



**ASIC**  
Australian Securities &  
Investments Commission

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# Australian National Audit Office

## Audit inspection report

1 July 2021 to 30 June 2022

**July 2022**

### **About this report**

This report sets out our findings from our review of key areas in two audits of financial reports for the year ended 30 June 2021 conducted by the Australian National Audit Office (ANAO).

## Introduction

This report summarises our findings from reviews of key areas in two audits of financial reports for the year ended 30 June 2021 conducted by the ANAO. Our reviews were conducted using ASIC's methodology for inspections of private sector audits.

This report:

- › should not be taken to provide assurance that the ANAO's audits and systems, or audited financial reports, are free of other deficiencies not identified in this report; and
- › may be released to the public in full. The report should not be quoted or summarised by the ANAO in any other publication without reference to a website where the full report is publicly available.

The reviews were undertaken by staff in ASIC's Financial Reporting & Audit team with no involvement in financial reporting by ASIC. These staff reported to the Auditor-General in relation to the reviews, not the Commissioners of ASIC.

## Our findings

In our view, the ANAO did not obtain reasonable assurance that the financial report was free of material misstatement in the key audit areas summarised in Table 1. This should not be taken to infer that the financial report was materially misstated, but rather that the auditor did not obtain sufficient evidence to support their opinion.

**Table 1: Audit review findings—Risk of material misstatement**

Entity	Areas with findings	Findings
Entity A	3 of the 4 key areas reviewed	<ul style="list-style-type: none"><li>• <i>Revenue recognition</i> — The auditor did not adequately assess the appropriateness of the revenue recognition policy and obtain sufficient appropriate evidence over a material income stream.</li><li>• <i>Property, plant and equipment (disclosure)</i> — The auditor did not sufficiently document how the sample size was determined and whether it was sufficient to reduce the risk of material misclassification to an acceptable level.</li><li>• <i>Right of Use Assets and Lease Liability</i> — The auditor did not obtain sufficient appropriate audit evidence in relation to the incremental borrowing rate applied in the lease accounting, to support the ROU asset and lease liability balances</li></ul>
Entity B	2 of the 3 key areas reviewed	<ul style="list-style-type: none"><li>• <i>Employee benefits</i> — The auditor did not obtain sufficient appropriate evidence over the appropriateness of not testing a key control, the completeness and accuracy of information used in substantive analytical procedures and the assumptions used in calculating employee provisions.</li></ul>

- *Non-financial assets* — The auditor did not obtain sufficient appropriate evidence to support the lease liability and right of use asset balances, right of use asset depreciation expense and work in progress assets

**Table 1: Audit review findings—other**

Entity	Findings
Entity A	<ul style="list-style-type: none"> <li>› <i>Capitalisation of intangibles</i> — The auditor did not sufficiently document the consideration over whether internally generated intangibles meet the capitalisation criteria in AASB 138.</li> </ul>

## Further information

More information on the matters in table 1 and table 2 is contained in detailed comment forms provided separately to the ANAO. The comment forms include the ANAO's responses to our findings.

### Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.