ABOUT THE
AUSTRALIAN NATIONAL AUDIT OFFICE
As the external auditor of the Australian Government public sector, the Australian National Audit Office (ANAO) provides an independent view of the performance and financial management of Australian Government entities. Our audit reports assist the Parliament in fulfilling its accountability role to the Australian community.

The ANAO plays an important role in helping to improve financial reporting and program management in the public sector. In recent years the role has included a particular focus on program implementation, including the approach taken to risk management and quality assurance.

The ANAO audit reports and related services are designed to meet the evolving needs of the Parliament, the Executive and public sector entities. We are fully committed to providing professional auditing and related services that are high quality, timely and cost-effective.

This information brochure provides an insight into the functions and operations of the ANAO.

Ian McPhee
Auditor-General
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ANAO VISION

OUR VISION IS TO BE AN INTERNATIONAL LEADER IN THE PROVISION OF INDEPENDENT PUBLIC SECTOR AUDIT AND RELATED SERVICES

The ANAO is well regarded internationally as a progressive audit institution that employs contemporary approaches in the provision of audit and related services.

The role of the ANAO is to improve public sector performance and accountability through independent reporting to Parliament, the Executive and the public on Australian Government administration.

Further information on the ANAO’s corporate planning framework can be found in the Corporate Publications section of the ANAO website.

ANAO PRIORITIES

THE ANAO IS COMMITTED TO:

- being independent and responsive in its relationship with the Parliament and parliamentary committees and when assisting public sector entities to improve their performance
- providing value-adding audit services
- maintaining a cooperative and productive working environment which supports our capability to deliver world class services
- ensuring there is confidence in the delivery of our services which represent value for money.
THE FRAMEWORK FOR ACCOUNTABILITY


By adopting a perspective that covers the whole of the public sector, the ANAO has in place a framework within which it provides an independent and accountable audit service to the Parliament, the Australian Government and public sector entity managers.
THE AUDITOR-GENERAL ACT

The Auditor-General Act:
- outlines the Auditor-General’s functions, mandate and powers
- establishes the statutory office of the Auditor-General and the ANAO
- provides for the independent audit of the ANAO.

The ANAO is able to conduct financial statement audits, performance audits and assurance reviews of Australian Government agencies, established in accordance with the Financial Management and Accountability Act 1997, and authorities and owned and controlled companies, established in accordance with the Commonwealth Authorities and Companies Act 1997 (it is intended that these two Acts will be replaced by the Public Governance, Performance and Accountability Act 2013 on 1 July 2014). Government business enterprises are generally not subject to performance audits. However, the Joint Committee of Public Accounts and Audit (JCPAA) can request the Auditor-General to conduct a performance audit of a government business enterprise.

The ANAO is also able to conduct a performance audit of a Commonwealth partner. Where the partner is part of, or is controlled by, a State or Territory Government, the audit must be requested by the JCPAA or the responsible Minister.

The Auditor-General Act also provides the ANAO with the explicit authority to undertake audits of entities’ performance indicators.

The Auditor-General’s independence is assured by key provisions in the Auditor-General Act. Specifically the Auditor-General:
- is appointed by the Governor-General following approval by the JCPAA
- is an independent officer of the Parliament
- is appointed for a 10 year period
- can only be dismissed by a resolution of both houses of the Parliament
- cannot be directed by anybody in relation to his or her audit functions.

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT


Broadly, the JCPAA:
- approves the appointment of the Auditor-General and the independent auditor of the ANAO
- reviews all ANAO reports
- is able to review the annual resource requirements and operations of the ANAO
- advises the Auditor-General on the Parliament’s audit priorities.
ANAO STAFF

THE ANAO IS COMMITTED TO AN ENVIRONMENT IN WHICH STAFF CAN ACHIEVE THEIR FULL POTENTIAL

The ANAO encourages a culture of continuous improvement which aims to foster consultation, participation and personal accountability. Staff are involved in the development and improvement of the employment framework, the objective of which is to create a fulfilling, stimulating and supportive work environment.

ANAO VALUES AND CAPABILITIES

The ANAO values of respect, integrity and excellence, which complement the APS values, guide us in how we conduct ourselves, and are supported by a capability framework that articulates the clusters of behaviours and skills required of our staff.

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<th>OUR VALUES</th>
<th>OUR CAPABILITIES</th>
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<tr>
<td>RESPECT</td>
<td>Trusted expertise</td>
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<td></td>
<td>Technical and subject matter expertise</td>
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<td></td>
<td>Rigorous analysis and sound judgement</td>
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<td>INTEGRITY</td>
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<td>EXCELLENCE</td>
<td>Supportive and productive workplace</td>
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<td>Personal and people development and leadership</td>
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NATIONAL AND INTERNATIONAL RELATIONSHIPS

The ANAO and individual ANAO staff contribute to the work of the professional accounting and auditing bodies, in their roles of setting and maintaining professional and ethical standards for the accounting and auditing professions.

As a member of the Australasian Council of Auditors-General, the ANAO contributes to the advancement of public sector auditing in all states and territories of Australia and regionally.

Internationally, the ANAO has close links with the International Organisation of Supreme Audit Institutions and its regional working groups.

Through these organisations, the ANAO assists with the development of auditing standards, professional practices and exchanges of experience for the benefit of the international auditing community.

The ANAO also hosts international visit groups and contributes to the development of knowledge and skills development in several overseas audit offices, particularly the Indonesian Board of Audit and the Papua New Guinea Auditor-General’s Office. In addition, the ANAO has led international peer reviews of the audit institutions in Canada and India in recent years.
A FOCUS ON CLIENT SERVICE

The ANAO is responsible for providing professional and independent audit and related services to:

- the Parliament
- the Australian Government and public sector entities.

The ANAO provides an independent view of the performance and financial management of Australian Government entities. In addition to its audit and assurance services, the ANAO contributes to the recognition, promulgation and promotion of better practices and processes through the development of better practice guides.

To assist the ANAO to understand the expectations and perspectives of the Parliament, senior audit staff maintain regular contact with parliamentary committees and members of Parliament.

The ANAO also develops sound professional relationships with public sector clients through staff attendance at audit committees and regular contact with entity managers. Increasingly, this role requires our staff to engage with private sector firms that provide services to public sector entities.

THROUGH ANAO REPORTS AND OTHER SERVICES, ALL PARLIAMENTARIANS HAVE ACCESS TO INDEPENDENT AUDIT AND ASSURANCE REPORTS THAT CONTAIN ANALYSIS AND SUPPORTING EXPLANATIONS AND ASSURANCE ABOUT THE OPERATIONS OF PUBLIC SECTOR ENTITIES AND, WHERE RELEVANT, PRIVATE SECTOR PROVIDERS
The ANAO has some 350 staff located in Canberra.

The ANAO has two audit service groups and two support branches. It also employs or engages a number of specialist contractors.

A description of the role of each service group and branch follows.

**ASSURANCE AUDIT SERVICES GROUP**

The Assurance Audit Services Group provides independent assurance on the financial statement and financial administration of all Australian Government entities and undertakes assurance reviews of particular Australian Government activities.

**FINANCIAL STATEMENT AUDITS**

The ANAO audits the annual financial statements of all agencies, statutory authorities, government business enterprises and the Australian Government as a whole.
Financial statement audits are an independent examination of the financial statements of public sector entities conducted in accordance with ANAO auditing standards. The results of the examination are presented in an auditor’s report which expresses an opinion on whether the financial statements fairly reflect the results of each entity’s operation and its financial position.

The disclosures and management representations made in the financial statements by the entity are assessed against relevant accounting standards and legislative and other reporting requirements.

The ANAO plays an important role in seeking to improve the standard of financial management and administration across the federal public sector. Through client seminars, client newsletters and observer representation on audit committees, the ANAO provides professional advice and assistance in relation to auditing and accounting matters generally.

The ANAO uses a range of integrated computer-based audit software products to assist it to conduct audits of financial statements cost effectively.

ASSURANCE ACTIVITIES

In addition to conducting performance and financial statement audits, the Auditor-General undertakes other assurance activities. These generally consist of reviews undertaken by agreement with the entity, either at the request of the entity or in response to requests from stakeholders, including Ministers and Parliamentary Committees. These activities include the Defence Materiel Organisation’s Major Projects Report. Individual assurance activities can be handled through the issue of a formal report or by correspondence.

Guidelines detailing our conduct of assurance audits and activities can be found in the Corporate Publications section of the ANAO website.

PERFORMANCE AUDIT SERVICES GROUP

The Performance Audit Services Group contributes to improved public sector administration and accountability by adding value through a program of performance audits of Australian Government entities and the publication of better practice guides on key aspects of public administration.

The Performance Audit Services Group conducts performance audits in accordance with ANAO auditing standards, that adopt the Australian Auditing Standards. All performance audit reports are tabled in the Parliament.

PERFORMANCE AUDITS

A performance audit is an independent, objective and systematic assessment of public sector entities’ programs, resources, information systems, performance measures, monitoring systems and legal and policy compliance.

Performance audits play an important role in improving the administration and management practices of public sector entities. Performance audits involve the evaluation of the implementation of specific government programs, policies, projects and activities, and may include the audit of Commonwealth partners.
They also examine how well administrative support systems operate. As such, the audits can include consideration of:

- economy (minimising cost)
- efficiency (maximising the ratio of outputs to inputs)
- effectiveness (the extent to which intended outcomes were achieved)
- legislative and policy compliance.

Performance Audits can be undertaken in a number of ways:

- audits of a program or activity in a single entity or body
- cross-entity audits (reviews of the same activity in a number of entities or the administration of a program by a number of entities)
- audits of a program or activity administered by an Australian Government entity that includes a component that involves an assessment of the performance of a Commonwealth partner (being a person or body that receives Commonwealth funding for a particular purpose)
- audits of one or more Commonwealth partners
- audits of the implementation of recommendations from a previous audit.

Each performance audit has specified objectives which are approved by the ANAO Executive.

Performance audits also identify better practices, which may then be incorporated into better practice guides on key aspects of public administration. Better practice guides are designed to assist to improve the quality of public administration across all entities.

The Auditor-General may also undertake audits following requests from, for example, the Parliament, ministers or individual parliamentarians. In some cases requests are handled through correspondence rather than a formal report.

Guidelines detailing our conduct of performance audits can be found in the Corporate Publications section of the ANAO website.

**PROFESSIONAL SERVICES BRANCH**

The Professional Services Branch provides a range of services to the ANAO, including technical support, quality assurance, professional newsletters and technical seminars.

**CORPORATE MANAGEMENT BRANCH**

The Corporate Management Branch provides the ANAO with administrative support, including corporate governance, human resources, financial management, external relations and information technology support. It is also responsible for security and building services.
MEASURING AND REPORTING ON ANAO PERFORMANCE

TO ENSURE THAT THE ANAO IS DELIVERING RELEVANT AND COST-EFFECTIVE SERVICES TO ITS KEY CLIENTS, IT HAS DEVELOPED A FRAMEWORK FOR MEASURING AND REPORTING ON ITS OWN PERFORMANCE

THE ANAO:

- has key performance indicators that use a balanced scorecard approach to address each of its key focus areas
- reviews its audit and support functions against appropriate public and private sector organisations
- sets performance targets and measures that emphasise the achievement of identified outcomes
- maintains a quality assurance program for audits and related services
- reports on its performance, including against performance measures and targets to its Executive Board of Management and in its annual report.
CONTRIBUTE TO AN AUDIT IN PROGRESS

The Audits in Progress section of the ANAO website has a feature that allows members of the public to contribute information for consideration during the evidence collection stage of performance audits.

Performance audits rely on evidence obtained directly from audited entities, but also supplement this evidence with material obtained from outside sources.

Through this web-based facility, contributions are automatically and securely directed to the relevant audit team. It is not mandatory for contributors to provide their contact details with their contribution.

The law protects the confidentiality of the information gathered through this facility, and information can only be disclosed for purposes defined in the Auditor-General Act 1997. Any sensitive personal information gathered by the ANAO is also subject to the provision of the Privacy Act 1998.

In line with confidentiality requirements, the ANAO will not discuss any confidential aspect of an ongoing performance audit. In addition, the ANAO does not have a role in commenting on the merits of government policy.
The ANAO website provides information on the ANAO including the full text of current audit reports tabled in parliament, better practice guides and speeches by the Auditor-General and other audit staff.

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