

Australian National Audit Office

ANNUAL REPORT 2022–23

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18 August 2023

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
CANBERRA ACT 2600

Dear President
Dear Speaker

In accordance with section 28 of the *Auditor-General Act 1997* and section 46 of the *Public Governance, Performance and Accountability Act 2013*, I present to the Parliament my report on the activities of the Australian National Audit Office (ANAO) for the year ended 30 June 2023.

As required by subsection 17AG(2) of the Public Governance, Performance and Accountability Rule 2014, I certify that:

- the ANAO has prepared fraud risk assessments and fraud control plans;
- the ANAO has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs; and
- I have taken all reasonable measures to appropriately deal with fraud relating to the ANAO.

Following the tabling of the Australian National Audit Office Annual Report 2022–23, the report will be available on the ANAO’s website, anao.gov.au.

Yours sincerely



Grant Hehir
Auditor-General

About this report

This annual report documents the performance of the Australian National Audit Office (ANAO) in the financial year ended 30 June 2023.

The report addresses all applicable obligations under the *Public Governance, Performance and Accountability Act 2013*; the Public Governance, Performance and Accountability Rule 2014; the *Auditor-General Act 1997*; the performance measures set out in the outcome and programs framework in the ANAO's Portfolio Budget Statements 2022–23 and in the ANAO Corporate Plan 2022–23; and annual reporting requirements set out in other relevant legislation.

In **Part 1** of the report, the Auditor-General reviews the significant issues and achievements of the past year and reflects on the challenges for the year ahead.

Part 2 provides an overview of the ANAO's purpose, role and values, its organisational structure, and its key relationships, including with the Parliament.

Part 3 outlines our performance framework and provides the ANAO's report on performance for 2022–23, consisting of our annual performance statements and the report on financial performance.

Part 4 provides information on the ANAO's organisational governance, capability and risk management frameworks.

The **appendices** contain reporting information on engagement with parliamentary committees, transparency, resources and expenses, the ANAO workforce and other management issues.

A list of abbreviations and acronyms, a list of annual report requirements and an index are provided at the end of the report.

This report is available online at anao.gov.au/pubs/annual-reports.

Other ANAO publications, as well as information about the ANAO, are available on the ANAO's website at anao.gov.au.

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Part 1 — Foreword by the Auditor-General

As Auditor-General for Australia, I am pleased to present the Australian National Audit Office (ANAO) Annual Report 2022–23 to the Parliament. This reporting period has seen the ANAO continue to fulfil its mandate under the *Auditor-General Act 1997*, through the delivery of high-quality reporting.

A year in review

Over the previous year matters of integrity and ethics have come to the fore in discussions of public sector performance, notably with the release of the report of the Royal Commission into the Robodebt Scheme and the establishment of the National Anti-Corruption Commission (NACC). In recent years the ANAO has increased its focus on ethics — a component of the ‘proper’ use of resources under the *Public Governance, Performance and Accountability Act 2013* — through the development of an audit methodology and making findings in audit reports where entities have not met ethical requirements. Upholding the ethical values of the public sector requires compliance with all relevant laws and acting in a way that is right and proper as well as technically and legally correct.

Performance audits present strong evidence that public sector ethics, integrity and probity need to be a continuing focus. Ethical findings were explicitly raised in two audits in 2022–23 (Auditor-General Report No.31 2022–23 *Administration of the Community Health and Hospitals Program* and Auditor-General Report No.5 2022–23 *Digital Transformation Agency’s Procurement of ICT-Related Services*) while many others raised issues with the integrity of entity operations, particularly relating to non-compliance with mandatory requirements. In routine areas of public administration, such as meeting record-keeping requirements, performance consistently falls short. In the last five years, the ANAO has made negative comments on record-keeping in over 90 per cent of performance audit reports presented to the Parliament.

Likewise, procurement and grants administration are governed by legal requirements set out in the Commonwealth Procurement Rules and the Commonwealth Grants Rules and Guidelines. The procurement and grants frameworks are both established under the finance law and must be followed. Numerous findings of breaches of these well-established rules, or non-compliance with their intent, have been reported in performance audit reports. In some audit reports, the ANAO has identified — through these deficiencies — a failure to meet ethical requirements.

Not consistently meeting requirements raises questions of whether compliance with them, and their intent, is embedded as part of public sector culture. This presents challenges for leaders to ensure that they set a tone which promotes compliance with both the letter and intent of the law, along with an expectation that results are achieved. At present there appears to be a relatively high risk-tolerance for non-compliance so long as results are achieved, rather than seeing compliance as a hallmark of integrity and essential to the craft of public administration.

Ensuring high levels of integrity may require a stronger approach to oversight of the sector. Setting principles-based rules and leaving their implementation to entity accountable authorities, without robust accountability, has not resulted in strong performance in the sector. The ANAO has, for a number of years, suggested that the policy owners of frameworks should — in areas such as resource management, procurement, grants administration, cyber security, record-keeping, freedom of information, and ethical conduct — take a stronger regulatory posture. A lack of change to this posture may indicate that stronger and more independent oversight functions are required, including with a clear mandate to serve the Parliament.

Cyber security has remained central to the ANAO's audit program over the past year, including through its financial statements audit work. Audits have found ongoing deficiencies in cyber security environments and poor governance over entity cyber security risks. Although cyber security risks are becoming more widely understood and managed by entities, there remain critical shortcomings in key areas. The termination of user access remains a key risk — in 53 of 144 entities assessed during the 2021-22 financial statements audits, there was no policy encompassing user access removal or defining the timeframe in which access should be removed following a user's departure from an entity. Further, 119 of the entities did not have an effective control or activity to monitor access or activity in their systems after user cessation. This audit evidence contrasts with entities self-assessment which indicated that 80 per cent of the 97 non-corporate Commonwealth entities assessed themselves as being fully effective or higher at removing access on separation or transfer of personnel (as at 30 June 2021).

During 2022–23, the ANAO's financial statements audit work identified that the Department of Defence used non-operating appropriation funding (available from *Appropriation Act (No.2) 2020- 2021*) for an operating expense — the termination payment for the cancelled Attack Class submarine project. Subsequent AGS legal advice and Department of Finance advice did not consider this to be inconsistent with the Appropriation Acts. In raising the issue, the ANAO identified potential risks to the controls put in place by Parliament, given the potential precedent established in this case. In its report No.497 *Inquiry into Commonwealth Financial Statements 2021-22*, the Joint Committee of Public Accounts and Audit (JCPAA) stated that these funds should not have been used for an operating expense without the Parliament's permission. The JCPAA observed that:

2.73 The Committee concurs with the concerns of the ANAO in this respect and is of the view that the intent of the Parliament should not have been subverted in the name of administrative expediency on the part of the executive branch.

2.74 The Committee would have been assisted in considering this matter if Defence and Finance had simply acknowledging that the incident was not appropriate, but this acknowledgement was not forthcoming. Instead agencies sought to argue that what had transpired was appropriate, while simultaneously advising that it should not happen again.

Public sector performance is more likely to improve with a strong sense of accountability for adherence to the framework of rules and expectations under which the sector operates. This includes an openness to scrutiny, a willingness to admit mistakes and provide solutions, and providing access to information. The ANAO's enquiry work on behalf of the Parliament, and that of the Parliament itself, is at times diminished by defensive responses in the sector, rather than responses that demonstrate a learning culture. A stronger focus on transparency and accountability — for example with respect to the quality of performance information and responses to parliamentary recommendations and questions — would contribute to improved public sector performance.

The ANAO has made findings on performance reporting practices in both performance statement audits and performance audits. Weaknesses in the quality of performance reporting affect the Parliament's ability to readily assess entity performance for policy outcomes and service delivery. Non-financial reporting to the Parliament requires further attention, investment and priority. Audit work in this area has resulted in additional focus by entities, and the ANAO has observed improvements in the consideration of performance measures, the evidence to support results, and the quality of performance material presented. With further development of the performance statements audit program, including improvements in both the ANAO's audit approach and maturity in entity capability, I expect to see additional benefits for the Parliament. However, this will require a focus on the benefits of transparency and accountability for performance, and to not see the auditing of performance statements resulting in a retreat to a minimum compliance approach to reporting.

Additional funding provided in the 2023 Federal Budget will enable the ANAO to continue to deliver its audit and assurance program, comply with updated audit standards and upgrade its systems to ensure it can continue to safeguard data. The increasing demand for audit skills in a tight labour market has meant that the ANAO has been in the recruitment market continuously and has faced increasing training costs to ensure it meets the quality standards expected for reports presented to the Parliament. This has impacted delivery in some areas during 2022–23.

Report on performance

The ANAO's performance during 2022–23 is reported on in detail within Part 3 of this annual report: Report on Performance.

The ANAO's performance audit program continues to provide assurance to the Parliament and to promote accountability, transparency and improvement in public administration. In 2022–23, the ANAO presented 40 performance audit reports to the Parliament against a target of 42. In the delivery of these performance audits, we achieved the intended coverage outlined in the Annual Audit Work Program. The primary focus of ANAO performance audits was effectiveness and economy — specifically, the extent to which entities delivered on intended objectives and the value for money achieved in doing so. The primary activities covered by performance audits in 2022–23 were governance, procurement and service delivery.

The number of performance audit reports presented to the Parliament fell short of the target largely due to an underestimation of the time and cost involved in rebuilding the performance audit workforce. Performance auditing is not a 'qualification ready' profession and requires training, coaching and mentoring to achieve competence and confidence in the delivery of quality audits and subsequent reports.

During the year, the ANAO redesigned its Audit Insights product to make it more useful to the public sector. Audit Insights replaced the ANAO's Better Practice Guides following a recommendation made by the *Independent Review of Whole-of-Government Internal Regulation* (the Belcher Review) to the Secretaries Board in 2015. After consulting with the Parliament and public sector entities, the ANAO decided to discontinue them and cease distribution from 1 July 2017.

Audit Insights products are intended to identify and discuss common recurring issues, shortcomings and good practice examples identified through audit work, to assist in improved public sector administration. In 2022–23, the ANAO published four Audit Insights products covering procurement and contract management, reporting meaningful performance information, executive remuneration and cyber security.

In 2022–23, a total of 175 findings (2020–21: 164) were reported to entities, as a result of the 2021–22 financial statements audits. The findings included one significant, 27 moderate, 132 minor and 15 legislative issues. This contrasts with results from the previous year which included: two significant; 21 moderate, 127 minor and 14 legislative findings. The highest number of findings this year were in the categories of IT security management and user access, and accounting and control.

IT user access continues as a theme, being raised in findings over the last three years. Similar to 2021–22, the continuation of findings in relation to IT controls further reinforces the challenges in delivery of fit-for-purpose cyber security within the sector.

Of the legislative findings, three were significant breaches, one of which has remained open since 2012–13. There were 12 non-significant legislative breaches, six of which related to incorrect payments of remuneration to key management personnel and/or non-compliance with determinations made by the Remuneration Tribunal.

During 2022–23, the ANAO continued its phased roll out of the annual performance statements audit program. In February 2023, the ANAO published its findings of 2021–22 performance statement audits of six entities: the Attorney-General’s Department (AGD), the Department of Social Services (DSS), the Department of Veterans’ Affairs (DVA), the Department of Agriculture, Water and the Environment (DAWE), the Department of Education, Skills and Employment (DESE) and the Department of the Treasury (Treasury). Entities’ annual performance statements were largely effective in meeting the requirements of the performance framework and in accurately reporting performance. However, there were some exceptions where specific measures did not meet those requirements. Modified audit conclusions were issued for three out of the six entities (50 per cent), which compares favourably to 2020–21 where all entities were issued a modified audit conclusion. Qualifications related to 13 out of 199 performance measures, which represents a reduction from 2020–21 in the proportion of qualified performance measures from 15 per cent to seven per cent.

Following a request from the Minister for Finance in January 2023, the ANAO commenced ten performance statements audits in 2022–23. The ANAO continued the program of work with the original six entities and added four new entities to the program: the Department of Industry, Science and Resources; the Department of Health and Aged Care; Services Australia; and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

During 2022–23 the JCPAA presented four reports to the Parliament, based on performance audit reports and the Defence Major Projects Report, and covering the ANAO’s annual report of its financial statements program. The ANAO provided nine private briefings to the JCPAA and attended 14 public hearings to support the Committee’s inquiries.

In addition to the support provided to the JCPAA, the ANAO supported the work of the Parliament more broadly by providing submissions, information, assistance and briefings to parliamentarians and other parliamentary committees. Following the commencement of the 47th Parliament, the ANAO wrote about its work to all ministers, shadow ministers, members of Parliament and senators. The ANAO also provided briefing material to each Senate Estimates committee, on ANAO work in its portfolio of focus, before each round of estimates hearings.

During 2022–23 the ANAO continued its support to capacity building programs — funded through the Department of Foreign Affairs and Trade — in Indonesia and Papua New Guinea. The ANAO also continued to participate in the activities and governance of the Pacific Association of Supreme Audit Institutions. ANAO staff, along with staff from Badan Pemeriksa Keuangan, the Audit Board of Indonesia, undertook a peer review of the Mongolian National Audit office using the International Organization of Supreme Audit Institutions (INTOSAI) Performance Measurement Framework.

In April 2023 the ANAO co-hosted — with the ACT Audit Office— the International Meeting of Performance Audit Critical Thinkers (IMPACT). The conference brought together performance audit leaders and guests from around the world to discuss ‘The Auditor of the Future’.

These international engagements contribute strongly to the ANAO’s awareness and learning of best practice in the international public auditing profession.

The year ahead

Like other audit offices in Australia and around the world, successful delivery of the Parliament’s auditing function relies on independence, an appropriate legislative basis for the conduct of auditing work, funding to achieve the auditing program and the availability of skilled and trained people to carry out the task.

In March 2022, the JCPAA presented its Report 491: *Review of the Auditor-General Act 1997* to the Parliament. Amongst other things, the committee made recommendations on the Auditor-General's independence and mandate (including making annual performance statements audits a mandatory function of the ANAO rather than at ministerial discretion and amendments to the types of entities to be audited by the Auditor-General), and processes relating to the issuing of certificates by the Attorney-General for the omission of sensitive information from public audit reports. The government is yet to respond to the committee's recommendations.

In February 2022, in the context of the JCPAA's inquiry, the ANAO made a submission on updating the Auditor-General's evidence-gathering powers. The *Auditor-General Act 1997* (the Act) came into operation at a time when information collection was largely paper-based and involved visits to entity premises. Modern technology enables the ANAO to efficiently access electronic records by consent, in a form useful for audit purposes. The Department of Health and Aged Care has raised issues with the ability to provide electronic remote access by consent to information systems which may contain information that has legislative restrictions on its access and distribution. As a result, the ANAO has collected information on the department's premises and has issued directions under the Act to the departmental secretary to provide documents. The need to do so indicates that the information-gathering provisions of the Act require modernisation, to enable remote electronic access and to ensure that such information is provided to the ANAO in a usable form.

I expect that legislative modernisation will become increasingly necessary as the public sector continues to digitise and automate its functions, including in service delivery to the public, and as it considers the use of artificial intelligence and machine learning in the delivery of services. During 2023–24, the ANAO will commence deeper consideration of its approach to auditing in the context of new technology. An assessment (by survey) of new and emerging technology will be undertaken and a performance audit is proposed in the Annual Audit Work Program 2023–24 to enable exposure to new practices and to develop an audit methodology and approach. In doing so, the ANAO will commence research activities into how automation could improve the audit process, through continued engagement with international colleagues.

The ANAO will continue to provide strong support to the Parliament in 2023–24, predominantly through the JCPAA.

The performance statements audit program will continue to be developed. As this program has been implemented, it has been positive to see improvements across entities in the quality of performance reporting. Nonetheless, there remains significant areas of improvement for the sector in providing meaningful performance information to the Parliament, and we will continue to develop our methodology towards best practice. I expect that in 2023–24 we will work with parliamentary committees and their secretariats on their use of performance statements as the program continues to embed in the sector.

As we continue to deliver our audit work program, there are several areas of focus for the ANAO in the coming year. We will place increasing priority on the National Disability Insurance Agency as it grows. Similarly, the ANAO has developed a multi-year strategy to focus on government priorities in climate change and the environment, including where new reporting requirements are implemented for public sector agencies.

The Defence Major Projects Report (MPR) for 2021–22 was presented to Parliament in February 2023. The audit opinion included an emphasis of matter, drawing attention to the decision of the Secretary of Defence to not publish certain information in the section of the report prepared by the department. The department had assessed that some of the details of project performance, individually or in aggregate, would or could be reasonably expected to cause damage to the security, defence or international relations of the Commonwealth without sanitisation of the data. As a

consequence, ANAO analysis of schedule performance for the full suite of MPR projects could not be provided in the report.

The impact of such reductions in transparency and accountability to the Parliament, identified through auditing, will be a watch point in both the Defence context and across the public sector.

Ethics, integrity and probity will continue to be a focus of our audit work. I expect the ANAO will have a positive working relationship with the NACC, both in sharing key sectoral insights and, as necessary, in considering matters which may be referred to the NACC as a result of our audit work. During 2023–24 we will also publish and report against our organisational integrity framework, which has been in place for several years. This will provide increased transparency of the measures we undertake to maintain a high integrity culture within the ANAO.

Finally, 2023–24 will be a year of continued investment in the recruitment, development and retention of skilled people to carry out the important work that we do. Auditing is a hard and sometimes thankless function. Creating the environment in which staff continue to be motivated, successful and rewarded for the work that the ANAO undertakes requires strong leadership and a positive culture. Through the ANAO Academy and our leadership and learning events, I am confident that we will meet these challenges.

Performance measures achieved in 2022–23:



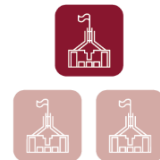
Program 1.1:
Financial statements
audit services



Program 1.2:
Performance audit
services



Program 1.3:
Performance statements
audit services



Relationships, corporate
and professional
services



Completed **247**
financial
statements audits

against a target of **245**

issuing **86%** of financial
statements auditor's reports
within three months of
reporting date



85%

Tabled **40**
performance
audit reports
against a
target of **42**



91% 

of recommendations included in
performance reports agreed to by audited
entities, against a target of **90%**



Completed **6** performance statements
audit reports against a target of **6**

Part 2 — Overview of the ANAO

This part provides an overview of the ANAO's purpose, role and values, our organisational structure, and our relationships with the Parliament and other national and international bodies.

About the ANAO

The Australian National Audit Office (ANAO) is a specialist public sector agency providing a full range of audit and assurance services to the Parliament and entities within the Australian Government sector. It works to improve public sector performance and accountability through independent reporting on Australian Government administration to the Parliament, the executive government and the public. The [Auditor-General Act 1997](#) establishes the Auditor-General as an independent officer of the Parliament. Consistent with the core principles of independence, while the ANAO resides within the Prime Minister and Cabinet portfolio, the normal relationship between ministers and their portfolio agency heads does not apply to the work of the Auditor-General and the ANAO.

Purpose

The purpose of the ANAO is to support accountability and transparency in the Australian Government sector through independent reporting to the Parliament, and thereby contribute to improved public sector performance.

The ANAO delivers its purpose under the Auditor-General's mandate as set out in the [Auditor-General Act 1997](#), and in accordance with the [Public Governance, Performance and Accountability Act 2013](#) (PGPA Act) and the [Public Service Act 1999](#).

The executive arm of government is accountable to the Parliament for its use of public resources and the administration of legislation passed by the Parliament. The Auditor-General provides independent assurance as to whether the executive is operating and accounting for its performance in accordance with the Parliament's intent.

Role

The Governor-General, on the recommendation of the Joint Committee of Public Accounts and Audit (JCPAA) and the Prime Minister, appoints the Auditor-General for a term of 10 years. As an independent officer of the Parliament, the Auditor-General has complete discretion in performing or exercising the functions or powers under the [Auditor-General Act 1997](#). In particular, the Auditor-General is not subject to direction in relation to:

- whether a particular audit is to be conducted;
- the way a particular audit is to be conducted; or
- the priority given to any particular matter.

In exercising the functions or powers under the Act, the Auditor-General must have regard to the audit priorities of the Parliament, as determined by the JCPAA, and any reports made by the committee under the [Public Accounts and Audit Committee Act 1951](#).

Under the *Auditor-General Act 1997* (the Act), the Auditor-General’s functions include:

- auditing the annual financial statements of Commonwealth entities, and Commonwealth companies and their subsidiaries (section 11 of the Act);
- auditing the annual consolidated financial statements in accordance with the PGPA Act (section 12 of the Act);
- auditing annual performance statements of Commonwealth entities in accordance with the PGPA Act (section 15 of the Act);
- conducting performance audits and assurance reviews of Commonwealth entities and Commonwealth companies and their subsidiaries (sections 17 and 18 of the Act);
- conducting a performance audit of a Commonwealth partner (section 18B of the Act);
- providing other audit services as required by other legislation or allowed under section 20 of the Act; and
- reporting directly to the Parliament on any matter or to a minister on any important matter.

The ANAO supports the Auditor-General in this role.

Values

The ANAO upholds the Australian Public Service (APS) Values as set out in the *Public Service Act 1999*. The ANAO places particular focus on respect, integrity and excellence — values that align with the APS Values and address the unique aspects of the ANAO’s business and operating environment. The ANAO’s values guide the office in performing its role objectively, with impartiality, and in a manner that supports the Parliament.

Organisational structure

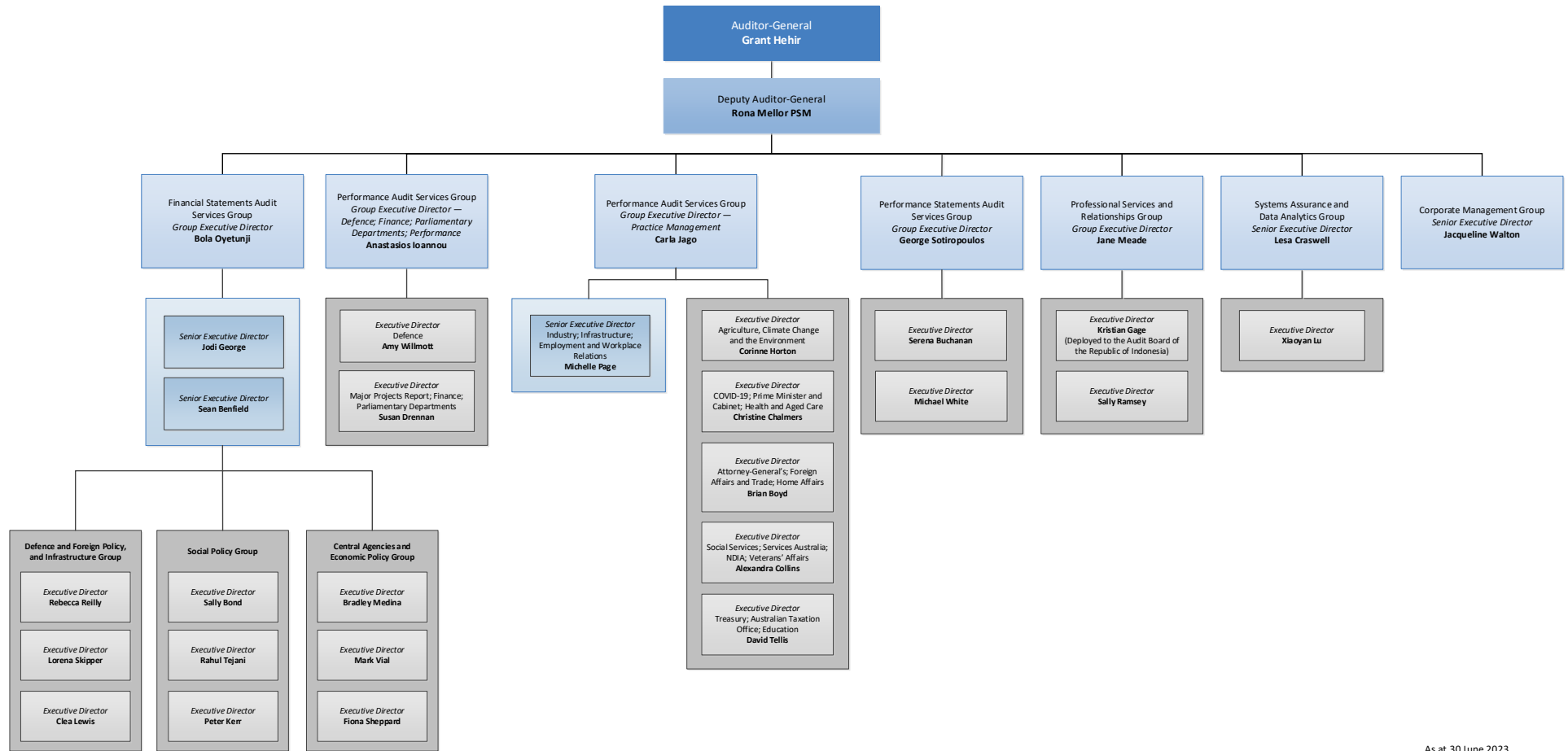
To deliver on its purpose, the ANAO is organised into six functional areas:

- **Financial Statements Audit Services Group**¹ provides independent assurance on the financial statements and financial administration of all Australian Government entities. It also conducts assurance reviews.
- **Performance Audit Services Group** conducts performance audits and assurance reviews of Australian Government entities and their activities, and produces related publications and other information reports.
- **Performance Statements Audit Services Group** conducts audits of Australian Government entities’ performance statements and measures.
- **Corporate Management Group** leads corporate strategy and change for the ANAO. It provides services based on specialised knowledge, best practices and technology that enable the delivery of the ANAO’s purpose and audit outcomes.
- **Professional Services and Relationships Group** provides technical accounting, audit and legal advice and support to the Auditor-General; establishes, manages and monitors the implementation of the quality assurance framework; and manages the ANAO’s external relations.
- **Systems Assurance and Data Analytics Group** provides IT audit and data analytics support to the ANAO’s assurance and performance audit work and other information reports.

The ANAO’s organisational structure at 30 June 2023 is shown in Figure 2.1.

1 Assurance Audit Services Group was renamed ‘Financial Statements Audit Services Group’ from 1 July 2022, consistent with the ANAO’s Portfolio Budget Statements 2022–23.

Figure 2.1: Organisational structure at 30 June 2023



Relationships

In pursuing its purpose, the ANAO maintains key relationships with the Parliament, various national bodies and counterparts, as well as international counterparts, as described below.

The ANAO invests in a number of professional relationships through the two-way exchange and sharing of information and practices, and supports other nations through peer-to-peer institutional capacity development. The ANAO's engagement strategy details our approach to key relationships with the public sector auditing community.

The [ANAO website](#) contains further information about the ANAO's relationships.

Parliament

The ANAO's primary relationship is with the Australian Parliament, and the ANAO's key interaction with the Parliament is through the Joint Committee of Public Accounts and Audit (JCPAA). The Auditor-General's reports assist the Parliament to hold government entities to account and to drive improvements in public administration. The Auditor-General and ANAO support the work of the Parliament by providing independent reporting, assurance and assistance. This assistance includes the provision of submissions and information, appearances before parliamentary committees, and briefings to parliamentarians. The Parliament and its committees also scrutinise the work and administration of the ANAO.

Joint Committee of Public Accounts and Audit

Among its responsibilities, the JCPAA considers the operations and resources of the ANAO, including the ANAO draft budget estimates, about which it makes recommendations to both houses of parliament. The JCPAA is required to review all ANAO reports that are tabled in the Parliament and to report the results of its deliberations to both houses of parliament. The committee's functions in relation to the ANAO are specified in the [Public Accounts and Audit Committee Act 1951](#). The JCPAA of the 47th Parliament commenced on 26 July 2022.

The JCPAA commenced six inquiries reviewing Auditor-General reports throughout 2022–23, resulting in the tabling of one interim and three final reports. At 30 June 2023, five inquiries remain in progress.

On 2 September 2020, the JCPAA resolved to undertake a review of the *Auditor-General Act 1997*. The JCPAA tabled Report 491 *Review of the Auditor-General Act 1997* on 31 March 2022. The report included 27 recommendations (six directed to the ANAO) going to matters related to independence and interaction of the *Auditor-General Act 1997* with other legislation. The ANAO responded to the JCPAA on 8 September 2022, agreeing to all six recommendations. Government responses to other recommendations have yet to be tabled.

In 2022–23, ANAO officers provided a total of nine private briefings, attended 14 public hearings and made four submissions to assist the committee in undertaking its functions. An outline of inquiries and reports is provided in Table 2.1.

Table 2.1: JCPAA inquiries and reports

Inquiry status	Inquiry	Relevant Auditor-General reports
Concluded Report 494	Inquiry into the Department of Foreign Affairs and Trade's crisis management arrangements	Auditor-General Report No. 39 (2021–22) Overseas Crisis Management and Response: The Effectiveness of the Department of Foreign Affairs and Trade's Management of the Return of Overseas Australians in Response to the COVID-19 Pandemic
In progress	Commonwealth procurement: Inquiry into Auditor-General reports 6, 15, 30, 42 (2021–22) and 5 (2022–23)	Auditor-General Report No. 6 (2021–22) Management of the Civil Maritime Surveillance Services Contract Auditor-General Report No. 15 (2021–22) Department of Defence's Procurement of Six Evolved Cape Class Patrol Boats Auditor-General Report No. 30 (2021–22) Procurement by the National Capital Authority Auditor-General Report No. 42 (2021–22) Procurement of Delivery Partners for the Entrepreneurs' Programme Auditor-General Report No. 5 (2022–23) Digital Transformation Agency's Procurement of ICT-Related Services
Concluded Report 495	Inquiry into Commonwealth grants administration	Auditor-General Report No. 47 (2020–21) Administration of Commuter Car Park Projects within the Urban Congestion Fund Auditor-General Report No. 16 (2021–22) Award of Funding under the Safer Communities Fund Auditor-General Report No. 21 (2021–22) Operation of Grants Hubs Auditor-General Report No. 1 (2022–23) Award of Funding under the Building Better Regions Fund
Concluded Report 497	Inquiry into Commonwealth financial statements 2021–22	Auditor-General Report No. 8 (2022–23) Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022
In progress Interim Report 496	Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and procurement of Hunter class frigates	Auditor-General Report No. 13 (2021–22) 2020–21 Major Projects Report Auditor-General Report No. 12 (2022–23) 2021–22 Major Projects Report Auditor-General Report No. 21 (2022–23) Department of Defence's Procurement of Hunter Class Frigates
In progress	Inquiry into the annual performance statements 2021–22	Auditor-General Report No. 13 (2022–23) Audits of the Annual Performance Statements of Australian Government Entities — 2021–22
In progress	Inquiry into probity and ethics in the Australian public sector	Auditor-General Report No. 18 (2022–23) Acquisition, Management and Leasing of Artworks by Artbank Auditor-General Report No. 30 (2022–23) Probity Management in Financial Regulators — Australian Prudential Regulation Authority

Inquiry status	Inquiry	Relevant Auditor-General reports
		Auditor-General Report No. 31 (2022–23) Administration of the Community Health and Hospitals Program Auditor-General Report No. 36 (2022–23) Probity Management in Financial Regulators — Australian Securities and Investments Commission Auditor-General Report No. 38 (2022–23) Probity Management in Financial Regulators — Australian Competition and Consumer Commission

Note: At 30 June 2023, the JCPAA had a fifth inquiry in progress — the [inquiry into procurement at Services Australia and the National Disability Insurance Agency](#). There are no Auditor-General reports relevant to this inquiry, and the ANAO has not been involved with the committee in relation to this inquiry to date.

National relationships

In addition to its relationship with the Parliament, the ANAO has important relationships with the accountable authorities of Australian Government entities, the Australasian Council of Auditors-General (which includes the state and territory auditors-general), and professional accounting bodies and standard-setting boards.

Accountable authorities

Accountable authorities of Australian Government entities have primary responsibility for and control over their entity's operations. As such, the ANAO's work focuses on the duties and responsibilities of accountable authorities (including the proper use and/or management of public resources) and the governance frameworks that accountable authorities put in place in their entities. The ANAO engages with entities at a number of levels to strengthen relationships and promote improved financial reporting and public sector administration, including through attendance at entity audit committees.

The ANAO's ongoing relationships with chief financial officers (CFOs), officials responsible for preparing performance statements, and audit committees, helps the ANAO achieve its purpose to both support accountability and transparency in the Australian Government sector and improve public sector performance. As part of this work, the ANAO conducts forums for CFOs and officials responsible for preparing performance statements, and, jointly with the Department of Finance, for audit committee chairs, to share insights on emerging and topical audit issues and requirements affecting Australian Government entities.

The ANAO hosted two CFO forums — in [July 2022](#) and [December 2022](#) — that were attended by approximately 137 and 117 CFOs and entity representatives, respectively. The forums were presented as webinars and provided the opportunity to share information about issues arising in audits and key focus areas of the audit program, including IT general controls and cyber security. The ANAO published recordings of the webinars on its website after each live delivery.

Audit committees are a requirement of the PGPA Act and play an important assurance role in entities' governance frameworks. Audit committee chair forums were held in [July 2022](#) and [December 2022](#). In response to COVID-19-related restrictions, the July forum was delivered online, and the December forum was a hybrid event (online and in-person). Invitations to the forums were extended to approximately 179 audit committee chairs and representatives. The forums provided an

opportunity to share insights from the audit program, and relevant updates and information, to assist committees to meet the requirements of the PGPA Act and associated rules. The ANAO published a communique on its website after each forum.

Australasian Council of Auditors-General

The Auditor-General is a member of the Australasian Council of Auditors-General (ACAG), which comprises the auditors-general of Australia, New Zealand, Papua New Guinea and Fiji, along with the auditors-general of each Australian state and territory. ACAG's objective is to promote and strengthen public sector audit in Australasia through leadership, collaboration, engagement, advocacy and peer support. The ANAO contributes to ACAG's work by attending business meetings and subcommittee meetings, preparing discussion papers, participating in information exchanges, contributing to submissions to standard-setting bodies, undertaking annual benchmarking and client surveys, and conducting peer reviews.

IMPACT 2023 Conference

The International Meeting of Performance Audit Critical Thinkers (IMPACT) Conference is ACAG's biennial professional conference for performance auditors. The event brings together auditors from across Australia and the world to discuss emerging issues and best practices in performance audit with industry experts, practitioners and those interested in government accountability.

The ANAO, in partnership with the ACT Audit Office, hosted the IMPACT 2023 Conference in Canberra on 19 and 20 April 2023. The conference theme was 'The Auditor of the Future' with two subthemes — 'technology as a tool' and 'technology and the impact on the auditor'. The 2023 conference was the third since its inception in 2016, and the first since the COVID-19 pandemic. Over 230 attendees from Australia and across the globe attended the conference.

Professional accounting bodies and standard-setting boards

The ANAO is actively involved in the work of two professional accounting bodies in Australia, CPA Australia and Chartered Accountants Australia and New Zealand (CA ANZ). Ms Carla Jago, Group Executive Director, Performance Audit Services Group, is a member of CA ANZ's ACT Regional Council as well as a member of the CA ANZ National Council. The ANAO has recognised employer status under CPA Australia's Recognised Employer Program, which includes organisations that are committed to providing their employees with the highest standard in professional development and support.

The ANAO provides input to the development of accounting and auditing standards through contributing to ACAG responses to exposure drafts for new or amended standards proposed by the Australian Accounting Standards Board, the Auditing and Assurance Standards Board, the Accounting Professional and Ethical Standards Board, and the International Public Sector Accounting Standards Board.

International relationships

The ANAO engages with international auditing organisations and associations to maintain its capability in contemporary audit practices, and actively seeks opportunities to collaborate and share information with the international auditing community. The ANAO participates in peer-to-peer forums that facilitate international public auditing dialogue and align with the strategic objectives and key focus areas set out in the ANAO's strategic planning framework. The ANAO has established

bilateral capacity-building partnerships with Indonesia and Papua New Guinea under Australia's international development program.

Engagement with international audit institutions

The supreme audit institution (SAI) is the lead public sector audit organisation in a country. Engagement with other SAIs allows the ANAO to participate in international dialogue on best practice public administration and developments in public sector auditing. The ANAO responds to requests from SAIs directly, including by hosting and presenting to visiting delegations, providing information and participating in surveys. Virtual engagements continued throughout 2022–23, and the easing of international travel restrictions has allowed the Auditor-General and ANAO officials to attend some engagements face to face.

The ANAO is a member of the International Organization of Supreme Audit Institutions (INTOSAI). INTOSAI is dedicated to promoting the exchange of information about audit and financial management among its member institutions and provides a network for the international public sector audit community.

The ANAO has a representative member on the Forum for INTOSAI Professional Pronouncements (FIPP). The FIPP aims to support professional development by ensuring that INTOSAI provides a clear and consistent set of professional audit standards. The FIPP achieves this by reviewing and monitoring INTOSAI's framework of professional pronouncements. In 2022–23, Ms Jane Meade, Group Executive Director, Professional Services and Relationships Group, continued to be a member of the forum.

The ANAO also routinely contributes to the activities of two INTOSAI regional organisations:

- the Asian Organization of Supreme Audit Institutions (ASOSAI); and
- the Pacific Association of Supreme Audit Institutions (PASAI).

In 2022–23, the Auditor-General and ANAO officials participated in a number of international engagements to discuss contemporary audit practices and specific areas of development in public sector audit:

- 24th International Congress of Supreme Audit Institutions in Brazil in November 2022 attended by the Auditor-General and one ANAO official;
- FIPP meetings via teleconference and in person in September and December 2022 and February, May and June 2023, attended by one ANAO official;
- INTOSAI Performance Audit Subcommittee meeting in Dublin in March 2023, attended by one ANAO official — the meeting afforded the subcommittee the opportunity to discuss data analytics and data visualisation;
- 21st Assembly of the INTOSAI Working Group on Environmental Auditing in July 2022, attended by one ANAO official (virtual);
- European Organisation of Supreme Audit Institutions (EUROSAI) Information Technology Working Group meeting, attended by ANAO officials (virtual);
- meeting for the ASOSAI 13th Research Project on 'Remote Audit for SAIs: Future and Challenges', with the Audit Board of the Republic of Indonesia as project leader, attended by one ANAO official (virtual);
- 13th PASAI Annual General Meeting in September 2022 and the 31st (virtual), 32nd (New Zealand), 33rd (Palau) and 34th (virtual) Governing Board meetings, attended by the Auditor-General as a member of the PASAI Governing Board;

- PASAI Governing Board subcommittee meetings in September 2022 for the Accountability and Transparency Study, attended by the Auditor-General as a member of the subcommittee (virtual);
- PASAI Congress in Palau in March 2023, attended by the Auditor-General and three ANAO officials;
- webinar hosted by the New Zealand Office of the Auditor-General on strengthening integrity and the launch of PASAI's fourth Accountability and Transparency Report, in May 2023, attended by the Auditor-General (virtual);
- PASAI Regional Working Group on Environmental Auditing meeting in Sydney in May 2023, attended by three ANAO officials;
- Joint Strike Fighter Conference in Canada in October 2022, attended by one ANAO official;
- inaugural summit of the Supreme Audit Institutions of the G20 (SAI20) — an engagement group under the G20 framework — hosted by the Audit Board of the Republic of Indonesia in August 2022 in Bali, and attended by the Auditor-General and one ANAO official;
- international seminar on leveraging performance audit impact to foster a green economy, held in Indonesia in June 2023, and attended by two ANAO officials;
- SAI20 Senior Officials Meeting in March 2023 and the SAI20 Summit in June 2023, hosted by the Comptroller and Auditor General of India — the senior officials meeting was attended by two ANAO officials and the summit was attended by the Auditor-General and one ANAO official;
- first and second webinars in the ASOSAI Bangkok Declaration 2021 webinar series, focused on the role of public sector auditing in fostering good governance, a green economy and disaster preparedness, in February and May 2023 (virtual);
- peer review of the Mongolian National Audit Office, in collaboration with the Audit Board of the Republic of Indonesia, in Mongolia in February 2023, attended by three ANAO officials;
- international workshop on 'Climate Change Mitigation and Adaptation Strategies' in India in February 2023, attended by two ANAO officials; and
- Canadian Council of Public Accounts Committees and Canadian Council of Legislative Auditors annual joint conference in August 2022, attended by one ANAO official (virtual).

Australia's international development program

The ANAO, through a partnership agreement with the Department of Foreign Affairs and Trade, is participating in Australia's international development program to assist and support the audit offices of Indonesia and Papua New Guinea to build institutional capacity and facilitate the sharing of auditing knowledge across all three organisations. The partnership supports the Australian Government's sectoral development initiative to build effective governance institutions and strengthen institutional relationships.

Australia–Indonesia Partnership for Economic Development (Prospera)

The ANAO's activities under the Australia–Indonesia Partnership for Economic Development (Prospera) with the Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan — BPK) continue to support BPK's efforts to strengthen its audit functions. The program is aligned with the BPK strategic plan objectives of delivering beneficial and high-quality audits. The key focus areas of the 2022–23 work program were on performance and financial audit management, quality assurance systems and processes, and strategic leadership and organisational development to support audit management and capability. Recognising the maturity of the partnership, in addition

to supporting the development of audit and organisational capability, the ANAO engaged with BPK on topics of mutual interest and benefit to both offices.

Following the lifting of COVID-19 travel restrictions, activities were able to return to in-person delivery, with ANAO staff travelling to Indonesia, and BPK officers travelling to Australian audit offices (hosted at either the ANAO or the Audit Office of New South Wales), and supported by one long-term deployee in-country. Virtual activities continued throughout 2022–23, enabling greater outreach across BPK’s network of offices, and participation from across the ANAO. Going forward, the program will continue to use a mix of in-person and virtual delivery methods, where appropriate, to maintain broader outreach and engagement.

The ANAO, in partnership with BPK, delivered 16 activities and partially delivered one of the 17 planned activities for 2022–23. The partially delivered activity consisted of three sessions, but only two sessions were delivered. Two of the 17 activities exceeded the original plan and delivered additional sessions.

Australia – Papua New Guinea Institutional Partnerships Program

The Papua New Guinea (PNG) Institutional Partnerships Program supports the development of long-term institutional relationships between Australian and PNG government entities. The ANAO’s activities under the program support the efforts of the PNG Auditor-General’s Office (PNG AGO) to strengthen the management of its audit functions, in line with the objectives set out in the PNG AGO’s Strategic Plan 2022–2027. The focus areas of the 2022–23 work program were management of institutional linkages, information technology audit support, governance frameworks, and organisational capacity development. During the Australian Auditor-General’s visit to the PNG AGO in February 2023, the two offices recommitted to the partnership and signed an updated joint statement of intent.

Face-to-face delivery of program activities resumed in 2021–22. During 2022–23, activities were delivered in person, with ANAO staff travelling to PNG and PNG AGO officers travelling to Australian audit offices (hosted at either the ANAO or the Queensland Audit Office). Virtual activities also took place and, going forward, the ANAO plans to deliver program work in a hybrid format supported by two deployees in-country.

In 2022–23, the ANAO’s financial statements audit and compliance adviser to the PNG AGO completed deployment and returned to Australia. The deployment of a skilled financial statements audit and compliance audit adviser will occur early in 2023–24 to continue the support provided to the PNG AGO through this role.

The ANAO, in partnership with the PNG AGO, delivered 13 of 17 planned activities for 2022–23. Due to capacity issues within the PNG AGO, three of the program activities were merged into one activity and their scope reduced. One activity is ongoing and will continue into 2023–24, and one further activity did not occur due to resourcing constraints at the PNG AGO.

Part 3 — Report on performance

Independent assurance report on the annual performance statement of the Australian National Audit Office

To the President of the Senate and the Speaker of the House of Representatives

Conclusion

In my opinion, in all material respects, the annual performance statement of the Australian National Audit Office for the period 1 July 2022 and 30 June 2023 has been prepared in accordance with the criteria set out below.

Audit Criteria and Source

The criteria against which I have formed my opinion are:

- Whether the ANAO's key activities, performance measures and specified targets are appropriate to measure and assess the entity's performance in achieving its purpose for the period 1 July 2022 to 30 June 2023.
- Whether the performance statements prepared are based upon appropriate records that properly record and explain the entity's performance for the period 1 July 2022 to 30 June 2023.
- Whether the annual performance statements present fairly the entity's performance in achieving the entity's purpose for the period 1 July 2022 to 30 June 2023.

I have drawn these criteria from the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the accompanying *Public Governance, Performance and Accountability Rule 2014* and relevant Resource Management Guides issued by the Department of Finance to support the enhanced Commonwealth government performance framework.

Basis for my Conclusion

I have conducted my work in accordance with the Australian Standard on Assurance Engagements (ASAE 3000), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. I believe that the assurance evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

In accordance with ASAE 3000 I have:

- used my professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the annual performance statement for the period 1 July 2022 and 30 June 2023 is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing my assurance procedures; however, I do not express a conclusion on their effectiveness; and
- ensured that my engagement team possesses the appropriate knowledge, skills and professional competencies.

Inherent Limitations

There is an unavoidable risk that work planned and executed in accordance with Australian Auditing Standards including ASAE 3000 may not detect a fraud, error or non-compliance with laws and regulations, particularly where there has been concealment through collusion, forgery and other illegal acts. There are inherent limitations in performing such work – for example, work is based on selective testing of the information being examined – and therefore errors and irregularities may not be detected. However, I will communicate to ANAO, as appropriate, any such matters that come to my attention.

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists. Misstatements, including omissions, are considered material

if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users of the report.

Use of the Report

This report was prepared for the President of the Senate and the Speaker of the House or Representatives for the purpose of providing an assurance conclusion on the ANAO's annual performance statement for the period 1 July 2022 to 30 June 2023 and may not be suitable for another purpose. I disclaim any assumption of responsibility for any reliance on my report, to any person other than the President of the Senate or the Speaker of the House of Representatives, or for any other purpose than that for which it was prepared.

My Responsibility

My responsibility is to perform a reasonable assurance engagement in relation to the ANAO's annual performance statement for the period 1 July 2022 to 30 June 2023, and to issue an assurance report that includes my conclusion.

Management's Responsibility

ANAO are responsible for:

- determining that the criteria are appropriate to meet their needs and the needs of the Auditor-General;
- preparing and presenting the annual performance statement for the period 1 July 2022 to 30 June 2023 in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the annual performance statement for the period 1 July 2022 to 30 June 2023 free from material misstatement, whether due to fraud or error.

Independence and Quality Control

I have complied with independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.



Eileen Hoggett
Independent Auditor

11 August 2023

Annual performance statements

As the accountable authority of the Australian National Audit Office (ANAO), I present the 2022–23 annual performance statements as required under subsection 39(1)(a) and (b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and section 16F of the Public Governance, Performance and Accountability Rule 2014. In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity for the reporting period and comply with subsection 39(2) of the PGPA Act.



Grant Hehir
Auditor-General
11 August 2023

Performance framework

The ANAO's performance framework allows us to monitor and measure:

- what we did (output);
- how well we did it (quality and/or efficiency); and
- what the benefits were (impact).

Taken together, the performance measures tell a story of the ANAO's achievement of its purpose.

The output measures relay progress in the delivery of the ANAO's audit work. This audit work generates findings and recommendations for improving public administration and performance that are directed at entities and tabled in the Parliament. The impact measures provide information on entities' implementation of audit findings and recommendations, and the extent to which the Parliament's engagement with our work leads to improvements in public sector administration.

The ANAO performance framework also includes measures relating to quality and efficiency. The quality and efficiency measures are intended to demonstrate efficient use of taxpayer resources and a commitment to quality in our work. We use information from public audit offices in other jurisdictions to benchmark much of our performance.

Corporate plan and portfolio budget statements

The ANAO measures its performance against its purpose using a range of performance measures, which are outlined in the Portfolio Budget Statements 2022–23 and the ANAO's Corporate Plan 2022–23.

The purpose of the ANAO is to support accountability and transparency in the Australian Government sector through independent reporting to the Parliament, and thereby contribute to improved public sector performance.

In its Portfolio Budget Statements 2022–23, the ANAO's sole outcome (Outcome 1) is 'to improve public sector performance and accountability through independent reporting on Australian Government administration to the Parliament, the Executive and the public'.

The ANAO seeks to achieve its purpose and outcome through its audit services, which include:

- financial statements audits of Australian Government entities (Program 1.1);
- performance audits of Australian Government programs and entities (Program 1.2); and
- performance statements audits of selected Australian Government entities (Program 1.3).

The ANAO's outcome and programs framework for 2022–23 is shown in Table 3.1.

Table 3.1: ANAO’s outcome and programs framework for 2022–23

OUTCOME 1
To improve public sector performance and accountability through independent reporting on Australian Government administration to the Parliament, the Executive, and the public.
Program 1.1: Financial Statements Audit Services
<p>This program contributes to the outcome through:</p> <ul style="list-style-type: none"> • providing assurance on the fair presentation of financial statements of the Australian Government and its controlled entities by providing independent audit opinions for the Parliament, the Executive Government, and the public; • presenting two reports annually addressing the outcomes of the financial statements audits of Australian Government entities and the consolidated financial statements of the Australian Government, to provide the Parliament with an independent examination of the financial accounting and reporting of public sector entities, and • contributing to improvements in the financial administration of Australian Government entities.
Program 1.2: Performance Audit Services
<p>This program contributes to the outcome through:</p> <ul style="list-style-type: none"> • audits of the performance of Australian Government programs and entities, including identifying opportunities for improvement and lessons for the sector.
Program 1.3: Performance Statements Audit Services
<p>This program contributes to the outcome through:</p> <ul style="list-style-type: none"> • audits of the performance statements of selected Australian Government entities.

Analysis of performance against our purpose

Overall, in 2022–23, the ANAO achieved 10 performance measures out of 17, a decrease in the number of performance outcomes achieved in 2021–22:

- For Program 1.1: Financial Statements Audit Services, four out of five measures were met.
- For Program 1.2: Performance Audit Services, two out of four measures were met.
- For Program 1.3: Performance Statements Audit Services, three out of five measures were met.
- For relationships, corporate and professional services, one out of three measures were met.

The ANAO carried out its annual audit work program for 2022–23, having regard to the priorities and interests of the Parliament and providing a balanced program of activity that was informed by risk. Through the audit program, the ANAO promoted accountability, transparency and improvements to public administration; followed up on past recommendations; identified trends for improvement or declines in performance across the public sector; and applied all of the Auditor-General’s mandate.

In 2022–23 the ANAO revised its measures for relationships corporate and professional services to better reflect our performance in delivering our purpose through relationships with Parliament (Measure 15), and our support of the Australian Government for improving public sector performance (Measure 16). These measures comprised of a number of reporting mechanisms. All reporting mechanism targets were required to be met to achieve the measures. The ANAO did not achieve Measure 15, as two of the four reporting mechanisms were not met, nor did it meet Measure 16, as one of five reporting mechanisms was not met.

The ANAO continued to assist the Parliament by considering requests for audit from members of parliament, by briefing members of parliament and committees, and making submissions to and appearing before parliamentary committees. The number of private briefings requested by parliamentarians in 2022–23 (43) was significantly higher than in 2021–22 (10). The increase is attributed to the new Parliament and ANAO’s outreach activities. ANAO made a total of 34 appearances before parliamentary committees in 2022–23; this included 12 private briefings, 21 public hearings and one classified hearing.

In 2022–23, the ANAO presented 40 performance audits for tabling in the Parliament. The primary focus of ANAO performance audits was effectiveness and economy — the extent to which entities delivered on intended objectives and the value for money achieved in doing so. The year also saw continued emphasis on governance within entities, with a focus on service delivery, procurement management, grants, regulation, and cyber security. Performance audit work covered non-corporate and corporate government entities and one Commonwealth partner (audited under paragraph 18B(1)(b) of the Auditor-General Act 1997), reflecting the Auditor-General’s mandate.

In 2022–23 the ANAO included improvements to administrative and management practices made by entities during an audit in performance audit reports. Of the performance audits published in 2022–23, 87.5 per cent included improvements observed by the ANAO.

In 2022–23, the ANAO published four *Audit Insights* reports to support its purpose and the focus of the annual audit work program. The following insights were published in the period:

- [Reporting Meaningful Performance Information](#);
- [Executive Remuneration](#);
- [Cyber Security](#); and
- [Procurement and Contract Management](#).

The following sections provide more detailed analysis of the ANAO’s performance results for Program 1.1: Financial Statements Audit Services, Program 1.2: Performance Audit Services, Program 1.3: Performance Statements Audit Services and ANAO-wide activities relating to relationships and corporate and professional services.

Performance results for Program 1.1: Financial Statements Audit Services

The primary purpose of financial statements is to provide relevant and reliable information to users about a reporting entity’s financial performance and position. In the public sector, the users of financial statements include ministers, the Parliament, and the community. The preparation of timely and accurate audited financial statements is also an important indicator of the effectiveness of an entity’s financial management, which fosters confidence in an entity on the part of users.

The ANAO’s financial statements audits, undertaken in accordance with the ANAO Auditing Standards, provide an independent examination of the financial accounting and reporting of public sector entities. They provide independent assurance that financial statements have been prepared in accordance with the Australian Government’s financial reporting framework and Australian accounting standards and present fairly the financial performance of the entity. The ANAO’s assurance audits contribute to improvements in the financial administration of Australian Government entities.

The Auditor-General presents reports on audits of financial statements to the Parliament twice a year. The first of these reports, *Interim Report on Key Financial Controls of Major Entities*, reports on ANAO coverage of key financial systems and controls in major Commonwealth entities. The second report, *Audits of the Financial Statements of Australian Government Entities*, reports on the results

of the financial statements audits of all Commonwealth entities. The independent reporting to the Parliament on this activity supports accountability and transparency in the Australian Government sector.

Key to the ANAO's audit process is an assessment of entities' internal control frameworks as they apply to financial reporting. An effective internal control framework provides the ANAO with a level of assurance that entities are able to prepare financial statements that are free from material misstatement. In 2022–23, a total of 78 findings were reported to the entities included in the interim audit report to the Parliament, comprising 29 moderate, 47 minor, and two legislative findings. This is an increase on the interim audit results of 2021–22, with a total of 62 reported findings comprising one significant, 14 moderate, 45 minor, and two legislative findings. A total of 63 per cent of all findings and 72 per cent of moderate findings are in the areas of management of IT controls, particularly the management of privileged user access and terminations.

The consolidated financial statements present the consolidated whole-of-government financial results, inclusive of all Australian Government-controlled entities, as well as the general government sector financial report. The 2021–22 consolidated financial statements were signed by the Minister for Finance on 16 November 2022 and an unmodified auditor's report was issued on 17 November 2022.

A total of 175 findings (2020–21: 164) were reported to entities as a result of the 2021–22 financial statements audits. These comprised one significant (2020–21: 2), 27 moderate (2020–21: 21), 132 minor (2020–21: 127) and 15 legislative findings (2020–21: 14). The highest number of findings are in the categories of IT security management and user access, and accounting and control of non-financial assets.

The total findings included three significant legislative breaches, one of which has remained open since 2012–13. There were 12 non-significant legislative breaches, six of which related to incorrect payments of remuneration to key management personnel and/or non-compliance with determinations made by the Remuneration Tribunal. A significant breach is reported where a significant potential or actual breach of the Constitution occurs, or where non-compliance with an entity's enabling legislation, legislation the entity is responsible for administering, or the PGPA Act is identified. A non-significant legislative breach is reported where instances of non-compliance with other legislation, or subordinate legislation, are identified.

Performance measures

To assess performance against our purpose in relation to financial statements audit activities, the ANAO measures the:

- number of mandated financial statements audit reports issued;
- percentage of mandated financial statements audit reports issued in time to meet entity annual reporting timeframes;
- average cost of a financial statements audit does not increase from the prior year;
- percentage of moderate or significant findings from mandated financial statements audit reports agreed to by audited entities; and
- percentage of moderate or significant findings that are addressed by mandated audited entities within 24 months of reporting.

Measure 1		Number of mandated financial statements audit reports issued
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.1, p. 101	
Result	Achieved a result of 247 against a target of 245	MET

The number of financial statements auditor’s reports issued is a key measure of the ANAO’s core business in achieving its purpose. Under the *Auditor-General Act 1997*, the Auditor-General’s functions include the mandatory auditing of the annual financial statements of Commonwealth entities, Commonwealth companies and their subsidiaries, and the consolidated financial statements. This measure reports on the number of those reports issued.

During 2022–23, the ANAO completed all of the 247 mandated financial statements audits for the year ended 30 June 2022.² This included the consolidated financial statements of the Australian Government.

Details of issues identified during the financial statements audits are included in Auditor-General Report No.8 of 2022–23 [Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022](#).

Measure 2		Percentage of mandated financial statements audit reports issued in time to meet entity annual reporting timeframes
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.1, p. 101	
Result	Achieved a result of 86% against a target of 85%	MET

In order to support timely reporting of entities’ financial performance to the Parliament through annual reports, the ANAO aims to issue 85 per cent of auditor’s reports within three months of the financial-year-end reporting date.

Providing timely auditor’s reports also supports entities in meeting requirements to provide audit-cleared financial information to the Department of Finance in accordance with deadlines that are set to assist the Australian Government to prepare the Final Budget Outcome by 30 September for the financial statements with 30 June year end, and the consolidated financial statements 30 November each year. The consolidated financial statements present whole-of-government financial results, inclusive of all Australian Government-controlled entities.

Achievement of this measure relies on entities providing the ANAO with auditable financial statements within the required timeframe. The ANAO noted an increase in findings relating to: processes supporting financial statements preparation; a decline in the delivery of draft financial statements in line with entity financial statements project plans; an increase in the number of unadjusted audit differences; and an increase in overall total value of unadjusted audit differences

2 The number of the mandated financial statements audits is two more than the target in the ANAO Corporate Plan due to the creation of four new subsidiary audits and cessation of two audits during the financial year. The new audits are CSIRO Custodial Services Pty Ltd, CSIRO Innovation Co-Investment Fund, CSIRO Innovation Follow-on Fund 2 and Win with Navy Ltd. The ceased audits are Financial Adviser Standards and Ethics Authority Ltd and Li Ar Land Yalung Holding Trust). Mandated audits are those required under the Public Governance, Performance and Accountability Act 2013 or other legislation.

reported to entities in 2021–22 compared to 2020–21. On average, it took 44 days after the auditor’s report was issued for annual reports to be tabled in Parliament. The ANAO works closely with entities to facilitate the timely finalisation of the financial statements, with the objective of issuing auditor’s reports within two business days of the financial statements being signed. The ANAO issued 98 per cent of auditors’ reports within two business days of the signing of the financial statements by the accountable authority, which is unchanged compared to 2020–21 audit cycle.

Measure 3		Average cost of a financial statements audit does not increase from the prior year
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.1, p. 101	
Result	Achieved a result of 5% against a target of 0%	NOT MET

Delivering cost-effective audits is one way the ANAO can demonstrate the efficient use of taxpayer resources in our work. This measure captures the average cost of delivering mandated financial statements audits and allows comparison over time.

In 2022–23, the ANAO is reporting on audits of financial statements from the 2021–22 audit cycle, as the financial year ended on 30 June and the audit occurred after the end of the financial year. Therefore, the average cost per audit for the Financial Statements Audit Services Group is calculated by comparing the average cost of the 2021–22 audit cycle to the average cost of the 2020–21 audit cycle. The average cost for the 2021–22 audit cycle was \$169,350 and the 2020–21 average cost was \$161,331, representing a five per cent increase (Table 3.2). The increase was mainly driven by deteriorating reliability in the financial statements preparation processes resulting in increased audit efforts, and higher than expected staff turnover resulting in engaging less experienced staff requiring on-the-job coaching and support. Also, entities have more complex financial transactions that require the engagement of specialist in the areas of financial instruments, valuations and impairment assessment in order to obtain sufficient appropriate audit evidence to meet the requirements under ANAO Auditing Standards.

Table 3.2: Cost of assurance audit reports, 2019–20 to 2021–22

Audit cycle	Percentage increase Target (%)	Average cost per mandated audit \$(a)	Range of audit fees charged (\$)	Actual result (%)
2021–22	0	169,350	5,500–3,675,000	4.97
2020–21	0	161,331	5,500–3,890,000	-1.79
2019–20	0	164,268	5,500–3,700,000	6.06

(a) Cost is calculated on a nominal cost recovery basis using an accrual-based costing model.

Measure 4	Percentage of moderate or significant findings from mandated financial statements audit reports agreed to by audited entities	
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.1, p. 101	
Result	Achieved a result of 96% against a target of 90%	MET

The ANAO provides entities with audit findings and recommendations to improve internal controls and business processes based on observations noted during the conduct of financial statements audits. These matters are reported to the accountable authority and copied to the chair of the audit committee and the chief financial officer via an interim management letter, a closing report or a final management letter. The ANAO seeks to confirm all factual observations concerning the audit findings with entities before finalising these reports. Included in the measure of agreed recommendations are situations where the audited entity agrees with the ANAO’s factual observations, but the entity may suggest an alternative method to resolve the issue.

The audit findings and recommendations are reported using a rating scale whereby significant and moderate risk issues are reported individually to the audited entities, the relevant minister and the Parliament. Lower risk issues are also reported individually to each entity, and in aggregate in the ANAO’s reports to the Parliament.³

All audit findings and recommendations are followed up as part of the audit of the following year’s financial statements.⁴

Measure 5	Percentage of moderate or significant findings that are addressed by mandated audited entities within 24 months of reporting	
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.1, p. 101	
Result	Achieved a result of 100% against a target of 90%	MET

The ANAO measures the percentage of moderate and significant findings that are addressed by entities in order to measure the impact that the ANAO’s audit work has on public administration. This measure captures findings (moderate and significant) that are addressed by audited material entities within 24 months, resulting in improvements to the public sector control environment. ‘Addressed’ means that the entity has responded to and actioned the audit finding. The ANAO reviews all findings during the interim and/or final phases of the annual financial statements audit process. The ANAO reports on entities’ actions in response to findings in *the Interim Report on Key Financial Controls of Major Entities* and in an end-of-year report on the final results of the financial statements audits.

Audit findings are reported to entities at the conclusion of each year’s financial statements audit. To determine whether these findings have been addressed by entities within 24 months of reporting, a full 24-month period is required from the audit cycle when the findings were raised. The audit cycle generally runs from October to September. Therefore, this performance measure for 2022–23

3 Significant (Category A) issues are those that pose a significant business or financial management risk to the entity. These include issues that could result in a material misstatement of the entity’s financial statements. Moderate (Category B) issues are those that pose a moderate business or financial management risk to the entity. These may include prior-year issues that have not been satisfactorily addressed.

4 This measure is for all significant and moderate findings including the findings reported in Measure 2.

considers whether the audit findings since the 2019–20 audit cycle had been addressed by mandated entities within 24 months of reporting, which was up to the conclusion of the 2021–22 audit cycle.

Performance results for Program 1.2: Performance Audit Services

The ANAO conducts performance audits in accordance with the ANAO Auditing Standards. These performance audits examine common aspects of public administration, reviewing, and examining the operations of public sector entities. They identify areas where improvements can be made and often make specific recommendations to assist entities to improve performance. Performance audits may involve multiple entities, including where a program or service is jointly administered. An assurance review of the Department of Defence’s major defence equipment acquisitions is also undertaken annually. On completion, the ANAO’s performance audits are presented to the Parliament.

Performance audit services include audit activities that involve performance audits of all or part of an entity’s operations and result in independent performance audit reports to the Parliament. Other information and limited assurance reviews are also prepared, including the Defence *Major Projects Report*. These reports, along with performance audits, contribute to accountability and transparency of public sector administration.

The 2022–23 year saw the continuation of a series of audits on procurements by the Australian Government, including major Defence procurements, Indigenous service delivery, cyber resilience, and entity governance.

In response to ongoing parliamentary interest, the ANAO continued its audit series on the implementation of ANAO and parliamentary recommendations. In 2022–23, the Auditor-General tabled four performance audits that either followed up on an entity’s progress in implementing recommendations or followed on from other related audits.

Performance measures

To assess performance against our purpose in relation to performance audit activities, the ANAO measures the:

- number of performance audits presented to the Parliament;
- cost of these audits (our efficiency); and
- percentage of recommendations agreed to and the status of their implementation by entities (our impact and effectiveness).

Measure 6		Number of performance reports presented to Parliament
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements 2022–23, Program 1.2, p. 102	
Result	Achieved a result of 40 against a target of 42	NOT MET

In 2022–23, the Auditor-General tabled 40 performance audits in the Parliament (Table 3.3) against a target of 42 performance audits.

The expected impact of the rebuild of the performance audit program (to a target of 48 audits in 2024–25 and the forward years) and associated staffing numbers and capability was underestimated. As performance auditing is not an externally available profession but an internally built skill set, it requires significant training and mentoring to be delivered to new staff by experienced ANAO performance audit staff. As a result, these experienced staff spend a lower proportion of their available time on performing audit work when they are undertaking this capability building work. While this capability investment occurs there has been a consequential delay in the delivery of some audits, resulting in the 2022–23 target not being met.

In addition to the 40 performance audits tabled in the Parliament, the ANAO tabled Auditor-General Report No.12 of 2022–23 [2020–21 Major Projects Report](#) in February 2023. This is an annual publication that provides assurance regarding the progress of major Defence projects. The ANAO also tabled Auditor-General Report No. 11 of 2022–23 [Australian Government Procurement Contract Reporting — 2022 Update](#). This is the third information report on this topic, which seeks to provide greater transparency on procurement activity in the Australian public sector. This information report is neither an audit nor an assurance review and presents no conclusions or opinions.

Table 3.3: Number of performance audit reports, 2016–17 to 2022–23

Number of performance audit reports		
	Target	Result
2022–23	42	40
2021–22	40	40
2020–21	42	42
2019–20	48	42
2018–19	48	48
2017–18	48	47
2016–17 ^(a)	48	58

(a) The number of performance audits presented to the Parliament in 2015–16 and 2016–17 was affected by the double dissolution of the Parliament on 9 May 2016, during which time Auditor-General reports could not be presented for tabling, which caused a delay in publishing audits into 2016–17.

Measure 7	Average cost of a performance audit does not increase from the prior year	
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements 2022–23, Program 1.2, p. 102	
Result	Achieved a result of 7.5% increase against a target of a greater than 0% reduction	NOT MET

The average cost of audits delivered in 2022–23 increased compared to audits delivered in 2021–22 (Table 3.4). The additional cost reflects a number of factors including audit complexity and the need for additional senior staff time due to staff inexperience as well as new senior staff requiring on-the-job coaching and support. The complexity of an audit can increase due to circumstances such as covering multiple entities in one audit, record keeping issues identified within audited areas, highly technical and complex audit subject matter and challenges with accessing information that require additional time to manage.

2022–23 saw a large number of audit managers and team members starting with ANAO requiring more training and additional mentoring from more experienced staff compared to previous years. The 2022–23 result is largely the same as the average cost of an audit in 2020–21.

Table 3.4: Cost of performance audit reports, 2016–17 to 2022–23

	Percentage increase	Cost per performance audit (\$'000)(a)		Actual result (%)
	Target (%)	Average	Range	
2022–23	0	522	196–949	7.50
2021–22	0	486	159–1,106	-6.6
2020–21	0	520	234–984	18.0
2019–20	0	439	186–904	5.0
2018–19	0	419	131–670	-0.7
2017–18	0	422	159–786	-9.8
2016–17	N/A	468	102–1,500	-11.0

(a) Cost is calculated on a nominal cost recovery basis using an accrual-based costing model.

Measure 8		Percentage of recommendations included in performance audit reports agreed to by audited entities
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements 2022–23, Program 1.2, p. 102	
Result	Achieved a result of 91% against a target of 90%	MET

The ANAO makes recommendations in performance audit reports to support the Parliament in its role in holding entities to account for their use of public money, and to seek to improve public administration. Throughout a performance audit, the ANAO keeps entities informed of findings and discusses potential recommendations to ensure entities understand the basis and intention of recommendations. Table 3.5 provides a breakdown of audited entities' responses to the ANAO's recommendations against the total number of recommendations made. Only recommendations that were agreed without qualification are included as 'agreed' recommendations in the result for this measure.

In 2022–23, 177 recommendations were agreed, five recommendations were agreed with qualification, five recommendations were not agreed, and seven recommendations were noted or no response.

Table 3.5: Agreement to recommendations in performance audit reports, 2016–17 to 2022–23

	Recommendations				
	Total number	Fully agreed (%)	Agreed with qualifications (%)	Not agreed (%)	Noted or no response by entities (%)
2022–23	194	91.2	2.6	2.6	3.6
2021–22 ^(a)	161	95.7	2.5	1.9	0.0
2020–21	165	92.1	6.1	1.2	0.6
2019–20	141	90.8	1.4	2.8	5.0
2018–19	146	90.0	6.8	0.7	2.7
2017–18	126	84.9	9.5	2.4	3.2
2016–17	102	91.0	4.0	3.0	2.0

(a) The percentages for 2021–22 do not total 100 per cent due to rounding.

Measure 9	Percentage of ANAO recommendations implemented within 24 months of a performance audit report being presented
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements 2022–23, Program 1.2, p. 102
Result	Achieved a result of 77% against a target of 70% MET

The ANAO monitors entities' implementation of performance audit recommendations by attending entity audit committees and conducting audits that follow up on entity progress in implementing previously made recommendations. The ANAO also seeks advice annually from all relevant entities on progress in implementing audit recommendations over a two-year implementation period.

The self-reported data for audit recommendations made in 2020–21 suggests that entities are implementing ANAO recommendations largely within 24 months of the recommendation being agreed (Table 3.6). For those recommendations that have not yet been implemented, the majority of entities have advised that work is underway.

This measure is based on entity self-reporting on implementation of recommendations. The ANAO has undertaken a series of performance audits on entities' implementation of parliamentary and ANAO recommendations.⁵ These audits have shown that some entities have reported ANAO recommendations as being implemented when the evidence has shown that they have not actually been implemented. These performance audits of the implementation of recommendations do not cover all entities and the results may not be representative of the whole population. The audits undertaken to date in this series have identified that 24 per cent of recommendations that entities had reported as implemented were assessed by the ANAO as not implemented.

5 Auditor-General Report No.6 of 2019–20 [Implementation of ANAO and Parliamentary Committee Recommendations](#); Auditor-General Report No.46 of 2019–20 [Implementation of ANAO and Parliamentary Committee Recommendations — Education and Health Portfolios](#); Auditor-General Report No.34 of 2020–21 [Implementation of ANAO and Parliamentary Committee Recommendations — Department of Defence](#); Auditor-General Report No.25 of 2021–22 [Implementation of ANAO and Parliamentary Committee Recommendations — Department of Home Affairs.](#), Auditor-General Report No. 22 of 2022–23 [Implementation of Parliamentary Committee and Auditor-General Recommendations — Attorney-General's Portfolio](#).

Table 3.6: Percentage of performance audit recommendations implemented within 24 months

Year in which recommendations made	Recommendations (number)	Recommendations		
		Implemented (%)	Not implemented (%)	No response provided (%)
2020–21	165	77	21	2
2019–20 ^(a)	141	84	7	8
2018–19	146	79	19	2
2017–18	126	81	19	0
2016–17	102	72	26	2

(a) The percentages for 2019–20 do not total 100 per cent due to rounding.

Performance results for Program 1.3: Performance Statements Audit Services

Performance statements audit services contribute to the ANAO achieving its purpose through the conduct of audits of annual performance statements of selected entities. The intent of performance statements audits is to drive improvements in the transparency and quality of entities' performance reporting, and, in turn, increase entities' accountability to the Parliament and public.

The ANAO completed six audits of entity 2021–22 performance statements as part of the staged implementation of the annual performance statements audit program, following a request from the Minister for Finance in October 2021. The ANAO audited the performance statements of the Attorney-General's Department (AGD), the Department of Social Services (DSS), the Department of Veterans' Affairs (DVA), the then Department of Agriculture, Water and the Environment (DAWE), the then Department of Education, Skills and Employment (DESE), and the Treasury.

The Minister for Finance tabled all six audit reports in the Senate on 16 December 2022. These are available at finance.gov.au/publications/reports. The ANAO published the [Audits of the Annual Performance Statements of Australian Government Entities — 2021–22 report](#) (the report), reflecting on the outcomes of the 2021–22 performance statements audit program and the lessons learned from the first year of implementing the program. The report was tabled in Parliament on 9 February 2023.

To assess performance against our purpose in relation to performance statements audit activities, the ANAO measures the:

- number of performance statements audit reports issued;
- percentage of performance statements audit reports issued in time to meet entity annual reporting timeframes;
- average cost of a performance statements audit;
- percentage of moderate or significant findings, and recommendations, from performance statements audit reports agreed to by audited entities; and
- percentage of agreed moderate or significant findings that are addressed by audited entities within 24 months of reporting.

In 2022–23, the ANAO reports on audits of performance statements from the 2021–22 audit cycle, as audits began in the 2021–22 financial year.

Measure 10		Number of performance statements audits issued
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.3, p. 103	
Result	Achieved a result of 6 against a target of 6	MET

During 2022–23, the ANAO completed 6 out of 6 performance statements audits, for the year ending 30 June 2022. Details of the learnings identified during the 2021–22 performance statements audits are included in Auditor-General Report No. 13 of 2022–23 [Audits of the Annual Performance Statements of Australian Government Entities - 2021–22](#).

Measure 11		Percentage of performance statements audit reports issued in time to meet entity annual reporting timeframes
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.3, p. 103	
Result	Achieved a result of 33% against a target of 100%	NOT MET

The ANAO aims to issue performance statements audit reports within three months of the end of the financial year. The issue of timely audit reports supports entities to include audited annual performance statements in their annual reports to the Parliament.

Two audit reports were issued within the three months of the end of the financial year, producing a result of 33 per cent. The remaining four entities signed their performance statements by 18 October 2022. The Auditor-General’s independent audit reports were provided to the Minister for Finance on 24 October 2022 and the minister tabled all six audit reports in the Senate on 16 December 2022.

Achievement of this measure relies on entities providing the ANAO with auditable performance statements within the required timeframe. A total of 31 findings were reported to entities as a result of the 2021–22 performance statements audits. These comprised 10 significant, 11 moderate, and 10 minor findings. These findings reflect that entities experienced some challenges in preparing their performance statements to a standard necessary to meet the Parliament’s purposes. Findings related to the timely provision of draft statements and supporting documentation to the ANAO; use of reliable and verifiable methodologies and data sources to support reported results; and poor record keeping processes. The nature of the findings impacted the ANAO’s audit procedures and timely finalisation of the relevant audits.

Measure 12		Average cost of a performance statements audit does not increase from the prior year
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.3, p. 103	
Result	Achieved a result of 4.8% increase against a target of 0%	NOT MET

The average cost of performance statements audits for the 2021–22 audit cycle is calculated by comparing the average cost of the 2021–22 audits with the average cost of the 2020–21 audits.

The average cost of the 2021–22 audits was \$656,649 and the average cost of 2020–21 audits was \$626,730, representing a 4.8 per cent increase (Table 3.7). The increase was primarily driven by the

introduction of three new entities to the program and the need to develop capability across performance statements auditors during the first year of implementation.

2022–23 is the first year the ANAO implemented this performance measure. As such, targets and results for years prior to 2021–22 are not included.

Table 3.7: Average cost of performance statements audits – 2020–21 to 2021–22

Audit cycle	Percentage increase Target (%)	Average cost per audit cycle (\$)	Actual result (%)
2021–22	0	656,649	4.8
2020–21		626,730	

Measure 13	Percentage of moderate or significant findings, and recommendations, from performance statements audit reports agreed to by audited entities
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.3, p. 103
Result	Achieved a result of 90% against a target of 90% MET

The ANAO provides entities with audit findings and recommendations based on observations during the conduct of performance statements audits. These findings and recommendations are aimed at assisting entities to improve their performance reporting, internal controls, and business processes. Entities are more likely to fully address findings and implement recommendations that are agreed to without qualification. Significant or moderate findings are Category A or B findings.⁶

Audit findings and recommendations are reported to the accountable authority and copied to the chair of the audit committee via an interim management letter, a closing report or a final management letter. The ANAO seeks to confirm all factual observations concerning the audit findings with entities before finalising these reports. Included in the measure of agreed recommendations are situations where the audited entity agrees with the ANAO’s factual observations, but the entity may suggest an alternative method to resolve the issue.

In the 2021–22 performance statements audit cycle, 31 moderate or significant findings were found across the six audits. Of the findings, 28 were agreed to (without qualification) by entities and three were not agreed, resulting in 90 per cent of findings agreed to.

All audit findings and recommendations are followed up as part of the audit of the following year’s performance statements.⁷

6 Significant (Category A) issues are those that pose a significant business or financial management risk to the entity. These include issues that could result in a material misstatement of the entity’s financial statements. Moderate (Category B) issues are those that pose a moderate business or financial management risk to the entity. These may include prior-year issues that have not been satisfactorily addressed.

7 This measure is for all significant and moderate findings including the findings reported in Measure 11.

Measure 14 Percentage of agreed moderate or significant findings that are addressed by audited entities within 24 months of reporting	
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements October 2022–23, Program 1.3, p. 103
Result	Achieved a result of 100% against a target of 70% MET

To measure the impact that the ANAO’s audit work has on public administration, the ANAO measures the percentage of agreed moderate or significant findings that are addressed by audited entities. This measure captures findings (moderate or significant) that are addressed by audited entities within 24 months, resulting in improvements to the public sector control environment. ‘Addressed’ means that the entity has responded to and actioned the audit finding. The ANAO reviews all findings during the interim and/or final phases of the annual financial statements audit process.

Audit findings are reported to entities at the conclusion of each year’s performance statements audit. In order to determine whether these findings have been addressed by entities within 24 months of reporting, a full 24-month period is required from the audit cycle when the findings were raised. The audit cycle generally runs from October to September. Therefore, this performance measure for 2022–23 considers whether the audit findings since the 2019–20 audit cycle had been addressed by entities within 24 months of reporting which was up to the conclusion of the 2021–22 audit cycle.

For 2022–23, only AGD and DVA were included in the result of this measure, as they are the only entities who have undergone audits over a 24-month period (2019–20 to 2021–22). In 2023–24, all audits from the 2021–22 audit cycle will be included.

Up to the conclusion of the 2021–22 performance statements audit cycle, seven moderate or significant findings were addressed in the 24-month period across the two audits. Entities agreed to 100 per cent of the findings.

Shared performance criteria for Programs 1.1, 1.2 and 1.3: The ANAO supports the Australian Government sector to improve public sector performance

A number of performance measures are shared across the ANAO. These areas of activity contribute to achieving the ANAO’s purpose through:

- facilitating dissemination of the ANAO’s findings to members of parliament, the executive and the public;
- providing organisation-wide enabling services for the ANAO, based on specialised knowledge, professional practice and technology; and
- ensuring ANAO audits are of high quality and compliant with auditing standards.

Performance measures

To assess performance against our purpose in relation to ANAO-wide activities, the ANAO measures performance in delivering audit services through our key relationship with the Parliament, and our support of the Australian Government to improve public sector performance.

The ANAO also evaluates whether the independent quality assurance program indicates that audit conclusions are appropriately supported by evidence.

Measure 15		The ANAO supports the Parliament to carry out its functions on the operations of the Australian Government sector.	
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements 2022–23, shared by programs 1.1, 1.2, and 1.3, p. 104		
Result	Achieved a result of 2 reporting mechanisms met against a target of 4		NOT MET
Reporting mechanism 1	Percentage of appearances for private briefings and public hearings undertaken at the request of parliamentary committees		
Result	Achieved a result of 100% against a target of 100%		MET
Reporting mechanism 2	Percentage of private briefings undertaken at the request of parliamentarians		
Result	Achieved a result of 100% against a target of 100%		MET
Reporting mechanism 3	Percentage of inquiries and audit requests from parliamentarians responded to within 28 days		
Result	Achieved a result of 87.5% against a target of 90%		NOT MET
Reporting mechanism 4	Percentage of positive feedback from Joint Committee of Public Accounts and Audit (JCPAA) survey respondents on whether the ANAO contributed to improved public sector accountability and transparency and public sector administration through its reports and services to the Parliament		
Result	Unable to be reported.		

The ANAO has identified four reporting mechanisms (with defined targets) to assess the level of support provided to the Parliament. The ANAO considers that the mechanisms identified are a reasonably complete and appropriate set of mechanisms to assess the overall measure.

The ANAO supports the work of the Parliament by providing private briefings on request, making appearances before, and submissions to, committee inquiries, and responding to inquiries and audit requests from Parliamentarians. This effort is based on audit reports tabled in Parliament.

The relationship with the JCPAA remains the ANAO’s key parliamentary engagement. To support the work of the Parliament more broadly, the ANAO focused on proactively seeking opportunities to engage with the Parliament to improve the utilisation of audit reports in parliamentary proceedings. Engagement activities included:

- reviewing all Senate, House and joint committee inquiries and making submissions, and being available to appear at hearings where there was audit coverage relevant to the committee inquiry terms of reference.
- providing a summary to estimates committees, prior to estimates hearings, which includes information about all audit reports tabled since the last estimates hearings and highlighting which audits are relevant to a committee’s portfolio of responsibilities.

For 2022–23, two of the four reporting mechanisms for Measure 15 have been met, one reporting mechanism has not been met and one reporting mechanism is unable to be reported due to insufficient data. Therefore, Measure 15 has not been met overall.

Reporting mechanism 1 – Appearances for private briefings and public hearings undertaken at the request of parliamentary committees

In 2022–23, the ANAO attended 12 private briefings, 21 public hearings and one classified hearing. All appearances followed requests from parliamentary committees. The total number of appearances remains consistent with prior reporting cycles with the total of 34 appearances in 2022–23 being one higher than the total of 33 appearances in 2021–22.

The ANAO's key stakeholder is the JCPAA. The JCPAA commenced seven inquiries into ANAO reports in 2022–23 and the ANAO attended 14 public hearings and nine private briefings with the JCPAA. In 2022–23 the JCPAA held an inquiry into the Commonwealth Financial Statements 2021–22 and issued Report 497 in June 2023. The JCPAA inquiry focused on financial sustainability, Defence's use of appropriations and the *Protective Security Policy Framework*. In its report, the JCPAA made six recommendations. The JCPAA concurred with the ANAO concerns raised during the inquiry relating to the Department of Defence using non-operating funding available from Appropriation Act (No. 2) 2020–21 for the termination payment in relation to the cancelled Attack Class submarine project. The report includes a recommendation that the Minister for Finance review the matter and accept the Committee's conclusion that the payment of compensation to terminate the Attack Class submarine project from appropriations provided for non-operating expenses should not have occurred and was against the spirit, if not the letter, of the Appropriations Acts.

All private briefings provided by the ANAO to parliamentary committees are [published on the ANAO website](#) as they occur. [Annexure A](#) outlines all public hearings and private briefings requested by parliamentary committees attended by the ANAO.

Reporting mechanism 2 – Private briefings undertaken at the request of parliamentarians

In 2022–23, the ANAO provided 43 of 43 private briefings requested by parliamentarians. The total number of briefings provided in 2022–23 is significantly higher than the 10 briefings provided in 2021–22. The increase is attributed to a new Parliament and response to ANAO briefing letters which were sent to all parliamentarians following the commencement of the 47th Parliament.

Of the 43 briefings, 32 were in relation to specific audit reports, five were in relation to departmental portfolio matters, three were in relation to the general function of the ANAO, two were in relation to the ANAO's support of the JCPAA and one was in relation to a parliamentary request for audit.

Summary level information of private briefings provided by the ANAO to parliamentarians and parliamentary committees are [published on the ANAO website](#) as they occur. [Annexure A](#) outlines all private briefings requested by parliamentarians attended by the ANAO.

Reporting mechanism 3 – Response to audit request from parliamentarians

In determining the ANAO's audit work program, the Auditor-General must have regard to the audit priorities of the Parliament, as determined by the JCPAA. Formal consultation with the JCPAA about the audit priorities of the Parliament occurs between February and May each year to inform the development of the ANAO's annual audit work program. The ANAO provided the draft work program for 2023–24 to the JCPAA in February 2023. The final work program was published on 6 July 2022.

Throughout the year, the Auditor-General also receives direct requests from members of parliament for audits of particular areas of public administration. Where the Auditor-General determines that further examination is warranted as a result of an audit request, a response can be provided through

a range of mechanisms, including by initiating a performance audit, assurance review or information report, and through correspondence or inclusion in future work programs.

In 2022–23, the Auditor-General received eight requests for audit⁸ from members of parliament. A response to 87.5 per cent of requests (7 of 8) was provided within 28 days. There was a significant decrease in the number of letters received from parliamentarians compared to the 2021–22 reporting period which can be attributed to the commencement of the 47th Parliament on 27 July 2022. ANAO wrote to all parliamentarians at the commencement of the new parliament including details of the annual audit work program and access to information for potential future audit topics.

[Annexure A](#) outlines the ANAO's responses to these requests.

Reporting mechanism 4 – Feedback from the Joint Committee of Public Accounts and Audit

The ANAO engaged a research firm, ORIMA Research, to conduct a survey of JCPAA members in 2023. Six of the 14 JCPAA members responded to the survey (approximately 43 per cent), which is substantially higher than the participation rate of seven per cent (one of 15 members surveyed) in 2022. The threshold for reporting on mechanism 4 was set at a participation rate of 50 per cent of members surveyed. As there were six respondents to the survey there is insufficient evidence to reliably determine a result against this measure. As such, the ANAO is unable to report a result against this measure.

To increase response rates for the 2023 survey, the ANAO revised the survey approach. Subsequently, survey responses increased substantially from one in 2021–22 to six in 2022–23.

Respondents all 'agreed' or 'strongly agreed' that the 'ANAO's reports and services have contributed to improved public sector accountability and transparency'. All respondents 'agreed' that the 'ANAO's reports and services help improve public sector administration'. Furthermore, all respondents were 'satisfied' or 'very satisfied' with the 'ANAO's support provided to the JCPAA through briefings, submissions, appearances and other mechanisms'. However, there were mixed responses to other areas of the ANAO's work including audit coverage, audit program consultation and report readability.

8 An ANAO response to an audit request or inquiry is finalised when it has been prepared and sent to a parliamentarian. In cases where an audit or limited assurance review is commenced, the notification by letter that the ANAO has taken this step will be sufficient to consider the request 'finalised'. Equally, where a response is provided that the topic will be considered in the development of the next annual audit work program, this will be considered a 'finalised' response. Follow-ups to the initial audit request would not be counted as an additional inquiry. This measure does not refer to a holding letter that is sent to parliamentarians to indicate that we have received the request.

Measure 16 The ANAO supports the Australian Government sector to improve public sector performance	
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements 2022–23, shared by programs 1.1, 1.2, and 1.3, p. 104
Result	Achieved a result of meeting 4 reporting mechanisms against a target of 5 NOT MET
Reporting mechanism 1	Number of reports summarising the results of ANAO financial and performance statements audit work presented to the Parliament
Result	Achieved a result of 3 against a target of 3 MET
Reporting mechanism 2	Completion of all assurance audit reports by arrangement that are accepted by the Auditor-General
Result	Achieved a result of 98% against a target of 100% NOT MET
Reporting mechanism 3	Number of published audit insights from across ANAO activities
Result	Achieved a result of 4 against a target of 4 MET
Reporting mechanism 4	Percentage of performance audits that include observed improvements in entities' processes during the audit
Result	Achieved a result of 87.5% against a target of 70% MET
Reporting mechanism 5	Percentage of positive feedback from entity surveys on the impact of audits
Result	Achieved a result of 87% against a target of 70% MET

The ANAO supports the work of the Australian Government by producing reports and products that provide insight into public sector performance (based on the findings within our audit programs) and understand areas for improvement in performance.

For 2022–23, four of the five reporting mechanisms for measure 16 have been met and one reporting mechanism has not been met. Therefore, measure 16 has not been met.

Reporting mechanism 1 – ANAO financial and performance statements audit work presented to the Parliament

In 2022–23, the ANAO tabled three reports in the Parliament on its financial and performance statements audit work. In relation to its financial statements audit work, the *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022* was tabled on 14 December 2022 and the *Interim Report on Key Financial Controls of Major Entities* was tabled on 25 May 2023. In relation to its performance statements audit work, the *Audits of the Annual Performance Statements of Australian Government Entities – 2021–22* was tabled on 9 February 2023.

All reports presented to the Parliament are [published on the ANAO website](#).

Reporting mechanism 2 – Assurance audits by arrangement

In 2022–23, the ANAO agreed to undertake 42 audits or reviews conducted under section 20 of the *Auditor-General Act 1997* and completed 41 of those audits or reviews. They include financial

statements audits and audits or reviews of compliance with legislative requirements. The ANAO did not complete the audit of Norfolk Island Health and Residential Aged Care Services as the financial statements were not available for audit.

In addition to conducting mandated financial statements audits, the ANAO undertakes other assurance activities by arrangement with audited entities to support accountability and transparency in the Australian Government sector. Measuring audits by arrangement contributes to the delivery of Program 1.1 by independently identifying improvements in the financial administration of Australian Government entities.

Reporting mechanism 3 – Audit Insights

The ANAO's *Audit Insights* product provides information on shared learnings for all Commonwealth entities as identified through financial statements audits, performance audits and performance statements audits. All ANAO performance audit reports contain key messages for all Australian Government entities. In 2022–23, the ANAO met its target of publishing four reports in its *Audit Insights* series, publishing the following reports in the period:

- [Reporting Meaningful Performance Information](#);
- [Executive Remuneration](#);
- [Cyber Security](#); and
- [Procurement and Contract Management](#).

Reporting mechanism 4 – Observed improvements in entities processes during an audit

Improvements in administrative and management practices usually occur in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.

Of the 40 performance audit reports, 35 were tabled in 2022–23 and included observed improvements made by entities during the audit process. Improvements were seen in a number of key areas including procurement practices, governance, risk management and record keeping practices. Improvements observed by the ANAO are outlined in appendix 2 of ANAO's performance audit reports. The audit reports that did not include observed improvements were:

- Auditor-General Report No. 3 (2022–23) Australia's COVID-19 Vaccine Rollout;
- Auditor-General Report No. 18 (2022–23) The Acquisition, Management and Leasing of Artworks by Artbank;
- Auditor-General Report No. 34 (2022–23) Procurement of the Permissions Capability System;
- Auditor-General Report No. 40 (2022–23) Comcare's Administration of its Workers Compensation Scheme; and
- Auditor-General Report No. 45 (2022–23) The Development and Implementation of Australia's Approach to Assisting Ukraine.

All performance audits published by the ANAO are available to read on the [ANAO website](#).

Reporting mechanism 5 – Entity feedback on the impact of audits

In 2022–23, the ANAO engaged a research firm, ORIMA Research, to conduct two independent surveys for the Financial Statements Audit Services Group (FSASG) and Performance Audit Services Group (PASG) to obtain audit entity feedback on the impact of audits. The surveys rate entity perceptions of audit value on selected questions relating to the value of ANAO services on improving entity performance and provide a score in index points.

The FSASG survey covered the 2021–22 financial year reporting cycle and results were based on the percentage of respondents agreeing or strongly agreeing to the following three statements:

- We value the assurance we obtain from the audit of statutory financial statements.
- The policy and technical advice provided by the ANAO is valued by our organisation.
- We value the ANAO’s recommendations to improve the financial management and internal controls of our organisation.

Overall, FSASG had a response rate of 65 per cent which was similar to the response rate of 62 per cent in 2021. The FSASG survey achieved a result of 94 per cent agreeing they value the work of the ANAO. This represented an increase from 93 per cent in 2021, with at least nine in 10 respondents agreeing that they value the assurance, recommendations, and policy and technical advice provided by the financial statements audit.

The PASG survey covered performance audits tabled in Q4 2021–22 and Q1-Q3 2022–23 and results were based on the percentage of respondents agreeing or strongly agreeing to the following four statements:

- The audit made a valuable contribution by providing our organisation with a sense of assurance regarding the administration of the audited activity.
- The audit will help us improve the performance of the audited activity.
- The entity benefits from good practice lessons, and related issues, raised in other ANAO performance audit reports.
- I value the independent opinion expressed by the ANAO.

Overall PASG had a response rate of 63 per cent which was similar to the response rate from 2021. The PASG survey achieved a result of 81 per cent. This represented a decrease from 85 per cent in 2021. Overall, 75 per cent of survey respondents agreeing that they value performance audit services.

Measure 17	The ANAO’s independent Quality Assurance Program indicates that audit opinions and conclusions are appropriate	
Source	ANAO Corporate Plan 2022–23 Portfolio Budget Statements 2022–23, shared by programs 1.1, 1.2 and 1.3, p. 104	
Result	Achieved	MET

Quality in the delivery of the ANAO’s audit services is critical in supporting the integrity of audit reports and maintaining the confidence of the Parliament and public sector entities. This is reflected in the target set in the performance indicator for Measure 17.

A key element of the [ANAO’s quality management framework](#) is monitoring of compliance with the policies and procedures that comprise the system of quality management to provide the Auditor-General with reasonable assurance that audits performed by the ANAO comply with applicable professional standards and relevant regulatory and legal requirements, and that the reports issued are appropriate in the circumstances. The ANAO’s independent Quality Assurance Program comprises internal and external quality assurance reviews of the ANAO’s audit and other assurance engagements. Monitoring activities are the responsibility of the Professional Services and Relationships Group, which reports to the Executive Board of Management.

In 2022–23 the annual quality assurance program included:

- annual quality assurance reviews of completed audits covering all of the ANAO’s functions (10 financial statements audits, two performance audits and one performance statements audit);
- real-time quality reviews of four in-progress financial statements audits and one performance statements audit;
- biennial external peer reviews of two completed performance audits performed by the New Zealand Office of the Auditor-General;
- external review of two completed financial statement audits conducted by the Australian Securities and Investments Commission; and
- an annual internal audit of compliance with selected requirements of the ANAO Audit Manual.

In 2022–23, four completed financial statements audit files reviewed were determined to be unsatisfactory. Three of the audit files did not contain sufficient appropriate audit evidence to support the conclusions issued and, in the fourth file, a significant finding was identified in the work performed over the implementation and operating effectiveness of IT general controls. The completed performance statements audit file reviewed was also determined to be unsatisfactory. A significant finding was identified related to the documentation of audit work where the performance statements audit team relied on work conducted by the financial statements audit team. The performance statements audit file did not contain sufficient information to document the nature, timing and extent of the procedures performed and the final agreed audit strategy.

Remediation procedures were completed in all unsatisfactory financial statements and performance statements audits to determine that the audit conclusions were appropriate despite the deficiencies identified. The remediation procedures included enhancing audit documentation to capture significant judgements made during the audit and the redesign and completion of a substantive analytical procedure in one audit. Following review of the remediated audit documentation, the ANAO is satisfied that all financial statements audit, performance audit and performance statements audit conclusions subject to monitoring were appropriate in the circumstances.

Based on the results reported to the Executive Board of Management and the completed internal and external reviews, the Auditor-General is satisfied that the system of quality management functioned effectively in 2022–23. Identified deficiencies and good practice recommendations identified in all internal and external reviews are addressed by ANAO follow-up actions. The ANAO Quality Committee is responsible for monitoring the ANAO’s progress in addressing the findings and recommendations arising from the monitoring programs. Reports on quality risks resulting from the quality assurance reviews are provided to the ANAO’s Audit Committee for consideration of proposed mitigations and actions.

Further results on the ANAO’s quality assurance program and monitoring activities are reported in the ANAO Quality Report 2022–23, including the results of root cause analysis and the identified areas for improvement.

Annexure A

Table 3A.1: ANAO appearances for private briefings and public hearings at the request of parliamentary committees in 2022–23 (Measure 15 – Mechanism 1)

Date	Committee	Topic	Type
4 August 2022	Joint Committee of Public Accounts and Audit	Auditor-General briefing paper on JCPAA/ANAO engagement	Briefing
22 August 2022	Senate Community Affairs Committee	Inquiry into Repeal of Cashless Debit Card and Other Measures Bill 2022	Hearing
31 August 2022	Joint Committee of Public Accounts and Audit	Auditor-General's batch reports ANAO October 2022–23 Budget Submission	Briefing
8 September 2022	Joint Standing Committee on the National Capital and External Territories	Auditor-General Report No.30 (2021–22) <i>Procurement by the National Capital Authority</i>	Briefing
15 September 2022	Joint Committee of Public Accounts and Audit	Major Projects Report guidelines and proposed project selections	Briefing
21 October 2022	Joint Select Committee on National Anti-Corruption Commission Legislation	Inquiry into National Anti-Corruption Commission Bills 2022	Hearing
28 October 2022	Senate Finance and Public Administration Legislation Committee	2022–23 Budget Estimates	Hearing
14 November 2022	Parliamentary Joint Committee on Intelligence and Security	Review of Administration and Expenditure No. 20 (2020–21) – Australian Intelligence Agencies	Classified Hearing
15 November 2022	Senate Standing Committees on Rural and Regional Affairs and Transport	Inquiry into the fisheries quota system	Hearing
24 November 2022	Joint Committee of Public Accounts and Audit	Auditor-General Report No. 42 (2021–22) <i>Procurement of Delivery Partners for the Entrepreneurs' Programme</i> Auditor-General Report No. 5 (2022–23) <i>Digital Transformation Agency's Procurement of ICT Related Services</i> Auditor-General Report No. 39 (2021–22) <i>Overseas Crisis Management and Response</i>	Briefing

Date	Committee	Topic	Type
1 December 2022	Joint Committee of Public Accounts and Audit	Auditor-General Report No. 6 (2021–22) <i>Management of the Civil Maritime Surveillance Services Contract</i> Auditor-General Report No. 15 (2021–22) <i>Department of Defence's Procurement of Six Evolved Cape Class Patrol Boats</i> Auditor-General Report No. 30 (2021–22) <i>Procurement of the National Capital Authority</i>	Briefing
9 December 2022	Joint Standing Committee on Foreign Affairs, Defence and Trade	Auditor-General Report No.4 (2021–22) <i>Defence Industry Security</i>	Briefing
9 December 2022	Joint Standing Committee on Foreign Affairs, Defence and Trade	Auditor-General Report No.4 (2021–22) <i>Defence Industry Security</i>	Hearing
14 December 2022	Joint Committee of Public Accounts and Audit	Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021–22) and 5 (2022–23)	Hearing
16 December 2022	Joint Committee of Public Accounts and Audit	Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021–22) and 5 (2022–23)	Hearing
15 December 2022	Joint Committee of Public Accounts and Audit	Inquiry into the Department of Foreign Affairs and Trade's crisis management arrangements	Hearing
9 February 2023	Joint Committee of Public Accounts and Audit	ANAO February 2023–24 Budget Submission	Briefing
2 February 2023	Joint Committee of Public Accounts and Audit	Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021–22) and 5 (2022–23)	Hearing
10 February 2023	Joint Committee of Public Accounts and Audit	Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021–22) and 5 (2022–23)	Hearing
10 February 2023	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth grants administration	Hearing
13 February 2023	Senate Finance and Public Administration Legislation Committee	2022–23 Supplementary Budget Estimates	Hearing
3 March 2023	Joint Committee of Public Accounts and Audit	Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021–22) and 5 (2022–23)	Hearing
3 March 2023	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth grants administration	Hearing

Date	Committee	Topic	Type
9 March 2023	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth Financial Statements 2021–22	Briefing
23 March 2023	Joint Committee of Public Accounts and Audit	Inquiry into the Defence Major Projects Report 2020–21 and 2021–22	Briefing
30 March 2023	Joint Committee of Public Accounts and Audit	Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021–22) and 5 (2022–23)	Hearing
31 March 2023	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth grants administration	Hearing
31 March 2023	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth Financial Statements 2021–22	Hearing
19 May 2023	Joint Committee of Public Accounts and Audit	Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates	Hearing
19 May 2023	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth Financial Statements 2021–22	Hearing
23 May 2023	Senate Finance and Public Administration Legislation Committee	Budget Estimates 2023–24	Hearing
16 June 2023	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth Financial Statements 2021–22	Hearing
22 June 2023	Joint Committee of Public Accounts and Audit	Review of Recent Auditor-Generals reports	Briefing
22 June 2023	Joint Committee on Corporations and Financial Services	Inquiry into Oversight of ASIC, the Takeovers Panel and the Corporations Legislation	Briefing

**Table 3A.2: Number of private briefings undertaken at the request of parliamentarians in 2022–23
(Measure 15 – Mechanism 2)**

Date	Parliamentarian	Topic
7 July 2022	Senator James Paterson	Auditor-General Report No. 38 (2021–22) <i>Administration of Critical Infrastructure Protection Policy</i>
19 July 2022	The Hon Matt Keogh MP	Auditor-General Report No. 45 (2021–22) <i>Effectiveness of the Management of Contractors — Department of Veterans' Affairs</i>
21 July 2022	Mr Julian Hill MP	Auditor-General Report No. 45 (2021–22) <i>Effectiveness of the Management of Contractors — Department of Veterans' Affairs</i>
21 July 2022	Mr Julian Hill MP	Auditor-General Report No. 43 (2021–22) <i>Effectiveness of the Management of Contractors — Department of Defence</i>
21 July 2022	Mr Julian Hill MP	Auditor-General Report No. 44 (2021–22) <i>Effectiveness of the Management of Contractors — Services Australia</i>
21 July 2022	Mr Julian Hill MP	Auditor-General Report No. 42 (2021–22) <i>Procurement of Delivery Partners for the Entrepreneurs' Programme</i>
21 July 2022	Mr Julian Hill MP	Auditor-General Report No. 16 (2021–22) <i>Award of Funding under the Safer Communities Fund</i>
21 July 2022	Mr Julian Hill MP	Auditor-General Report No. 6 (2021–22) <i>Management of the Civil Maritime Surveillance Services Contract</i>
28 July 2022	The Hon Catherine King MP	Auditor-General Report No. 1 (2022–23) <i>Award of Funding under the Building Better Regions Fund</i>
3 August 2022	The Hon Barnaby Joyce MP	Auditor-General Report No. 45 (2021–22) <i>Effectiveness of the Management of Contractors — Department of Veterans' Affairs</i>
5 August 2022	Senator the Hon Bridget McKenzie	Auditor-General Report No. 1 (2022–23) <i>Award of Funding under the Building Better Regions Fund</i>
9 August 2022	Mr Julian Hill MP	Auditor-General Report No. 22 (2021–22) <i>Administration of the JobKeeper Scheme</i>
9 August 2022	Mr Julian Hill MP	Auditor-General Report No. 1 (2022–23) <i>Award of Funding under the Building Better Regions Fund</i>
9 August 2022	Mr Julian Hill MP	Auditor-General Report No. 31 (2021–22) <i>Jobactive — Integrity of Payments to Employment Service Providers</i>
9 August 2022	Mr Julian Hill MP	Auditor-General Report No. 48 (2020–21) <i>Effectiveness of Planning and Implementation of Reform by the Australian Skills Quality Authority</i>
9 August 2022	Mr Julian Hill MP	Auditor-General Report No. 39 (2021–22) <i>Overseas Crisis Management and Response: The Effectiveness of the Department of Foreign Affairs and Trade's Management of the Return of Overseas Australians in Response to the COVID-19 Pandemic</i>

Date	Parliamentarian	Topic
15 August 2022	The Office of the Hon Richard Marles MP	ANAO's role and risks identified in the Department of Defence portfolio.
17 August 2022	The Hon Mark Dreyfus KC MP	Briefing on Attorney-General's portfolio matters
18 August 2022	Ms Kate Chaney MP	Overview of the role of the Auditor-General, the ANAO's interactions with the JCPAA and work products of the ANAO.
23 August 2022	Mr Julian Hill MP	Auditor-General Report No. 4 (2021–22) <i>Defence's Contract Administration — Defence Industry Security Program</i>
23 August 2022	Mr Julian Hill MP	Auditor-General Report No. 24 (2021–22) <i>Addressing Superannuation Guarantee Non-Compliance</i>
23 August 2022	The Office of Dr Monique Ryan MP	Auditor-General Report No. 1 (2022–23) <i>Award of Funding under the Building Better Regions Fund</i>
31 August 2022	Ms Kate Chaney MP	Auditor-General Report No. 3 (2022–23) <i>Australia's COVID-19 Vaccine Rollout</i>
8 September 2022	Mr Julian Hill MP - JCPAA Chair	Annual meeting with JCPAA Chair
9 September 2022	The Hon Milton Dick MP - Speaker of the House of Representatives Senator the Hon Sue Lines - President of the Senate	Discussion with Presiding Officers on matters relating to privileges as raised in parliamentary committees.
19 September 2022	Senator the Hon Katy Gallagher	Briefing on Finance portfolio matters
26 September 2022	Senator the Hon Linda Reynolds - JCPAA Deputy Chair	Annual meeting with JCPAA Deputy Chair
6 October 2022	The Hon Bill Shorten MP	Briefing on NDIS portfolio matters
25 October 2022	Senator the Hon Tim Ayres	Auditor-General Report No. 42 (2021–22) <i>Procurement of Delivery Partners for the Entrepreneurs' Programme</i>
31 October 2022	Senator David Shoebridge	General overview of the ANAO
24 November 2022	Senator the Hon Don Farrell	Meeting with the Auditor-General regarding request for audit on the Parliamentary Expenses Management System (PEMS)
24 November 2022	Mr Julian Hill MP	Meeting on ANAO work in intelligence agencies and cyber.
7 December 2022	Senator David Shoebridge	Defence Major Projects Report - Submarine Procurement
18 January 2022	The Office of the Hon Mark Butler MP	Auditor-General Report No. 10 of (2022–23) <i>Expansion of Telehealth Services</i>

Date	Parliamentarian	Topic
15 February 2023	Mr Phillip Thompson OAM MP	Auditor-General Report No. 12 (2022–23) <i>2021–22 Major Projects Report</i>
8 March 2023	Ms Dai Le MP	General overview of the ANAO
28 March 2023	Senator Malcolm Roberts	Overview of ANAO and current audit in progress: Administration of the Disaster Recovery Funding Arrangements
29 March 2023	The Hon Dan Tehan	Auditor-General Report No. 16 (2022–23) <i>Management of Migration to Australia — Family Migration Program</i>
10 May 2023	The Hon Tony Burke MP	Auditor-General Report No. 18 (2022–23) <i>Acquisition, Management and Leasing of Artworks by Artbank</i>
16 May 2023	Mr Julian Hill MP	Auditor-General Report No. 21 (2022–23) <i>Department of Defence’s Procurement of Hunter Class Frigates</i>
19 May 2023	Senator David Shoebridge	Auditor-General Report No. 21 (2022–23) <i>Department of Defence’s Procurement of Hunter Class Frigates</i>
15 June 2023	Dr Monique Ryan MP	Auditor-General Report No. 31 (2022–23) <i>Administration of the Community Health and Hospitals Program.</i>
28 June 2023	The Office of Senator Lidia Thorpe	Auditor-General Report No. 23 (2022–23) <i>Administration of the Disaster Recovery Funding Arrangements</i>

Table 3A.3: Parliamentary requests for audit, 2022–23 (Measure 15 – Mechanism 3)

Date of request	Date of response	Requested by	Audit request relating to	Response provided to request
23 August 2022	9 September 2022	Senator the Hon Jonathon Duniam	The University of Tasmania’s proposal to relocate the Sandy Bay campus to Hobart CBD	Audit topic will not be included in the Annual Audit Work Program 2022–23
8 November 2022	24 November 2022 (Verbal response) 14 April 2023 (Letter to advise audit commenced)	Senator the Hon Don Farrell	Parliamentary Expenses Management System (PEMS) Project	Verbal response was provided by Auditor General at private briefing held on 24 November 2022. Advising that audit commenced in April 2023 ^(a)
29 November 2022	23 December 2022	Senator Malcolm Roberts	Contributions to the Administration of Disaster Recovery Funding Arrangements performance audit	Advising ANAO protocols for handling and responding to public contributions ^(b)

Date of request	Date of response	Requested by	Audit request relating to	Response provided to request
10 January 2023	3 February 2023	Senator Nick McKim	Engagement of Management & Training Corporation Pty. Ltd (MTC Australia) to run garrison and welfare services in Nauru	Will consider including the topic in the Annual Audit Work Program 2023–24
6 February 2023	23 February 2023	The Hon Mark Dreyfus KC MP	Review of the Expensive Commonwealth Criminal Cases Fund (ECCCF)	Will consider including the topic in the Annual Audit Work Program 2023–24 ^(c)
9 March 2023 18 April 2023 Follow-up Letter	6 April 2023 11 May 2023 Follow-up response	Senator Andrew Bragg	Investigation into costs of legal dispute between Commonwealth and Dr Monique Ryan	Will be considered as part of 2022–23 Financial Statement Audit of the Department of Finance
29 March 2023	26 April 2023	The Hon David Coleman MP	Mobile Black Spot Program	Will consider including the topic in the Annual Audit Work Program 2023–24 ^(c)
11 April 2023	23 May 2023	Ms Rebekha Sharkie MP	Community Batteries for Household Solar Program	Will consider including the topic in the Annual Audit Work Program 2023–24 ^(c)

Note: Parliamentarians are advised on the outcome of the request when the annual audit work program is released.

- (a) An audit into Administration of the Parliamentary Expenses Management System commenced and is due to table December 2023.
- (b) An audit into Administration of the Disaster Recovery Funding Arrangements tabled in May 2023.
- (c) Audit topic was included as a potential audit in the 2023–24 Annual Audit Work Program.

Report on financial performance

The work of the ANAO is mainly funded by government appropriation, with a small amount of revenue generated from audit fees paid by clients for audits by arrangement under section 20 of the *Auditor-General Act 1997*. Audit fees are set to recover the expenses incurred as part of paid audits.

Overview of financial performance and future financial viability

The ANAO reported a total comprehensive loss of \$4.301 million in 2022–23. Excluding the impact of depreciation, the ANAO's result for the 2022–23 financial year was an operating deficit of \$1.826 million (Figure 3.1).

The 2022–23 operating result was impacted by increases to contract-out audit costs, addressing short term staffing gaps with specialised audit contractors, increases to data and cloud storage and increases to cyber security requirements to ensure that the ANAO complies with government requirements. The ANAO has also had an increase to IT project contractors that supplement capability to deliver key IT projects that enhance the ANAOs IT environment.

In 2022–23 the ANAO utilised prior year appropriations to fund significant one-off investments to build IT capability, including a project with a long-term technology plan to modernise the work environment and build the robust technical capability necessary to support auditing in the future. Investments into technology ensure that ANAO technology is integrated with business practices, people, and productivity.

The ANAO commenced 2022–23 with an average staffing level nine per cent below the average staffing level of 379. An increasingly competitive labour market, coupled with an attrition rate of 25 per cent have posed challenges to the ANAO for the recruitment and retention of highly trained technical and specialised auditors.

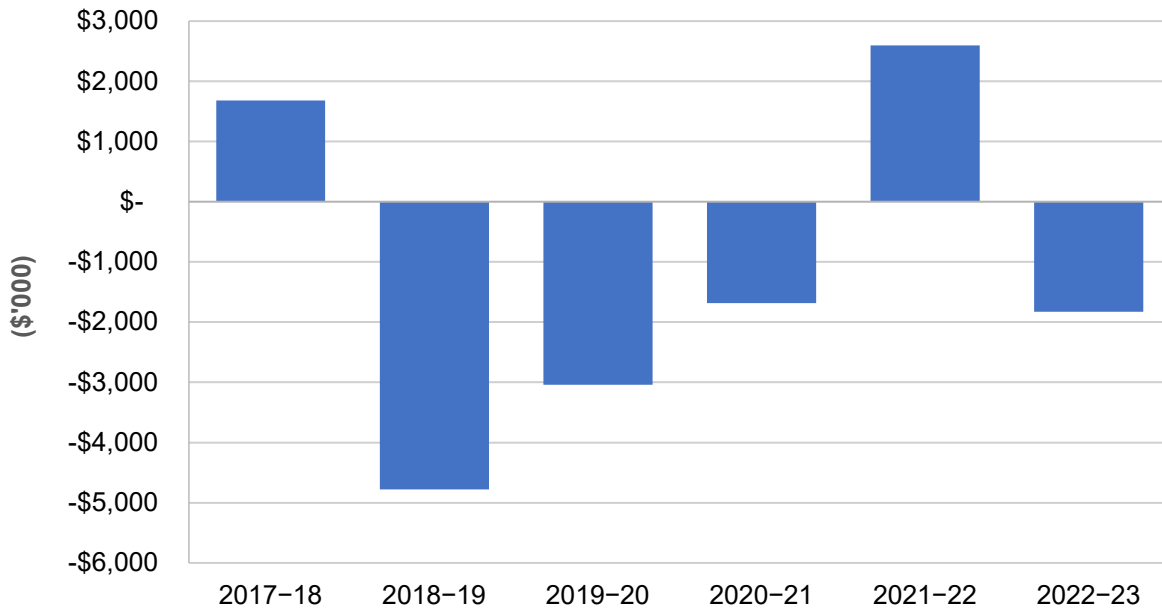
The ANAO has developed a Workforce Plan focused on how the organisation will attract, develop, and retain the capability of its workforce. Given the significant competition for skilled technical resources such as auditors, the ANAO has positioned its workforce strategy to grow internal capability from the bottom up. The ANAO is working towards attracting 40 graduates in 2023–24 and has stood up the 'ANAO Academy' in 2022–23 to develop its workforce. Capability developed wholistically continues to be a significant investment and workforce management strategy for the ANAO.

To guide investment and priorities the ANAO is:

- building the capability of the ANAO by attracting, recruiting, onboarding and developing technical and specialist people – increasing its capacity to respond to changes in its environment, while continuously building quality;
- retaining the existing capability within the ANAO to address current and future resourcing challenges, strengthening the ANAO's ability to deliver quality audit products and supporting the working experience of its people;
- supporting the work of the ANAO by improving business practices, technology, and infrastructure, enabling its people to work efficiently and effectively; and
- positioning the organisation to implement strategic and considered change to enhance existing models and processes.

The ANAO continues to invest in technology and people to drive effective and efficient ways of working in the conduct of audits, improve and support flexible work patterns and support communications and interactions between ANAO staff and audit entities.

Figure 3.1: Operating result, excluding depreciation and amortisation, 2017–18 to 2022–23



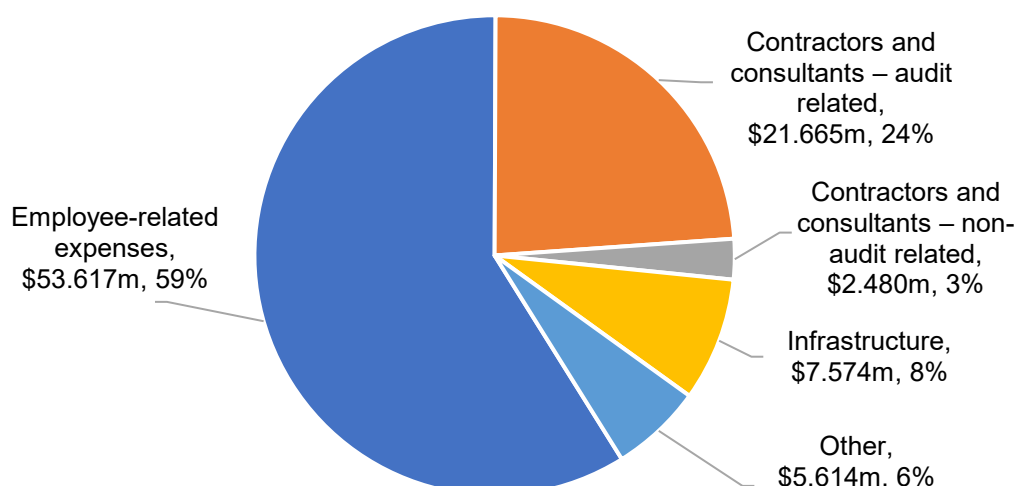
Expense impacts

The ANAO spends 59 percent of its budget on employee-related expenses and 27 percent on audit and non-audit contractors and consultants. The ANAO engages contractors, under the supervision of senior staff at the ANAO, to undertake audits of entities within and outside of Canberra. ANAO staff travel to interstate locations to maintain appropriate oversight and quality assurance processes over these audits, including attendance at entity audit committees.

Where required, the ANAO also engages contractors and consultants, such as valuers and actuaries, to provide expertise required to complete the audit program. In 2022–23, contractors and consultants for non-audit services were engaged to fill key resourcing gaps and provide the ANAO with the right technical expertise to deliver its IT projects to enhance cyber security.

The ANAO's total expenses for 2022–23 were \$90.950 million, excluding depreciation and amortisation expenses (Figure 3.2).

Figure 3.2: Expenses by type, 2022–23



Financial position

The ANAO’s overall financial position continued to remain sound in 2022–23 (Table 3.8):

- total assets reduced as at 30 June 2023 to \$69.350 million; and
- total liabilities increased to \$54.945 million.

The majority of the ANAO’s assets are financial assets, with the largest balance being appropriation receivable (\$27.465 million). The ANAO’s appropriation receivable has decreased by \$0.218m from 2021–22, reflecting expenditure on reserve-funded transformational projects.

The majority of the ANAO’s liabilities are comprised of employee provisions (\$15.389 million) and payables (\$6.069 million).

The ANAO continues to operate with sufficient cash reserves to fund its liabilities and commitments as and when they fall due.

Table 3.8: Summary of financial performance, 2022–23 and 2021–22

	2022–23 (\$'000)	2021–22 (\$'000)	Variance (\$'000)	Variance (%)
Statement of comprehensive income				
Total own-source revenue	6,549	4,096	2,453	59.89
Total revenue from government	84,181	80,977	3,204	3.96
Total expenses	95,031	86,383	8,648	10.01
Net surplus/(deficit)	(4,301) ^a	(1,310)	(2,991)	228.32
Statement of financial position				
Total assets	69,350	72,875	(3,525)	(4.84)
Total liabilities	54,945	54,577	368	0.67
Net assets	14,405	18,298	(3,893)	(21.28)
Equity	14,405	18,298	(3,893)	(21.28)

(a) The ANAO's operating result was a deficit of \$1.826 million in 2022–23, excluding depreciation and amortisation.

Revenue impacts

Government revenue from departmental and special appropriations was \$84.181 million in 2022–23, an increase of \$3.204 million from 2021–22.

Own-source revenue in 2022–23 was \$6.549 million, an increase of \$2.453 million compared to own-source revenue earned in 2021–22 due to secondment revenue, international revenue due to the recommencement of a number of activities by the Department of Foreign Affairs and Trade that were temporarily suspended in prior years, and an increase to section 20 audits by arrangements due to the complex nature of audits.

Entity resource statement

The entity resource statement provides additional information about the various funding sources that the ANAO may draw upon during the year. Appendix B details the resources available to the ANAO during 2022–23 and sets out the ANAO's summary of total expenses for Outcome 1.

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Independent Auditor's Report

To the President of the Senate and Speaker of the House of Representatives

Opinion

I have audited the financial statements of the Australian National Audit Office.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Australian National Audit Office as at 30 June 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 and Australian Accounting Standards – Reduced Disclosure Requirements including the Australian Accounting Interpretations.

The financial statements comprise:

- Statement of financial position as at 30 June 2023;
- Statement of comprehensive income for the year then ended;
- Statement of changes to equity for the year then ended;
- Cash flow statement for the year then ended;
- Administered schedule of comprehensive income for the year then ended;
- Administered schedule of assets and liabilities as at the year then ended;
- Administered reconciliation schedule as at the year then ended;
- Administered cash flow statement for the year then ended;
- Notes to the financial statements, which include a summary of significant accounting policies; and
- Statement by the Auditor-General and the Chief Financial Officer.

Basis for opinion

I conducted my audit in accordance with *Australian Auditing Standards*. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

I am independent of the Australian National Audit Office in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have fulfilled my other ethical responsibilities in accordance with these requirements.

Responsibilities of the Auditor-General for the financial statements

The Auditor-General is responsible for:

- the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability Act 2013*;
- implementing necessary internal control to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error; and
- assessing the Australian National Audit Office’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Australian National Audit Office or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements


My objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor’s Report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of my Auditor’s Report.



Eileen Hoggett
Independent Auditor

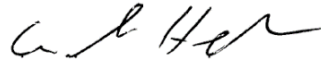
Sydney
10 August 2023

Australian National Audit Office
STATEMENT BY THE AUDITOR-GENERAL AND THE CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian National Audit Office will be able to pay its debts as and when they fall due

Signed



Grant Hehr
Auditor-General
10 August 2023

Signed



Alison Garth
Chief Finance Officer
10 August 2023

Australian National Audit Office
Statement of Comprehensive Income
for the period ended 30 June 2023

		2023	2022	2023 Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES EXPENSES				
Employee benefits	1.1A	53,617	47,387	55,253
Suppliers	3.1A	36,715	34,396	31,066
Depreciation and amortisation	4.2A	4,081	3,906	3,888
Finance costs	3.1B	497	503	498
Write-down and impairment of other assets	4.2A	121	191	-
Total expenses		95,031	86,383	90,705
OWN-SOURCE INCOME				
Own-source revenue				
Revenue from contracts with customers		2,875	2,523	2,800
Rendering of other services		1,259	400	-
International development funding		2,415	1,173	1,300
Total own-source revenue	3.2	6,549	4,096	4,100
Net cost of services		88,482	82,287	86,605
REVENUE FROM GOVERNMENT				
Departmental annual appropriations		83,414	80,291	83,414
Departmental special appropriations		767	686	778
Total revenue from Government	3.3A	84,181	80,977	84,192
Deficit on continuing operations		(4,301)	(1,310)	(2,413)
Total comprehensive loss		(4,301)	(1,310)	(2,413)

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

The following high-level commentary of major variances between budgeted information for the ANAO published in the Prime Minister and Cabinet's October 2022-23 Portfolio Budget Statements (PBS) and the 2022-23 final outcome as presented in accordance with Australian Accounting Standards for the ANAO. The Budget is not audited. Major variances are reported on the basis of professional judgment and are not focussed merely on numerical differences between the budget and actual amounts.

Statement of Comprehensive Income

Employee benefits are \$1.636m (3%) lower than budget due to average staffing levels throughout the beginning of the year being lower than estimated. A competitive labour market coupled with an attrition rate of 25% posed as challenges to the ANAO. The ANAO did reach estimated staffing levels by the end of the 2022-23 financial year.

Supplier expenses are \$5.649m (18%) higher than budget due to investments in IT projects from prior year appropriations, increased costs for data and cloud storage and to meet new cyber security requirements. Audit firm fees have increased due to Consumer Price Index (CPI) and changes to auditing standards. The ANAO was also supplementing employees to address short term staffing gaps with specialised audit contractors.

Rendering of other services are \$1.259m (100%) higher than budget due to secondment fee revenue, Comcare payments from a previous financial year, revenue from the 2022-23 Impact conference and parking revenue. The ANAO does not budget for these revenue streams.

International development funding are \$1.115m (86%) higher than budget due to the temporary suspension of a number of activities by the Department of Foreign Affairs and Trade in the 2021-22 financial year. All activities planned for 2022-23 commenced however the funding agreement was amended after the publication of PBS.

Australian National Audit Office
Statement of Financial Position
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	2023 Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	669	2,211	2,211
Trade and other receivables	4.1B	30,655	29,408	29,408
Total financial assets		31,324	31,619	31,619
Non-financial assets				
Leasehold improvements ¹	4.2A	34,053	37,131	34,033
Plant and equipment	4.2A	2,895	3,323	3,050
Computer software	4.2A	153	296	744
Prepayments		925	506	506
Total non-financial assets		38,026	41,256	38,333
Total assets		69,350	72,875	69,952
LIABILITIES				
Payables				
Suppliers	4.3A	4,180	3,013	3,013
Other payables		1,889	2,917	2,917
Total payables		6,069	5,930	5,930
Interest bearing liabilities				
Leases	4.4A	33,487	34,992	33,517
Total interest bearing liabilities		33,487	34,992	33,517
Provisions				
Employee provisions	1.1B	15,389	13,655	13,655
Total provisions		15,389	13,655	13,655
Total liabilities		54,945	54,577	53,102
Net assets		14,405	18,298	16,850
EQUITY				
Contributed equity		18,355	17,947	18,912
Reserves		1,108	1,124	1,124
Accumulated deficit		(5,058)	(773)	(3,186)
Total equity		14,405	18,298	16,850

The above statement should be read in conjunction with the accompanying notes.

¹Right-of-use assets are included in leasehold improvements.

Budget Variances Commentary

Statement of Financial Position

Cash and cash equivalents are \$1.542m (70%) lower than budget as the ANAO makes weekly payments to ensure suppliers and employees are paid on time, any additional funds are returned to the Official Public Account weekly reducing the cash balance.

Computer software are \$0.591m (79%) lower than budget as the ANAO is moving from perpetual licenses to investing in cloud-based services that cannot be capitalised.

Prepayments are \$0.419m (83%) higher than budget as the ANAO is utilising cloud-based services, the increase in prepayments relates to multi-year subscriptions.

Suppliers are \$1.167m (39%) higher than budget as the need for specialised audit services to address short term staffing gaps, resulting in increased accrued expenses at end of financial year.

Employee provisions are \$1.734m (13%) higher than budget primarily due to pay rises in April 2023 of 3% and increment increases in October 2022, the movement in the discount bond rate used to value employee provisions and the high volume of APS staff transferring into the ANAO with large liability balances.

Australian National Audit Office
Statement of Changes to Equity
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	2023 Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance as at 1 July		17,947	16,992	17,947
Transactions with owners				
Distributions to owners				
Returns of capital ¹		(557)	-	-
Contributions by owners				
Departmental capital budget	2.1A	965	955	965
Total transactions with owners		408	955	965
Closing balance as at 30 June		18,355	17,947	18,912
ACCUMULATED DEFICIT				
Opening balance as at 1 July		(773)	537	(773)
Comprehensive income				
Deficit for the period		(4,301)	(1,310)	(2,413)
Total comprehensive income		(4,301)	(1,310)	(2,413)
Transfers between equity components ²		16	-	-
Closing balance as at 30 June		(5,058)	(773)	(3,186)
ASSET REVALUATION RESERVE				
Opening balance as at 1 July		1,124	1,124	1,124
Comprehensive income				
Transfers between equity components ²		(16)	-	-
Closing balance as at 30 June		1,108	1,124	1,124
TOTAL EQUITY				
Opening balance as at 1 July		18,298	18,653	18,298
Comprehensive income				
Deficit for the period		(4,301)	(1,310)	(2,413)
Total comprehensive income		(4,301)	(1,310)	(2,413)
Transactions with owners				
Distributions to owners				
Returns of capital ¹		(557)	-	-
Contributions by owners				
Departmental capital budget	2.1A	965	955	965
Total transactions with owners		408	955	965
Transfers between equity components		-	-	-
Closing balance as at 30 June		14,405	18,298	16,850

¹Appropriation Act (No. 1) 2020-21 lapses on 1 July 2023. This amount was legally available, but was removed from the appropriation receivable balance at 30 June 2023 as per section 39 of the Financial Reporting Rule and Resource Management Guide 116.

²This amount relates to the transfer of revaluation surplus of items of property, plant and equipment directly to retained earnings when the assets were derecognised in accordance with AASB 116 paragraph 41.

The above statement should be read in conjunction with the accompanying notes.

Australian National Audit Office
Cash Flow Statement
for the period ended 30 June 2023

	2023	2022	2023 Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	93,623	85,096	84,192
Rendering of services	5,205	3,875	4,100
Net GST received	4,296	3,042	-
Total cash received	103,124	92,013	88,292
Cash used			
Employees	53,226	43,772	55,253
Suppliers	40,070	37,278	31,066
Section 74 receipts transferred to OPA	9,350	9,152	-
Interest payments on lease liabilities	414	189	498
Total cash used	103,060	90,391	86,817
Net cash from operating activities	64	1,622	1,475
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	535	1,071	327
Purchase of intangibles	-	54	638
Total cash used	535	1,125	965
Net cash used by investing activities	(535)	(1,125)	(965)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	535	1,125	965
Total cash received	535	1,125	965
Cash used			
Principal payments of leases liabilities	1,606	151	1,475
Total cash used	1,606	151	1,475
Net cash from/(used by) financing activities	(1,071)	974	(510)
Net increase/(decrease) in cash held	(1,542)	1,471	-
Cash and cash equivalents at the beginning of the reporting period	2,211	740	2,211
Cash and cash equivalents at the end of the reporting period¹	669	2,211	2,211

¹As shown in the Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Cash Flow Statement

Appropriations are \$9.431m (11%) higher than budget due to increases in cash required to pay supplier costs, including the ANAO building lease, contractors for projects and leave liability transfers being paid. The additional cash received is funded by retained s74 receipts transferred to the Official Public Account.

Suppliers are \$9.004m (29%) higher than budget due to the increase in audit supplier activities and the investment in IT solutions using contractor specialist services.

Purchase of plant and equipment are \$0.208m (64%) higher than budget due to the purchase of information technology equipment to support the implementation of multifactor authentication as required by the Australian Cyber Security Centre's essential eight.

Purchase of intangibles are \$0.638m (100%) lower than budget as there has been a reduction in perpetual licence expenditure with the move to cloud-based services.

Australian National Audit Office
Administered Schedule of Comprehensive Income
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	2023 Original Budget \$'000
INCOME				
Non-taxation revenue				
Revenue from contracts with customers		15,228	14,888	14,000
Total income		15,228	14,888	14,000

Budget Variances Commentary

Administered Schedule of Comprehensive Income

Non-taxation revenue:

Revenue from contracts with customers is \$1.228m (9%) higher than original budget as a result of increased costs for delivery of audits of Corporate Commonwealth Entities and Commonwealth Companies due to complexity in accounting for financial statement items.

Administered Schedule of Assets and Liabilities
as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	2023 Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		-	-	-
Trade and other receivables	4.1C	9,402	7,127	7,127
Total financial assets		9,402	7,127	7,127
Total assets administered on behalf of Government		9,402	7,127	7,127
LIABILITIES				
Payables				
GST payable		333	117	117
Total payables		333	117	117
Total liabilities administered on behalf of Government		333	117	117
Net assets		9,069	7,010	7,010

The above schedule should be read in conjunction with the accompanying notes.

Australian National Audit Office			
Administered Reconciliation Schedule			
for the period ended 30 June 2023			
	Notes	2023	2022
		\$'000	\$'000
Opening assets less liabilities as at 1 July		7,010	8,074
Net contribution by services			
Income		15,228	14,888
Transfers to the Australian Government			
Transfers to the Official Public Account		(13,169)	(15,952)
Closing assets less liabilities as at 30 June		9,069	7,010

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the ANAO for use by the Government rather than the ANAO is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. These transfers to the OPA are adjustments to the administered cash held by the ANAO on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Administered Cash Flow Statement

for the period ended 30 June 2023

	Notes	2023	2022
		\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Rendering of audit services		14,464	17,320
Total cash received		14,464	17,320
Cash used			
GST paid		1,295	1,615
Total cash used		1,295	1,615
Net cash from operating activities		13,169	15,705
Cash to Official Public Account			
Appropriations		13,169	15,952
Total cash to official public account		(13,169)	(15,952)
Net increase/(decrease) in cash held		-	(247)
Cash and cash equivalents at the beginning of the reporting period		-	247
Cash and cash equivalents at the end of the reporting period¹		-	-

¹As shown in the Administered Schedule of Assets and Liabilities.

Australian National Audit Office

Overview

Objectives of the Entity

The ANAO's purpose is to support accountability and transparency in the Australian Government sector through independent reporting to the Parliament, and thereby contribute to improved public sector performance. The Auditor-General is an independent officer of the Australian Parliament whose mandate and functions are set out in the *Auditor-General Act 1997* (the Act). The Auditor-General is assisted by the ANAO in delivering against this mandate.

The ANAO conducts the following administered activities:

- Financial statements audits of Corporate Commonwealth entities, companies and their subsidiaries subject to the *Public Governance, Performance and Accountability Act 2013*.

The ANAO is an Australian Government controlled and not-for-profit entity domiciled in Australia. The ANAO's principal place of business is 38 Sydney Avenue, Forrest in the Australian Capital Territory.

Basis of Preparation of the Financial Statements

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the overall result or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Material Accounting Judgements and Estimates

The ANAO has made assumptions or estimates in the following areas that have the most material impact on the amounts recorded in the financial statements:

- The fair value of property, plant and equipment is assessed at market value or current replacement costs as determined by an independent valuer with the last valuation being performed on 30 June 2021. Fair value is subject to management assessment in between formal valuations; and
- Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next twelve months.

Australian National Audit Office

Overview (continued)

Taxation

The ANAO is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Reporting of Administered activities

The ANAO charges an audit fee for the financial statements audits of Corporate Commonwealth entities, companies and their subsidiaries subject to the *Public Governance, Performance and Accountability Act 2013*. These fees are based on a scale determined by the Auditor-General under section 14 of the *Auditor-General Act 1997*, calculated on the basis of a cost attribution model. Revenues from these audit fees are paid into the Official Public Account and are not available to the ANAO. The revenue and receipts associated with conducting these audits are treated as administered activities within the financial statements.

Accounting policy - administered financial instruments

The net fair value of the financial assets approximates their carrying amounts. The ANAO derived no interest income from financial assets in either the current or prior year.

New Australian Accounting Standards

All new/revised/amended standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period were considered and did not have a material effect on the ANAO's financial statements.

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date stated in the standard as approved by the Finance delegate under section 19 of the FRR. These amending standards have been adopted for the 2022-23 reporting period.

Standard/ Interpretation	Nature of changes in accounting policy
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2) and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. These amending standards are not expected to have a material impact on the ANAO's financial statements for the current reporting period or future reporting periods.

Events After the Reporting Period

Departmental

No events have occurred after the reporting date that should be brought to account or noted in the 2022-23 financial statements.

Administered

No events have occurred after the reporting date that should be brought to account or noted in the 2022-23 financial statements.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 1: People and Relationship

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

Note 1.1: Employee Benefits and Provisions

	2023 \$'000	2022 \$'000
Note 1.1A: Employee benefits		
Wages and salaries	40,291	35,941
Superannuation		
Defined contribution plans	4,760	3,951
Defined benefit plans	2,434	2,266
Leave entitlements	5,493	4,982
Separation and redundancies	-	29
Other employee expenses	639	218
Total employee benefits	53,617	47,387

Note 1.1B: Employee provisions

All employee provisions relate to long service leave and annual leave.

Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Leave:

The liability for employee benefits includes provision for annual leave and long service leave.

The annual leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, plus the ANAO's employer superannuation contribution rates and applicable on-costs, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave (LSL) has been determined using the LSL shorthand model issued by the Department of Finance (2023: LSL shorthand method). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and enterprise agreements, which is unchanged from prior years.

Separation and Redundancy:

The separation and redundancy provision is made for separation and redundancy benefit payments. The ANAO recognises a provision for termination when it has developed a detailed formal plan for terminations and has informed those employees affected that it will carry out the terminations.

Termination Benefits:

For separation and redundancies, the nature of the benefit comprises lump sum termination payments relating to voluntary and involuntary redundancies. For voluntary redundancies, the amount of the ANAO's obligation and extent of funding is NIL as at 30 June 2023 (2022: NIL). For involuntary redundancies, the amount of the ANAO's obligation and the extent of funding is NIL as at 30 June 2023 (2022: \$28,796).

Superannuation:

The ANAO's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), PSS accumulation plan (PSSap) or other eligible, elected defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

Australian National Audit Office
Notes to and forming part of the financial statements

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's published financial statements.

The ANAO makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government, and accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June 2023 represents outstanding contributions.

Note 1.2: Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the ANAO, directly or indirectly. The ANAO has determined the key management personnel to be the members of the Executive Board of Management.

Members of the Executive Board of Management were as follows:

Officer	Position	Term as KMP – 2022-23	Term as KMP – 2021-22
Grant Hehir	Auditor-General	Full Year	Full Year
Rona Mellor PSM	Deputy Auditor-General	Full Year	Full Year
Jane Meade	Group Executive Director	Full Year	Full Year
Carla Jago	Group Executive Director	Full Year	Full Year
Anastasios Ioannou	Group Executive Director	Full Year	Full Year
Bola Oyetunji	Group Executive Director	Full Year	Full Year
Jacqueline Walton	Senior Executive Director	Full Year	Full Year
Lesa Craswell	Senior Executive Director	Full Year	Full Year
George Sotiropoulos	Group Executive Director	Full Year	Part Year from 11 October 2021
Alison Garth	Chief Finance Officer	Full Year	Part Year from 2 June 2022 (Acting)
Geraldine Quinane	Chief Finance Officer	-	Part Year to 1 June 2022

Australian National Audit Office
Notes to and forming part of the financial statements

The following tables are prepared on an accruals basis.

	2023	2022
	\$	\$
Note 1.2A: Key management personnel remuneration		
Short-term benefits		
Base salary	3,067,669	2,840,832
Bonus	-	7,218
Other benefits and allowances	175,058	171,949
Total short-term benefits	3,242,727	3,019,999
Superannuation	496,425	452,015
Total post-employment benefits	496,425	452,015
Other long-term benefits:		
Long-service leave	123,241	96,310
Total other long-term benefits	123,241	96,310
Termination benefits	-	-
Total key management personnel remuneration expenses	3,862,393	3,568,324

The above Key Management Personnel (KMP) remuneration includes the remuneration and other benefits of the Auditor-General. The Auditor-General's remuneration and other benefits are set by the Remuneration Tribunal and paid from Special Appropriation – Salary of the Auditor-General. Other KMP salaries expenses are paid from ordinary departmental appropriation. The total number of KMP that are included in the above table for the year ended 30 June 2023 is 10 (2022: 11).

Notes:

- a. The remuneration totals (on a pro rata basis) for KMP include those staff who ceased in those roles as well as their replacements. All appointments to the Executive Board of Management including any acting arrangements greater than four weeks are captured in this note.
- b. Members of the Executive Board of Management, apart from the Auditor-General, are employed in accordance with the *Public Service Act 1999*.

Australian National Audit Office
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Note 1.2B: 2022-23 Key management personnel remuneration table

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
		\$	\$	\$	\$	\$	\$	\$	
Grant Hehir	Auditor-General	693,650	-	-	95,829	20,653	-	-	810,132
Rona Mellor PSM	Deputy Auditor-General	451,464	-	-	73,594	19,386	-	-	544,444
Jane Meade	Group Executive Director	265,753	-	25,917	39,835	8,371	-	-	339,876
Carla Jago	Group Executive Director	276,327	-	25,917	49,924	12,307	-	-	364,475
Anastasios Ioannou	Group Executive Director	264,450	-	25,917	46,592	10,739	-	-	347,698
Bola Oyetunji	Group Executive Director	259,918	-	25,917	40,016	11,219	-	-	337,070
Jacqueline Walton	Senior Executive Director	236,893	-	24,920	40,705	14,190	-	-	316,708
Lesla Craswell	Senior Executive Director	183,265	-	46,275	33,516	8,415	-	-	271,471
George Sotiropoulos	Group Executive Director	289,035	-	-	54,916	8,431	-	-	352,382
Alison Garth	Chief Finance Officer	146,914	-	195	21,498	9,530	-	-	178,137
Total		3,067,669	-	175,058	496,425	123,241	-	-	3,862,393

Notes:

1. This table is prepared on an accrual basis.
2. This table reports the total remuneration of KMP who received remuneration during the reporting period.
3. The Short-term benefits is comprised of:
 - a) Base salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - b) Bonuses – payable within 12 months; and
 - c) Other benefits and allowances (SES vehicle allowance and Senior Executive Director allowance).
4. The Superannuation contributions amount is the ANAO's superannuation contributions, including productivity component, for the reporting period.
5. The Other long-term benefits is the amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes any salary paid while on long service leave.
6. Some of the figures are impacted by the duration of service as KMP. Note 1.2 provides detail of the length of service for officers that were classified as KMP.

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Note 1.2C: 2021-22 Key management personnel remuneration table

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
		\$	\$	\$	\$	\$	\$	\$	
Grant Hehir	Auditor-General	676,066	-	-	80,657	16,684	-	-	773,407
Rona Mellor PSM	Deputy Auditor-General	394,177	-	-	71,398	12,531	-	-	478,106
Jane Meade	Group Executive Director	245,225	-	25,917	38,816	7,614	-	-	317,572
Carla Jago	Group Executive Director	259,513	-	25,917	48,951	9,558	-	-	343,939
Anastasios Ioannou	Group Executive Director	258,325	7,218	25,917	45,234	11,237	-	-	347,931
Bola Oyetunji	Group Executive Director	263,705	-	29,406	32,044	13,304	-	-	338,459
Jacqueline Walton	Senior Executive Director	210,334	-	24,920	39,595	7,335	-	-	282,184
Lesla Craswell	Senior Executive Director	176,989	-	39,872	32,129	7,751	-	-	256,741
Geraldine Quinane	Chief Finance Officer	142,661	-	-	20,965	5,850	-	-	169,476
George Sotiropoulos	Group Executive Director	201,916	-	-	40,109	4,183	-	-	246,208
Alison Garth	Chief Finance Officer (Acting)	11,921	-	-	2,117	263	-	-	14,301
Total		2,840,832	7,218	171,949	452,015	96,310	-	-	3,568,324

Notes:

1. This table is prepared on an accrual basis.
2. This table reports the total remuneration of KMP who received remuneration during the reporting period.
3. The Short-term benefits is comprised of:
 - a) Base salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - b) Bonuses – payable within 12 months; and
 - c) Other benefits and allowances (SES vehicle allowance and Senior Executive Director allowance).
4. The Superannuation contributions amount is the ANAO's superannuation contributions, including productivity component, for the reporting period.
5. The Other long-term benefits is the amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes any salary paid while on long service leave.
6. Some of the figures are impacted by the duration of service as KMP. Note 1.2 provides detail of the length of service for officers that were classified as KMP.

Australian National Audit Office
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Note 1.3: Remuneration Paid to Senior Executives

Note 1.3A: Senior executive remuneration
2022-23

Total remuneration band	Number of senior executives	Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary	Average bonuses	Average other benefits and allowances ^(a)		Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration ^(a)	
				Overseas housing allowances	Other					Excluding overseas housing allowances	Including overseas housing allowances
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
\$0 to \$220,000	10	71,843	-	-	15,543	13,982	(2,196)	-	-	99,172	99,172
\$220,001 to \$245,000	11	174,757	-	-	24,775	30,157	4,897	-	-	234,586	234,586
\$245,001 to \$270,000	5	183,776	-	-	28,203	30,619	10,418	-	-	253,016	253,016
\$270,001 to \$295,000	4	218,025	-	-	18,975	37,932	7,560	-	-	282,492	282,492
\$345,001 to \$370,000	1	174,613	-	107,579	24,920	33,176	7,230	-	-	239,939	347,518

a) The value of overseas housing allowances reported in the table above reflects remuneration paid to staff posted overseas in accordance with the Whole of Government Overseas Conditions of Service Policy that is designed to compensate for the wider financial and non-financial impacts a posting can have on the employee, the increased cost of living, and the increased security environment. In these circumstances the total value of an individual staff member's total remuneration is impacted by the value of the overseas housing allowances paid on behalf of the staff member and the table above is reported to enable a fuller understanding of the extent of this impact while still reporting the total remuneration of each relevant staff member as required by the disclosure requirements of the PGPA Rule

Notes:

- This table is prepared on an accrual basis.
- This table reports the average total remuneration of Senior Executives who received remuneration during the reporting period.
- The Short-term benefits is comprised of:
 - Average base salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - Average bonuses – payable within 12 months; and
 - Average other benefits and allowances (SES vehicle allowance).
- The Superannuation contributions amount is the average of the ANAO's superannuation contributions, including productivity component, for the reporting period.
- The Other long-term benefits is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.
- Those ANAO officers that have been classified as KMP (as per Note 1.2B) have not been included in this note disclosure.
- The average other benefits and allowances have not been split to show the overseas housing allowances in the prior year comparative table as the value of these particular benefits and allowances did not distort the total remuneration.
- All Senior Executive Remuneration of acting arrangements greater than four weeks are captured in this note.

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2021-22

Total remuneration band	Number of senior executives	Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary	Average bonuses	Average other benefits and allowances ^(a)		Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration ^(a)	
				Overseas housing allowances	Other					Excluding overseas housing allowances	Including overseas housing allowances
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
\$220,000 or less	10	91,311	3,256	-	13,870	14,986	3,410	-	-	126,833	126,833
\$220,001 to \$245,000	9	176,655	1,144	-	24,126	28,280	5,595	-	-	235,800	235,800
\$245,001 to \$270,000	3	180,323	3,995	-	21,043	29,133	9,255	-	-	243,749	243,749
\$270,001 to \$295,000	3	205,784	3,312	-	24,920	36,195	7,213	-	-	277,424	277,424
\$295,001 to \$320,000	1	211,802	-	-	40,067	40,633	9,105	-	-	301,607	301,607
\$345,001 to \$370,000	1	183,731	-	106,064	24,920	32,544	5,824	-	-	247,019	353,083

a) The value of overseas housing allowances reported in the table above reflects remuneration paid to staff posted overseas in accordance with the Whole of Government Overseas Conditions of Service Policy that is designed to compensate for the wider financial and non-financial impacts a posting can have on the employee, the increased cost of living, and the increased security environment. In these circumstances the total value of an individual staff member's total remuneration is impacted by the value of the overseas housing allowances paid on behalf of the staff member and the table above is reported to enable a fuller understanding of the extent of this impact while still reporting the total remuneration of each relevant staff member as required by the disclosure requirements of the PGPA Rule

Notes:

1. This table is prepared on an accrual basis.
2. This table reports the average total remuneration of Senior Executives who received remuneration during the reporting period.
3. The Short-term benefits is comprised of:
 - a) Average base salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - b) Average bonuses – payable within 12 months; and
 - c) Average other benefits and allowances (SES vehicle allowance).
4. The Superannuation contributions amount is the average of the ANAO's superannuation contributions, including productivity component, for the reporting period.
5. The Other long-term benefits is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.
6. Those ANAO officers that have been classified as KMP (as per Note 1.2B) have not been included in this note disclosure.
7. The average other benefits and allowances have not been split to show the overseas housing allowances in the prior year comparative table as the value of these particular benefits and allowances did not distort the total remuneration.
8. All Senior Executive Remuneration of acting arrangements greater than four weeks are captured in this note.

Australian National Audit Office
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Note 1.4: Remuneration Paid to Highly Paid Staff

Note 1.4A: Other highly paid staff remuneration
2022-23

Total remuneration band	Number of other highly paid staff	Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary	Average bonuses	Average other benefits and allowances ^(a)		Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration ^(a)	
		\$	\$	\$	\$	\$	\$	\$	\$	Excluding overseas housing allowances	Including overseas housing allowances
				Overseas housing allowances	Other					\$	\$
\$245,001 - \$270,000	1	138,145	-	86,092	4,582	21,405	5,774	-	-	169,906	255,998
\$270,001 - \$295,000	1	156,112	-	107,884	195	22,924	7,115	-	-	186,346	294,230

All other highly paid personnel are remunerated under the terms set out in the ANAO Enterprise Agreement 2016–2019 and Section 24(1) Determination.

a) The value of overseas housing allowances reported in the table above reflects remuneration paid to staff posted overseas in accordance with the Whole of Government Overseas Conditions of Service Policy that is designed to compensate for the wider financial and non-financial impacts a posting can have on the employee, the increased cost of living, and the increased security environment. In these circumstances the total value of an individual staff member's total remuneration is impacted by the value of the overseas housing allowances paid on behalf of the staff member and the table above is reported to enable a fuller understanding of the extent of this impact while still reporting the total remuneration of each relevant staff member as required by the disclosure requirements of the PGPA Rule

Australian National Audit Office
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2021-22

Total remuneration band	Number of other highly paid staff	Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary	Average bonuses	Average other benefits and allowances ^(a)		Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration ^(a)	
		\$	\$	Overseas housing allowances	Other	\$	\$	\$	\$	Excluding overseas housing allowances	Including overseas housing allowances
				\$	\$					\$	\$
\$245,001 - \$270,000	1	150,317	5,671	69,132	4,984	21,690	6,062	-	-	188,724	257,856

All other highly paid personnel are remunerated under the terms set out in the ANAO Enterprise Agreement 2016–2019 and Section 24(1) Determination.

a) The value of overseas housing allowances reported in the table above reflects remuneration paid to staff posted overseas in accordance with the Whole of Government Overseas Conditions of Service Policy that is designed to compensate for the wider financial and non-financial impacts a posting can have on the employee, the increased cost of living, and the increased security environment. In these circumstances the total value of an individual staff member's total remuneration is impacted by the value of the overseas housing allowances paid on behalf of the staff member and the table above is reported to enable a fuller understanding of the extent of this impact while still reporting the total remuneration of each relevant staff member as required by the disclosure requirements of the PGPA Rule

**Australian National Audit Office
Notes to and forming part of the financial statements**

Note 1.5: Related Party Disclosures

Related party relationships:

The ANAO is an Australian Government controlled entity. Related parties to the ANAO are:

- Key Management Personnel of the ANAO, their close family members, and entities controlled or jointly controlled by either;
- Cabinet Ministers;
- Key Management Personnel for the consolidated whole of Government accounts; and
- all other Australian Government entities.

Transactions with related parties:

Significant transactions with related parties can include:

- purchases of goods and services;
- asset purchases, sales transfers or leases; and
- debts forgiven.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the ANAO, it has been determined that there are no related party transactions to be disclosed other than KMP remuneration disclosed in Note 1.2.

Australian National Audit Office
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Note 2: Funding

This section identifies the ANAO's funding structure.

Note 2.1: Appropriations

Note 2.1A: Annual appropriations ('recoverable GST exclusive')

	2023	2022
	\$'000	\$'000
Ordinary annual services	83,414	80,291
Departmental capital budget ¹	965	955
Receipts retained under PGPA Act - Section 74 ²	9,132	8,759
Total appropriation	93,511	90,005
Appropriation applied (current and prior years)	93,477	84,909
Variance	34	5,096

¹Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

Departmental and administered capital budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

²PGPA Act - Section 74 receipts of amounts by non-corporate Commonwealth entities. This amount includes fees charged on a cost recovery basis to conduct audits by arrangement under section 20 of the Auditor-General Act 1997.

Note 2.1B: Unspent annual appropriations ('recoverable GST exclusive')

	2023	2022
	\$'000	\$'000
Departmental		
<i>Appropriation Act (No. 1) 2020-21¹</i>	557	786
<i>Appropriation Act (No. 1) 2021-22</i>	596	27,870
<i>Supply Act (No. 1) 2022-23</i>	402	-
<i>Supply Act (No. 3) 2022-23</i>	27,135	-
Total departmental	28,690	28,656

¹The remaining unspent balance of the Appropriation Act (No. 1) 2020-21 lapses on 1 July 2023. This amount was legally available, but was removed from the appropriation receivable balance at 30 June 2023 as per section 39 of the FRR.

Note 2.1C: Special appropriations ('recoverable GST exclusive')

	Appropriation Applied 2023	Appropriation Applied 2022
	\$'000	\$'000
Authority		
<i>Auditor-General Act 1997, Schedule 1, sections 3 and 7 Unlimited amount for the remuneration of the Auditor-General</i>	767	686
Total special appropriations applied	767	686

Australian National Audit Office
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Note 2.2: Special Accounts

The ANAO has a special account called the Services for Other Entities and Trust Moneys Special Account. This account was established under Section 78 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The establishing instrument for the ANAO's special account was the: *Financial Management and Accountability Determination 2012/06* on 30 May 2012.

The purpose of the *Services for Other Entities and Trust Moneys Special Account* is to:

- a) disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth; disburse amounts in connection with services performed on behalf of other governments and bodies that are not non-corporate Commonwealth entities; and
- b) repay amounts where an act or law requires or permits the repayment of an amount received.

The ANAO's special account ceased on 1 October 2022. There were no transactions debited or credited to it during the current or prior reporting period. The ANAO did not seek a replacement special account.

Note 2.3: Net Cash Appropriation Arrangements

	2023 \$'000	2022 \$'000
Total comprehensive loss - as per the Statement of Comprehensive Income	(4,301)	(1,310)
<i>Plus:</i> depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/ or equity injections)	1,666	1,499
<i>Plus:</i> depreciation right-of-use assets	2,415	2,407
<i>Less:</i> lease principal repayments	1,606	151
Net cash operating surplus/(deficit)	(1,826)	2,445

The ANAO is required to prepare this note as:

- it receives appropriations through Departmental Capital Budget funding or equity appropriations to fund asset purchases and replacements; and
- it is a lessee with right-of-use assets and lease liabilities.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 3: Financial Performance

This section analyses the financial performance of the ANAO for the period ended 30 June 2023.

Note 3.1: Expenses

	2023	2022
	\$'000	\$'000
Note 3.1A: Suppliers		
Goods and services		
Consultants and contractors	24,145	23,627
Information and communication technology	7,159	6,911
Travel	935	330
Professional development	928	871
Professional services	542	514
Staff related expenses	934	698
Recruitment	638	626
Property operating expenses	296	232
Other	768	408
Total goods and services supplied	36,345	34,217
Other suppliers		
Low value leases	119	28
Workers compensation expenses	251	151
Total other suppliers	370	179
Total suppliers	36,715	34,396

Accounting Policy

The ANAO has elected not to recognise right-of-use assets and lease liabilities for leases where the lease term is shorter than 12 months or the leased asset is of a low value (less than \$10,000). The ANAO recognises lease payments associated with these leases evenly over the lease term.

	2023	2022
	\$'000	\$'000
Note 3.1B: Finance costs		
Interest on lease liabilities	497	503
Total finance costs	497	503

Accounting Policy

All borrowing costs are expensed as incurred.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 3.2: Own-Source Income

	2023	2022
	\$'000	\$'000
Note 3.2A: Revenue from contracts with customers		
Rendering of audit services	2,875	2,523
Rendering of other services	1,259	400
International development funding	2,415	1,173
Total revenue from contracts with customers	6,549	4,096
	2023	2022
	\$'000	\$'000
Note 3.2B: Disaggregation of revenue from contracts with customers		
Major product / service line:		
Service delivery	6,549	4,096
	6,549	4,096
Type of customer:		
Australian Government entities (related parties)	5,796	3,857
State and Territory Governments	162	15
Non-government entities	591	224
	6,549	4,096
Timing of transfer of goods and services:		
Over time	2,875	2,523
Point in time	3,674	1,573
	6,549	4,096

Accounting Policy

Revenue from contracts with customers is recognised when the performance obligations required under enforceable agreements are satisfied. This can result in revenue being recognised over the term of the contract or at a point in time, subject to the specific terms and conditions of the agreement.

Note 3.3: Revenue from Government

Note 3.3A: Accounting Policy

Amounts appropriated for departmental operating activities for the year (adjusted for any formal additions or reductions and less Departmental Capital Budgets) are recognised as Revenue from Government when the ANAO gains control of the appropriation.

Appropriations receivable are recognised at their nominal amounts.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 4: Financial Position

This section analyses the ANAO's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationship section.

Note 4.1: Financial Assets

Note 4.1A: Cash and Cash equivalents

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and deposits in bank accounts.

Note 4.1B: Trade and Other Receivables

	2023 \$'000	2022 \$'000
Trade receivables	1,290	875
Contract assets from contracts with customers	1,409	385
GST receivable from the Australian Taxation Office	491	465
Appropriation receivable	27,465	27,683
Total trade and other receivables	30,655	29,408

	2023 \$'000	2022 \$'000
Note 4.1C: Trade and Other Receivables - Administered		
Trade receivables	3,664	2,521
Contract assets from contracts with customers	5,738	4,606
Total trade and other receivables	9,402	7,127

Credit terms for goods and services were within 30 days (2022: 30 days).

Accounting Policy

Financial assets:

Financial assets are comprised of trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows and are measured at amortised cost.

Financial Liabilities:

Financial liabilities are measured at amortised cost.

Impairment:

The ANAO recognises a loss allowance and impairment expense at an amount equal to lifetime expected credit losses.

As the ANAO's receivables relate to outstanding debts with other Commonwealth entities, no impairment has been recognised for 2022-23 (2021-22: Nil).

Contract assets from contracts with customers:

Contract assets from contracts with customers relate to costs incurred on audit engagements less interim billings. Contract assets from contracts with customers are valued at an amount that is expected to be recovered.

Australian National Audit Office
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Note 4.2: Non-Financial Assets

Note 4.2A Property, Plant and Equipment and Intangibles

Reconciliation of opening and closing balances of property, plant and equipment and intangibles for 2023

	Leasehold Improvements \$'000	Plant & equipment \$'000	Intangibles - Computer software \$'000	Total \$'000
As at 1 July 2022				
Gross book value	43,837	4,000	3,412	51,249
Accumulated depreciation, amortisation and impairment	(6,706)	(677)	(3,116)	(10,499)
Total as at 1 July 2022	37,131	3,323	296	40,750
Additions - by purchase or internally developed	-	535	-	535
Depreciation and amortisation expense	(681)	(842)	(143)	(1,666)
Depreciation on right-of-use assets	(2,415)	-	-	(2,415)
Write down and impairment of assets	-	(121)	-	(121)
Adjustments on right-of-use assets	18	-	-	18
Total as at 30 June 2023	34,053	2,895	153	37,101
Total as at 30 June 2023 represented by				
Gross book value	43,855	4,037	3,405	51,297
Accumulated depreciation, amortisation and impairment	(9,802)	(1,142)	(3,252)	(14,196)
Total	34,053	2,895	153	37,101
Carrying amount of right-of-use assets	26,170	-	-	26,170

Accounting Policy - Property, plant and equipment

Asset recognition:

Purchases of non-financial assets are initially recognised at cost in the Statement of Financial Position, except for purchases costing less than \$4,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Lease Right of Use (ROU) Assets:

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Revaluations of non-financial and intangible assets:

Following initial recognition at cost, leasehold improvements and plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value). Carrying amounts are reviewed every year to determine if an independent valuation is required. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Following initial recognition ROU assets continue to be carried at cost and are not subject to revaluation.

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Accounting Policy (continued)

Fair Value:

With the exception of ROU assets which continue to be recognised at cost, all other property, plant and equipment is measured at fair value in the Statement of Financial Position. When estimating fair value, market prices (with adjustment) were used, where available. Where market prices were not available, current replacement cost was used (i.e. level 3). Level 3 measurements use inputs to estimate fair value where there are no observable market prices for the assets being valued.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets:

Current contractual commitments for the acquisition of property, plant, and equipment are \$48,550 for the year ended 30 June 2023 (2022: \$415,600). This is a single contract for the purchase of information technology equipment (laptops) to support the increase in ANAO employees.

The future economic benefits of the ANAO's plant and equipment and leasehold improvements are not primarily dependent on their ability to generate cash flows. The ANAO has not disclosed quantitative information about the significant unobservable inputs for the level 3 measurements in these classes.

Impairment:

All assets were assessed for impairment at 30 June 2023, and no material impairment was identified.

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Depreciation:

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ANAO, using in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated over the lesser of the estimated useful life of the improvement or the lease term. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2023	2022
Leasehold improvements	Lease term	Lease term
Right-of-use assets	Lease term	Lease term
IT Assets	2 to 11 years	2 to 11 years
Office equipment	5 to 30 years	5 to 30 years

Intangibles

The ANAO's intangibles comprise off-the-shelf software and associated enhancement costs. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the ANAO's software are 3 to 5 years (2022: 3 to 5 years).

Impairment:

All intangible assets were assessed for impairment at 30 June 2023. Where indications of impairment exist, intangibles are measured at their recoverable amount, if that amount is lower than the assets current carrying amount.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 4.3: Liabilities

	2023 \$'000	2022 \$'000
Note 4.3A: Suppliers		
Trade creditors and accruals	4,180	3,013
Total supplier payables	<u>4,180</u>	<u>3,013</u>

Accounting Policy

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier payables are settled within 20 days.

Note 4.4: Interest Bearing Liabilities

	2023 \$'000	2022 \$'000
Note 4.4A: Leases		
Lease liabilities		
Leasehold improvements	33,487	34,992
Total leases	<u>33,487</u>	<u>34,992</u>
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	2,808	1,974
Between 1 to 5 years	14,725	14,381
More than 5 years	19,000	22,139
Total leases	<u>36,533</u>	<u>38,494</u>

Total cash outflow for leases for the year ended 30 June 2023 was \$1,606,000 (2022: \$151,000). The large increase in cash outflow in the 2023 financial year is due to the ANAO being in a rent-free period until October 2022 which reduce prior year cash outflow.

The ANAO in its capacity as lessee, entered into a lease contract for a period of 15 years (with one option of 5 years) commencing from 1 January 2020 in relation to 38 Sydney Avenue office premises. The rent is increased on each anniversary of the commencement date including any options by 3.5%, except that on the commencement of each option term the rent will be reviewed to market.

The above lease disclosures should be read in conjunction with the accompanying notes 3.1B and 4.2A.

Accounting Policy

For all new contracts entered into, the ANAO considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 5: Other Information

Note 5.1: Current/Non-Current Distinction for Assets and Liabilities

	2023	2022
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	669	2,211
Trade and other receivables	30,655	29,408
Prepayments	894	505
Total no more than 12 months	32,218	32,124
More than 12 months		
Leasehold improvements	34,053	37,131
Plant and equipment	2,895	3,323
Computer software	153	296
Prepayments	31	1
Total more than 12 months	37,132	40,751
Total assets¹	69,350	72,875
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	4,180	3,013
Other payables	1,889	2,917
Leases	2,342	151
Employee provisions	4,356	3,910
Total no more than 12 months	12,767	9,991
More than 12 months		
Leases	31,145	34,841
Employee provisions	11,033	9,745
Total more than 12 months	42,178	44,586
Total liabilities	54,945	54,577

	2023	2022
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	-	-
Trade and other receivables	9,402	7,127
Total no more than 12 months	9,402	7,127
Total assets	9,402	7,127
Liabilities expected to be settled in:		
GST payable	333	117
Total no more than 12 months	333	117
Total liabilities	333	117

¹Total assets includes GST payable.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 5.2: Remuneration of Auditors

	2023	2022
	\$	\$
Fees for services provided		
Financial statements audit services	90,000	90,000
Performance audit services ¹	-	100,000
Performance statements audit services	<u>59,610</u>	<u>55,188</u>
Total	<u>149,610</u>	<u>245,188</u>

Ms. Eileen Hoggett was appointed as Independent Auditor for 5 years from 1 March 2019 under clause 1 of Schedule 2 to the *Auditor-General Act 1997*. Ms. Hoggett audits the annual performance statements under contract for the ANAO. Ms. Hoggett is appointed in a personal capacity and performs no other services for the ANAO.

¹Performance audit fees are recognised in the financial year where the majority of the audit is performed, timings may not always align with the year that the audit is tabled.

Part 4 — Governance, capability and risk management

The Auditor-General is responsible for both delivering the functions set out in the *Auditor-General Act 1997* (the Act) and managing the Australian National Audit Office within the arrangements of the broader Australian Public Service. Part 6 of the Act establishes the ANAO under the *Public Service Act 1999* and requires the organisation to operate as an entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In line with the requirements and expectations of the PGPA Act, the Auditor-General manages the ANAO in achieving its purpose through the application of good corporate governance. The ANAO's approach to delivering quality outcomes and effective decision-making is underpinned by good governance.

The ANAO's framework involves committees with clear responsibilities and terms of reference, and procedures for clear lines of accountability. As part of the strategic planning framework, the ANAO regularly reviews and updates its governance arrangements to ensure they remain fit for purpose, undertakes mature risk management and adopts an integrated approach to organisational capability. The ANAO's commitment to strategic planning and ongoing development of capability ensures that we can continue to achieve our purpose. Our investments in capability support the ANAO to uphold public sector principles and values, while building sufficient flexibility and expertise to meet future needs.

Part 4 outlines the ANAO's approach and continued commitment to corporate governance, strategic planning, capability investment and risk management.

Governance

The ANAO's governance framework supports the organisation to uphold public sector principles and values, including legislative requirements for accountability, leadership, transparency, integrity, efficiency and risk management. The framework ensures that our operations remain compliant with relevant laws, standards and directions. This supports effective management of the organisation to the Parliament, to achieve its purpose and meet public and community expectations of probity, accountability and transparency.

Governance structure

The Executive Board of Management is the ANAO's peak committee. At 30 June 2023, it was supported by six subcommittees and three operational committees. It also benefits from reports to the Auditor-General from the independent Audit Committee.

The ANAO's governance structure and strategic planning framework are outlined in Figure 4.1.

Executive Board of Management

The Executive Board of Management assists the Auditor-General to meet his statutory responsibilities as the ANAO's accountable authority under the PGPA Act. The board membership consists of the lead executive of all ANAO groups and the Chief Financial Officer. Table 4.1 shows the members of the Executive Board of Management at 30 June 2023. The Board allows members to raise and resolve

issues of significance for the agency and delivers collective leadership, enabling the ANAO to pursue and deliver strategic goals, commitments and initiatives outlined in the corporate plan.

Board responsibilities include approving and reviewing progress on the ANAO's direction and commitments across key organisational responsibilities including progress against the Corporate Plan, the annual budget, key business initiatives, including the methodology and quantum of charge-out rates, and identification and monitoring of strategic risks and opportunities. The board meets monthly, and terms of reference are reviewed annually.

Table 4.1: Membership of the Executive Board of Management, at 30 June 2023

Board member	Position
Mr Grant Hehir	Auditor-General, Chair
Ms Rona Mellor PSM	Deputy Auditor-General
Mr Bola Oyetunji	Group Executive Director, Financial Statements Audit Services Group
Ms Carla Jago	Group Executive Director, Performance Audit Services Group
Dr Anastasios Ioannou	Group Executive Director, Performance Audit Services Group — Defence
Mr George Sotiropoulos	Group Executive Director, Performance Statements Audit Services Group
Ms Jane Meade	Group Executive Director, Professional Services and Relationships Group
Ms Jacqueline Walton	Senior Executive Director, Corporate Management Group
Ms Lesa Craswell	Senior Executive Director, Systems Assurance and Data Analytics Group
Ms Alison Garth	Chief Finance Officer, Corporate Management Group

The board's key decisions are communicated to staff via an all-staff email containing a link to the Auditor-General's monthly message on the ANAO intranet.

Information on the remuneration of key management personnel is available at Note 1.2 of the 2022–23 financial statements.

Subcommittees

The ANAO has established subcommittees to support the Executive Board of Management. The subcommittees ensure organisational accountability and transparency, providing oversight and risk management in specific areas of operations. Subcommittees report to the executive board through summary reports and meeting minutes, and their terms of reference are reviewed annually.

At 30 June 2023, the ANAO had six subcommittees:

- **People and Change Committee** — provides strategic advice to the Executive Board of Management on people and capability development and on managing change in the ANAO.
- **Quality Committee** — provides assurance and assistance to the Executive Board of Management on the ANAO's quality framework and the strategic and operational risks associated with quality.
- **Finance Committee** — advises the Executive Board of Management on financial matters, and monitors the strategic and operational risks associated with resources.
- **Security Committee** — provides assurance and assistance to the Executive Board of Management on the ANAO's security framework and monitors associated strategic and operational risks.
- **Work Health and Safety Committee** — monitors and reviews the ANAO's work health and safety (WHS) policies and practices and advises the Executive Board of Management on WHS matters.
- **Information Technology Strategic Committee** — provides advice to the Executive Board of Management on information technology and business system strategic directions and investments.

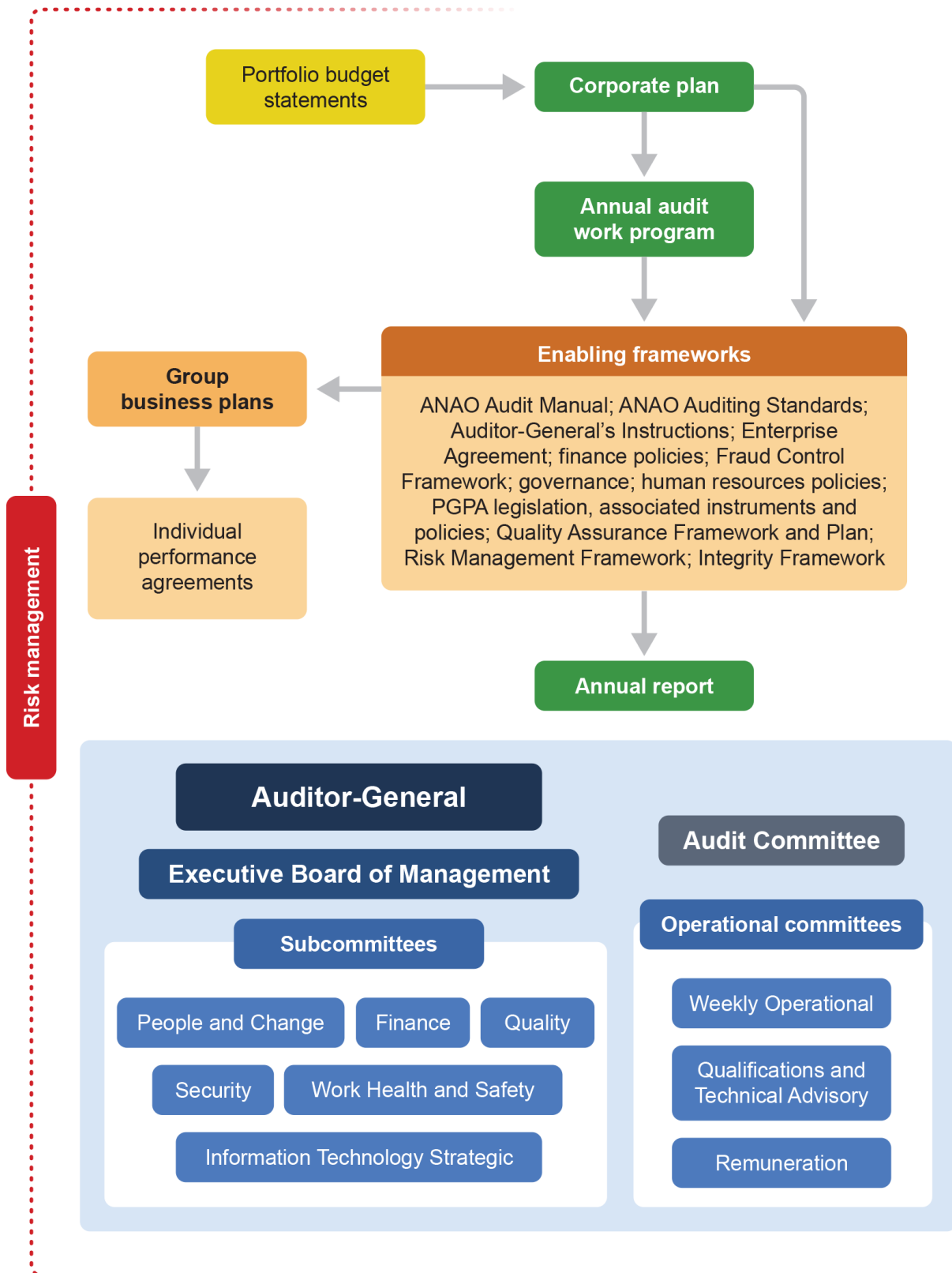
Operational committees

At 30 June 2023, the ANAO had three operational committees:

- **Remuneration Committee** — advises the Auditor-General on remuneration.
- **Qualifications and Technical Advisory Committee** — provides a forum for audit engagement executives to consult on difficult or contentious matters and, where necessary, resolve differences of opinion on audit-related matters. ANAO policy identifies the matters that must be referred to the committee, and the committee meets as required to provide advice to the Auditor-General.
- **Weekly Operational Committee** — oversees the operational activities of the ANAO, with a particular emphasis on staffing, performance and external relations. The committee also considers the status of the audit program in service group reporting and any other matters of strategic importance to the ANAO.

The Ways of Working Steering Committee has not been held since 2021, with many of its goals now embedded and overseen by the People and Change Committee.

Figure 4.1: ANAO governance structure and strategic planning framework, at 30 June 2023



Audit Committee

Audit Committee

The Audit Committee provides independent assurance and advice to the Auditor-General, including reviewing the appropriateness of the ANAO's financial and performance reporting, systems of risk oversight and management, and systems of internal control.

The Audit Committee's charter sets out the committee's role, authority, membership and functions, and its procedural, reporting and administrative arrangements. The charter is available on the Governance page on the ANAO website (anao.gov.au/about/governance).

The Audit Committee met five times during 2022–23. Details of the Audit Committee's membership in 2022–23, including remuneration for the period, meeting attendance, and experience and qualifications of members, are provided in Table 4.2.

Table 4.2: Membership of the ANAO Audit Committee for 2022–23

Member	Experience and qualifications	No. of meetings attended	Remuneration for 2022–23 (\$) ^(a)
Ms Maria Storti (member; chair since 13 October 2020)	Independent chair and member of several Commonwealth audit committees and non-executive director. Former EY advisory partner and worked with PwC in the areas of audit, consultancy and risk. Senior executive roles in various sectors, including responsibility for corporate planning. Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Australian Institute of Company Directors, and member of the Institute of Internal Auditors – Australia. Master of Business Administration and Bachelor of Economics.	5	17,500

Member	Experience and qualifications	No. of meetings attended	Remuneration for 2022–23 (\$) ^(a)
Ms Kerri Hartland (ceased as member on 31 January 2023)	<p>Chair of the National Youth Science Forum.</p> <p>Advisory Board Chair and Principal Advisor of Proximity.</p> <p>Former Commonwealth departmental secretary and public servant of 30 years standing across 10 departments and agencies.</p> <p>Chair of Commonwealth Office of the Special Investigator's Audit and Risk Committee.</p> <p>Expertise in risk, change management, diversity and leadership.</p> <p>Graduate of Australian Institute of Company Directors, member of Chief Executive Women and National Security College Futures Council, and board member of Canberra Hospital Foundation and Canberra Girls Grammar School.</p> <p>Master of Legal Studies, Bachelor of Arts and Bachelor of Economics.</p>	3	7,500
Mr Bruce Meehan (member since 1 September 2021)	<p>Former PwC and EY partner with over 40 years of professional services experience.</p> <p>Extensive offshore experience in Europe, the United States and the Asia-Pacific region.</p> <p>Member of Chartered Accountants Australia and New Zealand.</p> <p>Bachelor of Commerce and Graduate Diploma in Information Technology.</p>	5	12,500
Mr Peter Quiggin PSM KC (member since 1 February 2023)	<p>Former First Parliamentary Counsel for the Australian Government.</p> <p>Member of a number of Commonwealth audit committees and non-executive board member.</p> <p>Former member of the Board of Taxation and a number of government review panels.</p> <p>Commonwealth King's Counsel and Fellow of the Australian Institute of Company Directors.</p> <p>Bachelor of Laws, Bachelor of Science (Computing and Pure Maths) and Graduate Diploma in Professional Accounting.</p>	2	5,000

(a) Excludes GST.

Strategic planning framework

Strategic planning drives the ANAO's activities, enabling us to adjust our performance and resourcing to align with emerging priorities and risks, and supports us in achieving our purpose. The ANAO identifies its organisational priorities and performance measures in its corporate plan, and reports on its performance in the annual performance statements within the annual report.

The Executive Board of Management tracks all organisational priorities, risks, performance measures and strategic projects, including milestones and dependencies. The board ensures the effective operation of the organisation through the ANAO's governance subcommittees. The subcommittees regularly monitor progress on how the ANAO delivers its three key audit programs: financial statements audit, performance statements audit, and performance audit.

Each year, the ANAO undertakes strategic planning exercises, examining corporate and audit priorities. These exercises inform our corporate plan, forward audit work program and group business plans. We balance the priorities of delivering high-quality and trusted mandatory audits of financial statements, audits of performance statements as requested by the Minister for Finance, and performance audits that examine key issues for good government and offer assurance to the Parliament.

In July each year, the Auditor-General publishes an annual audit work program, which is developed after consideration of audit findings and portfolio risks, and extensive consultation with key stakeholders. We design the program to respond to current and emerging risks and challenges impacting public administration. The work program complements the corporate plan. It reflects the organisation's audit strategy and informs the Parliament, government entities and the public of the planned audit coverage for the Australian Government sector.

Key elements of the ANAO's strategic planning framework for 2022–23 are presented in Figure 4.1. Further details on the ANAO corporate plan and annual audit work program are provided below.

Corporate plan

The [corporate plan](#) is the ANAO's primary strategic planning document and sets out how we will achieve our purpose over a four-year period. It articulates the purpose and operating environment for the ANAO, and how we identify and manage risk in that environment. The plan details the intended activities and performance of the ANAO, including performance measures, capability investments and strategies to help deliver our purpose.

Annual audit work program

The [annual audit work program](#) sets out the ANAO's audit strategy and deliverables for the coming financial year. It informs the Parliament, the public and government sector entities of the planned coverage of the Australian Government sector. The program presents information on the financial statements audits, performance audits, performance statements audits and other assurance engagements for each portfolio. It also includes information on audits in progress and audits recently tabled.

A whole-of-organisation planning process brings together the knowledge and insights gained across all ANAO audit activity to identify priority areas of audit coverage. In determining the 2023–24 program, the ANAO considered prior-year audit and other review findings and what these indicate about the portfolio risks and areas for improvement, as well as emerging risks from new investments, reforms or operating environment changes.

The ANAO provided a draft of the annual audit work program to the Parliament for consultation through the Joint Committee of Public Accounts and Audit (JCPAA), consistent with the Auditor-General's requirement to have regard to the audit priorities of the Parliament. The JCPAA identified 21 audit priority topics during consultation for the Annual Audit Work Program 2023–24. Of these 21 audit priorities, 15 were included in the final program, while the remaining six topics were covered by audits that had commenced before the program was published and were therefore not included as potential audits in the final program for 2023–24. The JCPAA subsequently suggested one new topic and this topic was added to the final program. We also sought feedback from accountable authorities of Australian Government entities affected by the proposed audit coverage, members of the public, the Commonwealth Ombudsman, the Inspector-General of Taxation, the Inspector-General of Intelligence and Security, and the Australian Information Commissioner and Privacy Commissioner.

As part of the performance audit program, the ANAO undertakes a series of audits on the implementation of agreed parliamentary committee and ANAO recommendations, to provide assurance to the Parliament that actions to improve public administration are implemented as intended and agreed, and within reasonable timeframes. The ANAO has so far tabled five audits in this series, and has included in the 2023–24 work program a further potential cross-entity audit of implementation of recommendations.

Key focus areas of the Annual Audit Work Program 2023–24 include:

- key accountabilities as outlined in the *Public Governance, Performance and Accountability Act 2013*, including the proper use and management of public resources (efficiency, effectiveness, economy and ethics);
- planning and delivery in major areas of public investment, such as in Defence capability, the National Disability Insurance Scheme, programs targeting Indigenous Australians, and programs focused on climate change and the environment;
- the measurement of performance and impact against agreed program objectives;
- emergency response planning, performance and associated risks;
- procurement and contract management;
- grants program design assessment, decision-making and management;
- the Australian Government sector meeting security requirements; and
- entity governance and the management of program and entity risks, including in relation to key public sector pillars such as probity, integrity and fraud.

Organisational capability

The ongoing development of the ANAO's capability ensures that we can continue to achieve our purpose. Investments in capability support the ANAO to uphold public sector principles and values, while building sufficient flexibility and expertise to meet future needs.

The ANAO's [Corporate Plan 2022–23](#) outlined capability investments we would make to ensure that we continue to deliver on our purpose. The areas of investment were:

- workforce;
- productivity and technology; and
- quality.

The ANAO is committed to building capability that is forward focused, supporting the work of our auditors, data analysts and corporate services professionals now and into the future. The information below reports on our progress in implementing these capability investments.

Workforce

The ANAO is a professional organisation of curious and critical thinkers who have strong analytical capabilities and act with the highest integrity. We are committed to investing in our people and supporting their development as leading audit and public service professionals.

The ANAO Academy, launched in July 2022, has been designed to uplift and refine both the technical and non-technical skills required of our people. The program, once fully delivered, will provide our workforce with a complete learning and development curriculum — tailored to our unique role within the Australian Government sector, the specialist capability required to deliver our audit disciplines, and the leadership skills we will need for the future. The ANAO Academy will also deliver non-technical capabilities in the areas of applied judgement, courage, resilience and curiosity.

To support audit now and into the future, the ANAO continues to identify strategic opportunities to explore new ways of working, develop existing areas of capability, and embed efficiencies in our organisational design and processes.

Details of the ANAO workforce, including workforce composition, coverage of employment instruments, diversity statistics and salary information, can be found at Appendix C. The ANAO's staff engagement and performance strategies are outlined in Appendix D.

Workforce plan

The ANAO must continue to invest in the core, technical and leadership capabilities of our workforce to ensure we are suitably skilled to deliver on our purpose.

In 2022, the ANAO developed a workforce plan to ensure our sustained position to attract, develop and retain a high-performing workforce. The workforce plan identifies the increasingly complex workforce risk landscape, articulates the capability requirements of our audit workforce, and establishes the ANAO's pathway to building workforce capability in this environment. The workforce plan was designed to be implemented over four years.

Attract

As part of the 2022–23 Budget, the government announced additional funding to the ANAO to support the delivery of all our audit products. Our workforce plan articulates our commitment to identifying opportunities to uplift our labour market position as an employer of choice to attract high-performing people to deliver these products to the Parliament.

In 2022–23, the ANAO continued to iterate and improve the job marketing approach for financial auditors, performance and data analysts. In addition, we implemented Australian Public Service inclusive recruitment processes, allowing us to attract highly skilled and diverse people to our roles. Analysis of why applicants choose the ANAO as an employer will also help inform the development of an employee value proposition to assist in the attraction and retention of staff in the future.

The ANAO graduate program continues to be a core pipeline of our talent that we invest in. In 2022–23, 27 graduates commenced with the ANAO across two intakes, October 2022 and February 2023. The program offers graduates a highly learner-centred and technology-enabled employee experience through blended learning opportunities, such as online and face-to-face training, varied workplace rotations, graduate networks, and mentoring.

Develop

The ANAO recognises that learning and development is fundamental to building the core technical and leadership capabilities to deliver on our purpose. We uphold the highest industry standards to prepare our workforce for the changing landscape and demands in the audit profession of the future.

Our workforce plan identified that auditors of the future must be:

- **curious professionals** — prepared to apply critical and creative thinking;
- **digitally proficient analysts** — confident in the use of technology to collect and analyse data;
- **strong communicators** — able to analyse complex problems and clearly communicate findings;
- **adaptable professionals** — capable of working in different settings and across teams;
- **lifelong learners** — seeking out opportunities to continuously learn and grow; and
- **leading public servants** — demonstrating behaviours that exemplify the ANAO's values, and the Australian Public Service Values and Code of Conduct.

Over the next three years, our workforce plan will drive how we build the ANAO's capability for the audit profession of the future. In 2022–23, we continued this work with enhancements to the learning and development framework. The ANAO Academy is at the centre of this framework, delivering learning to our people in a user-centred, technology-enabled and purposeful way. We also integrated a learning platform into our capability framework to encourage a natural curiosity and desire to learn core capabilities such as professional communication, writing skills and digital literacy.

Retain

The ANAO acknowledges that labour market demand and high rates of employee mobility are a key workforce risk. As such, a fundamental component of our workforce plan is to retain our high-performing workforce and support their careers as leading public service professionals at the ANAO.

Providing quality training and development is important for retention. In 2022–23, the ANAO, through the ANAO Academy, invested in building and retaining capability through a diverse range of learning opportunities. These included technical skills workshops on key focus areas like data and analytics, audit methodology and quality framework as well as non-technical training (people management, integrity and wellbeing) delivered through the flexible learning initiatives of guest speakers, panel discussions, e-learning and workshops. These learning opportunities have seen active engagement from all ANAO groups.

Auditing is a challenging profession which requires endurance and resilience. The ANAO seeks to rotate staff between audit products to provide them with development opportunities and change to enable staff to contribute to different products. The ANAO also provides staff with opportunities to rotate into other parts of the office to refresh after surge periods. Secondments within the APS also enable staff to develop further while undertaking a broad range of other activities.

In addition, reward and recognition programs and promoting a healthy social environment within the office contribute to a sense of belonging to the organisation.

The ANAO cultivates diversity, inclusion and belonging in our work environment, supported by our Diversity and Inclusion Strategy and Reconciliation Action Plan.

Productivity and technology

The ANAO maintains an ongoing focus on building productivity as a key capability. We recognise that improved productivity is critical to demonstrating the efficient use of taxpayer funds in the delivery of our work to the Parliament and the public.

In 2022–23, we achieved productivity improvements through a focus on using resources strategically, streamlining our business practices and modernising our ways of working. Productivity improvements are designed to become part of our business-as-usual processes, enabling continued improvement and enhanced capability.

We have achieved productivity improvements through our increased use of data analytics, new audit tools and systems involving automation of procedures, and our information technology strategy.

Data analytics

The ANAO continues to invest in capabilities to further realise the benefits of data analytics for audits. A specialist data analytics team within the ANAO works with audit teams to use data to produce more efficient and effective audit work while maintaining quality. The data analytics team also supports corporate functions such as data-driven decision-making and streamlining the analysis of internal performance reporting.

Standardised data analytics solutions provide a standard, data-driven approach to some of the common areas of audit testing. These solutions continue to be the default approach for audit teams in these areas of testing, unless the circumstances of an audit require a different approach. The ANAO is developing new standardised solutions to support audit requirements and is also assessing areas for further development.

In 2022–23, the ANAO developed a digital audit strategy for financial statements audits. The strategy aims to streamline data acquisition, enhance audit quality, use data and technology consistently on audits, and help drive audit efficiencies. Work to implement this strategy will continue over the next year.

New audit tools and systems

The ANAO's Corporate Management Group works with the ANAO's business groups to provide strategic guidance and project management expertise for the selection, delivery and modernisation of business applications in the ANAO. This capability promotes continuous improvement through change management in business and technology to enable improved delivery of audit services.

In December 2022, the ANAO implemented a new learning management system. In addition to facilitating staff access to the ANAO's in-house learning and development content, the learning management system has linkages to third-party applications such as LinkedIn Learning, providing access to a catalogue of free online and on-demand courses for career development and personal growth.

In 2022–23, the ANAO continued to invest in key tools, for example high-capacity data storage and discovery tools to enhance data analytics, modelling and automation, to support auditors to undertake efficient and effective audit management. Work is ongoing to identify and develop audit management functionality to remain responsive to changes in data management and cloud environments into the future.

Information technology strategy

In 2022–23, the ANAO continued to invest in new technology, to keep pace with relevant changes in the technological landscape and ensure audit teams have the tools they need to work efficiently and effectively.

In the 2022–23 Budget, the ANAO received additional funding to support its ongoing efforts to ensure continuous improvement in its cyber security posture. During 2022–23, we progressed several cyber security initiatives, including the implementation of security controls to increase the ANAO’s cyber resilience, with particular emphasis on the Australian Cyber Security Centre’s Essential Eight risk mitigation strategies and uplifting security governance.

The ANAO continues to explore opportunities to leverage new technology to improve its use and management of data. In 2022–23, the ANAO completed initiatives to increase the maturity of its data governance practices with the delivery of the first stage of the ANAO’s data action plan. We also prioritised investments to implement a modern intranet experience and an upgrade to the ANAO’s website.

The ANAO has also progressed the delivery of its future-state architecture, which will bring new capabilities to support more efficient data analysis, provide a streamlined mechanism for audited entities to send audit data, and realise efficiencies. In 2022–23, the future-state program delivered foundational capabilities to enable further transformation, by reviewing data governance and cloud management practices, and migrating selected applications into the ANAO’s Azure environment to realise efficiencies. This work will continue in 2023–24.

Quality

The quality of ANAO audit work is reliant on the strength of its independence and quality framework. The ANAO’s quality framework and plan articulate the system of quality management that the ANAO has established to support the delivery of high-quality audit work, and enables the Auditor-General to have confidence in the opinions and conclusions in the reports prepared for the Parliament.

The ANAO defines audit quality as the provision of timely, accurate and relevant audits, performed independently in accordance with the *Auditor-General Act 1997* (the Act) and the ANAO Auditing Standards and methodologies, that are valued by the Parliament. Delivering quality audits results in improved public sector performance through accountability and transparency.

The ANAO’s work is governed by the [ANAO Auditing Standards](#) established by the Auditor-General, in accordance with section 24 of the Act. The ANAO Auditing Standards incorporate quality management standards issued by the Australian Auditing and Assurance Standards Board. Until 15 December 2022, the ANAO quality assurance framework met the requirements of auditing standard ASQC 1 – *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*. From 15 December 2022, three new and revised quality management standards came into effect and replaced ASQC 1:

- ASQM 1 – Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements;
- ASQM 2 – Engagement Quality Reviews; and
- ASA 220 – Quality Management for an Audit of a Financial Report and Other Historical Financial Information.

The ANAO published its [Quality Assurance Framework and Plan 2022–23](#) in July 2022. In September 2022, the ANAO published its [Audit Quality Report 2021–22](#), which assessed the implementation and operating effectiveness of the quality assurance framework against the 2021–22 plan. The report provides transparency around the processes, policies and procedures that support each element of the quality assurance the ANAO’s performance results against audit quality indicators and associated benchmarks. The audit quality report also assesses the ANAO’s achievement of the quality assurance strategy and deliverables, as set out in the Quality Assurance Framework and Plan 2021–22.

In 2022–23, the ANAO implemented the revised standards and introduced a quality management approach that is focused on proactively identifying and responding to risks associated with quality. This new approach includes enhanced focus on governance and leadership, monitoring and remediation. The revised quality management approach is presented in the [Quality Management Framework and Plan 2023–24](#), which complements the [ANAO Corporate Plan 2023–24](#), and outlines the quality assurance strategy and key activities planned for the year ahead.

In 2022–23, the ANAO continued to expand its root cause analysis program. In previous years, the ANAO conducted formal root cause analysis on the quality findings identified in financial statements audit quality assurance reviews. In response to new requirements of the revised quality management standards, the ANAO has introduced policies to conduct root cause analysis on the quality findings identified in the quality assurance reviews of all ANAO audit products. In April 2023, the ANAO completed root cause analysis on the quality findings identified in financial statements audit quality assurance reviews. The analysis was undertaken in parallel with finalising the quality assurance reviews and developing follow-up actions to address the underlying drivers of the deficiencies identified. Root cause analysis on the findings identified in the internal quality assurance reviews of performance audits and performance statements audits will commence in 2023–24.

In addition to internal quality assurance reviews and root cause analysis, the ANAO also identifies opportunities to continuously enhance and improve its quality framework through the Australian Securities and Investments Commission’s annual review of selected financial statements audits, the peer review of performance audits conducted by the New Zealand Office of the Auditor-General, and internal audits of compliance with ANAO Audit Manual policies.

Methodology

The ANAO Auditing Standards are supported by a methodology that is applicable to performance audit, financial statements audit and performance statements audit work, and is incorporated into the [ANAO Audit Manual](#). The ANAO regularly reviews and updates this methodology to reflect changes in the ANAO Auditing Standards, industry better practice, and new and emerging products, and to address findings from the ANAO’s quality assurance program. In 2022–23, key updates to the methodology included:

- revision of the ANAO Audit Manual to incorporate the requirements of the new and revised quality management standards, including:
 - enhanced policies addressing leadership responsibility for quality, engagement quality reviews, and monitoring and remediation; and
 - new policies addressing technological and intellectual resources and the evaluation of the ANAO quality management framework;
- finalisation of a performance statements audit manual;
- development of a methodology for auditing ethics;
- commencement of a review of the performance audit methodology for audits of efficiency; and

- implementation of the revised auditing standard ASA 315 – *Identifying and Assessing the Risks of Material Misstatement*.

Risk management

The effective management of risk is integral to achieving our objectives and supporting our purpose. Risk management is a critical component of the ANAO's approach to good governance, and is integrated into our oversight structures, strategic planning framework and values-driven, high-performance culture.

Risk management framework

The ANAO's Risk Management Framework 2022–2024 is based on adherence to the Commonwealth Risk Management Policy, which adopts definitions outlined in ISO 31000:2018 Risk Management — Guidelines. The policy including the enterprise risk register is available on the ANAO website. The standard defines risk as 'the effect of uncertainty on objectives', and risk management as the 'coordinated activities to direct and control an organisation with regard to risk'. The Commonwealth's policy has nine elements and the ANAO has established risk oversight and management systems to address each of those elements.

In February 2023, the ANAO released its updated suite of risk management documentation—including the Risk Management Framework (2022–24), Risk Management Policy, Enterprise Risk Register (ERR) and Risk Analysis Tool in line with changes from the revised Commonwealth Risk Management Policy (the Policy) which took effect from 1 January 2023. The ANAO continuously reviews the Enterprise Risk Register which captures strategic and operational risks, and their related controls. The Executive Board of Management (EBOM) ensures organisational accountability and transparency of risk through the oversight of its subcommittees.

Risks are managed in the context of achieving organisational goals and objectives. While all staff contribute to the way risks are managed, senior staff in key positions have a clear view of the mitigating controls and their effectiveness at controlling risks. The risk management framework identifies specific responsibilities for key personnel across the ANAO and the enterprise risk register assigns owners for each enterprise-level risk.

The ANAO's management of risk is, however, embedded into all business-as-usual practices, using consistent language, approaches and documentation. The adoption of risk analysis tools is applicable to the ANAO's operations across all groups. This approach ensures all ANAO staff have a general responsibility to practice active risk management. Risks associated with audit products are identified and managed within the delivery of the products and within the quality framework for audits. Audit policies, procedural guidance and review points consider risk.

The Auditor-General takes advice from the Executive Board of Management and the Audit Committee into account when approving the risk management framework and enterprise risk register and determining the ANAO's appetite and tolerance for risk. The Executive Board of Management reviews enterprise risks each meeting, considering any serious risk incidents for the month, and any residual risk assessed as 'high' or above as outlined in the ANAO risk management policy.

All EBOM subcommittees provide oversight to specific areas of strategic operations and are responsible for identifying and managing relevant corporate risks on an ongoing basis. The subcommittees report to the EBOM on operational and enterprise risks relevant to their responsibilities. The weekly Operational Committee meetings may also discuss a range of operational and strategic risks.

The ANAO conducts periodic reviews of its internal controls and compliance framework. These reviews are undertaken with consideration of factors such as the size of the office and its functions; the risk profile of the office; resource management arrangements; and compliance history. The Committees as well as internal audit and ANAO's external auditor contribute to these reviews.

The Professional Services and Relationships Group and the three audit services groups have primary responsibility for managing audit risk. Each individual audit work plan assesses operational risks and mitigation strategies, and risk is assessed at all audit review points. Responsibility for managing operational audit risk is assigned to responsible senior executives and audit managers.

In 2022–23, the ANAO actively managed a number of corporate and audit risks. These included risk of waivers pending security clearances for employees, and audit findings resulting in recommendations.

Internal audit

Internal audit provides an objective audit service that is designed to add value and improve the ANAO's operations. A systematic and disciplined approach is taken to evaluate and improve the effectiveness of risk management control and governance processes.

In 2022–23, the ANAO's internal auditor, BellchambersBarrett, completed the following internal audit reports:

- onboarding and offboarding;
- follow-up of external recommendations;
- review of automated processes;
- ANAO Audit Tool Phase 1;
- Australasian Council of Auditors-General benchmarking; and
- ANAO Audit Manual compliance.

The six completed internal audits made 13 recommendations in total. Following the Audit Committee meeting in June 2023, there were 10 agreed recommendations not yet fully implemented.

The contract with BellchambersBarrett for the supply of internal audit services ceased on 30 June 2023. Following an open tender approach to market, Sententia was selected as the preferred supplier of internal audit services for the ANAO, for the period 1 July 2023 to 30 June 2026.

Control environment

The ANAO has a robust control environment in place to ensure compliance with the requirements of the Commonwealth's resource management framework, and in particular the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The current control framework includes the following policies and procedures, which document key business procedures and details of key internal controls:

- Auditor-General Instructions — these apply key principles and requirements of the Commonwealth's resource management framework to the operations of the ANAO;
- financial management procedures (to support the Auditor-General Instructions);
- delegations and authorisations; and
- an employee handbook.

Regular reviews of controls are undertaken by management and by internal audit.

Probity and independence

The ANAO's commitment to high ethical and professional standards underpins the quality of our work. For audit professionals, independence is an element central to the quality of each audit. It requires all members of the audit team to avoid circumstances that could compromise their ability to act with integrity and exercise objectivity and professional scepticism. The ANAO Auditing Standards and ANAO independence policies require staff and contractors engaged in audits to comply with the relevant provisions of the Accounting Professional and Ethical Standards Board's APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*. Any threat to independence must be evaluated and safeguards applied to reduce the threat to an acceptable level. Situations where a threat cannot be reduced to an acceptable level are not entered into or not allowed to continue.

When conducting procurements, the ANAO adheres to the Department of Finance's [Ethics and Probity in Procurement](#) principles. Staff involved in assessing procurements are required to receive a probity briefing from the procurement team. All procurements require the completion of probity and conflict of interest declarations from staff involved in evaluating the responses before they are given access to the responses. Complex procurements have nominated probity advisers included in the evaluation team — either internal ANAO staff or specialised external probity advisers.

In order to maintain credibility and demonstrate independence, the ANAO regards integrity as a core value of the organisation — critical in sustaining the confidence of the Parliament, strengthening public trust in government and delivering quality audit products.

The ANAO's Integrity Framework and processes include good governance practices, publishing of gifts and benefits, and an ongoing focus on independence in the delivery of our work. Beyond its integrity framework, the ANAO maintains an enduring focus on promoting integrity as an organisational value that is embedded in our work and culture.

Fraud control and prevention

The ANAO continues to maintain appropriate fraud prevention, detection, investigation, reporting and data collection procedures in accordance with the Public Governance, Performance and Accountability Rule 2014. The Senior Executive Director, Corporate Management Group, is responsible for managing the ANAO's fraud control framework, including fraud detection, prevention and response. The framework fulfils requirements in the Commonwealth Fraud Control Framework and is linked to the ANAO's risk management framework. The ANAO periodically reviews its fraud control framework across the year, considering changes in the operating environment.

There were no incidents of fraud in 2022–23. The ANAO will undertake a review of its fraud control framework when changes in the Commonwealth Fraud Rule and Fraud Policy are finalised. Changes to the Commonwealth fraud risk policy are expected to be released early in 2023–24 and come into effect for the 2024–25 reporting period. Through the appropriate governance frameworks, the Executive Board of Management and various subcommittees monitor the ANAO's fraud risks and controls, and action is taken as required.

The ANAO enhances fraud awareness among staff through various mechanisms, including a mandatory fraud e-learning module for new starters and annual refresher training. In 2022–23, fraud awareness was highlighted in several information sessions and through and through Integrity Awareness Week activities, which included presentations by ANAO staff.

Auditor-General's disclosure of expenses

To ensure transparency, the Auditor-General makes voluntarily public disclosures of any expenses incurred. The [Auditor-General's expenses](#) are disclosed every six months. His expenses for the 2022 calendar year and for January to June 2023 are available on the ANAO website.

Gifts and benefits

The ANAO gifts and benefits policy recommends that ANAO employees do not accept any gifts or benefits in their role as an employee of the ANAO. Employees are required to report any offered gift or benefit (whether accepted or declined) through an internal gifts and benefits register within 10 business days of the offer being made. The data collected through the register is reported to the ANAO's EBOM, and a subset of the data is [reported publicly](#).

Outside employment

The ANAO provides its employees with flexibility to participate in activities outside the Australian Public Service if the activities do not conflict with or adversely affect the performance of their official duties. A range of activities may be deemed to be in the public interest and of professional benefit to the individual and to the ANAO. Outside work is other employment (paid or unpaid) or volunteer activities undertaken by an employee in addition to their official duties or while on paid or unpaid leave from the ANAO.

Prior approval is required for all outside activities and employment, unless specifically excluded from the policy. If an employee commenced outside employment before joining the ANAO, the employee must, immediately upon commencement, obtain approval to continue the employment. In all other cases, employees must obtain approval before commencing outside employment.

Approval is not required where activities are solely of a personal nature — that is, when employees perform work or undertake activities for voluntary community organisations or sporting bodies. Passive investment activities, such as rental properties, share trading and so on, are also excluded from approval requirements. However, all exclusions from approval are on the basis that activities are undertaken in the employee's own time, no ANAO resources are used, and that there is no conflict of interest or adverse effect on their official duties.

At 30 June 2023, the ANAO had 19 approvals recorded for staff undertaking outside employment activities.

Compliance survey

ANAO staff who exercise delegated powers and responsibilities assert their compliance with the financial framework, including compliance with the PGPA Act, by completing a compliance survey. Twenty instances of non-compliance were reported for the 2022–23 financial year, all of which were deemed to be non-significant breaches of the finance law and associated legislation, and the ANAO delegations.

There were eight instances where procurements made by the ANAO were registered on AusTender after 42 days. The ANAO has internal controls to mitigate the likelihood of procurements not being reported on AusTender within the mandated timeframe.

There were 10 instances of misuse of the ANAO's corporate credit card in 2022–23. This represents less than 0.1 per cent of total credit card transactions. Although the proportion of misuse is small,

each instance is investigated, with all incidents found to be inadvertent. All instances of credit card misuse were reported to the Executive Board of Management. The Chief Finance Officer contacted those staff who misused their credit card, reminded them of their obligations when using the card, and ensured that the amounts associated with the misuse of the credit cards were repaid into the ANAO's bank account.

There were two non-significant breaches relating to the ANAO's governance frameworks and policy documents. These instances have been investigated. The ANAO has taken steps to educate staff to ensure compliance with the ANAO's governance frameworks and policy documents.

External scrutiny

The ANAO's operations, processes and reports are periodically subject to independent external review.

Part 7 of the *Auditor-General Act 1997* provides for the appointment of an Independent Auditor, who undertakes the audit of the ANAO's financial statements and carries out selected performance audits, having regard to the audit priorities of the Parliament as determined by the JCPAA. The Independent Auditor position is a part-time statutory appointment for a period of at least three years and not more than five years. On 21 February 2019, the Governor-General appointed Ms Eileen Hoggett as the ANAO's Independent Auditor from 1 March 2019 for a period of five years.

In 2022–23, the Independent Auditor completed a performance audit to assess the effectiveness of the ANAO's attraction, retention and development of capability. The [Independent Auditor's report](#) was presented to the Parliament on 15 August 2022.

The Independent Auditor conducts an audit of the ANAO's performance statements at the request of the Auditor-General to provide independent assurance to the Parliament. The ANAO received unmodified auditor reports on its financial statements and performance statements for the year ended 30 June 2023.

No decisions made by a court or administrative tribunal or by the Australian Information Commissioner had a significant effect on the ANAO's operations in 2022–23. The ANAO was not the subject of any agency capability reviews or reports by the Commonwealth Ombudsman in 2022–23.

Other management issues

The management activities and services that support the ANAO's audit functions are undertaken in line with government policies and better practice. Reporting against the following issues is provided in Appendix E:

- compliance with the finance law;
- asset management;
- purchasing and procurement;
- consultancy and non-consultancy contracts;
- procurement initiatives to support small business;
- advertising and market research;
- grant programs;
- environmental performance;
- disability reporting;

- work health and safety;
- freedom of information;
- audit fee methodology; and
- service charter.

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Appendix A — Transparency reporting

The *Corporations Act 2001* includes requirements for annual reporting by auditors. Although the ANAO is not subject to the transparency reporting requirements for private sector audits that are specified in the Corporations Act, the ANAO has embraced the principles of transparency reporting. Table A.1 summarises the requirements that are relevant to the ANAO and shows where the required information is presented in this annual report.

Table A.1: Transparency reporting

Prescribed information ^(a)	Coverage in this annual report
Description of the auditor's legal structure and ownership	The 'Role' section in Part 2 details the legislative framework for the roles of the Auditor-General and the ANAO.
Description of the auditor's governance structure	The 'Governance' section in Part 4 details the corporate governance framework of the ANAO.
Description of the auditor's internal quality control system	The 'Quality' section in Part 4 details the ANAO's internal quality framework and internal audit and quality assurance arrangements.
Statement on the effectiveness of the auditor's internal quality control system in the reporting year	The 'Quality' section in Part 4 reports on the effectiveness of the ANAO's internal quality framework and internal audit and quality assurance arrangements.
The name of each body that is authorised to review the auditor, and the date of the most recent review of the auditor conducted by each body	The 'External scrutiny' section in Part 4 details the bodies that are authorised to review the work of the ANAO and the external review completed during the year. Table 2.1 in Part 2 describes external reviews of the ANAO's audits by the Joint Committee of Public Accounts and Audit.
The names of the bodies for which the auditor conducted an audit in the reporting year	The entities are listed in Auditor-General Report No.8 of 2022–23 Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022 . Information on all audit reports tabled by the Auditor-General in the Parliament during 2022–23 is available on the ANAO website.
Statement about the auditor's independence practices in the reporting year, including the date on which the auditor most recently conducted an internal review of its independence compliance	The 'Probity and independence' section in Part 4 details the ANAO's independence framework for audit professionals.
Statement about the policy that the auditor follows regarding the amount and nature of professional education that members of an audit team must undertake during the reporting year	The 'Development' section in Appendix D details the ANAO's education framework for audit professionals.

Prescribed information ^(a)	Coverage in this annual report
Financial information for the auditor for the reporting year	<p>The 'Report on financial performance' section in Part 3 provides an overview of the ANAO's financial results.</p> <p>The ANAO's audited financial statements for 2022–23 are presented in Part 3.</p>
Information on the basis for remuneration of the auditor's senior managers	Note 1 of the financial statements in Part 3 details the ANAO's arrangements senior executive remuneration.

(a) Based on the items set out in Schedule 7A of the Corporations Regulations 2001.

Appendix B — Entity resource statement and expense by outcome

Entity resource statement

Table B.1: Entity resource statement 2022–23

	Actual available appropriations for 2022–23 (\$'000)	Payments made 2022–23 (\$'000)	Balance remaining 2022–23 (\$'000)
Ordinary annual services			
Departmental appropriation ^(a)	122,167	93,477	28,690
Total ordinary annual services	122,167	93,477	28,690
Special appropriations			
Auditor-General remuneration and expense — <i>Auditor-General Act 1997</i> , Schedule 1, sections 3 and 7	778	767	11
Total special appropriations	778	767	11^(b)
Total resourcing and payments	122,945	94,244	28,701

- (a) Supply Act (No.1) 2022–2023 and Supply Act (No.3) 2022–2023, prior-year departmental appropriation, and retained revenue receipts under section 74 of the Public Governance, Performance and Accountability Act 2013.
- (b) Special appropriation remaining balance is returned to the Consolidated Revenue Fund (CRF) at the end of each year.

Expenses by outcome

Table B.2: Summary of total expenses for Outcome 1, 2022–23

	Budget ^(a)	Actual expenses	Variation
	2022–23	2022–23	2022–23
	(\$'000)	(\$'000)	(\$'000)
Outcome 1: To improve public sector performance and accountability through independent reporting on Australian Government administration to Parliament, the Executive and the public.			
Program 1.1: Financial Statements Audit Services			
Departmental expenses			
Departmental appropriation ^(b)	41,961	41,518	443
s74 External Revenue	2,091	4,709	(2,618)
Special appropriation	397	386	11
Expenses not requiring appropriation in the budget year ^(c)	1,231	1,246	(15)
Total for Program 1.1	45,680	47,859	(2,179)
Program 1.2: Performance Audit Services			
Departmental expenses			
Departmental appropriation ^(b)	34,749	34,299	450
s74 External Revenue	1,681	3,890	(2,209)
Special appropriation	319	319	0
Expenses not requiring appropriation in the budget year ^(c)	989	1,029	(40)
Total for Program 1.2	37,738	39,537	(1,799)
Program 1.3: Performance Statements Audit Services			
Departmental expenses			
Departmental appropriation ^(b)	6,704	6,623	81
s74 External Revenue	328	751	(423)
Special appropriation	62	62	0
Expenses not requiring appropriation in the budget year ^(c)	193	199	(6)
Total for Program 1.2	7,287	7,635	(348)
Total for Outcome 1	90,705	95,031	(3,978)
		2022–23	2021–22
Average staffing level (number)		361	326

- (a) Full-year budget, including any subsequent adjustment made to 2022–23 October Budget.
- (b) Departmental appropriation combines 'Ordinary annual services (Supply Bill (No.1) and Appropriation Act (No.1)' and 'Revenue from independent sources (section 74 of the PGPA Act)'.
- (c) Expenses not requiring appropriation in the budget year are made up of depreciation expenses, amortisation expenses, and principal payments on lease liabilities.

Appendix C — Workforce information

Table C.1: Staff coverage under employment instruments, at 30 June 2023

Number of employees covered by the ANAO Enterprise Agreement 2016–2019	Number of employees covered by a common law employment contract	Number of employees with an individual flexibility arrangement in place
375	33	15

Note: Includes ongoing, non-ongoing and casual staff. All employees are covered by either the ANAO Enterprise Agreement 2016–2019 or a common law employment contract. Employees covered by the enterprise agreement may also have an individual flexibility arrangement in place. Information in this table covers substantive classification of staff and does not include acting arrangements.

Table C.2: Ongoing, non-ongoing and casual staff, by classification and gender, at 30 June 2023 and 30 June 2022

		Ongoing			Non-ongoing			Casual			Total
		Female	Male	X	Female	Male	X	Female	Male	X	
SES 3	2023	1	0	0	0	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	0	0	1
SES 2	2023	2	3	0	0	0	0	0	0	0	5
	2022	2	3	0	0	0	0	0	0	0	5
SES 1	2023	17	10	0	0	0	0	0	0	0	27
	2022	10	9	0	1	0	0	0	0	0	20
EL 2	2023	46	36	1	1	3	0	1	0	0	88
	2022	40	31	1	1	1	0	1	0	0	75
EL 1	2023	40	34	1	1	0	0	1	0	0	77
	2022	44	26	0	0	1	0	0	0	0	71
APS 6	2023	36	29	0	2	1	0	0	0	0	68
	2022	43	32	0	2	0	0	0	0	0	77
APS 5	2023	33	20	0	6	2	0	0	0	0	61
	2022	25	21	0	2	1	0	0	0	0	49
APS 4	2023	20	21	0	1	3	0	0	0	0	45
	2022	13	15	0	2	0	0	0	0	0	30
APS 3	2023	0	0	0	2	0	0	0	0	0	2
	2022	1	1	0	0	0	0	0	0	0	2
APS 2	2023	0	0	0	0	0	0	0	2	0	2
	2022	0	0	0	0	0	0	0	0	0	0
APS 1	2023	0	0	0	0	1	0	0	4	0	5
	2022	0	0	0	0	0	0	3	6	0	9
Graduate	2023	13	11	0	0	0	0	0	0	0	24
	2022	21	16	0	0	0	0	0	0	0	37

		Ongoing			Non-ongoing			Casual			Total
		Female	Male	X	Female	Male	X	Female	Male	X	
Total	2023	208	164	2	13	10	0	2	6	0	405
	2022	200	154	1	8	3	0	4	6	0	376

SES = Senior Executive Service. EL = Executive Level. APS = Australian Public Service.

X = indeterminate/intersex/unspecified (any person who does not exclusively identify as either male or female).

Note: Includes all staff employed by the ANAO, including operative and inoperative staff. Inoperative staff are defined as staff who are absent from work for more than 13 weeks. Information in this table covers the headcount based on substantive classification of staff and does not include acting arrangements.

Table C.3: Ongoing, non-ongoing and casual staff, by attendance type, at 30 June 2023 and 30 June 2022

Employment type	Attendance type							
	Full-time		Part-time		Casual		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Ongoing	338	321	39	34	0	0	374	355
Non-ongoing	21	11	2	0	0	0	23	11
Casual	0	0	0	0	8	10	8	10
Total	359	332	41	34	8	10	408	376

Note: Includes all operative and inoperative staff. At 30 June 2023, three full-time ongoing staff identify as Indigenous. All ANAO positions are Canberra-based.

Remuneration

The ANAO's employment framework enables our ongoing investment in workforce capability and remuneration. The ANAO's Enterprise Agreement 2016–2019 came into effect on 21 April 2016 and covers the terms and conditions of employment at the ANAO, other than terms and conditions applying under a relevant Commonwealth law or implied at common law.

On 22 April 2019, the ANAO implemented a section 24(1) determination made under the *Public Service Act 1999* to hold in place conditions of the ANAO's Enterprise Agreement 2016–2019. On 30 March 2023, the Auditor-General made a further section 24(1) determination, which continues to hold the conditions of the agreement while enabling an annual pay increase in accordance with the Public Sector Interim Workplace Arrangements 2022.

The salary ranges for Senior Executive Service (SES) staff are determined by the ANAO's [SES Remuneration, Performance and Development Policy](#). SES remuneration payments are set out under Note 2.3 of the financial statements at Part 3 of this report.

Table C.4: Salary ranges for APS employees, by classification, at 30 June 2023

Classification	Salary range (\$)
EL 2	132,387–165,222
EL 1	115,286–129,915
APS 6	93,935–107,965
APS 5	84,788–92,392
APS 4	73,819–81,131
APS 3	67,905–73,437
APS 2	62,376–67,904
APS 1	51,312–62,375
Graduate	67,905–73,437

EL= Executive Level. APS = Australian Public Service.

Effective from 1 November 2021, changes have been made to ANAO performance and career development policy and procedures to remove performance bonuses for all employees. These changes are in line with the performance bonus guidance released by the Australian Public Service Commission on 13 August 2021.

Table C.5: Performance payments in 2022–23

Classification	Number	Total (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
SES	–	–	–	–	–
EL 2	–	–	–	–	–
EL 1	–	–	–	–	–
APS 6	–	–	–	–	–
APS 5	–	–	–	–	–
APS 4	–	–	–	–	–
APS 3	–	–	–	–	–
APS 1–2	–	–	–	–	–
Total	–	–	–	–	–

SES = Senior Executive Service. EL = Executive Level. APS = Australian Public Service.

Table C.6: Summary of performance ratings for the period ending 31 October 2022

Classification broadband	Substantially exceeds expectations	Exceeds expectations	Meeting expectations	Not meeting expectations	Total
ANAO bands 4 and 5 (EL 1 and EL 2)	10	47	64	0	121
ANAO bands 1 to 3 (APS 1–6)	8	44	69	2	123
Total	18	91	133	2	244
Proportion of total eligible staff	7%	37%	55%	1%	100%

EL = Executive Level. APS = Australian Public Service.

Non-salary benefits

The ANAO offers staff a number of non-salary benefits, which include:

- annual influenza immunisation;
- spectacles reimbursement;
- mentoring and coaching programs;
- in-house capability development programs;
- a free, confidential employee assistance program for employees and their immediate families;
- study assistance to eligible employees;
- access to flexible working arrangements; and
- contributions to relevant professional memberships.

The ANAO provides SES staff and — where there is a business need — some non-SES staff with a tablet and/or airline lounge membership. All ANAO staff have laptops and mobile phones, predominantly to provide multi-factor authentication for access to ANAO systems. Employees can also make use of a range of salary sacrifice benefits, including additional superannuation and leased motor vehicles.

Appendix D — Staff engagement and performance strategies

This appendix sets out the ANAO's strategies for attracting, developing, and retaining staff, and building a productive and supportive workplace that encourages and engages employees.

In 2021–22, the ANAO developed its Workforce Plan 2022–2025, outlining a strategic approach to cultivating a high-performing workforce across the three key areas of attraction, development, and retention. An action plan was developed consisting of 33 initiatives across these three key strategic areas, as well as governance; in 2022–23 we delivered 14 of the 33 initiatives.

Attraction

The ANAO has invested in attraction strategies, linked to our Workforce Plan 2022–25. Our investment in attraction has focused on graduates to develop into ANAO future leaders.

Graduate program

The ANAO's graduate program is open to university students who are completing their final year of study or have completed a degree within the past seven years. During the 12-month program, graduates undertake a robust development program, consisting of core and technical training.

In 2022–23, the graduate program recruited 27 graduates:

Group	Total graduates hired
Performance Audit Services Group	15
Financial Statements Audit Services Group	8
Performance Statements Audit Services Group	2
Corporate Management Group	1
Professional Services and Relationships Group	1

Affirmative measures

The ANAO has successfully implemented affirmative measures strategies during 2022–23 across specified positions under RecruitAbility and Indigenous affirmative measures schemes. We plan on continuing and extending the use of these arrangements moving forward.

Employee marketing

Given the tight external labour market the ANAO initiated campaigns across the financial audit job family to target accounting and finance professionals. This program leveraged internal feedback on the work we do and the impacts we have across the APS to target those individuals who may not have considered a career in audit.

The ANAO has also introduced as part of the recruitment process for performance audit jobs, information sessions for potential applicants. These sessions are tailored to the positions advertised and are hosted by senior executives and performance auditors, providing applicants with an

overview of the ANAO as well as the expectations of performance auditing. The sessions also provide attendees an opportunity to ask questions about the role and working in the office.

Development

The ANAO recognises the importance of supporting the professional learning of its people — through study assistance, learning and talent management programs — so the organisation can continue delivering on its purpose.

ANAO Academy

The ANAO Academy is a centre of learning excellence that fosters a contemporary and continuous learning culture, beyond traditional forms of training and development. The Academy will enable the ANAO workforce to build the future ready skills and knowledge to think critically, investigate and interrogate information to support the efficient delivery of our annual audit work program. The Academy will contemporise the audit profession by delivering tailored learning experiences to support the development of grass roots auditors, through the application of modern learning practice and theory. The Academy has delivered 60 learning and development opportunities to staff which included technical training, skills building and audit-specific capability development. The Academy offerings have seen over 2500 completions from staff across all service groups.

The ANAO implemented a new learning management system and learning platform to enable the delivery of a new framework that details the capability, skills and competence required within each audit job family and appropriate classification.

Talent retention

The ANAO's talent retention strategy includes fostering staff engagement, supporting the health and wellbeing of staff, and recognising significant achievements.

Staff engagement

To deliver effectively and efficiently against our purpose, the ANAO requires high-quality, high-performing people who are fully engaged with their work and workplace. Each year, the ANAO participates in the Australian Public Service (APS) Employee Census.

In the 2022 APS Census results, the ANAO's employee engagement score of 74 was one percentage point higher than the overall APS average. Our staff continue to be committed to the goals, purpose, and objectives of the ANAO.

In November 2022, the ANAO's LearnFest initiative recommenced post COVID-19. LearnFest aims to improve organisational culture, develop staff and leadership capability, and support wellbeing and diversity. LearnFest 2022 featured 29 events over five days with key themes focussed on wellbeing, leadership and ethics. LearnFest featured several leaders speaking events including a keynote address by Dr Stein Helgeby, Parliamentary Budget Officer, an 'in conversation' event with New Zealand Auditor-General Mr John Ryan and a presentation by Ms Jaala Hinchcliffe, Integrity Commissioner.

The ANAO organises regular events for our people that aim to foster a culture of engagement and information sharing. Events raise awareness of ANAO priorities and contribute to the professional and personal development of staff. 'Town hall' events inform staff of current organisational

priorities, future directions, and relevant developments. The purpose is to foster a sense of cohesion across the organisation and to recognise staff contributions and achievements.

Health and wellbeing

The ANAO is committed to promoting the health and wellbeing of its staff. We recognise that work-based health and wellbeing programs contribute positively to morale, resilience, and productivity by reducing workforce absence and illness, and workplace injury.

We successfully launched a refreshed wellbeing program that ran over the course of a three-month period (March–June 2023). This program delivered 17 face-to-face or face-to-screen workshops through our employee assistance provider. These sessions focused on topics that would support an individual to manage burnout, fatigue and overall prioritisation and health work habits. Fifty three per cent of the ANAO workforce attended or participated in these sessions.

ANAO Compass program

The ANAO developed and implemented a new induction program that launched in April 2023, called ANAO Compass. This program fosters culture across all groups, supporting the promotion a healthy workplace. It is mandatory for all new employees, irrespective of their continued APS services and supports retention through the increased connection to the ANAO.

Appendix E — Other management issues

Compliance with finance law

In 2022–23, the ANAO had no significant issues under paragraph 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013* relating to non-compliance with the finance law.

Asset management

The ANAO's asset management policy is set out in the Auditor-General Instructions and supporting financial management procedures. High-value assets are subject to whole-of-life management, including formal tendering for acquisition, scheduled maintenance, and detailed accounting of disposal or return at the end of the useful life of the asset. The ANAO's asset management practices are designed to protect the interests of the Australian Government.

Purchasing and procurement

The ANAO's approach to procuring goods and services is consistent with, and reflects the principles of, the Commonwealth Procurement Rules – in particular, the core rule of competition contributing to demonstrating value for money. These rules are applied to activities through the Auditor-General Instructions and supporting financial management procedures and guidelines.

The ANAO's procurement plan is published annually and is available on the AusTender website, tenders.gov.au. The plan is updated when circumstances change.

The ANAO's tender evaluation processes are designed to be fair and equitable and to enable potential suppliers to compete for ANAO business. Before proceeding to a substantive evaluation, the ANAO undertakes a check against all mandatory requirements that are listed in the tender documentation.

All tenders and contractual arrangements undertaken in 2022–23 were carried out in accordance with the Commonwealth Procurement Rules.

No contracts in excess of \$10,000 (including GST) or standing offers were exempted by the Auditor-General from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Reportable consultancy contracts

During 2022–23, eight new reportable consultancy contracts were entered into, with total actual expenditure of \$0.189 million. In addition, nine ongoing reportable consultancy contracts were active during the period, with total actual expenditure of \$0.615 million (Table E.1). Table E.2 shows the organisations that received the five largest shares of the ANAO's total expenditure on reportable consultancy contracts during 2022–23.

Table E.1: Reportable consultancy contracts, 2022–23

Category	Number	Expenditure \$'000 (GST inc.)
New contracts entered into during the reporting period	8	189
Ongoing contracts entered into during a previous reporting period	9	615
Total	17	804

Table E.2: Organisations receiving largest shares of reportable consultancy contract expenditure, 2022–23

Total reportable consultancy contract expenditure in 2022–23 of \$803,506.

Organisation	Expenditure \$'000 (GST inc.)	Proportion of 2022–23 total spend (%)
KPMG	265	33
Deloitte Touche Tohmatsu	244	30
ORIMA Research	139	17
Ernst and Young	75	9
The Trustee for Birdanco Practice Trust ta RSM Bird Cameron	37	5
Total of the largest shares	760	94

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

The ANAO engages consultants as required to undertake a variety of tasks. The most common uses of contracted consultants include the application of expert professional skills to:

- investigate or diagnose a defined issue or problem;
- provide independent advice, information or creative solutions; and
- provide specialised services, including assistance with actuarial calculations, probity services and legal advice.

The major competitive tendering and contracting activities in 2022–23 were to obtain professional skills to assist with certain financial statements audits and performance audits.

The decision to engage a consultant is made in accordance with the PGPA Act and related rules, including the Commonwealth Procurement Rules, and relevant internal policies.

Reportable non-consultancy contracts

During 2022–23, 113 new reportable non-consultancy contracts were entered into involving total actual expenditure of \$6.353 million. In addition, 188 ongoing reportable non-consultancy contracts were active during the period, involving total actual expenditure of \$27.944 million (Table E.3).

Table E.3: Reportable non-consultancy contracts, 2022–23

Category	Number	Expenditure \$'000 (GST inc.)
New contracts entered into during the reporting period	113	6,353
Ongoing contracts entered into during a previous reporting period ^(a)	188	27,944
Total	301	34,297

- (a): Ongoing contracts include contracts to provide services to conduct the audit of NBN (\$12.546m over three years). The ANAO has received written confirmation from PwC that there are processes and controls in place to mitigate the inappropriate use or disclosure of confidential information obtained for the purposes of audit services. PwC also confirmed in writing the monitoring, awareness and enforcement activities undertaken that are most pertinent to risk management, conflicts of interest and confidentiality. The ANAO will approach the market for tenders for this contract when the existing contract term ends.

Table E.4 shows the organisations that received the five largest shares of the ANAO's total expenditure on reportable non-consultancy contracts during 2022–23.

Table E.4: Organisations receiving largest shares of reportable non-consultancy contract expenditure, 2022–23

Organisation	Expenditure \$'000 (GST inc.)	Proportion of 2021–22 total spend (%)
Pricewaterhouse Coopers	5,103	15
Ernst and Young	4,165	12
NRI Australia Limited	3,381	10
Deloitte Touche Tohmatsu	2,585	8
Macquarie Telecommunications Pty Ltd	1,444	4
Total of the largest shares	16,678	49

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.

The major competitive tendering and contracting activities in 2022–23 were to contract out a number of financial statements audits and performance audits, as well as to contract in staff to assist the ANAO in delivering financial statements audits and performance audits. The ANAO's IT services are managed by a third-party provider.

The decision to engage a supplier to assist the ANAO in the delivery of its mandate is made in accordance with the PGPA Act and related rules, including the Commonwealth Procurement Rules, and relevant internal policies.

Procurement initiatives to support small business

The ANAO supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise (SME) and small enterprise participation statistics are available on the Department of Finance's website, [finance.gov.au](https://www.finance.gov.au).

The ANAO's procurement practices support SMEs through use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000. Practices also support the use of electronic systems or other processes to facilitate on-time payment, including the use of payment cards.

The ANAO recognises the importance of ensuring that small businesses are paid on time. The results of the survey of Australian Government payments to small business are available on the Treasury's website, treasury.gov.au.

Advertising and market research

Under section 311A of the *Commonwealth Electoral Act 1918*, we are required to disclose payments of \$14,500 or more (inclusive of GST) to advertising agencies, market research organisations, polling organisations, media advertising organisations and direct mail organisations.

During 2022–23, the ANAO conducted advertising campaigns for graduate recruitment amounting to \$60,203 (inclusive of GST). The ANAO did not make any payments to direct mail organisations or polling organisations, and did not make any payments of \$14,500 or more (inclusive of GST) to media advertising organisations.

Payments over \$14,500 (including GST) to market research organisations, incurred in the course of client surveys on performance are set out in Table E.5.

Table E.5: Payments made to market research organisations, 2022–23

Organisation	Purpose	Payment \$ (GST inc.)
ORIMA Research	Client survey	72,947
ORIMA Research	Client survey	51,499

Grant programs

The ANAO does not administer any grant programs.

Environmental performance

Section 516A of the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) requires that Australian Government entities include a section detailing their environmental performance and contribution to ecologically sustainable development in their annual report.

The EPBC Act requires Commonwealth agencies to report against two core criteria:

- how the agency accords with and contributes to the principles of ecologically sustainable development; and
- the environmental performance of the agency, including the impact of its activities on the natural environment, how these are mitigated and how they will be further mitigated.

Contribution to ecologically sustainable development

The ANAO contributes to ecologically sustainable development by actively taking steps to reduce our environmental impact and adopting environmentally friendly options where practical.

In 2022–23, the ANAO continued to improve its environmental performance and mitigate the effects of our impact on the environment through:

- the introduction of organic waste bins;
- procuring energy-efficient equipment and lighting solutions;
- using recycled copy paper;
- energy-efficient power management settings on office equipment, including motion sensor lighting;
- videoconferencing to reduce the need for local, interstate and international travel;
- recycling of paper, cardboard, office furniture, batteries and printer cartridges; and
- fostering employee awareness of environmental issues, including reconsidering the need to print documents in line with ‘paper-lite’ principles.
- The integration of energy-efficiency practices into our organisation and planning processes allows us to reduce our energy costs and decrease the consumption of resources.

Effect of activities on the environment

The ANAO monitors its energy and water usage and waste management as core indicators of the effect of its activities on the environment. We will continue to improve our collection and monitoring of data on energy use, water consumption and waste management in our office building.

Australian Public Service (APS) Net Zero 2030

The APS Net Zero 2030 policy is a governmental initiative designed for the Australian Public Service (APS) to effectively reduce its greenhouse gas emissions to net zero by the year 2030. The ANAO has demonstrated a firm commitment towards achieving this goal within the APS stipulated timeline. To instil accountability and foster transparency, the APS has inaugurated a regimen of public emissions disclosure, with the maiden reports being filed for the fiscal year 2022–2023.

The initial phase of this reporting will primarily concentrate on Scope 1 and Scope 2 emissions. These pertain to the direct emissions originating from the facilities operated by ANAO and the indirect emissions resulting from the consumption of purchased electricity, steam, heating, and cooling. In subsequent reporting periods, we anticipate extending the reporting to Scope 3 emissions, which encompass emissions from leased assets and the myriad of upstream and downstream activities. For the baseline year, the mandatory reporting parameters include emissions generated from electricity, natural gas, fleet, and flights.

The Office’s recorded environmental emissions for the financial year 2022–23 are detailed below:

Table E.6: Recorded location-based environmental emissions for the financial year 2022–23

Emission Source	Scope 1 kg CO2-e	Scope 2 kg CO2-e	Scope 3 kg CO2-e	Total kg CO2-e
Electricity (Location Based Approach)	N/A	131,261	10,789	142,050
Natural Gas	–	N/A	–	–
Fleet Vehicles	–	N/A	–	–
Domestic Flights	N/A	N/A	64,099	64,099
Other Energy	–	N/A	–	–
Total kg CO2-e	–	131,261	74,888	206,150

During the fiscal year 2022–2023, the ANAO was accountable for total carbon emissions quantified at **206,150** kilograms of CO2 equivalent. An assessment of the emissions' provenance revealed that Scope 2 emissions represented approximately **64 per cent** of the comprehensive emissions across our portfolio. In comparison, Scope 3 emissions had a relatively smaller contribution, representing **36 per cent** of the total emissions, respectively.

Our investigation into Scope 2 emissions has revealed that the primary source is the procurement of electricity for our leased sites. Similarly, our analysis of Scope 3 emissions attributes the bulk of these to air travel.

Addressing the Scope 2 emissions, a strategic implementation of renewable energy sources or the acquisition of certified green power offers a viable solution to lower the overall carbon footprint associated with our portfolio under the Australian National Audit Office. These eco-friendly alternatives present a sustainable pathway to the reduction of our carbon emissions originating from electricity consumption.

Turning to Scope 3 emissions, we observe that adopting alternative modes of travel or leveraging technology for virtual meetings could significantly curb the carbon emissions affiliated with air travel. Further, with offset purchasing now available as an option during ticket procurement, this approach could serve as an effective strategy to offset any residual emissions related to air travel.

With these combined strategies, the ANAO has the potential to significantly decrease its environmental impact and steer towards a more sustainable and greener business model.

In 2020, the Australian Capital Territory (ACT) reached a significant milestone, achieving its goal to source 100 per cent of its electricity from renewable energy providers. This bold commitment marked the ACT with the highest renewable electricity target within Australia and contributed substantially to the greenhouse gas emission reductions necessary for the ACT to realize its leading national target: a 40 per cent reduction on 1990 levels by 2020.

To date, Tasmania is the only other Australian state or territory to attain 100 per cent renewable electricity. This achievement has a direct impact on the carbon emissions associated with the ANAO’s Canberra facility, as the energy consumption is now offset through an equivalent feed into the grid as part of this ACT government initiative. For more details, visit:

<https://www.climatechoices.act.gov.au/energy>.

The APS Net Zero calculator acknowledges activities like Greenpower, individually purchased Large-scale Generation Certificates (LGCs), or state purchased LGCs, as demonstrated by the ACT. The carbon emissions are then determined using a market-based approach. The results are provided in the table below:

Table E.7: Recorded market-based environmental emissions for the financial year 2022–23

Emission Source	Scope 1 kg CO ₂ -e	Scope 2 kg CO ₂ -e	Scope 3 kg CO ₂ -e	Total kg CO ₂ -e
Electricity (Market Based Approach)	N/A	10,721	1,419	12,140
Natural Gas	–	N/A	–	–
Fleet Vehicles	–	N/A	–	–
Domestic Flights	N/A	N/A	64,099	64,099
Other Energy	–	N/A	–	–
Total kg CO₂-e	–	10,721	65,518	76,240

The ANAO was responsible for total carbon emissions amounting to **76,240** kilograms of CO₂ equivalent when considering the market-based approach during the fiscal year 2022–23. An analysis of the emission sources shows that Scope 2 emissions accounted for approximately **14 per cent** of the total emissions in our portfolio, while Scope 3 emissions constituted a significantly larger proportion, representing **86 per cent** of the total emissions.

EEGO minimum energy performance standards

The ANAO has a Green Lease Schedule, which includes the obligation to undertake an annual tenancy rating under the National Australian Built Environment Rating System (NABERS). The ANAO's tenancy was rated against the latest version of NABERS rules in June 2022 and achieved a 5.5-star rating, which demonstrates excellent performance against NABERS benchmarks and exceeds policy requirements. The tenancy is currently undergoing a renewal of the tenancy NABERS rating for 38 Sydney Avenue and is expected to achieve a similar energy efficiency performance.

Waste

The ANAO segregates waste to ensure suitable items are recycled and to minimise landfill. Organic waste bins were introduced in February 2022. From 1 July 2022, the ANAO has received monthly reporting from waste vendors to support better understanding of consumption, identify areas for improvement and support reduction of the total amount of waste sent to landfill. Approximately 73 per cent of total waste generated by the ANAO in 2022–23 was sent to landfill, and 27 per cent was recycled.

Disability reporting

Australia's Disability Strategy 2021–2031 is the overarching framework for inclusive policies, programs and infrastructure that will support people with disability to participate in all areas of Australian life. The strategy sets out where practical changes will be made to improve the lives of people with disability in Australia. It acts to ensure the principles underpinning the UN Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers. All levels of government have committed to

deliver more comprehensive and visible reporting under the strategy. A range of progress reports on the strategy's action plans and outcome areas will be published and available at disabilitygateway.gov.au/ads.

In December 2020, the Australian Government released the Australian Public Service Disability Employment Strategy 2020–2025, with the goal of increasing the employment of people with disability across the Australian Public Service to 7 per cent by 2025. Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the *APS Statistical Bulletin*. These reports are available at apsc.gov.au.

Work health and safety

Under section 38 of the *Work Health and Safety Act 2011*, the ANAO is required to notify Comcare of any incidents arising out of the conduct of the ANAO's operations that result in death, serious injury or serious illness of a person, or involve a dangerous incident. No incidents were reported in 2022–23.

Freedom of information

The *Freedom of Information Act 1982* provides the Auditor-General with an exemption from the provisions of the Act, and in 2015 the Australian Information Commissioner determined that the Auditor-General's exemption extends to the ANAO.

Performance audit reports, financial statements audit reports and audit opinions are tabled in the Parliament and/or published on the ANAO's website. Requests for audit from members of parliament are published on the ANAO's website. Other corporate information is also published on the ANAO's website, including:

- the Auditor-General's expenses in the form of official credit card transactions;
- details of parliamentary briefings provided on request to parliamentarians and parliamentary committees;
- ANAO Audit Manual;
- External audits and reviews;
- SES Remuneration, Performance and Development Policy;
- gifts and benefits offered (whether accepted or declined);
- Procurement Complaints Handling;
- ANAO Workforce Plan 2022–25;
- Quality Management Framework and Plan 2023–24;
- ASIC Audit Inspection Report of the ANAO; and
- the ANAO's risk management framework.

Audit fee methodology

For some financial statements audits, Commonwealth bodies are liable to pay fees. Subsection 14(1) of the *Auditor-General Act 1997* provides for the Auditor-General to determine a scale of audit fees. The fees paid by Commonwealth corporate entities and companies for financial statements audits are returned to the Official Public Account and are not available to the ANAO unless they relate to additional services.

Paragraph 8(1)(k) of the *Public Accounts and Audit Committee Act 1951* requires the Joint Committee of Public Accounts and Audit to consider the level of fees determined by the Auditor-General under subsection 14(1) of the *Auditor-General Act 1997*. Information relating to the methodology utilised to determine the ANAO level of fees is outlined below.

Charge-out rates are used to determine the notional or actual audit fee in respect of financial statement audits and to report the cost of performance audits and performance statements audits. The audit fees for financial statements audits of non-corporate Commonwealth entities are notionally calculated for information purposes and inclusion in the notes of the agency's financial statements. Other entities — mainly Commonwealth statutory authorities and companies — are required to pay audit fees.

Consistent with government policy, the ANAO aims to establish charge-out rates at a level sufficient to recover the costs of its activities over time. An hourly charge-out rate is determined for each staff classification. The establishment of charge-out rates is guided by a costing model that considers all relevant costs, including the attribution of overhead costs, and is designed to achieve full notional cost recovery of the ANAO operating budget. When determining the basis for allocating overhead costs, the ANAO takes into account the nature of the expenditure and calculates the charge-out rate using an accrual-based costing model.

Using the methodology outlined, the average hourly charge-out rate for the ANAO in 2022–23 was \$234.59, ranging from \$149.99 per hour for a junior auditor through to \$468.58 for a senior executive.

Service charter

As the ANAO does not provide services directly to members of the public, it does not have a service charter. However, the ANAO recognises that it provides a service to the community through the delivery of a range of audit services and welcomes feedback. Comments and suggestions can be made via the ANAO website, anao.gov.au, or by phone on (02) 6203 7300. Members of the public are also invited to make contributions to specific audits, with each audit having a facility for contributions to be received while the audit is in progress.

Abbreviations and acronyms

AAWP	Annual Audit Work program
ACAG	Australasian Council of Auditors-General
ANAO	Australian National Audit Office
APS	Australian Public Service
ASA	Australian standard on auditing
ASIC	Australian Securities and Investments Commission
ASOSAI	Asian Organization of Supreme Audit Institutions
ASQC	Australian standard on quality control
ASQM	Australian standard on quality management
BPK	Badan Pemeriksa Keuangan [Republik Indonesia] (Audit Board of the Republic of Indonesia)
CA ANZ	Chartered Accountants Australia and New Zealand
CFO	chief financial officer
CPA	certified practising accountant
CRF	Consolidated Revenue Fund
ERR	Enterprise Risk Register
EUROSAI	European Organisation of Supreme Audit Institutions
FIPP	Forum for INTOSAI Professional Pronouncements
GST	goods and services tax
ICT	information and communications technology
IMPACT	International Meeting of Performance Audit Critical Thinkers
INTOSAI	International Organization of Supreme Audit Institutions
JCPAA	Joint Committee of Public Accounts and Audit
PASAI	Pacific Association of Supreme Audit Institutions
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PNG	Papua New Guinea
PNG AGO	Papua New Guinea Auditor-General's Office
Prospera	Australia–Indonesia Partnership for Economic Development
SAI	supreme audit institution
SES	Senior Executive Service
SME	small and medium-sized enterprise
WHS	work health and safety

List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	Table of contents	Table of contents (print only).	Mandatory
17AJ(b)	Index	Alphabetical index (print only).	Mandatory
17AJ(c)	Abbreviations	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	List of requirements	List of requirements.	Mandatory
17AJ(e)	Contact officer	Details of contact officer.	Mandatory
17AJ(f)	Website	Entity's website address.	Mandatory
17AJ(g)	Electronic address	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Part 1 — Review by the Auditor-General	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Part 2 — Overview of the ANAO	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Organisational structure	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Role	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Purposes	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Accountable authority	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	Members	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	Role	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments — mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F	Performance statement	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on Financial Performance</i>		
17AF(1)(a)	Financial performance	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Financial position	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)	Fraud control and prevention	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Letter of transmittal	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Corporate governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	Finance law	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
<i>Audit Committee</i>			
17AG(2A)(a)	Charter	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Audit committee members	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Audit committee skills	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Audit committee attendance	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Audit committee remuneration	The remuneration of each member of the entity's audit committee.	Mandatory
<i>External Scrutiny</i>			
17AG(3)	External scrutiny	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	N/A	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	N/A	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of Human Resources</i>			
17AG(4)(a)	Organisational capability	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Appendix C — Workforce information	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender (d) statistics on staff location	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(b)	Appendix C — Workforce information	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	Appendix C — Workforce information	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Appendix C — Workforce information	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Salary ranges APS employees	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Non-salary benefits	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Performance payments	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	Performance payments	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	Performance payments	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	Performance payments	Information on aggregate amount of performance payments.	If applicable, Mandatory
	Assets Management		
17AG(5)	Asset management	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
	Purchasing		
17AG(6)	Purchasing and procurement	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	<i>Reportable consultancy contracts</i>		
17AG(7)(a)	Reportable consultancy contracts	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Reportable consultancy contracts	A statement that “ <i>During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]</i> ”.	Mandatory
17AG(7)(c)	Reportable consultancy contracts	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Reportable consultancy contracts	A statement that “ <i>Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.</i> ”	Mandatory
	<i>Reportable non-consultancy contracts</i>		
17AG(7A)(a)	Reportable non-consultancy contracts	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Reportable non-consultancy contracts	A statement that ‘ <i>Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.</i> ’	Mandatory
17AD(daa)	<i>Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts</i>		
17AGA	Purchasing and procurement	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
<i>Australian National Audit Office Access Clauses</i>			
17AG(8)	N/A	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<i>Exempt contracts</i>			
17AG(9)	N/A	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
<i>Small business</i>			
17AG(10)(a)	Procurement initiatives to support small business	A statement that ' <i>[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.</i> '	Mandatory
17AG(10)(b)	Purchasing and procurement	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Procurement initiatives to support small business	If the entity is considered by the Department administered by the Finance Minister as material in nature — a statement that ' <i>[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.</i> '	If applicable, Mandatory
<i>Financial Statements</i>			
17AD(e)	Financial statements	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
<i>Executive Remuneration</i>			
17AD(da)	Executive remuneration	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	Advertising and market research	If the entity conducted advertising campaigns, a statement that ' <i>During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.</i> '	If applicable, Mandatory
17AH(1)(a)(ii)	N/A	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that ' <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].</i> '	If applicable, Mandatory
17AH(1)(c)	Disability reporting	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	About this report	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	About this report	Information required by other legislation	Mandatory