

Financial Statements

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Independent Auditor's Report

To the President of the Senate and Speaker of the House of Representatives

Opinion

I have audited the financial statements of the Australian National Audit Office.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Australian National Audit Office as at 30 June 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 and Australian Accounting Standards – Reduced Disclosure Requirements including the Australian Accounting Interpretations.

The financial statements comprise:

- Statement of financial position as at 30 June 2022;
- Statement of comprehensive income for the year then ended;
- Statement of changes to equity for the year then ended;
- Cash flow statement for the year then ended;
- Administered schedule of comprehensive income for the year then ended;
- Administered schedule of assets and liabilities as at the year then ended;
- Administered reconciliation schedule as at the year then ended;
- Administered cash flow statement for the year then ended;
- Notes to the financial statements, which include a summary of significant accounting policies; and
- Statement by the Auditor-General and the Chief Financial Officer.

Basis for opinion

I conducted my audit in accordance with *Australian Auditing Standards*. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

I am independent of the Australian National Audit Office in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have fulfilled my other ethical responsibilities in accordance with these requirements.

Responsibilities of the Auditor-General for the financial statements

The Auditor-General is responsible for:

- the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability Act 2013*;
- implementing necessary internal control to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error; and
- assessing the Australian National Audit Office's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Australian National Audit Office or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements


My objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of my Auditor's Report.




Eileen Hoggett
Independent Auditor

Sydney
11 August 2022

Australian National Audit Office
STATEMENT BY THE AUDITOR-GENERAL AND THE CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian National Audit Office will be able to pay its debts as and when they fall due.


Signed.....

Grant Hehir
Auditor-General
11 August 2022


Signed.....

Alison Garth
Chief Finance Officer
11 August 2022

Australian National Audit Office
Statement of Comprehensive Income
for the year ended 30 June 2022

		2022	2021	2022 Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES EXPENSES				
Employee benefits	2.1A	47,387	42,348	48,367
Suppliers	4.1A	34,396	31,708	36,148
Depreciation and amortisation	5.2A	3,906	4,010	3,890
Finance costs		503	500	505
Write-down and impairment of other assets	5.2A	191	8	-
Total expenses		86,383	78,574	88,910
OWN-SOURCE INCOME				
Own-source revenue				
Revenue from contracts with customers		2,523	2,440	2,800
Rendering of other services		400	677	-
International development funding		1,173	581	1,300
Other revenue		-	597	-
Total own-source revenue	4.2A	4,096	4,295	4,100
Net cost of services		82,287	74,279	84,810
REVENUE FROM GOVERNMENT				
Departmental annual appropriations		80,291	67,879	80,291
Departmental special appropriations		686	704	778
Total Revenue from Government	4.3A	80,977	68,583	81,069
Deficit on continuing operations		(1,310)	(5,696)	(3,741)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		-	560	-
Total comprehensive loss		(1,310)	(5,136)	(3,741)

The above statement should be read in conjunction with the accompanying notes.

Please refer to Note 1 for explanations of major variances between original budgeted and actual amounts.

Australian National Audit Office
Statement of Financial Position
as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000	2022 Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	5.1A	2,211	740	629
Trade and other receivables	5.1B	29,408	24,675	21,465
Total financial assets		31,619	25,415	22,094
Non-financial assets				
Leasehold improvements ¹	5.2A	37,131	40,213	36,528
Plant and equipment	5.2A	3,323	2,877	2,677
Computer Software	5.2A	296	626	1,836
Prepayments		506	814	316
Total non-financial assets		41,256	44,530	41,357
Total assets		72,875	69,945	63,451
LIABILITIES				
Payables				
Suppliers	5.3A	3,013	3,348	2,399
Other payables		2,917	1,030	1,207
Total payables		5,930	4,378	3,606
Interest bearing liabilities				
Leases	5.4A	34,992	34,822	34,341
Total interest bearing liabilities		34,992	34,822	34,341
Provisions				
Employee provisions	2.1B	13,655	12,092	12,696
Total provisions		13,655	12,092	12,696
Total liabilities		54,577	51,292	50,643
Net assets		18,298	18,653	12,808
EQUITY				
Contributed equity		17,947	16,992	17,389
Reserves		1,124	1,124	564
Accumulated surplus/(deficit)		(773)	537	(5,145)
Total Equity		18,298	18,653	12,808

The above statement should be read in conjunction with the accompanying notes.

1. Right-of-use assets are included in leasehold improvements.

Please refer to Note 1 for explanations of major variances between original budgeted and actual amounts.

Australian National Audit Office
Statement of Changes to Equity
for the year ended 30 June 2022

Notes	Retained surplus		Asset revaluation reserve		Contributed equity		Total equity	
	2022 \$'000	2021 \$'000	2022 Original Budget \$'000	2021 \$'000	2022 \$'000	2021 Original Budget \$'000	2022 \$'000	2021 \$'000
Opening balance as at 1 July	537	6,233	(1,404)	564	16,992	15,482	18,653	22,279
Comprehensive income								
Deficit for the year	(1,310)	(5,696)	(3,741)	-	-	-	(1,310)	(5,696)
Other comprehensive income	-	-	-	560	-	-	-	560
Total comprehensive income	(1,310)	(5,696)	(3,741)	560	-	-	(1,310)	(5,136)
Transactions with owners								
Contributions by owners								
Departmental capital budget	-	-	-	-	955	1,510	955	1,510
Total transactions with owners	(773)	537	(5,145)	1,124	17,947	16,992	18,298	18,653
Closing balance as at 30 June								

The above statement should be read in conjunction with the accompanying notes.

Australian National Audit Office
Cash Flow Statement
for the year ended 30 June 2022

	2022 \$'000	2021 \$'000	2022 Original Budget \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations for operating activities	85,096	77,640	81,069
Rendering of services	3,875	3,629	4,100
Net GST received	3,042	3,200	-
Total cash received	92,013	84,469	85,169
Cash used			
Employees	43,772	43,013	48,367
Suppliers	37,278	34,142	36,148
Receipts transferred to OPA	9,152	6,872	-
Interest payments on lease liabilities	189	184	505
Total cash used	90,391	84,211	85,020
Net cash from operating activities	1,622	258	149
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	1,071	234	320
Purchase of intangibles	54	41	635
Total cash used	1,125	275	955
Net cash used by investing activities	(1,125)	(275)	(955)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	1,125	275	955
Total cash received	1,125	275	955
Cash used			
Principal payments of leases liabilities	151	147	149
Total cash used	151	147	149
Net cash from financing activities	974	128	806
Net increase in cash held	1,471	111	-
Cash and cash equivalents at the beginning of the reporting period	740	629	629
Cash and cash equivalents at the end of the reporting period¹	2,211	740	629

¹As shown in the Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes.

Please refer to Note 1 for explanations of major variances between original budgeted and actual amounts.

Australian National Audit Office**Administered Schedule of Comprehensive Income**

for the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000	2022 Original Budget \$'000
INCOME				
Non-taxation revenue				
Revenue from contracts with customers		14,888	14,691	12,300
Total income administered on behalf of Government¹		14,888	14,691	12,300

The above schedule should be read in conjunction with the accompanying notes.

Administered Schedule of Assets and Liabilities

as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000	2022 Original Budget \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents		-	247	154
Trade and other receivables	5.1C	7,127	8,380	6,112
Total financial assets		7,127	8,627	6,266
Total assets administered on behalf of Government		7,127	8,627	6,266
LIABILITIES				
Payables				
GST payable		117	553	437
Total payables		117	553	437
Total liabilities administered on behalf of government		117	553	437
Net assets		7,010	8,074	5,829

The above schedule should be read in conjunction with the accompanying notes.

¹Please refer to Note 1 for explanations of major variances between original budgeted and actual amounts.

Australian National Audit Office
Administered Reconciliation Schedule

as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Opening assets less liabilities as at 1 July 2021		8,074	5,829
Net contribution by services			
Revenue from contracts with customers		14,888	14,691
Transfers to the Australian Government			
Transfers to the Official Public Account		(15,952)	(12,446)
Closing assets less liabilities as at 30 June 2022		7,010	8,074

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the ANAO for use by the Government rather than the ANAO is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the ANAO on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Administered Cash Flow Statement

for the period ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
OPERATING ACTIVITIES			
Cash received			
Rendering of audit services		17,320	13,781
Total cash received		17,320	13,781
Cash used			
GST paid		1,615	1,242
Total cash used		1,615	1,242
Net cash from operating activities		15,705	12,539
Net increase in cash held		15,705	12,539
Cash and cash equivalents at the beginning of period		247	154
Cash to the Official Public Account for:			
- Appropriations		15,952	12,446
Cash and cash equivalents at the end of the reporting period¹		-	247

¹ As shown in the Administered Schedule of Assets and Liabilities.

This schedule should be read in conjunction with the accompanying notes.

Overview

Australian National Audit Office

Overview

Objectives of the Entity

The ANAO's purpose is to support accountability and transparency in the Australian Government sector through independent reporting to the Parliament, and thereby contribute to improved public sector performance. The Auditor-General is an independent officer of the Australian Parliament whose mandate and functions are set out in the *Auditor-General Act 1997* (the Act). The Auditor-General is assisted by the ANAO in delivering against this mandate.

The ANAO conducts the following administered activities:

- Financial statements audits of Corporate Commonwealth entities, companies and their subsidiaries subject to the *Public Governance, Performance and Accountability Act 2013*.

The ANAO is an Australian Government controlled and not-for-profit entity domiciled in Australia. The ANAO's principal place of business is 38 Sydney Avenue, Forrest in the Australian Capital Territory.

Basis of Preparation of the Financial Statements

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the overall result or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Significant Accounting Judgements and Estimates

The ANAO has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of property, plant and equipment is assessed at market value or current replacement costs as determined by an independent valuer with the last valuation being performed on 30 June 2021. Fair value is subject to management assessment in between formal valuations; and
- Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next twelve months.

Australian National Audit Office

Overview (continued)

Taxation

The ANAO is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Reporting of Administered Activities

The ANAO charges an audit fee for the financial statements audits of Corporate Commonwealth entities, companies and their subsidiaries subject to the *Public Governance, Performance and Accountability Act 2013*. These fees are based on a scale determined by the Auditor-General under section 14 of the *Auditor-General Act 1997*, calculated on the basis of a cost attribution model. Revenues from these audit fees are paid into the Official Public Account and are not available to the ANAO. The revenue and receipts associated with conducting these audits are treated as administered activities within the financial statements.

Accounting policy - administered financial instruments

The net fair value of the financial assets approximates their carrying amounts. The ANAO derived no interest income from financial assets in either the current or prior year.

New Australian Accounting Standards

All new/revised/amended standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period were considered and did not have a material effect on the ANAO's financial statements.

Standard/ Interpretation	Nature of changes in accounting policy
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the Reduced Disclosure Requirements (RDR) framework. The application of AASB 1060 has resulted in minor changes to the ANAO's disclosures to align with the new requirements. The application of AASB 1060 has not impacted the recognition or measurement of financial information.

Events After the Reporting Period

Departmental

No events have occurred after the reporting date that should be brought to account or noted in the 2021-22 financial statements.

Administered

No events have occurred after the reporting date that should be brought to account or noted in the 2021-22 financial statements.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 1: Budget Variances

Note 1.1A: Explanations of Major Variances

The following tables provide high level commentary of major variances between budgeted information for the ANAO published in the Prime Minister and Cabinet's 2021-22 Portfolio Budget Statements (PBS) and the 2021-22 final outcome as presented in accordance with Australian Accounting Standards for the ANAO. The original budget is not audited. Major variances are reported on the basis of professional judgment and are not focussed merely on numerical differences between the original budget and actual amounts.

Explanations of major variances	Variance to Original Budget		Affected line items
	\$'000	%	
Departmental Items			
Employee Benefits/Employees: The ANAO received funding at the 2021-22 Budget to support the delivery of the ANAO's mandatory financial statements audit program; re-build resources to enable the ANAO to target 48 performance audits by 2024-25; meet ongoing quality, data analysis, evidence extraction and data storage requirements; and to introduce and deliver a staged program of performance statements audits. The ANAO commenced 2021-22 with an average staffing level almost 20% below the ASL cap of 363. With an increasingly competitive labour market coupled with an attrition rate of 21.4%, these factors have posed challenges to the ANAO for the recruitment and retention of highly trained technical and specialised auditors.	(980)	-2%	Statement of Comprehensive Income - Employee Benefits
Employees: The budgeted cashflow amount will be reassessed in the next budget round and aligned appropriately.	(4,595)	-10%	Cashflow - Employees
Supplier Expenses: The ANAO is continuing to invest in IT and technology solutions, including the development of modern, consumption-based cloud computing to enable a robust, flexible, and cost-effective technology environment. This has resulted in savings as Infrastructure as a Service (IaaS) applications are transitioned to cloud-based services. COVID-19 restrictions early in the financial year resulted in a reduction to professional development expenses due to social distancing requirements and lockdowns.	(1,752)	-5%	Statement of Comprehensive Income - Suppliers
Suppliers Payable: The need for contractual arrangements to enable the completion of mandatory financial statements audits accrued at 30 June 2022 resulted in higher than expected accrued expenses.	614	26%	Statement of Financial Position - Suppliers
Write-down and impairment of assets: The ANAO decommissioned its primary communication tool Skype for Business in 2021-22 with the implementation of Microsoft 365 providing external communications via Microsoft Teams.	191	100%	Statement of Comprehensive Income - Write-down and impairment of assets

Australian National Audit Office
Notes to and forming part of the financial statements

Departmental Items (continued)			
Rendering of other services: Rendering of other services revenue is made up of parking revenue and secondment fee revenue. The ANAO does not budget for these revenue streams, however both are recovered on a full-cost recovery basis.	400	100%	Statement of Comprehensive Income - Rendering of other services
Cash and Cash equivalents: Increase to the cash balances as a result of timing of multiple high-valued receipts into the bank account on 30 June 2022 this included an amount paid by a supplier into the departmental account instead of our administered account. The ANAO generally seeks to maintain no greater than the budgeted cash balance at any given time.	1,582	252%	Statement of Financial Position - Cash and Cash equivalents
Trade and other receivables: Trade and other receivables is made up of appropriation receivable and revenue receivable from audit-fee paying clients. The ANAO maintains a balance of prior year appropriation sufficient to cover its liabilities.	7,943	37%	Statement of Financial Position - Trade and other receivables
Other payables: The majority of other payables relates to an intercompany payable that was incorrectly paid on 30 June 2022 resulting in an overstated cash balance and insufficient time to transfer this between ANAO bank accounts. In addition, the budget does not account for monies payable to other Government entities for staff leave liability transfers.	1,710	142%	Statement of Financial Position - Other payables
Interest payments on lease liabilities: Interest expense relates to the ANAO's leases as a result of the implementation of the accounting standard AASB 16 Leases. The lease schedules will be reassessed and the budgeted cashflow amount will be realigned in the next budget.	(316)	-63%	Cashflow - Interest payments on lease liabilities
Purchase of plant and equipment: The ANAO invested in office fit-out improvements to support staff accommodation requirements. In addition, to achieve maturity level three under the Australian Cyber Security Centre's Essential Eight Maturity Model, the ANAO has procured new desktop and telecommunications hardware.	751	235%	Cashflow - Purchase of plant and equipment
Contributed equity: The additional purchase of plant and equipment has utilised the total current year departmental capital budget (DCB) and a portion of the prior year unspent DCB which was not included in the current year budget.	170	18%	Cashflow - Contributed equity
Administered Items			
Revenue from contracts with customers: Higher than budgeted revenue relates to increased costs for delivery of audits of corporate Commonwealth entities and Commonwealth companies largely as a result of increased complexity in accounting for financial statement items and the need for additional valuation experts for complex financial instruments and valuations/impairments.	2,588	21%	Schedule of Comprehensive Income - Revenue from contracts with customers

Australian National Audit Office
Notes to and forming part of the financial statements

Note 2: People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

Note 2.1: Employee Benefits and Provisions

	2022 \$'000	2021 \$'000
Note 2.1A: Employee Benefits		
Wages and salaries	35,941	33,398
Superannuation		
Defined contribution plans	3,951	3,383
Defined benefit plans	2,266	2,271
Leave entitlements	4,982	2,683
Separation and redundancies	29	371
Other employee expenses	218	242
Total employee benefits	47,387	42,348

Note 2.1B: Employee Provisions

All employee provisions relate to long service leave and annual leave.

Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Leave:

The liability for employee benefits includes provision for annual leave and long service leave.

The annual leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, plus the ANAO's employer superannuation contribution rates and applicable on-costs, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave (LSL) has been determined using the LSL shorthand model issued by the Department of Finance (2021: LSL shorthand method). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and enterprise agreements, which is unchanged from prior years.

Separation and Redundancy:

The separation and redundancy provision is made for separation and redundancy benefit payments. The ANAO recognises a provision for termination when it has developed a detailed formal plan for terminations and has informed those employees affected that it will carry out the terminations.

Termination Benefits:

For separation and redundancies, the nature of the benefit comprises lump sum termination payments relating to voluntary and involuntary redundancies. For voluntary redundancies, the amount of the ANAO's obligation and extent of funding is Nil as at 30 June 2022 (2021: \$370,970). For involuntary redundancies, the amount of the ANAO's obligation and the extent of funding is \$28,796 as at 30 June 2022 (2021: Nil).

Superannuation:

The ANAO's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), PSS accumulation plan (PSSap) or other eligible, elected defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

Australian National Audit Office

Notes to and forming part of the financial statements

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's published financial statements.

The ANAO makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government, and accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June 2022 represents outstanding contributions.

Note 2.2: Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the ANAO, directly or indirectly. The ANAO has determined the key management personnel to be the members of the Executive Board of Management.

Members of the Executive Board of Management were as follows:

Officer	Position	Term as KMP – 2021-22	Term as KMP – 2020-21
Grant Hehir	Auditor-General	Full Year	Full Year
Rona Mellor	Deputy Auditor-General	Full Year	Full Year
Jane Meade	Group Executive Director	Full Year	Full Year
Carla Jago	Group Executive Director	Full Year	Full Year
Anastasios Ioannou	Group Executive Director	Full Year	Full Year
Bola Oyetunji	Group Executive Director	Full Year	Full Year
Jacqueline Walton	Senior Executive Director	Full Year	Part Year from 27 April 2021
Lesa Craswell	Senior Executive Director	Full Year	Part Year from 12 April 2021
Geraldine Quinane	Chief Finance Officer	Part Year to 1 June 2022	Full Year
George Sotiropoulos	Group Executive Director	Part Year from 11 October 2021	
Alison Garth	Chief Finance Officer (Acting)	Part Year from 2 June 2022	

Australian National Audit Office
Notes to and forming part of the financial statements

The following tables are prepared on an accruals basis.

	2022	2021
	\$	\$
Note 2.2A: Key Management Personnel Remuneration		
Short-term benefits:		
Base Salary	2,840,832	2,618,885
Bonus	7,218	20,410
Other benefits and allowances	171,949	172,800
Total short-term benefits	3,019,999	2,812,095
Superannuation	452,015	422,571
Total post-employment benefits	452,015	422,571
Other long-term benefits:		
Long-service leave	96,310	80,084
Total other long-term benefits	96,310	80,084
Termination benefits	-	37,368
Total key management personnel remuneration	3,568,324	3,352,118

The above Key Management Personnel (KMP) remuneration includes the remuneration and other benefits of the Auditor-General. The Auditor-General's remuneration and other benefits are set by the Remuneration Tribunal and paid from Special Appropriation – Salary of the Auditor-General. Other KMP salaries expenses are paid from ordinary departmental appropriation. The total number of KMP that are included in the above table for the year ended 30 June 2022 is 11 (2021: 11).

Notes:

- a. The remuneration totals (on a pro rata basis) for KMP include those staff who ceased in those roles as well as their replacements. All appointments to the Executive Board of Management including any acting arrangements greater than four weeks are captured in this note.
- b. Members of the Executive Board of Management, apart from the Auditor-General, are employed in accordance with the *Public Service Act 1999*.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 2.2B: 2021-22 Key Management Personnel Remuneration Table

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits			Termination Benefits	Total Remuneration
		Base salary	Bonuses	Other benefits and allowances		Superannuation contributions	Long service leave	Other long-term benefits		
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Grant Hehir	Auditor-General	676,066	-	-	80,657	-	16,684	-	-	773,407
Rona Mellor	Deputy Auditor-General	394,177	-	-	71,398	-	12,531	-	-	478,106
Jane Meade	Group Executive Director	245,225	-	25,917	38,816	-	7,614	-	-	317,572
Carla Jago	Group Executive Director	259,513	-	25,917	48,951	-	9,558	-	-	343,939
Anastasios Ioannou	Group Executive Director	258,325	7,218	25,917	45,234	-	11,237	-	-	347,931
Bola Oyedunji	Group Executive Director	263,705	-	29,406	32,044	-	13,304	-	-	338,459
Jacqueline Walton	Senior Executive Director	210,334	-	24,920	39,595	-	7,335	-	-	282,184
Lesa Craswell	Senior Executive Director	176,989	-	39,872	32,129	-	7,751	-	-	256,741
Geraldine Quinane	Chief Finance Officer	142,661	-	-	20,965	-	5,850	-	-	169,476
George Sotiropoulos	Group Executive Director	201,916	-	-	40,109	-	4,183	-	-	246,208
Alison Garth	Chief Finance Officer (Acting)	11,921	-	-	2,117	-	263	-	-	14,301
Total		2,840,832	7,218	171,949	452,015	-	96,310	-	-	3,568,324

Notes:

- This table is prepared on an accrual basis.
- This table reports the total remuneration of KMP who received remuneration during the reporting period.
- The Short-term benefits is comprised of:
 - Base Salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - Bonuses – payable within 12 months; and
 - other benefits and allowances (SES vehicle allowance).
- The Superannuation contributions amount is the ANAO's superannuation contributions, including productivity component, for the reporting period.
- The Other long-term benefits is the amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes any salary paid while on long service leave.
- Some of the figures are impacted by the duration of service as a KMP. Note 2.2 provides detail of the length of service for officers that were classified as KMP.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 2.2C: 2020-21 Key Management Personnel Remuneration Table

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits			Termination Benefits	Total Remuneration
		Base salary	Bonuses	Other benefits and allowances		Superannuation contributions	Long service leave	Other long-term benefits		
Grant Hehir	Auditor-General	664,624	-	-	80,657	19,291	-	-	-	764,572
Rona Mellor	Deputy Auditor-General	399,696	-	-	70,829	11,246	-	-	-	481,771
Jane Meade	Group Executive Director	243,348	-	25,917	38,340	7,925	-	-	-	315,530
Carla Jago	Group Executive Director	248,403	-	25,917	47,038	8,035	-	-	-	329,392
Anastasios Ioannou	Group Executive Director	241,022	-	25,917	45,234	7,063	-	-	-	319,237
Lisa Rauter	Group Executive Director	222,620	7,925	21,631	40,114	6,988	-	-	-	299,277
Bola Oyetunji	Group Executive Director (Acting)	218,321	12,485	39,872	32,044	7,292	-	-	-	310,015
Deborah Rollings	Senior Executive Director	170,499	-	21,853	34,756	6,431	-	-	37,368	270,907
Jacqueline Walton	Senior Executive Director	36,926	-	4,026	7,396	1,019	-	-	-	49,367
Lesa Craswell	Senior Executive Director (Acting)	35,292	-	7,668	6,056	958	-	-	-	49,973
Geraldine Quinane	Chief Finance Officer	138,134	-	-	20,108	3,835	-	-	-	162,077
Total		2,618,885	20,410	172,800	422,571	80,084	-	-	37,368	3,352,118

Notes:

- This table is prepared on an accrual basis.
- This table reports the total remuneration of KMP who received remuneration during the reporting period.
- The Short-term benefits is comprised of:
 - Base Salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - Bonuses – payable within 12 months; and
 - other benefits and allowances (SES vehicle allowance).
- The Superannuation contributions amount is the ANAO's superannuation contributions, including productivity component, for the reporting period.
- The Other long-term benefits is the amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes any salary paid while on long service leave.
- Some of the figures are impacted by the duration of service as a KMP. Note 2.2 provides detail of the length of service for officers that were classified as KMP.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 2.3: Remuneration Paid to Senior Executives

Note 2.3A: Senior Executive Remuneration

2021-22

Remuneration Band	Number of Senior Executives	Short-term benefits			Post-employment benefits	Other long-term benefits			Termination Benefits	Total Remuneration		
		Average Base salary	Average Bonuses	Average Other benefits and allowances ^(a)		Average Long service leave	Average Other long-term benefits	Average Termination Benefits		Excluding overseas housing allowances	Average total remuneration ^(a)	Including overseas housing allowances
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$220,000 or less	10	91,311	3,256	-	13,870	14,986	-	-	-	126,833	126,833	126,833
\$220,001 to \$245,000	9	176,655	1,144	-	24,126	28,280	-	-	-	235,800	235,800	235,800
\$245,001 to \$270,000	3	180,323	3,995	-	21,043	29,133	-	-	-	243,749	243,749	243,749
\$270,001 to \$295,000	3	205,784	3,312	-	24,920	36,195	-	-	-	277,424	277,424	277,424
\$295,001 to \$320,000	1	211,802	-	-	40,067	40,633	-	-	-	301,607	301,607	301,607
\$345,001 to \$370,000	1	183,731	-	106,064	24,920	32,544	-	-	-	247,019	247,019	353,083

a) Other short-term benefits and allowances include overseas housing allowance and benefits paid on behalf of APS staff posted overseas. These staff are remunerated in accordance with the Whole of Government Overseas Conditions of Service Policy that is designed to compensate for the differences in locations in such matters as the cost of living, the cost of accommodation and the security environment. In these circumstances the total value of an individual staff member's total remuneration is impacted by the value of the overseas housing benefits and allowances paid on behalf of the staff member and the table above is reported to enable a fuller understanding of the extent of this impact while still reporting the total remuneration of each relevant staff member as required by the disclosure requirements of the PGPA Rule.

Notes:

1. This table is prepared on an accrual basis.
2. This table reports the average total remuneration of Senior Executives who received remuneration during the reporting period.
3. The Short-term benefits is comprised of:
 - a) the average Base Salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - b) the average Bonuses – payable within 12 months; and
 - c) the average of other benefits and allowances (SES vehicle allowance).
4. The Superannuation contributions amount is the average of the ANAO's superannuation contributions, including productivity component, for the reporting period.
5. The Other long-term benefits is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.
6. Those ANAO officers that have been classified as KMP (as per Note 2.2B) have not been included in this note disclosure.
7. The average other benefits and allowances have not been split to show the overseas housing allowances in the prior year comparative table as the value of these particular benefits and allowances did not distort the total remuneration.
8. All Senior Executive Remuneration of acting arrangements greater than four weeks are captured in this note.

Australian National Audit Office
Notes to and forming part of the financial statements

2020-21

Remuneration Band	Number of Senior Executives	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination Benefits		Total Remuneration
		Average salary	Average Base salary	Average Bonuses	Average benefits and allowances	Average Superannuation contributions	Average service leave	Average long-term benefits	Average Termination Benefits	Average total remuneration	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$220,000 or less	10	118,115		1,508	19,998	20,763	(106)	-	-	-	160,278
\$220,001 to \$245,000	6	172,659		838	24,455	31,371	4,478	-	-	-	233,801
\$245,001 to \$270,000	2	179,487			26,022	35,231	9,140	-	-	-	252,447
\$270,001 to \$295,000	4	196,847		3,073	42,928	37,452	6,255	-	-	-	286,555

Notes:

- This table is prepared on an accrual basis.
- This table reports the average total remuneration of Senior Executives who received remuneration during the reporting period.
- The Short-term benefits is comprised of:
 - the average Base Salary (including: paid and accrued; paid while on annual leave; paid while on sick leave; higher duties allowance and purchased annual leave)
 - the average Bonuses – payable within 12 months; and
 - the average of other benefits and allowances (SES vehicle allowance).
- The Superannuation contributions amount is the average of the ANAO's superannuation contributions, including productivity component, for the reporting period.
- The Other long-term benefits is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.
- Those ANAO officers that have been classified as KMP (as per Note 2.2B) have not been included in this note disclosure.
- The average other benefits and allowances have not been split to show the overseas housing allowances in this prior year comparative table as the value of these particular benefits and allowances did not distort the total remuneration.
- All Senior Executive Remuneration of acting arrangements greater than four weeks are captured in this note.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 2.4: Remuneration Paid to Highly Paid Staff

Note 2.4A: Other Highly Paid Staff Remuneration

Remuneration Band	Number of Other Highly Paid Staff	Short-term benefits			Post-employment benefits	Other long-term benefits	Termination Benefits	Total Remuneration
		Average Base salary	Average Bonuses	Average Other benefits and allowances (a)				
				Overseas housing allowances	Superannuation contributions	Average Long service leave	Average Other long-term benefits	Average total remuneration (a)
				Other				Excluding overseas housing allowances
		\$	\$	\$	\$	\$	\$	\$
\$245,001 - \$270,000	1	150,317	5,671	69,132	4,984	21,690	6,062	188,724
								257,856

All other highly paid personnel are remunerated under the terms set out in the ANAO Enterprise Agreement 2016–2019 and Section 24(1) Determination.

a) Other short-term benefits and allowances include overseas housing allowance and benefits paid on behalf of APS staff posted overseas. These staff are remunerated in accordance with the Whole of Government Overseas Conditions of Service Policy that is designed to compensate for the differences in locations in such matters as the cost of living, the cost of accommodation and the security environment. In these circumstances the total value of an individual staff member's total remuneration is impacted by the value of the overseas housing benefits and allowances paid on behalf of the staff member and the table above is reported to enable a fuller understanding of the extent of this impact while still reporting the total remuneration of each relevant staff member as required by the disclosure requirements of the PGPA Rule. (2021: Nil).

Australian National Audit Office
Notes to and forming part of the financial statements

Note 2.5: Related Party Disclosures

Related party relationships:

The ANAO is an Australian Government controlled entity. Related parties to the ANAO are:

- Key Management Personnel of the ANAO, their close family members, and entities controlled or jointly controlled by either;
- Cabinet Ministers;
- Key Management Personnel for the consolidated whole of Government accounts; and
- all other Australian Government entities.

Transactions with related parties:

Significant transactions with related parties can include:

- purchases of goods and services;
- asset purchases, sales transfers or leases; and
- debts forgiven.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the ANAO, it has been determined that there are no related party transactions to be disclosed other than KMP remuneration disclosed in Note 2.2.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 3: Funding

This section identifies the ANAO's funding structure.

Note 3.1: Appropriations

Note 3.1A: Annual Appropriations ('Recoverable GST exclusive')

	2022 \$'000	2021 \$'000
Ordinary annual services	80,291	67,879
Departmental capital budget ¹	955	1,510
Receipts retained under PGPA Act - Section 74 ²	8,759	6,600
Total appropriation	90,005	75,989
Appropriation applied (current and prior years)	84,909	76,829
Variance	5,096	(840)

1. Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

Departmental and administered capital budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

2. PGPA Act - Section 74 receipts of amounts by non-corporate Commonwealth entities. This amount includes fees charged on a cost recovery basis to conduct audits by arrangement under section 20 of the Auditor-General Act 1997.

Note 3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2022 \$'000	2021 \$'000
Authority		
Departmental		
<i>Appropriation Act (No. 1) 2020-21</i>	-	23,560
<i>Appropriation Act (No. 1) 2021-22</i>	28,656	-
Total departmental	28,656	23,560

Note 3.1C: Special Appropriations ('Recoverable GST exclusive')

	Appropriation Applied 2022 \$'000	Appropriation Applied 2021 \$'000
Authority		
<i>Auditor-General Act 1997, Schedule 1, sections 3 and 7 Unlimited amount for the remuneration of the Auditor-General</i>	686	704
Total special appropriations applied	686	704

Australian National Audit Office
Notes to and forming part of the financial statements

Note 3.2: Special Accounts

The ANAO has a special account called the Services for Other Entities and Trust Moneys Special Account. This account was established under Section 78 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The establishing instrument for the ANAO's special account was the: *Financial Management and Accountability Determination 2012/06* on 30 May 2012.

For the year ended 30 June 2022 the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

The purpose of the *Services for Other Entities and Trust Moneys Special Account* is to:

- a) disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth; disburse amounts in connection with services performed on behalf of other governments and bodies that are not non-corporate Commonwealth entities; and
- b) repay amounts where an act or law requires or permits the repayment of an amount received.

The ANAO's special account is due to cease on 1 October 2022. The ANAO will not seek a replacement special account.

Note 3.3: Net Cash Appropriation Arrangements

	2022 \$'000	2021 \$'000
Total comprehensive loss - as per the Statement of Comprehensive Income	(1,310)	(5,696)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/ or equity injections)	1,499	1,605
Plus: depreciation right-of-use assets	2,407	2,405
Less: lease principal repayments	151	147
Net Cash Operating Surplus/(Deficit)	2,445	(1,833)

The ANAO is required to prepare this note as:

- it receives appropriations through Departmental Capital Budget funding or equity appropriations to fund asset purchases and replacements; and
- it is a lessee with right-of-use assets and lease liabilities.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 4: Financial Performance

This section analyses the financial performance of the ANAO for the period ended 30 June 2022.

Note 4.1: Expenses

	2022	2021
	\$'000	\$'000
Note 4.1A: Suppliers		
Goods and services		
Consultants and contractors	23,627	22,233
Information and communication technology	6,911	6,002
Travel	330	240
Professional development	871	585
Professional services	514	371
Staff related expenses	698	608
Recruitment	626	351
Property operating expenses	232	358
Other	408	523
Total goods and services supplied	34,217	31,271
Other suppliers		
Low value leases	28	32
Workers compensation expenses	151	405
Total other suppliers	179	437
Total Suppliers	34,396	31,708

Accounting Policy

The ANAO has elected not to recognise right-of-use assets and lease liabilities for leases where the lease term is shorter than 12 months or the leased asset is of a low value (less than \$10,000). The ANAO recognises lease payments associated with these leases evenly over the lease term.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 4.2: Own-Source Income

	2022 \$'000	2021 \$'000
Note 4.2A: Revenue from Contracts with Customers		
Rendering of audit services	2,523	2,440
Rendering of other services	400	677
International development funding	1,173	581
Other revenue	-	597
Total revenue from contracts with customers	4,096	4,295

	2022 \$'000	2021 \$'000
Note 4.2B: Disaggregation of Revenue from Contracts with Customers		
Major product / service line:		
Service delivery	4,096	4,295
	4,096	4,295
Type of customer:		
Australian Government entities (related parties)	3,696	3,151
Non-government entities	400	1,144
	4,096	4,295
Timing of transfer of goods and services:		
Over time	2,523	2,440
Point in time	1,573	1,855
	4,096	4,295

Accounting Policy

Revenue from contracts with customers is recognised when the performance obligations required under enforceable agreements are satisfied. This can result in revenue being recognised over the term of the contract or at a point in time, subject to the specific terms and conditions of the agreement.

Note 4.3: Revenue from Government

Note 4.3A: Accounting Policy

Amounts appropriated for departmental operating activities for the year (adjusted for any formal additions or reductions and less Departmental Capital Budgets) are recognised as Revenue from Government when the ANAO gains control of the appropriation.

Appropriations receivable are recognised at their nominal amounts.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 5: Financial Position

This section analyses the ANAO's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationship section.

Note 5.1: Financial Assets

Note 5.1A: Cash and Cash equivalents

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and deposits in bank accounts.

Note 5.1B: Trade and Other Receivables

	2022 \$'000	2021 \$'000
Trade receivables	875	831
Contract assets from contracts with customers	385	764
GST receivable from the Australian Taxation Office	465	260
Appropriation receivable	27,683	22,820
Total trade and other receivables	29,408	24,675

	2022 \$'000	2021 \$'000
Note 5.1C: Trade and Other Receivables - Administered		
Trade receivables	2,521	6,073
Contract assets from contracts with customers	4,606	2,307
Total trade and other receivables	7,127	8,380

Credit terms for goods and services were within 30 days (2021: 30 days).

Accounting Policy

Financial assets:

Financial assets are comprised of trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows and are measured at amortised cost.

Financial Liabilities:

Financial liabilities are measured at amortised cost.

Impairment:

The ANAO recognises a loss allowance and impairment expense at an amount equal to lifetime expected credit losses.

As the ANAO's receivables relate to outstanding debts with other Commonwealth entities, no impairment has been recognised for 2021-22 (2020-21: Nil).

Contract assets from contracts with customers:

Contract assets from contracts with customers relate to costs incurred on audit engagements less interim billings. Contract assets from contracts with customers are valued at an amount that is expected to be recovered.

Australian National Audit Office
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Note 5.2: Non-Financial Assets

Note 5.2A Property, Plant and Equipment and Intangibles

Reconciliation of opening and closing balances of property, plant and equipment and intangibles for 2022

	Leasehold Improvements	Plant & equipment	Intangibles - Computer software	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2021				
Gross book value	43,831	2,945	3,864	50,640
Accumulated depreciation, amortisation and impairment	(3,618)	(68)	(3,238)	(6,924)
Total as at 1 July 2021	40,213	2,877	626	43,716
Additions - by purchase or internally developed	-	1,071	54	1,125
Depreciation and amortisation expense	(681)	(616)	(202)	(1,499)
Depreciation on right-of-use assets	(2,407)	-	-	(2,407)
Write down and impairment of assets	-	(9)	(182)	(191)
Adjustments on right-of-use assets	6	-	-	6
Total as at 30 June 2022	37,131	3,323	296	40,750
Total as at 30 June 2022 represented by:				
Gross book value	43,837	4,000	3,412	51,249
Accumulated depreciation, amortisation and impairment	(6,706)	(677)	(3,116)	(10,499)
Total	37,131	3,323	296	40,750
Carrying amount of right-of-use assets	28,567	-	-	28,567

Accounting Policy - Property, plant and equipment

Asset recognition:

Purchases of non-financial assets are initially recognised at cost in the Statement of Financial Position, except for purchases costing less than \$4,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Lease Right of Use (ROU) Assets:

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Revaluations of non-financial and intangible assets:

Following initial recognition at cost, leasehold improvements and plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value). Carrying amounts are reviewed every year to determine if an independent valuation is required. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Following initial recognition ROU assets continue to be carried at cost and are not subject to revaluation.

Australian National Audit Office
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Accounting Policy (continued)

Fair Value:

With the exception of ROU assets which continue to be recognised at cost, all other property, plant and equipment is measured at fair value in the Statement of Financial Position. When estimating fair value, market prices (with adjustment) were used, where available. Where market prices were not available, current replacement cost was used (i.e. level 3). Level 3 measurements use inputs to estimate fair value where there are no observable market prices for the assets being valued.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets:

Current contractual commitments for the acquisition of property, plant, and equipment consists of \$415,600 (2021: Nil). This is a single contract for the purchase of information technology equipment (mobile phones) to support the implementation of multifactor authentication as required by Australian Cyber Security Centre's essential eight.

The future economic benefits of the ANAO's plant and equipment and leasehold improvements are not primarily dependent on their ability to generate cash flows. The ANAO has not disclosed quantitative information about the significant unobservable inputs for the level 3 measurements in these classes.

Impairment:

All assets were assessed for impairment at 30 June 2022, and no material impairment was identified.

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Depreciation:

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ANAO, using in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated over the lesser of the estimated useful life of the improvement or the lease term. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2022	2021
Leasehold improvements	Lease term	Lease term
Right-of-use assets	Lease term	Lease term
IT Assets	2 to 11 years	2 to 11 years
Office equipment	5 to 30 years	5 to 30 years

Intangibles

The ANAO's intangibles comprise off-the-shelf software and associated enhancement costs. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the ANAO's software are 3 to 5 years (2021: 3 to 5 years).

Impairment:

All intangible assets were assessed for impairment at 30 June 2022. Where indications of impairment exist, intangibles are measured at their recoverable amount, if that amount is lower than the assets current carrying amount.

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Note 5.3: Liabilities

	2022 \$'000	2021 \$'000
Note 5.3A: Suppliers		
Trade creditors and accruals	3,013	3,348
Total supplier payables	3,013	3,348

Accounting Policy

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier payables are settled within 20 days.

Note 5.4: Interest Bearing Liabilities

	2022 \$'000	2021 \$'000
Note 5.4A: Leases		
Lease liabilities		
Leasehold improvements	34,992	34,822
Total leases	34,992	34,822
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	1,974	338
Between 1 to 5 years	14,381	10,386
More than 5 years	22,139	28,103
Total leases	38,494	38,827

Total cash outflow for leases for the year ended 30 June 2022 was \$151,000 (2021: \$147,000)

The ANAO in its capacity as lessee, entered into a lease contract for a period of 15 years (with one option of 5 years) commencing from 1 January 2020 in relation to 38 Sydney Avenue office premises. The rent is increased on each anniversary of the commencement date including any options by 3.5%, except that on the commencement of each option term the rent will be reviewed to market.

The above lease disclosures should be read in conjunction with the accompanying notes 4.1A and 5.2.

Accounting Policy

For all new contracts entered into, the ANAO considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Australian National Audit Office
Notes to and forming part of the financial statements

Note 6: Other Information

Note 6.1: Current/Non-Current Distinction for Assets and Liabilities

	2022 \$'000	2021 \$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	2,211	740
Trade and other receivables	29,408	24,675
Prepayments	505	814
Total no more than 12 months	32,124	26,229
More than 12 months		
Leasehold improvements	37,131	40,213
Plant and equipment	3,323	2,877
Computer Software	296	626
Prepayments	1	-
Total more than 12 months	40,751	43,716
Total assets¹	72,875	69,945
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	3,013	3,348
Other payables	2,917	1,030
Leases	151	150
Employee provisions	3,910	3,357
Total no more than 12 months	9,991	7,885
More than 12 months		
Leases	34,841	34,672
Employee provisions	9,745	8,735
Total more than 12 months	44,586	43,407
Total liabilities	54,577	51,292

	2022 \$'000	2021 \$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	-	247
Trade and other receivables	7,127	8,380
Total no more than 12 months	7,127	8,627
Total assets	7,127	8,627
Liabilities expected to be settled in:		
GST payable	117	553
Total no more than 12 months	117	553
Total liabilities	117	553

1. Total Assets includes GST payable.

Australian National Audit Office
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Note 6.2: Remuneration of Auditors

	2022	2021
	\$	\$
Fees for services provided		
Financial statements audit services	90,000	90,000
Performance audit services ¹	100,000	-
Performance statements audit services	55,188	55,188
Total	245,188	145,188

Ms. Eileen Hoggett was appointed as Independent Auditor for 5 years from 1 March 2019 under clause 1 of Schedule 2 to the *Auditor-General Act 1997*. Ms. Hoggett audits the annual performance statements of the ANAO under contract. Ms. Hoggett is appointed in a personal capacity and performs no other services for the ANAO.

1. Performance audit fees are recognised in the financial year where the majority of the audit is performed, timings may not always align with the year that the audit is tabled.