



# Financial and Performance Reporting Forum

Friday, 29 November 2024



# Welcome and opening remarks

**Carla Jago**  
Acting Deputy Auditor-General

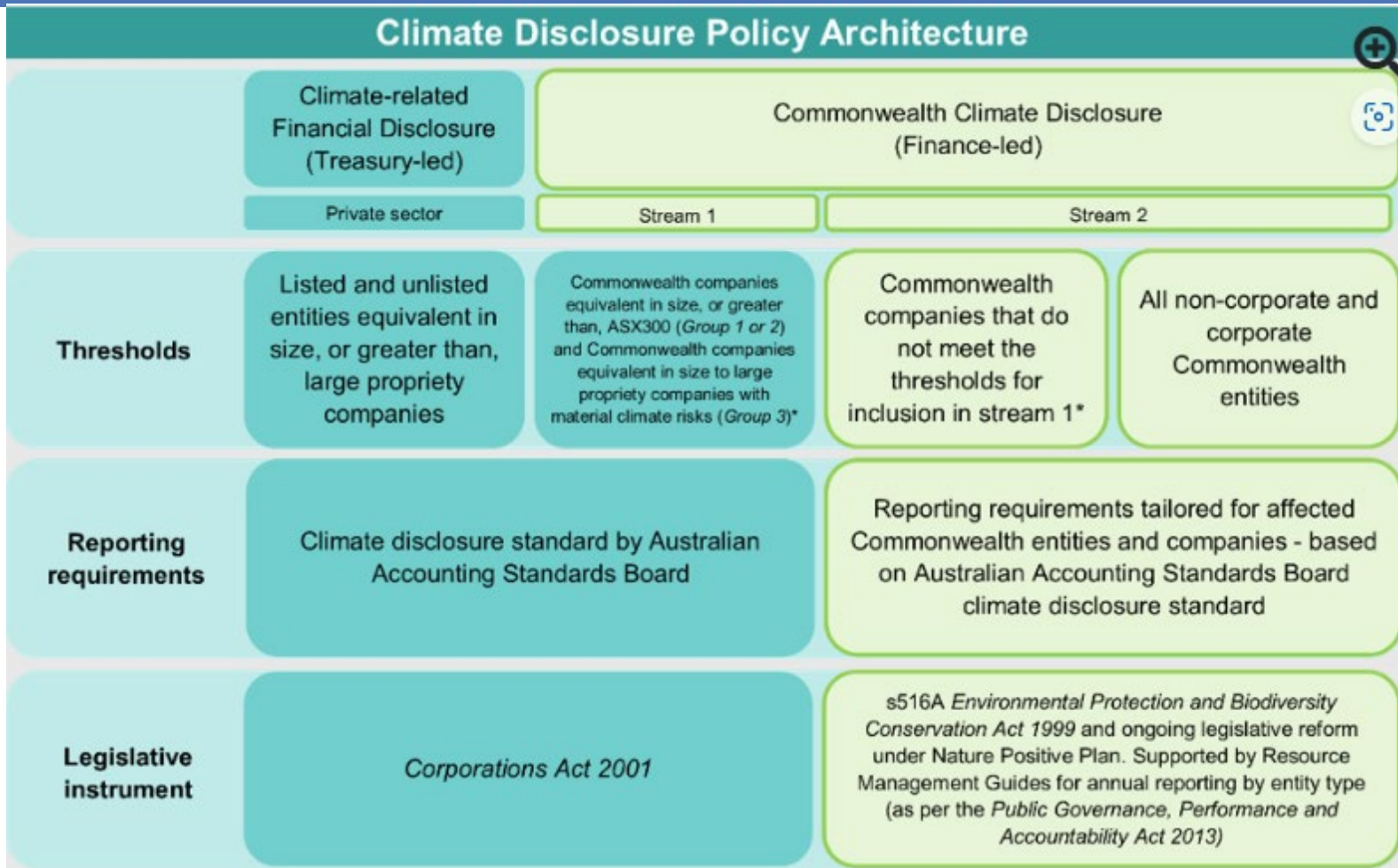


# Developments in Sustainability Reporting

## Update on climate disclosures

**Jane Meade**

Group Executive Director  
Professional Services Group



Source: Department of Finance website



# Climate-related Financial Disclosure

## Commonwealth Companies Stream 1



# Australian context - Consultation processes to July 2024



## POLICY

Discovery consultation  
(Dec 2022-Feb 2023)

Design consultation  
(Jun 2023-July 2023)

Exposure draft  
legislation  
consultation  
(Jan 2024-Feb 2024)

Legislation introduced  
to Parliament  
(March 2024)

## STANDARDS

ED legislation – ASIC  
Act  
(Nov 2022-Dec 2022)

ASIC Act amendments  
introduced to  
Parliament  
(Feb 2023)

AASB standards  
consultation  
(October 2023-March  
2024)



# Policy Developments since July 2024



Legislation passed  
17 September 2024



## Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024

No. 87, 2024

An Act to amend the law relating to corporations,  
and for related purposes

Note: An electronic version of this Act is available on the Federal Register of Legislation  
(<https://www.legislation.gov.au/>)

Authorised Version C2024A00087 registered 20/09/2024



## Reporting entities

### Group 1

First annual reporting periods starting on or after 1 Jan 2025

### Group 2

First annual reporting periods starting on or after 1 Jul 2026

### Group 3

First annual reporting periods starting on or after 1 Jul 2027



### Large entities and their controlled entities meeting at least two of three criteria

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• <i>Consolidated revenue:</i> \$500 million or more</li> <li>• <i>EOFY consolidated gross assets:</i> \$1 billion or more</li> <li>• <i>EOFY employees:</i> 500 or more</li> </ul> | <ul style="list-style-type: none"> <li>• <i>Consolidated revenue:</i> \$200 million or more</li> <li>• <i>EOFY consolidated gross assets:</i> \$500 million or more</li> <li>• <i>EOFY employees:</i> 250 or more</li> </ul> | <ul style="list-style-type: none"> <li>• <i>Consolidated revenue:</i> \$50 million or more</li> <li>• <i>EOFY consolidated gross assets:</i> \$25 million or more</li> <li>• <i>EOFY employees:</i> 100 or more</li> </ul> |
|--|--|--|

### National Greenhouse and Energy Reporting (NGER) Reporters

Above NGER publication threshold in s 13(1)(a) of the NGER Act 2007

All other NGER reporters

N/A

### Asset Owners (registered schemes, RSEs and retail CCIVs)

N/A

\$5 billion assets under management or more

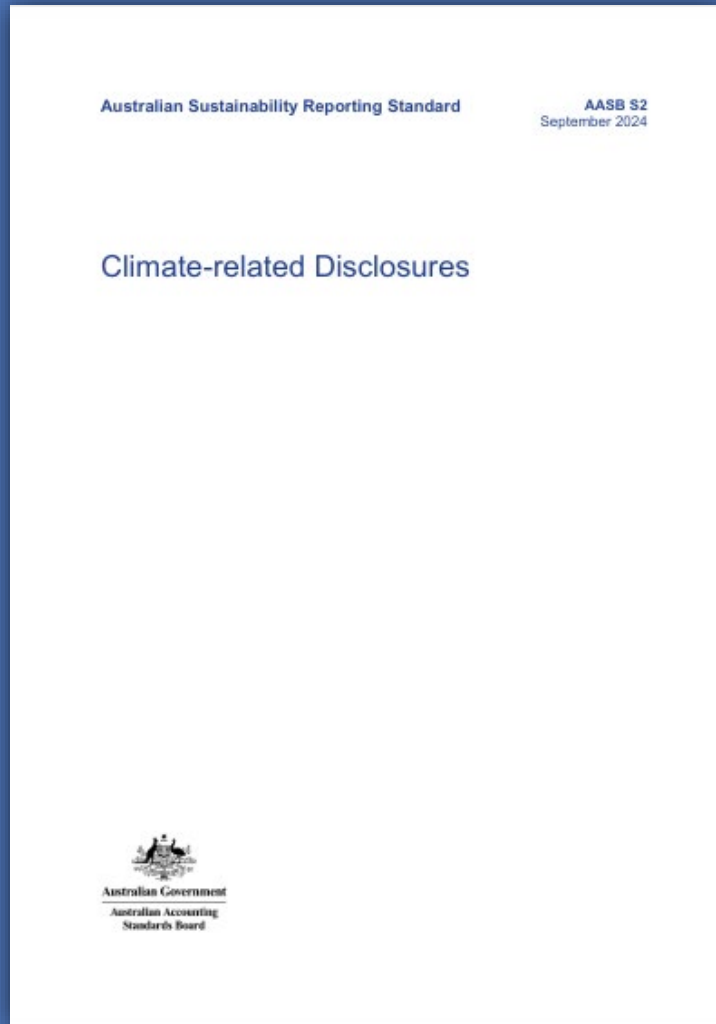
N/A

Source: ASIC website





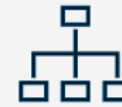
# Standards developments since July 2024



ASRS issued  
8 October 2024

## Standards architecture

### Four core content areas



#### Governance

Governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related R&O



#### Strategy

Strategy for managing climate-related R&O



#### Risk Management

Processes an entity uses to identify, assess, prioritise and monitor climate-related R&O



#### Metrics and targets

Approaches to measuring performance in relation to climate-related R&O



# Auditing developments since July 2024



EXPOSURE DRAFT ED 02/24  
(September 2024)

**Proposed Australian Standard on Sustainability Assurance ASSA 5010**  
*Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*

*Comments Due: 16 November 2024 (60-day comment period)*

Issued for Comment by the Auditing and Assurance Standards Board

Final Pronouncement  
November 2024


*International Standard on Sustainability Assurance 5000*

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ISSA 5000  
General Requirements for Sustainability Assurance Engagements

And

Conforming and Consequential Amendments to Other IAASB Standards Arising from ISSA 5000



**ED 02/24 Proposed Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001***

**Appendix**

(Ref: Para. 10)

**Diagrammatic Representation of Assurance Phasing**

Reporting Year ->	1st*	2nd	3rd	4 <sup>th</sup>	5th	6th**
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and Opportunities ***	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate Resilience Assessments / Scenario Analysis	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Transition Plans	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Risk Management	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 1 and 2 Emissions	Limited	Reasonable	Reasonable	Reasonable	Reasonable	Reasonable
Scope 3 Emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate-related Metrics and Targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

\* Group 1 – Years commencing 1 January 2025. Group 2 – Years commencing 1 July 2026. Group 3 – Years commencing 1 July 2027.

\*\* Group 3 is to be subject to reasonable assurance across all disclosures by years commencing 1 July 2030.

\*\*\* The phasing for assurance on Statements where there are no material climate-related financial risks and opportunities is the same as for ‘Strategy – Risks and Opportunities’.



# Commonwealth Climate Disclosure

Stream 2 - All other Commonwealth companies and entities



# Development of CCD framework



Emissions reporting –  
Commonwealth  
entities  
2022-23

AASB standards  
consultation  
(October 2023-March  
2024)

CCD requirements  
consultation (January  
– April 2024)

Emissions reporting –  
Commonwealth  
companies  
2023-24

CCD Pilot Guidance  
issued  
March 2024

RMG 135, 136, 137

AASB issued climate  
disclosure standards  
(October 2024)

Finance expected to  
issue CCD  
requirements  
TBA



# CCD Framework implementation



## Commonwealth Climate Disclosure Requirements for use by Tranche 1 and 2

Requirements will be progressively sequenced-in over three years

Requirements for Year 1 Reporting will be published in Q4 2024

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**Year 1:** Commonwealth Climate Disclosure Pilot Guidance and additional criteria

*Tranche 1: FY2024-25*

*Tranche 2: FY2025-26*

**Year 2:** Year 1 Requirements with additional criteria

*Tranche 1: FY2025-26*

*Tranche 2: FY2026-27*

**Year 3:** Full Commonwealth Climate Disclosure Requirements.

*Tranche 1: FY2026-27*

*Tranche 2: FY2027-28*

## Simplified Commonwealth Climate Disclosure Requirements for use by Tranche 3

Requirements will be progressively sequenced-in over two years

Simplified Requirements will be published in Q3 2025

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**Year 1:** Simplified Requirements

*Tranche 3: FY2026-27*

**Year 2:** Year 1 Simplified Requirements with additional criteria

*Tranche 3: FY2027-28*

## Carve-out for very small Commonwealth entities

Tranche 3 Entities with less than 20 employees that have been assessed not to have material exposure to climate risks and opportunities are only required to meet emissions reporting obligations under the Net Zero in Government Operations Strategy, and if applicable, the APS Net Zero by 2030 target

## Tranche allocations

*Tranche 1:* Departments of State, large Commonwealth entities, NGER reporting entities, Specialist Investment Vehicles, the Future Fund Management Agency, and Commonwealth entities with responsibility for climate change or climate risk disclosure policy design or implementation.

*Tranche 2:* Medium-sized Commonwealth entities.

*Tranche 3:* All remaining Commonwealth entities and Commonwealth companies.

## Application Guidance

“How-to” guides on specific elements of the Requirements or Simplified Requirements

First release of guidance in Q1 2025

Source: Department of Finance website

2/12/2024

**OFFICIAL**

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# Performance Statements Audit Update

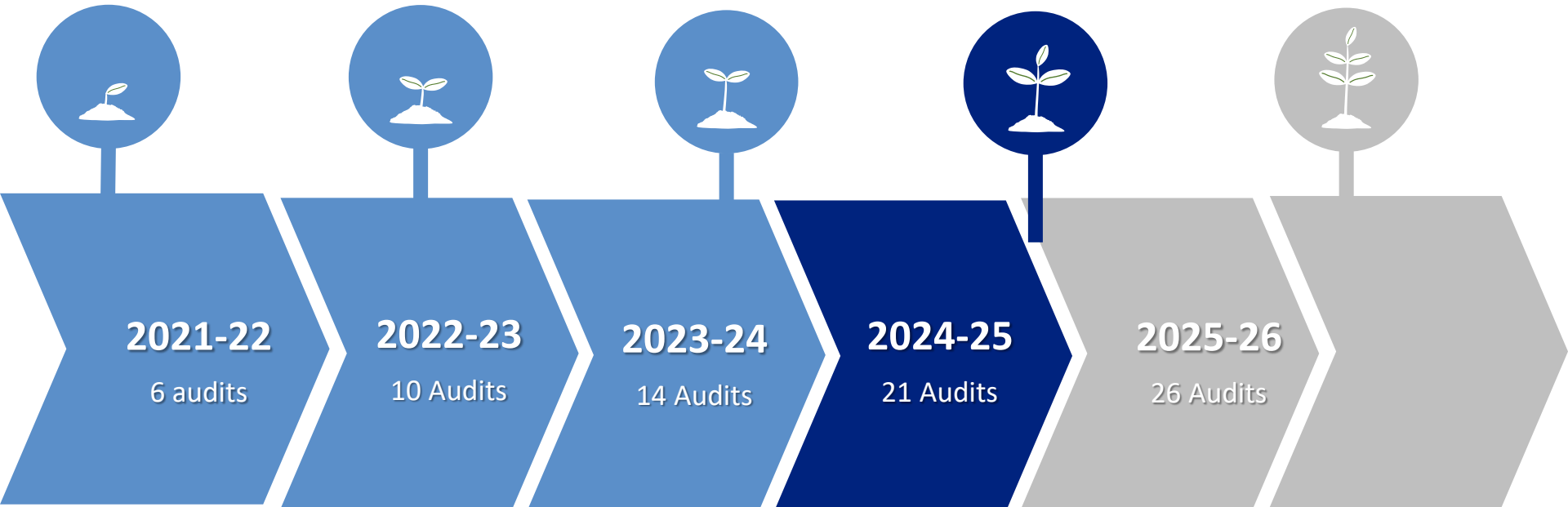
**George Sotiropoulos**  
Group Executive Director  
Performance Statements Audit Services Group





# AUDITING PERFORMANCE STATEMENTS

WHERE WE STARTED AND WHERE WE ARE GOING





# KEY OBSERVATIONS FROM 2023-24

## WHAT WE ARE SEEING



### ACCURACY AND RELIABILITY OF REPORTED INFORMATION

Entities have not been able to provide sufficient and appropriate evidence that the reported information is complete, accurate and free from bias



### USEFULNESS OF PERFORMANCE INFORMATION

Reported information, including the supporting analysis, does not provide insights into the entity's performance and form a basis for driving better decision making



### PREPARATION OF PERFORMANCE STATEMENTS

Including timeliness, record keeping and the provision of appropriate supporting documentation



### COMPLETENESS OF PERFORMANCE STATEMENTS

Including material omissions driven by lack of a considered policy or process to determine criteria for assessing whether programs or functions are significant to the entity's purpose



### ASSURANCE OF DATA EXTRACTION AND REPORTING

Lack of controls over how data is managed, including how entities provide themselves with assurance that the business rules used for reporting are appropriate and the extracts used for reporting are complete and accurate



# KEY AREAS OF FOCUS FOR 2024-25 AND BEYOND

WHAT WE ARE LOOKING FOR



## LEADERSHIP AND CULTURE

Leadership develops a culture at the entity of valuing and applying performance information to improve accountability and performance at all levels of the business.



## GOVERNANCE

An effective entity-wide performance framework explicitly links the entity's purposes and key activities to measurable goals and objectives for individual teams and senior executives.



## REPORTING AND RECORDS

Performance statements are clear, meaningful and tailored to user needs. Records are accurate, complete, reliable, and easily retrievable.



## DATA AND SYSTEMS

Data and IT systems for performance measurement and reporting are reliable, secure and well-documented.



## CAPABILITY

A dedicated performance reporting area coordinates performance reporting across the entity.



# THANK YOU



## ANY QUESTIONS?





# ANAO Insights on IT Controls and Data Assurance

**Xiaoyan Lu**  
Acting Group Executive Director  
Systems Assurance and Data Analytics Group

- 60 audit findings have been reported to entities during 2023–24 interim financial statements audits relating to the IT control environment (65% of all audit findings)
- The most common findings identified related to weaknesses in:
  - IT security (primarily removal of user access and management of privileged user access); and
  - change management (segregation of developer and migrator access).

FINANCIAL STATEMENT AUDIT REPORT AUDITOR-GENERAL REPORT NO. 42 OF 2023–24

## Interim Report on Key Financial Controls of Major Entities

PUBLISHED Thursday 20 June 2024



**Portfolio**  
Across Entities

**Entity**  
Across Entities

**Contact**  
Please direct enquiries through our contact page.

- Offboarding policies/processes are necessary.
- Human resources and IT areas need to work together to ensure timely removal of access.
- Monitoring all user access is important – including for staff and contractors.
- Periodic reviews of user access should be undertaken and acted on.

INSIGHTS: AUDIT LESSONS

## Management of ICT System Access: Separating Personnel

PUBLISHED Monday 24 June 2024



Contact

Please direct enquiries through our contact page.



# Audit Lessons – Cyber Security



Three key lessons for effectively implementing and managing cyber security in Australian Government entities:

- Decide what, when and how much to protect.
- Regularly assess performance of security controls.
- Monitor contractor performance.

INSIGHTS: AUDIT LESSONS

## Cyber Security

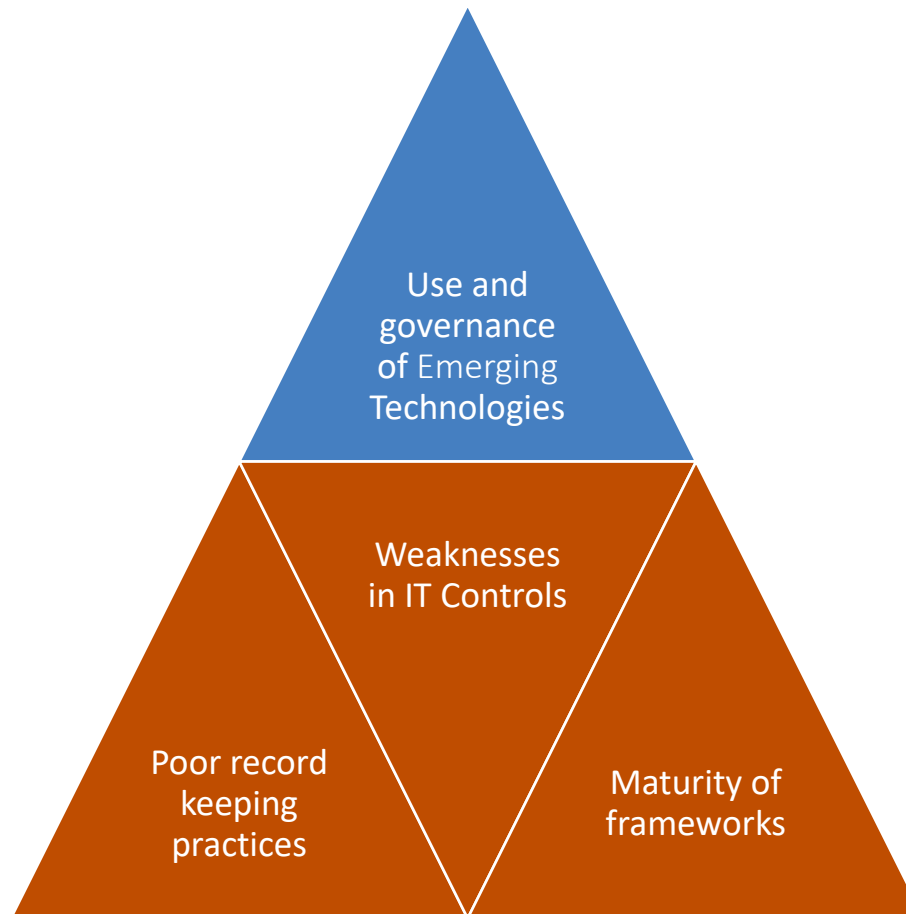
PUBLISHED Wednesday 14 June 2023







# Emerging technology is an enabler but can introduce risks

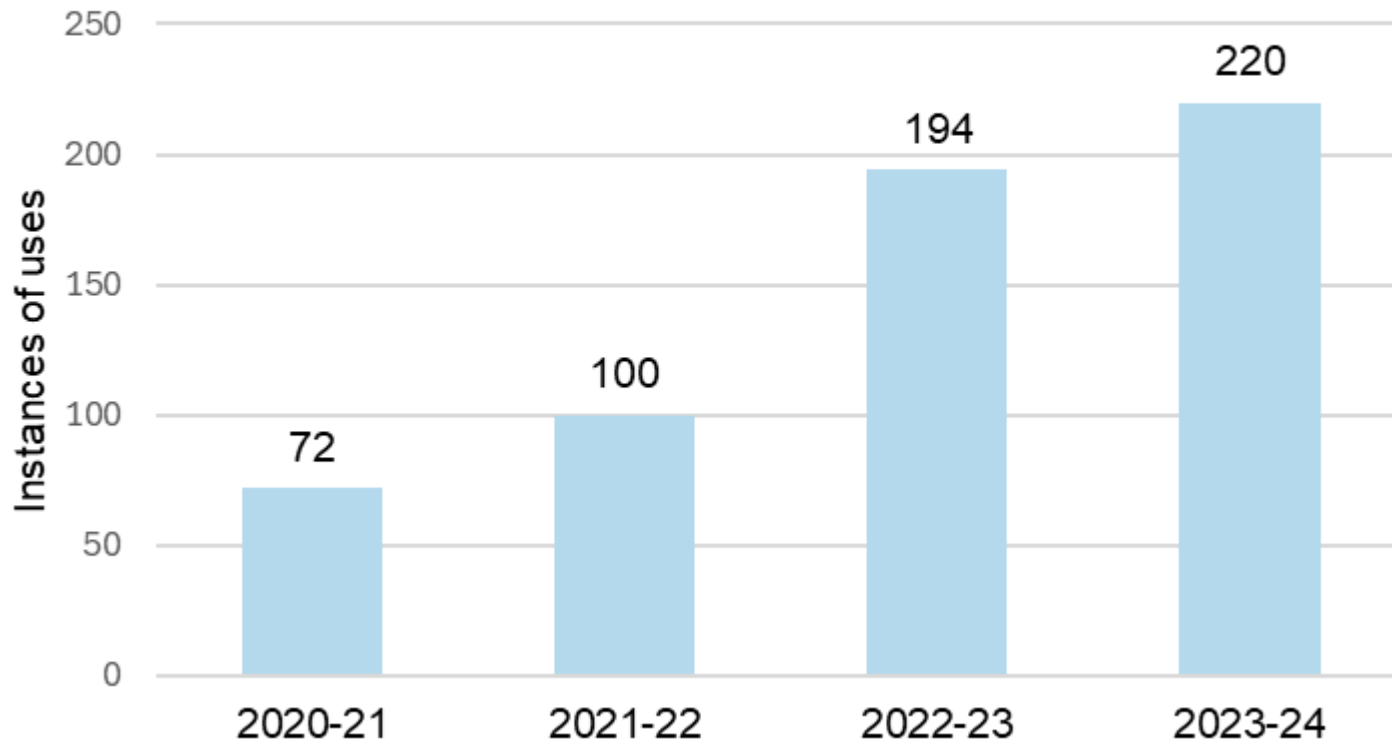




# ANAO's Digital Audit Journey



## Standardised Solution Usage Trends





# Data Challenges and Our Progress



- **Challenges**

- Lack of standardisation in data extracts.
- Challenging data quality:
  - Completeness and accuracy; and
  - Gap between requested and provided data.

- **Progress**

- Implemented SAP data extraction scripts at SDO, Dept. of Health, Infrastructure, DFAT and AGD. Resulting in significant increase in data standardisation.
- Expansion of SAP extraction script to extract all required FMIS tables as part of our Digital Audit Strategy.
- Working with TechOne for early 2025 release of standard reporting and external auditor profile functionality.



# Performance Audit Update

**Michelle Page**  
Acting Group Executive Director  
Performance Audit Services Group

- 6 November 2024 – new insights product on Performance audit process.
- Describes the planning processes of the Annual Audit Work Program
- Engagement with entities
- What entities can expect from the ANAO in an audit
- The process
- Responses to the proposed report

INSIGHTS: AUDIT PRACTICE

## Performance Audit Process

PUBLISHED Wednesday 6 November 2024



- 29 October 2024 – new insights product on Gifts, Benefits and Hospitality
- Sets out seven audit lessons at improving compliance
- There are 5 case studies of audited entities that assist entities with understanding the vulnerabilities

## Gifts, Benefits and Hospitality

**PUBLISHED** Tuesday 29 October 2024





# Key performance activities



- Planning has commenced for the 2025-26 AAWP.
- Consultation on the proposed audit topics will go to entities and the JCPAA in March 2025.
- At 22 November, we have tabled 12 performance audits from a total of 48 planned for the year.
- Attended three JCPAA hearings in November 2024 relating to contract management, artificial intelligence systems and Commonwealth regulators

- Includes a summary of outcomes from the 45 performance audits tabled in 2023-24 and a 5-year average of audit results by theme from 2019-20
- Key themes and issues relating to:
  - Assurance of the operation of government frameworks
  - Planning and implementation
  - Evaluation
  - Procurement and contract management
  - Cyber security
  - Observations in record keeping

## 2023-24 Performance Audit Outcomes

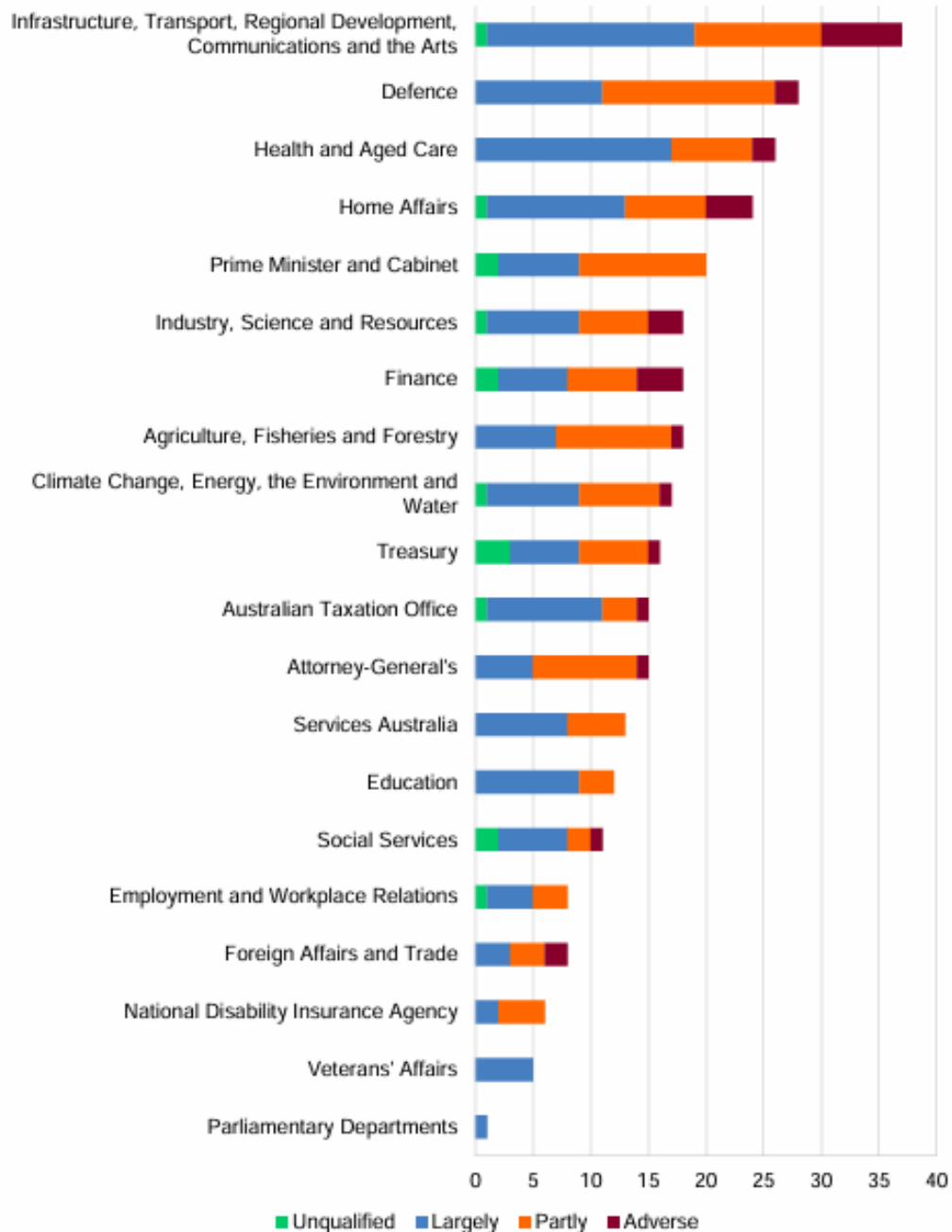
**PUBLISHED** Thursday 24 October 2024







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



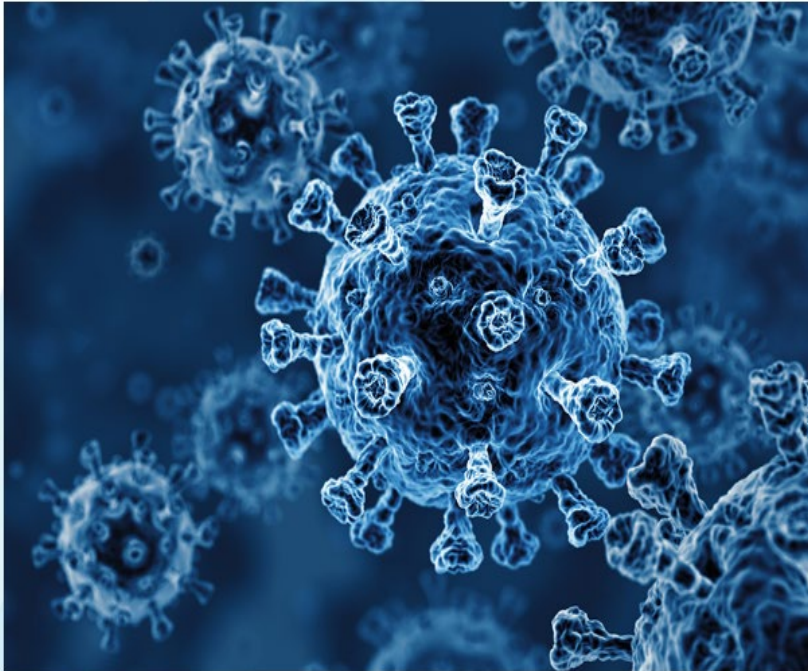


# COVID-19 Pandemic – ANAO audit activity information Report



## COVID-19 Pandemic – ANAO Audit Activity

**PUBLISHED** Tuesday 22 October 2024



Developed to summarise and consolidate the lessons from 13 performance audits and reviewed undertakings by the ANAO under its COVID-19 multi-year strategy.



# COVID-19 Pandemic – ANAO audit activity information Report



## Key themes and lessons that emerged were:

- importance of everyday fundamentals such as establishing appropriate governance arrangements and proactively managing risks;
- systems and controls that were considered sufficient for business-as-usual were not adequate to deal with the demands of rapid implementation during the COVID-19 pandemic, and necessitated a more disciplined approach to adapt to and manage changes to ensure effective program delivery;
- need for comprehensive and up-to-date crisis management frameworks; and
- importance of incorporating and actioning lessons learned from the experience.



# Thank you and Questions



# Key themes arising from 2023-24 financial statements audits

**Lesa Craswell**

Acting Group Executive Director  
Financial Statements Audit Services Group



# Discussion Topics



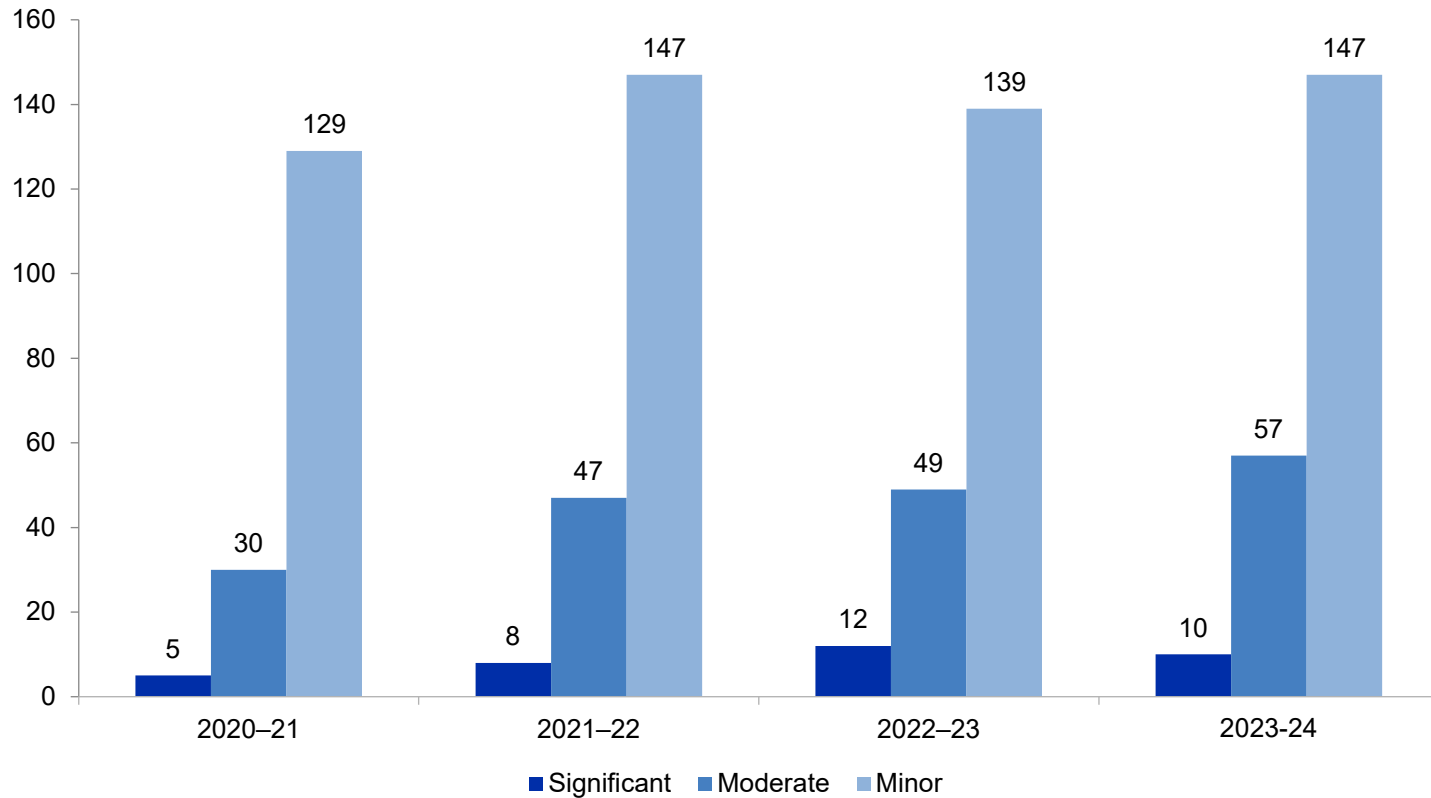
- Audit findings
- Legislative breaches
- Audit committee rotation
- Cloud computing
- Official hospitality
- Focus for 2024-25



# Audit findings



### Total audit findings, 2020-21 to 2023-24



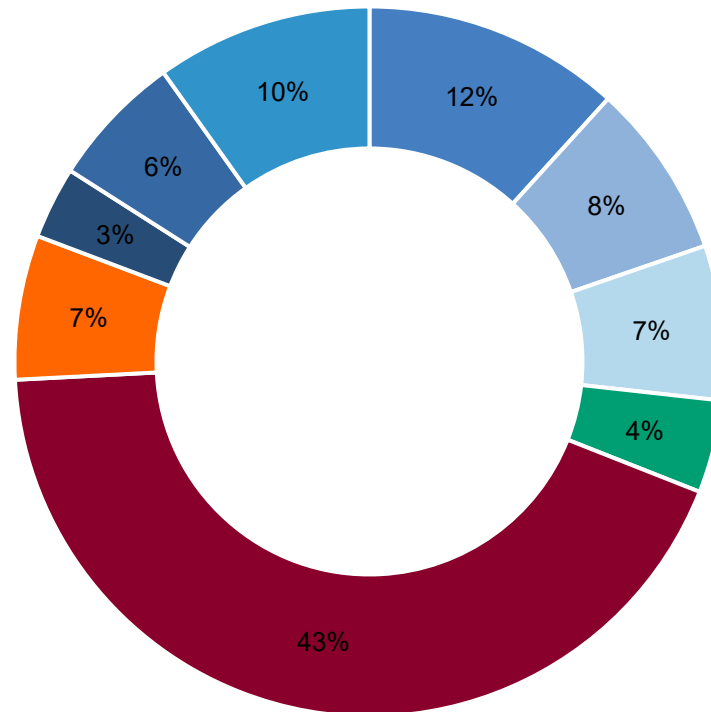


# Audit findings



## Categorisation of audit findings 2023-24

- Accounting and control of non-financial assets
- Compliance and quality assurance frameworks
- Financial statements preparation
- Human resource financial processes
- IT control environment
- Legislative breach
- Other audit findings
- Purchases and payables management
- Revenue, receivables and cash management



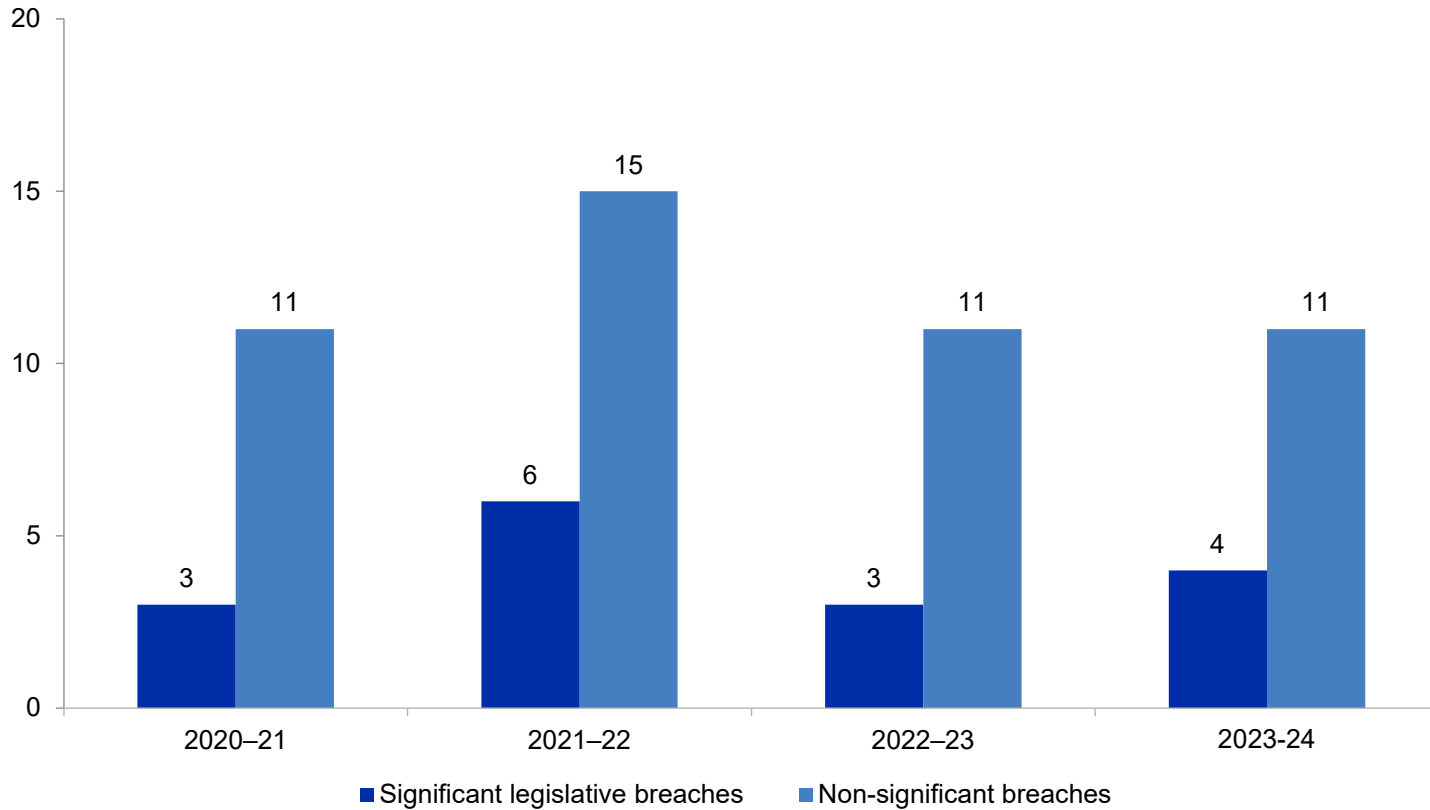




# Legislative breaches



Legislative breaches identified 2020-21 to 2023-24

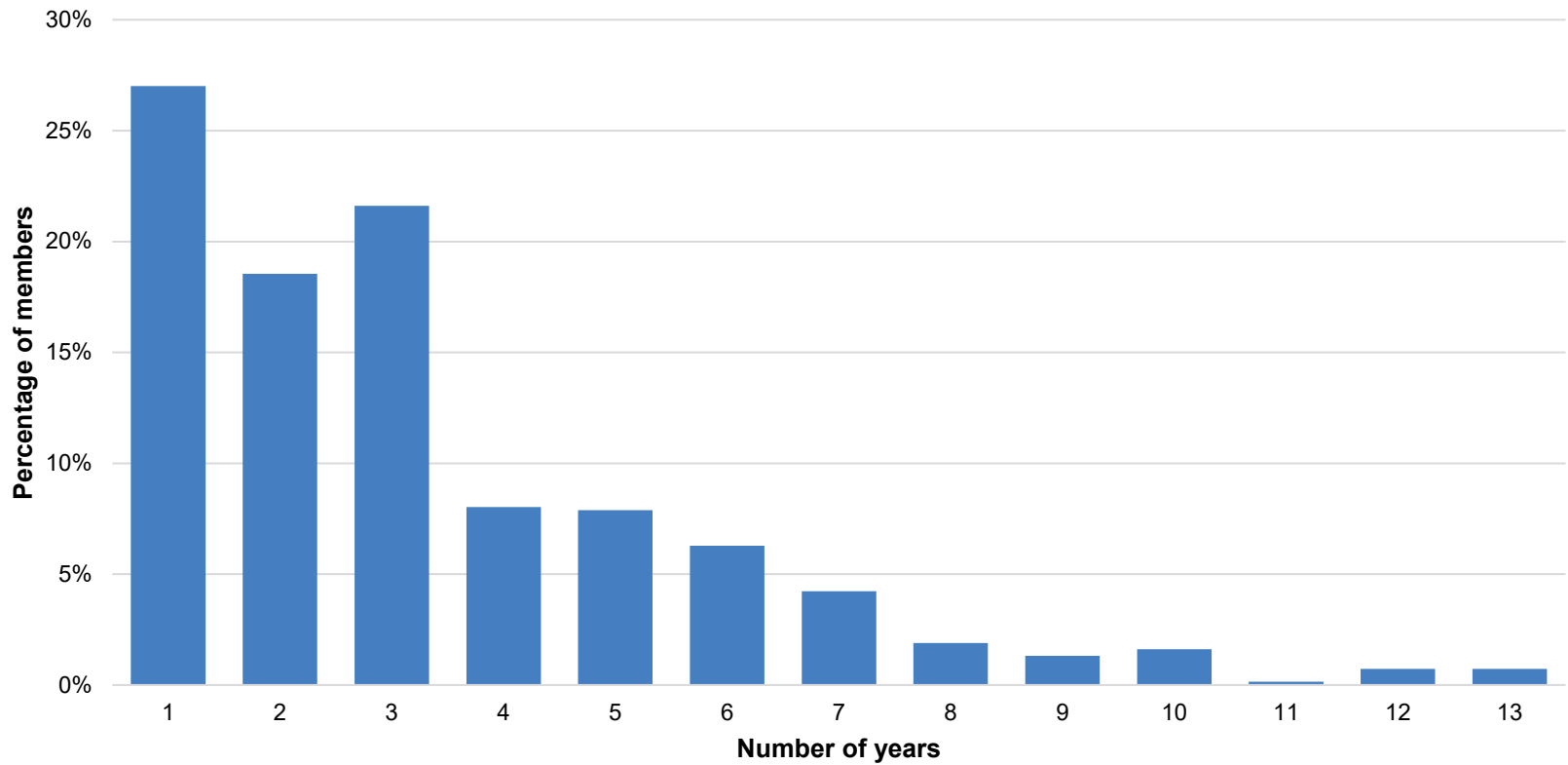




# Audit committee rotation



## Audit committee tenure 2023-24

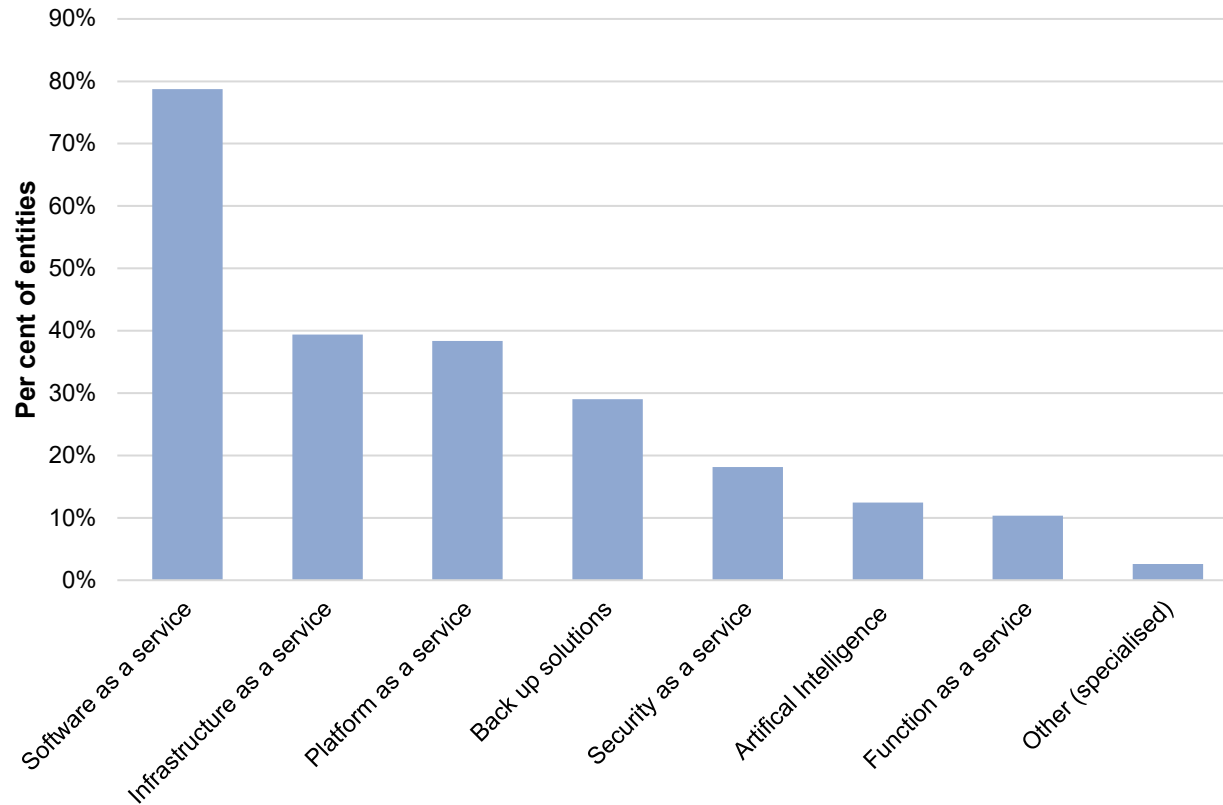




# Cloud computing



## Cloud computing deployment 2023-24

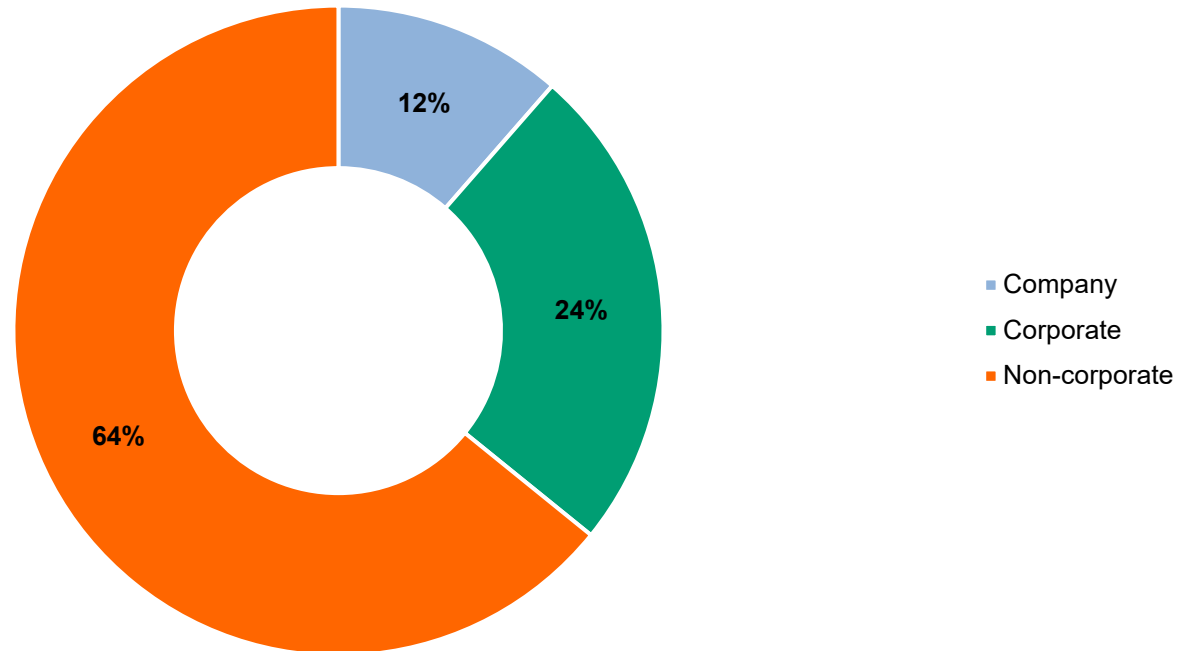




# Official hospitality



## Expenditure on official hospitality





# 2024-25 focus



- Timeliness and quality of financial statements
- Closing audit findings



# General questions and closing remarks