

Forecast Financial Statements

Controller and Auditor- General

Statement of Forecast Comprehensive Income for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$'000	In 2008 Budget \$'000	Estimated Actual \$'000	Budgeted \$'000
Income					
Crown		9,621	9,896	9,913	9,913
Department(s)		8,530	9,680	8,016	9,467
Other revenue	1	49,898	51,652	54,591	53,261
Gains		-	-	-	-
Interest		97	-	-	-
Total Income		68,146	71,228	72,520	72,641
Expenses					
Personnel		31,589	33,760	35,896	35,921
Operating	2	34,761	35,917	35,412	35,566
Depreciation and amortisation		1,173	1,431	938	1,007
Capital charge		264	120	165	165
Finance costs		-	-	-	-
Other		74	-	(41)	(18)
Total Expenses		67,861	71,228	72,370	72,641
Net Surplus / (Deficit)		285	-	150	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		285	-	150	-

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		3,521	3,521	3,521	3,521
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		3,521	3,521	3,521	3,521
Changes in Taxpayers' Funds					
Comprehensive income for the period		285	-	150	-
Repayment of surplus		(285)	-	(150)	-
Capital contribution		-	-	-	-
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		-	-	-	-
Balance at 30 June					
General funds		3,521	3,521	3,521	3,521
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		3,521	3,521	3,521	3,521

Forecast Statement of Financial Position as at 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		3,175	3,979	2,322	2,216
Debtors and other receivables		4,456	4,275	4,763	4,778
Prepayments		200	397	210	210
Inventories		2,285	1,587	2,290	2,293
Other current assets		-	-	-	-
Total Current Assets		10,116	10,238	9,585	9,497
Non-current Assets					
Property, plant and equipment		1,533	1,529	1,385	1,468
Intangible assets		314	490	1,055	929
Other non-current assets		-	-	-	-
Total Non-current Assets		1,847	2,019	2,440	2,397
Total Assets		11,963	12,257	12,025	11,894
Liabilities					
Current Liabilities					
Creditors and other payables		2,493	5,296	2,659	2,664
Repayment of surplus		285	-	150	-
Employee entitlements		3,141	2,670	3,160	3,161
Other current liabilities		1,873	-	1,880	1,893
Total Current Liabilities		7,792	7,966	7,849	7,718
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		650	770	655	655
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		650	770	655	655
Total Liabilities		8,442	8,736	8,504	8,373
Taxpayers' Funds					
General funds		3,521	3,521	3,521	3,521
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		3,521	3,521	3,521	3,521
Total Liabilities and Taxpayers' Funds		11,963	12,257	12,025	11,894

Statement of Forecast Cash Flows for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		9,621	9,896	9,913	9,913
Department(s)		8,530	9,680	8,016	9,467
Other		25,380	27,653	29,824	29,061
Interest		-	-	-	-
Payments to:					
Suppliers		(11,740)	(11,832)	(7,349)	(7,942)
Employees		(31,512)	(33,688)	(35,816)	(35,844)
Capital charge		(264)	(120)	(165)	(165)
Goods and services tax (net)		437	-	(3,500)	(3,500)
Other operating activities		-	-	-	-
Net Cash from Operating Activities	3	452	1,589	923	990
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		128	132	143	111
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(629)	(992)	(791)	(907)
Intangible assets		(151)	(550)	(843)	(150)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(652)	(1,410)	(1,491)	(946)
Cash Flow from Financing Activities					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(469)	-	(285)	(150)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(469)	-	(285)	(150)
Net Increase / (Decrease) in Cash		(669)	179	(853)	(106)
Cash at the beginning of the year		3,844	3,800	3,175	2,322
Cash at the end of the year		3,175	3,979	2,322	2,216

Statement of Significant Assumptions

Statement of Significant Underlying Assumptions

The forecast financial statements have been compiled on the basis of existing Government policies and after the Controller and Auditor-General consulted with the Speaker and the Officers of Parliament Committee. The main assumptions are that:

- The Auditor-General's portfolio of entities will remain substantially the same as for the previous year.
- The Auditor-General will continue to deliver the range of products currently provided and will also be in a position to deliver new products, or existing products in new ways, to cope with changing demands.
- The scale of annual audits will remain substantially the same, and 2009/10 is not an LTCCP audit year.
- The balance of activity associated with inquiries and with advice to Parliament and others will continue to vary because of increases in demand and the effects of the Public Audit Act 2001.
- The Auditor-General will continue to use audit expertise from both Audit New Zealand and private sector accounting firms.

These assumptions are adopted as at 22 April 2009.

Statement of Entity-Specific Accounting Policies

The Auditor-General has applied the accounting policies set out in Statement of Accounting Policies Standard included in this document, except as stated below.

Reporting Entity

The Auditor-General is a corporation sole established by section 10(1) of the Public Audit Act 2001, and is an Office of Parliament for the purpose of the Public Finance Act 1989.

The Auditor-General's activities include work carried out by the Office of the Auditor-General (OAG) and Audit New Zealand (referred to collectively as "the Office"), and contracted audit service providers. The Office has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IRFS).

Authorisation Statement

These forecast financial statements were authorised for issue by K B Brady, Controller and Auditor-General on 22 April 2009. The Controller and Auditor-General is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosure.

Specific Accounting Policies

Income

Income is measured at the fair value of the consideration received.

Crown operating appropriations

Income is derived from the Crown for outputs provided to Parliament, from audit fees for the audit of public entities' financial statements, and from other assurance work carried out by Audit New Zealand at the request of public entities.

Crown funding is recognised in the period to which it relates. Audit fees and other assurance income earned by the Office is recognised as the work progresses and time is allocated within work in progress to public entities.

Income of audit service providers

Audit fee income from audits carried out by contracted audit service providers is also recognised as the work progresses based on advice from the contracted audit service providers. Contracted audit service providers invoice and collect audit fees directly from public entities.

Expenditure

Remuneration of the Auditor-General and the Deputy Auditor-General

The remuneration of the Controller and Auditor-General and the Deputy Controller and Auditor-General, which is a charge against a permanent appropriation in terms of clause 5 of Schedule 3 of the Public Audit Act 2001, is recognised as an expense of the Office.

Expenses of audit service providers

Fees paid to contracted audit service providers are recognised as the work progresses, based on advice from the contracted audit service providers. Contracted audit service providers invoice and collect audit fees directly from public entities.

Work in Progress

Work in progress is stated at estimated realisable value, after providing for non-recoverable amounts.

Plant and Equipment

Individual assets, or group of assets, are capitalised if their cost is greater than \$1,000.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Furniture and fittings 4 years (25%).
- Office equipment 2.5 to 5 years (20% to 40%).
- IT hardware 2.5 to 5 years (20% to 40%).
- Motor vehicles 3 to 4 years (25% to 33%).

Output Cost Allocation

The Office has determined the cost of outputs using allocations as outlined below.

Direct costs are those costs directly attributable to a single output.

Direct costs that can readily be identified with a single output are assigned directly to the relevant output class. For example, the cost of audits carried out by contracted audit service providers is charged directly to output class: Provision of audit and assurance services.

Indirect costs are all other costs. These costs include: payroll costs, variable costs such as travel, and operating overheads such as property costs, depreciation, and capital charges.

Indirect costs are allocated according to the time charged to a particular activity.

There have been no changes in cost allocation policies since the date of the last audited financial statements.

Notes to the Financial Statements

Note 1 - Other Revenue

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Audit fees - non-Departments	26,200	27,734	30,146	29,079
Income of contracted audit service providers	23,698	23,918	24,445	24,182
Total	49,898	51,652	54,591	53,261

Note 2 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Consultants' Fees	366	400	300	300
Overseas travel	419	450	418	300
Domestic travel	2,569	2,400	2,680	2,500
Fees paid to contracted auditors for audits of public entities	23,698	23,918	24,445	24,182
Other	7,709	8,749	7,569	8,284
Total	34,761	35,917	35,412	35,566

Note 3 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ending 30 June 2010

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Surplus	285	-	150	-
Add non-cash items				
Depreciation and amortisation	1,173	1,431	938	1,007
Total non-cash items	1,173	1,431	938	1,007
Add/(less) items classified as investing or financing activities				
Loss/(profit) on sale of plant and equipment	21	-	(41)	(18)
Total items classified as investing or financing activities	21	-	(41)	(18)

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Add/(less) movements in working capital items				
(Increase)/decrease in prepayments	189	(12)	(10)	-
(Increase)/decrease in receivables	(352)	(38)	(307)	(15)
(Increase)/decrease in work in progress	(759)	(31)	(5)	(3)
Increase/(decrease) in payables	(729)	106	174	18
Increase/(decrease) in employee entitlements	686	103	19	1
Net movements in working capital items	(965)	128	(129)	1
Add/(less) movements in non-current liabilities				
Increase/(decrease) in employee entitlements	(62)	30	5	-
Net cash from operating activities	452	1,589	923	990