



**ASIC**  
Australian Securities &  
Investments Commission

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# Australian National Audit Office

## Audit surveillance report

July 2024

### About this report

This report sets out our findings from our review of key areas in two audits of financial reports for the year ended 30 June 2023 conducted by the Australian National Audit Office (ANAO).

## Introduction

This report summarises our findings from reviews of key areas in two audits of financial reports for the year ended 30 June 2023 conducted by the ANAO. Our reviews were conducted using ASIC's methodology for surveillance of private sector audits except we did not directly communicate our findings to the directors of the audited entity.

This report:

- › should not be taken to provide assurance that the ANAO's audits and systems, or audited financial reports, are free of other deficiencies not identified in this report; and
- › may be released to the public in full. The report should not be quoted or summarised by the ANAO in any other publication without reference to a website where the full report is publicly available.

The reviews were undertaken by staff in ASIC's Companies and Small Business team who have no involvement in ASIC's financial reporting. These staff reported to the Auditor-General in relation to the reviews, not the Commissioners of ASIC.

## Our findings

In our view, the ANAO did not obtain reasonable assurance that the financial report was free of material misstatement in the key audit areas in the audit of one financial report summarised in Table 1. This should not be taken to infer that the financial report was materially misstated, but rather that the auditor did not obtain sufficient evidence to support their opinion. Table 2 summarises other matters arising from our review.

Table 1: Audit review findings—Risk of material misstatement

Entity	Areas with findings	Findings
Entity A	1 of the 3 key areas reviewed	<ul style="list-style-type: none"><li>• <i>Intangible assets under construction</i> — The auditor did not select a sufficient sample size for testing and consequently did not obtain sufficient evidence over additions to intangible assets under construction</li></ul>

Table 2: Audit review findings—other

Entity	Findings
Entity A	<ul style="list-style-type: none"><li>› <i>Intangible assets under construction</i> — The auditor should have more clearly documented the audit procedures performed in testing for possible impairment indicators for intangible assets under construction.</li><li>› <i>Employee benefits and provisions</i> – The auditor should have ensured that there was appropriate evidence on the file to support all the key inputs used by the AGA as part of their calculation of liabilities for expected leave expenditure.</li></ul>

Entity	Findings
Entity B	<ul style="list-style-type: none"> <li>› <i>Employee benefits and provisions</i> – The auditor should have reviewed and evaluated the assurance statement provided by the auditors of the service organisation that processes the entity's payroll services to assess the sufficiency and appropriateness of the audit evidence obtained by those auditors.</li> <li>› <i>Employee benefits and provisions</i> – The auditor should have ensured that there was sufficient evidence on the file supporting all key inputs used by the AGA as part of their review and evaluation of the calculation of employee provision liabilities</li> </ul>

## Further information

More information on the matters in table 1 and table 2 is contained in a detailed comment form provided separately to the ANAO. The comment form includes the ANAO's responses to our findings.

### Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.