

INDEPENDENT AUDITOR'S REPORT

TO THE CHIEF MINISTER OF THE NORTHERN TERRITORY AND THE AUDITOR-GENERAL FOR THE NORTHERN TERRITORY

We have audited the accompanying financial report of the Northern Territory Auditor-General's Office, which comprised the balance sheet as at 30 June 2016, the comprehensive operating statement, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements.

Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Financial Management Act* and Treasurer's Directions. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Accounting Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

We have conducted an independent audit of the financial report in order to express an opinion on it to the Chief Minister of the Northern Territory and the Auditor-General for the Northern Territory.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate to the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Opinion

In our opinion the financial report of the Northern Territory Auditor-General's Office is in accordance with the *Financial Management Act* and Treasurer's Directions, including:

- (i) Giving a true and fair view of the Entity's financial position as at 30 June 2016 and of its performance and its cash flows for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

MGI ASSURANCE (SA) PTY LTD



Clayton Lawrence
Director

Eastwood, South Australia

Dated this 13th September 2016

**NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
FINANCIAL REPORT**

PRESCRIBED FORMAT OF AGENCY FINANCIAL STATEMENTS

Consistent with the requirements of Treasurer's Directions Section R2.1 this Appendix provides agencies with the prescribed format for agency financial statements for 2015-16 and future financial years (unless amended).

Although the prescribed format has been developed to cover a wide range of agency circumstances and situations, in some situations agencies may need to include additional financial information and/or disclosures. Treasurer's Directions Section R2.1 and this Appendix provide this flexibility in certain circumstances. In this regard, agencies should refer to italicised comments within the prescribed format.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE FINANCIAL REPORT

FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2016

The Northern Territory Auditor-General's Office (the Office) provides support to the Auditor-General in the discharge of statutory obligations under the *Audit Act* and the *Public Information Act*.

That support includes:

- the conduct of field work as part of examining financial information prepared by the Treasurer, agencies, statutory bodies and other public sector entities that report to the Legislative Assembly;
- the conduct of performance management and information system audits;
- operational support in areas such as financial, information technology and records management; and
- the conduct of reviews of public information issued by Public Authorities.

Strategic issues facing the Office in 2015/16 included:

- balancing the expectations of the Legislative Assembly and requirements imposed by legislation; and
- extending the scope of audit activity to include a greater emphasis on performance management system audits.
- undertaking reviews as required in accordance with the *Public Information Act*.

Comparison of the 2015/16 financial results to the prior year provides the following observations.

- The net assets of the Office increased by \$0.229M from \$0.270M to \$0.499M for the year, reflecting the surplus shown on the Comprehensive Operating Statement, and the equity injection shown on Statement of Changes in Equity. When compared to the prior year, cash balances decreased by \$0.129M, receivables increased by \$0.443M and provisions increased by \$0.070M. The increase in accounts receivable is due to outstanding recoverable audit charges at the end of financial year. The increase in provisions is attributable, to recognition of entitlements of staff transferred to the Office together with unused leave entitlements in this financial year.
- The operating surplus for the year of \$0.029M resulted from additional recoverable revenue received.
- Actual income related to recoverable charges increased by \$0.123M compared to the revised budgeted amount of \$2.037M as a result of additional recoverable revenue collected through audit charges for the 2015/16 financial year. Actual income of \$5.566M was 1% more than the budgeted amount of \$5.493M. The difference between actual to budget resulted from changes to the audit program after the commencement of the audit program during the financial period.
- Total expenses for the period amounted to \$5.537M compared to the previous year of \$4.411M, approximately 1% over the approved budget of \$5.493M. The increase of \$1.126M was largely attributable to the changes to the audit program after the establishment of the audit timetable, and increases to the costs of outsourced audit services.

**NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
FINANCIAL REPORT**

	Original Budget 2015/16 BP3	Revised Budget 2015/16	Actual 2015/16	Actual 2014/15
		\$000	\$000	
INCOME				
Appropriation				
Output	3,178	3,178	3,178	3,675
Sales of goods and services (audit costs recovered)	1,450	2,037	2,160	589
	278	278	228	237
	4,906	5,493	5,566	4,501
EXPENSES				
Employee expenses	(896)	(896)	(992)	(861)
Administrative expenses				
Purchases of goods and services	(3,730)	(4,317)	(4,315)	(3,313)
Repairs and maintenance	(2)	(2)	(2)	-
Other administrative expenses	(278)	(278)	(228)	(237)
TOTAL EXPENSES	(4,906)	(5,493)	(5,537)	(4,411)
NET SURPLUS/(DEFICIT)	-	-	29	90
ASSETS				
Cash and deposits	291	356	228	357
Receivables	89	41	484	41
Prepayments	1	1	-	1
TOTAL ASSETS	381	398	712	399
LIABILITIES				
Payable	40	48	62	48
Provisions	150	80	151	81
TOTAL LIABILITIES	190	128	213	129
NET ASSETS	191	270	499	270
EQUITY				
Capital	370	370	570	370
ACCUMULATED FUNDS	(179)	(100)	(71)	(100)
TOTAL EQUITY	191	270	499	270

**NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
FINANCIAL REPORT**

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Northern Territory Auditor-General's Office have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* 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 2016 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 all employees observe the provisions of the *Financial Management Act*, 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*;
- 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*, 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 the Treasurer's Directions;
- f) all Employment Instructions issued by the Commissioner for Public Employment have been satisfied in all material respects, and in particular, the Code of Conduct; and
- g) the Office is working in compliance with section 131 of the Information Act.



Signed:

Julie Crisp

Auditor-General for the Northern Territory

6 September 2016



Signed:

Ramkumar Konesparamoorthy

A/Business Manager

6 September 2016

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$000	2015 \$000
INCOME			
Appropriation			
Output		3,178	3,675
Sales of goods and services (audit costs recovered)	4	2,160	589
Goods and services received free of charge	5	228	237
TOTAL INCOME	3	5,566	4,501
EXPENSES			
Employee expenses	6	(992)	(861)
Administrative expenses			
Purchases of goods and services	7	(4,315)	(3,313)
Repairs and maintenance		(2)	-
Other administrative expenses	5	(228)	(237)
TOTAL EXPENSES	3	(5,537)	(4,411)
NET SURPLUS/(DEFICIT)		29	90
COMPREHENSIVE RESULT		29	90

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 2016

	Note	2016 \$000	2015 \$000
ASSETS			
Current Assets			
Cash and deposits	8	228	357
Receivables	9	484	41
Prepayments			1
Other assets			-
Total Current Assets		712	399
TOTAL ASSETS		712	399
LIABILITIES			
Current Liabilities			
Payables	10	62	48
Provisions	11	103	73
Total Current Liabilities		165	121
Non-Current Liabilities			
Provisions	11	48	8
Total Non-Current Liabilities		48	8
TOTAL LIABILITIES		213	129
NET ASSETS		499	270
EQUITY			
Capital		570	370
Accumulated funds		(71)	(100)
TOTAL EQUITY		499	270

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 2016

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2015-16					
Accumulated Funds		(100)	29	-	(71)
		(100)	29		(71)
Capital – Transactions with Owners					
Equity injections					
Capital appropriation		26	-	-	26
Equity transfers in		53	-	-	53
Other equity injections	12	601	-	200	801
Equity withdrawals					
Capital withdrawal		(310)	-	-	(310)
Equity transfers out		-	-	-	-
		370	-	200	570
Total Equity at End of Financial Year		270	29	200	499
2014-15					
Accumulated Funds		(190)	90	-	(100)
Capital – Transactions with Owners					
Equity injections					
Capital appropriation		26	-	-	26
Equity transfers in		53	-	-	53
Other equity injections		601	-	-	601
Equity withdrawals					
Capital withdrawal		(310)	-	-	(310)
		370	-	-	370
Total Equity at End of Financial Year		180	90	-	270

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 2016

	Note	2016 \$000	2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Appropriation			
Output		3,178	3,675
Receipts from sales of goods and services		2,140	966
Total Operating Receipts		5,318	4,641
Operating Payments			
Payments to employees		(943)	(927)
Payments for goods and services		(4,704)	(3,648)
Total Operating Payments		(5,647)	(4,575)
Net Cash From/(Used in) Operating Activities	13	(329)	66
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Equity injections			
Capital appropriation		-	-
Other equity injections		200	-
Total Financing Receipts		200	-
Net Cash From/(Used in) Financing Activities		200	-
Net increase/(decrease) in cash held		(129)	66
Cash at beginning of financial year		357	291
CASH AT END OF FINANCIAL YEAR	8	228	357

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 2016

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

Note

1. Objectives and Funding
2. Statement of Significant Accounting Policies
3. Comprehensive Operating Statement by Output Group
- INCOME**
4. Sales of Goods and Services (Audit Costs Recovered)
5. Goods and Services Received Free of Charge
- EXPENSES**
6. Employee Expenses
7. Purchases of Goods and Services
- ASSETS**
8. Cash and Deposits
9. Receivables
- LIABILITIES**
10. Payables
11. Provisions
- EQUITY**
12. Equity Injection
- OTHER DISCLOSURES**
13. Notes to the Cash Flow Statement
14. Financial Instruments
15. Commitments
16. Contingent Liabilities and Contingent Assets
17. Events Subsequent to Balance Date
18. Accountable Officer's Trust Account
19. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments
20. Schedule of Administered Territory Items
21. Budgetary Information

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1.OBJECTIVES AND FUNDING

The Northern Territory Auditor-General's Office (the Office) is an Agency established under Administrative Arrangements Order 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* 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 Act*.

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.

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* and related Treasurer's Directions. The *Financial Management Act* requires the Office to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements is to 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.

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

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The following new and revised accounting standards and interpretations were effective for the first time in 2015-16:

AASB 1048 Interpretation of Standards This reflects amended versions of Interpretations arising in relation to amendments to AASB 9 Financial Instruments and consequential amendments arising from the issuance of AASB 15 Revenue from Contracts with Customers. The standard does not impact the financial statements.

AASB 2013-9 Amendments to Australian Accounting Standards [Part C Financial Instruments] Part C of this Standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge accounting and makes consequential amendments to AASB 9 and numerous other Standards. The standard does not impact the financial statements.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010). These amendments arise from the issuance of AASB 9 Financial Instruments in December 2014. The standard does not impact the financial statements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality The standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the standard to effectively be withdrawn. The standard does not impact the financial statements.

AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent Amendments are made to AASB 128 Investments in Associates and Joint ventures to require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities. The standard does not impact the financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E - Financial Instruments) Part E of this Standard defers the application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. The standard does not impact the financial statements.

The following standards and interpretations are likely to have an insignificant impact on the financial statements for future reporting periods, but the exact impact is yet to be determined:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018
AASB 1056 Superannuation Entities	1 July 2016

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 14 Regulatory Deferral Accounts	1 January 2016
AASB 1057 Application of Accounting Standards	1 January 2016
AASB 2014-1 Amendments to Australian Accounting Standards [Part D Consequential arising from AASB 14 Regulatory Deferral Accounts]	1 January 2016
AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]	1 January 2016
AASB 2014-16 Amendments to Australian Accounting Standards - Agriculture: Bearer Plants [AASB 101, 116, 117, 123, 136, 140 and 141]	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception [AASB 10, 12 and 128]	1 January 2016
AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, 133 and 1057]	1 January 2016
AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards- Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017
2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017
AASB 9 Financial Instruments	1 January 2018
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	1 January 2018
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and AASB 138]	1 January 2016
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 and 128]	1 January 2016

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The following standards and interpretations are expected to have a potential impact on the financial statements for future reporting periods:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 and 1049]	1 July 2016	New note disclosure to include remuneration of Key Management Personnel (KMP) and related party transactions.
AASB 16 Leases	1 January 2019	Reclassification of operating leases greater than 12 months to finance lease reporting requirements
AASB 15 Revenue from Contracts with Customers	1 January 2018	Requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	Amends the measurement of trade receivables and the recognition of dividends.
AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-14 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 and 140]	1 January 2016	The amendments include AASB 5 change in methods of disposal; AASB 7 Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; AASB 119 Discount rate: regional market issue and AASB 134 Disclosure of information elsewhere in the interim financial.

c) Reporting Entity

The financial statements also serve to meet the Office's reporting requirements to prepare financial statements in accordance with section 27 of the Audit Act and present the financial statements for audit. The principal place of business of the Office is Level 12, 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 agency (Territory items). Territory items are recognised and recorded in the Central Holding Authority as discussed below.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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

The Central Holding Authority 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 agency's financial statements. The Office is not accountable for any Territory items managed on behalf of Government, as disclosed in Note 20 – Schedule of Administered Territory Items.

e) Comparatives

Where deemed necessary, comparative information for the 2014-15 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 2015-16 as a result of management decisions.

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. Notes that include significant judgments and estimates are:

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

- Employee Benefits – Note 2(t) and Note 11: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Allowance for Impairment Losses – Note 2(q), Note 9: Receivables and Note 14: Financial Instruments. Where applicable, the allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.

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.

j) Income Recognition

Income encompasses both revenue and gains. Income is recognised at the fair value of the consideration received, exclusive of the amount of GST.

Appropriation

Output appropriation is the operating payment to each agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation. The Office does not receive Commonwealth appropriation.

Revenue in respect of appropriations is recognised in the period in which the Office gains control of the funds.

Rendering of Services

Revenue from rendering services constitutes 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 contract. 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.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Goods and Services Received Free of Charge

Goods and services received free of charge are recognised as revenue when a fair value can be reliably determined and the resource would have been purchased if it had not been provided free of charge. Use of the resource is recognised as an expense equal to the value of the recorded revenue.

k) Repairs and Maintenance Expense

Funding is received for repairs and maintenance works associated with agency assets as part of output appropriation. Costs associated with repairs and maintenance works on agency assets are expensed as incurred.

l) Depreciation and Amortisation Expense

All depreciable assets controlled by the Office were fully depreciated at the commencement of the 2011 financial year and the assets were subsequently written off. The Office does not currently hold depreciable or amortisable assets and therefore did not record any depreciation or amortisation during the reporting period.

m) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account (AOTA) that are ultimately payable to the beneficial owner to the extent such monies are held. The Office has no monies held in the Accountable Officer's Trust Account, refer also to Note 18.

n) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. Analysis of the age of the receivables that are past due as at the reporting date is disclosed in an aging schedule under credit risk in Note 14 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

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

o) 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. Prepayments, as they relate to the Office, are limited to subscriptions and travel expenses where payment is made in advance.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

p) Property, Plant and Equipment
Acquisitions

All items of property, plant and equipment with a cost, or other value, equal to or greater than \$10 000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the \$10 000 threshold are expensed in the year of acquisition.

The Office had no property, plant and equipment acquisitions during the reporting period.

q) Revaluations and Impairment
Revaluation of Assets

The Office held only financial assets during the period of consideration; it did not purchase or own any non-financial assets during this time and was not required to revalue assets.

Impairment of Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible agency assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the agency determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus.

The Office held only financial assets during the period of consideration, none of which were assessed as impaired. It did not purchase or own any non-financial assets during this time and was therefore not required to impair any non-financial assets in accordance with this note.

r) Leased Assets

Leases under which the agency assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Finance Leases

The Office was not a party to any finance lease arrangements in the reporting period.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

The Office has one operating lease that requires monthly payments over a period of five years. Payments commenced in December 2015 and will conclude in December 2020 (refer Note 15).

s) Payables

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 agency. Accounts payable are normally settled within 30 days.

t) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of 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. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the Government long-term bond rate.

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, sick 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 those of the Office and consequently no long service leave liability is recognised in agency financial statements.

u) 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.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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 as such are not recognised in agency financial statements.

v) Contributions by and Distributions to Government

The Office may receive contributions from Government where the Government is acting as owner of the agency. Conversely, the agency may make distributions to Government. In accordance with the *Financial Management Act* 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 agency as adjustments to equity.

The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, Government.

w) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 15.

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

x) 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 agency becomes a party to the contractual provisions of the financial instrument. The Office's financial instruments constituted only cash and deposits; receivables; payables; and advances received during the periods to which this report relates.

Exposure to interest rate risk, credit risk, price risk and liquidity risk arise in the normal course of activities.

Classification of Financial Instruments

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL); and
- financial liabilities at amortised cost.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL. The Office holds no financial instruments classified as at FVTPL.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

For details refer to Note 2 (n).

Available-for-Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. The Office had no available-for-sale financial assets at 30 June 2016 or at any time during the periods reported.

Financial Liabilities at Amortised Cost

Financial instrument liabilities measured at amortised cost include all advances received, finance lease liabilities and borrowings. Amortised cost is calculated using the effective interest method. The Office had no financial instrument liabilities at 30 June 2016 or at any time during the periods reported.

Note 14 provides additional information on financial instruments.

y) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the agency include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

unique characteristics/functionality of assets/liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

The Office had no non-financial assets at 30 June 2016 or at any time during the periods reported.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

3.COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Audits and Reviews ⁽¹⁾		Corporate and Governance ⁽¹⁾		Total	
		2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾	2016	2015
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Appropriation							
Output		2,806	3,346	372	329	3,178	3,675
Sales of goods and services		2,160	589	-	-	2,160	589
Goods and services received free of charge	5	-	-	228	237	228	237
TOTAL INCOME		4,966	3,935	600	566	5,566	4,501
EXPENSES							
Employee expenses		(675)	(600)	(317)	(261)	(992)	(861)
Administrative expenses							
Purchases of goods and services	7	(4,262)	(3,245)	(53)	(68)	(4,315)	(3,313)
Repairs and maintenance		-	-	(2)	-	(2)	-
Other administrative expenses		-	-	(228)	(237)	(228)	(237)
TOTAL EXPENSES		(4,937)	(3,845)	(600)	(566)	(5,537)	(4,411)
NET SURPLUS/(DEFICIT)		29	90	-	-	29	90
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified to net surplus/deficit							
Changes in accounting policies		-	-	-	-	-	-
Correction of prior period errors		-	-	-	-	-	-
Changes in asset revaluation surplus		-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-
COMPREHENSIVE RESULT		29	90	-	-	29	90

(1) Prior year allocation between output groups has been restated to reflect accurate allocation of cost. Net results remain the same.

This Comprehensive Operating Statement by output group 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 2016

	2016	2015
	\$000	\$000
4.SALES OF GOODS AND SERVICES		
AUDIT COSTS RECOVERED		
Batchelor Institute of Indigenous Tertiary Education	67	67
Board of the Museum and Art Gallery of the Northern Territory	20	-
CDU Amenities Limited	6	-
Central Australia Health Service	30	-
Charles Darwin University	140	171
Charles Darwin University Foundation	8	-
Cobourgh Peninsula Sanctuary and Marine Park Board	14	-
Darwin Bus Service	15	-
Darwin Port Corporation	52	-
Darwin Waterfront Corporation	41	-
Data Centre Services	18	-
Department of Business	19	17
Department of Health	26	24
Department of Local Government and Community Services	9	8
Department of Transport	16	38
Department of Treasury and Finance	9	9
Desert Knowledge Australia	21	4
Indigenous Essential Services Pty Ltd	181	-
Jabiru Town Development Authority	9	-
Jacana Energy	118	-
Land Development Corporation	50	-
Menzies School of Health Research	45	48
Motor Accidents (Compensation) Commission	131	-
Nitmiluk (Katherine Gorge) National Park Board	16	-
Northern Territory Grants Commission	4	-
Northern Territory Build Statutory Corporation	-	17
Northern Territory Legal Aid Commission	18	17
Northern Territory Major Events Company Pty Ltd	27	26
Northern Territory Treasury Corporation	73	-
NT Build	18	-
NT Fleet	34	-
NT Home Ownership	45	-
Office of the Public Trustee for the Northern Territory	30	-
Power and Water Corporation	681	37
Surveyors Board of the Northern Territory of Australia	7	-
Territory Generation	110	-
Territory Wildlife Parks	20	-
Top End Health Service	32	-
Territory Insurance Office	-	67
WaterFront Statutory Corporation	-	39
	2,160	589

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

5. GOODS AND SERVICES RECEIVED FREE OF CHARGE

Corporate and information services	228	237
	228	237

Services provided by the Department of Corporate and Information Services. The service charges are recognised within 'Other administrative expenses'.

6. EMPLOYEE EXPENSES

The net surplus/(deficit) has been arrived at after charging the following expenses:

Personnel expenses:

Salaries	711	635
Recreation Leave	116	87
Superannuation ⁽¹⁾	90	73
Payroll Tax ⁽²⁾	58	45
Higher Duties Allowance	-	9
Other Benefits ⁽³⁾	6	8
Fringe Benefit Tax	9	3
Allowances	-	1
Recreation Leave Loading	2	-
	992	861

1. Includes voluntary salary sacrifice and compulsory superannuation contributions

2. Includes on-costs expense

3. Includes salary sacrifice fees and vehicle contributions.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	2016	2015
	\$000	\$000

7. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following expenses:

Goods and services expenses:

Authorised Auditors' fees	4210	3,216
Audit expense	10	14
Training and study	3	5
Official duty fares	2	3
Consultants ⁽¹⁾	27	1
Advertising ⁽²⁾	-	1
Recruitment ⁽³⁾	-	-
Relocation expenses	-	10
Motor vehicle expenses	11	14
Property expenses	14	9
Information technology and communication expenses	23	24
Other expenses	15	16
	4,315	3,313

⁽¹⁾ Includes marketing, promotion and IT consultants.

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

⁽³⁾ Includes recruitment-related advertising costs.

8. CASH AND DEPOSITS

Cash on hand	-	-
Cash at bank	228	357
	228	357

9. RECEIVABLES

Current

Accounts receivable	386	14
Less: Allowance for impairment losses	-	-
Accrued Revenue	84	-
GST receivables	14	27
Total Receivables	484	41

10. PAYABLES

Accounts payable	2	1
Accrued expenses	60	47
Total Payables	62	48

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	2016	2015
	\$000	\$000
11. PROVISIONS		
Current		
<i>Employee benefits</i>		
Recreation leave	69	54
Leave loading	4	4
Other employee benefits ⁽¹⁾	30	15
Total current Provisions	103	73
Non-Current		
<i>Employee benefits</i>		
Recreation Leave	48	8
Total Non- Provisions	48	8
Total Provisions	151	81

The Agency employed 5 employees as at 30 June 2016 (5 employees as at 30 June 2015).

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

12. EQUITY INJECTION

Equity Injection	200	-
Equity Injection	200	-

On 30 June 2016, the Northern Territory Government injected \$200,000 into the Office to ensure sufficient funds were available to meet cash payments in the event that anticipated cash receipts were not received prior to year end.

These funds are due to be returned to the Northern Territory Government via an equity withdrawal during the financial year ending 30 June 2017.

13. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of agency 'Cash and deposits' of \$228,000 recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.	228	357
---	-----	-----

Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities

Net Surplus/(Deficit)	29	90
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	(443)	48
Decrease/(Increase) in prepayments	-	(1)
(Decrease)/Increase in payables	14	(1)
(Decrease)/Increase in other provisions	72	(70)
Net Cash from Operating Activities	(328)	66

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

14. 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 instruments held by the Office include cash and deposits, receivables, payables and finance leases. The Office has limited exposure to financial risks as discussed below.

a) Categorisation of Financial Instruments

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

2015-16 Categorisation of Financial Instruments

	Designated at fair value	Financial assets - Loans and receivables	Financial Liabilities - amortised cost	Total
	\$000	\$000	\$000	\$000
Cash and deposits	228	-	-	228
Receivables	-	386	-	386
Total Financial Assets	228	386	-	614
Payables	-	-	2	2
Total Financial Liabilities	-	-	2	2

2014-15 Categorisation of Financial Instruments

	Designated at fair value	Financial assets - Loans and receivables	Financial Liabilities - amortised cost	Total
	\$000	\$000	\$000	\$000
Cash and deposits	357	-	-	357
Receivables	-	14	-	14
Total Financial Assets	357	14	-	371
Payables	-	-	1	1
Total Financial Liabilities	-	-	1	1

a) 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 agency's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and ageing analysis of receivables is presented below.

Internal Receivables	Ageing of Receivables \$000	Ageing of Impaired Receivables \$000	Net Receivables \$000
2015-16			
Not overdue	386	-	386
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	386	-	386

Reconciliation of the Allowance for Impairment Losses

Opening	-
Written off during the year	-
Recovered during the year	-
Increase/(Decrease) in allowance recognised in profit or loss	-
Total	-

2014-15

Not overdue	-	-	-
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	-	-	-

Reconciliation of the Allowance for Impairment Losses

Opening	-
Written off during the year	-
Recovered during the year	-
Increase/(Decrease) in allowance recognised in profit or loss	-
Total	-

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

External Receivables	Aging of Receivables \$000	Aging of Impaired Receivables \$000	Net Receivables \$000
2015-16			
Not overdue	-	-	-
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	-	-	-

Reconciliation of the Allowance for Impairment Losses

Opening	-
Written off during the year	-
Recovered during the year	-
Increase/(Decrease) in allowance recognised in profit or loss	-
Total	-

2014-15

Not overdue	14	-	14
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	14	-	14

Reconciliation of the Allowance for Impairment Losses

Opening	-
Written off during the year	-
Recovered during the year	-
Increase/(Decrease) in allowance recognised in profit or loss	-
Total	-

b) Liquidity Risk

Liquidity risk is the risk that the agency will not be able to meet its financial obligations as they fall due. The Office's approach to managing liquidity is to ensure that there is always sufficient liquidity to meet its liabilities when they fall due.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

The following tables detail the agency's remaining contractual maturity for the Office's financial assets and liabilities.

2016 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non-Interest Bearing	Total	Weighted Average
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%
Assets									
Cash and deposits	-	-	-	-	-	-	228	228	
Receivables	-	-	-	-	-	-	400	400	
Total Financial Assets	-	-	-	-	-	-	628	628	
Liabilities									
Payables	-	-	-	-	-	-	2	2	
Total Financial Liabilities	-	-	-	-	-	-	2	2	

2015 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non-Interest Bearing	Total	Weighted Average
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%
Assets									
Cash and deposits	-	-	-	-	-	-	357	357	0%
Receivables	-	-	-	-	-	-	41	41	0%
Total Financial Assets	-	-	-	-	-	-	398	398	-
Liabilities									
Payables	-	-	-	-	-	-	1	1	0%
Total Financial Liabilities	-	-	-	-	-	-	1	1	-

c) 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

(i) Interest Rate Risk

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

(ii) Price Risk

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

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

(iii) 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.

d) Net Fair Value

The fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost.

2016		2015	
Internal	External	Internal	External
\$000	\$000	\$000	\$000

15. COMMITMENTS

(i) Authorised Auditor Commitments

The model under which the NTAGO 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. A number of firms are appointed against the contract, which is executed every three years. The current contract will expire on 31 December 2017. The minimum legal commitment to accounting firms for the remaining term of the current contract, is as follows:

Within one year	-	2,334	-	2,334
Later than one year and not later than five years	-	1,168	-	3,502
Later than five years	-	-	-	-
	-	3,502	-	5,836

Note: - Contract from 1/01/15 to 31/12/17 - with rate increases based on CPI 1st January each year. 1. At the conclusion of the 2015 Financial Period, the Office re-valued its contract commitment with the Audit firms to reflect the terms of the contract ex CPI). As CPI is not known, escalation value is not applied. The calculation is based therefore on the actual split of the costs/hours of the audit contract across the 3 year period. The hours/costs of the contract are considered the minimum commitment, regardless of what the actual structure of the audit program becomes. The actual practice of the Office is to allocate in each period, more than the minimum required against the contract. Accordingly, the revised commitment figures reflect the minimum contractual agreement with the firms.

(ii) Operating Lease Commitments

The Office previously held a lease for a photocopier with Darwin Office Technology. This lease expired on 15 December 2015. From January 2016 the office has held a lease for a multifunction device. Payments are made to the Department of Corporate Information Services for application across government contracts. Future operating lease commitments not recognised as liabilities are payable as follows:

Within one year	-	2	-	1
Later than one year and not later than five years	-	7	-	-
Later than five years	-	-	-	-
	-	9	-	1

(a) External commitments are to third parties external to the NTG.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Office had no contingent liabilities or contingent assets as at 30 June 2016 or 30 June 2015.

17. 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.

18. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

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

19. WRITE-OFFS, POSTPONEMENTS, WAIVERS, GIFTS AND EX GRATIA PAYMENTS

	Agency 2016		Agency 2015	
	\$000	No. of Trans	\$000	No. of Trans
Write-offs, Postponements and Waivers Under the <i>Financial Management Act</i>	-	-	-	-
Represented by:				
<i>Amounts written off, postponed and waived by Delegates</i>	-	-	-	-
Total Written Off, Postponed and Waived by Delegates	-	-	-	-
<i>Amounts written off, postponed and waived by the Treasurer</i>	-	-	-	-
Total Written Off, Postponed and Waived by the Treasurer	-	-	-	-
Write-offs, Postponements and Waivers Authorised Under Other Legislation	-	-	-	-
Gifts Under the <i>Financial Management Act</i>	-	-	-	-
Gifts Authorised Under Other Legislation	-	-	-	-
Ex Gratia Payments Under the <i>Financial Management Act</i>	-	-	-	-

20. SCHEDULE OF ADMINISTERED TERRITORY ITEMS

The Office managed no 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 2016

21. BUDGETARY INFORMATION

Comprehensive Operating Statement	2015-16 Actual	2015-16 Original Budget ^(a)	Variance	Note
	\$000	\$000	\$000	
INCOME				
Appropriation				
Output	3,178	3,178	-	
Sales of goods and services	2,160	1,450	710	1
Goods and services received free of charge	228	278	(50)	2
TOTAL INCOME	5,566	4,906	660	
EXPENSES				
Employee expenses	(992)	(896)	(96)	3
Administrative expenses				
Purchases of goods and services	(4,315)	(3,730)	(585)	4
Repairs and maintenance	(2)	(2)	-	
Other administrative expenses	(228)	(278)	50	2
TOTAL EXPENSES	(5,537)	(4,906)	(631)	
NET SURPLUS/(DEFICIT)	29	-	29	
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to net surplus/deficit				
Changes in accounting policies	-	-	-	
Correction of prior period errors	-	-	-	
Changes in asset revaluation surplus	-	-	-	
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	
COMPREHENSIVE RESULT	29	-	29	

^(a) Original budget amounts correspond to those disclosed in the NTG Budget 2015-16 BP3 Agency Budget Statements (April 2015), 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.

1. Costs associated with statutory entities are permitted to be recovered. This resulted in the recovery of \$710,000 more than budgeted and represented the recovery of the additional audit costs resulting from restructured statutory entities.
2. The value of goods and services received free of charge was lower than originally determined and advised by the Office's shared service provider, DCIS.
3. Employee expense were higher than budgeted as a result of the Office assuming accrued leave entitlements for an employee transferred into the Office.
4. Additional audit costs of \$585,000 were incurred as a result of machinery of government restructures.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Balance Sheet	2015-16 Actual	2015-16 Original Budget ^(a)	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Cash and deposits	228	291	(63)	1
Receivables	484	89	395	2
Prepayments		1	(1)	
	712	381	331	
TOTAL ASSETS	712	381	331	
LIABILITIES				
Payables	62	40	22	3
Provisions	151	150	1	
	213	190	23	
NET ASSETS	499	191	308	
EQUITY				
Capital	570	370	200	4
Accumulated funds	(71)	(179)	108	
TOTAL EQUITY	499	191	308	

^(a) Original budget amounts correspond to those disclosed in the NTG Budget 2015-16 BP3 Agency Budget Statements (April 2015), 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.

1. Cash balances were \$63,000 less than budgeted as a result of increased payments to employees of \$47,000 and increased unrecoverable audit cost of \$281,000 offset by a \$200,000 injection of funds from the Government, unbudgeted surplus of \$29,000 and the impact of outstanding payables and receivables at year end.
2. Represents two invoices outstanding as at 30 June 2016 for recoverable audit fees.
3. The increase in payables reflects costs of outsourced audit services for which invoices were not settled prior to June 2016.
4. The Government provided a \$200,000 cash injection immediately prior to 30 June 2016.

NORTHERN TERRITORY AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	2015-16 Actual	2015-16 Original Budget ^(a)	Variance	Note
Cash Flow Statement	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Appropriation				
Output	3,178	3,178	-	
Receipts from sales of goods and services	2,140	1,450	690	1
Total operating receipts	5,318	4,628	690	
Operating payments				
Payments to employees	(943)	(896)	(47)	
Payments for goods and services	(4,704)	(3,732)	(972)	2
Total operating payments	(5,647)	(4,628)	(1,019)	3
Net cash from/(used in) operating activities	(329)	-	(329)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Equity injections				
Other equity injections	200	-	200	4
Total financing receipts	200	-	200	
Net cash from/(used in) financing activities	200	-	200	
Net increase/(decrease) in cash held	(129)		(129)	
Cash at beginning of financial year	357	291	66	
CASH AT END OF FINANCIAL YEAR	228	291	(63)	

^(a) Original budget amounts correspond to those disclosed in the NTG Budget 2015-16 BP3 Agency Budget Statements (April 2015), 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.

1. Represents receipt of recoverable audit fees attributable to audits where actual costs were greater than budgeted as a result of government restructures.
2. Payments to employees were greater than budgeted as a result of salary increments.
3. The increase in payments for goods and services reflects both an increased audit program \$281,000 and unanticipated additional recoverable audit costs of \$690,000 as referred to in note 1 above.
4. The Government provided a \$200,000 cash injection immediately prior to 30 June 2016.