

The Auditor-General
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Annual Performance Statements Audit

Performance Statements Auditing in the Commonwealth — Outcomes from the 2023–24 Audit Program

[Across Entities](#)

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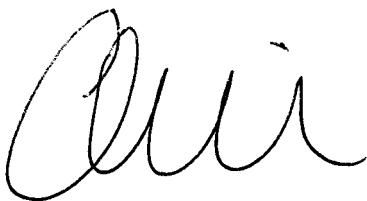
Canberra ACT
19 February 2025

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken audits of the annual performance statements across fourteen Australian Government entities requested by the Minister for Finance on 18 July 2023. The report is titled *Performance Statements Auditing in the Commonwealth — Outcomes from the 2023–24 Audit Program*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely



Dr Caralee McLiesh PSM
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office (ANAO). The ANAO assists the Auditor-General to carry out their duties under the *Auditor-General Act 1997* to undertake performance audits, financial statement audits and assurance reviews of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Australian Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Executive summary

1. Performance information is important for public sector accountability and transparency as it shows how taxpayers' money has been spent and what this spending has achieved. The development and use of performance information is integral to an entity's strategic planning, budgeting, monitoring and evaluation processes.
2. Annual performance statements are expected to present a clear, balanced and meaningful account of how well an entity has performed against the expectations it set out in its corporate plan. They are an important way of showing the Parliament and the public how effectively Commonwealth entities have used public resources to achieve desired outcomes.

The needs of the Parliament

3. Section 5 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) sets out the objects of the Act, which include requiring Commonwealth entities to provide meaningful performance information to the Parliament and the public. The Replacement Explanatory Memorandum to the PGPA Bill 2013 stated that 'The Parliament needs performance information that shows it how Commonwealth entities are performing.'¹ The PGPA Act and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) outline requirements for the quality of performance information, and for performance monitoring, evaluation and reporting.
4. The Parliament's Joint Committee of Public Accounts and Audit (JCPAA) has a particular focus on improving the reporting of performance by entities. In September 2023, the JCPAA tabled its Report 499, *Inquiry into the Annual Performance Statements 2021–22*, stating:

As the old saying goes, 'what is measured matters', and how agencies assess and report on their performance impacts quite directly on what they value and do for the public. Performance reporting is also a key requirement of government entities to provide transparency and accountability to Parliament and the public.²
5. Without effective performance reporting, there is a risk that trust and confidence in government could be lost (see paragraphs 1.3 to 1.6).

Entities need meaningful performance information

6. Having access to performance information enables entities to understand what is working and what needs improvement, to make evidence-based decisions and promote better use of public resources. Meaningful performance information and reporting is essential to good management and the effective stewardship of public resources.
7. It is in the public interest for an entity to provide appropriate and meaningful information on the actual results it achieved and the impact of the programs and services it has delivered. Ultimately, performance information helps a Commonwealth entity to demonstrate

1 Replacement Explanatory Memorandum, Public Governance, Performance and Accountability Bill 2013, p. 13.

2 JCPAA, *Report 499: Inquiry into the Annual Performance Statements 2021–22*, September 2023, p. iii.

accountability and transparency for its performance and achievements against its purposes and intended results (see paragraphs 1.7 to 1.13).

The 2023–24 performance statements audit program

8. In 2023–24, the ANAO conducted audits of annual performance statements of 14 Commonwealth entities. This is an increase from 10 entities audited in 2022–23.

9. Commonwealth entities continue to improve their strategic planning and performance reporting. There was general improvement across each of the five categories the ANAO considers when assessing the performance reporting maturity of entities: leadership and culture; governance; reporting and records; data and systems; and capability.

10. The ANAO’s performance statements audit program demonstrates that mandatory annual performance statements audits encourage entities to invest in the processes, systems and capability needed to develop, monitor and report high quality performance information (see paragraphs 1.18 to 1.27).

Audit conclusions and additional matters

11. Overall, the results from the 2023–24 performance statements audits are mixed. Nine of the 14 auditees received an auditor’s report with an unmodified conclusion.³ Five received a modified audit conclusion identifying material areas where users could not rely on the performance statements, but the effect was not pervasive to the performance statements as a whole.

12. The two broad reasons behind the modified audit conclusions were:

- completeness of performance information — the performance statements were not complete and did not present a full, balanced and accurate picture of the entity’s performance as important information had been omitted; and
- insufficient evidence — the ANAO was unable to obtain enough appropriate evidence to form a reasonable basis for the audit conclusion on the entity’s performance statements.

13. Where appropriate, an auditor’s report may separately include an Emphasis of Matter paragraph. An Emphasis of Matter paragraph draws a reader’s attention to a matter in the performance statements that, in the auditor’s judgement, is important for readers to consider when interpreting the performance statements. Eight of the 14 auditees received an auditor’s report containing an Emphasis of Matter paragraph. An Emphasis of Matter paragraph does not modify the auditor’s conclusion (see Appendix 1).

3 A modified conclusion may be expressed as a qualified conclusion, a disclaimer of conclusion or an adverse conclusion. See Auditing and Assurance Standards Board, *Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, ASAE 3000, May 2017, para 66 and 77, available from https://www.auasb.gov.au/admin/file/content102/c3/ASAE_3000_revised_2017.pdf.

Audit findings

14. A total of 66 findings were reported to entities at the end of the final phase of the 2023–24 performance statements audits. These comprised 23 significant, 23 moderate and 20 minor findings.

15. The significant and moderate findings fall under five themes:

- Accuracy and reliability — entities could not provide appropriate evidence that the reported information is reliable, accurate and free from bias.
- Usefulness — performance measures were not relevant, clear, reliable or aligned to the entity’s purposes or key activities. Consequently, they may not present meaningful insights into the entity’s performance or form a basis to support entity decision making.
- Preparation — entity preparation processes and practices for performance statements were not effective, including timeliness, record keeping and availability of supporting documentation.
- Completeness — performance statements did not present a full, balanced and accurate picture of the entity’s performance, including all relevant data and contextual information.
- Data — inadequate assurance over the completeness, integrity and accuracy of data, reflecting a lack of controls over how data is managed across the data lifecycle, from data collection through to reporting.

16. These themes are generated from the ANAO’s analysis of the 2023–24 audit findings, and no theme is necessarily more significant than another (see paragraphs 2.12 to 2.17).

Measuring and assessing performance

17. The PGPA Rule requires entities to specify targets for each performance measure where it is reasonably practicable to set a target.⁴ Clear, measurable targets make it easier to track progress towards expected results and provide a benchmark for measuring and assessing performance.

18. Overall, the 14 entities audited in 2023–24 reported against 385 performance targets in their annual performance statements. Entities reported that 237 targets were achieved/met⁵, 24 were substantially achieved/met, 24 were partially achieved/met and 82 were not achieved/met.⁶ Eighteen performance targets had no definitive result.⁷

19. Assessing entity performance involves more than simply reporting how many performance targets were achieved. An entity’s performance analysis and narrative is important to properly inform stakeholder conclusions about the entity’s performance (see paragraphs 2.37 to 2.44).

4 Public Governance, Performance and Accountability Rule 2014, subrule 16E(2), table item 5.

5 This includes target results of ‘On Track’.

6 This includes target results of ‘Not on Track’.

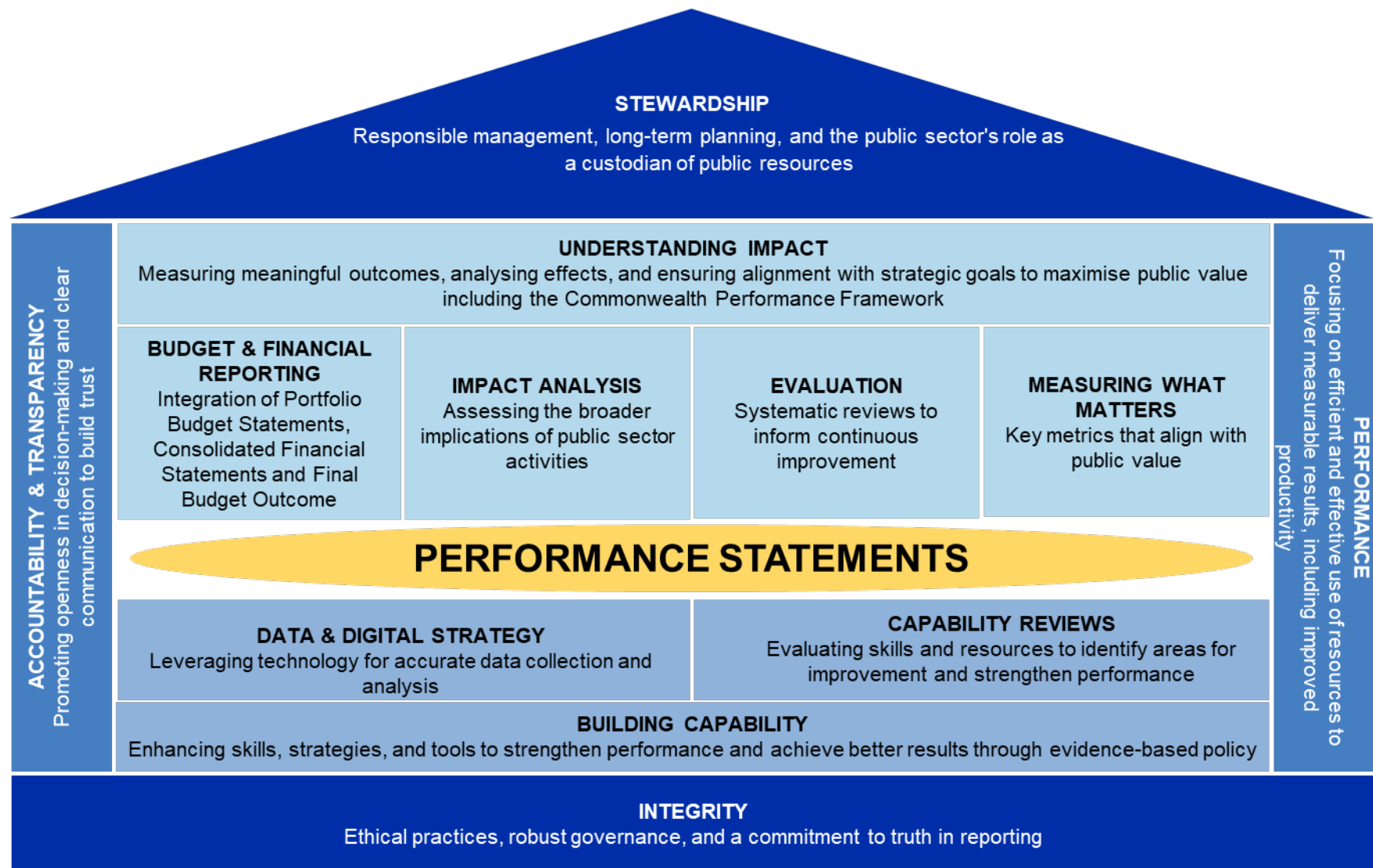
7 This includes target results of ‘No Target’, ‘Target Removed’, ‘Not Applicable’, ‘Baseline Established’, ‘Data Not Available’, ‘Unable to be Determined’, ‘Ongoing’.

Connection to broader government policy initiatives

20. Performance statements audits touch many government policies and frameworks designed to enhance government efficiency, effectiveness and impact, and strengthen accountability and transparency. This is consistent with the drive to improve coherence across the Commonwealth Government’s legislative and policy frameworks that led to the PGPA Act being established.⁸ The relationship between performance statements audits and existing government policies and frameworks is illustrated in Figure S.1.

⁸ Revised Explanatory Memorandum, Public Governance, Performance and Accountability Bill 2013, Division 2—Objects of this Act, pp. 12–13.

Figure S.1: Relationship of performance statements audits to government policies and frameworks



Source: ANAO analysis.

The future direction of annual performance statements audits

21. Public expectations and attitudes about public services are changing.⁹ Citizens not only want to be informed, but also to have a say between elections about choices affecting their community¹⁰ and be involved in the decision-making process, characterised by, among other things, citizen-centric and place-based approaches that involve citizens and communities in policy design and implementation.¹¹ There is increasing pressure on Commonwealth entities from the Parliament and citizens demanding more responsible and accountable spending of public revenues and improved transparency in the reporting of results and outcomes.

22. A specific challenge for the ANAO is to ensure that performance statements audits influence entities to embrace performance reporting and shift away from a compliance approach with a focus on complying with minimum reporting requirements or meeting the minimum standard they think will satisfy the auditor.¹² A compliance approach misses the opportunity to use performance information to learn from experience and improve the delivery of government policies, programs and services.

23. Performance statements audits reflect that for many entities there is not a clear link between internal business plans and the entity's corporate plan. There can be a misalignment between the information used for day-to-day management and governance of an entity and performance information presented in annual performance statements. Periodic monitoring of performance measures is also not an embedded practice in all Commonwealth entities. These observations indicate that some entities are reporting measures in their performance statements that may not represent the highest value metrics for running the business or for measuring and assessing the entity's performance (see paragraphs 4.32 to 4.35).

Developments in the ANAO's audit approach

24. Working with audited entities, the ANAO has progressively sought to strengthen sector understanding of the Commonwealth Performance Framework. This includes a focus on helping entities to apply general principles and guidance to their own circumstances and how entities can make incremental improvements to their performance reporting over time. For example:

- in 2021–22, the ANAO gave prominence to ensuring entities understood and complied with the technical requirements of the PGPA Act and the PGPA Rule;
- in 2022–23, there was an increased focus on supporting entities to establish materiality policies that help determine which performance information is significant enough to be

9 Monash University, *Citizen perspectives on public services during life events*, Monash University, n.d., available from <https://www.monash.edu/arts/social-sciences/australians-experiences-with-public-services/research-projects/citizen-perspectives-on-public-services-during-life-events> [accessed 28 January 2025].

10 Catherine Althaus, Peter Bridgman and Glyn Davis, *The Australian Policy Handbook: A practical guide to the policy making process*, 2020, p. 115.

11 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis, Canberra*, March 2023, available from <https://oia.pmc.gov.au/sites/default/files/2023-02/oia-impact-analysis-guide-nov-22.pdf> [accessed 28 January 2025].

12 Auditor-General Report No. 13 2022–23, *Audits of Annual Performance Statements of Australian Government Entities 2021–22*, ANAO, Canberra, 9 February 2023, paragraph 4.41, available from <https://www.anao.gov.au/work/performance-statements-audit/audits-the-annual-performance-statements-australian-government-entities-2021-22> [accessed 22 January 2025].

- reported in performance statements and to develop entity-wide performance frameworks; and
- in 2023–24, there was an increased focus on assessing the completeness of entity purposes, key activities and performance measures and whether the performance statements present fairly the performance of the entity (see paragraphs 4.36 to 4.38).

Appropriate and meaningful

25. For annual performance statements to achieve the objects of the PGPA Act, they must present performance information that is appropriate (accountable, reliable and aligned with an entity's purposes and key activities) and meaningful (providing useful insights and analysis of results). They also need to be accessible (readily available and understandable).

26. For the 2024–25 audit program and beyond, the ANAO will continue to encourage Commonwealth entities to not only focus on technical matters (like selecting measures of output, efficiency and effectiveness and presenting numbers and data), but on how to best tell their performance story. This could include analysis and narrative in annual performance statements that explains the 'why' and 'how' behind the reported results and providing future plans and initiatives aligned to meeting expectations set out in the corporate plan.¹³

27. It is difficult to demonstrate effective stewardship of public resources without good performance information and reporting. Appropriate and meaningful performance information can show that the entity is thinking beyond the short-term. It can show that the entity is committed to long-term responsible use and management of public resources and effectively achieving results to create long lasting impacts for citizens (see paragraphs 4.39 to 4.45).

13 See PGPA Rule, Guides to sections 16E and 16F of the Rule. See also Australian National Audit Office, *Insights: Reporting meaningful performance information*, ANAO, Canberra, June 2023, available from <https://www.anao.gov.au/work/insights/reporting-meaningful-performance-information> [accessed 20 January 2025].

For example, in its analysis to the 2023–24 result for providing survivors a redress payment under the National Redress Scheme, the Department of Social Services identified that there is a 'significant gap between the number of applications received and finalised'. DSS' performance statements then listed 'further improvements' to the Scheme in 2024–25.

Department of Social Services, *Annual Report 2023-24*, DSS, Canberra, 2024, available <https://www.transparency.gov.au/publications/social-services/department-of-social-services/department-of-social-services-2023-24-annual-report> [accessed 22 January 2025].

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts reported in its 2023-24 performance statements the following analysis against the target 'policy advice is high quality, timely and evidence-based to support decision making on maritime safety matters': 'To build on the results and remain agile, the department will continue to look for ways that enhance the quality and content of policy advice. Additionally, the department will continue to strengthen existing stakeholder relationships whilst looking for opportunities to establish new ones'. *Annual Report 2023–24*, p. 72, available from <https://www.infrastructure.gov.au/sites/default/files/documents/2023-24-annual-report-for-the-australian-government-department-of-infrastructure-transport-regional-development-communications-and-arts.pdf> [accessed 6 February 2025].

Linking financial and performance information

28. The 'Independent Review into the operation of the PGPA Act'¹⁴ noted that there would be merit in better linking performance and financial results, so that there is a clear line of sight between an entity's strategies and performance and its financial results.¹⁵

29. Improving links between financial and non-financial performance information is necessary for measuring and assessing public sector productivity. As a minimum, entities need to understand both the efficiency and effectiveness of how taxpayers' funds are used if they are to deliver sustainable, value-for-money programs and services. There is currently limited reporting by entities of efficiency (inputs over outputs) and even less reporting of both efficiency and effectiveness for individual key activities.

30. Where entities can demonstrate that more is produced to the same or better quality using fewer resources, this reflects improved productivity.

31. The ANAO will seek to work with the Department of Finance and entities to identify opportunities for annual performance statements to better link information on entity strategies and performance to their financial results (see paragraphs 4.46 to 4.51).

Cross entity measures and reporting

32. ANAO audits are yet to see the systemic development of cross-sector performance measures as indicators where it has been recognised that organisational performance is partly reliant on the actions of other agencies. Although there are some emerging better practices¹⁶, the ANAO's findings reveal that integrated reporting on cross-cutting initiatives and linked programs could provide Parliament, government and the public with a clearer, more unified view of performance on key government priorities such as:

- Closing the Gap;
- women's safety;
- housing;
- whole-of-government national security initiatives; and
- cybersecurity.

33. Noting the interdependence, common objectives and shared responsibility across multiple government programs, there is an opportunity for Commonwealth entities to make appropriate reference to the remit and reporting of outcomes by other entities in annual performance

14 Elizabeth Alexander AM, David Thodey AO, *Independent Review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule*, September 2018, p. 38.

15 National Audit Office (NAO), Good practice in annual reporting, National Audit Office, February 2024, available from https://www.nao.org.uk/wp-content/uploads/2021/02/Good_practice_in_annual_reporting.pdf [accessed 28 January 2025].

16 The Department of Social Services and the National Disability Insurance Agency cross referenced their respective results for relevant measures in their 2023–24 performance statements. In addition, the Department of Infrastructure, Transport, Regional Development, Communication and the Arts has done this somewhat in its 2024–25 Corporate Plan in relation to Australia's Tasmanian Shipping Programs.

statements. This may enable the Parliament, the government and the public to understand how the work of the reporting entity complements the work done by other parts of government.¹⁷

34. As the performance statements audit program continues to broaden in coverage, there will be opportunities for the ANAO to consider the merit of a common approach to measuring performance across entities with broadly similar functions, such as providing policy advice, processing claims or undertaking compliance and regulatory functions. A common basis for assessing these functions may enable the Parliament, the government and the public to compare entities' results and consider which approaches are working more effectively and why (see paragraphs 4.52 to 4.56).

¹⁷ The Finance Secretary's Direction (August 2022) requires that an entity's PBS must, for each outcome, report the programs of other entities that link to that outcome.

1. Introduction

This chapter explains the context and progress of the Australian National Audit Office's (ANAO's) performance statements audit program.

The needs of the Parliament

The Parliament and public expect performance information to show how well Commonwealth entities are performing in achieving their purposes. Without appropriate and meaningful performance reporting, there is a risk that trust and confidence in government could be diminished.

Entities' need for meaningful performance information

Performance information is integral to how a Commonwealth entity plans and operates to achieve its purposes. Strategic and concerted leadership is required to embrace meaningful performance reporting as key to good management and effective stewardship of public resources.

The 2023–24 performance statements audit program

Entities continue to improve their strategic planning and performance reporting. There were mixed results across each of the five categories the ANAO considers when assessing the performance reporting maturity of entities: leadership and culture; governance; reporting and records; data and systems; and capability.

1.1 Governments across Australia are grappling with how to deliver better public services, meet growing demand with limited resources, and making a significant contribution to productivity in the national economy.¹⁸

1.2 Good performance information helps to assess what works, and what does not work. It gives insight into changes and interventions that offer the most promise to improve the delivery of public policies, programs and services. Good performance information supports entities to improve the link between strategy and execution and achieve sustainable high performance.

The needs of the Parliament

1.3 Parliament requires clear and transparent information about how Commonwealth entities are performing and whether public resources are being used properly¹⁹ for the purposes intended. By having access to appropriate and meaningful performance information, Parliament can better hold entities accountable for their performance. This in turn helps to ensure government policies, programs and services are meeting the needs of citizens.

1.4 The Parliament, through the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), recognises that performance of the public sector is more than financial.²⁰ That is, when

18 Susan McKinnon Foundation, Gary Sturgess and Jason Tabarias, *Lessons from NSW Health Pathology: Productivity, Control and Performance – Productivity gains in the non-market sector*, Analysis & Policy Observatory, February 2024, available from https://apo.org.au/sites/default/files/resource-files/2024-04/apo-nid326288_0.pdf [accessed 21 January 2025].

19 The *PGPA Act* states that 'proper, when used in relation to the use or management of public resources, means efficient, effective, economical and ethical': section 8 (the Dictionary).

20 Revised Explanatory Memorandum, PGPA Bill 2013, 2 [17].

assessing performance in the public sector, the focus should not only be on how much is spent but, importantly, on how well it is spent to achieve desired outcomes.

1.5 The Parliament’s Joint Committee of Public Accounts and Audit (JCPAA) has a particular focus on improving the reporting of performance by entities. In September 2023, the JCPAA tabled its Report 499, *Inquiry into the Annual Performance Statements 2021–22*. The Chair stated, in his foreword to that report:

Unlike financial reporting, which has been subject to Australian National Audit Office (ANAO) audits for decades, performance reporting has been underdeveloped and under resourced.

As the old saying goes, ‘what is measured matters’, and how agencies assess and report on their performance impacts quite directly on what they value and do for the public. Performance reporting is also a key requirement of government entities to provide transparency and accountability to Parliament and the public.²¹

1.6 The JCPAA’s report made three recommendations to improve the process and impact of performance statements audits and received responses to these recommendations from the Department of Finance and the ANAO during 2023–24.²² The responses from the ANAO and the Department of Finance highlight the importance of collaboration between auditors, policymakers, and government entities to improve performance reporting.

Entities need meaningful performance information

1.7 A fundamental change introduced by the PGPA Act was to place emphasis on the importance of strategic planning. It introduced the requirement for Commonwealth entities to prepare corporate plans²³ that clearly articulate an entity’s key priorities and objectives and the outcomes it hopes to achieve. The corporate plan is the primary planning document of an entity.²⁴

1.8 A good corporate plan is a comprehensive document that outlines the entity’s purposes, strategic direction, key activities and performance expectations. It not only guides day-to-day operations but also guides long-term effectiveness in achieving the purposes of the entity. The corporate plan needs to set out the entity’s operating context and the plans and strategies the entity has to establish the capability it needs to deliver on the entity’s key activities, which include details of any organisation or body that will make a significant contribution to achieving objectives.²⁵

1.9 The PGPA Act requires an accountable authority to measure and assess their entity’s performance in achieving its purposes in the reporting period and prepare and present annual performance statements within their annual reports.²⁶ The Public Governance, Performance and

21 Joint Committee of Public Accounts and Audit (JCPAA), Report 499, *Inquiry into the Annual Performance Statements 2021–22*, September 2023, p. iii.

22 A fourth recommendation, regarding a statutory change to allow the ANAO to self-initiate performance statements audits (rather than require a request from the Finance Minister) has been allocated to the Department of the Prime Minister and Cabinet (as a response is expected to be provided to a similar recommendation in the JCPAA’s Report 491, ‘Review of the Auditor-General Act 1997’).

23 *PGPA Act 2013*, section 35.

24 Explanatory Memorandum to the PGPA Bill 2013, 30 [230].

25 PGPA Rule 2014, subrule 16E(2), table item 4.

26 *PGPA Act 2013*, sections 5, 38 and 39.

Accountability Rule 2014 (PGPA Rule) also sets out the matters to be included in an entity's annual performance statements.

1.10 An entity's annual performance statements report the actual results achieved against the performance measures and planned results, including targets where set, that were included in the entity's corporate plan.²⁷ By providing appropriate, meaningful and accessible data on results, entities can show how well they are achieving their purposes and that they are managing public resources properly.

1.11 Information presented in performance statements can help entities to learn from experience and foster a culture of continuous improvement. By regularly reviewing and reflecting on performance data, Commonwealth entities can identify areas for innovation and change. This can lead to more effective delivery of programs and services and better outcomes for citizens. Performance information should, therefore, not be primarily a technical or administrative matter, without a strong link to organisational management or policy. It should direct attention towards organisational objectives and influence future performance and not be only a tool for measuring past activities.

1.12 A key challenge for entities is to effectively align their internal (operational) and external (accountability) performance information. External measures provide insight into how well the entity is achieving its purposes, while internal measures help identify areas where internal activities and processes can be improved to enhance those external outcomes. Entities can benefit from reviewing and aligning both sets of measures through their annual business planning processes.

1.13 In many respects, the success or failure of an entity's use of performance information will depend on the maturity and sophistication with which the management of that information is handled by leaders and senior managers of an entity. Strategic and concerted leadership is required to embrace meaningful performance reporting as essential to good management and the effective stewardship of public resources.

Performance statements auditing

1.14 The ANAO was funded as part of the 2021–22 Budget to implement the ongoing program of performance statements audits. This funding establishes assurance of non-financial reporting as a core component of assurance to the Parliament.

1.15 Table 1.1 shows the expansion in the number of performance statements audits since the commencement of the ongoing program of audits in 2021–22. Adding new entities to those already being audited enables the ANAO to leverage knowledge gained from auditing an entity over time. This improves the efficiency, effectiveness, sustainability and value for money of the audit program. The progressive rollout is also achieving its intended benefit of improving the preparedness of first year auditees to engage with the audit.

27 Department of Finance, *What are annual performance statements?*, Finance, May 2024, available from accessed at <https://www.finance.gov.au/government/managing-commonwealth-resources/annual-performance-statements-commonwealth-entities-rmg-134/what-are-annual-performance-statements> [accessed on 23 January 2025].

Table 1.1: Entities in the ANAO annual performance statements audit program

2021–22	2022–23	2023–24	2024–25
<ol style="list-style-type: none"> 1. Department of Agriculture, Water and the Environment^a 2. Attorney-General's Department (AGD) 3. Department of Education, Skills and Employment^b 4. Department of Social Services (DSS) 5. Department of the Treasury 6. Department of Veterans' Affairs (DVA) 	<p>A total of 10 entities, comprising the 6 entities audited in 2021–22 and the following 4 entities:</p> <ol style="list-style-type: none"> 7. Department of Health and Aged Care (DoHAC) 8. Department of Industry, Science and Resources (DISR) 9. Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) 10. Services Australia 	<p>A total of 14 entities, comprising the 10 entities audited in 2022–23 and the following 4 entities:</p> <ol style="list-style-type: none"> 11. Department of Home Affairs 12. Department of Foreign Affairs and Trade (DFAT) 13. Australian Taxation Office (ATO) 14. National Disability Insurance Agency (NDIA) 	<p>A total of 21 entities, comprising the 14 entities audited in 2023–24 and the following 7 entities:</p> <ol style="list-style-type: none"> 15. Department of Climate Change, Energy, the Environment and Water 16. Department of Defence 17. Department of Employment and Workplace Relations 18. Department of Finance 19. Department of Parliamentary Services 20. Department of the Prime Minister and Cabinet 21. National Indigenous Australians Agency

Note a: Machinery of Government changes on 1 July 2022 changed the former Department of Agriculture, Water and the Environment (DAWE) to the Department of Agriculture, Fisheries and Forestry (DAFF).

Note b: Machinery of Government changes on 1 July 2022 changed the former Department of Education, Skills and Employment to the Department of Education.

Source: ANAO.

1.16 The ANAO's annual performance statements audit program has grown from six audits in 2021–22, the first year of the program, to 10 audits in 2022–23, and then 14 entities in 2023–24. There are currently 21 audits underway in 2024–25. As explained in the ANAO's 2024–25 Corporate Plan, the audit program is scheduled to reach 26 audits in 2025–26, and onwards.²⁸

1.17 This measured growth in the performance statements audit program has allowed the ANAO to refine its methodology and adapt to the diversity of non-financial data across government entities. Over these initial years, the ANAO has uplifted its capacity and capability, including adopting an educative approach to help entities improve their performance statements. The ANAO has also standardised approaches to promote consistency in auditing performance measures with similar characteristics across audited entities.

The 2023–24 performance statements audit program

1.18 The focus of this report is on the 2023–24 performance statements audits of 14 entities. The third year of the implementation of the performance statements audit program has shown that

28 Australian National Audit Office, *ANAO Corporate Plan 2024-25*, ANAO, Canberra, July 2024, available from <https://www.anao.gov.au/work/corporate/anao-corporate-plan-2024-25> [accessed 29 January 2024].

entities continue to improve their strategic planning and performance reporting processes and practices.

1.19 The 2023–24 audits observed that there was broad improvement across each of the five categories the ANAO considers when assessing the performance reporting maturity of entities:

- 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.
- Data and systems — Data and IT systems for performance measurement and reporting are reliable, secure and well-documented.
- Capability — An appropriately skilled and dedicated performance reporting area coordinates performance reporting across the entity.
- Reporting and records — Performance statements are clear, meaningful and tailored to user needs. Records are accurate, complete, reliable, and easily retrievable.

1.20 The 2023–24 audits have identified common areas of challenge for auditees. A common theme is whether performance measures are supported by reliable and verifiable data and methodologies. Another theme concerns entities having effective quality assurance processes for reported results. The issue of whether an entity’s performance information was complete was also a recurring theme in 2023–24 performance statements audit findings (see Chapter 2).

Entities’ engagement with the 2023–24 audits

1.21 The acting Auditor-General provided the auditor’s reports for all 14 audits to the Minister for Finance on 1 November 2024, compared to 20 December 2023 in 2022–23 when the last of 10 auditor’s reports was provided to the Minister for Finance. This demonstrates that the ANAO and audited entities are strengthening their capability and capacity to deliver audits in a more timely manner. The ANAO considers that there are still opportunities to further improve the audit process and drive efficiencies for itself and auditees.

1.22 The terms of engagement for each performance statements audit states that the accountable authority is responsible for providing the ANAO with access to all information that is relevant to the preparation of the annual performance statements. The timely provision of this information is key to providing the Parliament with reasonable assurance over whether the entity’s annual performance statements are free from material misstatement in a timely manner. It is important, therefore, that the entity understands and complies with the terms of engagement.

1.23 During the 2023–24 performance statements audit program, three entities — the Department of Health and Aged Care (DoHAC), the Department of Education (DoE) and the Department of Home Affairs (Home Affairs) — advised the ANAO that there were legal restrictions to sharing certain requested information. Accordingly, the Auditor-General wrote to their accountable authorities on 25 October 2023, 16 January 2024 and 31 May 2024 respectively, issuing notices under paragraphs 32(1)(a) and 32(1)(c) of the *Auditor-General Act 1997*. The ANAO is advising the Parliament through this report of the exercise of those statutory information gathering powers, under section 32 of the *Auditor-General Act 1997*.

Improving audit efficiency and effectiveness

1.24 The ANAO is continuing to evolve its audit approach to improve audit efficiency and effectiveness, including conducting audit procedures on the half yearly results of entities that have embedded the practice of periodic reporting. An innovation in 2023–24 was the use of ‘strategic briefings’ at the commencement of an audit to engage senior leadership in the operating context and the priorities of the entity. These have been effective forums for the audit to better understand the appropriateness of the key activities, performance measures and targets in the entity’s corporate plan and the factors that influence entity performance.

1.25 The ANAO has derived internal efficiency gains through audit process improvements. Some audited entities have indicated, however, that they have not benefited to the same degree as the ANAO from these changes. Accordingly, in 2024–25, the ANAO will focus on identifying and implementing practices that could lead to shared efficiencies.

1.26 Better practices implemented by entities during the 2023–24 audit program to meet their obligations for preparing accurate performance information include:

- centralised audit coordination — creating a dedicated performance statements audit coordination team, including a single point of contact (audit liaison);
- clear audit preparation policies — establishing standardised audit preparation process, including a centralised document management system to store and categorise documents for easy access by auditors;
- data integrity — developing policies that emphasise the importance of, and responsibility for, data integrity across all performance information and end-to-end mapping of the data lifecycle relevant to each performance measure;
- timely response to auditor requests — establishing audit request registers to document auditor queries and requests for information; and
- conducting a post audit debrief and continuous improvement session with the ANAO.

1.27 Entities can also take proactive steps to improve audit efficiency. Strategies that can be implemented by audited entities include:

- early and clear communication with the ANAO;
- preparing and organising audit documentation in advance of audit commencement;
- resolving discrepancies or issues identified by the ANAO during the audit as quickly as possible; and
- conducting a self-assessment of key risks before the audit and sharing this analysis with the ANAO.

2024–25 performance statements audit program

1.28 The audit cycle for 2024–25 will provide the most comprehensive overview of government performance reporting since the PGPA Act commenced, some 10 years ago.

1.29 On 21 June 2024, the acting Auditor-General wrote to the Minister for Finance to propose expanding the performance statements audit program in 2024–25 to include 21 entities.²⁹ The Minister responded on 2 July 2024, requesting that the Auditor-General undertake assurance audits of 21 entities’ 2024–25 performance statements under section 40 of the PGPA Act.³⁰

1.30 This enabled the ANAO to commence formal engagement with 2024–25 auditees. It will allow interim audit findings to be issued earlier and enable entities to incorporate changes in 2025–26 corporate plans.

1.31 Significantly, in 2024–25 the ANAO will gain a lens over the policy initiatives, programs and services of all the 16 portfolio Departments of the Executive government, as well as one Parliamentary department and four other material entities (the Australian Taxation Office (ATO), the National Disability Insurance Agency (NDIA), the National Indigenous Australians Agency (NIAA) and Services Australia). This audit coverage will provide an insight into entity performance relating to more than 90 per cent of annual budget expenditures.

1.32 The expanded audit coverage also means that there will be opportunities to assess how entities perform individually as well as collectively, and in particular on whole-of-government and ‘joined up’ initiatives.³¹

Mandatory audits of annual performance statements

1.33 Conducting annual audits of performance statements ensures that the Parliament receives the same level of assurance on performance statements for the entities audited as it does for their financial statements. Currently, the PGPA Act makes provision for annual performance statements to be examined by the Auditor-General at the request of the Minister for Finance or the responsible minister.³² This is a different process to the initiation of financial statements audits, which are mandatory and do not require a Ministerial request.³³

1.34 The JCPAA has recommended legislative change on three separate occasions, to enable the Auditor-General to initiate performance statements audits without the need for approval.³⁴ The ANAO strongly supports legislative change to enable mandatory annual audits of performance statements. Experience suggests that intermittent external review of performance information is unlikely to improve performance measurement and reporting.

29 Australian National Audit Office, *Annual Performance Statements Audit Program 2024–25 and Future Years*, ANAO, Canberra, July 2024, available from <https://www.anao.gov.au/work/request/annual-performance-statements-audit-program-2024-25-and-future-years> [accessed 22 January 2025].

30 *ibid.*

31 *Public Governance, Performance and Accountability Act 2013*, section 17. Section 17 places a positive duty on an accountable authority to cooperate with others (including other Commonwealth entities) to achieve common objectives, where practicable. This duty recognises that Commonwealth entities do not operate in isolation. They often cannot achieve their objectives without working with other stakeholders.

32 *PGPA Act 2013*, subsection 40(1).

33 *PGPA Act 2013*, section 43.

34 JCPAA, *Report 469: Commonwealth Financial Framework, Parliament of Australia*, December 2017, recommendation 6; JCPAA, *Report 491: Review of the Auditor-General Act 1997*, March 2022, p. 25, recommendation 5; JCPAA, *Report 499: Inquiry into the Annual Performance Statements 2021–22*, September 2023, p. 35, recommendation 3.

Structure of this report

1.35 This report presents the 2023–24 audit findings and observations (chapter 2), assessments of auditees' maturity in performance reporting (chapter 3), and comments on the potential future direction of the ANAO's performance statements program (chapter 4).

1.36 Accordingly, the report seeks to respond to the then JCPAA Chair's comments in JCPAA Report 499 that the 'ANAO will keep developing its performance statements audits as its rollout expands'.³⁵

1.37 The performance results of the 14 audited entities appear in Appendix 1, along with audit findings and the ANAO's assessment of each entity's maturity in performance reporting. Further background on the audits and on the audit cycle appear in appendices 2 and 3 respectively. The ANAO's audit finding categories are in Appendix 4.

35 JCPAA, *Report 499: Inquiry into the Annual Performance Statements 2021–22*, September 2023, p. iv.

2. Results from the 2023–24 performance statements audits

Chapter coverage

This chapter discusses the results from the 2023–24 annual performance statements audits. It outlines key findings and observations on how entities are presenting their performance information.

Audit conclusions and additional matters

The 2023–24 audits show that entities continue to improve their strategic planning and performance reporting. Nine of the 14 auditees (64 per cent) received an unmodified auditor’s report, compared to six of 10 auditees (60 per cent) in 2022–23.

Eight of the 14 auditees (57 per cent) received an auditor’s report containing an Emphasis of Matter paragraph (which draws the reader’s attention to a matter in the performance statements that is important for the reader to consider when interpreting those statements), compared to six of 10 (60 per cent) auditor’s reports with an emphasis of matter in 2022–23.

Audit findings

A total of 66 findings were reported to entities at the end of the final phase of the 2023–24 performance statements audits. These comprised 23 significant (A), 23 moderate (B) and 20 minor (C) findings.

The significant and moderate findings fall under five themes:

- Accuracy and reliability — this arose where entities could not provide sufficient and appropriate evidence that the reported information is complete, accurate and free from bias.
- Usefulness — this concerned performance information that may not provide insights into the entity’s performance or form a basis for driving better entity decision making.
- Preparation — these concerned preparing performance statements, including timeliness, record keeping and availability of supporting documentation.
- Completeness — this arose where performance statements contained material omissions.
- Data — this involved a lack of controls and assurance over data entry, extraction and reporting.

Measuring and assessing performance

Entities reported results against 385 targets in 2023–24. Of these, 237 targets were achieved/met, 24 were substantially achieved/met, 24 were partially achieved/met and 82 were not achieved/met. Eighteen targets had no definitive result.

2.1 Findings and recommendations are communicated to entities at several stages during the audit to enable entities to address issues before finalising their performance statements. Where findings remain unresolved, these can be addressed by entities in the following year. Appendix 3 provides an outline of the audit cycle.

2023–24 performance statements audits

2.2 The 2023–24 audits were conducted applying the following audit criteria:

- Are the entity’s key activities, performance measures and specified targets appropriate to measure and assess the entity’s performance in achieving its purposes?
- Are the performance statements prepared based upon appropriate records that properly document and explain the entity’s performance?
- Do the annual performance statements present fairly the entity’s performance in achieving the entity’s purposes in the reporting period?

2.3 The ANAO applied these criteria to determine its audit conclusion as to whether each audited entity’s performance statements:

- present fairly the entity’s performance in achieving its purposes; and
- are prepared, in all material respects, in accordance with the requirements of Division 3 of Part 2-3 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

2.4 Fair presentation of the entity’s performance includes whether the performance statements provide complete and accurate information to measure and assess the performance of the entity in achieving its purposes in the reporting period. Fair presentation also requires the presentation of performance information in a way that is not misleading to users, and that important information is not concealed or obscured, as this may also be misleading.

Timing and overall results

2.5 The overall timing and results from the 14 entities audited in 2023–24 are outlined in Table 2.1.

Table 2.1: Results of 2023–24 performance statements audits

Entity	Date APS signed	Date audit report issued	Report type	EoM
Attorney-General’s Department (AGD)	23 Sep 24	23 Sep 24	✓	
Australian Taxation Office (ATO)	2 Oct 24	3 Oct 24	Q	E
Department of Agriculture, Fisheries and Forestry (DAFF)	2 Oct 24	3 Oct 24	✓	E
Department of Education (DoE)	3 Sep 24	13 Sep 24	✓	
Department of Foreign Affairs and Trade (DFAT)	13 Sep 24	13 Sep 24	✓	
Department of Health and Aged Care (DoHAC)	16 Oct 24	24 Oct 24	Q	E
Department of Home Affairs (Home Affairs)	20 Sep 24	4 Oct 24	Q	E
Department of Industry, Science and Resources (DISR)	1 Oct 24	2 Oct 24	✓	

Entity	Date APS signed	Date audit report issued	Report type	EoM
Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA)	13 Sep 24	13 Sep 24	✓	E
Department of Social Services (DSS)	1 Oct 24	11 Oct 24	✓	E
Department of the Treasury	25 Sep 24	25 Sep 24	✓	
Department of Veterans' Affairs (DVA)	23 Sep 24	25 Sep 24	Q	
National Disability Insurance Agency (NDIA)	4 Oct 24	4 Oct 24	Q	E
Services Australia	10 Oct 24	14 Oct 24	✓	E

Key: ✓ auditor's report unmodified
 Q auditor's report contains a qualification
 E auditor's report contains an 'Emphasis of Matter' (EoM).

Source: ANAO.

2.6 Consistent with the requirements of the PGPA Act, the Auditor-General provided auditor's reports to the Minister for Finance on 1 November 2024. The Minister for Finance tabled the auditor's reports in each House of Parliament on 28 November 2024.

Audit conclusions and additional matters

2.7 Overall, the results from the auditor's reports of the 2023–24 performance statements audits are mixed. As outlined in Table 2.1, nine of the 14 auditees received an auditor's report with an unmodified conclusion³⁶ and five received a qualified audit conclusion identifying material areas where users could not rely on the performance statements, but the affect was not pervasive to the performance statements as a whole.

2.8 The two broad reasons behind the modified audit conclusions were:

- completeness of performance information — the performance statements were not complete and did not present a full, balanced and accurate picture of the entity's performance as important information had been omitted; and
- insufficient evidence — the ANAO was unable to obtain enough appropriate evidence to form a reasonable basis for the audit conclusion about the entity's annual performance statements.

2.9 Table 2.2 shows that the proportion of audited entities that received a qualified audit conclusion has been gradually decreasing.³⁷ A qualified audit conclusion is the most common type of modified audit conclusion and means that the performance statements met the ANAO's audit criteria, except for one or more areas where the performance statements either did not materially

36 A modified conclusion may be expressed as a qualified conclusion, disclaimer of conclusion or adverse conclusion. See Australian Standard ASAE 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information, paragraphs 66 and 74, available from <https://standards.auasb.gov.au/asae-3000-sep-2022>.

37 Only two of 10 repeat entities received a qualified audit conclusion: DVA and DoHAC.

comply with the audit criteria or, due to a lack of evidence available from the auditee, the ANAO was unable to determine if the information presented was materially correct. The proportion of entities' measures that were the subject of a modified conclusion increased in 2023–24, compared to 2022–23.

Table 2.2: Summary of audit conclusions

Reporting year	Number of audited entities	Number of Entities with qualified audit conclusions	Proportion of entities that received qualified conclusion (%)	Measures subject to qualified conclusion as % of all entities' measures
2023–24	14	5	36	10 ^a
2022–23	10	4	40	4 ^b
2021–22	6	3	50	7 ^c

Note: This table represents performance measures that were subject of a modified conclusion in 2023–24. As in 2022–23, in 2023–24 some modified conclusions relate to the omission of performance information. Modified conclusions relating to omissions are not captured in Table 2.3.

Note a: 32 of the 332 measures reported by the 14 auditees in 2023–24.

Note b: Twelve of the 294 measures reported by the 10 auditees in 2022–23.

Note c: Thirteen of the 199 measures reported by the six auditees in 2021–22.

Source: ANAO analysis

2.10 Where appropriate, an auditor's report may separately include an 'Emphasis of Matter' paragraph, which does not modify the auditor's conclusion. An Emphasis of Matter paragraph is a tool available to auditors to draw the reader's attention to an important matter presented in the performance statements that, in the auditor's judgement, is fundamental to the users' understanding of the information in the performance statements. As shown in Table 2.1, eight of the 14 auditees received an auditor's report containing an Emphasis of Matter paragraph.

2.11 Appendix 1 explains the reasons for the ANAO's modified conclusions and Emphasis of Matter paragraphs.

Audit findings

2.12 Audit findings are reported to entities when the ANAO identifies potential business or performance reporting risks. Often these risks arise from deficiencies within internal control processes or frameworks. Weaknesses in internal controls increase the possibility that an entity will not prevent or detect a material misstatement in its performance statements in a timely manner.

2.13 The nature of the audit findings will determine whether they also result in a modification to the auditor's report. This includes whether the ANAO can obtain sufficient appropriate evidence from the auditee, or other sources, that the identified deficiency (in internal control, processes or reporting framework) was sufficient to conclude that there was no material misstatement. The ANAO considers that findings remain outstanding until the auditee implements a response that appropriately mitigates the relevant risk on an ongoing basis. The rating scale for findings for the 2023–24 audit program is included in Appendix 4.

Audit findings by category and entity type

2.14 Table 2.3 summarises findings by category presented to entities in 2023–24. It shows that in 2023–24:

- a total of 66 findings were reported to entities at the end of the final phase of the 2023–24 performance statements audits. These comprised 23 significant (A), 23 moderate (B) and 20 minor (C) findings;
- of the 72 findings at the interim 2023–24 phase, 38 were resolved by the end of the final phase (53 per cent). By comparison, in 2022–23, 30 of the 46 findings at the interim phase (65 per cent) were resolved by the end of the final phase;
- repeat entities resolved 14 of 49 findings from the prior year at the end of interim phase (29 per cent) and 31 of 48 interim findings by the end of the final phase (65 per cent); and
- new entities resolved seven of 26 interim findings by the end of 2023–24 (27 per cent).

2.15 These results indicate that the ANAO’s performance statements audit program continues to enable entities to resolve findings during the audit process. Careful planning by entities is required at the beginning of the reporting period to effectively resolve previous year’s findings. DSS resolved six of the eight findings from the interim to the final phase of the audit, reflecting a well-planned approach to remediating these findings and ongoing communication with the ANAO.

Table 2.3: Performance statements audit findings by category

Category	Closing position 2022–23	Resolved findings at interim	New findings at interim	Total findings at the end of interim	Resolved findings at final	New findings at final	Closing position 2023–24
A — Significant							
Repeat entities (audited in 2022–23)	16	6	3	13	6	5	12
Newly audited entities	N/A	N/A	8	8	2	5	11
Subtotal	16	6	11	21	8	10	23
B — Moderate							
Repeat entities	13	3	3	13	12	12	13
Newly audited entities	N/A	N/A	11	11	3	2	10
Subtotal	13	3	14	24	15	14	23
C — Minor							
Repeat entities	20	5	7	22	13	6	15
Newly audited entities	N/A	N/A	5	5	2	2	5
Subtotal	20	5	12	27	15	8	20
Total	49	14	37	72	38	32	66

Source: ANAO.

Significant and moderate findings by theme

2.16 There were 23 significant (A) and 23 moderate (B) 2023–24 audit findings, related to the following themes:

- Accuracy and reliability — entities could not provide sufficient and appropriate evidence that the reported information is reliable, accurate and free from bias.
- Usefulness — performance measures were not relevant, clear, reliable or aligned to the entity’s purposes or key activities. Consequently, they may not present meaningful insights into the entity’s performance or form a basis to support entity decision making. One way this can be achieved is through the PGPA Rule’s requirements for a measure to have a target, where practicable, that is challenging but achievable.
- Preparation — entity preparation processes and practices for performance statements were not effective, including timeliness, record keeping and availability of supporting documentation.
- Completeness — performance statements were not complete and did not present a full, balanced and accurate picture of the entity’s performance as important information had been omitted.³⁸
- Data — inadequate assurance over data extraction and reporting and a lack of controls over how data is managed across the data lifecycle, from data collection through to reporting.

2.17 These themes are generated from the ANAO’s analysis of the 2023–24 audit findings. Table 2.4 categorises the significant and moderate audit findings presented to entities in 2023–24.

Table 2.4: Significant and moderate audit findings unresolved 2023–24 by theme

	Accuracy and reliability	Usefulness	Preparation	Completeness	Data
Attorney-General’s Department	–	–	–	–	–
Australian Taxation Office	–	2	1	1	1
Department of Agriculture, Fisheries and Forestry	1	–	1	1	1
Department of Education	–	1	1	1	–
Department of Foreign Affairs and Trade	2	–	–	–	–

³⁸ Completeness in the context of annual performance statements means providing a full account of material topics (the sum of key activities and performance measures should be sufficient to reflect significant impacts), including all relevant data and contextual information necessary for users to understand the entity’s performance in achieving its purposes in the reporting period.

	Accuracy and reliability	Usefulness	Preparation	Completeness	Data
Department of Health and Aged Care	1	1	2	1	–
Department of Home Affairs	3	1	1	2	2
Department of Industry, Science and Resources	–	1	1	–	2
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	–	–	–	1	–
Department of Social Services	2	–	–	–	–
Department of the Treasury	–	–	–	–	–
Department of Veterans' Affairs	–	1	–	–	1
National Disability Insurance Agency	1	–	1	2	–
Services Australia	1	–	–	3	–
Total (% of all A and B findings)	11 (24%)	9 (20%)	8 (18%)	11 (22%)	7 (16%)

Source: ANAO analysis.

Recommendations for improvement

2.18 When reporting to entities on the progress and the outcomes of a performance statements audit³⁹, the ANAO provides entities with recommendations for improvement. The purpose of the recommendations is to provide guidance to the management and those charged with governance on areas that could improve the entity's internal controls, performance statements reporting processes, or overall governance. These recommendations aim to help strengthen the entity's operations and provide a path to improvement.

³⁹ Recommendations are provided in both the interim management letter and in the closing report that is issued to entities at the conclusion of the audit.

Observations of entities' performance information

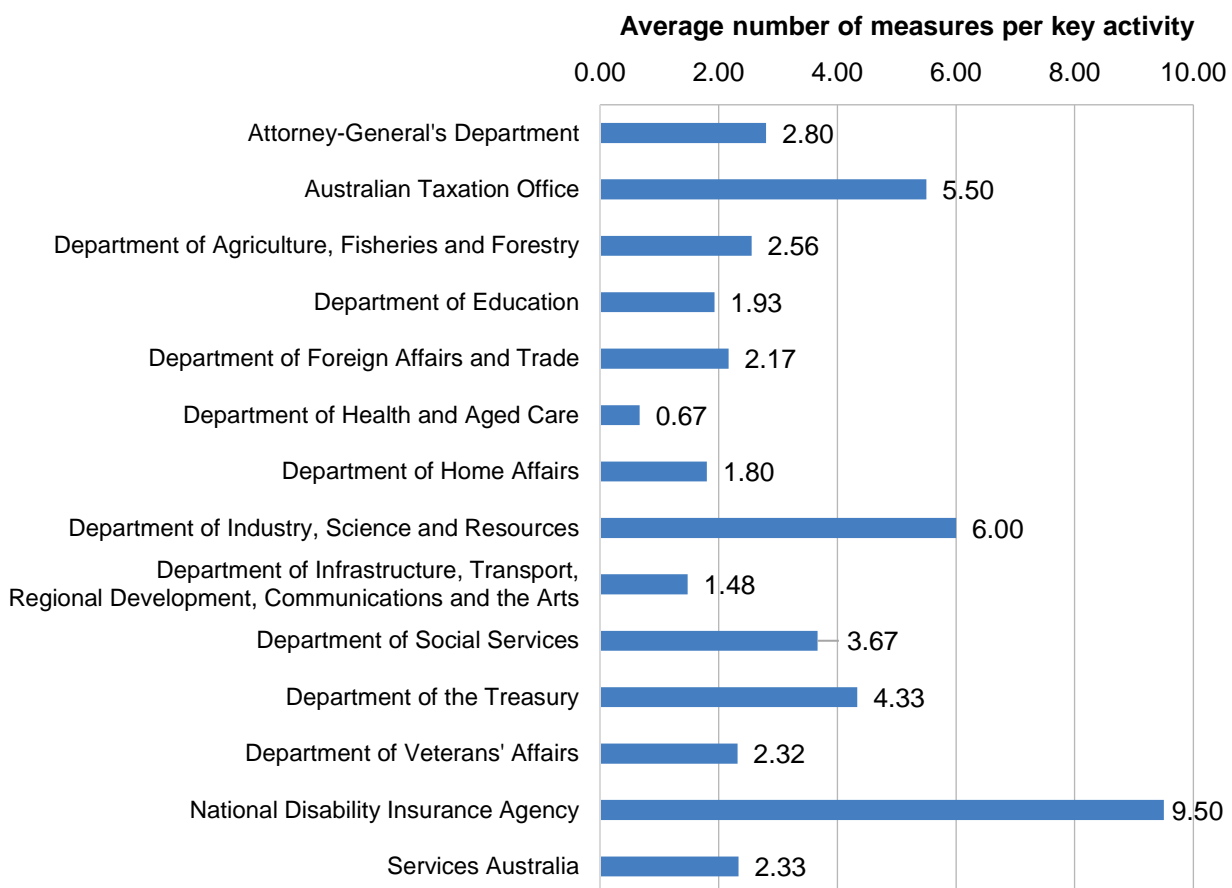
2.19 Performance statements need to be customised to reflect the nature of the entity and its operating context. Each entity must judge the most appropriate structure and type of performance information to measure and assess the achievement of its purposes.

2.20 The ANAO has observed that many entities do not currently have a systematic approach to make these judgements. An enterprise-wide performance framework can assist an entity to identify a key activity and determine the types of measures that are suited to assessing a key activity.⁴⁰ It can establish the basis for why the entity's purposes, key activities and performance measures and targets are framed as they are and how they might evolve over time, illustrating an entity's commitment to efficiency, effectiveness, transparency and accountability.⁴¹

Structure of performance information

2.21 Figure 2.1 shows the average number of performance measures used by each of the 14 entities to assess a key activity. On average, entities used 3.4 measures to assess a key activity.

Figure 2.1: Number of measures per key activity for each entity: 2023–24



Source: ANAO analysis.

40 Australian National Audit Office, *Insights: Reporting meaningful performance information*, ANAO, Canberra, June 2023, available from <https://www.anao.gov.au/work/insights/reporting-meaningful-performance-information> [accessed 20 January 2025].

41 Australian National Audit Office, *Using Performance Information to Drive Effectiveness*, ANAO, Canberra, 29 November 2023, available from <https://www.anao.gov.au/work/insights/using-performance-information-to-drive-effectiveness> [accessed 20 January 2025].

2.22 There is no one-size-fits all approach to determining the appropriate number of performance measures for each key activity or entity purpose. Given the complexity of many government policies, programs and services and their impact on citizens, it is unlikely that one measure would be sufficient to focus attention on the critical areas of an entity's business or to measure and assess performance. That said, the focus should be on the outcomes that stakeholders care about most and whether each measure is necessary to assess the entity's performance.

Types of performance measures

2.23 Different stakeholders can have different views of what constitutes performance in the public sector, particularly high performance. Entities are likely to require an appropriate mix of performance measures to provide a comprehensive picture of their performance in achieving their purposes.

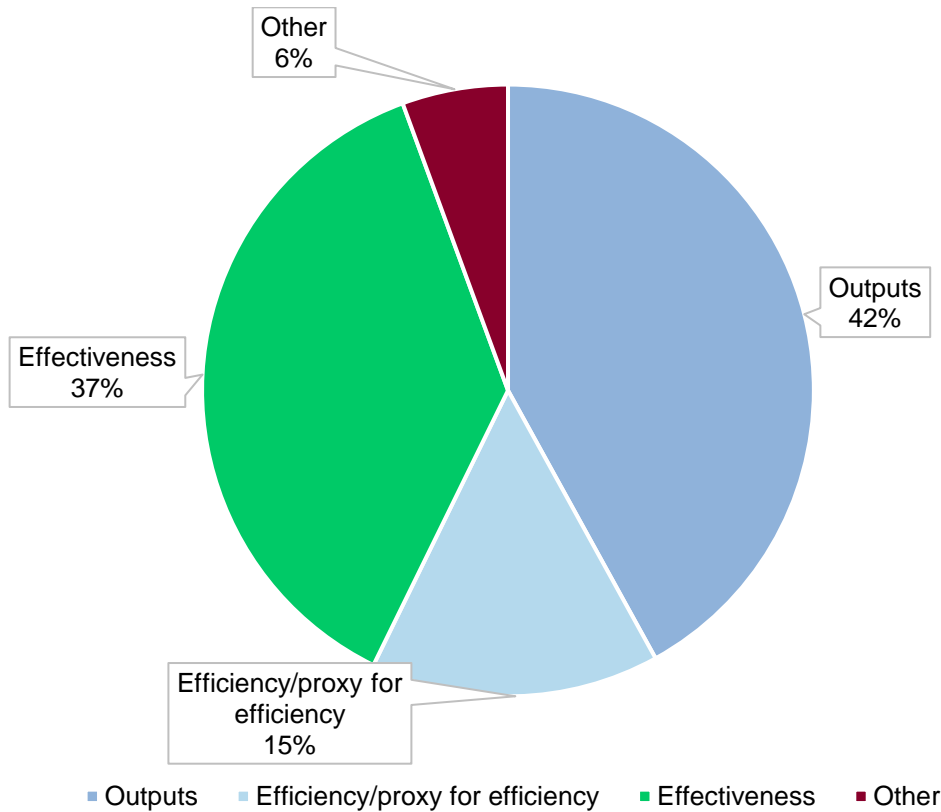
2.24 The Commonwealth Performance Framework is designed to encourage entities to develop a diverse set of performance measures to assess whether they are achieving their purposes. This can include a combination of input, output, quality, efficiency and effectiveness measures. Where reasonably practicable, it is expected that an entity will have both quantitative and qualitative performance measures to capture the multiple dimensions of the entity's performance.⁴² Audits have observed that some entities are beginning to consider appropriate measures to demonstrate the achievement of outcomes, benefits and impact.

2.25 Effectiveness measures are generally the most direct way to assess how well a program or service is delivered to achieve its intended objectives. It might be expected that entities will use a higher proportion of effectiveness measures as programs mature and as the entity's capability for performance reporting matures. Over time, entities could consider developing more outcome and impact measures that focus on the end result or longer-term impact of a policy or program as part of a balanced suite of performance measures.

2.26 Figure 2.2 shows that the 14 entities predominantly used 'output' and 'effectiveness' targets to assess their performance. These target types account for 79 per cent of all targets used by the entities. For the purpose of comparison, the below analysis has been done at the target rather than the measure level, as some entities have measures that contain multiple targets of different types.

42 Department of Finance, *Resource Management Guide, Developing performance measures (RMG 131)*, Finance, May 2024.

Figure 2.2: Target types across entities' 2023–24 performance statements



Source: ANAO assessment of entities' targets, including where entities identify an efficiency proxy in performance statements. In some cases, entities' classifications may differ from the ANAO's classifications.

2.27 Efficiency or proxy efficiency targets accounted for 15 per cent of all targets — 60 of the 393 targets.⁴³ Proxy efficiency targets accounted for 57 of the 60 efficiency targets. The proxy efficiency targets mainly relate to the timeliness of the process to produce an output (such as answering a call or processing a claim); they do not directly assess these outputs based on the inputs used.

2.28 There were three performance targets assessed by the ANAO as efficiency targets: :

- the NDIA's efficiency measure reported 'NDIA spend (Program 1.2) as a proportion of NDIS spend'. The result for this measure was achieved, with a five per cent cost against a target of six per cent;
- the ATO's performance measure 'Cost of collection – Cost to collect \$100' which shows the trend in the ATO's costs of collections of taxation receipts; and
- the Department of Agriculture, Fisheries and Forestry's performance measure 'Equal or reduced cost of levies administration compared with levies disbursed'(Measure IG-02).

2.29 The targets in the 'other' category (six per cent of all targets) describe an entity's activities or inputs. They do not assess an output or an outcome that is produced or achieved by the entity.

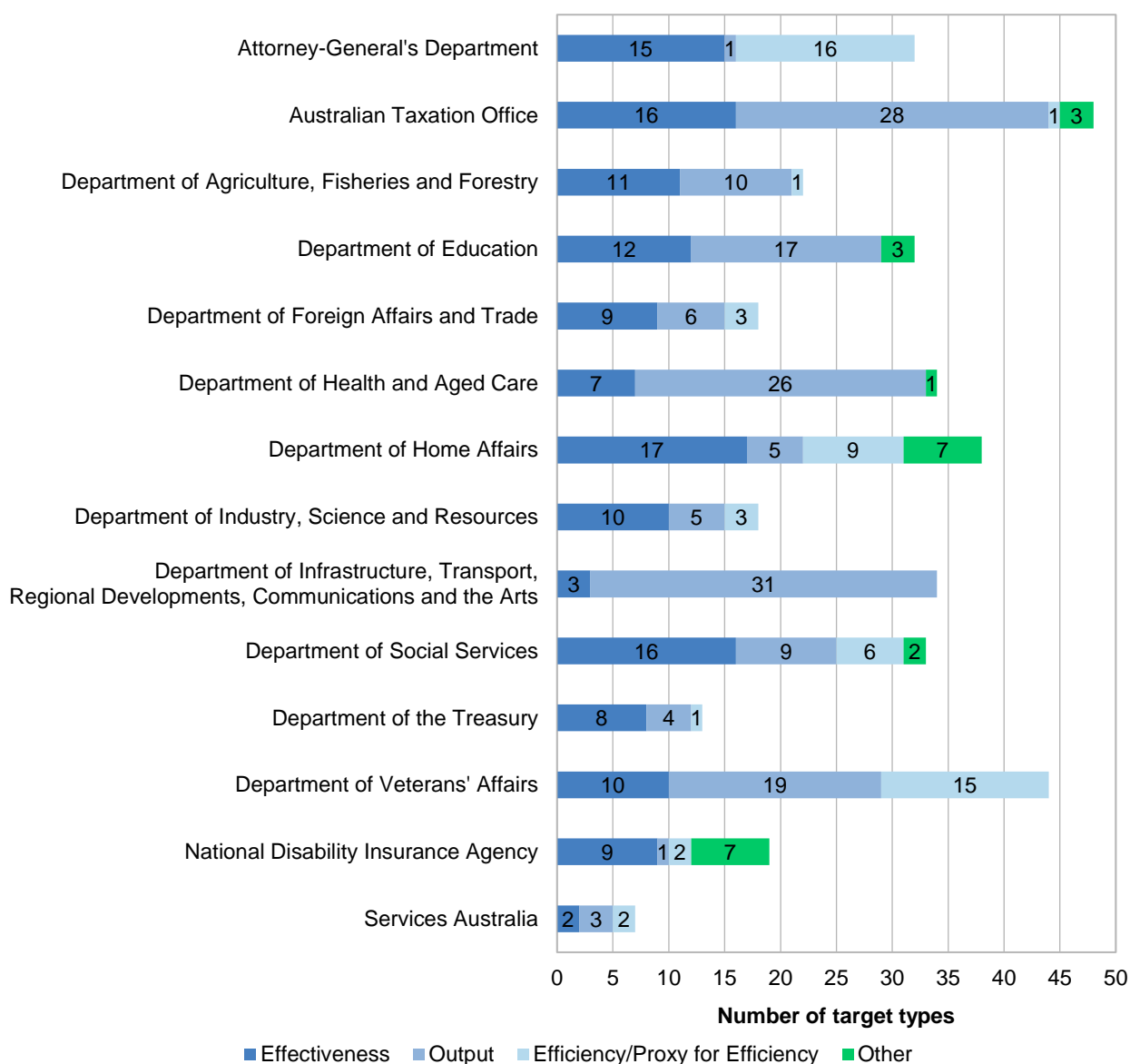
43 The number of targets identified to assess 'target type' (393) differs to the number of total targets identified in Table 2.6 (385). The reason is that each sub-target within a composite measure (or target) is assessed in Figure 2.2, whereas Table 2.6 excludes sub-targets.

The assessment in Table 2.6 reflects that sub-targets within a target may be of a different type, and targets within a composite measure may also be of a different type.

Activity measures, on their own, are generally not helpful in reporting results that reflect the achievement of an entity's purposes. They may be appropriate in the early stages of a key activity or program where there is not any delivery to measure.

2.30 Figure 2.3 shows each entity's use of target types for the 2023–24 reporting period. Eleven of the 14 entities used a combination of output, effectiveness and efficiency (or efficiency proxy) targets. Education, Health and Infrastructure did not report an efficiency or a proxy efficiency target. Entities may have more targets than measures given that some entities might develop more than one target for a measure.

Figure 2.3: Target types across entities, 2023–24^a



Note a: Given there are composite targets with components of different types, the sum of targets included in tables 2.1 and 2.2 do not match other tables.

Source: ANAO analysis.

Stability of performance measures over time

2.31 The PGPA Rule requires that an entity's performance measures must provide a basis for an assessment of the entity's performance over time.⁴⁴

2.32 Stability of relevant performance measures can play a role in demonstrating stewardship of public resources by providing consistent, reliable data that can be tracked over time and used to evaluate how well public resources are being managed. Without consistency, the value of performance information is significantly diminished, as users would find it difficult to evaluate how well an entity is performing over time or whether it is effectively meeting its long-term goals.

2.33 Over time, some change in an entity's performance measures is to be expected. This will reflect a range of circumstances including:

- the evolution of existing policies and programs;
- change in policy direction through circumstances, including a change in government;
- change in an entity's functions following Machinery of Government changes; and
- the availability of better data and/or methods leading to new performance measures to replace existing measures.

2.34 Good measures that provide meaningful information on performance may not be evident until after measurement has been underway for some time and entity performance data and systems have had time to mature. Therefore, reviewing and revising performance measures as the entity's performance reporting capability improves reflects good practice.

2.35 Table 2.5 presents the proportion of each entity's 2023–24 performance measures that were identical or comparable to the measures in the entity's 2021–22 corporate plan. The comparison of measures over three reporting periods has been used to gauge the extent to which an entity's measures would enable a reader to assess performance over time.

2.36 Table 2.5 shows that for 13 of the 14 entities, a majority of their 2023–24 performance measures were identical or comparable to the measures in their 2021–22 corporate plan. Four of the 14 entities (29 per cent) had a greater than 80 per cent consistency of measures over the three reporting periods. As entities continue to improve their performance information, it is expected that the suite of measures will stabilise over time.

44 PGPA Rule 2014, paragraph 16EA(f).

Table 2.5: Entities' 2023–24 performance statements measures — comparable or identical to 2021–22 corporate plan measures

Entity	Identical measures	Comparable measures	New measures ^a	Total measures	% identical or comparable
Attorney-General's Department	9	3	2	14	86
Australian Taxation Office	27	7	10	44	77
Department of Agriculture, Fisheries and Forestry	4	9	10	23	57
Department of Education	17	4	6	27	78
Department of Foreign Affairs and Trade	2	6	5	13	62
Department of Health and Aged Care	22	3	9	34	74
Department of Home Affairs	0	7	2	9	78
Department of Industry, Science and Resources	5	4	9	18	50
Department of Infrastructure, Regional Development, Communications and the Arts	13	6	15	34	56
Department of Social Services	19	3	11	33	67
Department of the Treasury	6	1	6	13	54
Department of Veterans' Affairs	41	1	2	44	95
National Disability Insurance Agency	16	0	3	19	84
Services Australia	5	2	—	7	100

Note a: Measures considered a new measure for the purposes of reporting in the annual performance statements 2023–24 (i.e. does not appear in any form in the entity's 2021–22 corporate plan).

Source: ANAO analysis of Entities' 2021–22 corporate plan and 2023–24 annual performance statements.

Measuring and assessing performance

2.37 Setting out clear performance expectations and reporting progress against them is essential for program and service improvement, and for good performance reporting to Parliament and the public. Performance targets provide a benchmark against which progress can be measured. Without clear performance targets, it is difficult to assess whether the results achieved represent good performance.

2.38 When preparing a corporate plan, the PGPA Rule requires entities to specify targets for each performance measure for which it is reasonably practicable to set a target.⁴⁵ Where possible, targets for performance measures should be specific, measurable and reportable.⁴⁶

2.39 Overall, the 14 entities audited in 2023–24 reported against 385 performance targets in their performance statements. Table 2.6 provides a summary of entity performance against the targets set in their corporate plans.

Table 2.6: Entity performance against performance targets

Reporting year	Achieved	Substantially achieved	Partially achieved ^a	Not achieved	No definitive result ^b	Total
2023–24	237	24	24	82	18	385

Note a: Twelve of the 294 measures reported by the 10 auditees in 2022–23.

Note b: This includes target results of 'No Target', 'Target Removed', 'Not Applicable', 'Baseline Established', 'Data Not Available', 'Unable to be Determined', 'Ongoing'.

Source: ANAO analysis of reported results.

2.40 As shown in Table 2.6, entities reported that they achieved or substantially achieved 261 (68 per cent) performance targets. They also reported that 82 (21 per cent) performance targets were not achieved.

2.41 Performance targets should be set thoughtfully and carefully. They should be challenging but achievable, balancing ambitious goals with realistic expectations. Where a target has historically been exceeded, or is static for a period of time, entities should review the target or explain why the target has been maintained at a certain level.⁴⁷

2.42 Entities should take care to ensure that targets do not promote adverse results or distort behaviour, which can undermine an entity's performance framework.

2.43 Entities should be cautious of a focus on short-term wins that may undermine long-term goals. For example, where an entity focuses on improving efficiency to a point where the quality of services is substantially decreased, or practices are adjusted to meet a target rather than achieve desired outcomes. Developing a balanced set of performance measures and providing meaningful narrative and analysis in performance statements about the factors contributing to performance results can help to properly inform stakeholders about the entity's performance, address potential concerns from stakeholders and avoid inappropriate conclusions or decisions by stakeholders.⁴⁸

45 PGPA Rule 2014, subrule 16E(2), table item 5.

46 Department of Finance, RMG 132.

47 *ibid.*

48 *ibid.*

2.44 Assessing entity performance involves more than simply reporting on the number of performance targets achieved. An entity’s performance analysis and narrative are important to tell the story behind the numbers and properly inform stakeholder conclusions about the entity’s performance.

2.45 Meaningful narrative and analysis in performance statements can transform simple results into meaningful insights, which offer context, interpretation and explanation that enhance stakeholder understanding of the entity’s performance results. It can also summarise what the entity has learned during the reporting period and how that knowledge will be applied to improve operations. This can help to build public trust and accountability as it shows the entity is not only reporting on data and metrics but actively using evidence and results to learn and refine key activities and strategies.

2.46 Case study 1 describes the approach that DVA has taken to set performance targets for specific measures and to describe the factors that impacted the results achieved.

Case study 1. Department of Veterans’ Affairs: Setting of performance targets is important

The Department of Veterans’ Affairs set a target for its 12 timeliness measures in Outcome 1 (‘To support financial wellbeing of veterans and their families’) at 50 per cent. Three of these targets were achieved in the reporting period:

- For the nine measures that were not achieved, the result for five measures was below 20 per cent.
- For one measure that was achieved, the result was 94 per cent.

In order to understand the entity’s performance, the reader needs to look beyond simply the number of measures achieved and the level of achievement for each measure, and consider the analysis provided to explain the results relative to their targets.

In this case, the narrative and analysis presented in the performance statements explains that the results have been impacted by several contributing factors, including a significant increase in the number of claims, the complexity of applications received and DVA’s efforts to address the backlog of claims.

The analysis included in the performance statements is aimed at facilitating stakeholder understanding and address potential concerns from stakeholders.^a

Note a: Department of Veterans’ Affairs, *Annual Report 2023–24*, pp. 45–47, available from: dva.gov.au/sites/default/files/2025-01/dva-annual-reports-2023-24.pdf [accessed 7 February 2025].

3. The maturity of entities' performance reporting processes

Chapter coverage

This chapter discusses the performance reporting maturity of 2023–24 auditees against five categories that the ANAO considers are essential to drive organisational performance, promote accountability and transparency and demonstrate effective stewardship of public resources.

Leadership and culture — Effective leadership plays a critical role in shaping an entity's culture, strategic direction, decision-making and overall success. Ultimately, leadership is a key determinant of entity performance. The ANAO assessed that 10 of the 2023–24 auditees had either an 'Advanced' or 'Embedded' performance culture.

Governance — Governance structures that establish clear roles and responsibilities, ensure accountability and transparency, promote ethical behaviour, foster high performance and long-term sustainability help entities to build and maintain public trust. The ANAO assessed that four entities had 'Advanced' or 'Embedded' governance processes to monitor and report performance information.

Data and systems — To produce high quality performance information on a consistent basis, entities require information technology (IT) systems and processes that can generate complete, accurate and timely data. The ANAO assessed one 2023–24 auditee as 'Advanced' in terms of its ability to use data and IT systems to produce complete and accurate performance information.

Capability — Capability relates to the knowledge and skills within an entity to design, measure and report high quality performance information on an ongoing basis. The 2023–24 audits indicate that the performance statements audit program is influencing change to improve entities' capability for performance reporting.

Reporting and records — High quality performance reporting enhances accountability and transparency by ensuring that performance information is consistently collected, reported and accessible to stakeholders. It builds trust with stakeholders and enhances the entity's ability to meet its objectives and achieve its purposes. With only three audited entities in 2023–24 achieving a rating of 'Advanced', and three remaining at 'Developing', work remains to be done across the sector to ensure that performance information is appropriate and meaningful.

3.1 The Commonwealth Performance Framework requires entities to set out what they plan to achieve, how they will measure and assess their performance and what success looks like. Section 15 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act) requires, among other things, that the accountable authority of a Commonwealth entity must govern the entity in a way that promotes the achievement of the purposes of the entity.⁴⁹

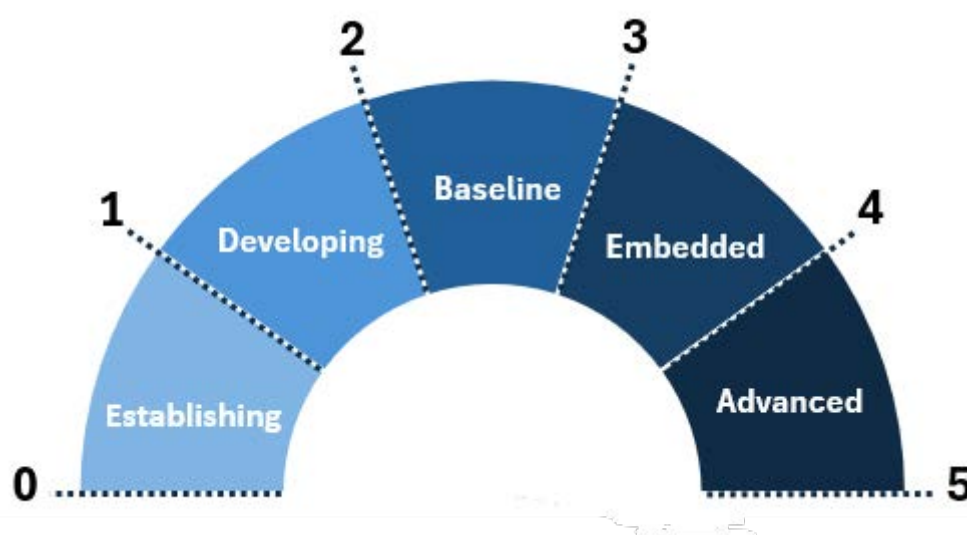
49 PGPA Act 2013, paragraph 15(1)(c).

3.2 To determine entity progress and capacity to produce meaningful performance information, the ANAO has developed a model to assess the maturity of entity performance frameworks and reporting processes and practices. The ANAO's model assesses maturity under five categories:

- Leadership and culture;
- Governance;
- Data and systems;
- Capability; and
- Reporting and records.

3.3 Maturity was assessed against five levels with 'Establishing' being the lowest level and 'Advanced' the highest as shown in Figure 3.1.

Figure 3.1: Maturity assessment levels



Note: Based on feedback, including from the Expert Advisory Panel⁵⁰, the 'maturity dial' presented in Figure 3.1 was refined at the end of the 2023–24 reporting period. The nomenclature previously used for the five maturity levels has been adjusted to better reflect an entity's progression. This rewording does not impact the ANAO's actual consideration of an entity's maturity.

Source: ANAO.

Summary of entities' maturity

3.4 Table 3.1 shows the ANAO's average maturity assessment of the 14 entities in the 2023–24 performance statements audit program against the five maturity categories. Appendix 2 provides background and suggested questions for entities to consider when assessing performance reporting processes and practices.

50 The Performance Statements Expert Advisory Panel (the Panel) was established in 2023 to provide strategic advice to the ANAO on the annual performance statements audit program to improve the quality and reliability of performance reporting in the Commonwealth. The Panel includes representatives from the Australian public sector and a number of audit committee chairs.

Table 3.1: Assessment of entities' performance reporting maturity

Maturity category	Leadership and culture	Governance	Data and systems	Capability	Reporting and records
Average	3.3	3.1	2.6	3.0	2.8

Source: ANAO analysis.

3.5 Table 3.1 shows that across the 14 entities, 'Leadership and culture' was the most mature of the five categories and 'Data and systems' was the least mature.

3.6 One auditee was assessed as 'Advanced' in terms of its 'data and systems'. While some modest improvement was observed from 2022–23 to 2023–24, audits for many entities have found that similar issues persist year-on-year, sometimes due to the expense or time taken to remediate them. However, there is evidence of a higher degree of internal cooperation between IT teams and business areas, presenting opportunities for innovative solutions and improvement.

3.7 The Attorney-General's Department (AGD) and Treasury, which have been audited since 2020–21 and 2021–22 respectively, have measures that do not typically rely on complex data and systems and generally involve manual processes. Both entities have:

- strong oversight by internal bodies such as the Audit and Risk Committee;
- sign-off of detailed information packs by senior staff to ensure measures are appropriate and results are certified;
- implemented the performance framework throughout the entity, including documentation of roles and responsibilities;
- high-quality methodology documentation;
- internal quality assurance procedures; and
- regular reporting timeframes (for example, AGD's quarterly reporting and Treasury uses a mid-cycle performance review).

Maturity is improving

3.8 Table 3.2 shows that for the 10 repeat audits⁵¹, average maturity has increased from 2.7 in 2022–23, which corresponds to the ranking 'Baseline', to 3.0 in 2023–24, moving the dial to the next category of 'Embedded'. The 'repeat' auditees increased in maturity across all five factors, with the largest average increases in 'capability' (0.6) and 'governance' (0.5). With the exception of 'data and systems', the repeat auditees' average maturity against each factor was assessed in 2023–24 as 'Embedded'.

Table 3.2: Comparison of entities' performance reporting maturity

Maturity category	2022–23	2023–24 10 comparative entities	2023–24 All 14 entities
Leadership and culture	3.0	3.3	3.3
Governance	2.6	3.1	3.1

51 The 10 repeat entities are: AGD, DAFF, DoE, DoHAC, DISR, DITRDCA, DSS, Treasury, DVA and Services Australia.

Maturity category	2022–23	2023–24 10 comparative entities	2023–24 All 14 entities
Data and systems	2.4	2.7	2.6
Capability	2.6	3.2	3.0
Reporting and records	2.8	3.0	2.8
Overall average	2.7	3.1	3.0

Source: ANAO analysis.

3.9 Across the 14 entities audited in 2023–24, average maturity increased from 2022–23 and was higher on average in four of the five factors. The year-on-year improvement in entity maturity demonstrates that the audit function can help to facilitate improvement in performance reporting, as well as contributing to broader development of governance arrangements, capability and data and systems.

Analysis of the five categories of performance reporting

Leadership and culture

3.10 Effective leadership plays a fundamental role in shaping an entity's performance culture, strategic direction, decision-making and overall success. Ultimately, leadership is key to entity productivity and performance.

3.11 The leadership of an entity plays a central role in the development, implementation and adaptation of an entity's corporate plan. A clear and compelling corporate plan helps enhance performance and drive an entity towards its long-term goals.

3.12 The corporate plan is not just about key activities and performance measures but about how an entity's purposes will be achieved. Leadership's cultural influence ensures that the corporate plan objectives and targets are pursued in a way that aligns with the entity's values. For example, if 'customer-centricity' is a core value, customer satisfaction could be a central performance measure. The success of the corporate plan relies on leadership's commitment to implement it effectively, including development of a relevant, useful and balanced set of performance measures, challenging but achievable targets and regular monitoring of performance.

3.13 For 2023–24, 10 audited entities achieved a rating of 'Embedded' or 'Advanced'. This suggests that, broadly speaking, senior executives in the sector are engaging positively with performance statements audit and seeking to drive an entity culture that values high quality performance information and reporting, including periodic monitoring and incorporation in key business processes such as business planning.

Governance

3.14 Governance structures that establish clear roles and responsibilities, ensure accountability and transparency, promote ethical behaviour, foster high performance and long-term sustainability and help entities to build and maintain public trust. They are essential for ensuring effective stewardship of public resources.

3.15 The Explanatory Memorandum to the PGPA Bill states that the third object of the Act⁵², is to require Commonwealth entities, among other things, to:

meet high standards of governance—good governance provides the foundation for high performance and community confidence in the public sector. Good governance is grounded in accountability, transparency, leadership, integrity and stewardship and in responsiveness to the needs and aspirations of citizens. The governance arrangements for entities should clearly spell out the roles, responsibilities and accountabilities of leaders and officials.⁵³

3.16 Stewardship involves managing public resources properly⁵⁴ and ensuring that government policies, programs and services meet public needs and achieve their intended outcomes. It also involves entities taking greater account of the long-term impact of the things they do.⁵⁵

3.17 The ANAO has identified four key characteristics for demonstrating robust governance in performance reporting:

- an entity-wide performance framework that incorporates program evaluation;
- clearly documenting roles and responsibilities for performance monitoring, reporting and evaluation;
- effective planning to support the timely preparation of entity corporate plans and annual performance statements; and
- regular monitoring and reporting to senior management on performance, ongoing improvements and evaluation activities.⁵⁶

3.18 A focus on high quality performance information promotes stronger internal collaboration by creating a unified approach to data collection, performance measurement and reporting across an entity. This shared focus encourages better communication and alignment. During the audit program, there was evidence of collaboration across business areas to identify performance measures that provide a holistic view of the entity's purposes.

3.19 The ANAO's assessment of governance maturity found that the level of maturity ranges widely. Seven entities were assessed as having either 'Embedded' or 'Advanced' governance. Key improvements in governance observed by the ANAO include the development of enterprise-wide performance frameworks and more timely preparation of annual performance statements. In 2023–24, this facilitated the completion of all 14 audits by 24 October 2024, compared to 20 December 2023 for the completion of the 2022–23 audits. Case study 2 demonstrates how performance monitoring and reporting can contribute to more robust governance.

52 Subparagraph 5(c)(i) of the PGPA Act requires the Commonwealth and Commonwealth entities to meet high standards of governance, performance and accountability.

53 Explanatory Memorandum, PGPA Bill 2013, 13 [87].

54 Proper, when used in relation to the management of public resources, means efficient, effective, economical and ethical (PGPA Act, section 8).

55 Stewardship is a new Australian Public Service Value under the *Public Service Act 1999*. Subsection 10(6) of the *Public Service Act 1999*, describes the value of Stewardship — 'The APS builds its capability and institutional knowledge, and supports the public interest now and into the future, by understanding the long-term impacts of what it does.'

56 ANAO, *Insights: Reporting Meaningful Performance Information*, ANAO, Canberra, June 2023, available from <https://www.anao.gov.au/work/insights/reporting-meaningful-performance-information> [accessed 29 January 2024].

Case study 2. Home Affairs: Leveraging performance reporting to improve internal coherence

The Minister for Finance requested an audit of the annual performance statements of Home Affairs for the first time in 2023–24. The audit process showed how the requirement to report performance can help to:

1. ... align with and support an entity's ability to monitor performance throughout the year

The Executive Division of Home Affairs engages with each business area quarterly to review reporting against certain targets. This process focused on establishing that reported results reconciled with information recorded at an aggregate level and whether performance is line with expectations. The quality assurance process would be improved through the introduction of sufficient assurances over the collection and processing of data before data is aggregated.

2. ... support an entity's ability to identify its most important deliverables

Home Affairs developed a high-level framework to determine its 38 corporate plan performance measures. The Executive Division consulted widely across the Department and is using this framework to inform delivery against key expectations of government, as well as its ability to evidence this.

3. ... improve governance and program delivery

Home Affairs' engagement with the audit process highlighted opportunities for it to better understand how different areas, and key relationships and partnerships, contribute to the delivery of its core business. For example, Home Affairs' reporting on its cyber security role has helped it to clarify who it will work with to support whole of government outcomes.

4. ... improve program delivery

In 2023–24, Home Affairs started mapping the end-to-end business processes that support its measure results. This enables business owners to understand what is working, gain a greater awareness of the importance of robust data, and identify opportunities to strengthen program management throughout the year.

5. ... support communication with stakeholders so that performance and the key factors influencing this can be clearly understood

Reporting through the performance statements requires entities to consider how technical and complex issues can be clearly communicated to a wide audience. Home Affairs made improvements to its supporting narrative in its 2023–24 annual performance statements to explain the broader significance of its year end achievement. This helps key stakeholders to better understand how Home Affairs used its funding and to gauge whether individual results represent good performance as a whole.

Data and systems

3.20 Performance information that is based on relevant, reliable, accurate and timely data supports evidence-based policy, better decision making and accountability. It informs strategic planning, resource allocation and operational improvement. An entity with mature performance

reporting systems and access to high quality performance information can identify areas of underperformance or inefficiency, more quickly. This allows for more timely corrective actions to policy, program and service delivery settings to help align performance outcomes with public expectations.

3.21 The Data and Digital Government Strategy envisions an Australian Public Service that provides simple, secure, and connected public services through world-class data and digital capabilities by 2030.⁵⁷ To support this vision, the Department of Finance has developed the Data Maturity Assessment Tool (the DMAT) to help agencies periodically assess their data maturity and track their progress over time, to support implementation of the Strategy and agencies own data strategies.⁵⁸ The results from a mandatory self-assessment of data maturity managed by the Department of Finance suggest that practice is (at best) 'Developing' and is yet to consistently meet minimum standards for 'maturity'.

3.22 The ANAO audits corroborated the low level of self-assessed maturity under the DMAT, finding that there is still significant progress to be made on data governance and assurance by most entities. The ANAO assessed four of the 14 entities as 'Developing' and a further four entities as 'Baseline'. One entity achieved a rating of 'Advanced' for this category.

3.23 The ANAO's experience has been that gaining assurance over the data relied on in performance statements can represent a significant proportion of the effort invested in each audit. Challenges for audit teams include:

- understanding data ownership, user access controls and quality standards due to, among other things, limited documentation;
- identifying all staff associated with the multiple IT processes of individual performance measures (who are often spread between different teams);
- understanding and analysing complex and large datasets and the accuracy, consistency, completeness and timeliness of the data;
- interpreting and evaluating intricate code or otherwise interpreting IT infrastructure where there is limited entity knowledge of internal systems;
- poor or non-existent end-to-end mapping of the data lifecycle for performance measures, from data collection through to reporting, making it difficult to gain assurance on the accuracy of the reported result; and
- a lack of coordination and understanding between specialised data teams and those responsible for policy, service delivery and governance.

Availability and limitations of data and systems

3.24 The availability of data should not drive the selection of performance measures. A focus on things that are easy to measure may not provide a relevant, complete or balanced basis for demonstrating the entity's performance in achieving its purposes. Where data is not available and

57 Australian Government, *The Data and Digital Government Strategy*, Commonwealth of Australia, n.d, available from <https://www.dataanddigital.gov.au/strategy> [accessed on 22 January 2025].

58 Department of Finance, *Data Maturity Assessment Tool Guide*, Finance, 2024, p. 1, available from <https://www.finance.gov.au/sites/default/files/2024-08/Data-Maturity-Assessment-Tool-Guide.pdf> [accessed 22 January 2025].

it is needed to provide meaningful information on how well an entity is performing, an entity can benefit from planning to capture and report this data.

3.25 Several 2023–24 auditees identified system and data limitations in the methodology documents supporting their performance measures and disclosed these limitations in their annual performance statements. Disclosures in this context are important to inform a reader about any limitations and to describe the strategies that are being implemented to address those limitations.

Third party systems and data

3.26 A key challenge for entities is the use of third-party systems and data to generate and report accurate and reliable performance information, generally as part of a formal arrangement (for example, a contract or a grant). The 2023–24 audits have identified the following areas for improvement:

- Data quality, reliability and integrity risks — entities establishing robust and fit-for-purpose quality control policies and practices for assuring and verifying data from a third-party that is used for performance reporting, including as part of contract and grants management arrangements. This could include periodic compliance checks, regular reviews and audits of the third party's data collection and reporting processes, and efforts to ensure that data standards are clearly defined and adhered to by the third party. High quality data from third-party service providers can help support well-informed, evidence-based decisions.
- System risks — entities implementing arrangements to gain assurance on the robustness of third-party systems used to report performance, including their reliability and data security measures. Where available, entities would benefit from obtaining control reports on the effectiveness of third-party systems.⁵⁹ This is particularly relevant where entities engage with third parties to obtain telephony services and use telephony data to report performance.⁶⁰
- Data manipulation risk — There is a risk that the third-party provider, especially where there is a vested interest, could misrepresent results to present a more favourable outcome. Where practical, entities could consider the appropriateness of implementing data verification procedures, such as cross-checking data with independent sources, conducting reviews and compliance checks, or requesting reports from the third-party provider.

3.27 To ensure that efforts to gain assurance over results derived from third-party data are commensurate with the risks associated with the data source, entities need to put in place appropriate risk management strategies. These can include due diligence, robust agreements and periodic reviews and compliance checks. It is expected that such arrangements would be fit for purpose and typically form part of the entity's contract or grants management arrangements that ensure programs and services are being delivered as agreed. Importantly, an entity can elect to not

59 For example, a Systems and Organization Controls report (SOC2 report).

60 This includes the Department of Social Services (1800RESPECT), the Department of Veterans' Affairs (Open Arms) and Services Australia (contact centre).

obtain independent assurance over relevant data from specialist entities with responsibility for official statistics.⁶¹

3.28 The following case study shows the Department of Social Services' approach to gaining assurance over the 2023–24 result for the 1800RESPECT component of the Women's Safety performance measure.

Case study 3. Department of Social Services: Assurance over third party data

1800RESPECT is the national family, domestic and sexual violence counselling service, and is expected to be available 24 hours a day, 7 days a week. The service is a responsibility for DSS under the National Plan to End Violence against Women and Children 2022–2032. DSS relies on data from the service provider, Telstra Health, to report against a target within the Women's Safety performance measures on the timeliness of calls answered to the 1800RESPECT service.

In its 2021–22 and 2022–23 performance statements, DSS included disclosures to the effect that the department was unable to provide assurance over the completeness and accuracy of the result. In each year, this limitation was the basis of a significant (A) finding, with an Emphasis of Matter paragraph in the auditor's reports drawing attention to the disclosures.

For the 2023–24 reporting period, DSS gained assurance over the result for the 1800RESPECT target through the following tests.

- a. DSS obtained and reviewed a Systems and Organisation Controls (SOC 2) report on Genesys Cloud — the data source and collection point for the data — which identified no material issues or events and outlined that controls were suitably designed and operated effectively.
- b. DSS contracted an independent Management Initiated Review (MIR) to assess the design and implementation of internal controls and assurance processes used by Telstra Health. These processes covered the extraction of data from Genesys, subsequent management and storage in a data warehouse (SQL Server), and analysis and reporting through PowerBI. The MIR report identified and tested 22 controls and assessed that each was designed and operating effectively.
- c. DSS conducted an internal audit which took snapshots of daily reports from Genesys for a sample of 31 days across the four quarters in the 2023–24 reporting period. From this sample, DSS could confirm that the data in Genesys matched the data received by the department from Telstra Health and relied on for reporting.

DSS' approach to obtaining assurance over the 2023–24 result for 1800RESPECT was based on careful planning at the beginning of the reporting period. The approach of the independent MIR will have broader application for the department in understanding the data lifecycle and the testing of relevant controls.

Harnessing internal data expertise

3.29 The 2023–24 performance statements audits have highlighted that there are capable teams within entities with responsibility for data and evaluation, even if identifying lines of responsibility

61 For example, the Australia Bureau of Statistics, the Australian Institute of Health and Welfare and the Australian Bureau of Agricultural Resource Economics and Sciences.

is not always straightforward. A noticeable change in 2023–24 was the increased engagement with Chief Data Officers (CDO), recognising their role in establishing and overseeing entity data governance frameworks. CDOs can help entities build robust, data-driven performance reporting frameworks. There is also benefit in establishing clear lines of responsibility for data quality and appropriateness by allocating data owners for performance measures.

3.30 Compared to 2022–23, the 2023–24 audits identified some improvement in coordination and understanding between specialised data teams and those responsible for policy, service delivery and governance. This is reflected in the 10 per cent maturity uplift for the 'Data and systems' category for repeat auditees (see Table 3.2).

3.31 The ANAO has observed that low maturity was often associated with:

- inadequate documentation to support performance measures;
- poor management of the risks of systems being unable to provide the requisite data; and
- inadequate assurance over the systems and data used to inform reported results.

Capability

3.32 The 2023–24 audits indicate that the performance statements audit program is facilitating the improvement of entities' capability for performance reporting as shown by the improved average maturity rating for the audited entities in Table 3.2. However, half the audited entities remain 'Developing' or 'Baseline' for this category. Improvement will require ongoing effort by central reporting teams to support and educate business areas to build their capability to report high quality performance information. This includes the ability to select, monitor and report the most relevant performance measures

3.33 A key risk for entities is the loss of experienced staff, noting this is an emerging area for the sector.

Managing Key Person Risk and Knowledge Retention

3.34 The ANAO has identified key person risk as an ongoing challenge for entities, particularly in programs that rely on a few experienced staff. Without robust documentation and knowledge transfer practices, entities risk losing essential institutional knowledge.

3.35 The preparation of performance statements provide an opportunity for entities to develop 'signing packs' that contain the key documents required to understand the key activities and their expected and actual results. This includes logic models, process and data maps, and key reports and documents. These signing packs can strengthen knowledge management in the entity, including to support the induction of new senior managers and staff. Prioritising record keeping and knowledge management helps entities ensure that program information remains accessible and up-to-date and mitigate the risks associated with staff mobility, particularly in programs with long-term operational requirements.

3.36 Case study 4 highlights the importance of coordinated entity-wide processes to plan performance information and mitigate key person risks.

Case study 4. Services Australia: Maturing leadership and capability in performance reporting

For an entity to have the capability to report high quality performance information on a consistent basis, it needs to plan and execute — for each performance measure — the processes involved to report accurately. The ANAO's performance statements audits help develop this capability by requesting information on how the entity will produce and verify the results to be reported in the performance statements.

Services Australia developed a PowerPoint presentation for each of its seven 'Strategic Performance Measures'. The presentations clearly set out the end-to-end process for calculating the result, noting who in the agency is responsible for approving the data and supporting records at each point in the process. The presentations were delivered by the Senior Executive Service officers responsible for each part of the process.

Services Australia's presentations were an excellent example of how an entity's leadership can plan, structure and present its performance information. While the presentations are key for audit purposes, they are also a valuable corporate record for a large entity like Services Australia. They show how internal business processes support reporting in the annual performance statements. As such, the presentations are a way to demonstrate to Services Australia staff the importance of internal business processes in delivering on the agency's purposes.

In addition, the detail contained in these presentations assisted Services Australia to calculate and report results. The presentations provided a reference point for Services Australia's leadership that the planned processes had been executed as intended.

Reporting and records

3.37 High quality performance reporting enhances accountability and transparency by ensuring that performance information is consistently collected, reported and accessible to stakeholders. It builds trust with stakeholders and enhances the entity's ability to meet its objectives and achieve its purposes. When annual performance statements are clear, comprehensive, accurate and meaningful, stakeholders have more confidence in the entity's ability to meet its objectives and deliver results. The quality of an entity's reporting will generally reflect the investment of its leadership in robust governance practices and in quality data and systems.⁶²

3.38 With three audited entities achieving a rating of 'Advanced', and nine entities assessed as either 'Developing' or 'Baseline', work remains to be done across the sector to ensure that performance statements are relevant, meaningful and complete.

3.39 The ANAO has observed that the performance statements of entities with higher assessed reporting maturity demonstrate the following attributes:

- Clarity and simplicity — performance statements that are clear, concise, and easy to understand ensure key results and messages are easily understood by all stakeholders. The readability of Department of Social Services' 2023–24 performance statements was improved by including more concise disclosures than previous years.

62 The requirement for an Accountable Authority to keep records that properly record and explain the entity's performance in achieving its purposes is established at section 37 of the *Public Governance, Performance and Accountability Act 2013*.

- **Relevance** — performance statements that comprise information directly relevant to an entity's purposes enables stakeholders to assess how well the entity is performing in achieving its purposes and ensures that the statements support decision-making. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) improved the relevance of its statements in 2023–24 by reporting more robustly on core outcomes which previously had little performance information attached to them.
- **Accuracy and reliability** — performance statements that are accurate, well-supported by evidence, and free from errors or misrepresentations builds trust with stakeholders and ensure that decisions made based on the reported performance information are sound. The audit team for the Department of Foreign Affairs and Trade identified that measures were improved throughout the year in response to feedback, ensuring that the results reported were as reliable as possible.
- **Balanced and objective** — performance statements are recommended to present both positive and negative performance results, in a balanced and objective manner, providing a complete picture of the entity's performance.
- **Accessibility** — well-designed performance statements enhance readability, making it easier for stakeholders to understand and interpret the data. Visual aids such as graphs and charts help to communicate complex data more effectively. Reporting of information relevant to departmental performance can go beyond what is included in the annual performance statements, as demonstrated by DITRDCA's regular publication of performance information on grants and other public facing programs on its website.

3.40 Well-planned case studies mitigate the risk of bias in the presentation of results at year end. Case study 5 shows how careful planning can contribute to effective reporting in the annual performance statements.

Case study 5. DFAT: Use of case studies selected after a well-designed process

In 2023–24, the Department of Foreign Affairs and Trade (DFAT) was a first-time auditee and had used case studies as the basis for reporting for the following performance measures:

Measure 1: DFAT's diplomatic efforts support favourable foreign affairs and trade policy outcomes for Australia

Measure 4: Australia's standing in the region is enhanced through DFAT's public diplomacy

Diplomacy and foreign affairs and trade policy are inherently difficult to measure. DFAT considered that a qualitative approach using case studies to measure diplomatic and policy performance would enable more meaningful reporting and decided to pilot case studies for the 2023–24 reporting period.

To address the potential risk of bias, DFAT defined the selection process, choosing case study topics prior to releasing its corporate plan. This was a documented process that included the development of a long list of all potential topics, a shortlist of proposed representative topics and approval of selected topics by an internal committee. The approved topics were then published in the 2023–24 corporate plan.

Along with the selection process, DFAT developed a framework for assessing case studies, which greatly helped to mitigate the risk of bias.

DFAT's approach to the use of case studies demonstrated that meaningful reporting of qualitative performance information can be done in an unbiased manner if the appropriate supports and frameworks are developed prior to the selection of topics.

Relevant considerations when determining the use of case studies include:

- developing targets for each measure, or at least providing a definition of favourable outcome;
- difficulties faced in not defining the target well;
- using judgement in developing appropriate qualitative analysis; and
- using the outcome of a sample of items to reflect overall whether the target was achieved or not achieved.

3.41 The ANAO has identified the following opportunities for entities to improve the quality of their annual performance statements:

- Narrative and analysis — which offers context, interpretation and explanation can enhance stakeholder understanding of the entity's performance results. It can also summarise what the entity has learned during the reporting period and how that knowledge will be applied to improve operations.
- Forward looking insights — while historical performance data is important, forward-looking information and commentary, which could include future performance targets and plans of the entity, can help stakeholders understand an entity's preparedness to respond to prospective developments, challenges and opportunities.⁶³ This can help to build trust and confidence that the entity is committed to achieving long term outcomes and impact beyond short term performance.
- Stakeholder engagement — engaging stakeholders in the reporting process can help entities ensure that the performance statements are aligned with stakeholder needs, interests and concerns, increasing the relevance and value of the statements.

63 For example, in its analysis to the 2023–24 result for providing survivors a redress payment under the National Redress Scheme, the Department of Social Services identified that there is a 'significant gap between the number of applications received and finalised'. DSS' performance statements then listed 'further improvements' to the Scheme in 2024–25. Department of Social Services, <https://www.dss.gov.au/system/files/documents/2024-11/dss-annual-report-2023-24.pdf>, p. 84.

4. The future direction of annual performance statements audits

This chapter identifies the Australian National Audit Office's (ANAO's) areas of audit focus in 2023–24 and the future direction of the performance statements audit program.

Areas of audit focus

The ANAO's 2023–24 performance statements audits focused on the completeness and relevance of entities' performance information, and on whether this information presents fairly the entity's performance in achieving its purposes in the reporting period. The ANAO is continuing to explore options to encourage high quality, meaningful performance information.

Future direction

The ANAO will continue to refine its audit approach to ensure it remains fit for purpose and encourages entities to improve the quality of their performance reporting. This includes supporting entities to meet both the requirements of the PGPA Rule and the spirit and intent of the Commonwealth Performance Framework. During the 2024–25 audit cycle, the ANAO will seek to identify how the performance statements audit methodology can better incentivise entities to prepare appropriate and meaningful performance information rather than simply seeking to meet the minimum standards that will satisfy the auditor.

In 2024–25 and beyond, the ANAO will focus on:

- continuing to mature the performance statements audit methodology, including through feedback from the sector;
- strengthening connections between performance statements audits and whole-of-government policies and frameworks;
- encouraging entities to produce appropriate and meaningful performance information;
- promoting the importance of connecting financial and non-financial performance information;
- supporting entities to develop cross-sector measures where organisational performance is partly reliant on the actions of other entities; and
- driving the inclusion of performance measures that seek to recognise the importance of productivity and stewardship.

4.1 As noted by the Chair of the JCPAA in the foreword to Report 499⁶⁴, auditing annual performance statements complements the ANAO's two other primary audit responsibilities, financial statements and performance audits. The auditing of annual performance statements provides an additional layer of oversight by assessing the reliability of an entity's reported progress on strategic objectives.

4.2 The three key audit products create a comprehensive accountability framework, giving the Australian Parliament a comprehensive view of public sector performance for entities.

64 JCPAA, *Report 499: Inquiry into the Annual Performance Statements 2021–22*, September 2023.

Areas of audit focus

Completeness of performance information

4.3 The completeness of an entity's performance information refers to whether its purposes, key activities and performance measures are sufficient to enable the preparation of appropriate and meaningful information on the entity's performance in achieving its purposes. Complete performance information enables a reader to understand how an entity has performed across all significant elements of its business.

4.4 It is important that in developing performance information, entities carefully consider the nature of their legislative requirements and government expectations, and whether these are adequately described by their purposes and key activities. Entities benefit from regularly reviewing their purposes and key activities, to ensure they continue to represent the main policy and program goals the entity is seeking to achieve.⁶⁵

4.5 Logic models are a useful tool to understand how a program is intended to work and how its effectiveness and impact can be measured. By clearly defining what success looks like at each stage (short-term, intermediate, long-term), entities can systematically assess whether a policy or program is achieving its objectives. They can assist in developing the range of performance measures needed for sound business planning and performance reporting. Entities are starting to use logic model thinking to help structure the development of performance measures covering inputs, activities, outputs and outcomes, including intermediate outcome measures that look at shorter-term to medium-term impacts.⁶⁶

4.6 Where an entity has responsibility for policy development or other major functions, such as projects with large appropriations, these functions could reasonably be expected to be reflected in a key activity and any relevant performance measure(s) if they are material to the achievement of the entity's purposes. This could include activities undertaken on behalf of other entities, such as grants hubs, or cyclical roles, like undertaking the census. Audits are yet to see the development of cross-sector measures where it is recognised (such as through linked programs in an entity's Portfolio Budget Statements), that organisational performance is partly reliant on the actions of other entities.

4.7 It will seldom be possible — or optimal — for one performance measure to meaningfully report performance. Entities need to find a balance between being concise and being comprehensive when selecting performance measures. The ANAO will continue to work with entities as they seek to identify a complete set of measures that enables their performance to be accurately measured and assessed. The ANAO will also work with entities on the related issue of how they set any target relating to measures, including the use of multiple targets for a measure (or, potentially, measures).

65 ANAO, *Insights: Reporting Meaningful Performance Information*.

66 There is a link between performance measures and evaluation. Performance measures can indicate that an aspect of a program, or the whole program, should be evaluated in more detail.

Analysis

4.8 The PGPA Rule requires an entity to include in its performance statements an analysis of the factors that may have contributed to the entity's performance in achieving its purposes.⁶⁷ This includes changes that may have had a significant impact, including changes to purposes, key activities and organisational capability, or to the environment in which the entity operated.

4.9 The performance statements of entities in 2023–24 did not always fully address the requirement for an analysis of the factors that may have contributed to performance. A well-presented analysis that meets the requirement will:

- briefly identify the context for what is being measured;
- explain what the entity did to achieve the result and the extent of the entity's contribution to the result;
- identify the role of other factors (such as third parties, economic conditions) that are within and outside the entity's influence, and explain the extent to which these factors contributed to the result; and
- present this information succinctly.

4.10 Where significant factors that may have contributed to the entity's performance are not disclosed, there is a risk that the reader will misinterpret the result and the extent of the entity's influence in reaching it.

Limitations and caveats

4.11 Some auditees present disclosures in their performance statements that draw attention to limitations in their measures' methodologies. Related caveats are provided about interpreting results. In some instances, these disclosures are unclear and add unwanted complexity. In other instances, the disclosures are unnecessary because the limitations have been resolved before or during the preparation of the performance statements. While acknowledging that disclosing limitations may at times be necessary and of value, the use of limitations and caveats in performance statements does not absolve entities of the requirement for measures to have reliable and verifiable data sources and methodologies.

Presentation of performance statements

4.12 The ANAO assesses whether the performance statements — including all commentary, analysis and ancillary information — are presented accessibly for a reader. High quality performance statements will:

- be easy to read and understand through the use of a short performance summary or snapshot⁶⁸, as well as tables, graphics and signposting where necessary;
- provide context to help readers understand and interpret results, including information on data and methodology limitations;
- use plain language and avoid unnecessary complexity;

67 Public Governance, Performance and Accountability Rule 2014, subrule 16F(2), table item 3.

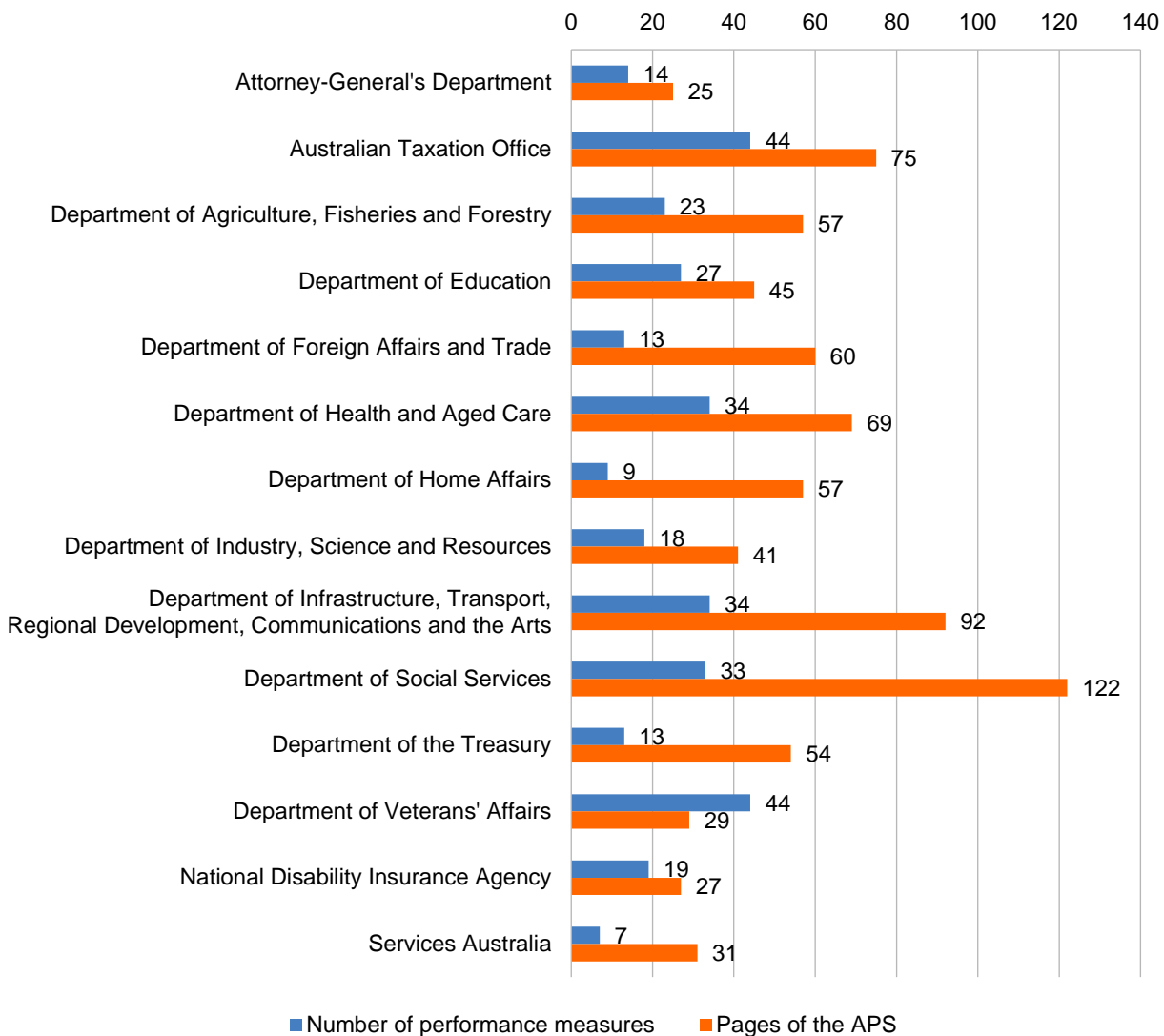
68 For example, refer to the annual performance statements of the Department of Infrastructure, Transport, Regional Development, Communication and the Arts in the department's 2023-24 Annual Report at p. 50, available from <https://www.infrastructure.gov.au/sites/default/files/documents/2023-24-annual-report-for-the-australian-government-department-of-infrastructure-transport-regional-development-communications-and-arts.pdf>.

- report both favourable and unfavourable aspects of performance; and
- present clear analysis of the results achieved and the factors behind the results.⁶⁹

4.13 As with the annual report more broadly, the information in an entity’s annual performance statements should be relevant, reliable, understandable, balanced and concise.⁷⁰ Concise statements ensure that the information presented is not concealed or obscured by unnecessary detail. Brevity needs to be balanced against providing a clear story. In some cases that might include including graphs or visual aids.

4.14 Figure 4.1 shows the page length of each entity’s 2023–24 performance statements relative to the number of measures reported. The ANAO does not suggest that there is an optimum ratio of measures to pages or a ‘one-size fits all’ approach.

Figure 4.1: Entities’ 2023–24 performance statements: page length/number of measures



Source: ANAO analysis.

69 ANAO, *Insights: Reporting Meaningful Performance Information*.

70 PGPA Rule 2014, subrule 17AC(2).

The audit process is still evolving

4.15 Performance statements audits are currently structured similarly to financial statements audits with a planning, interim and final phase. The aim is to provide reasonable assurance on the quality and reliability of entity performance statements.

4.16 A key consideration for the ANAO is the timing and frequency of performance statements audits, noting that audit scheduling and timing were issues raised by many entities during the JCPAA's *Inquiry into the Annual Performance Statements 2021–22*.⁷¹ The issues continue to be raised by entities as the program expands.

4.17 The Minister for Finance's request in July 2023 to conduct the 2023–24 performance statements audits enabled the ANAO to commence formal engagement with auditees earlier than was the case for the 2022–23 audits. This resulted in interim audit findings being issued to entities earlier in the performance statements audit cycle than the prior year. The lessons from the 2023–24 audit cycle have enabled the ANAO to further improve the timing of audit commencement in 2024–25 with the aim of issuing interim audit findings for most entities by April 2025.

4.18 Over time, the ANAO expects that entities' performance information — purposes, key activities, measures — will be relatively stable. Changes will largely be made in response to changes in the operating environment and government priorities, such as the development of new policies and programs and Machinery of Government changes. This will further streamline the audit process.

4.19 The ANAO expects that as the sector builds its capacity and capability to use and report meaningful performance information, audit risks and effort will reduce, entailing a consequent reduction in the average cost of an audit for both the ANAO and entities.

4.20 The foreword to the JCPAA's Report 499, *Inquiry into the Annual Performance Statements 2021–22*, ended with the following observation:

The ANAO is still developing its audit methodology and making sure it is driving entities to improve their performance reporting rather than complying with the minimum requirements ...

The Committee understands that ANAO will keep developing its performance statements audits as its rollout expands, and as such the Committee plans to continue its investigation of this work.⁷²

'Right touch' auditing

4.21 An important refinement to the audit approach relates to the consideration of materiality. Under the ANAO audit methodology, all performance measures are presumed to be 'material by nature'.⁷³ This recognises that the entity has, by including them in the corporate plan, identified the measures as being strategically important to measuring and assessing the performance of the entity in achieving its purposes.

4.22 The ANAO is further examining options to tier its audit approach to improve audit efficiency, including the nature and frequency of audit engagements. This could be informed by the

71 JCPAA Report 499, para 3.62.

72 *ibid.*, p. iii.

73 Australian National Audit Office, *ANAO Audit Manual – PSASG Specific*, ANAO, Canberra, July 2024, available from <https://www.anao.gov.au/work/audit-manual/psasg-specific> [accessed 20 January 2025].

performance reporting maturity of entities, and consideration of an entity's approach to addressing audit findings from prior year audits.⁷⁴

4.23 The ANAO will continue to work with the Performance Statements Expert Advisory Panel⁷⁵ to inform the future development of the audit methodology and ensure that it contributes to high quality performance information and reporting. The ANAO will also engage with stakeholders from within and outside the sector to gain advice on refining the audit methodology and to identify the kinds of information they find useful and valuable.

Connection to broader government performance initiatives

4.24 The current audit program connects the sector's processes to plan, prepare and report annual performance statements with a range of portfolio-wide and whole of Government policies and frameworks. The work of the audit program contributes to a key objective of the PGPA reforms — to establish a coherent system of governance and accountability across Commonwealth entities.⁷⁶

4.25 Figure 4.2 shows the context in which performance statements audits are undertaken and their role in promoting government policies and frameworks that guide entity operations. ANAO audits can complement and reinforce important government policies and frameworks, especially those designed to ensure the Australian Public Service (APS) serves the Government, Parliament and the Australian public more effectively and efficiently.⁷⁷

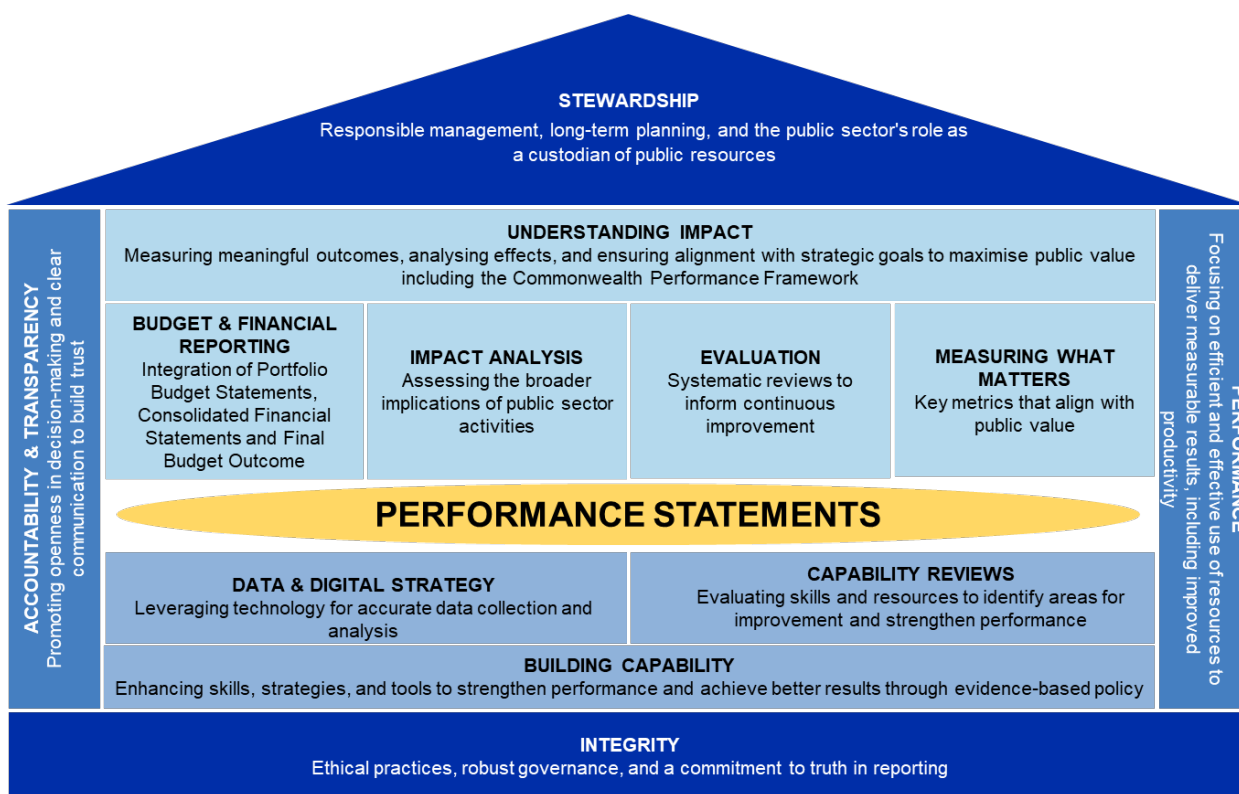
74 Revised Explanatory Memorandum, PGPA Bill 2013. Refer paragraph 61 which states that 'the Bill provides the foundations for a system of earned autonomy for Commonwealth entities.'

75 The Performance Statements Expert Advisory Panel (the Panel) was established in 2023 to provide strategic advice to the ANAO on the annual performance statements audit program to improve the quality and reliability of performance reporting in the Commonwealth. The Panel includes representatives from the Australian public and private sectors.

76 PGPA Bill 2013, Revised Explanatory Memorandum, p. 12.

77 The Department of the Prime Minister and Cabinet, *Our Public Service, Our Future - Independent Review of the Australian Public Service*, 2019, p. 16, available from <https://www.pmc.gov.au/sites/default/files/resource/download/independent-review-aps.pdf>.

Figure 4.2: Relationship of performance statements audits to government policies and frameworks



Source: ANAO.

A focus on integrity

4.26 Underpinning it all, the APS must live and breathe integrity. The APS needs to foster a culture in which people do not merely comply with rules and promote shared values, but ensure their combined actions result in a public service which is trustworthy.⁷⁸ As described in paragraph 4.19, a key aim of performance statements audits is to ensure that entities not only focus on complying with minimum legal requirements but also meet the spirit and intent of the Commonwealth Performance Framework. Appropriate and meaningful performance statements can help to provide the transparency and accountability necessary to demonstrate public service effectiveness and sound stewardship of public resources.

Alignment with capability-building initiatives

4.27 Performance statements audits, and the accompanying assessment of entity performance reporting maturity, consider important capability-building initiatives designed to ‘strengthen APS capability to address the needs of today and prepare for the future’.⁷⁹ Among other things, this means examining the outcomes and entity responses to findings from Capability reviews⁸⁰, such as action plans, and the implementation of key government strategies, such as the Data and Digital

78 *ibid.*, p. 22.

79 *ibid.*, p. 25.

80 Australian Public Service Commission, *Capability Review Program*, APSC, June 2021, available from <https://www.apsc.gov.au/initiatives-and-programs/workforce-information/research-analysis-and-publications/capability-review-program> [accessed 22 January 2025].

Government Strategy. The ANAO has been recommending the inclusion of performance measures related to policy development and advice, with a focus on the quality of policy advice⁸¹, noting this is a significant priority and function of the APS.⁸² The ANAO will also seek to leverage entity data maturity assessments, towards the goal of informing audit efficiency.

Emerging context for performance reporting and evaluation

4.28 Performance statements audits are informed by recent developments in Australia regarding the question of how well the Commonwealth and Commonwealth entities use public money. These developments aim to enhance the quality of information that public sector entities report, the explanations of how they deliver government policies, programs and services, and achieve outcomes for the Australian community. Some examples include:

- In July 2023, the Australian Government released a statement titled ‘Measuring What Matters: Australia’s First Wellbeing Framework’.⁸³
- On 1 July 2023, the Australian Centre for Evaluation was established within Treasury. The Government has indicated that the Centre will conduct evaluations, promote the Commonwealth Evaluation Policy work with entities to embed evaluation plans in New Policy Proposals, and collaborate with governments and experts in Australia and internationally.⁸⁴
- From 1 March 2023, a new Australian Government Guide to Policy Impact Analysis came into effect. The Office of Impact Analysis aims to ensure that major policy decisions are supported by sound evidence and analysis.⁸⁵

4.29 Performance statements have the potential to play a significant evaluative role, assisting entities as they build a robust evidence base, monitor progress against expectations, and strengthen data analytic capability. This in turn can improve the ability of entities to evaluate policies and programs. Performance statements audits can reinforce the impact analysis framework, providing traceability of proposals, and the ‘Measuring What Matters’ framework, noting that several entities report equivalent measures in their performance statements and for the purposes of ‘Measuring What Matters’.

81 Australian Public Service Academy, *A model for great policy advice*, APS Academy, 2021, available from <https://www.apsacademy.gov.au/resources/model-great-policy-advice#Explore%20more>

Department of Prime Minister and Cabinet NZ, *The Policy Project*, PM&C NZ, available from <https://www.dpmc.govt.nz/our-programmes/policy-project>.

The importance of basic policy skills to an entity’s performance is indicated in comments made by the Secretary of Health to the Institute of Public Administration Australia in March 2024. See Tom Burton, ‘Health chief invokes “AFR test” in proposal writing overhaul’, *Australian Financial Review*, 21 March 2024 [accessed 29 January 2025].

82 Ensuring the capability to develop high quality policy advice can be seen as an important component of stewardship, capturing the role the APS plays in serving all Australians — to protect and improve the lives of Australians, to make Australia better and to place the Australian people at the centre of everything it does. (refer — *Independent Review of the Australian Public Service*, 2019, p. 100.)

83 See The Treasury, ‘Measuring what matters’, available from <https://treasury.gov.au/policy-topics/measuring-what-matters> [accessed 31 January 2025].

84 The Hon. Dr Andrew Leigh MP, ‘Australian Centre for Evaluation’, media release, 25 May 2023.

85 See the Department of the Prime Minister and Cabinet, ‘Australian Government Guide to Policy Impact Analysis’, available from <https://oia.pmc.gov.au/resources/guidance-impact-analysis/australian-government-guide-policy-impact-analysis> [accessed 31 January 2025].

An integrated performance reporting system

4.30 A key objective of the Commonwealth Performance Framework is to establish an integrated performance reporting system to demonstrate to the Parliament, and the public, that public resources are being used efficiently and effectively by Australian Government entities.⁸⁶ This is achieved by requiring performance information to be presented clearly and consistently across reporting documents, through the Portfolio Budget Statements, corporate plans and annual performance statements, and across cycles.⁸⁷

4.31 The 2023–24 audits found that entities are seeking to better link their key planning and reporting documents — that is, their portfolio budget statements, corporate plan and annual performance statements. There remain opportunities for entities to better integrate financial and non-financial performance information in their performance statements as discussed below (paragraph 4.63).

The future direction of annual performance statements audits

4.32 Improvement in the quality of entity performance statements continues. However, performance information needs to be prepared and reported more systematically if it is to:

- promote a public sector performance and accountability system that is fit for the 21st century;
- properly serve external user needs, such as those of Parliament; and
- provide value to internal users, such as leaders and senior managers of Commonwealth entities, assisting them to improve public service productivity and effectiveness.

4.33 A specific challenge for the ANAO is to ensure that its audits influence entities to shift from a compliance approach, where entities focus on complying with minimum reporting requirements or meeting the minimum standard they think will satisfy the auditor⁸⁸, and little attention is given to its use for improving operational performance and the delivery of government policies, programs and services.

4.34 Performance statements audits have found that for many entities there is not a clear link between internal business plans and the entity’s corporate plan. Similarly, there is generally not alignment between the information used for day-to-day management and governance of an entity and the performance information presented in annual performance statements. Periodic monitoring of performance measures is also not an embedded practice in all Commonwealth entities. This could indicate that some entities are reporting measures in their performance statements that may not represent the highest value metrics for running the business or assessing entity performance.

86 Explanatory Memorandum, PGPA Bill 2013, 13 [85].

87 Department of Finance, *Guide to preparing the 2024–25 Portfolio Budget Statements*, Finance, March 2024, p. 37, available from <https://www.finance.gov.au/sites/default/files/2024-03/guide-to-preparing-the-2024-25-portfolio-budget-statements.pdf> [accessed 8 December 2024].

88 Auditor-General Report No. 13 2022-23, *Audits of Annual Performance Statements of Australian Government Entities 2021–22*, ANAO, Canberra, 9 February 2023, paragraph 4.41, available from <https://www.anao.gov.au/work/performance-statements-audit/audits-the-annual-performance-statements-australian-government-entities-2021-22> [accessed 22 January 2025].

4.35 Creating and using performance information within an entity is recognised as commonsense management practice. Consequently, there is a concern when entities indicate that the measures reported in their performance statements are not useful for internal management. While external information should not drive internal management and operations it should be a reflection of the management and performance of the entity. That is, external measures should be able to be translated into measures of what the entity must do internally to meet the performance expectations it has set in its corporate plan.

Further guidance to the sector

4.36 Financial statements are heavily prescribed by financial reporting standards in terms of their structure, composition, measurement and disclosure. By comparison, performance statements need to be customised to reflect the nature of the entity and are based on a principles-based statutory framework. Therefore, judgements need to be made about which information is most relevant and significant for reporting the achievement of the entity's purposes. This can create issues and challenges for both preparers and users of performance statements.

4.37 Working with entities, the ANAO has progressively sought to strengthen sector understanding of the Commonwealth Performance Framework and has been focused on helping entities to apply general principles and guidance to their own circumstances and on how entities can make incremental improvements and adjustments to their performance reporting over time. For example:

- in 2021–22, the ANAO gave prominence to ensuring entities understood and complied with the technical requirements of the PGPA Act and Rule;
- in 2022–23, audits increased their focus on supporting entities to establish policies to determine material information that the ANAO expected to be reported in performance statements and develop entity-wide performance frameworks; and
- in 2023–24, audits included an emphasis on the completeness of entity purposes, key activities and performance measures, and the issue of whether the performance statements present fairly the performance of the entity.

4.38 The ANAO expects to publish further Insights products to communicate lessons from performance statements audits. The content of these products will also consider feedback from entities about areas of specific interest in developing high quality performance information.

Appropriate and meaningful

4.39 For performance statements to achieve the goals of the PGPA Act, they must present performance information that is both appropriate (reliable, verifiable and aligned with an entity's intended goals) and also meaningful (providing useful insights). They also need to be accessible (readily available and understandable for decision makers).

4.40 For the 2024–25 audit program and beyond, the ANAO will continue to evolve its approach to assessing performance statements. This approach will encourage entities to not only focus on technical matters like selecting measures of outputs, efficiency and effectiveness, but to increasingly focus on how they can best tell their performance story. This could include analysis and narrative to support the reported results and providing forward looking insights in performance

statements to enable a reader to understand the impact of prospective development and challenges on performance, rather than just reporting on historical performance.

4.41 The Commonwealth Performance Framework provides flexibility for entities to develop performance statements that are easy to read, and reflective of the unique story of each entity. The 2023–24 audit program shows that entities have improved the clarity of their purposes and key activities and developed more robust performance measures. However, there has not always been commensurate progress on the quality of the supporting narrative and analysis.

4.42 If performance measures and targets are not properly selected, the relevance and usefulness of analysis for external accountability, management and business improvement will be undermined. For example, targets, when combined with historical and benchmark information, can give context to the anticipated achievement presented in a corporate plan and the result reported in the annual performance statements. Such an approach gives users information for judging the appropriateness of the entity’s targets.

4.43 For the 2024–25 audit program and beyond, the ANAO will encourage entities to not only focus on technical aspects like selecting measures of outputs, efficiency and effectiveness, but to increasingly focus on how they can best tell their performance story.

4.44 The following observation by the U.S. Securities and Exchange Commission in 1942 is pertinent for the performance statements audit program:

We think, however, that too much attention to the question whether the financial statements formally complied with principles, practice and conventions accepted at that time should not be permitted to blind us to the basic question whether the financial statements performed the function of enlightenment, which is their only reason for existence.⁸⁹

4.45 It is difficult to demonstrate effective stewardship of public resources without good performance reporting.⁹⁰ Without appropriate and meaningful performance information, it would be difficult to show that the entity is thinking beyond the short-term and is committed to long-term responsible management of public resources and the effective achievement of results to create long lasting impacts for citizens.

Linking financial and performance information

4.46 The ‘Independent Review into the operation of the PGPA Act’⁹¹ noted that there would be merit in better linking performance and financial results so that there is a clear line of sight between an entity’s strategies and performance and its financial results.

89 U.S. Securities and Exchange Commission, *In the Matter of Associated Gas and Electric Company*, 11 SEC 975, 1942, pp. 1058–1059.

90 ‘Stewardship is a practice of caring for something that we have been trusted to look after. Being a good steward means accepting responsibility for that care, and working to ensure the long-term integrity and sustainability of what has been entrusted to us.’

Australian Public Service Commission, *Stewardship guidance*, October 2024, available from <https://www.apsc.gov.au/working-aps/information-aps-employment/aps-values/stewardship-guidance> [accessed on 17 January 2025].

91 Elizabeth Alexander AM, David Thodey AO, *Independent Review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule*, September 2018, p. 38.

4.47 Improving links between financial and non-financial performance information is necessary for measuring and assessing public sector productivity⁹², noting that the treatment and measurement of public service productivity has long been known to raise difficult but important issues.

4.48 As a minimum, entities need to understand both the efficiency and effectiveness of how taxpayers' funds are used if they are to deliver sustainable, value-for-money programs and services. Where entities can demonstrate that more output is produced to the same quality by the same amount of taxpayers' money it may reflect improved productivity and innovation. There is currently limited reporting of efficiency (inputs over outputs) by entities and even less reporting of both efficiency and effectiveness for individual key activities.

4.49 A better linkage of financial and non-financial performance can provide a more comprehensive picture of an entity's overall health, strategy and long-term sustainability⁹³. By linking both types of information, entities can better anticipate risks and opportunities and identify areas to sustainably improve productivity and performance over the long-term.

4.50 Relevantly, the Explanatory Memorandum to the Bill for the PGPA Act provided the following context for the statutory reforms:

Taken together, the reforms will seek to deliver long lasting benefits, including (among other things):

- improved productivity and performance of the Commonwealth public sector with concomitant benefits for a broad range of stakeholders ...⁹⁴

4.51 The ANAO will seek to work with the Department of Finance and entities to identify opportunities for entities to better link their strategies and performance to their financial results.

Cross entity measures and reporting

4.52 One of the main difficulties in public sector reporting is the challenge of isolating the effects of a specific policy or program, especially when outcomes are influenced by many factors and entities. Public sector programs often operate within complex environments where multiple variables affect the results, making it hard to definitively attribute success or failure to a single action.

4.53 Audits are yet to see the systemic development of cross-sector indicators and analysis where it has been recognised that organisational performance is partly reliant on external factors and the actions of other agencies.

4.54 Although there are some emerging better practices⁹⁵, the ANAO's findings reveal that integrated reporting on cross-cutting initiatives could provide Parliament with a clearer, more unified view of performance on key cross entity priorities such as:

92 Independent Panel of the APS Review, *Our Service, Our Future. Independent Review of the Australian Public Service*, 20 September 2019, see for example p. 75.

93 PGPA Act 2013, paragraph 15(1)(c).

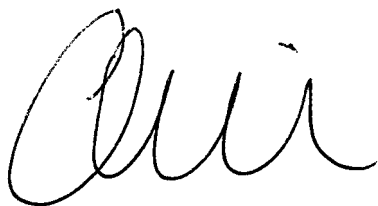
94 Explanatory Memorandum, PGPA Bill 2013, pp. 1–3.

95 The Finance Secretary's Direction (August 2022) requires that an entity's PBS must, for each outcome, report the programs of other entities that link to that outcome.

- Closing the Gap;
- women's safety;
- housing;
- whole-of-government national security initiatives; and
- cybersecurity.

4.55 Given the complexity and interconnected nature of many government programs, there is an opportunity for entities to refer to the reporting of outcomes by other entities when drafting their performance statements. Doing so enables users to properly understand how the work of the entity complements that done by other parts of government. It allows Commonwealth entities to demonstrate how they operate in a coordinated way to ensure that relevant programs work effectively together and not at cross-purposes.⁹⁶ In addition, external factors that contribute to an entity's outcomes and performance could be analysed and explained. Understanding both contribution and attribution is important for demonstrating transparency and accountability in public sector performance. It helps entities explain their role in delivering public value and informs the public about how policies and programs impact citizens.

4.56 As the ANAO's performance statements audit program continues to expand its coverage, there will be opportunities for the ANAO to consider the merit of a common measurement approach across entities with similar performance reporting contexts, such as providing policy advice and the processing of claims. A common basis for assessing these functions may enable the Parliament, the government and the public to compare entities' results and consider which approaches are working more effectively and why.



Dr Caralee McLiesh PSM
Auditor-General

Canberra ACT
10 February 2025

96 Catherine Althaus, Peter Bridgman & Glyn Davis, *The Australian policy handbook*, 1998, p. 143.

Appendices

Appendix 1 Entity snapshots: 2023–24 performance results and maturity assessments

1. The following snapshots provide an overview of the results for the 14 entities audited in 2023–24.
2. As discussed in para 2.13 above, audit findings are business or performance reporting risks. In the below snapshots, in some cases audit findings resulted in modifications where in others they did not. In the latter case, this indicates that a significant or moderate risk to the auditee’s business or performance reporting exists. However, the evidence obtained during the audit was sufficient to conclude that the performance statements did not contain a material misstatement.

Attorney-General’s Department (AGD)



Who are they and what is their purpose?

AGD delivers legal services, provides policy advice and oversees the provision of legal services to the Australian Government and its entities. AGD represents the Australian Government in constitutional and other disputes and assists in resolving and managing significant and sensitive legal matters. AGD also manages international dispute resolution on behalf of the Australian Government.

AGD’s purpose is to achieve a just and secure society through the maintenance and improvement of Australia’s law, justice, security and integrity frameworks.⁹⁷



What did they report?

Results by target

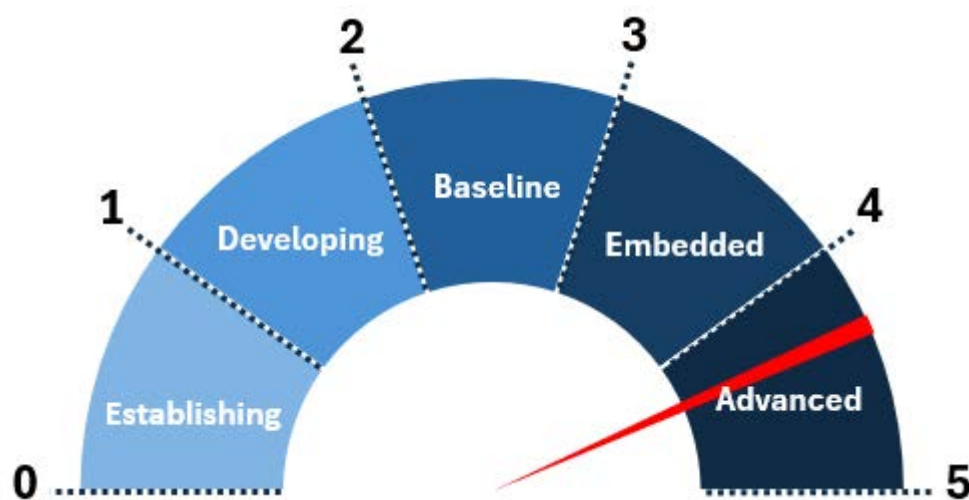


⁹⁷ Attorney General’s Department, *Corporate Plan 2024-25*, AGD, Canberra, 2024, https://www.ag.gov.au/sites/default/files/2024-08/attorney-generals-department_corporate-plan-2024-25.pdf [accessed 22 January 2025].

AGD's 2023–24 performance statements reported results against 21 targets across 14 performance measures.⁹⁸ The performance statements reported 15 of its 21 targets as 'Achieved' or 'Partially Achieved' and 6 targets were reported as 'Not Achieved'.



How mature is their approach to performance reporting?



AGD's overall maturity was assessed as 'Advanced'.

AGD's leadership and culture, along with its governance, capability and reporting were assessed as 'Advanced'. Its data and systems were assessed as 'Embedded'.

The ANAO identified that some improvements in AGD's record keeping to support performance measures could be implemented, including documented reconciliations of some data sources and more meaningful information in its reporting to explain how AGD contributed to the achievement of results.



What did we find?

The ANAO found that AGD's 2023–24 annual performance statements presented AGD's performance fairly in achieving its purpose for the year ended 30 June 2024.

No significant or moderate findings were raised or remained open for the year ended 30 June 2024.

⁹⁸ Attorney General's Department, *Annual Report 2023-24*, AGD, Canberra, 2024, <https://www.ag.gov.au/about-us/publications/attorney-generals-department-annual-report-2023-24> [accessed 22 January 2025].

Australian Taxation Office (ATO)



Who are they and what is their purpose?

The ATO is Australia's principal revenue collection entity within the Treasury portfolio that administers the Australia's tax system, significant aspects of Australia's superannuation system and business registry services, together with the provision of support to the Tax Practitioners Board and the Australian Charities and Not-for-profits Commission.⁹⁹

The ATO's purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax, superannuation and registry systems.



What did they report?



The ATO's 2023–24 performance statements reported results against 48 targets across 44 performance measures.¹⁰⁰ The performance statements reported 39 targets as being 'Achieved', 'Substantially Achieved' or 'Partially Achieved'.

There were 3 targets reported as 'Not Achieved.'

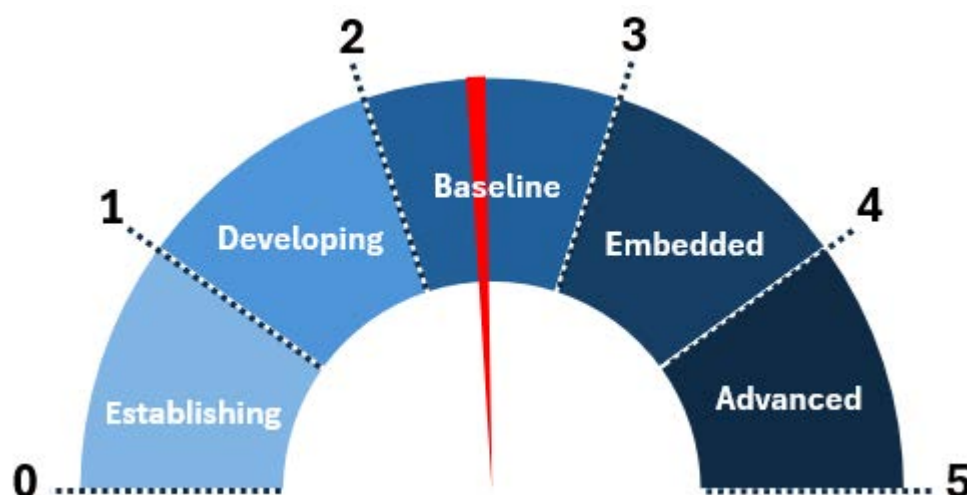
The ATO did not have a target or removed targets for 6 measures.

99 Australian Taxation Office, *Corporate Plan 2024-25*, ATO, Canberra, 2024, <https://www.ato.gov.au/about-ato/managing-the-tax-and-super-system/in-detail/corporate-plan-current-and-previous-years/australian-taxation-office-corporate-plan-2024-25> [accessed 22 January 2025].

100 Australian Taxation Office, *Annual Report 2023-24*, ATO Canberra, 2024, <https://www.transparency.gov.au/publications/treasury/australian-taxation-office/australian-taxation-office-annual-report-2023-24> [accessed 22 January 2025].



How mature is their approach to performance reporting?



ATO's overall maturity was assessed as 'Baseline'.

ATO's leadership and culture to prepare and report its performance is reasonably strong and is maturing. Its governance and capability were identified as 'Baseline' and the data and systems associated with its performance reporting is assessed as 'Developing'.

The ANAO identified that the ATO's methodology and associated process documents could provide greater detail around the data and systems used to produce performance results and the quality assurance processes used to confirm the accuracy and completeness of data.



What did we find?

The ANAO issued a modified audit report with a qualified conclusion for the audit of the 2023–24 annual performance statements for the ATO.

The basis for the qualified conclusion and significant/moderate findings were as follows:

Q	EoM	A	B	ANAO comments for the ATO
✓		✓		<p>Limitation of scope — insufficient assurance over performance reporting processes</p> <p>For five performance measures, the ANAO was unable to obtain sufficient appropriate evidence to determine whether reporting processes were complete and accurate. As a result, the ANAO was unable to conclude on whether the results for these measures present fairly the ATO's performance in the reporting period.</p>
✓		✓		<p>Limitation of scope — inappropriate link between reported results and targets</p> <p>For the four performance measures reporting on tax gaps, the ANAO was unable to obtain sufficient appropriate evidence of whether the dollar value of the tax gap reported represents good performance relative to the reported target. (The target was to 'Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available'.)</p>

Q	EoM	A	B	ANAO comments for the ATO
	✓			<p>Revised purpose, key activity and performance measures</p> <p>An Emphasis of Matter paragraph highlighted changes to purposes, key activities and performance measures occurring between the release of the 2023–24 Portfolio Budget Statements and Corporate Plan to the annual performance statements. The changes were to incorporate reporting on the functions of the Tax Practitioners Board and the Australian Charities and Not-for-Profits Commission, and removal of performance measures which the ATO had assessed as not compliant with the requirements of section 16EA of the PGPA Rule.</p>
			✓	<p>Measure targets do not enable effective performance reporting</p> <p>During the interim phase of the audit the ANAO identified instances in the ATO’s performance measures where results did not appear to be indicative of the ATO’s performance. As part of this finding, eight measures reported results that did not relate to the associated target. The result was a dollar value whereas the targets were ‘compliance with the law’ or, for the four tax gap measures, reducing the gap to ‘as low as practicable’.</p>
			✓	<p>Completeness of the ATO’s performance measures and targets</p> <p>The ANAO found significant responsibilities of the ATO with no performance measure or key activity defined. The ATO had not prepared a policy defining significant functions (including new or additional functions or programs transferred to the ATO) to enable a comprehensive top-down assessment.</p>
			✓	<p>Preparation of performance statements</p> <p>The ANAO found, among things, that the ATO needs to undertake further work to ensure appropriate alignment between some performance measures and their targets, and more effective documentation of quality assurance processes associated with the production of performance result.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Agriculture, Fisheries and Forestry (DAFF)



Who are they and what is their purpose?

DAFF is responsible for developing and implementing policies and initiatives to promote more sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries; and safeguarding Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from exotic pests and diseases.

DAFF's purpose is to safeguard and grow sustainable agriculture, fisheries and forestry for all Australians.¹⁰¹



What did they report?



DAFF's 2023–24 performance statements reported results against 23 targets across 23 performance measures.¹⁰² The performance statements reported 19 targets as being 'Achieved' or 'Partially Achieved'.

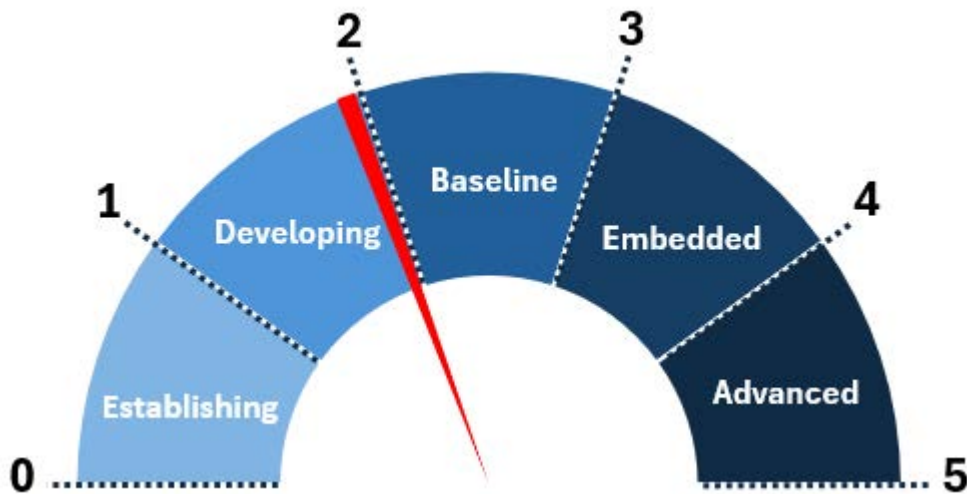
There were 3 performance measures reported as 'Not Achieved' and one that did not have a target set.

101 Department of Agriculture, Fisheries and Forestry, *Corporate Plan 2024-25*, DAFF, Canberra, 2024, <https://www.agriculture.gov.au/sites/default/files/documents/daff-corporate-plan-2024-25.pdf> [accessed 22 January 2025].

102 Department of Agriculture, Fisheries and Forestry, *Annual Report 2023-24*, DAFF, Canberra, 2024, <https://www.agriculture.gov.au/sites/default/files/documents/annual-report-2023-24.pdf> [accessed 22 January 2025].



How mature is their approach to performance reporting?



DAFF’s overall maturity was assessed as ‘Developing’.

The ANAO identified that work is needed to clarify roles and responsibilities, define processes for decision-making, and implement an entity-wide approach to performance reporting. In addition, some methodology documentation was incomplete, including information regarding roles and responsibilities, data sources and systems, end-to-end processes, or quality assurance processes.



What did we find?

The ANAO issued an unmodified audit report for the audit of the 2023–24 annual performance statements for DAFF. Two significant (A) findings and two moderate (B) findings were included in the closing letter provided to DAFF. The audit report also included two Emphasis of Matter paragraphs.

Q	EoM	A	B	ANAO comments for DAFF
		✓		Appropriateness of performance measures The ANAO identified that 9 performance measures, as presented in the performance statements, did not sufficiently comply with the requirements of the PGPA Act, primarily due to performance information not being reliable or verifiable.
		✓		Preparation of DAFF’s annual performance statements DAFF’s preparation processes included deficiencies that reduced the overall quality of the performance statements and that could compromise the quality of DAFF’s performance information. Issues included: a lack of quality assurance on draft statements and supporting evidence and role clarity, including for the central performance reporting team. This contributed to a siloed approach to developing measures and their reporting.

Q	EoM	A	B	ANAO comments for DAFF
	✓			<p>Alignment with Portfolio Budget Statements 2023–24</p> <p>An Emphasis of Matter paragraph drew the reader's attention to specific disclosures in the 2023–24 annual performance statements relating to changes to key activities and performance measures between the release of the 2023–24 Portfolio Budget Statements and the 2023–24 Corporate Plan.</p>
	✓			<p>Variation to performance information from the 2023–24 Corporate Plan</p> <p>An Emphasis of Matter paragraph drew the reader's attention to specific disclosures in the 2023-24 annual performance statements relating to variations to performance information from the 2023–24 corporate plan</p>
			✓	<p>Purposes and key activities assessment</p> <p>The ANAO found that DAFF needed to finalise and document an assessment of its purposes and key activities as a priority. This process needed to consider DAFF's: objectives, functions or roles, legislation it administers, appropriations, government priorities and directions, ministerial directives and statements of expectations, and public interest.</p>
			✓	<p>Record keeping and quality assurance processes</p> <p>The ANAO found, among matters, that DAFF needed to:</p> <ul style="list-style-type: none"> • review and enforce its record keeping policy; • provide training/guidance for staff about what quality assurance means in practice and how to document and operationalise processes for each performance measure; and, • outline clear roles and responsibilities for staff in relation to compiling and maintaining records, and implementing and reviewing quality assurance processes, and the standard required.

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Education (DoE)



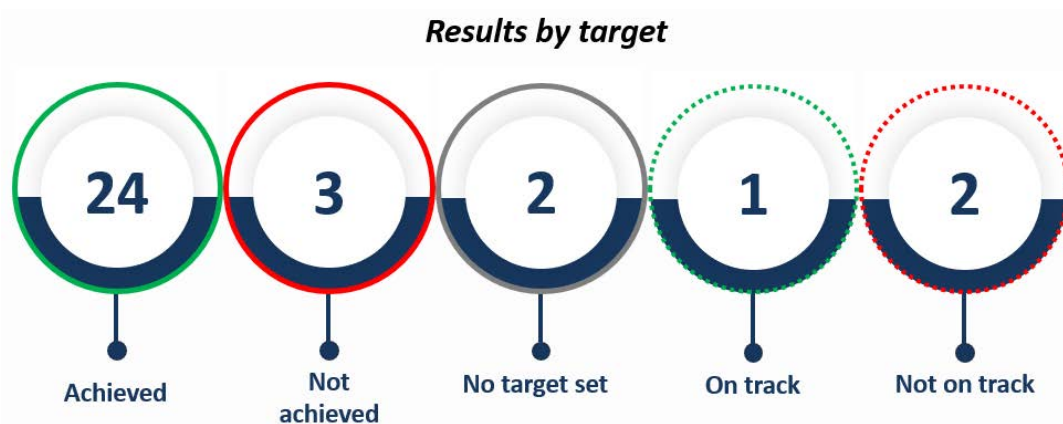
Who are they and what is their purpose?

DoE provides strategic direction and national leadership of Australia's education system, advises the Australian Government on education and stewards the government's vision for reforming Australia's education system.

DoE's purpose is to create a better future for all Australians through education.¹⁰³



What did they report?



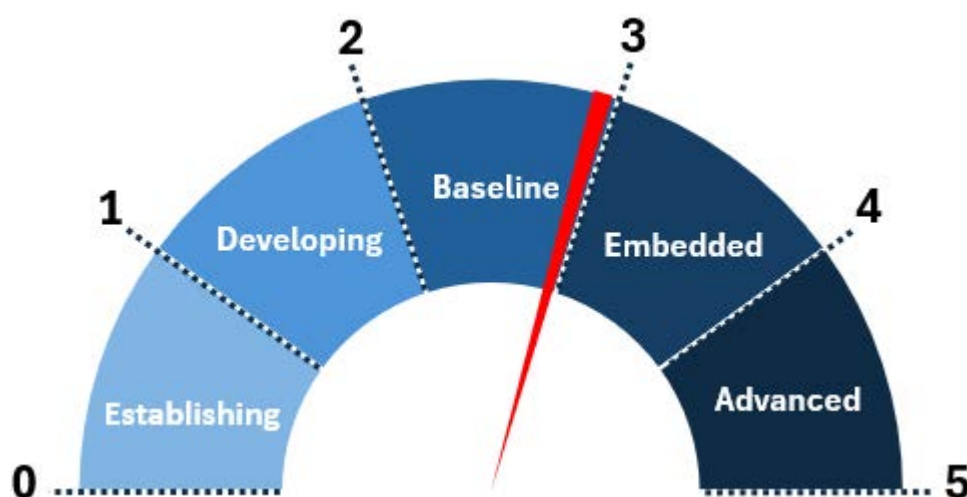
DoE's 2023–24 annual performance statements reported results against 32 targets across 27 performance measures.¹⁰⁴ The performance statements reported 24 targets as 'Achieved' and 3 targets as 'Not Achieved'. No result was reported for 2 targets in 2023–24 as the associated measures are establishing a new basis for future reporting cycles. One target was reported as 'On track' to be achieved against future year targets, and one target was reported 'Not on track' to meet future year targets.

103 Department of Education, *Corporate Plan 2024-25*, DoE, Canberra, 2024 <https://www.education.gov.au/about-department/resources/202425-corporate-plan-department-education> [accessed 28 January 2025].

104 Department of Education, *Annual Report 2023-24*, DoE, Canberra, 2024, <https://www.education.gov.au/about-department/resources/department-education-202324-annual-report> [accessed 22 January 2025].



How mature is their approach to performance reporting?



DoE's overall maturity was assessed as 'Baseline'.

DoE has established processes in place with senior executives meeting regularly to discuss performance reporting. The Audit and Risk Committee has a Performance Reporting Sub-Committee that provides assurance over performance reporting. DoE has in place a preparation plan to support the annual performance statements process and this includes assurance sign-offs by senior officers.



What did we find?

The ANAO issued an unmodified audit report for the audit of the 2023–24 annual performance statements for the DoE.

The ANAO issued two significant (A) findings and one moderate (B) finding in its closing letter to DoE.

Q	EoM	A	B	ANAO comments for DoE
		✓		<p>Incomplete reporting of performance information</p> <p>The National Collaborative Research Infrastructure Strategy (NCRIS) program provides investment in national research infrastructure (NRI) through the form of grants for projects that will meet Australia's research infrastructure needs. The ANAO considers NCRIS to be a significant program in the context of the department's performance statements.</p> <p>DoE considers that performance measure 19 (PM019) — the proportion of research publications in Australia that are among the world's top 10% most highly cited journals — is sufficient and appropriate to cover Program 2.6. The ANAO assessed that DoE was not able to demonstrate that the population used to determine the result for PM019 included facilities or projects funded by the department's NCRIS program.</p>

Q	EoM	A	B	ANAO comments for DoE
		✓		<p>Appropriateness of performance information</p> <p>The performance information for 4 of DoE's key activities and programs was considered to be aggregated to such an extent that it may not enable appropriate reporting against the key activities or programs.</p> <p>The key activities and programs, as reported in the 2023–24 PBS, were:</p> <ul style="list-style-type: none"> Provide consistent, transparent and needs-based funding to government schools — Program 1.3 Government Schools National Support Provide consistent, transparent and needs-based funding to non-government schools — Program 1.4 Non-Government Schools National Support Provide support for a range of curriculum, assessment, teaching and wellbeing programs — Program 1.5 Early Learning and Schools Support Provide national leadership and work with states on national policy reform — Program 1.5 Early Learning and Schools Support
			✓	<p>Design and construct of performance measures</p> <p>The ANAO had moderate findings on the design and construct of two measures. For example:</p> <ul style="list-style-type: none"> One performance measure did not consider whether the desired outcomes of the Community Child Care Fund (CCCF) and the Inclusion Support Program (ISP) programs are achieved; and Another measure did not report on whether the Additional Child Care Support (ACCS) program is being provided to the children who need this the most

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Foreign Affairs and Trade (DFAT)



Who are they and what is their purpose?

DFAT leads the government's engagement with the world, building relationships to ensure a coherent, consistent and collaborative whole-of-government approach to the conduct of Australia's international relations. DFAT, in partnership with state and territory governments, businesses and the wider community, will pursue the government's objectives, through excellence in public policy, program and service delivery, and constructive relationships with international partners.¹⁰⁵

DFAT's purpose is to make Australia stronger, safer and more prosperous, to provide timely and responsive consular and passport services, and ensure a secure Australian Government presence overseas.



What did they report?



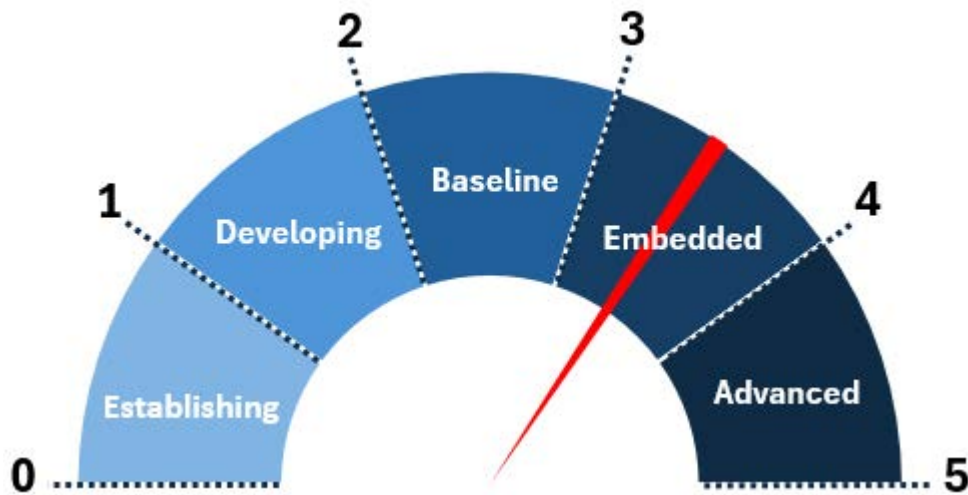
DFAT's 2023–24 performance statements reported results against 18 targets across 13 performance measures.¹⁰⁶ The performance statements reported 15 of its 18 targets as 'Achieved', 'Substantially Achieved' or 'Partially Achieved' and 3 results were reported as 'Not Achieved'.

105 Department of Foreign Affairs and Trade, *Corporate Plan 2024-25 (November)*, DFAT, Canberra, 2024, <https://www.dfat.gov.au/sites/default/files/dfat-corporate-plan-2024-25.pdf> [accessed 28 January 2025].

106 Department of Foreign Affairs and Trade, *Annual Report 2023-24*, DFAT, Canberra, 2024, <https://www.transparency.gov.au/publications/foreign-affairs-and-trade/department-of-foreign-affairs-and-trade/department-of-foreign-affairs-and-trade-annual-report-2023-24>, [accessed 22 January 2025].



How mature is their approach to performance reporting?



DFAT's overall maturity was assessed as 'Embedded'.

Key areas that improved, as identified by the ANAO, include establishing an enterprise-wide performance reporting framework as well as mitigating a high reliance on ageing systems and high turnover in the performance reporting team.



What did we find?

The ANAO found that DFAT's 2023–24 annual performance statements presented DFAT's performance fairly in achieving its purpose for the year ended 30 June 2024.

No significant findings were raised or remained open for the year ended 30 June 2024.

Two moderate findings remained open, as follows:

Q	EoM	A	B	ANAO comments for DFAT
			✓	<p>Design of passport measures — Australian passports are processed efficiently</p> <p>The ANAO found that DFAT had not implemented two recommendations regarding passports that had been made in Auditor-General Report No.13 2023–24 <i>Efficiency of the Australian Passport Office</i>. That audit had found that delivery of passport services has not been efficient and recommended that DFAT:</p> <p>improve its performance measures to include an explicit focus on the time it takes from an applicant perspective from the lodgement of an application through to the receipt or collection of a passport</p> <p>and that DFAT</p> <p>establish and report on performance measures that address the efficiency with which it uses resources in processing passport applications.</p>

Q	EoM	A	B	ANAO comments for DFAT
			✓	<p>Lack of clear targets and a clear methodology for case study measures (Performance Measures 1 and 4)</p> <p>The ANAO found that DFAT needed to finalise the development of its case study methodology as soon as possible to address potential issues that may emerge before year-end, enabling DFAT to report at year-end based on a detailed methodology with clear data sources and assurance processes.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Health and Aged Care (DoHAC)



Who are they and what is their purpose?

DoHAC implements the Government's priorities to deliver better health and wellbeing for all Australians, now and for future generations. Through evidence-based policy, well targeted programs, and best practice regulation, the Department supports the Government and provides stewardship to shape Australia's health and aged care system as well as delivering sporting outcomes.

DoHAC's purpose is, with its partners, to support the Government to lead and shape Australia's health and aged care system and sporting outcomes through evidence-based policy, well targeted programs and best practice regulation.¹⁰⁷



What did they report?



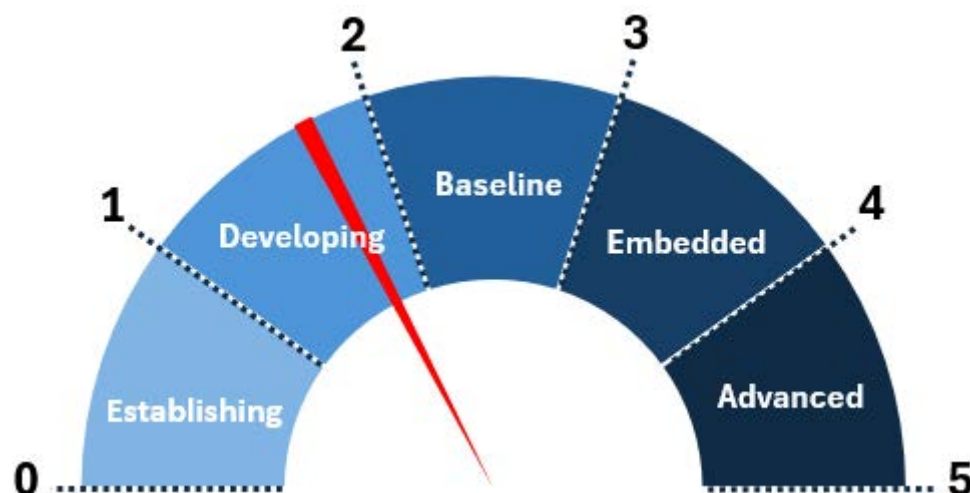
DoHAC's 2023–24 performance statements reported results against 34 targets across 34 performance measures.¹⁰⁸ The performance statements reported 20 targets as being 'Achieved' or 'Substantially Achieved'. There were 12 targets reported as 'Not Achieved' and an additional two targets with insufficient data to determine a result.

107 Department of Health and Aged Care, *Corporate Plan 2024-25*, DoHAC, Canberra, 2024, <https://www.health.gov.au/sites/default/files/2024-09/corporate-plan-2024-25.pdf> [accessed 28 January 2025].

108 Department of Health and Aged Care, *Annual Report 2023-24*, DoHAC, Canberra, 2024, <https://www.health.gov.au/resources/publications/department-of-health-and-aged-care-annual-report-2023-24?language=en> [accessed 22 January 2025].



How mature is their approach to performance reporting?



DoHAC's overall maturity was assessed as 'Developing'.

A number of DoHAC's performance measures are heavily reliant on large and complex data sets including information received from third parties. In many cases, it was unclear whether DoHAC assessed the data received from third parties to confirm it was fit for purpose and accurate.

Areas for further improvement include:

- development and implementation of an Annual Performance Statement preparation plan which details procedures, timeframes and responsibilities to allow timely completion of the APS;
- completion of a top-down materiality analysis against purpose and key activities to demonstrate and clarify how measures are material to the achievement of DoHAC's purpose;
- refinement of methodology documents in alignment with corporate plan development to ensure that performance measures are clearly defined, supported by appropriate data sources and have an agreed calculation methodology; and
- strengthening processes to assure that data received from third parties is fit for purpose and accurate.



What did we find?

The ANAO issued a modified audit report with a qualified conclusion for the audit of the 2023–24 annual performance statements for DoHAC.

The basis for the qualified conclusion and significant/moderate findings were as follows:

Q	EoM	A	B	ANAO comments for DoHAC
✓				<p>Completeness of performance information (Aged Care Services)</p> <p>The annual performance statements did not include sufficient performance information about Outcome 3 'Ageing and Aged Care' The performance information reported against programs 3.2 and 3.3 was not considered a complete representation of all key functions of the programs. In addition, the ANAO was unable to determine if the results of a number of performance measures were accurately reported as the data was provided by external parties and had not been assured by DoHAC.</p>
✓				<p>Completeness of performance information (Mental Health)</p> <p>The performance statements do not include sufficient performance information about Program 1.2 'Mental Health'. The audit was unable to determine if the results of a number of performance measures were accurately reported as they rely on data provided by external parties. The Department did not appear to verify the underlying data provided by these third parties.</p>
✓				<p>Completeness of performance information (First Nations Health)</p> <p>The annual performance statements do not include sufficient performance information about Program 1.3 'First Nations Health'. While the performance measure provided some information on funding directed to Aboriginal and Torres Strait Islander Community Controlled Organisations, the Department has not sufficiently explained how providing funding to these organisations fully addresses the related key activities such as progress to achieving targets described in the National Agreement to Closing the Gap.</p>
✓				<p>Completeness of performance information (Health Benefit Compliance)</p> <p>The performance statements did not include sufficient performance information about Program 2.6 'Health Benefit Compliance'. The reporting of this measure and supporting analysis does not provide information about the action taken against non-compliant providers or the effectiveness of this program in reducing health benefit non-compliance.</p>
	✓			<p>Quality assurance</p> <p>The auditor's report drew attention to the quality assurance procedures disclosed in the annual performance statements. This highlighted important limitations in the quality assurance procedures performed and measure results where data was not available. These disclosures are considered to be fundamental to a user's the understanding of the performance statements.</p>
		✓		<p>Completeness of key activities and performance measures</p> <p>The key activities (and measures) presented in DoHAC's 2023–24 Corporate Plan were found to be incomplete.</p>
		✓		<p>Appropriateness of individual performance measures</p> <p>The ANAO assessed that 26 of the Department's 34 performance measures were not reliable or verifiable in the annual performance statements.</p>
		✓		<p>Annual performance statements preparation processes</p> <p>DoHAC needs to improve the key governance documents it uses to generate its performance reporting. The documentation used to record each measures details limits DoHAC's ability to report reliably.</p>

Q	EoM	A	B	ANAO comments for DoHAC
			✓	<p>Data availability for inclusion in the annual performance statements</p> <p>The ANAO recommended that DoHAC only include measures it will be able to report performance against in the corporate plan. If DoHAC is unable to report against measures, then consider appropriate alternative reporting arrangements including the use of prior year data and different performance measures.</p>
			✓	<p>Annual performance statements preparation processes — preparation plan</p> <p>DoHAC needed to develop and implement an annual performance statements (APS) preparation plan that included responsibilities to allow the timely completion of the APS in compliance with the PGPA Rule (including lessons learnt from the prior years).</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Home Affairs (Home Affairs)



Who are they and what is their purpose?

Home Affairs is responsible for coordination and strategic policy leadership in relation to cyber and critical infrastructure resilience and security, counter-terrorism and the protection of our sovereignty. Home Affairs also regulates Australia's borders and facilitates legitimate trade and travel and contributes to Australia's prosperity and unity through the management and delivery of the migration, humanitarian and refugee programs. Home Affairs also promotes community cohesion through cross-cutting policy, multicultural programs, providing settlement services and managing and conferring citizenship.

Home Affairs' purpose is to help build a prosperous, secure and united Australia.¹⁰⁹



What did they report?



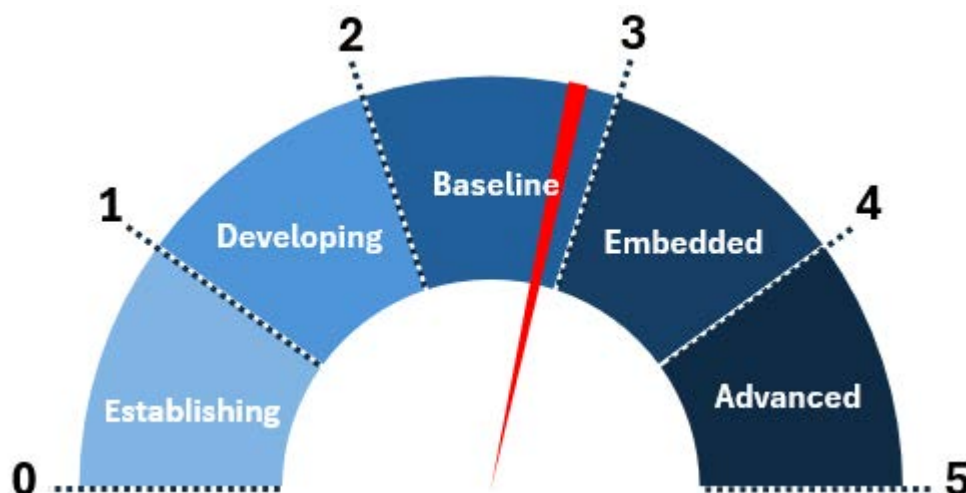
Home Affairs' 2023–24 performance statements reported results against 38 targets across 9 of performance measures.¹¹⁰ The performance statements reported 29 targets as being 'Met' or 'Substantially Met'. There were 8 targets reported as 'Not Met' and 1 target with insufficient data to determine a result.

109 Department of Home Affairs, *Corporate Plan 2024-25*, Home Affairs, Canberra, 2024, <https://www.homeaffairs.gov.au/commitments/files/corporate-plan-2024-25.pdf> [accessed 28 January 2025].

110 Department of Home Affairs, *Annual Report 2023-24*, Home Affairs, Canberra, 2024, <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2023-24.pdf> [accessed 22 January 2025].



How mature is their approach to performance reporting?



Home Affairs' overall maturity was assessed as 'Baseline'.

The Secretary of Home Affairs and the department's Senior Executives have indicated their commitment to the quality of performance information through their engagement with the audit process. Home Affairs' business areas were also engaged positively with the audit process.

Home Affairs' data and systems used for performance reporting was assessed as 'Developing'. The completeness and accuracy of results for a number of measures in 2023–24 was affected by weak corporate and business unit area controls over data management processes. There is a need for the department to consider how business areas can be supported to implement enterprise data governance policies and processes.



What did we find?

The ANAO issued a modified audit report with a qualified conclusion for the audit of the 2023–24 annual performance statements for Home Affairs.

The basis for the qualified conclusion and significant/moderate findings were as follows:

Q	EoM	A	B	ANAO comments for Home Affairs
✓		✓		<p>Omission of material performance information</p> <p>Home Affairs' performance statements did not include performance information relating to the Adult Migrant English Program (AMEP) (Purpose 2); or the management of regional processing arrangements (offshore detention) (Purpose 3). As a result, the performance information reported against Purposes 2 and 3 is not complete and does not enable a user of the performance statements to assess Home Affairs' performance in achieving its purposes.</p>

Q	EoM	A	B	ANAO comments for Home Affairs
✓		✓		<p>Unable to obtain sufficient and appropriate audit evidence</p> <p>For the performance targets relating to transport security capacity (2), counter violent extremism training (13), the Humanitarian Settlement Program (23), Settlement Engagement and Transition Support clients (24), Australian Cultural Orientation courses (25), average clearance times for travellers (31), physical examination of air and sea cargo (37) and air traveller intervention (38), the ANAO was unable to obtain sufficient and appropriate audit evidence to determine whether the reported results were accurate.</p>
	✓	✓		<p>Performance rating threshold</p> <p>The measure on the design and delivery of humanitarian, settlement and resettlement programs and the target of attendance at Australian Cultural Orientation courses (target 25). Home Affairs provided a report of 'met' as the attendance rate for invited clients to courses was 89.04 per cent, which is only 0.96 per cent below the target of 90 per cent. The Emphasis of Matter draws attention to Home Affairs 'disclosure, earlier in the statements, that a target is met when the reported result is 97.5 per cent or higher than the published target.</p>
	✓	✓		<p>Unable to report performance result</p> <p>The measure on countering foreign interference and the target of Australian universities reporting under the Guidelines to Counter Foreign Interference in the Australian University Sector. Home Affairs disclosed that the target was: 'unable to be determined, as the predetermined methodology could not be reported against. The survey results obtained from Education also do not demonstrate implementation of all elements of the Guidelines'.</p>
		✓		<p>Lack of appropriate data governance to enable accurate and complete reporting</p> <p>Home Affairs lacked appropriate processes to ensure that the data it generated and used for performance reporting was accurate and complete.</p>
		✓		<p>Deficiencies in the design and execution of survey processes</p> <p>Targets relating to transport security capacity (2) and counter violent extremism training (13) have been assessed as not reliable and not verifiable given deficiencies in the design of the survey methodology. Further, these targets did not sufficiently mitigate against the risk that reported results are affected by bias.</p>
			✓	<p>Unbiased basis for assessment — selective use of data</p> <p>The ANAO found that, when designing targets, Home Affairs should consider the scope and limits of its roles and responsibilities and ensure that reporting accurately states outcomes than can be attributed to it.</p>
			✓	<p>Adherence to the clear read principle</p> <p>The ANAO found that Home Affairs needed to explain any changes to its targets, methods or the intended presentation of prior year results. This included 2022–23 performance results used as the basis for comparison reflect the methodology adopted for 2023–24, so that the same methodology is applied in calculating the two years of results.</p>
			✓	<p>Preparation of performance statements</p> <p>The ANAO found that Home Affairs needed to consider further opportunities to educate and support business areas to establish and maintain good record keeping practices and fit-for-purpose systems, as part of its efforts to foster a performance culture.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Industry, Science and Resources (DISR)



Who are they and what is their purpose?

DISR's purpose is to build a better future for all Australians through enabling a productive, resilient and sustainable economy, enriched by science and technology.

This is achieved by:

- Growing innovative and competitive businesses, industries and regions through building and supporting a flexible and resilient economy for Australia that identifies and adapts to new markets and emerging opportunities;
- Investing in science and technology that are key to economic growth and underpin the competitiveness of businesses and adaptability of society; and
- Supporting a strong resources sector to promote sustainability and attracts private sector investment, encourages the use of innovative technologies and meets community expectations.¹¹¹



What did they report?



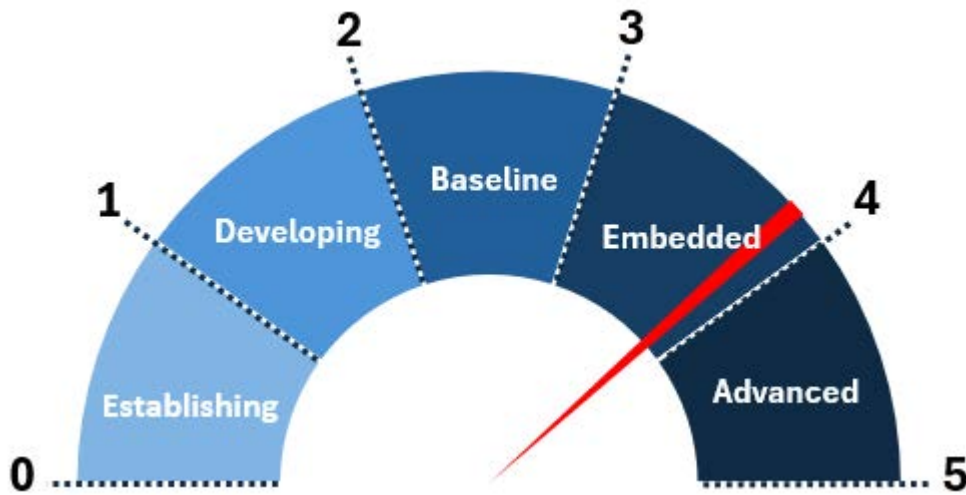
DISR's 2023–24 performance statements reported results against 18 targets across 18 performance measures.¹¹² The performance statements reported 17 targets were 'Met' or 'Partially Met'. There was one target reported as 'Not Met'.

111 Department of Industry, Science and Resources, *Corporate Plan 2024-28*, DISR, Canberra, 2024, <https://www.industry.gov.au/publications/corporate-plan-2024-28> [accessed 28 January 2025].

112 Department of Industry, Science and Resources, *Annual Report 2023-24*, DISR, Canberra, 2024, <https://www.transparency.gov.au/publications/industry-science-and-resources/department-of-industry-science-and-resources/department-of-industry-science-and-resources-annual-report-2023-24> [accessed 22 January 2025].



How mature is their approach to performance reporting?



DISR's overall maturity was assessed as 'Embedded'.

The ANAO identified that key areas requiring improvement include establishing an enterprise-wide performance reporting framework as well as improving documentation regarding data to support results reported.



What did we find?

The ANAO found that DISR's 2023–24 annual performance statements presented DISR's performance fairly in achieving its purpose for the year ended 30 June 2024.

The ANAO did not raise any significant findings on the audit and raised four moderate findings, as follows:

Q	EoM	A	B	ANAO comments for DISR
			✓	<p>Record keeping supporting performance measure methodology and result calculation</p> <p>The ANAO found that DISR needed to review and set minimum standards of record keeping practices across all relevant program areas ensuring sufficient quality assurance is undertaken prior to provision of data for audit.</p>
			✓	<p>IT process issues</p> <p>The ANAO found that DISR needed to consider using a fixed Australian time zone for the system used for managing R&D Tax Incentive applications used for managing R&D Tax Incentive applications, to ensure no processing points are attributed to the incorrect business day, and that DISR should modify its report for calculating two performance measures (to include the relevant populations and to correctly calculate assessment timeframes for all case types, respectively).</p>

Q	EoM	A	B	ANAO comments for DISR
			✓	<p>Performance measure 17: National Measurement Institute (NMI) Engagement with Traders — ineffective implementation and data quality issues</p> <p>The NMI, within DISR, needed to use adequate risk assessments in selecting initial trader audits and that any data quality issues identified in are monitored, actioned and followed up.</p>
			✓	<p>Performance measure 3: Business Grants Hub (BGH) — bias in the current performance measure and omission of an efficiency performance measure</p> <p>DISR needed to implement changes to address the bias in the performance measure and introduce an efficiency performance measure.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA)



Who are they and what is their purpose?

DITRDCA is responsible for improving infrastructure across Australia through funding coordination of transport and other infrastructure; providing an efficient, sustainable, competitive and safe transport system for all transport users; strengthening the sustainability, capacity and diversity of regional economies; providing advice on population policy; implementing the national policy on cities; and promoting an innovative and competitive communications sector. DITRDCA also promotes participation in and access to Australia's arts and culture through developing and supporting cultural expression, and it supports governance arrangements in the Australian territories.



What did they report?

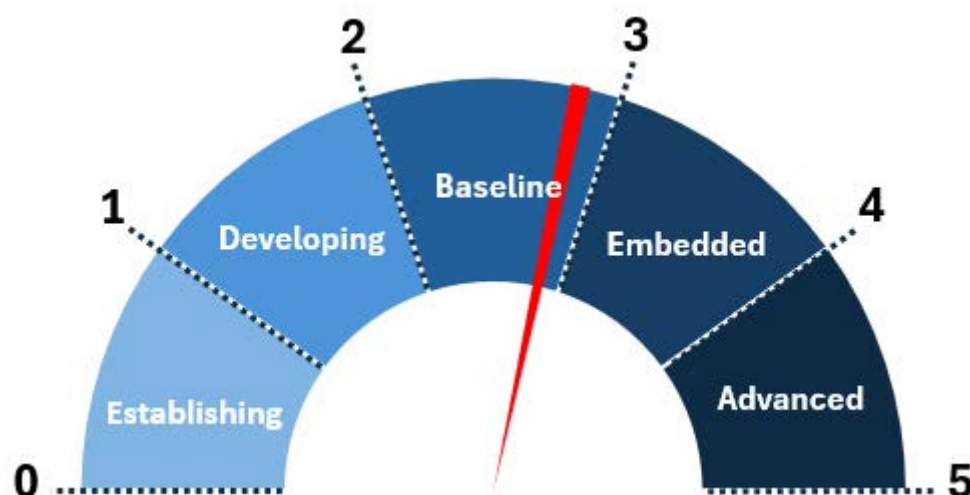


DITRDCA's 2023–24 performance statements reported results against 34 targets across 34 performance measures.¹¹³ The performance statements reported 31 targets as being 'Met', 'Substantially Met' or 'Partially Met'. There was one performance measure reported as 'Not Met' and an additional 2 performance measures that did not have a defined target, but did report performance results.

113 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Annual Report 2023-24*, DITRDCA, Canberra, 2024, <https://www.infrastructure.gov.au/sites/default/files/documents/2023-24-annual-report-for-the-australian-government-department-of-infrastructure-transport-regional-development-communications-and-arts.pdf> [accessed 22 January 2025].



How mature is their approach to performance reporting?



DITRDCA's overall maturity was assessed as 'Baseline'.

Over the 2 years that DITRDCA's performance statements have been audited, DITRDCA has improved its approach to performance reporting. DITRDCA's maturity increased across all 5 metrics used by the ANAO between the conclusions of the 2022–23 and 2023–24 audits.

DITRDCA has the most room for further improvement in the area of data and systems, with weaknesses observed in DITRDCA's documentation of methodologies and data sources, and performance reporting predominantly relying on highly manual processes.



What did we find?

The ANAO found that DITRDCA's 2023–24 annual performance statements fairly presented DITRDCA's performance in achieving its purpose for the year ended 30 June 2024.

The ANAO included an Emphasis of Matter in the auditor's report. The ANAO did not raise any significant findings raised one moderate finding.

Q	EoM	A	B	ANAO comments for DITRDCA
	✓			<p>Changes to performance measures</p> <p>An Emphasis of Matter paragraph drew the reader's attention to DITRDCA's disclosure of changes to the performance measures since publication of the 2023–24 Corporate Plan. DITRDCA made changes to 25 performance measures, including measure descriptions, targets, and methodologies.</p>

Q	EoM	A	B	ANAO comments for DITRDCA
			✓	<p>Omission of performance information</p> <p>DITRDCA could expand on its performance reporting to provide more meaningful and useful information to users of the statements, particularly where an Outcome involving services and other outputs provided to the community is measured only by quality of policy advice or where high-value programs in DITRDCA's PBS does not have performance measures.</p> <p>However, DITRDCA improved the completeness of its performance reporting since 2022–23 as it was able to report performance measure results for all Outcomes and provided further information to the reader through the use of performance 'spotlights'. Also, new measures in the 2024–25 Corporate Plan further address the completeness of DITRDCA's reporting.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of Social Services (DSS)



Who are they and what is their purpose?

DSS works in partnership with government and non-government organisations and communities to ensure the effective development, management and delivery of payments, evidence-based policies, programs and services to support individuals and families.

DSS' purpose is to improve the economic and social wellbeing of individuals, families and vulnerable members of Australian communities.¹¹⁴



What did they report?



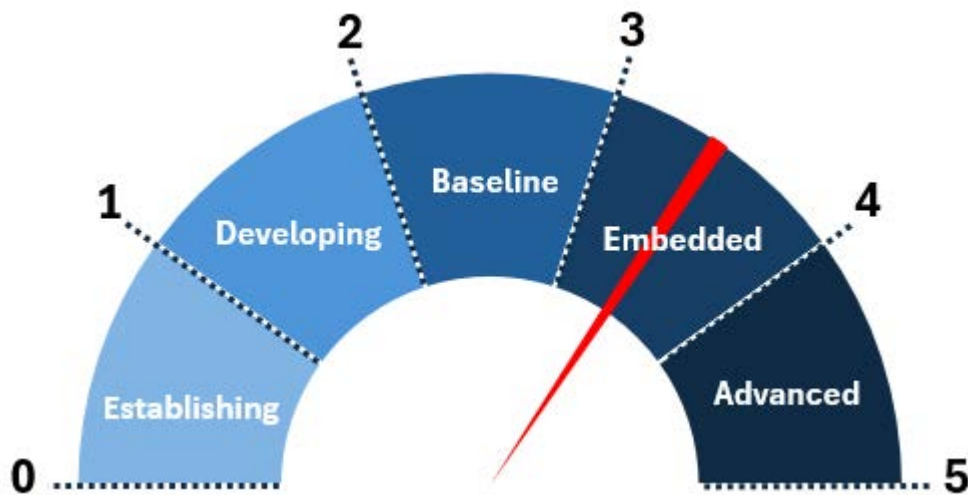
DSS's 2023–24 performance statements reported results against 33 targets across 33 performance measures.¹¹⁵ The performance statements reported 21 targets as being 'Met', or 'Partially Met'. There were 10 targets reported as 'Not Met' and an additional 2 targets remain ongoing.

114 Department of Social Services, *Corporate Plan 2024-25*, DSS, Canberra, 2024, <https://www.dss.gov.au/system/files/resources/department-social-services-2024-25-corporate-plan.pdf> [accessed 28 January 2025].

115 Department of Social Services, *Annual Report 2023-24*, DSS, Canberra, 2024, <https://www.transparency.gov.au/publications/social-services/department-of-social-services/department-of-social-services-2023-24-annual-report> [accessed 22 January 2025].



How mature is their approach to performance reporting?



The overall maturity of DSS was assessed as 'Embedded'.

DSS is maturing in its approach to performance reporting. Its commitment to improving the basis for its performance reporting is evident from:

- the resolution of all 2022–23 audit findings;
- its leadership in defining the role of Chief Data Officers as it relates to annual reporting and in performance reporting Communities of Practice; and
- DSS's ongoing work to develop Program Logic Maps and Performance Measurement Frameworks for all programs that report in the annual performance statements.

DSS has clearly defined processes and roles for performance reporting. The department has in place adequate arrangements to manage risks relating to third party data.



What did we find?

The ANAO issued an unmodified audit report for the audit of the 2023–24 annual performance statements for DSS.

The ANAO issued 2 significant (A) findings in its closing letter which were also the basis for 2 Emphasis of Matter paragraphs in the auditor's report.

Q	EoM	A	B	ANAO comments for DSS
	✓	✓		<p>Escaping Violence Payment target of the Women’s Safety performance measure</p> <p>DSS was not able to obtain assurance over the result for the Escaping Violence Payment component of the Women’s Safety measure. DSS disclosed in the performance statements that there were known issues with data integrity affecting the first 6 months of data and DSS was yet to gain assurance over the operation of the national case management system. As a result, it was not possible to assess if the Escaping Violence Payment is effectively achieving its intended purpose.</p>
	✓	✓		<p>Our Watch target of the Women’s Safety performance measure</p> <p>DSS was not able to gain assurance over the completeness and accuracy of the result for the Our Watch component of the Women’s Safety measure. The ANAO found that the rationale for selection of Our Watch events was not clear, the sample size was limited, and the number of participants for the events could not be verified. As a result, the performance of the Our Watch program is not clear, including if it is achieving its intended purpose and delivering value for money. DSS disclosed in the performance statements that limited sampling was undertaken in support of the Our Watch component of the Women’s Safety measure.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Department of the Treasury (Treasury)



Who are they and what is their purpose?

Treasury is the Government's lead economic adviser. Treasury anticipates and analyses policy issues with a whole-of-economy perspective, understands government and stakeholder circumstances, and responds rapidly to changing events and directions.

Treasury's purpose is to provide advice to the government and implement policies and programs to achieve strong and sustainable economic and fiscal outcomes for Australians.¹¹⁶



What did they report?

Results by target



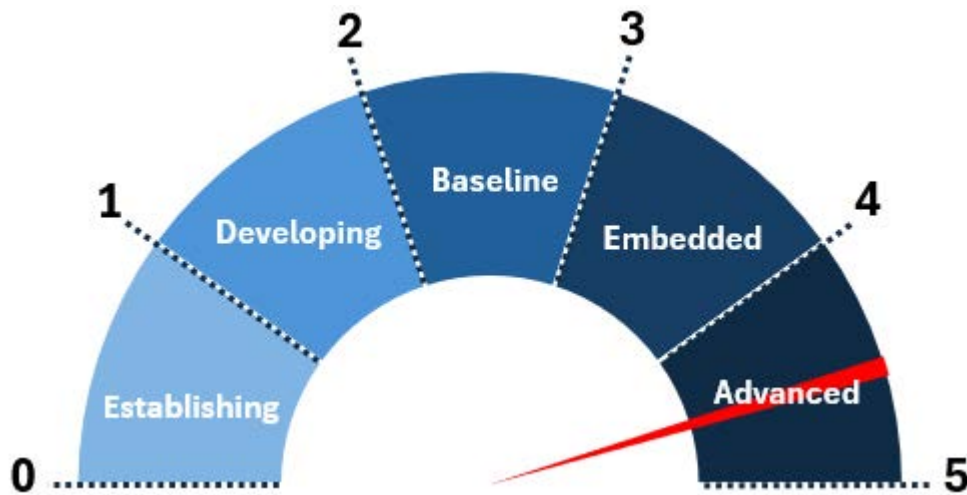
Treasury's 2023–24 performance statements reported results against 16 targets across 13 performance measures.¹¹⁷ The performance statements reported 15 targets as being 'Achieved', 'Substantially Achieved' or 'Partially Achieved'. There was 1 target reported as 'Not Achieved'.

116 Department of the Treasury, *Corporate Plan 2024-25*, Treasury, Canberra, 2024 <https://corporate-plan.treasury.gov.au/#purpose> [accessed 28 January 2025].

117 Department of the Treasury, *Annual Report 2023-24*, Treasury, Canberra, 2024 <https://treasury.gov.au/sites/default/files/2024-10/p2024-590845-ar.pdf> [accessed 22 January 2025].



How mature is their approach to performance reporting?



Treasury's overall maturity was assessed as 'Advanced'.



What did we find?

Treasury has established processes in place demonstrating senior executive involvement, including oversight and review of mid-cycle and year-end performance reporting. The Audit and Risk committee obtains further assurances from management to support its communication to the Accountable Authority regarding the appropriateness of the performance statements.

The ANAO found that Treasury's 2023–24 annual performance statements presented Treasury's performance fairly in achieving its purpose for the year ended 30 June 2024.

No significant or moderate findings were raised or remained open for the year ended 30 June 2024.

Department of Veterans' Affairs (DVA)



Who are they and what is their purpose?

DVA's purpose is to support the wellbeing of those who serve or have served in the defence of our nation, and their families, by:

- partnering with organisations and individuals to help design, implement and deliver effective policies, programs and benefits, which enhance the wellbeing of veterans and veteran families; and
- providing and maintaining war graves and delivering meaningful commemorative activities to promote community recognition and understanding of the service and sacrifice of veterans.¹¹⁸



What did they report?



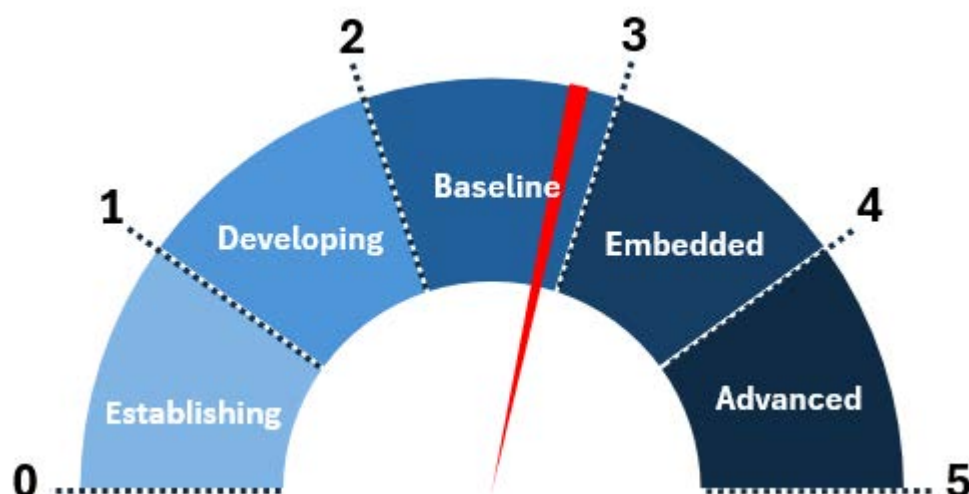
DVA's 2023–24 performance statements reported results against 44 targets across 44 performance measures.¹¹⁹ The performance statements reported 20 targets as being 'Achieved'. There were 24 targets reported as 'Not Achieved'.

118 Department of Veterans' Affairs, *Corporate Plan 2024-25*, DVA, Canberra, 2024, <https://www.dva.gov.au/sites/default/files/2024-08/corporate-plan-2024-25.pdf> [accessed 28 January 2025]

119 Department of Veterans' Affairs, *Annual Report 2023-24*, DVA, Canberra, 2024, <https://www.transparency.gov.au/publications/veterans-affairs/department-of-veterans-affairs/dva-annual-report-2023-24> [accessed 22 January 2025].



How mature is their approach to performance reporting?



DVA's overall maturity was assessed as 'Baseline'.

DVA's leadership and culture was identified as 'Embedded', while its governance, data and systems, capability and reporting were identified as 'Developing'. The ANAO identified that improvements could be made to its methodology documentation, data quality assurance processes, the accuracy and completeness of data associated with the war graves system (Outcome 3), capability building training and record keeping.



What did we find?

The ANAO issued a modified audit report with a qualified conclusion for the audit of the 2023–24 annual performance statements for DVA.

The basis for the qualified conclusion and significant/moderate findings were as follows:

Q	EoM	A	B	ANAO comments for DVA
✓		✓		<p>Limitation of scope — accuracy of performance information</p> <p>The ANAO was unable to obtain sufficient appropriate evidence that the reported results for 3 performance measures under Program 3.1 War Graves fairly presented DVA's performance for the year ended 30 June 2024. For example, DVA lacked processes to verify underlying information, had incomplete records of relevant evidence, and had procedures and data flows supporting data extractions that were not well-documented.</p>
			✓	<p>Completeness of data sets — timeliness reporting</p> <p>DVA could not sufficiently evidence that data in the system it used for reporting timeliness was complete. The control environment over data extraction processes created a risk of material misstatements in the performance statements.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

National Disability Insurance Agency (NDIA)



Who are they and what is their purpose?

The NDIA's purpose is to support individuals with a significant and permanent disability (participants) to be more independent and engage socially and economically, while delivering a financially sustainable NDIS that builds genuinely connected and engaged communities and stakeholders.

NDIA is responsible for the implementation of the National Disability Insurance Scheme (NDIS). Through financially sustainable delivery of the NDIS, the NDIA supports the independence of individuals with significant and permanent disability, enabling them to engage socially and economically.¹²⁰



What did they report?



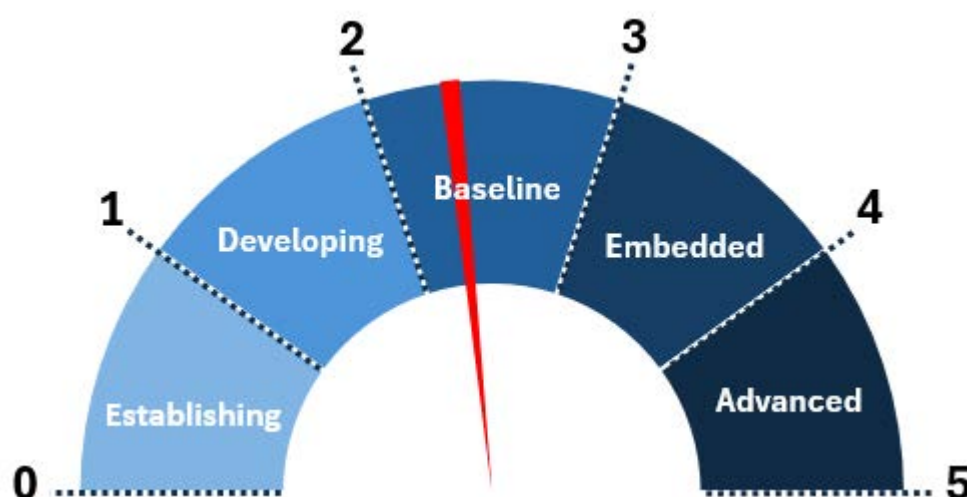
The NDIA's 2023–24 performance statements reported results against 19 targets across 19 performance measures.¹²¹ The performance statements reported 13 targets as being 'Achieved' or 'Partially Achieved'. There were 5 targets reported as 'Not Achieved' and an additional target with insufficient data to determine a result.

120 National Disability Insurance Agency, *Corporate Plan 2024-25*, NDIA, Canberra, 2024, <https://www.ndis.gov.au/about-us/publications/corporate-plan#corporate-plan-2024-2025> [accessed 28 January 2025].

121 National Disability Insurance Agency, *Annual Report 2023-34*, NDIA, Canberra, 2024, <https://www.transparency.gov.au/publications/social-services/national-disability-insurance-agency/national-disability-insurance-agency-annual-report-2023-24> [accessed 22 January 2025].



How mature is their approach to performance reporting?



The NDIA's overall maturity was assessed as 'Baseline'.

The NDIA's leadership and culture, governance, data and systems associated with its performance reporting, and performance statements reporting processes are assessed as still 'Baseline', with capability assessed as 'Developing'.

Areas for further improvement include:

- documenting a comprehensive rationale to articulate how the key activities and performance measures provide a complete view of its purposes, including its legislative functions;
- detailed assessment of the NDIA's compliance with the Commonwealth Reporting Framework, including the PGPA Act and Rule; and
- enhancing the level of detail in methodology documents for each performance measure, including end-to-end descriptions of data flows and quality assurance processes performed by the NDIA to confirm that underlying data and calculated results are relevant, complete, and accurate.



What did we find?

The ANAO issued a modified audit report with a qualified conclusion for the audit of the 2023–24 annual performance statements for NDIA.

The basis of the qualified conclusion, an Emphasis of Matter, and the significant/moderate findings from the ANAO were as follows:

Q	EoM	A	B	ANAO comments for NDIA
✓				<p>The performance statements are not complete — material omission of performance information</p> <p>There were no performance measures relating to the NDIA's management of fraud and non-compliance, which is a key component of its purpose of delivering a financially sustainable National Disability Insurance Scheme (NDIS) and a legislative function under the <i>National Disability Insurance Scheme Act 2013</i> (NDIS Act).</p>
✓				<p>The performance statements are not complete — material omission of performance information</p> <p>The NDIA was unable to report a result for the performance measure: 'Children who have benefited from the Scheme that no longer need supports'.</p> <p>There were no other performance measures relating to the effectiveness of early intervention supports in improving participant outcomes, which is one of the NDIA's legislative functions, and is linked to the NDIA's purpose in supporting participants to be more independent and engage socially and economically.</p>
✓				<p>Limitation of scope — Accuracy of performance information</p> <p>The NDIA reported a result for four measures that use surveys completed by participants and their families and carers under the Short Form Outcome Framework.</p> <p>Due to deficiencies in the new computer system, PACE (a system intended to deliver better outcomes for participants), the NDIA was unable to provide sufficient evidence to verify the reported result for one of the four performance measures: 'Participant perception of choice and control over their life (independence)'.</p>
	✓			<p>Participant Service Guarantee timeframes</p> <p>An 'emphasis of matter' paragraph was included in the auditor's report which highlighted important disclosures in relation to data being unavailable for the following NDIA performance measure: 'Participant Service Guarantee timeframes are met 95% of the time'. An Emphasis of Matter draws readers' attention to a matter in the performance statements that, in the auditor's judgement, is important for readers to consider when interpreting those statements.</p>
		✓		<p>Completeness and clear read of performance information</p> <p>Limitations in the clear read of performance information, including the relationship between planning documents were identified through the audit. Omissions were further identified relevant to financial sustainability and performance against other functions specified in the NDIS.</p>
		✓		<p>Appropriateness of performance measures</p> <p>Limitations and risks affected the assessment of performance measures against the PGPA Act. For example, insufficient information validated the accuracy of data for some measures arising from system changes made during 2023–24.</p>
			✓	<p>Enterprise-wide performance reporting framework</p> <p>NDIA should strengthen and implement an entity-wide performance reporting framework to assist reporting meaningful performance information. NDIA should also fully document the outcomes of any assessment and review processes, relevant to the selection of performance measures and production of the performance statements.</p>
			✓	<p>Performance measure methodologies</p> <p>NDIA should review the content and level of detail included in performance measure methodology documentation. Where possible, information should be in one comprehensive document with all details required to conduct end-to-end performance statements processes.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Services Australia



Who are they and what is their purpose?

Services Australia develops, delivers, coordinates and monitors services and payments related to social security, child support, students, families, aged care and health programs (excluding health provider compliance). Services Australia collaborates with partners to deliver convenient, accessible and efficient services and payments to individuals, families, and communities. Its partners include other Commonwealth and state agencies, service providers and businesses.

Services Australia's purpose is to support Australians by efficiently delivering high-quality, accessible services and payments on behalf of government.¹²²



What did they report?

Results by target



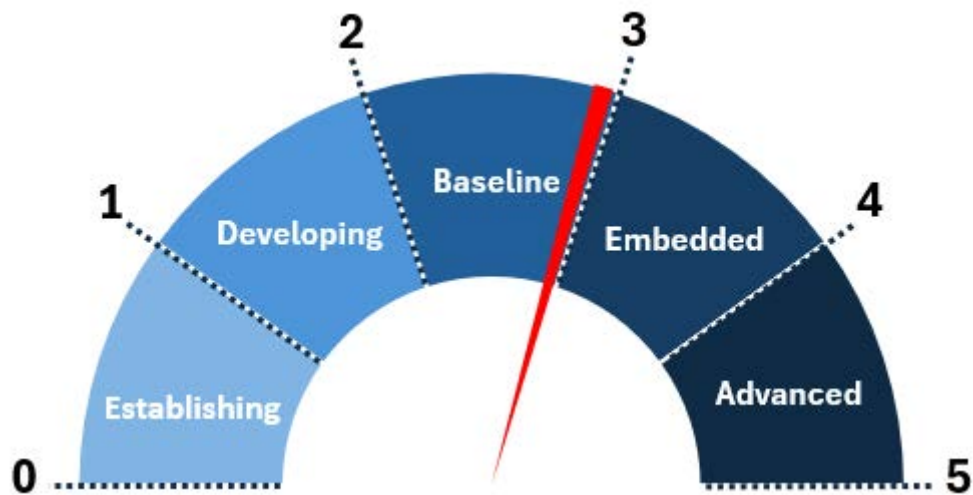
Services Australia's 2023–24 performance statements reported results against 7 targets across 7 performance measures.¹²³ The performance statements reported all 7 targets as being 'Achieved', 'Substantially Achieved' or 'Partially Achieved'.

122 Services Australia, *Corporate Plan 2024-25*, Services Australia, Canberra, 2024, <https://www.servicesaustralia.gov.au/sites/default/files/2024-08/12637-2408-corporate-plan-24-25.pdf> [accessed 28 January 2025].

123 Services Australia, *Annual Report 2023-24*, Services Australia, Canberra, 2024, <https://www.servicesaustralia.gov.au/sites/default/files/2024-10/annual-report-2023-24.pdf> [accessed 22 January 2025].



How mature is their approach to performance reporting?



Services Australia's overall maturity was assessed as 'Baseline'.

Services Australia has developed and endorsed an Enterprise Performance Framework and undertakes quarterly reporting of results to senior management. Services Australia has also developed process maps that outline the end-to-end process and flow of data to calculate reported results for each performance measure. These process maps have assisted to develop line areas' understanding of their roles and responsibilities in producing results for each performance measure (see Case study 4 above).

Areas for further improvement include:

- fully mapping its purposes and key activities and using the Enterprise Performance Framework to identify how and why the agency's key activities and performance measures have been framed;
- assurance processes over some third party data used to report performance; and
- maintaining central, updated records of agreed service standards which are readily accessible for reporting purposes.



What did we find?

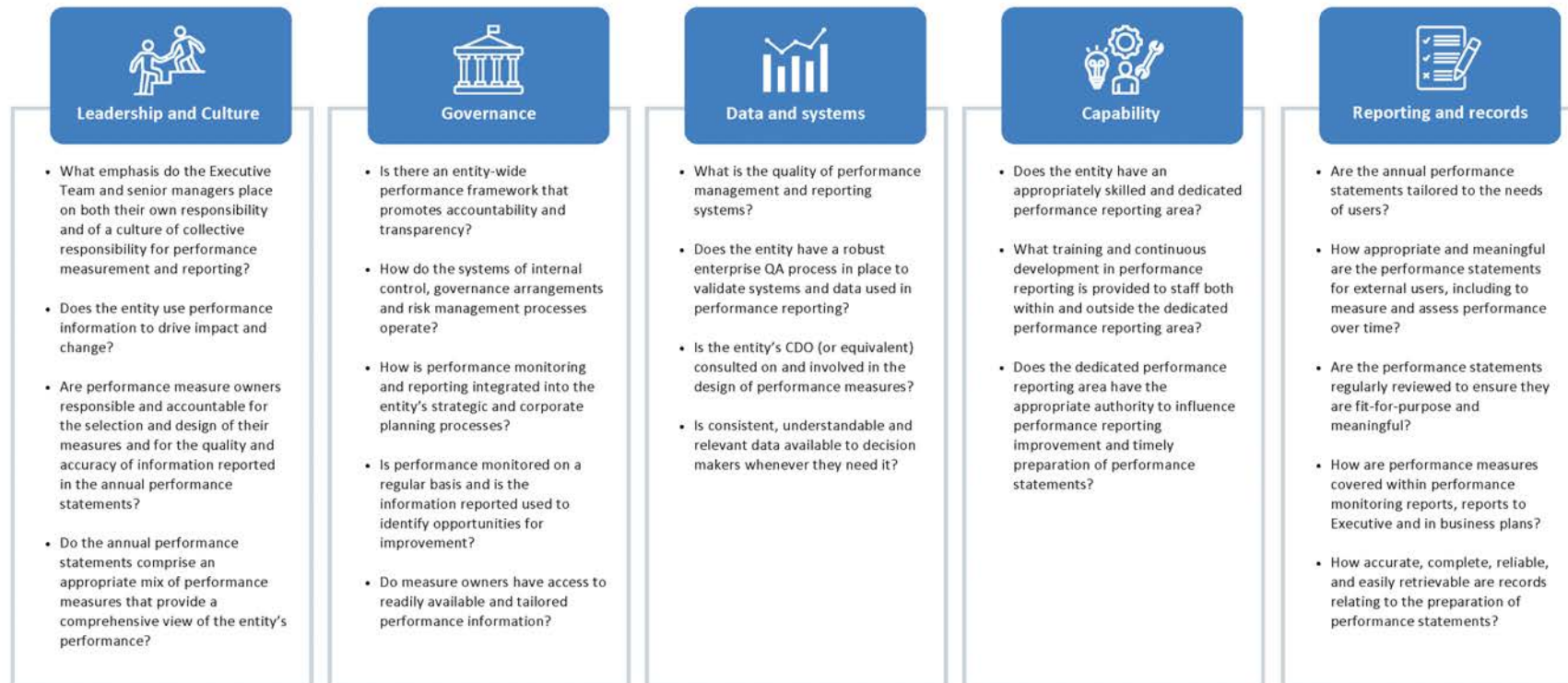
The ANAO issued an unmodified audit report for the audit of the 2023–24 annual performance statements for Services Australia. The ANAO issued 2 significant (A) findings in its closing letter to Services Australia which were the basis for 2 Emphasis of Matter paragraphs in the auditor's report, plus there was a third Emphasis of Matter and two moderate (B) findings, set out as follows:

Q	EoM	A	B	ANAO comments for Services Australia
	✓	✓		<p>Omission of an efficiency measure</p> <p>Services Australia's 2023–24 Corporate Plan did not contain an actual efficiency measure, either at an organisational level or in terms of its service delivery. This means that Services Australia's performance statements did not completely measure and assess its purpose of efficiently delivering high-quality, accessible services and payments. The 2023–24 Auditor's report contains an emphasis of matter paragraph which draws attention to the entity's disclosure that it is developing and testing methodologies for a future efficiency measure. Services Australia expects to report on how it measures efficiency starting from 2025–26.</p>
	✓	✓		<p>Strategic Performance Measure 4: 'Customers served within 15 minutes'</p> <p>Services Australia disclosed that calls transferred internally between telephony queues are treated as separate calls, with separate call wait times, and that this may have an impact on the results for this measure. Services Australia also disclosed that it does not independently validate the data provided by the telephony provider within the current commercial arrangements.</p>
	✓			<p>Strategic Performance Measure 5: 'Work processed within timeliness standards'</p> <p>Services Australia disclosed that it is unable to determine the level of bias arising from the timeliness standards included and excluded from the scope of this measure. The measure does not cover the full breadth of work processed by Services Australia, but it does cover over 30 processing work types from the Social Security and Welfare program, 3 types from the Health program, one type from Child Support and also one from Emergency payments.</p>
			✓	<p>Mapping of purposes, key activities and performance measures, and a rationale for change</p> <p>Services Australia should develop a detailed mapping of its purposes key activities and performance measures and a rationale for how and why these may change over time. This should be used to frame performance information at the beginning of each reporting period.</p>
			✓	<p>Omission of performance measures on regulatory functions</p> <p>The key activity 'Customer Service Delivery' should identify Services Australia's debt management and child support assessment roles. These roles are prescribed in legislation but are not apparent from the wording of the key activity.</p>

Key: Q = Qualification EoM = Emphasis of matter A=Significant finding B= Moderate finding.

Appendix 2 Performance Reporting Assessment Model

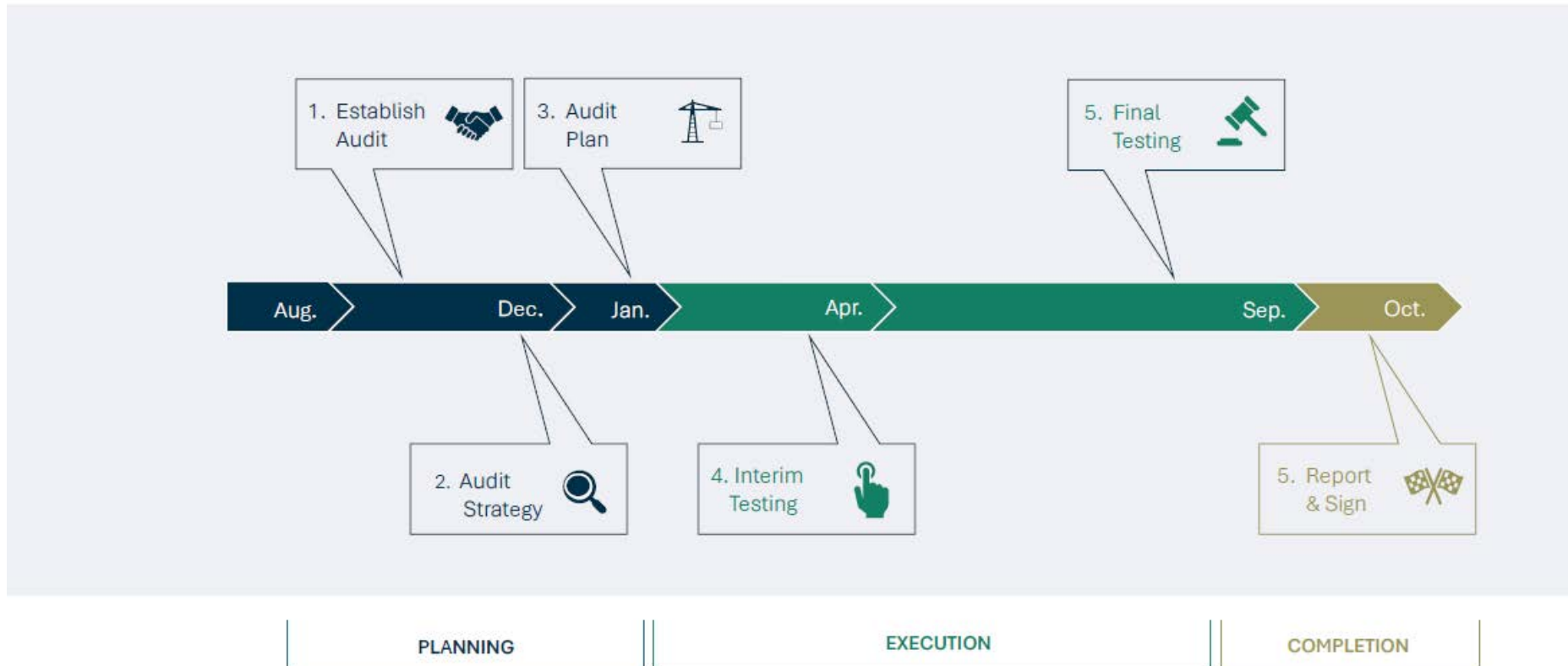
The five categories of performance reporting and some questions to consider when assessing performance reporting processes and practices



Source: ANAO.

Appendix 3 Annual Performance Statements Audit Cycle

Annual Performance Statements Audit Cycle



Source: ANAO.

Appendix 4 ANAO audit finding rating scale

Category	Description
Significant (A)	Findings that pose a significant risk to the entity's performance statements preparation; these include findings that could result in material misstatement of the entity's performance statements.
Moderate (B)	Findings that pose moderate risk to the entity's performance statements preparation; these may include prior year findings that have not been satisfactorily addressed.
Minor (C)	Findings that pose a low risk to the entity's performance statements preparation; these may include findings that, if not addressed, could pose a moderate risk in the future.
Significant Legislative Breach (L1)	Instances of significant potential or actual breaches of the Constitution, instances of significant non-compliance with the entity's enabling legislation, legislation that the entity is responsible for administering, and the PGPA Act.
Other non-compliance with legislation (L2)	Instances of non-compliance with subordinate legislation, including the PGPA Rule.

Source: The ANAO's rating scale for performance statements audit findings.