systems Audit – Department of Treasury and Finance
- Compliance Audit – Department of Health

Figure 8 Number of Audited entities and Authorised Audit hours by audit type



During the 2020/21 financial year, 56 entities were audited, three less than the number of entities audited in the 2019/20 period. The decrease related to:

- three less superannuation related audits due to legislative changes (Legislative Assembly Members Superannuation Fund; Northern Territory Superannuation Office; and Northern Territory Government and Public Authorities Superannuation Fund)
- the introduction of five restructured agencies (Department of Corporate and Digital Development, Department of Environment, Parks and Water Security, Department of Industry, Tourism and Trade; Department of Territory Families, Housing and Communities; Department of the Chief Minister and Cabinet)
- the disposal of five subsidiary entities by Charles Darwin University.

Reflection on 2020/21 cont.

Of the 125 new audits, reviews and audit related tasks conducted through the Office during the 2020/21 financial year, eight were conducted by employees of the Office. The costs associated with these employees are reported within "employee expenses" in the Office's audited financial statements. The nature of the eight tasks and the hours attributed to these audits by Office personnel are demonstrated below.

Figure 9 Tasks and hours attributed to Office personnel

Type	Hours – 2019/20	Hours – 2020/21
Compliance Audit	0	10
Performance Audits	414	145
Other – Analytics	11	190
Public Information Act Referrals	20	44
Other – Miscellaneous	0	49
Total	445	438
Notional Cost at Equivalent Industry Outsourced Rate	\$138,705	\$142,905

If industry equivalent rates were applied to these hours, the value, if outsourced, for the 2020/21 year would have been \$142,905 (2019/20 \$138,705). To enable comparison of the Office's performance over consecutive years, only outsourced audit costs are included within the analysis applicable to the Output Group: Audits and Reviews within this Annual Report.

Expenses incurred in 2020/21 for Authorised Auditors as a result of the Office's outsourcing arrangements with private audit firms amounted to \$3.939 million compared to \$4.145 million for the 2019/20 year.

Figure 10 Authorised audit costs, number of audits and average cost per financial year

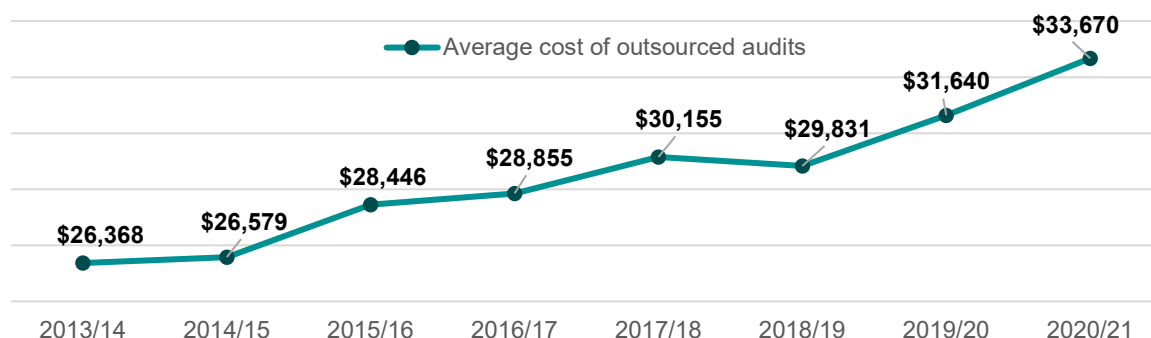
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total Cost of Audits \$'000	3,085	3,216	4,210	3,780	3,890	3,699	4,145	3,939
No. of Audits	125	127	158	141	136	136	139	125
In-house Audits	8	6	10	10	7	12	8	8
Outsourced Audits	117	121	148	131	129	124	131	117
Average Cost of Outsourced Audits \$	26,368	26,579	28,446	28,855	30,155	29,831	31,640	33,670

The change in the average cost per outsourced audit increased by 6% in 2020/21 when compared to 2019/20. Costs associated with audits are identified and variances between years explained on page 41 and 42 in the narrative accompanying Figure 35.

A total of 22,958 hours of audit activity was delivered.

Reflection on 2020/21 cont.

Figure 11 Average outsourced audit cost trend



The Office conducts its audits using an outsourcing model involving local audit firms. The procurement of a new panel of audit firms for the audit contract was conducted during the 2020/21 financial year and came into effect as of 2 January 2021. The panel contract will run for a three year period from 2 January 2021 to 1 January 2024.

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. The increase in average cost from the prior year is partly attributable to the increased Authorised Auditor rates along with the increased costs associated with a number of audits as identified and explained on page 41 and 42 in the narrative accompanying Figure 35. The financial year ended 30 June 2021 is the first year where services have been sourced under the new contract.

Total audit costs increased last year and were associated with the audit response to the introduction of new Australian Accounting Standards relating to leases and revenue recognition. Whilst these new approaches to accounting will continue to require audit procedures to be applied, some costs associated with the initial determination of the audit approach and the establishment of testing procedures and work papers do not recur after establishment and are reflected in the decrease in total audit costs from the 2020/21 financial year.

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 that is addressed to the Accountable Officer. The management letter 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
- CDU Amenities Limited
- Central Australia Health Service
- Charles Darwin University
- Charles Darwin University Foundation
- Cobourg Peninsula Sanctuary and Marine Park Board
- Darwin Waterfront Corporation
- Data Centre Services
- Department of Corporate and Information Services ⁽¹⁾
- Department of Corporate and Digital Development
- Department of Education
- Department of Environment and Natural Resources ⁽¹⁾
- Department of Environment, Parks and Water Security
- Department of Health
- Department of Housing, Local Government and Community Development ⁽¹⁾
- Department of Industry, Tourism and Trade
- Department of Infrastructure, Planning and Logistics
- Department of Primary Industry and Resources ⁽¹⁾
- Department of Territory Families, Housing and Communities
- Department of the Attorney-General and Justice
- Department of the Chief Minister ⁽¹⁾
- Department of the Chief Minister and Cabinet
- Department of the Legislative Assembly
- Department of Tourism, Sport and Culture ⁽¹⁾
- Department of Trade, Business and Innovation ⁽¹⁾
- Department of Treasury and Finance
- Desert Knowledge Australia
- Indigenous Essential Services Pty Ltd
- Jabiru Town Development Authority
- Land Development Corporation
- Menzies School of Health Research
- Motor Accidents (Compensation) Commission
- Nitmiluk (Katherine Gorge) National Park Board
- Northern Territory Electoral Commission
- Northern Territory Grants Commission
- Northern Territory Legal Aid Commission
- Northern Territory Major Events Company Pty Ltd
- Northern Territory Police Supplementary Benefit Scheme
- Northern Territory Police, Fire and Emergency Services
- Northern Territory Treasury Corporation

Our Audited Entities cont.

- NT Build
- NT Fleet
- NT Home Ownership
- Office of the Commissioner for Public Employment ⁽¹⁾
- 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 Families ⁽¹⁾
- Territory Wildlife Parks
- Top End Health Service

(1) Agency no longer exists following machinery of government changes announced in September 2020 however required an end of year review during the 2020/21 financial year.

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.

The Treasurer's Annual Financial Statement provides information about the financial performance and position of the NTG. 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 consists of the consolidated 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 various 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.

Entities with their own legislation that were subject to audit during 2020/21 and are not consolidated into the Treasurer's Annual Financial Statement include:

- Bridging the Gap Foundation
- CDU Amenities Limited
- Charles Darwin University
- Charles Darwin University Foundation

Financial Statement Audits cont.

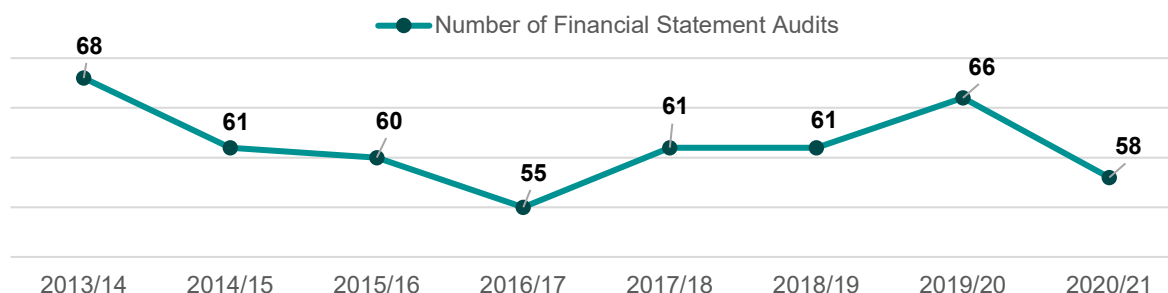
- Cobourg Peninsula Sanctuary and Marine Park Board
- Jabiru Town Development Authority
- Menzies School of Health Research
- Nitmiluk (Katherine Gorge) National Park Board
- Northern Territory Grants Commission
- Northern Territory Police Supplementary Benefit Scheme
- Office of the Public Trustee for the Northern Territory

The following Government Owned Corporations, Government Business Divisions and other entities received their own audit opinion in 2020/21 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
- Central Australia Health Service
- 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
- Top End Health Service

In 2020/21 58 audits were undertaken in order to provide audit opinions on statutory financial statements. There was a decrease of eight audits from the prior year's total of 66 new financial statement audits.

Figure 12 Number of new financial statement audit task assignments issued



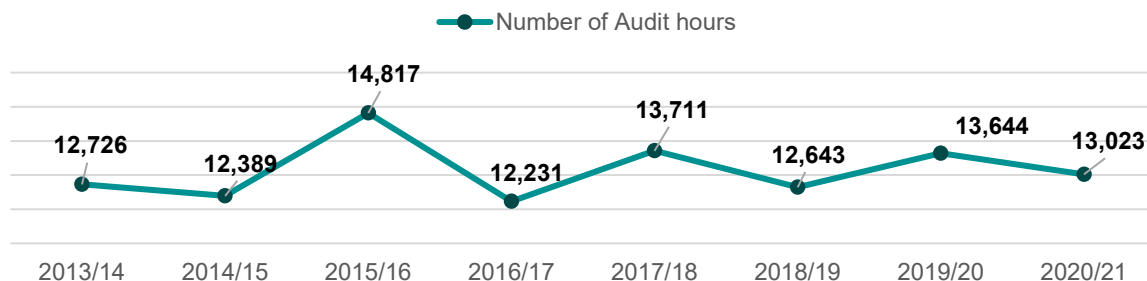
Financial Statement Audits cont.

The movement in the number of financial statements audits conducted when compared to the prior year results from:

- The disposal of five Charles Darwin University controlled entities
- A reduction in information technology support audits (two information technology audits were conducted at the Motor Accidents Compensation Commission in 2019/20 and none in the 2020/21 financial year due to timing)
- The removal of the legislative requirement to audit the Legislative Assembly Members' Superannuation Fund and the Northern Territory Government and Public Authorities Superannuation Fund.

In 2020/21, audit hours attributable to financial statement audits totalled 13,023 hours, a decrease of 621 hours (5%) from the 2019/20 financial year.

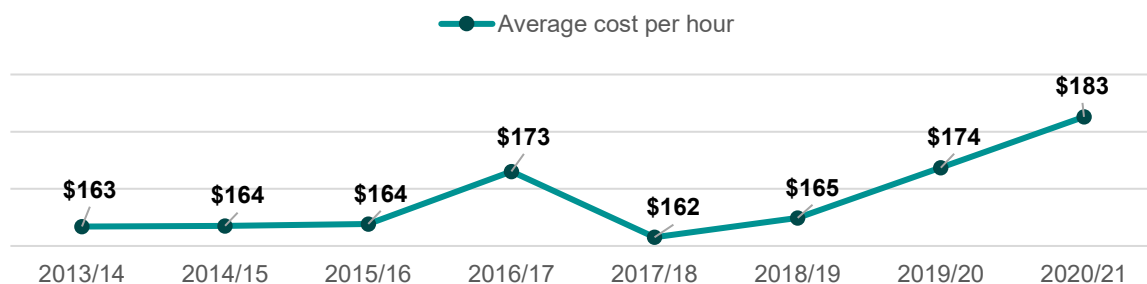
Figure 13 Audit hours allocated to new financial statement audits each financial year



The weighted average cost per hour of providing financial statement assurance for 2020/21 was \$183 per hour (2019/20: \$174 per hour). 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.

While COVID-19 travel restrictions continued to result in lower travel disbursements during the 2020/21 financial year, the higher weighted average cost per hour largely resulted from the increased rates associated with the period panel contract which commenced on 2 January 2021. Whilst the total number of audits decreased, one new audit was undertaken at hourly rates in excess of the average due to the use of specialist auditors.

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

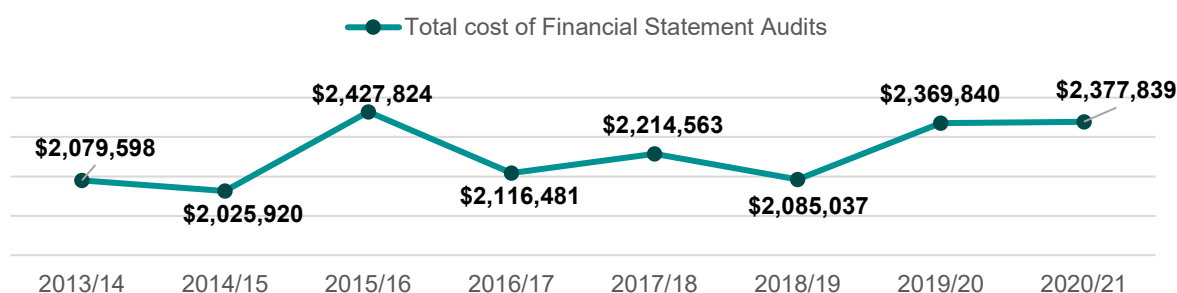


Financial Statement Audits cont.

The total cost related to undertaking new financial statement audits for 2020/21 was \$2.378 million, an increase of \$8,000 from \$2.370 million in the 2019/20 financial year.

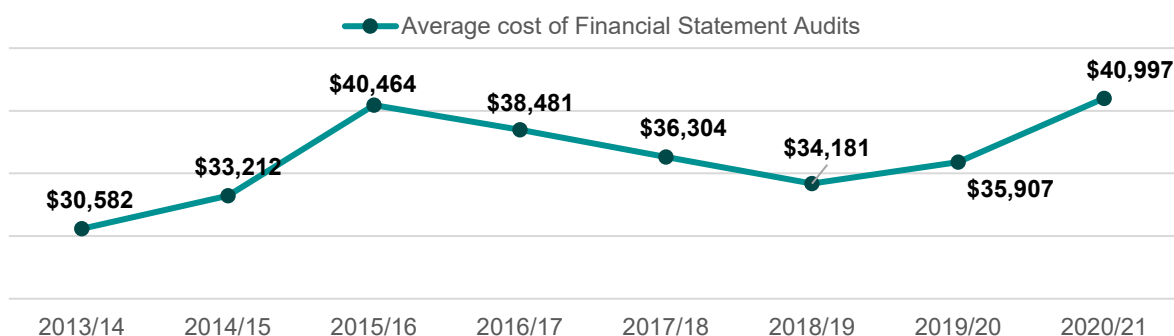
During the prior financial year, most interim financial statement audits attracted increased costs associated with the introduction of new Australian Accounting Standards *AASB 16 Leases*, *AASB 15 Revenue* and *AASB 1058 Income of Not-For-Profit Entities* where those entities had undertaken sufficient accounting work in preparation for recognition of related balances as at 30 June 2020. Whilst the requirement to undertake additional audit work as a result of the introduction of these standards will be ongoing, the level of audit work will not be as significant as is required in the year of initial adoption of the standards.

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



The significant increase in the average cost of audits in 2015/16 was attributable to additional resources required to audit the utility sector entities following structural separation. Average cost continued to decrease from 2015/16 to 2018/19 however 2019/20 increased due to the additional work associated with the introduction of new accounting standards. The 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.

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



Financial statement audits lead to two main outputs, an audit report and a management letter (also referred to as a management report).

An audit report provides the auditor's opinion on whether the financial statements fairly reflect the financial performance and position of the entity being audited at reporting date in accordance with the relevant financial reporting framework. In cases where the Auditor-General is satisfied that the information contained in a set of financial statements is reliable, an unmodified opinion is issued. If however, a material error or omission has been identified in the financial statements or if the financial statements depart from Australian Accounting Standards, a modified opinion is issued.

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 [ACA] and end of year reviews [EOYR] 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 are undertaken primarily to support the audit of the Treasurer's Annual Financial Statement.

Machinery of government changes occurring during the year resulted in the following agencies being subject to compliance audits and end of year reviews during 2020/21:

- Aboriginal Areas Protection Authority
- Department of the Attorney-General and Justice
- Department of the Chief Minister [EOYR only]
- Department of the Chief Minister and Cabinet [ACA only]
- Department of Corporate and Digital Development [ACA only]
- Department of Corporate and Information Services [EOYR only]
- Department of Education
- Department of Environment and Natural Resources [EOYR only]
- Department of Environment, Parks and Water Security [ACA only]
- Department of Health
- Department of Industry, Tourism and Trade [ACA only]
- Department of Infrastructure, Planning and Logistics
- Department of the Legislative Assembly
- Department of Local Government, Housing and Community Development [EOYR only]
- Department of Primary Industry and Resources [EOYR only]
- Department of Territory Families, Housing and Communities [ACA only]
- Department of Tourism, Sport and Culture [EOYR only]
- Department of Trade, Business and Innovation [EOYR only]
- Department of Treasury and Finance
- Northern Territory Electoral Commission
- Northern Territory Police, Fire and Emergency Services
- Office of the Commissioner for Public Employment [EOYR only]
- Office of the Independent Commissioner Against Corruption
- Ombudsman's Office
- Territory Families [EOYR only]

The number of compliance audits undertaken is directly affected by the number of agencies consolidated into the Treasurer's Annual Financial Statement. In 2019/20, agency compliance audits and end of year reviews were conducted at 20 agencies. From 2021/22, machinery of government changes will result in the 16 agencies being subjected to agency compliance audits and end of year reviews.

Compliance Audits cont.

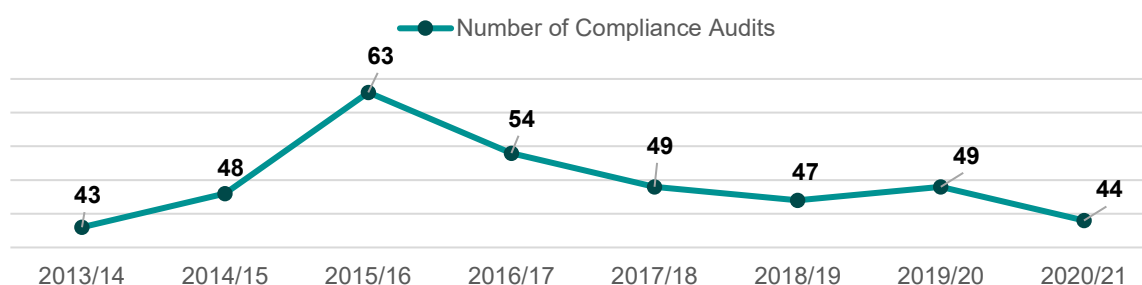
Compliance audits were also undertaken at the former Department of Corporate and Information Services in order to gain assurance around the provision of shared services and the use of across-government Payroll Information Processing System and the Government Accounting System.

In 2020/21, four compliance focused information technology systems audits were undertaken compared to four in 2019/20. The compliance information technology system audits performed in 2020/21 were:

- E-Medication Management System;
- PROMIS Replacement Project (SerPro);
- Intra Solution; and
- Identity and Access Management.

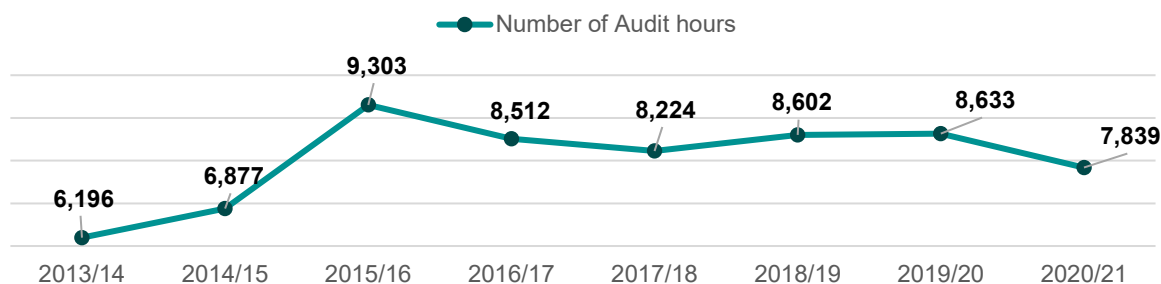
In the 2020/21 reporting period, 44 new compliance audits were undertaken, five less than the prior year following machinery of government changes reducing the number of agencies by four. No end of year review was conducted at the Northern Territory Electoral Commission in the 2020/21 year due to the timing of the 2020 Northern Territory election.

Figure 17 Number of new compliance audit task assignments issued



During the 2020/21 year, compliance audit activity utilised 7,839 audit hours, compared to 8,633 hours in the previous year. The hours required to complete each audit are affected by the nature of the audit and the size of the entity. The reduced number of audits led to an expected reduction in hours associated with planning and completion procedures however machinery of government changes resulted in additional transactional testing. Machinery of government changes increasing and decreasing the number of agencies through amalgamation of services and decentralisation of services respectively directly impact the number of compliance audits undertaken.

Figure 18 Audit hours allocated to new compliance audits

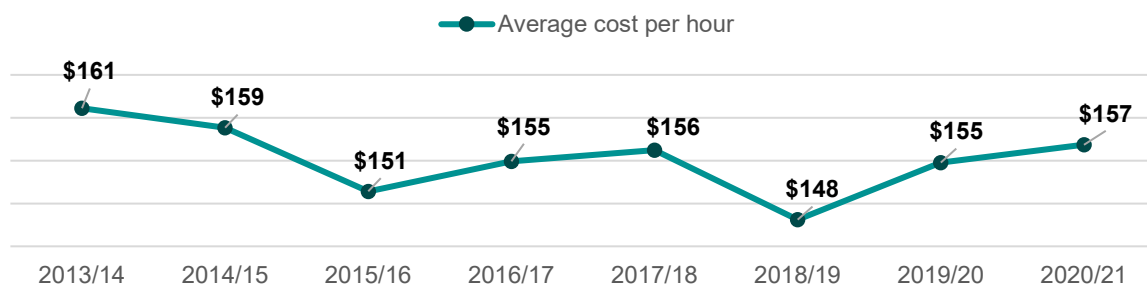


Compliance Audits cont.

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.

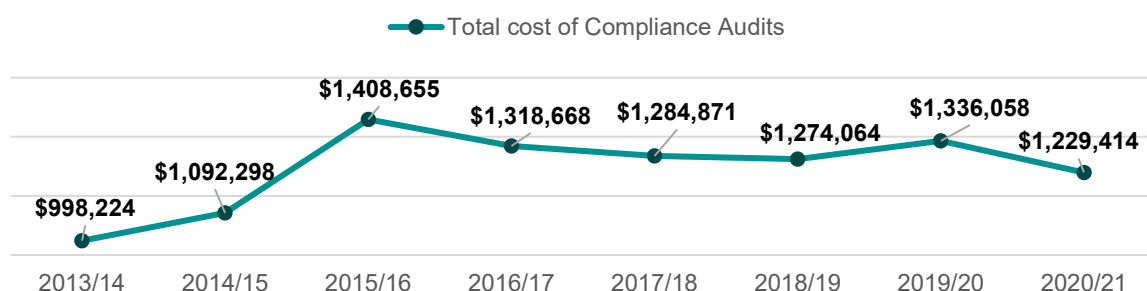
Higher costs associated with compliance audits were anticipated in the 2020/21 financial year as a result of increased rates under the new period panel contract taking effect from 2 January 2021. Notwithstanding this expectation, the weighted average cost of providing compliance audits for 2020/21 was \$157 per hour which is largely consistent over the eight year period with the exception of the significant deviation in 2018/19 of \$148 per hour. Reasons contributing to the reduced cost per hour in the 2018/19 financial year included the use of more junior staff at lower cost; firms absorbing the costs associated with inefficiencies whilst still recording the full number of hours spent on each audit; and more audit hours being delivered in this category of audit by firms with lower than average rates.

Figure 19 Weighted average cost per hour for new compliance audits



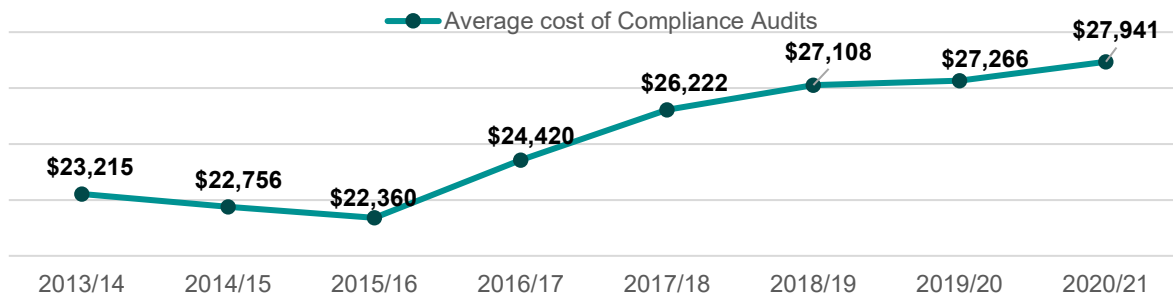
Machinery of government changes reduced the number of audits from 63 in 2015/16 to 44 in 2020/21. Whilst the cost to undertake the audits reduced, the amount of audit work required to be performed increased by agency due to the size of the amalgamated agencies and some inefficiencies in agencies producing documentary evidence to support reported amalgamated balances. Accordingly, while the total cost of compliance audits has decreased, the average cost per new compliance audit has increased by 2% from \$27,266 in 2019/20 to \$27,941 in 2020/21.

Figure 20 Cost of undertaking new compliance audits



Compliance Audits cont.

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 2020/21 year, seven new performance management system audits were scheduled and one audit was carried forward from the previous year.

The following audit commenced in February 2020 and is yet to be completed due to resourcing constraints.

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

Performance Management System Audits cont.

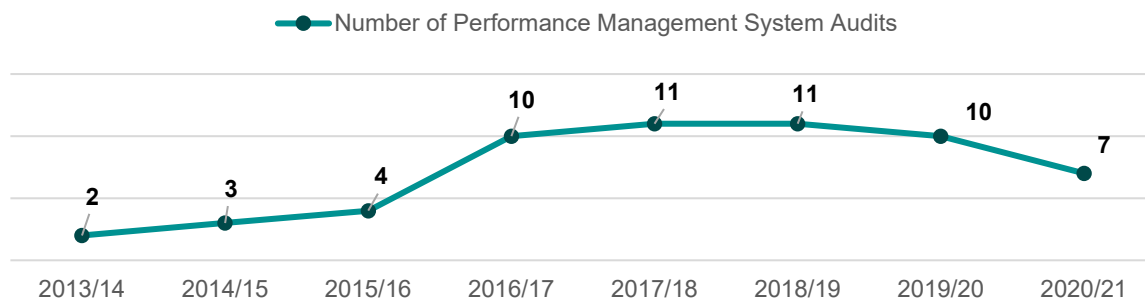
The following audits were scheduled in 2020/21:

- Department of the Attorney-General and Justice – COVID-19 Stimulus Package – Gaming Tax
- Department of the Chief Minister – Boundless Possible
- Department of Trade, Business and Innovation – COVID-19 Stimulus Package
- Department of Treasury and Finance – COVID-19 Stimulus Package
- Selected Agencies – Job Creating/Supporting Measure
- Department of Corporate and Digital Development – Shared Services
- Department of Environment, Parks and Water Security – Allocation of Water Licences

Of the seven new performance management system audits commenced, the audits relating to *Shared Services* undertaken at the Department of Corporate and Digital Development and *Allocation of Water Licences* undertaken at the Department of Environment, Parks and Water Security were not completed prior to the end of the 2020/21 financial year. The results of these audits will be reported upon during the 2021/22 financial year.

Of the new performance management system audits scheduled in 2020/21, five were outsourced and two were conducted in-house. In 2019/20, six were outsourced and four 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 scheduling the financial statement and compliance audits.

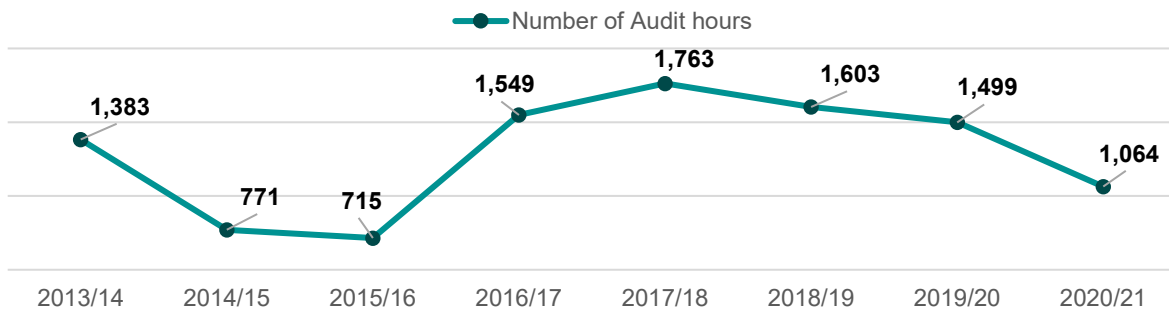
Figure 22 Number of new performance management system audit task assignments issued



During the 2020/21 period, actual performance management system audit hours, including hours spent by in-house personnel, totalled 1,064, a decrease of 29% from the prior year. One audit carried forward from the prior year was not completed during the 2020/21 financial year due to resourcing constraints. The complexity associated with performance management system audits, even where the scope is limited, means that the average audit is scheduled to take between 150 and 200 hours.

Performance Management System Audits cont.

Figure 23 Audit hours allocated to new performance management system audits

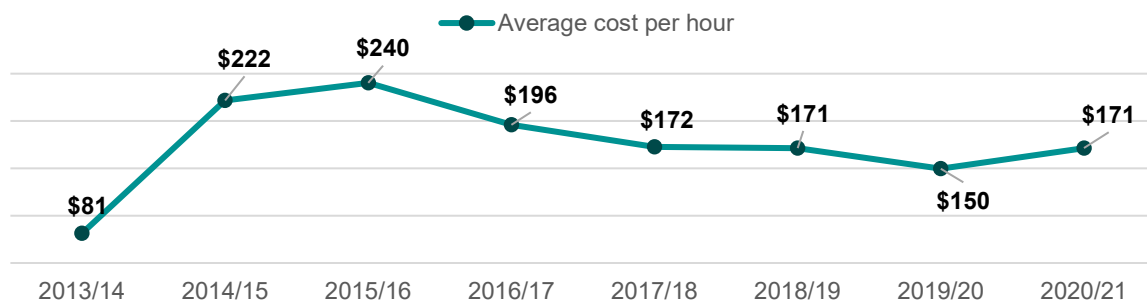


The total cost of undertaking performance management system audits is a product of the number of audits, the hours allocated due to the complexity of the audit and the proportion of audits performed in-house or by Authorised Auditors.

Performance management system audits are more complex and require more experienced staff. As a result, the weighted average cost is consistently higher than the hourly cost of a financial statement audit or a compliance audit.

The weighted average cost per hour is affected by the number of audits performed in-house rather than outsourced as the costs associated with audits that are performed in-house are captured within employee expenditure.

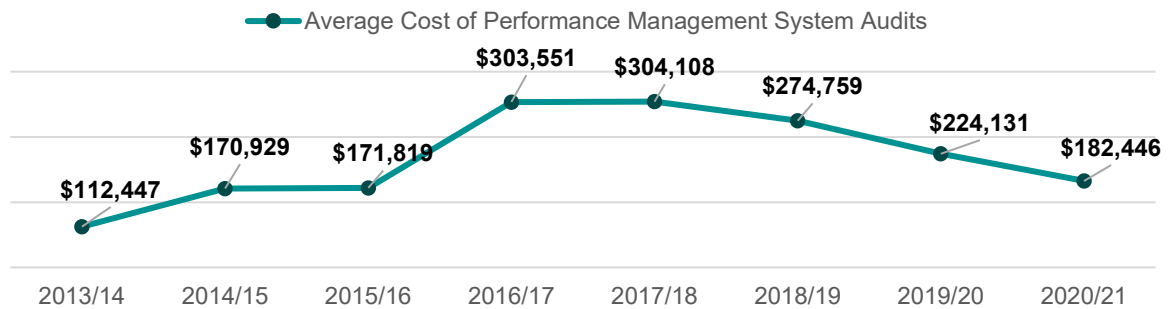
Figure 24 Weighted average cost per hour for new performance management system audits



Since 2017/18, the number of audits, hours allocated to performance management system audits and the associated cost of performance management system audits has steadily declined. The ability to undertake greater levels of performance management system audits within the Office is restricted by present resourcing.

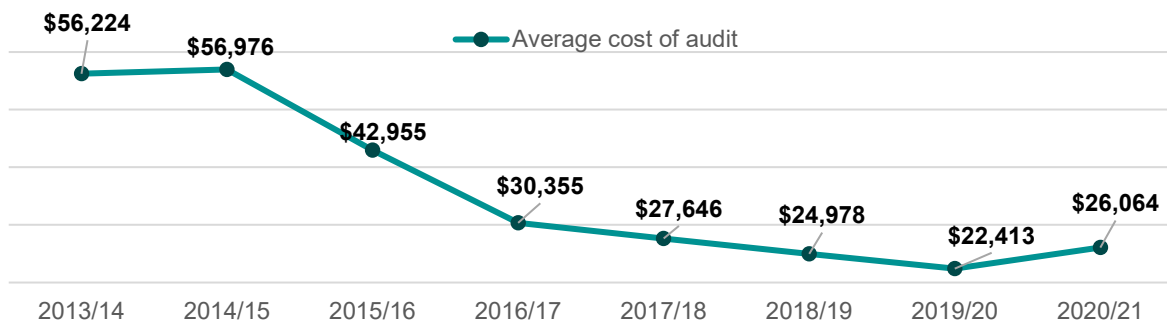
Performance Management System Audits cont.

Figure 25 Cost of undertaking new performance management system audits



Size and complexity associated with a series of audits directed at the NT Government's COVID-19 response resulted in 754 hours being attributed to three audits. As each of these audits were outsourced, this resulted in a substantial increase to the average cost per audit.

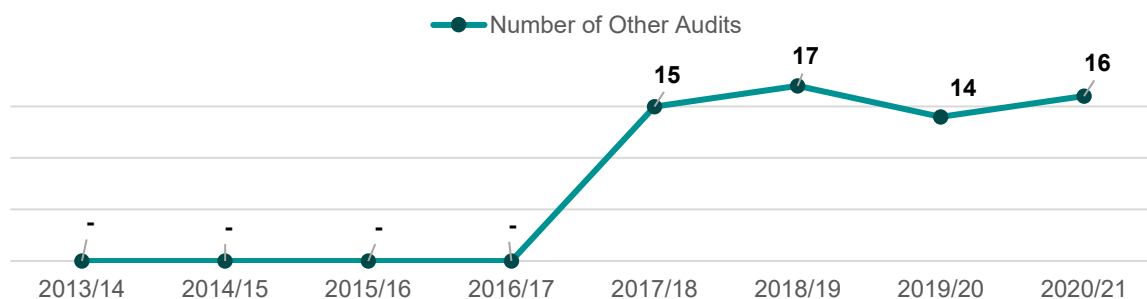
Figure 26 Average cost of new performance management system audits



Other Audits

The Office conducts other categories of audits including acquittals, reviews and *Public Information Act 2010* referrals. During the 2020/21 period, the Office commenced and completed seven new acquittals, three data analytic tasks and one *Public Information Act 2010* referral. Three reviews were commenced during the 2020/21 financial year and will be completed and reported upon during 2021/22.

Figure 27 Number of new other audit task assignments issued



Other Audits cont.

Section 14 Directive

Section 14 of the Act provides that “*the Minister may, either generally or in relation to a specific aspect, by notice, direct the Auditor-General to carry out an audit which the Auditor-General has power under this Act to carry out, in relation to an Agency specified in the notice, within the time specified in the notice or within such further time as is reasonably necessary to enable the audit to be completed, and the Auditor-General must carry out the audit accordingly*”. There was one audit undertaken in accordance with this provision of the Act in 2019/20. The Auditor-General was not directed to undertake any audits in the 2020/21 financial year.

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 taken into account. 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. There was one review conducted under the *Public Information Act 2010* in the 2020/21 financial year compared to three in the prior 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. 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. Material is included depending on when each audit is completed. 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 systems and the results of any financial statement audits completed between November and February.

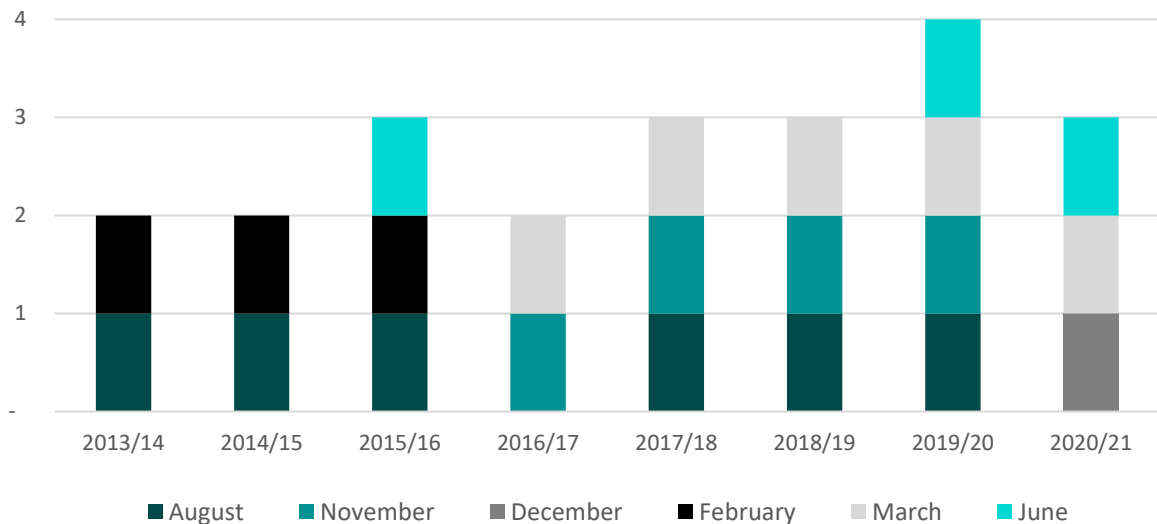
Reports to the Legislative Assembly cont.

- 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. Material is included depending on when each audit is completed.

During 2020/21 the following reports were submitted to the Legislative Assembly:

- December 2020 – This report presented the results of 51 separate audits and other tasks completed during the period 1 June 2020 to 31 October 2020.
- March 2021 – This report outlines the results of six separate audits and other tasks completed during the period 1 November 2020 to 28 February 2021.
- June 2021 – This report outlines the results of three performance management system audits completed during the period 1 September 2020 to 31 May 2021.

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 2020/21, the following key performance indicators were agreed for the Corporate and Governance output group, accompanied by the results for the 2020/21 financial year:

Figure 29 Corporate and Governance KPIs as included in the NTAGO Strategic Plan 2021-2023

Key Performance Indicator	Results for 2020/21
100% of invoices paid within NTG Government policy	99.3% or 283 of the 285 invoices were paid within payment policy. One invoice was paid outside of payment terms by one day, due to end of year processing delays. The second had a date entry error and therefore should not have been reported as outside payment terms.
Annual report delivered within the legislated timeframe	The 2019-20 Annual Report was tabled to Parliament in the November 2020 sittings.
Financial statements prepared and audited within the legislated timeframe	The NTAGO 2020/21 Financial Statements were prepared by the required due date with an unmodified audit opinion issued by the Office's external auditors on 26 August 2021. (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.
100% of records destroyed within six months of the retention schedule	100% of records due for destruction have been destroyed in accordance with their retention schedule
Annual agency procurement management plan delivered within the required timeframe	The NTAGO Procurement Management Plan for 2020/21 has been prepared and submitted to Procurement NT by the due date.
Mandated internal audits undertaken within the specified timeframe	No travel was undertaken by any staff within the NT Auditor-General's Office during the 2020/21 financial year. There was therefore no travel to be audited.

Reflection on 2020/21

In 2020/21, 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	Successful completion of the Office COVID compliance check resulting in the receipt of a Statement of Compliance
2	Coordinated NTAGO internal Strategic Planning Day and Risk Management Workshop
3	Completed updates to the Human Resource, Financial and Procurement delegations
4	Successful renewal of the Office COVID compliance check resulting in the receipt of a Statement of Compliance
5	Completed and submitted the Agency Procurement Management Plan 2020/21.

Financial Management

The Office's financial statement overview for the year ended 30 June 2021 is discussed within the Office's Audited Financial Statements section on page 60 of this report. A summary of key financial results compared to previous financial years is presented below.

Key Financial Results

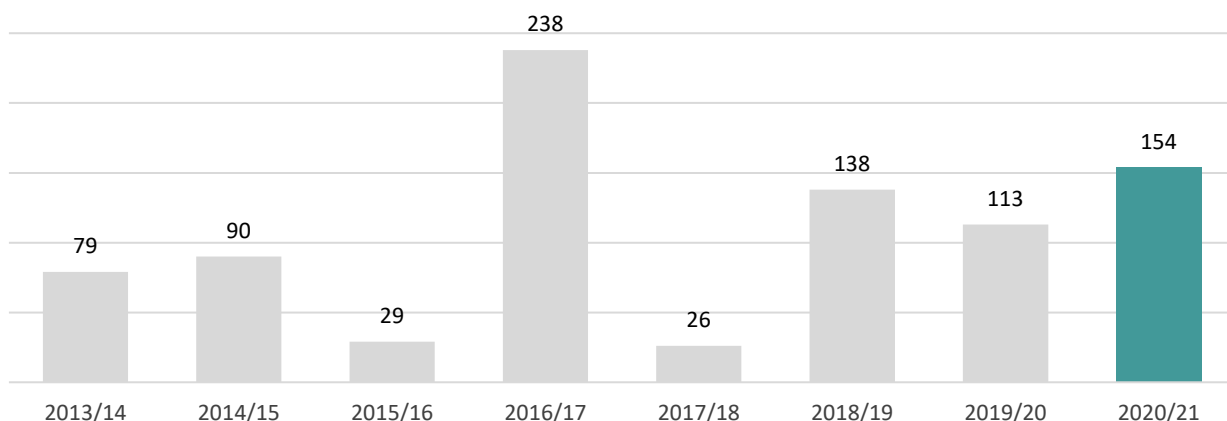
The following table presents a comparison of the Office's output groups against the 2020/21 budget and estimated results as published in Budget Paper No.3.

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

Output Group	Actual 2019-20 \$'000	Budget 2020-21 \$'000	Estimate 2020-21 \$'000	Actual 2020-21 \$'000	Variance 2020-21 \$'000
Audits and Reviews	4,859	4,515	4,518	4,636	121
Corporate and Governance	603	569	566	553	(16)
Total	5,462	5,084	5,084	5,189	105

The following graph presents the net operating surplus or deficit comparatively for the last eight financial years. In 2020/21, the Office continued to operate at a surplus with a net surplus at the end of the year of \$0.154 million, following a surplus in the prior year of \$0.113 million.

Figure 32 Office net operating results for the last eight financial years (\$'000)



Financial Management cont.

The surplus in the current year reflects savings on travel by Office personnel and specialist Authorised Auditors as a result of COVID-19 restrictions and reduced employee expenses as a result of employees taking leave accrued for in prior years. These staff were not replaced/backfilled during these periods as the use of seconded public sector personnel to meet short-term staff absences is not a viable option due to the need for specialised professional and technical skills.

When establishing the annual audit program, attempts are made to ensure that a small proportion of output funding is retained to cover any overruns in costs associated with audit activity and to ensure that the Office does not record a deficit. In the event regular monitoring of actual expenditure to budget identifies that a significant surplus is probable, planned future audits can be brought forward. This was not considered an appropriate approach during 2020/21 given the limited capacity within the Office and uncertainty relating to impacts on the audit program from the government's response to COVID-19.

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. 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 58% of its total revenue in 2020/21. Output appropriation increased by \$0.035 million during the year which was in line with budgeted increased employee expenses and goods and services.

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

Source of Revenue	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Output Appropriation	3,523	3,675	3,178	3,152	3,077	3,060	3,053	3,088
Sales of Goods and Services	568	589	2,160	1,847	1,935	1,836	2,307	2,090
Goods and Services (Free of charge)	223	237	227	227	232	209	214	165
Other Income	0	0	0	0	0	0	1	0
Total	4,314	4,501	5,565	5,226	5,244	5,105	5,575	5,343

Financial Management cont.

Figure 34 Sources of revenue for the last eight financial years (\$'000)

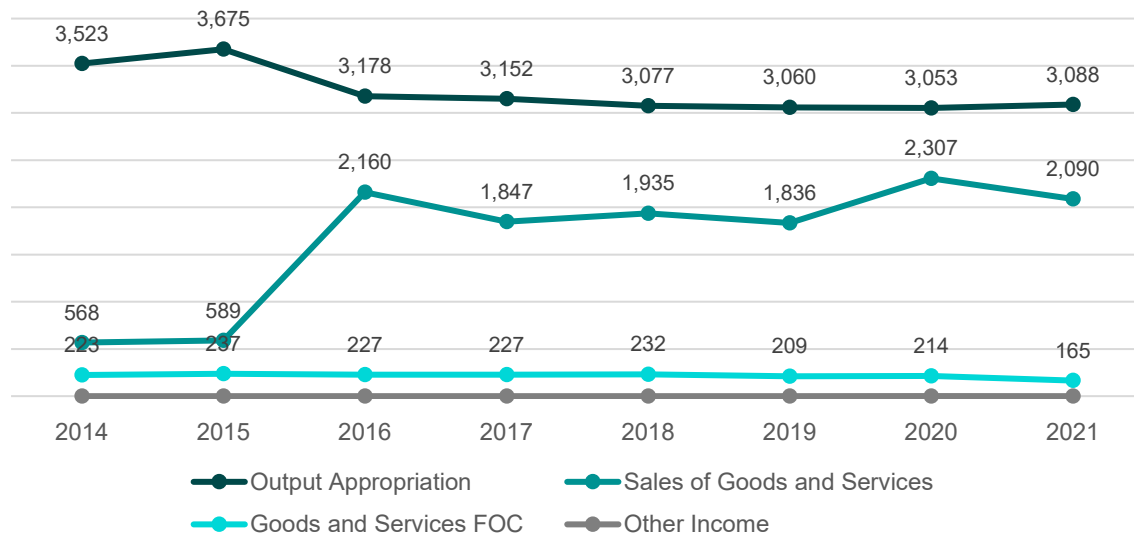


Figure 35 Agencies subject to recovery of audit costs

A total of 34 (2019/20: 42) entities (as listed below) 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.

Entity	2021	2020	Movement
Batchelor Institute of Indigenous Tertiary Education	83,273	81,053	2,220
Board of the Museum and Art Gallery of the Northern Territory	14,559	14,375	184
Bridging the Gap Foundation ⁽¹⁾	20,432	12,715	7,716
Cairns Business College Pty Ltd ⁽²⁾	0	30,914	(30,914)
Cairns Education Australia Pty Ltd ⁽²⁾	0	13,895	(13,895)
Cairns Language Centre Pty Ltd ⁽²⁾	0	32,559	(32,559)
CDU Amenities Limited	12,259	13,895	(1,636)
Central Australia Health Service ⁽³⁾	44,853	29,656	15,197
Charles Darwin University ⁽⁴⁾	158,134	174,313	(16,178)
Charles Darwin University Charitable Trust ⁽²⁾	0	6,147	(6,147)
Charles Darwin University Foundation	12,534	13,895	(1,361)
Cobourg Peninsula Sanctuary and Marine Park Board	20,561	17,794	2,767
Darwin Waterfront Corporation	40,168	43,637	(3,469)
Data Centre Services	28,578	23,275	5,303
Department of Corporate and Digital Development (formerly the Department of Corporate and Information Services) ⁽⁵⁾	0	113,521	(113,521)
Department of Health ⁽⁶⁾	25,264	16,703	8,561
Department of Infrastructure, Planning and Logistics	24,420	28,329	(3,909)
Department of Local Government, Housing and Community Development (prior to MOG changes in September 2020)	6,167	6,405	(6,405)
Department of Treasury and Finance ⁽⁷⁾	8,358	19,133	(10,775)
Desert Knowledge Australia	21,719	25,821	(4,102)
ICHM Pty Ltd ⁽²⁾	0	27,790	(27,790)
Indigenous Essential Services Pty Ltd ⁽⁸⁾	113,871	79,155	34,716

Financial Management cont.

Entity	2021	2020	Movement
Jabiru Town Development Authority	18,374	12,524	5,849
Land Development Corporation	77,561	84,965	(7,404)
Legislative Assembly Members' Superannuation Fund ⁽⁹⁾	0	17,575	(17,575)
Menzies School of Health Research ⁽¹⁰⁾	68,665	87,854	(19,189)
Motor Accidents (Compensation) Commission ⁽¹¹⁾	263,334	322,534	(59,200)
Nitmiluk (Katherine Gorge) National Park Board	19,894	20,649	(754)
Northern Territory Government and Public Authorities Employees' Superannuation Fund ⁽⁹⁾	0	23,766	(23,766)
Northern Territory Grants Commission	5,268	5,248	20
Northern Territory Legal Aid Commission	24,087	23,999	88
Northern Territory Major Events Company Pty Ltd	33,532	30,925	2,608
Northern Territory Treasury Corporation	70,957	72,030	(1,074)
NT Build	22,562	23,725	(1,163)
NT Fleet ⁽¹²⁾	44,631	71,118	(26,487)
NT Home Ownership	36,173	40,603	(4,430)
Office of the Public Trustee for the Northern Territory	28,389	27,126	1,263
Power and Water Corporation ⁽¹³⁾	333,947	265,856	68,090
Power Generation Corporation (Territory Generation)	167,532	167,745	(213)
Power Retail Corporation (Jacana Energy) ⁽¹⁴⁾	165,096	128,790	36,306
Territory Wildlife Parks	25,934	25,458	475
Top End Health Service ⁽³⁾	48,766	29,608	19,157
Total	2,089,853	2,307,081	(223,395)

Explanations as to the causes of significant variances are provided below:

- (1) The additional audit fees represent the audit costs associated with the increased activity occurring within the Bridging the Gap Foundation, revisions to constitutional arrangements of the entity and late adjustments to the financial statements.
- (2) Charles Darwin University disposed of five subsidiary entities during the year. As a result, these audits are no longer required.
- (3) Additional audit procedures were required to be performed in relation to the Health Service's accounting for revenue and asset valuations. Additional audit costs were incurred as a result of delays in the completion of the financial statements and the provision of supporting information for audit purposes.
- (4) The costs associated with the audit of Charles Darwin University were higher in the prior year as a result of additional audit procedures directed at the introduction of new accounting standards and the disposal of a number of subsidiaries when audited the consolidated financial statements.
- (5) This audit of superannuation payments was undertaken in the 2019/20 financial year at the direction of the Chief Minister. It is not a recurring audit.
- (6) Audit fees fluctuate based on the level of activity associated with Pool Funding arrangements. Additional costs were associated with the audit of the Health Pool Funding acquittal required under Commonwealth funding arrangements. The additional audit costs were incurred as a result of delays in the completion of the financial statements and the provision of supporting information for audit purposes.
- (7) Costs incurred in the prior year for the audit of the acquittal statements applicable to the Natural Disaster Recovery and Relief Arrangements and the Disaster Recovery Funding Arrangements were higher than the current year. The costs associated with such audits fluctuate depending on the number of transactions and complexities associated with each claim. The claim audited in the 2020/21 financial year was less complex than the prior year.

Financial Management cont.

- (8) Additional audit fees incurred for with the audit of Indigenous Essential Services Pty Ltd resulted from delays in the provision of information for audit, additional procedures as a result of restatement of the financial statements and additional work undertaken to address audit risks associated with going concern.
- (9) This audit was no longer required as a result of closure of the Fund following the transfer of funds to managed funds or the Central Holding Authority. Costs were recovered from the Department of Treasury and Finance in the prior year. There is no longer a legislative requirement to audit the Legislative Assembly Members' Superannuation Fund or the Northern Territory Government and Public Authorities Superannuation Fund.
- (10) The prior year audit procedures included additional work directed at the audit of the entity's adoption of the revised accounting standards relevant to revenue and leases.
- (11) An annual information technology audit is conducted at Motor Accidents (Compensation) Commission to support the audit of the financial statements. The information system audit was previously undertaken at the time of the final audit visit however in the prior year, a decision was made to bring the audit forward to the time of the interim audit visit. As a result, there were two information technology system audits undertaken in the prior year.
- (12) Additional audit fees were incurred in the prior financial year which resulted from undertaking an additional audit directed at key information technology systems.
- (13) Additional costs incurred in the audit of the Power and Water Corporation were associated with audit procedures directed at the introduction of new accounting standards and changes to complex models used to support accounting estimates reported within the financial statements.
- (14) An annual information technology audit is conducted at Power Retail Corporation to support the audit of the financial statements. Due to decisions regarding the optimal timing of the information technology system audit, two information technology audits were undertaken during the 2020/21 financial year.

Expenses

Expenses for the Office are classified into the following categories: employee expenses, Authorised Auditor costs, shared services received from DCDD free of charge (FOC) and other administrative costs.

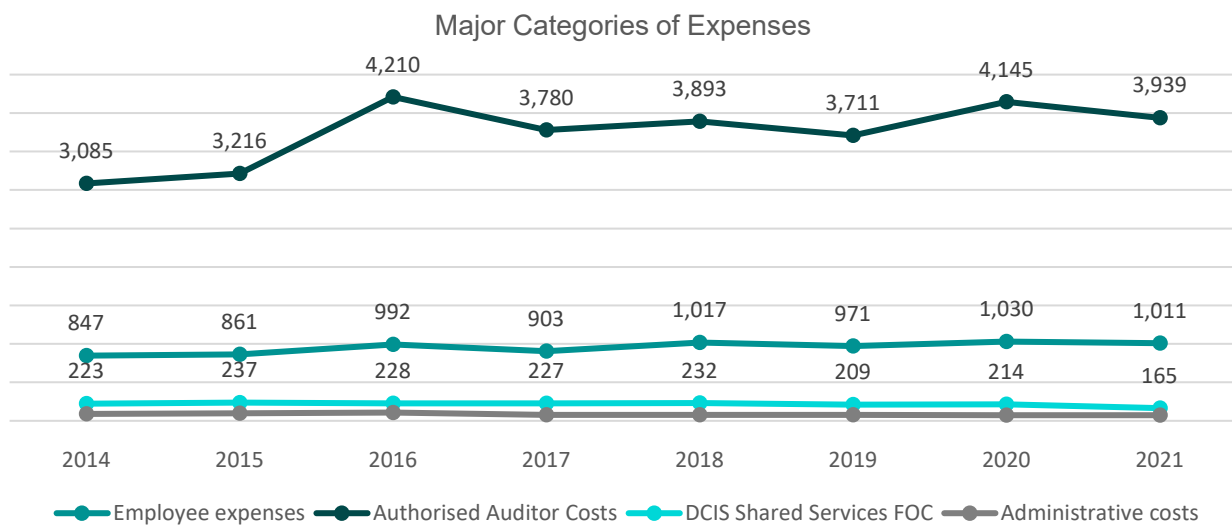
Figure 36 Comparison of major categories of expenses for the last eight financial years

Expenses	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Employee expenses ⁽³⁾	847	861	992	903	1017	971	1,030	1,011
Authorised Auditor Costs ⁽¹⁾	3,085	3,216	4,210	3,780	3,893	3,711	4,145	3,939
DCDD Shared Services FOC	223	237	228	227	232	209	214	165
Other Admin Costs ⁽²⁾	89	97	107	78	76	76	73	74
Total	4,245	4,411	5,536	4,987	5,217	4,967	5,462	5,189

- (1) Refer to Figure 10 for details of Authorised Auditor costs
- (2) 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.
- (3) Employee expenditure decreased by \$0.019 million predominantly due to employees taking leave accrued for in prior years.

Financial Management cont.

Figure 37 Major categories of expenses for the last eight financial years (\$'000)



Financial Management cont.

Comparison of Results to 2020/21 Budget

The following table compares the actual operating results for the Office's 2020/21 financial year to its 2020/21 budget as presented in Budget Paper No.3, November 2020, and the revised budget as presented to the Estimates Committee hearing held in May 2021. Analysis of variances between Actual and Budget is presented within Note 22 to the financial statements.

Figure 38 Comparison of 2020/21 Original Budget and Actuals

	Actual 2019/20	Original Budget 2020/21	Revised Budget 2020/21	Actual 2020/21
INCOME				
Appropriation				
Output	3,053	3,088	3,088	3,088
Sales of goods and services (audit costs recovered)	2,307	1,833	1,833	2,090
Services free of charge (DCIS)	214	163	163	165
Other Income	1	-	-	-
TOTAL INCOME	5,575	5,084	5,084	5,343
EXPENSES				
Employee expenses	(1,030)	(1,072)	(1,061)	(1,011)
Administrative expenses				
Purchases of goods and services	(4,218)	(3,849)	(3,860)	(4,013)
Repairs and maintenance	-	(2)	(2)	(1)
Other administrative expenses	(214)	(161)	(161)	(164)
TOTAL EXPENSES	(5,462)	(5,084)	(5,084)	(5,189)
NET SURPLUS/(DEFICIT)	113	-	-	154
ASSETS				
Cash and deposits	630	630	630	945
Receivables	545	543	543	400
Prepayments	-	-	-	-
TOTAL ASSETS	1,175	1,173	1,173	1,345
LIABILITIES				
Payable	23	21	21	73
Provisions	137	137	137	103
TOTAL LIABILITIES	160	158	158	176
NET ASSETS	1,015	1,015	1,015	1,169
EQUITY				
Capital	570	570	570	570
ACCUMULATED FUNDS	445	445	445	599
TOTAL EQUITY	1,015	1,015	1,015	1,169

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 39 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 and communicated to all stakeholders.
Monitoring, Review and Evaluation	<ul style="list-style-type: none"> • Due to the small size of the Office, weekly meetings are held with all members to discuss the progression of the audit program (all audit areas) and matters relating to finance, administration, human resources, risk management and work health and safety. • Calls for Conflicts of Interest are made at each meeting with all members to report any conflicts, perceived conflicts or potential conflicts which may arise. • Authorised Auditors submit a weekly progress report to the Principal Auditor 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. • The Manager Finance and Corporate Services reports regularly to the Auditor-General. Issues requiring attention are discussed and actions taken where required. 	<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 2018 and was tabled in Parliament in November 2018. The next strategic review is currently underway and is scheduled to be completed during November 2021.

Corporate Governance and Risk Management cont.

	Internal	External
Monitoring, Review and Evaluation cont.	<ul style="list-style-type: none"> • Policies, procedures and manuals are updated in accordance with established timetables or, if required, as a result of legislative change. 	
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 financial reports are prepared showing actual financial results compared to budget and explanations provided for material variances. 	<ul style="list-style-type: none"> • Submission of reports to the Legislative Assembly each year, setting out the results of audits, together with any 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 2021. The financial statements are included at Appendix A to this report.
Communicating	<ul style="list-style-type: none"> • Staff meetings are held weekly. • Weekly progress meetings occur in relation to in-house audits. • There is an "open door" approach within the Office which enables immediate communication when required. 	<ul style="list-style-type: none"> • 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. • Regular status updates and exit meetings are held with Authorised Auditors and representatives from audited entities. • Briefings are held with Authorised Auditors and training provided to newly appointed Authorised Auditors. • Delivery of management letters and audit reports to audited entities. • Communication of the six monthly programs of audit tasks to Authorised Auditors and audited entities.

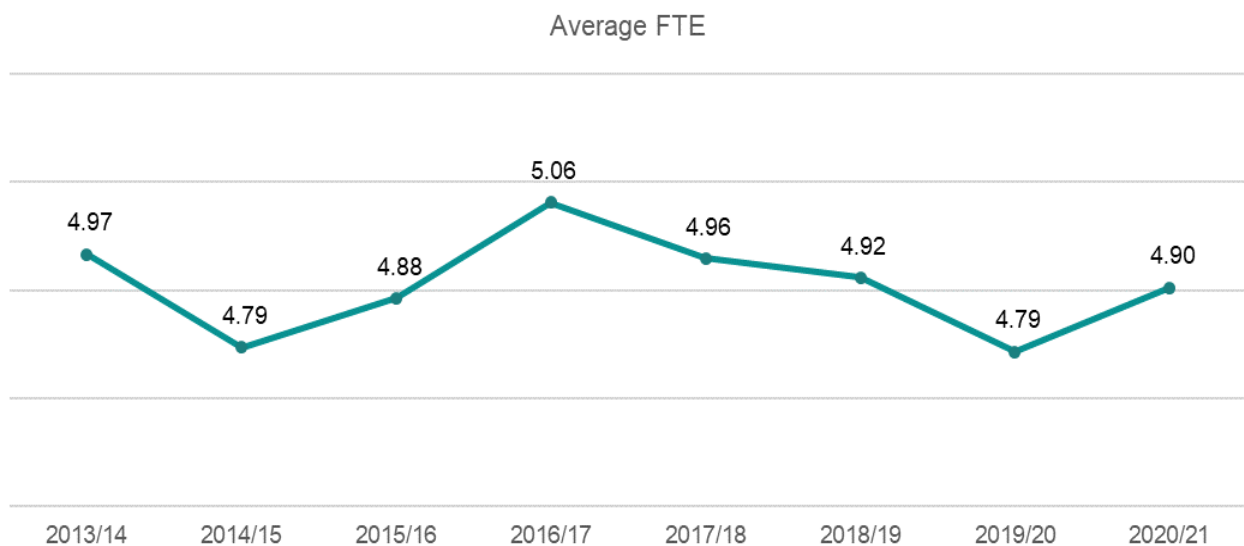
Human Resources

Employee Demographics

During the year ended 30 June 2021, the average FTE of the Office was 4.9 compared to an average of 4.79 for the previous financial year.

While the head count for staffing remains the same at 5.0 FTE across all years shown in the table below, the dips are reflective of periods where positions have been vacant during recruitment periods or where personnel have taken temporary leave without pay. Those periods where the headcount exceeds established position numbers reflect the overlap on appointment of new personnel replacing outgoing personnel.

Figure 40 Comparison of average FTE for the last eight financial years



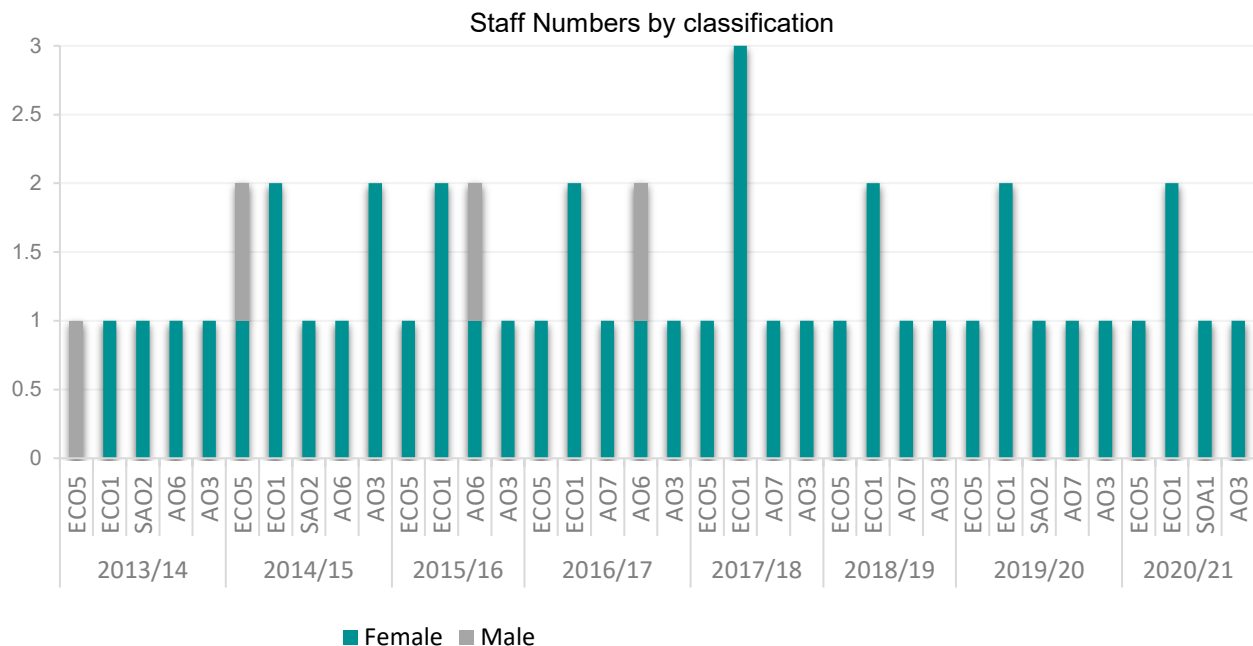
The following graph shows the variation in staff numbers by classification over the past eight financial years.

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. This change in classification is reflected in the table below.

The additional SOA2 position during the 2019/20 financial year was due to temporary coverage during peak periods for one of the Principal Auditors who was on parental leave from November 2019 to July 2020.

Human Resources cont.

Figure 41 Comparison of head count, gender and designation of NTAGO employees over the last eight financial years



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 42 NTAGO reporting on Employment Instructions

Employment Instruction	NTAGO Performance 2020/21
No. 1. Filling Vacancies	The Manager Finance and Corporate services permanent position was advertised in May 2020 and filled in July 2020. There were no other staff movements during the 2020/21 financial year.
No. 2. Probation	One probationary process was undertaken during the 2020/21 financial year in accordance with the employment of an ongoing employee. The employee was notified of the outcome accordingly.
No. 3. Natural Justice	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.
No. 4. Employee Performance Management and Development Systems	The Office reports annually to OCPE 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.
No. 5. Medical Examinations	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.

Human Resources cont.

Employment Instruction	NTAGO Performance 2020/21
No. 6. Performance and Inability	The Office reports annually to OCPE on performance and inability. There were no performance or inability issues during the reporting period.
No. 7. Discipline	The Office reports annually to OCPE on disciplinary matters. There were no breaches of conduct or disciplinary matters for the reporting period.
No. 8. Internal Agency Complaints and Section 59 Grievance Reviews	The Office reports annually to OCPE on internal agency complaints and grievance matters. There were no complaints or section 59 grievance matters for the reporting periods.
No. 9. Employment Records	Personnel records for Office staff are maintained by DCDD, however all other human resources documents are 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	The Office strives to continually review and implement equal opportunities programs. The Office reports annually to OCPE on equal opportunity matters. Diversity and inclusion are supported and promoted throughout the Office activities.
No. 11. Occupational Health and Safety Standards Program	The Office has developed and implemented its Work Health and Safety (WHS) framework which has been incorporated within all aspects of the Office's operations.
No. 12. Code of Conduct	The Office has included its expectations and information regarding the guidelines and values associated with behaviour in the workplace within its induction process. Regular team meetings are used to reinforce and communicate information relating to gifts, benefits, independence, conflict of interest and other agency, public sector or politically specific principles.
No. 13. Appropriate Workplace Behaviour	Appropriate workplace behaviour for new employees is covered as part of the induction process. Guidance documents and references are also available through the OCPE website. Discussion and communication is provided either through team meetings or on a case-by-case basis.
No. 14. Redeployment and Redundancy Procedures	There were no redeployment or redundancy activities undertaken for the Office during the year.
No. 15 Special Measures	Due to the small size of the Office and with only two administrative positions established to support the Auditor-General and Principal Auditors, Special Measures were not applied during the year. The Office continues to support an inclusive and diverse workplace.
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.

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 2021, 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.

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 (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. In September 2017, the Office adopted the NTG Business Classification Scheme and Systematic Disposal for government records to promote standardisation across the public sector.

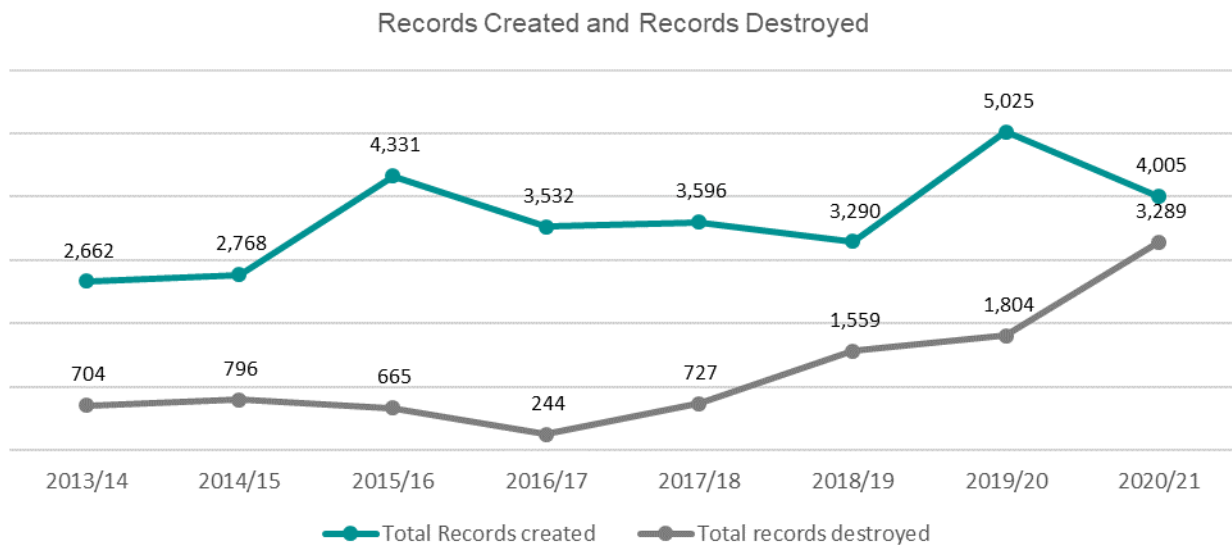
Staff of the Office continuously participate in records management forums and support frameworks for improving the capability of records management in the NTG.

During the 2020/21 financial year, there were 4,005 new records created and 3,289 listed for destruction. In comparison, the 2019/20 year saw a total of 5,025 records created and 1,804 records listed for destruction. Most records have a destruction cycle of eight years. The increase in records now being destroyed is largely a result of a change in record keeping processes approximately eight years ago, which resulted in a significant increase in records created.

Records Management cont.

The chart below shows the total number of records created and destroyed.

Figure 43 Number of records created and destroyed in the last eight financial years



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 has implemented a framework, including relevant policy and procedures, and is currently undergoing a major review of this framework in line with contemporary WHS requirements.

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 that all Authorised Auditors employed by the firm have read, understood and will comply with the WHS Policy.

WHS risks are considered within our risk register which is reviewed on a regular basis. A workshop was held as a part of our strategic planning day in November 2020, to identify any emerging risks relating to our Office and consider the status of current risks which had previously been identified. Through this process there were no priority WHS risks identified.

During the year the Office successfully met all requirements for COVID compliance and has a current Statement of Compliance which is maintained on a six monthly basis.

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

The Manager Finance and Corporate Services participates in the available fire warden training available and the Records Management 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. Since the 2012 financial year, the following measures have been implemented to reduce the Office's environmental footprint:

Paperless Office	<p>Internal</p> <ul style="list-style-type: none"> 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 creating physical files. <p>External</p> <ul style="list-style-type: none"> 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.
Our Emissions	The Office leased two motor vehicles from NT Fleet during the year ended 30 June 2021 for the Principal Auditor positions.
Power Saving	<p>Most electronic devices are powered down completely when not in use.</p> <p>The Office has a "lights off" policy for parts of its tenancy that are temporarily not in use.</p>

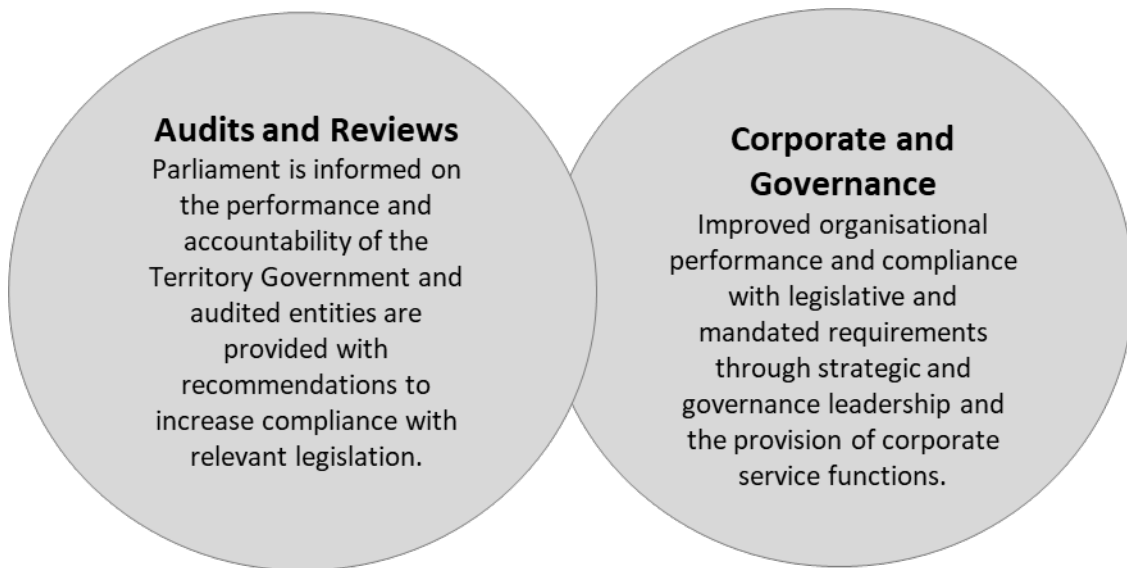
Contributions to Society

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

Professional	<p>Staff members are encouraged to contribute to their professions through involvement with professional bodies and community associations.</p> <p>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.</p> <p>The Auditor-General regularly presents a session as part of the NT Government's Foundations of Public Sector Governance four-day residential program.</p>
Community	Individual members of the office are voluntarily involved with a range of community organisations, events and activities.

Future priorities

The Office is committed to:



Audits and Reviews

- The Audits and Reviews output group has committed to the following outputs in 2021/22:
 - Statutory audits⁽¹⁾ 99
 - Other audits⁽²⁾ 13
 - Reviews⁽³⁾ 3
- 1. Audits of the Northern Territory's Public Account and other accounts (including Government Owned Corporations, Government Business Divisions, companies and statutory bodies) pursuant to section 13 of the Act.
- 2. Includes performance management system audits undertaken pursuant to section 15 of the Act, data analytic tasks and audits of funding acquittals.
- 3. Reviews of referred information under the *Public Information Act 2010*.
- Update the processes for identifying and managing conflicts of interest and threats to independence.
- Develop a comprehensive review procedure for audit files based on the revised suite of Australian Auditing Standards as they relate to quality.
- Establish a framework and related methodologies for the use of data analytics within the Office.

Future priorities cont.

Corporate and Governance

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

- Formalise the emergency succession plans relevant to the Office.
- Formalise the business continuity arrangements for the Office.
- Investigate an appropriate mechanism to distribute media releases from the Office.
- Updates to the Office's Records Management and TRM Manual.
- Updates to the Office's internal Policies and associated work instructions.
- Review of the *Audit Act 1995*.
- Assistance with the response to the Office's triennial strategic review.
- Review of the Office's staff structure.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

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

RSM Australia Pty Ltd

12 Anderson Street West, Ballarat VIC 3350
PO Box 685 Ballarat VIC 3353

T +61(0) 3 5330 5800
F +61(0) 3 5330 5890

www.rsm.com.au

Opinion

We have audited the financial report of the Northern Territory Auditor-General's Office (the "Office") which comprises the Comprehensive Operating Statement, the Balance Sheet, the Statement of Changes in Equity and the Cash Flow Statement, notes to and forming part of the financial statements 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 2021, 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 the 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 the audit of the financial report in Australia. We have 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 reporting 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.

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RSM Australia Pty Ltd ACN 009 321 377 and Bldanco Practice Trust ABN 65 319 382 479 trading as RSM

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Independent Auditor's Report (continued)



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 have 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 the 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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

A handwritten signature in dark ink, appearing to read 'John Findlay', is positioned above the printed name.

RSM AUSTRALIA PTY LTD

A handwritten signature in dark ink, appearing to read 'John Findlay', is positioned above the printed name.

JOHN FINDLAY
Director

Ballarat, Victoria
Dated this 26th day of August 2021

NTAGO Audited Financial Statements

Financial Statement overview for the year ended 30 June 2021

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; and
- Providing corporate and governance services such as human resources, financial management, information and communication technology and records management.

Strategic issues facing the Office in 2020/21 included:

- Delivering effective, efficient and economical audit activities to support decisions relating to the allocation of resources and investment.
- Delivering independent whole of government audit reporting to improve the Legislative Assembly's oversight of public sector programs and financial management.
- Enhancing public sector financial and performance reporting by audited entities.
- Contributing to increased compliance with relevant legislation and improved public administration practices through the provision of audit findings and recommendations.
- Continuing to engage with agencies' internal audit functions through attendance at audit committee meetings in order to minimise duplication of audit tasks.
- Promoting the importance of managing conflicts of interest and maintaining independence.

Analysis of financial results:

- The Office had a net operating surplus for the year of \$0.154 million compared to \$0.113 million in the prior year.
- Output Appropriation increased by \$0.035 million from the prior year. Recoverable audit fees decreased by \$0.217 million from \$2.307 million in 2020 to \$2.090 million in 2021, largely due to additional audit requirements and related costs in the prior year, the most significant being additional costs of \$0.113 million attributable to an audit of superannuation payments as directed by the Chief Minister in accordance with Section 14 of the *Audit Act 1995*.
- Purchases of goods and services include payments for Authorised Auditors' fees of \$3.939 million (of which \$2.090 million was recoverable) and operational expenditure of \$0.074 million. The decrease in total goods and services expense of \$0.205 million was largely attributable to the decrease in recoverable audit costs.

Financial Statement overview for the year ended 30 June 2021 cont.

- Employee expenditure decreased by \$0.019 million largely due to employees taking leave accrued for in the prior year. Due to conflicts of interest and the requirement for specialist audit technical skills, backfilling these positions by way of seconding public sector personnel to cover short-term staff absences is not a viable option.
- The net assets of the Office increased from \$1.015 million to \$1.169 million for the year, reflecting the surplus shown on the Comprehensive Operating Statement.
- Cash balances compared to the prior year, increased from \$0.630 million to \$0.945 million while provisions decreased by \$0.035 million to \$0.103 million largely as a result of the decrease in the provision of employee entitlements, with staff taking accrued leave during 2021.
- The increase in accounts payable by \$0.051 million is reflective of the accrual for outstanding expenses, largely relating to audit costs, at year end.
- A comparison of actual results to the Office's budget, as reported in Budget Paper 3 2020-21, is presented in Note 22 to the financial statements.

Certification of the financial statements

Certification of the Financial Statements

We certify that the attached financial statements for the Office have been prepared based on proper accounts and records in accordance with the prescribed format, 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 2021 and the financial position on that date.

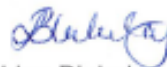
At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

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 Accounting and Property 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 for the Northern Territory
26 August 2021



Lisa Blakeley
Manager Finance and Corporate Services
26 August 2021

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$000	2020 \$000
INCOME			
Appropriation			
Output	4	3,088	3,053
Sales of goods and services	5	2,090	2,307
Goods and services received free of charge	6	165	214
Other income		-	1
TOTAL INCOME	3	5,343	5,575
EXPENSES			
Employee expenses	7	(1,011)	(1,030)
Administrative expenses			
Property management			
Purchases of goods and services	8	(4,013)	(4,218)
Repairs and maintenance		(1)	(1)
Other administrative expenses ⁽¹⁾		(164)	(213)
TOTAL EXPENSES	3	(5,189)	(5,462)
NET SURPLUS		154	113
COMPREHENSIVE RESULT		154	113

⁽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 2021

	Note	2021	2020
		\$000	\$000
ASSETS			
Current assets			
Cash and deposits	10	945	630
Receivables	12	400	545
Total current assets		1,345	1,175
TOTAL ASSETS		1,345	1,175
LIABILITIES			
Current liabilities			
Payables	13	73	23
Provisions	14	103	137
Total current liabilities		176	160
TOTAL LIABILITIES		176	160
NET ASSETS		1,169	1,015
EQUITY			
Capital		570	570
Accumulated funds		599	445
TOTAL EQUITY		1,169	1,015

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 2021

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$'000	\$'000	\$'000	\$'000
2020-21					
Accumulated funds		445	154	-	599
		445	154	-	599
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		1,015	154	-	1,169
2019-20					
Accumulated funds		332	113	-	445
		332	113	-	445
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		902	113	-	1,015

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 2021

	Note	2021	2020
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Appropriation			
Output		3,088	3,053
Receipts from sales of goods and services		2,630	2,724
Total operating receipts		5,718	5,777
Operating payments			
Payments to employees		(1,039)	(984)
Payments for goods and services		(4,364)	(4,736)
Total operating payments		(5,403)	(5,720)
Net cash from operating activities	11	315	57
Net increase in cash held		315	57
Cash at beginning of financial year		630	573
CASH AT END OF FINANCIAL YEAR	10	945	630

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 2021

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NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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 by, and is dependent upon, the receipt of Parliamentary appropriations in accordance with the provisions of the *Appropriation (2020-21) Act 2020*.

These financial statements report on all funds that were controlled by the Office during the year and through which the Office was able to perform its functions and deliver the outputs specified in the Budget Papers.

For reporting purposes, outputs delivered by the Office are summarised into two output groups: Audits and Reviews; and Corporate and Governance.

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

2. Statement of significant 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 the Office's financial statements include:

- (i) a certification of the financial statements;
- (ii) a comprehensive operating statement;
- (iii) a balance sheet;
- (iv) a statement of changes in equity;
- (v) a cash flow statement; and
- (vi) 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.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Statement of significant accounting policies cont.

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.

Standards and interpretations effective from 2020-21

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

Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2020-21.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

c) 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.

d) 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.

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 21 – Schedule of Administered Territory items. The Office did not manage any Territory items on behalf of government during the years ended 30 June 2020 and 30 June 2021.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Statement of significant accounting policies cont.

e) Comparatives

Where necessary, comparative information for the 2019-20 financial year has been reclassified to provide consistency with current year disclosures.

f) 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 \$500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

g) Changes in accounting policies

There have been no changes to accounting policies adopted in 2020-21 as a result of management decisions.

Changes in policies as a result of COVID-19 are disclosed in k) below.

h) Accounting judgments and estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. 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 judgments 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.

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

i) 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 2021

2. Statement of significant accounting policies cont.

j) Contributions by and distributions to government

The Office may receive contributions from government where the government is acting as owner of the Office. Conversely, the Office may make distributions to government. In accordance with the *Financial Management Act 1995* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, government. These designated contributions and distributions are treated by the Office as adjustments to equity.

The statement of changes in equity provides additional information in relation to contributions by, and distributions to, government.

k) Impact of COVID-19

COVID-19 did not have an impact on the financial statements of the Office.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. Comprehensive Operating Statement by Output Group

	Note	Audits and Reviews		Corporate and Governance		Total	
		2021	2020	2021	2020	2021	2020
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Appropriation							
Output	4	2,700	2,664	388	389	3,088	3,053
Sales of goods and services	5	2,090	2,307	-		2,090	2,307
Goods and services received free of charge	6	-		165	214	165	214
Other income		-		-	1	-	1
TOTAL INCOME		4,790	4,971	553	604	5,343	5,575
EXPENSES							
Employee expenses	7	(669)	(714)	(342)	(316)	(1,011)	(1,030)
Administrative expenses							
Property management		-	-	-	-	-	-
Purchases of goods and services	8	(3,967)	(4,145)	(46)	(73)	(4,013)	(4,218)
Repairs and maintenance		-	-	(1)	(1)	(1)	(1)
Other administrative expenses ⁽¹⁾		-	-	(164)	(213)	(164)	(213)
TOTAL EXPENSES		(4,636)	(4,859)	(553)	(603)	(5,189)	(5,462)
NET SURPLUS		154	112	-	1	154	113
COMPREHENSIVE RESULT		154	112	-	1	154	113

⁽¹⁾ Includes DCDD service charges.

The Comprehensive Operating Statement by output group is to be read in conjunction with the notes to the financial statements.

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 2021

4. Appropriation

	2021			2020		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Output	-	3,088	3,088	-	3,053	3,053
Total appropriation	-	3,088	3,088	-	3,053	3,053

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 appropriation payments do not have sufficiently specific performance obligations and are recognised on receipt of funds.

The Office does not receive Commonwealth appropriation.

5. Sales of goods and services

	2021			2020		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Sales of goods and services	-	2,090	2,090	-	2,307	2,307
Total sales of goods and services	-	2,090	2,090	-	2,307	2,307

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5. Sales of goods and services cont.

Sales of goods and services constitute recoveries of audit costs in relation to the audits of statutory entities. Revenue from rendering services is recognised by reference to the stage of completion of the audit. The revenue is recognised when:

- the amount of revenue, stage of completion 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.

Revenue from the recovery of audit costs by entity

	2021 \$000	2020 \$000
Batchelor Institute of Indigenous Tertiary Education	83	81
Board of the Museum and Art Gallery of the Northern Territory	15	14
Bridging the Gap Foundation	20	13
Cairns Business College Pty Ltd	-	31
Cairns Education Australia Pty Ltd	-	14
Cairns Language Centre Pty Ltd	-	33
CDU Amenities Limited	12	14
Central Australia Health Service	45	30
Charles Darwin University	158	174
Charles Darwin University Charitable Trust	-	6
Charles Darwin University Foundation	12	14
Cobourg Peninsula Sanctuary and Marine Park Board	21	18
Darwin Waterfront Corporation	40	44
Data Centre Services	29	23
Department of Corporate and Digital Development (formerly the Department of Corporate and Information Services)	-	113
Department of Health	25	17
Department of Infrastructure, Planning and Logistics	24	28
Department of Local Government, Housing and Community Development	6	6
Department of Treasury and Finance	8	19
Desert Knowledge Australia	22	26
ICHM Pty Ltd	-	28
Indigenous Essential Services Pty Ltd	114	79
Jacana Energy	165	128
Jabiru Town Development Authority	18	13

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5. Sales of goods and services cont.

Revenue from the recovery of audit costs by entity

	2021	2020
	\$000	\$000
Land Development Corporation	78	85
Legislative Assembly Members' Superannuation Fund	-	18
Menzies School of Health Research	69	88
Motor Accidents (Compensation) Commission	263	322
Nitmiluk (Katherine Gorge) National Park Board	20	21
Northern Territory Government and Public Authorities Employees' Superannuation Fund	-	24
Northern Territory Grants Commission	5	5
Northern Territory Legal Aid Commission	24	24
Northern Territory Major Events Company Pty Ltd	34	31
Northern Territory Treasury Corporation	71	72
NT Build	23	24
NT Fleet	45	71
NT Home Ownership	36	41
Office of the Public Trustee for the Northern Territory	28	27
Power and Water Corporation	334	265
Territory Generation	168	168
Territory Wildlife Parks	26	25
Top End Health Service	49	30
	2,090	2,307

6. Goods and services received free of charge

	2021	2020
	\$000	\$000
Corporate and information services	164	213
Repairs and maintenance	1	1
	165	214

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 are centralised and provided by the Department of Infrastructure, Planning and Logistics and form part of goods and services free of charge.

Some corporate and information services are centralised and provided by the Department of Corporate and Digital Development and form part of goods and services free of charge.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

7. Employee expenses

	2021 \$000	2020 \$000
The net surplus has been arrived at after charging the following		
Salaries ⁽¹⁾	769	762
Recreation Leave ⁽¹⁾	81	98
Superannuation ⁽²⁾	75	77
Payroll Tax	52	51
Other Benefits ⁽³⁾	16	13
Fringe Benefits Tax	14	11
Allowances ⁽⁴⁾	1	15
Recreation Leave Loading	3	3
Total	1,011	1,030

⁽¹⁾ The decrease in the net salaries and recreation leave of \$10,000 is due largely to employees taking leave entitlements that were accrued in the prior year.

⁽²⁾ Includes on-cost expenses.

⁽³⁾ Includes salary sacrifice on executive vehicles and superannuation.

⁽⁴⁾ Decrease due to prior year payment of higher duties allowance.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. Purchases of goods and services

	2021 \$000	2020 \$000
<hr/>		
The net surplus has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants ⁽¹⁾		
Authorised Auditors' fees (Non-recoverable audit costs)	1,849	1,838
Authorised Auditors' fees (Recoverable audit costs)	2,090	2,307
Total Consultants	<hr/> 3,939	<hr/> 4,145
Plus:		
Audit expense (NTAGO Financial Statements Audit)	12	11
Information technology charges and communications	22	23
Property management expenses	-	-
Motor vehicle expenses	10	15
Advertising ⁽²⁾	-	-
Marketing and promotion ⁽³⁾	-	-
Document production	-	-
Legal expenses ⁽⁴⁾	-	-
Recruitment ⁽⁵⁾	-	-
Training and study	6	3
Official duty fares	-	2
Travelling allowance	-	-
Other expenses	24	19
Total goods and services expenses	<hr/> 4,013	<hr/> 4,218

⁽¹⁾ Consultant expenses were for Authorised Auditors' fees during the current and prior year.

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

⁽³⁾ Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the consultants' category.

⁽⁴⁾ Includes legal fees, claim and settlement costs.

⁽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 2021

9. 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 2020 or 30 June 2021.

10. Cash and deposits

	2021 \$000	2020 \$000
Cash on hand	-	-
Cash at bank	945	630
	945	630

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

11. Cash flow reconciliation

Reconciliation of cash

The total of the Office's 'Cash and deposits' of \$945,500 recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

Reconciliation of liabilities arising from financing activities

The Office does not engage in any financing activities.

Non-cash financing and investing activities

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

Reconciliation of net surplus to net cash from operating activities

	2021 \$000	2020 \$000
Net surplus	154	113
<i>Non-cash items:</i>	-	-
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in receivables	146	(4)
Increase/(decrease) in payables	50	(93)
Increase/(decrease) in provision for employee benefits	(33)	41
(Decrease) in other provisions	(2)	-
Net cash from operating activities	315	57

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

12. Receivables

	2021 \$000	2020 \$000
Current		
Accounts receivable	228	440
Less: loss allowance	-	-
Prepayments	1	-
Other receivables	119	108
	<u>348</u>	<u>548</u>
GST receivables	52	(3)
Total receivables	<u>400</u>	<u>545</u>

Receivables include contract receivables, accounts receivable, accrued contract revenue and other receivables.

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

Accounts receivable 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.

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 receivables, contracts receivables and accrued contract 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 historical observed loss rates, adjusted to reflect current and forward-looking information. The Office recovers the costs related to a small number of audits undertaken in accordance with Commonwealth or Northern Territory legislation. Other receivables relate to goods and services tax. There have been no historical losses incurred upon which to base an expected loss rate. Assuming the recovery of 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 no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include a failure to make contractual payments for a period greater than 90 days past due.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

12. Receivables cont.

The Office's credit risk exposure has not changed as a result of COVID-19 as all receivables are due from NTG controlled or funded entities. To ease financial hardship faced by individuals and businesses as a result of the COVID-19, the Territory Government modified its debt recovery process and postponed the payment date for a number of regulatory fees and charges, however as the Northern Territory Auditor-General's Office does not generate revenue from regulatory fees and charges, the expected credit loss has not been affected.

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

	2021				2020			
	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^(a)								
Not overdue ⁽¹⁾	286	-	-	286	251 ^(b)	-	-	251 ^(b)
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables ⁽¹⁾	286	-	-	286	251	-	-	251
External receivables								
Not overdue ⁽¹⁾	61	-	-	61	297 ^(b)	-	-	297 ^(b)
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total external receivables ⁽¹⁾	61	-	-	61	297	-	-	297

⁽¹⁾ Total amounts disclosed exclude statutory amounts i.e. GST payable/receivable.

^(a) Internal receivables are from entities controlled by the NTG (entities listed in TAFR 2019-20 Note 45: Details of controlled entities at reporting date), whereas external receivables are from parties external to the Northern Territory Government.

^(b) Prior year results have been restated to consistently recognise the amounts inclusive of GST as reported in the Balance Sheet.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

12. Receivables cont.

Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

13. Payables

	2021 \$000	2020 \$000
Accounts payable	-	-
Accrued expenses	73	23
Total payables	73	23

Liabilities for accounts payable and other amounts payable are carried at 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.

14. Provisions

	2021 \$000	2020 \$000
Current		
Employee benefits		
Recreation leave	80	114
Leave loading	4	2
Other employee benefits ⁽¹⁾	19	21
Total provisions	103	137

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

The Office employed five employees as at 30 June 2021. There were four employees as at 30 June 2020 with the Manager Finance and Corporate Services position being vacant at that time and the recruitment process being finalised.

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, recreation leave, leave loading and other employee benefits. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. There are no non-current employee benefit liabilities.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. Provisions cont.

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 as such no long service leave liability is recognised in agency financial statements.

Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- Non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The Office makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and therefore not recognised in the Office's financial statements.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. Commitments

Disclosures are in relation to Authorised Auditor commitments. Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

Disclosures in relation to commitments are detailed below:

	2021		2020	
	Internal ^(a)	External ^(a)	Internal ^(a)	External ^(a)
	\$000	\$000	\$000	\$000
Authorised Auditor Commitments ^(b)				
The minimum legal commitment to audit firms for the remaining term of the current contract, is as follows:				
Within one year ⁽¹⁾	-	1,920	-	2,265
Later than one year and not later than five years ⁽¹⁾	-	2,879	-	-
Later than five years	-	-	-	-
	-	4,799	-	2,265

⁽¹⁾ Total amounts disclosed here include statutory amounts (GST)

^(a) Internal commitments reflect commitments with entities controlled by the Northern Territory Government, whereas external commitments reflect those third parties external to the Northern Territory Government.

^(b) 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 against the panel contract, which is executed every three years. The current contract was awarded in September 2020 following a Tier-5 procurement activity and is effective from 2 January 2021 to 1 January 2024.

16. 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.

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

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. Financial instruments cont.

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 Northern Territory Treasury Corporation who adopt strategies to minimise the risk. 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.

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		Amortised cost	Fair value through other comprehensive income	Total
	Mandatorily at fair value	Designated at fair value			
	\$000	\$000	\$000	\$000	\$000
2020-21					
Cash and deposits	-	-	945	-	945
Receivables ⁽¹⁾	-	-	347	-	347
Total financial assets	-	-	1,292	-	1,292
Payables ⁽¹⁾	-	-	-	-	-
Total financial liabilities	-	-	-	-	-
2019-20					
Cash and deposits	-	-	630	-	630
Receivables ⁽¹⁾	-	-	440 ^(a)	-	440 ^(a)
Total financial assets	-	-	1,070	-	1,070
Payables ⁽¹⁾	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

⁽¹⁾Total amounts disclosed exclude statutory amounts i.e. GST payable/receivable.

^(a) Prior year results have been restated to consistently recognise the amounts inclusive of GST as reported in the Balance Sheet.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. Financial instruments cont.

Categories of financial instruments

The Office's financial instruments are classified in accordance with *AASB 9 Financial Instruments*.

Financial assets are classified under the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL).

Financial liabilities are classified under the following categories:

- Amortised cost
- Fair value through profit and loss (FVTPL).

These classifications are based on the Office's business model for managing the financial assets and the contractual terms of the cash flows.

Financial instruments are reclassified when and only when the Office's business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 assets at fair value through other comprehensive income

Financial assets are classified at fair value through other comprehensive income when they are held by the Office to both collect contractual cash flows and sell the financial assets, and the contractual cash flows are solely payments of principal and interest.

These assets are initially and subsequently recognised at fair value. Changes in the fair value are recognised in other comprehensive income, except for the recognition of impairment gains or losses and interest income which are recognised in the operating result in the comprehensive operating statement. When financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the comprehensive operating statement.

For equity instruments elected to be categorised at FVOCI, changes in fair value recognised in other comprehensive income are not reclassified to profit or loss on de-recognition of the asset. Dividends from such instruments continue to be recognised in the comprehensive operating statement as other income when the Office's right to receive payments is established.

The Office does not have any financial assets under this category.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. Financial instruments cont.

Financial assets at fair value through profit or loss

Financial assets are classified at FVTPL where they do not meet the criteria for amortised cost or FVOCI. These assets are initially and subsequently recognised at fair value with gains or losses recognised in the net result for the year.

The Office does not have any financial assets under this category.

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.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at FVTPL when the liabilities are either held for trading or designated as FVTPL. Financial liabilities classified at FVTPL are initially and subsequently measured at fair value with gains or losses recognised in the net result for the year.

For financial liabilities designated at FVTPL, changes in the fair value of the liability attributable to changes in the Office's credit risk are recognised in other comprehensive income, while remaining changes in the fair value are recognised in the net result.

The Office does not have any financial liabilities under this category.

b) Credit risk

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 12.

c) Liquidity risk

Liquidity risk is the risk that 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 in the bank account 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 that one-off extraordinary expenditure items arise 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.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. Financial instruments cont.

2021 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	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

2020 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	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

d) 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.

e) 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 rates.

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

f) Price risk

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

g) 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 2021

17. 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 (KMP) including spouses, children and dependents;
- all public sector entities that are controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled by KMP's or controlled or jointly controlled by their close family members.

b) Key management personnel (KMP)

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 (KMP)

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

	2021	2020
	\$000	\$000
Short-term benefits	299	301
Post-employment benefits	22	21
Long-term benefits	-	-
Termination benefits	-	-
Total	321	322

d) Related party transactions with Northern Territory Government 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 2021

17. Related parties cont.

2021

Related party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
All NT Government departments	1,944	270	228	12

2020

Related party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
All NT Government departments	2,076	306	172	8

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.

Other related party transactions

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

18. Contingent liabilities and contingent assets

The Office had no contingent liabilities or contingent assets as at 30 June 2021 or 30 June 2020.

19. 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.

20. Accountable Officer's trust account

The Office does not maintain an Accountable Officer's Trust Account.

21. 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 Note 2(d)).

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

22. Budgetary information

	2020-21 Actual	2020-21 Original Budget ^(a)	Variance	Note
Comprehensive operating statement	\$000	\$000	\$000	
INCOME				
Appropriation				
Output	3,088	3,088	-	
Sales of goods and services	2,090	1,833	257	1
Goods and services received free of charge	165	163	2	
TOTAL INCOME	5,343	5,084	259	
EXPENSES				
Employee expenses	(1,011)	(1,072)	61	2
Administrative expenses				
Purchases of goods and services	(4,013)	(3,849)	(164)	3
Repairs and maintenance	(1)	(2)	1	
Other administrative expenses	(164)	(161)	(3)	
TOTAL EXPENSES	(5,189)	(5,084)	(105)	
NET SURPLUS	154	-	154	
COMPREHENSIVE RESULT	154	-	154	

^(a) Original budget amounts correspond to those disclosed in the NTG Budget 2020-21 BP3 Agency Budget Statements (November 2020), classified on a basis that is consistent with the presentation and classification adopted in the corresponding financial statement.

Notes:

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

- 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 Indigenous Essential Services Pty Ltd, Power and Water Corporation, Land Development Corporation, the Motor Accidents Compensation Commission and Top End Health Services, refer to Note 5 for further detail.
- Employee expenses were lower than budgeted due to employees taking leave entitlements which were accrued in the prior year.
- Purchases of goods and services exceeded budget reflecting the audit services delivered in excess of the scheduled audits planned for the year. Additional costs, valued at \$257,000 were recovered (refer Note 1 above) from audited entities. The audit plan also provided for a small contingency in the event that non-recoverable audit costs exceeded budget due to impacts from COVID-19 and machinery of government changes. This contingent circumstance did not eventuate resulting in the Office's net surplus and comprehensive result exceeding that anticipated in the budget.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

22. Budgetary information cont.

	2020-21 Actual	2020-21 Original Budget ^(a)	Variance	Note
Balance Sheet	\$000	\$000	\$000	
ASSETS				
Cash and deposits	945	630	315	
Receivables	399	543	(144)	1
Prepayments	1	-	1	
	1,345	1,173	172	
TOTAL ASSETS	1,345	1,173	172	
LIABILITIES				
Payables	73	21	52	2
Provisions	103	137	(34)	3
	176	158	18	
TOTAL LIABILITIES	176	158	18	
NET ASSETS	1,169	1,015	154	
EQUITY				
Capital	570	570	-	
Accumulated funds	599	445	154	
TOTAL EQUITY	1,169	1,015	154	

^(a) Original budget amounts correspond to those disclosed in the NTG Budget 2020-21 BP3 Agency Budget Statements (November 2020), classified on a basis that is consistent with the presentation and classification adopted in the corresponding financial statement.

Notes:

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

- 1 Receivables were lower than budgeted by \$0.143 million due to the timing variance in invoicing of recoverable audit fees.
- 2 Payables represent accrued expenses at year end and were higher than budgeted by \$0.052 million. Expenses were accrued for invoices outstanding which related to recoverable audit costs, accrued employee expenses and the audit fees accrued for the audit of the Office for the year ended 30 June 2021.
- 3 Provisions represent the recognition of employee related expenses as at 30 June 2021, which are less than anticipated due to staff taking leave entitlements which were accrued in the prior year.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

22. Budgetary information cont.

	2020-21 Actual	2020-21 Original Budget ^(a)	Variance	Note
Cash flow statement	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Appropriation				
Output	3,088	3,088	-	
Receipts from sales of goods and services	2,630	1,833	797	1
Total operating receipts	5,718	4,921	797	
Operating payments				
Payments to employees	(1,039)	(1,072)	33	
Payments for goods and services	(4,364)	(3,849)	(515)	2
Total operating payments	(5,403)	(4,921)	(482)	
Net cash from operating activities	315	-	315	
Net increase in cash held	315	-	315	
Cash at beginning of financial year	630	630	-	
CASH AT END OF FINANCIAL YEAR	945	630	315	

^(a) Original budget amounts correspond to those disclosed in the NTG Budget 2020-21 BP3 Agency Budget Statements (November 2020), classified on a basis consistent with the presentation and classification adopted in the corresponding financial statement.

Notes:

- 1 Represents receipt of recoverable audit fees attributable to the current and prior year in excess of the budgeted value. Recoverable audit fees were \$257,000 higher than budgeted during the year. Receivables as at 30 June 2020 (receipted in the current year) were higher than budgeted and, as at 30 June 2021 were lower than budgeted due to variances in timing of invoicing and collection of invoiced amounts. Receipts are reported inclusive of GST in accordance with Australian Accounting Standards.
- 2 Higher payments for goods and services for additional audit costs (exceeding budgeted amounts) arising as a result of complexities associated with the audits. The reported payments are inclusive of GST in accordance with Australian Accounting Standards.

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Abbreviations list

AASB	Australian Accounting Standards Board
ACAG	Australian Council of Auditors-General
AP	Accounts Payable
AR	Accounts Receivable
ARW	Accounts Receivable Wizard
ATO	Australian Taxation Office
CEO	Chief Executive Officer
CSS	Commonwealth Superannuation Scheme
DCDD	Department of Corporate and Digital Development
DCDD FOC	Department of Corporate and Digital Development, services received free of charge
EIMS	Electronic Invoice Management System
FTE	Full time equivalent employee
FVTPL	Fair Value Through Profit and Loss
GAS	Government Accounting System
KPI	Key Performance Indicator
LTF	Ledger Transfer Facility
MOG	Machinery of Government
NIPS	Non-Invoice Payment System
NTAGO	Northern Territory Auditor-General's Office
NTG	Northern Territory Government
NTGPASS	Northern Territory Government and Public Authorities Superannuation Scheme
NTPS	Northern Territory Public Sector
NTTC	Northern Territory Treasury Corporation
OCPE	Office of the Commissioner for Public Employment
PAC	Public Accounts Committee
SLA	Service Level Agreement
TRM	Territory Records Manager
WHS	Work Health and Safety