



Audit Committee Chairs Forum

Friday, 6 December 2024



Welcome and opening remarks

George Sotiropoulos

Group Executive Director
Performance Statements Audit Services Group
Australian National Audit Office

Rona Mellor PSM

Deputy Auditor-General
Australian National Audit Office



Auditor-General's Update

Dr Caralee McLiesh PSM
Auditor-General for Australia

OFFICIAL



Australian Government
Department of Finance

Audit Committee Chairs Forum

6 December 2024

OFFICIAL



Australian Government
Department of Finance

Financial Reporting

Amy Fox, First Assistant Secretary

Financial Analysis, Reporting and Management Division

Department of Finance

2023-24 Financial Reporting

The Final Budget Outcome was tabled on 30 September 2024.

- Delays in a number of material entity financial statements resulted in a high number of exceptions in the FBO.

The 2023-24 Consolidated Financial Statements were signed by the Minister for Finance on 28 November 2024.

- A high number of complex accounting issues left to late in the year in entities impacted on the CFS.

2023-24 Financial Reporting

Financial statements timeframes and quality impacted by:

- Shortage of professional resources across the profession, particularly in CFO teams.
- Complex accounting issues being delayed.

Common capability gaps:

- Appropriation recognition and disclosures
- Software as a service and capital budgets
- Lease incentives and modifications
- Valuation of financial instruments
- Equity accounting
- Contingent liabilities

2024-25 Financial Reporting

Financial Reporting guidance will be issued in January 2025.

- Financial Reporting Rule
- Commonwealth Entities Financial Statements Guide (RMG 125)
- PRIMA

Audit Committee's can assist by asking questions early. CFOs should,

- plan early, and consider staffing requirements, capability and development
 - Where required, engage technical expertise early, such as for valuations
- engage early with audit teams on technical issues and professional judgements
- ensure professional judgements and accounting estimates documented, and supporting documentation on file.



Emerging lessons from ANAO's audit program

Carla Jago
Acting Deputy Auditor-General



Annual Audit Work Program 2024–25



13 Performance audits published since the beginning of the financial year



www.anao.gov.au/pubs/performance-audit

Performance Audit Outcomes Information Report

The areas analysed in the report include:

- audit activity
- audit objectives and stage of delivery
- against portfolios and audit conclusions
- entity responses to recommendations including their implementation and
- improvements made by entities during audits.



The screenshot displays the top section of the report's web page. At the top left, it identifies the document as an 'INFORMATION REPORT' and 'AUDITOR-GENERAL REPORT NO.8 OF 2024-25'. The main title is '2023-24 Performance Audit Outcomes', with a 'PUBLISHED' date of 'Thursday 24 October 2024'. Below the title is a large image showing hands interacting with a laptop, overlaid with digital icons of documents and checkmarks. To the right of the image, there are metadata fields: 'Portfolio' (Across Entities), 'Entity' (Across Entities), and 'Contact' (Please direct enquiries through our contact page.). At the bottom right, there are two filter buttons: 'Activity' (selected) and 'Sector' (Cross Government).

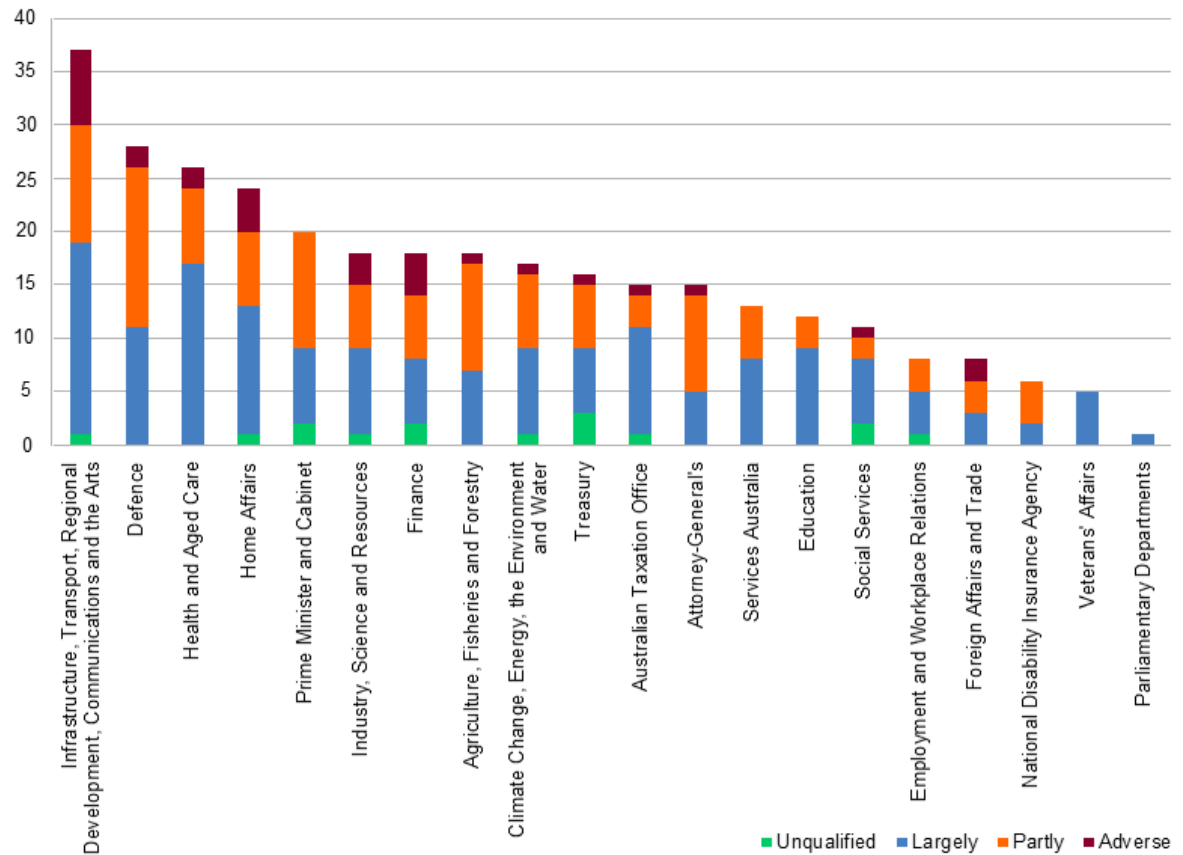
www.anao.gov.au/work/information/2023-24-performance-audit-outcomes



Performance Audit Outcomes Information Report



Figure 2.2: Number of audits tabled in each portfolio and their conclusion, tabled audits 2019–20 to 2023–24



www.anao.gov.au/work/information/2023-24-performance-audit-outcomes



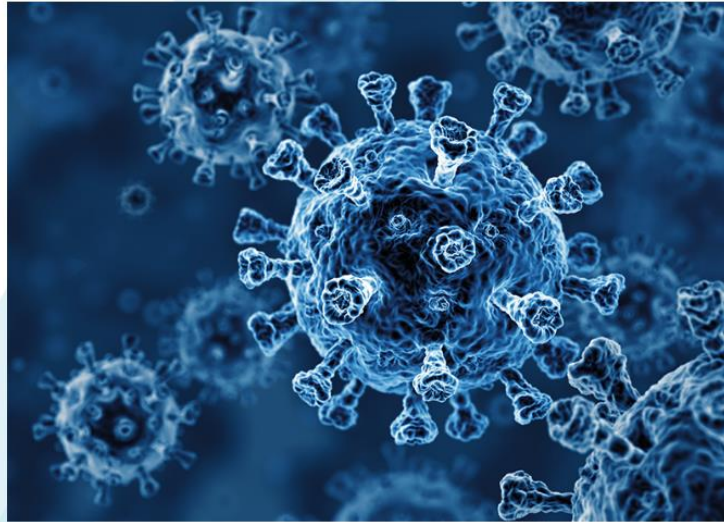
COVID-19 – ANAO Audit Activity Information Report



INFORMATION REPORT AUDITOR-GENERAL REPORT NO.6 OF 2024-25

COVID-19 Pandemic – ANAO Audit Activity

PUBLISHED Tuesday 22 October 2024



Portfolio

Across Entities

Entity

Across Entities

Contact

Please direct enquiries through our contact page.

Activity Governance

Sector Cross Government

www.anao.gov.au/work/information/covid-19-pandemic-anao-audit-activity



Implementation of Parliamentary Committee and Auditor-General Recommendations



PERFORMANCE AUDIT REPORT AUDITOR-GENERAL REPORT NO.14 OF 2024-25

Implementation of Parliamentary Committee and Auditor-General Recommendations – Indigenous Affairs Portfolio

PUBLISHED Wednesday 20 November 2024



Portfolio

Prime Minister and Cabinet

Entity

Indigenous Business Australia; National Indigenous Australians Agency

Contact

Please direct enquiries through our contact page.

Activity Governance

Sector Prime Minister & Cabinet Indigenous

www.anao.gov.au/work/performance-audit/implementation-of-parliamentary-committee-and-auditor-general-recommendations-indigenous-affairs



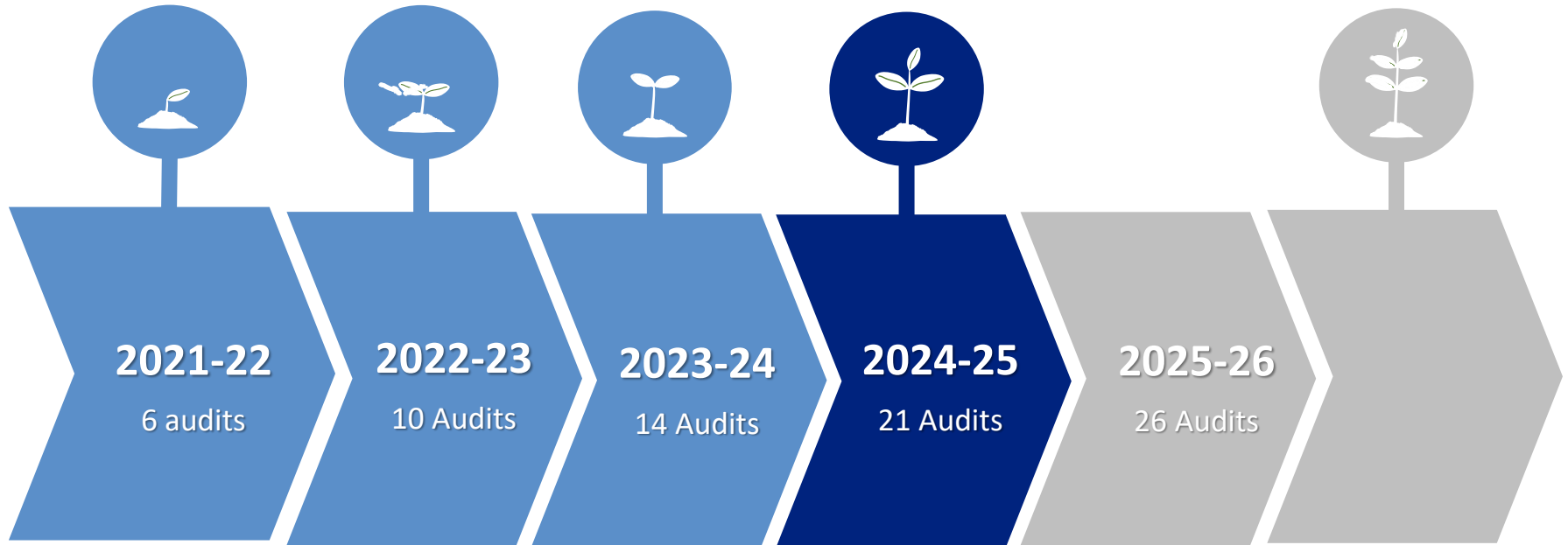
Financial statements – end of year report



www.anao.gov.au/pubs/financial-statement-audit



Performance statements audit work



Tenth year of the requirement for the Accountable Authority of a Commonwealth entity to prepare annual performance statements



Audit Matters newsletter



Subscribe at:

www.anao.gov.au/subscribe-to-email-alerts



Australian National Audit Office

Audit Matters

Issue 1 — September 2024

Welcome to the inaugural edition of the ANAO's quarterly *Audit Matters* newsletter. The purpose of *Audit Matters* is to inform external audiences — primarily those working in Commonwealth entities — of updates on the ANAO's work and provide insights on what we are seeing in the Australian Government sector.

Audit Matters complements the range of [reports](#) we table in the Parliament as well as our [Insights](#) products and [events and seminars](#). I hope you find it useful and please [forward it on to your colleagues](#), and encourage them to [sign-up for future editions](#).

Carla Jago, Acting Deputy Auditor-General

In this edition of *Audit Matters*:

- [Organisational changes](#)
- [Annual audit work program](#)



95% of entities (109 of 115) had registers on their websites

64% of entities (74 of 115) were up to date with quarterly reporting



86% of entities had a threshold of **\$100**



10% of entities did not define a threshold



3% of entities required all gifts be declared



1% of entities had a threshold of \$50

www.anao.gov.au/work/insights/gifts-benefits-and-hospitality

1



Development of
individual audit
work plan

2



Audit approved
by the
Auditor-General

3



Audit
designation

www.anao.gov.au/work/insights/performance-audit-process



Parliamentary engagement



Thank you and questions





Financial reporting areas for audit committees to consider

Jane Meade

Group Executive Director
Professional Services Group
Australian National Audit Office



Australian Government
Attorney-General's Department

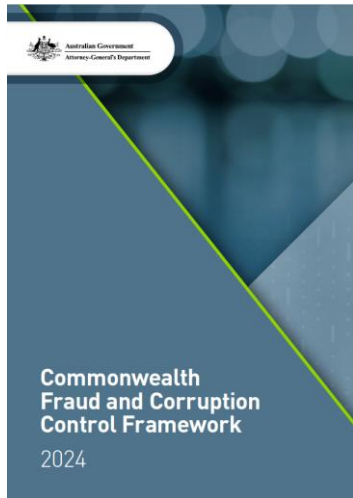
Commonwealth Fraud and Corruption Control Framework

Audit Committee Chairs Forum

Joanna Virtue – Assistant Secretary
Fraud Prevention and Anti-Corruption Branch
Attorney-General's Department

OFFICIAL

New Fraud and Corruption Control Framework



A key part of these integrity reforms is the introduction of a new Commonwealth Fraud and Corruption Control Framework.



This has changed how Australian Government entities manage fraud and corruption from 1 July 2024.

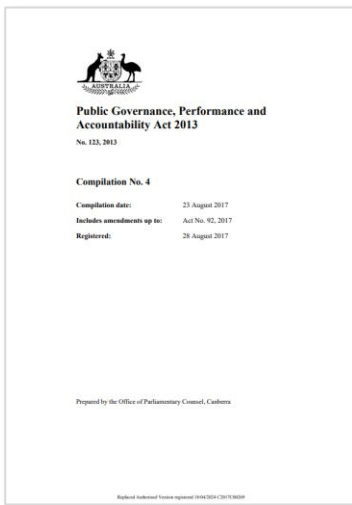


The new Framework incorporates global best practice to support a modern and cohesive approach to protecting public resources from these risks.



With a focus on prevention, the new framework will support more proactive and targeted measures to minimise the serious harms fraud and corruption causes for the community and the public sector.

Obligations to protect public resources



The Commonwealth Fraud and Corruption Control Framework is an element of the Commonwealth's finance law under the *Public Governance Performance and Accountability (PGPA) Act 2013* which establishes a coherent system of governance and accountability for public resources, including protecting those resources from risk.

Under the PGPA Act, accountable authorities have a positive duty to:



Promote the proper use and management of public resources (s 15)



Establish and maintain systems relating to risk and control (s 16)

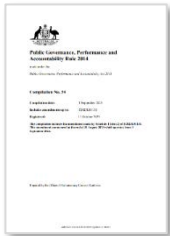


Encourage officials of the entity to cooperate with others to achieve common objectives (s 17)

What is the Framework?

The Framework consists of three parts:

Fraud and Corruption Rule
*Section 10 of the Public
Governance, Performance and
Accountability Rule 2014*



Fraud and Corruption Policy
*Setting out requirements for
specific areas of fraud and
corruption control*



Fraud and Corruption Guidance
*Resource Management Guide No.201:
Preventing, detecting and dealing
with fraud and corruption*



New Rule elements

Public Governance, Performance and Accountability Rule 2014

2-2—Accountable authorities and officials

Section 1—Requirements applying to accountable authorities

Preventing, detecting and dealing with fraud and corruption

NOTE TO THIS SECTION

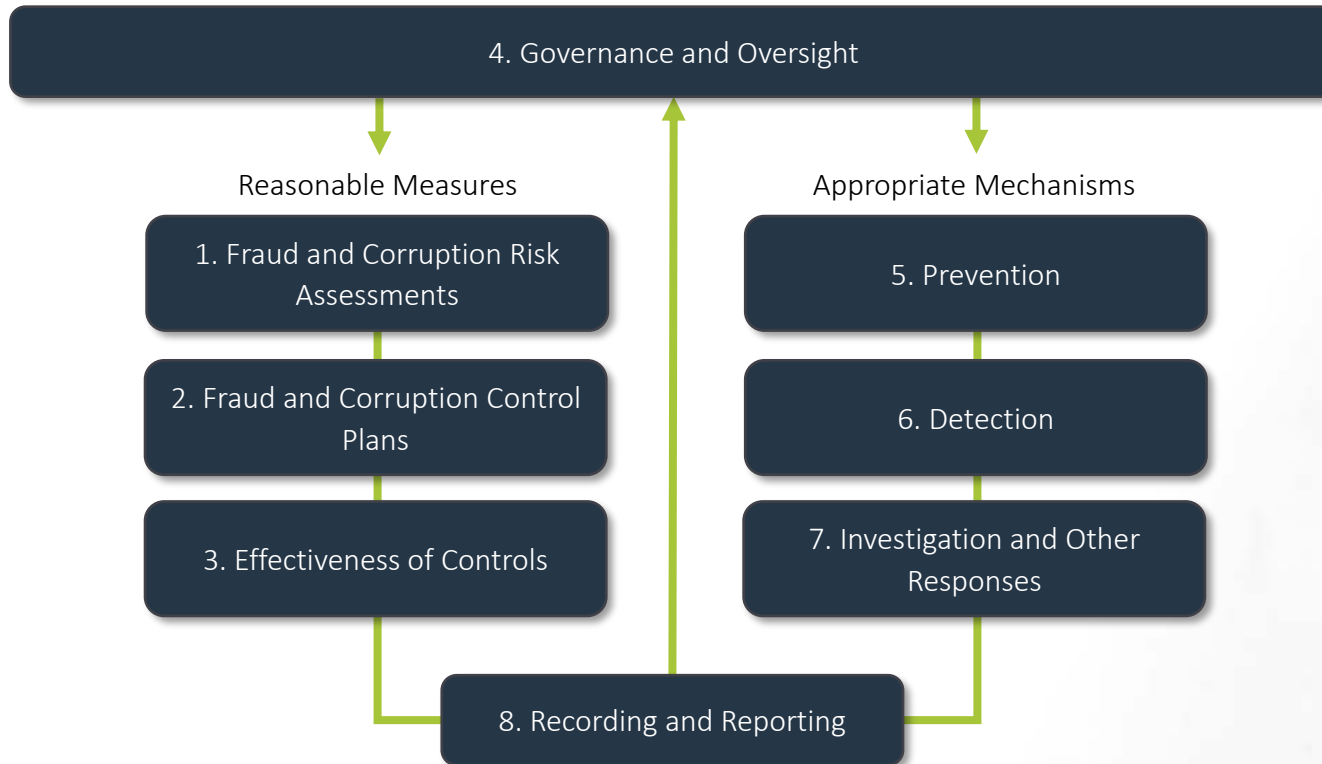
The purpose of this section is to ensure that there is a minimum standard for accountable authorities of Commonwealth entities for managing the risk and incidents of fraud and corruption. It is made for paragraphs 102(a), (b) and (d) of the Act.

conducting periodic reviews of the effectiveness of the entity's fraud and corruption controls; and

ensuring that the entity:

- i. has governance structures and processes to effectively oversee and manage risks of fraud and corruption relating to the entity; and
- ii. has officials who are responsible for managing risks of fraud and corruption relating to the entity; and
- iii. keeps records identifying those structures, processes and officials; and

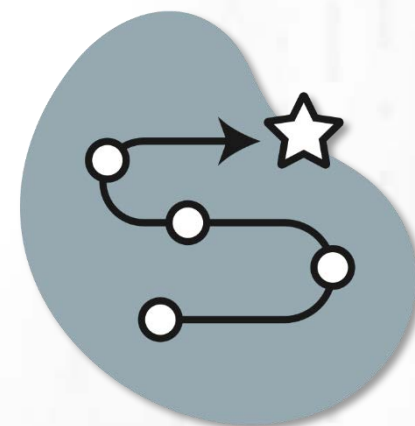
New Policy elements



Taking a proportionate approach to managing fraud and corruption risks

Top 3 takeaways

- 1 Accountable authorities must establish a system of internal control for fraud and corruption that is fit for purpose to protect the entity from these risks.
- 2 Responsible officials are required to determine what are reasonable measures and appropriate mechanisms.
- 3 Decisions should:
 - be informed by an understanding of the entity's fraud and corruption risks and its appetite and tolerance for those risks, and
 - be documented through governance arrangements.



Oversight of the Framework's implementation

Key question for Audit Committees:

Are the arrangements we have in place appropriate to support the effective oversight and management of the entity's fraud and corruption risks?



You should ask:

- Has the entity documented:
 - the roles and responsibilities of officials, positions and internal governance bodies
 - its approach to managing fraud and corruption – how did officials determine what are reasonable measures and appropriate mechanisms for the entity?
 - key decisions such as actions to take following on from an investigation?
- Has the entity refreshed its enterprise risk assessment and considered targeted fraud and corruption risk assessments for higher risk activities?
- Have the Accountable Authority Instructions been updated to ensure fraud and corruption risks are considered when developing new initiatives?
- Has the entity implemented a program to review the effectiveness of fraud and corruption controls?

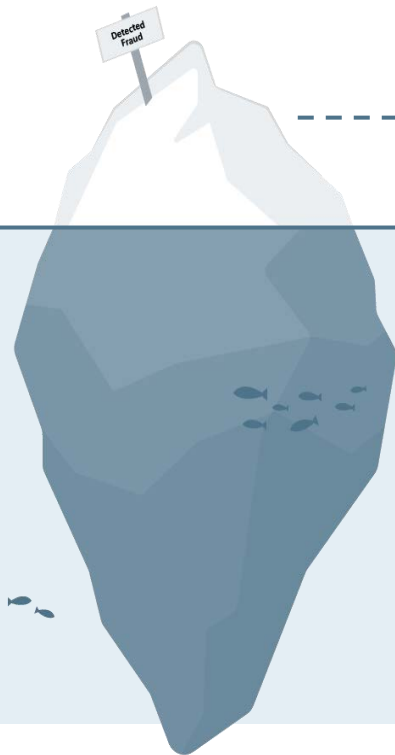
Prevention is the most effective way to address fraud and corruption

Top 3 takeaways

- 1 Internationally, likeminded governments are increasing effort and investment on up-front prevention, through better policy and program design, and leveraging data and analytics.
- 2 The Framework's shift towards prevention is achieved through the expanded and more prescriptive elements under the new Fraud and Corruption Policy:
 - o targeted and rigorous fraud and corruption risk assessments
 - o control effectiveness reviews
 - o governance arrangements.
- 3 Early consideration of risk can help to appropriately balance service delivery priorities with safeguarding the integrity of government services, resources and systems.



Finding fraud and corruption is a good thing



----- **Detected fraud and corruption** – what we can see

----- **Undetected fraud and corruption** – what remains hidden

- International comparators suggest that **3% - 5.95% of government expenditure** is lost to fraud or error.

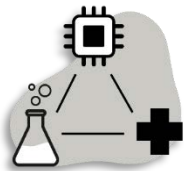
Often overlooked impacts of fraud and corruption



Impacts the lives of vulnerable Australians



Creates incentives for other crimes such as identity theft



Hinders policy outcomes and reduces the quality of essential services



Increases costs in delivering public services



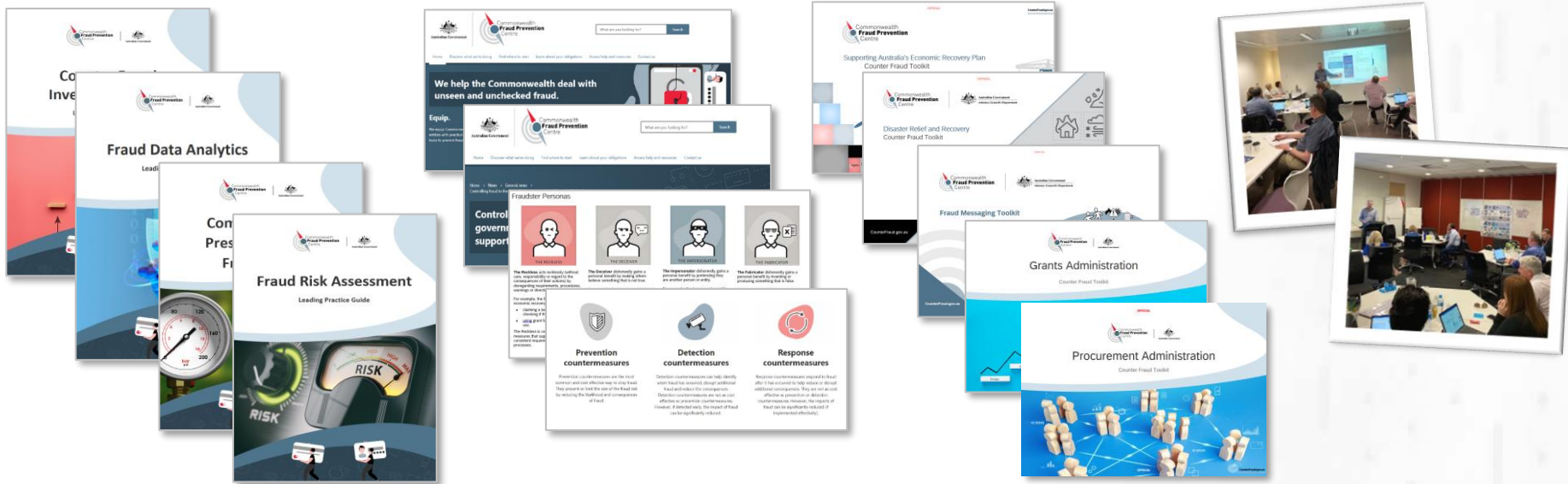
Erodes public trust in government and public services



Undermines the role of government and the integrity of our public institutions

Our guides, toolkits and training

We continue to partner with experts to develop and promote leading practice guidance and training to strengthen counter fraud arrangements across the Australian Government.





Australian Government
Attorney-General's Department

Questions

Contact us at info@counterfraud.gov.au

OFFICIAL



Panel discussion – fraud and corruption in the Commonwealth public sector



Panellists

Joanna Virtue

Assistant Secretary

Fraud Prevention and Anti-Corruption Branch
Attorney-General's Department

Dr Ben Gauntlett

Deputy Commissioner

National Anti-Corruption Commission

Tracey Carroll

First Assistant Secretary

Governance and Grants Division
Department of Finance

Moderator

Michelle Page

A/g Group Executive Director
Performance Audit Services Group
Australian National Audit Office



General questions and closing remarks

George Sotiropoulos
Group Executive Director
Performance Statements Audit Services Group
Australian National Audit Office