

# Australian National Audit Office

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ANNUAL REPORT 2018–19

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5 August 2019

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

In accordance with section 28 of the *Auditor-General Act 1997*, I present to the Parliament my report on the activities of the Australian National Audit Office for the year ended 30 June 2019.

As required by section 10 of the Public Governance, Performance and Accountability Rule 2014, I certify that:

- the ANAO has prepared fraud risk assessments and fraud control plans;
- the ANAO has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs; and
- I have taken all reasonable measures to appropriately deal with fraud relating to the ANAO.

Following the tabling of the Australian National Audit Office Annual Report 2018–19, the report will be made available on the Australian National Audit Office's website, <http://www.anao.gov.au/>.

Yours sincerely

Grant Hehir  
Auditor-General

## About this report

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This annual report documents the performance of the Australian National Audit Office (ANAO) in the financial year ended on 30 June 2019.

The report addresses all applicable obligations under the *Public Governance, Performance and Accountability Act 2013*; the Public Governance, Performance and Accountability Rule 2014; the *Auditor-General Act 1997*; the performance measures set out in the outcome and programs framework in the ANAO's Portfolio Budget Statements 2018–19 and the ANAO Corporate Plan 2018–19, and annual reporting requirements set out in other relevant legislation.

In **Part 1** of the report, the Auditor-General reviews the significant issues and achievements of the past year and reflects on the challenges for the year ahead.

**Part 2** provides an overview of the ANAO's purpose, role, and values; outcomes as set out in the Portfolio Budget Statements; organisation and the organisational structure; and relationship with Parliament.

**Part 3** provides the Annual Performance Statement, which includes a summary of the work undertaken by the ANAO in 2018–19, the report on financial performance and the audited financial statements for 2018–19.

**Part 4** provides information on the ANAO's organisational governance, capability and risk management frameworks.

The **appendices** contain reporting information on engagement with parliamentary committees, transparency, resources and expenses, the ANAO workforce and other management issues.

A list of abbreviations and acronyms, a list of annual report requirements and an index are provided at the end of the report to assist readers in navigating the report.

This report and other ANAO publications, as well as information about the ANAO, are available online at <http://www.anao.gov.au/>.

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# Contents

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Part 1—Foreword by the Auditor-General .....	1
Part 2—Overview of the ANAO .....	4
<i>Relationships</i> .....	7
Part 3—Report on performance .....	13
<i>Annual performance statements</i> .....	15
<i>Report on financial performance</i> .....	33
<i>Financial Statements</i> .....	37
Part 4—ANAO organisational governance, capability and risk management .....	67
<i>Governance</i> .....	67
<i>Strategic planning framework</i> .....	71
<i>Organisational capability</i> .....	72
<i>Risk management</i> .....	81
<i>External scrutiny</i> .....	84
<i>Other management issues</i> .....	85
Appendices .....	87
<i>Appendix A — ANAO appearances before, and submissions to, parliamentary committees</i> .....	88
<i>Appendix B — Transparency reporting</i> .....	92
<i>Appendix C — Entity resource statement and expenses by outcomes</i> .....	94
<i>Appendix D — Workforce information</i> .....	96
<i>Appendix E — Staff engagement and performance strategies</i> .....	101
<i>Appendix F — Other management issues</i> .....	104
Abbreviations and acronyms .....	109
List of requirements .....	110
Index .....	115



# Part 1—Foreword by the Auditor-General

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I am pleased to present this annual report to the Parliament. This year has seen the Australian National Audit Office (ANAO) continue to meet the requirements of its mandate under the *Auditor-General Act 1997* through the delivery of high quality audit reports.

The *ANAO Corporate Plan 2018-19* outlined the key performance measures for the activities which contribute to achieving its purpose alongside the ANAO's strategy to deliver against them. Every year the Corporate Plan is complemented by an Annual Audit Work Program (AAWP), which is designed to include balanced coverage of portfolios and activities across the public sector.

The ANAO's performance during 2018-19 is reported on in detail in Part 3: Report on Performance. The ANAO issued 241 financial statement opinions and two reports on findings from our financial auditing work, including an assessment of entities' fraud management within the interim controls report. I am pleased to see that financial reporting remains strong throughout the sector. In 2018-19, 48 performance audit reports were tabled and, of the audits commenced, we achieved the intended coverage outlined in the AAWP with a focus on governance, service delivery, procurement and performance against objectives.

During the year there was significant commentary on the corporate governance of entities, with the Financial Services Royal Commission receiving significant attention. In both the private and public sectors effective governance is critical, as is the culture which supports it. For the auditor the question arises of how observations relating to culture can be reflected in audit conclusions. The challenge for the auditor in this context is in recognising the value – and limitations – of a hard compliance approach while remaining cognisant of the impact of softer attributes of governance. The ANAO has attempted to address these issues in a number of our audits, including those relating to:

- board governance in public sector entities<sup>1</sup>, which has highlighted the importance of the 'soft' attributes of governance, such as the behaviour of board members, the dynamic between the board and management and the impact of this on organisational culture;
- cyber security<sup>2</sup>, which continue to show that those entities which meet the mandatory requirements set by government are more likely to display a culture that supports the protection of information within their control; and
- quality in policy and service delivery<sup>3</sup>, which show that agencies with an embedded quality framework — which guide their systems of controls and processes — are more likely to know that their actions are consistent with their purpose.

These audits have highlighted that while requiring compliance with mandated rules is necessary for good governance, proactive engagement and leadership from senior executives is necessary to establish a culture of performance and accountability.

The discussion of effective governance has also highlighted the important role that openness to criticism and learning plays in building an effective culture, whether it be in supporting an innovative culture, a risk management culture or a compliance culture. Organisations which respond to external criticism defensively or dismissively ('we are already aware of the issue', 'we are already addressing

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1 Australian National Audit Office, *Audit Insights – board governance* [Internet] ANAO, 17 May 2019, available from: <https://www.anao.gov.au/work/audit-insights/board-governance>.

2 Australian National Audit Office, *Insights from reports tabled April to June 2018* [Internet] ANAO, 20 July 2018, available from: <https://www.anao.gov.au/work/audit-insights/insights-reports-tabled-april-june-2018>.

3 Australian National Audit Office, *Insights from reports tabled October to December 2018* [Internet] ANAO 7 March 2019, available from: <https://www.anao.gov.au/work/audit-insights/insights-reports-tabled-october-to-december-2018>.

the issue', 'the report needs to be read in context', 'the issues raised are not material') put at risk their ability to build an effective governance culture and embed the characteristics of a learning organisation.

The work of the Australian Prudential Regulation Authority (APRA) and the Financial Services Royal Commission has also drawn attention to the important role of auditors in providing appropriate assurance. The quality of audit activity has also been a discussion point internationally.

As the Commonwealth's statutory auditor, maintaining a focus on quality in our work is a key priority for the ANAO. This is achieved through our [Quality Assurance Strategy](#) which includes an internal quality assurance review process along with external review by ASIC and peer reviews with the Office of the Auditor-General New Zealand. Quality in the work undertaken by the private sector in our contract-out arrangements is an equally high consideration.

The most significant issue for 2018-19, and the most significant issue in my time as Auditor-General, related to *Auditor-General's Report No. 6 of 2018-19: Army's Protected Mobility Vehicle – Light*. During the course of this audit, the Attorney-General issued a certificate (under subsection 37(1) of the *Auditor-General Act 1997*) requiring that certain information be omitted from the final report. The certificate included omission of parts of the audit conclusion in the report and, as a result of this, I was prevented from fully concluding against the audit objective — which was 'to assess the effectiveness and value for money of Defence's acquisition of light protected vehicles'. This resulted in, for the first time, an ANAO performance audit being tabled with a disclaimer of conclusion to the effect that I was not able to prepare a report that expressed a clear conclusion on the audit objective in accordance with the ANAO Auditing Standards. An inquiry into this was held by the Joint Committee of Public Accounts and Audit (JCPAA). In my submission to the Committee and in evidence before it, I indicated that my primary concern regarding this matter was that the Parliament could not be fully informed of the audit's findings and conclusion.

It is the role of the Auditor-General to provide independent, accurate and complete information to the Parliament to promote accountability and transparency in the public sector, particularly in areas of high materiality. The possibility that further work of the Auditor-General is subject to certification of this nature poses an ongoing risk to the work of the ANAO and the independence of the Auditor-General. With the completion of its inquiry into this matter, the JCPAA listed a number of considerations to be taken into account during the next review of the *Auditor-General Act 1997*. With reviews historically taking place approximately every 10 years, it would be timely for a review of the Act to take place during the 46<sup>th</sup> Parliament.

During 2018-19 the ANAO continued to maintain a positive relationship with members of the 45th Parliament. This occurred through regular communication with the JCPAA, as well as briefings provided to parliamentarians. The JCPAA conducted nine inquiries throughout 2018–19, resulting in the tabling of seven reports on its review of Auditor-General reports. Officers of the ANAO attended 18 private briefings and public hearings as part of the JCPAA's review of audit reports.

On 1 July 2019, the 2019-20 Corporate Plan and 2019-20 Annual Audit Work Program were published, outlining the ANAO's planned activities for the year. By taking into consideration the audit priorities of the Parliament, findings from the previous year's audits and feedback received from entities, this year's program reflects the use of a risk-based approach to achieve balanced audit coverage.

Key features of the 2019–20 Annual Audit Work Program include:

- an ongoing focus on the key accountabilities as outlined in the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act), including efficiency, effectiveness, economy and ethics;



- planning and delivery in major areas of public investment, such as in defence capability; large-scale infrastructure such as the national broadband network; the National Disability Insurance Scheme; and programs targeting Indigenous Australians;
- the measurement of performance and impact against agreed program objectives; and
- management of program and entity risks, including in relation to probity, integrity and fraud.

In previous budget submissions to the JCPAA I did not seek supplementation for the ANAO budget, but noted that an operating loss for 2018-19 was expected. A number of factors contributed to this:

- adjusting to a new funding base resulting from savings measures;
- transforming our business approaches through new technology, tools and working environment, funded through accessing unspent prior year appropriations;
- changing our resourcing approach to focus on ongoing staff in order to transition away from reliance on contract-in personnel for audits to realise efficiencies and improve capability;
- increased costs in contracted-out audits, particularly in the corporate and GBE sector; and
- legal costs in relation to action taken in the Federal Court and the certificate issued by the Attorney-General in relation to the Hawkei audit.

Despite our progress towards realising efficiency gains expected from transformation projects, we are again expecting to deliver an operating loss in 2019-20. This is partly due to the ongoing costs of transformation projects, which will again be funded by accessing prior year appropriations, pressures from the increased complexity of audit work and the absence of funding to audit newly created Commonwealth enterprises.

In 2018-19, the independent review of the PGPA Act was published. The final report included a number of recommendations intended to strengthen the Act as a principles-based framework for the public sector. A recommendation from the review was that the Finance Minister, in consultation with the JCPAA, request a pilot of assurance audits of annual performance. I look forward to working closely with the JCPAA to implement this trial. I see this as a positive opportunity to develop a reliable methodology that can serve as an important accountability and transparency mechanism in the future, facilitating more accurate and comprehensive reporting of performance information to the Parliament.

Finding new ways to engage with and support the Parliament will be an ongoing focus for 2019-20. I look forward to building a positive relationship with the newly formed JCPAA and members of the 46th Parliament.



Grant Hehir  
Auditor-General

## Part 2—Overview of the ANAO

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This section provides an overview of the ANAO's purpose, role, and values; outcomes as set out in the Portfolio Budget Statements; organisation and the organisational structure; and relationship with Parliament

### Purpose

The purpose of the ANAO 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 ANAO delivers its purpose under the Auditor-General's mandate as set out in the *Auditor-General Act 1997*, and in accordance with the *Public Governance, Performance and Accountability Act 2013* and the *Public Service Act 1999*.

The executive arm of government is accountable to Parliament for its use of public resources and the administration of legislation passed by the Parliament. The Auditor-General scrutinises and provides independent assurance as to whether the executive is operating and accounting for its performance in accordance with Parliament's intent.

### Role

The Governor-General, on the recommendation of the JCPAA and the Prime Minister, appoints the Auditor-General for a term of 10 years. As an independent officer of the Parliament, the Auditor-General has complete discretion in the performance or exercise of the functions or powers under the *Auditor-General Act 1997* (the Act). In particular, the Auditor-General is not subject to direction in relation to:

- whether a particular audit is to be conducted;
- the way a particular audit is to be conducted; or
- the priority given to any particular matter.

In the exercise of the functions or powers under the Act, the Auditor-General must have regard to the audit priorities of the Parliament, as determined by the JCPAA.

Under the Act, the Auditor-General's functions include:

- auditing the financial statements of Commonwealth entities and Commonwealth companies and their subsidiaries;
- conducting performance audits, assurance reviews, and audits of the performance measures of Commonwealth entities and Commonwealth companies and their subsidiaries;
- conducting a performance audit of a Commonwealth partner as described in section 18B of the Act;
- providing other audit services as required by other legislation or allowed under section 20 of the Act; and
- reporting directly to the Parliament on any matter or to a minister on any important matter.

The ANAO supports the Auditor-General in this role.

## Values

The ANAO upholds the Australian Public Service (APS) values as set out in the *Public Service Act 1999*. The ANAO places particular focus on respect, integrity and excellence — values that align with the APS values and address the unique aspects of the ANAO's business and operating environment. The ANAO's values guide the office in performing its role objectively, with impartiality and in a manner that supports the Parliament.

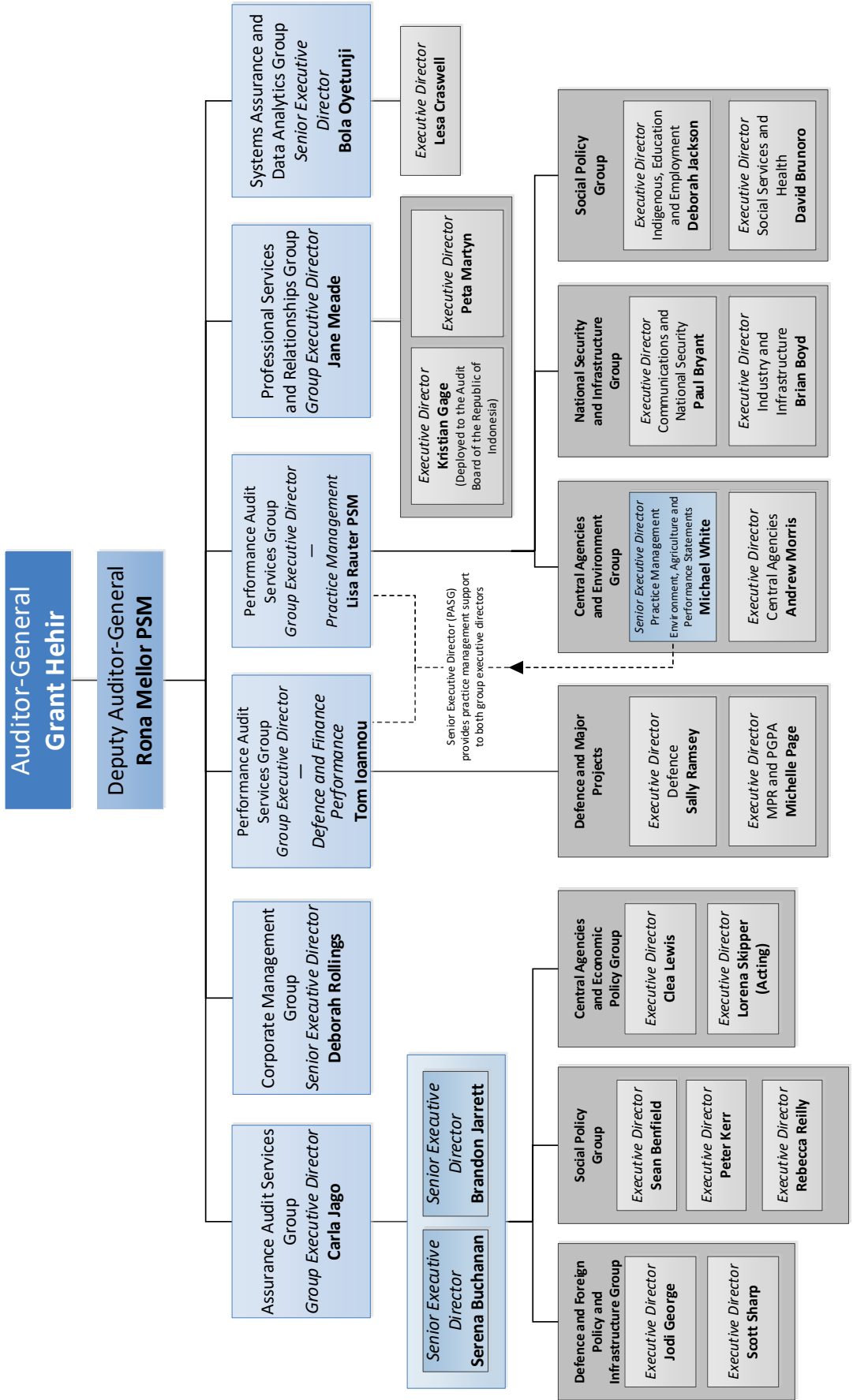
## Organisational structure

To deliver on the ANAO's purpose, the Auditor-General has organised the ANAO into five functional areas:

- **Assurance Audit Services Group** provides independent assurance on the financial statements and financial administration of all Australian Government entities. It also conducts assurance reviews.
- **Corporate Management Group** leads corporate strategy and change for the ANAO. It provides services based on specialised knowledge, best practices and technology that enable the delivery of the ANAO's purpose and audit outcomes.
- **Performance Audit Services Group** conducts performance audits, audits of performance statements and assurance reviews of Australian Government entities and their activities and produces related publications and other information reports.
- **Professional Services and Relationships Group** provides technical accounting, audit and legal advice and support to the Auditor-General; establishes, manages and monitors the implementation of the quality assurance framework; and manages the ANAO's external relations.
- **Systems Assurance and Data Analytics Group** provides IT audit and data analytics support to the ANAO's assurance and performance audit work and other information reports, with staff from a range of professional and technical backgrounds, including project management, engineering, system administration, database development, data analysis and financial systems management.

The ANAO's organisational structure at 30 June 2019 is shown in Figure 2.1.

Figure 2.1: Organisational structure at 30 June 2019



PASG = Performance Audit Services Group; MPR = Major Projects Report; PGPA Act = Public Governance, Performance and Accountability Act 2013.

## Relationships

In pursuing its purpose, the ANAO maintains important relationships with the Parliament, various national bodies and counterparts, as well as international counterparts, as described below.

The ANAO invests in a number of professional relationships through the two-way exchange and sharing of information and practices, and supports other nations through peer-to-peer institutional capacity development. The ANAO's engagement strategy details the ANAO's approach to key relationships with the public sector auditing community.

The ANAO website contains further information about the ANAO's [relationships](#).

## Parliament

The ANAO's primary relationship is with the Australian Parliament and the ANAO's key interaction with the Parliament is through the JCPAA. The Auditor-General's reports assist the Parliament to hold government entities accountable and to drive improvements in public administration. The ANAO supports the work of the Parliament more broadly by providing independent assurance and opinions, including submissions, information, assistance and briefings to parliamentarians and to parliamentary committees. The Parliament and its committees also scrutinise the work and administration of the ANAO.

## Joint Committee of Public Accounts and Audit

The JCPAA is the ANAO's oversight committee. The JCPAA is one of the joint committees of the Australian Parliament, and is established by the *Public Accounts and Audit Committee Act 1951*. The JCPAA formally links the Auditor-General and the ANAO to the Parliament. The committee approves the proposed appointment of the Auditor-General, reviews all Auditor-General reports, reviews annual resource requirements and operations of the ANAO and reports of the Independent Auditor, and advises the Auditor-General on the Parliament's audit priorities.

The JCPAA is required to review all reports that the Auditor-General tables in the Parliament and to report the results of its deliberations to both houses of Parliament. In 2018–19, officers of the ANAO attended 19 private briefings and public hearings and made one submission in relation to the Committee's function to review Auditor-General reports, annual resource requirements and operations of the ANAO. The JCPAA conducted nine inquiries throughout 2018–19, resulting in the tabling of seven reports on its review of Auditor-General reports. The Auditor-General and staff from the ANAO assist the Committee throughout its inquiries, including by appearing in hearings. An outline of these inquiries and reports is provided in Table 2.1.

**Table 2.1: JCPAA inquiries and reports**

JCPAA report no.	Inquiry	Relevant Auditor-General report
<a href="#">472</a>	Commonwealth Procurement — Second Report	Auditor-General Report No.12 of 2017–18: <a href="#">Management of the Contract for Telephone Universal Service Obligations</a> Auditor-General Report No.9 of 2017–18: <a href="#">Management of the Pre-construction Phase of the Inland Rail Programme</a> Auditor-General Report No.61 of 2016–17: <a href="#">Procurement of the National Cancer Screening Register</a>

JCPAA report no.	Inquiry	Relevant Auditor-General report
<a href="#">473</a>	Defence Major Projects Report (2016–17)	Auditor-General Report No.26 of 2017–18: <a href="#">2016–17 Major Projects Report</a>
<a href="#">475</a>	Defence First Principles Review, Naval Construction and Mental Health in the AFP	Auditor-General Report No.34 of 2017–18: <a href="#">Defence's Implementation of the First Principles Review</a> Auditor-General Report No.39 of 2017–18: <a href="#">Naval Construction Programs — Mobilisation</a> Auditor-General Report No.31 of 2017–18: <a href="#">Managing Mental Health in the Australian Federal Police</a>
<a href="#">476</a>	Australian Government Funding	Auditor-General Report No.18 of 2017–18: <a href="#">Monitoring the Impact of Australian Government School Funding</a> Auditor-General Report No.50 of 2017–18: <a href="#">Primary Healthcare Grants under the Indigenous Australians' Health Program</a>
<a href="#">477</a>	Commonwealth Financial Statements — Second Report, and Foreign Investment in Real Estate	Auditor-General Report No.24 of 2017–18: <a href="#">Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2017</a> Auditor-General Report No.48 of 2017–18: <a href="#">Compliance with Foreign Investment Obligations for Residential Real Estate</a>
<a href="#">478</a>	Issuing of a Certificate under section 37 of the Auditor-General Act 1997	Auditor-General Report No.6 of 2018–19: <a href="#">Army's Protected Mobility Vehicle — Light</a>
<a href="#">479</a>	Australian Government Security Arrangements	Auditor-General Report No.38 of 2017–18: <a href="#">Mitigating Insider Threats through Personnel Security</a> Auditor-General Report No.43 of 2017–18: <a href="#">Domestic Passenger Screening — Follow-up</a>
Lapsed inquiry <sup>(a)</sup>	Australian Government Contract Reporting	Auditor-General Report No.19 of 2017–18: <a href="#">Australian Government Procurement Contract Reporting</a>
Lapsed inquiry <sup>(b)</sup>	Cyber Resilience	Auditor-General Report No.53 of 2017–18: <a href="#">Cyber Resilience</a>

(a) In a [statement](#) on 11 April 2019, the JCPAA Chair advised that the Committee had decided not to issue an inquiry report on its review of Auditor-General Report No.19.

(b) In a [statement](#) on 11 April 2019, the JCPAA Chair advised that the Committee expects to continue its inquiry into cyber resilience and hold further public hearings over coming months.

## National relationships

In addition to its relationship with the Parliament, the ANAO has important relationships in the national sphere with the accountable authorities of Australian Government entities, the Australasian Council of Auditors-General (which includes the state and territory auditors-general), and professional accounting bodies and standard-setting boards.

## Accountable authorities

The ANAO has an important relationship with the accountable authorities of Australian Government entities, who have primary responsibility for and control over public sector entities' operations. The ANAO engages with auditees at a number of levels to strengthen relationships and promote improved financial reporting and public sector administration.

The ANAO considers that its ongoing relationship with chief financial officers (CFOs), officials of audited entities and audit committees helps to achieve its purpose to both improve public sector performance and support accountability and transparency in the Australian Government sector. As part of this work, the ANAO conducts client seminars and forums for CFOs and audit committee chairs to share insights on emerging and topical audit issues and changes in financial reporting requirements affecting Australian Government entities.

The ANAO hosted CFO forums in [November 2018](#) and [June 2019](#) that were each attended by approximately 80 CFOs and entity representatives. In these forums, the ANAO shares information about issues arising in audits and key focus areas of the audit program, and provides insights and themes on the effectiveness of public administration. The forums are streamed online, with the broadcast retained on our website after the live delivery to provide multiple opportunities for CFOs to participate.

Audit committees play an important role in entities' governance frameworks. Audit committee chair forums were held in [December 2018](#) and [June 2019](#) and were co-presented with the Department of Finance. Each forum was attended by approximately 40 audit committee chairs and representatives. The forums provide an opportunity to share insights from the audit program, and relevant updates and information, to assist committees to meet the requirements of the PGPA Act and associated rules. A communique is published on the ANAO website after each forum.

## Australasian Council of Auditors-General

The Auditor-General is a member of the Australasian Council of Auditors-General (ACAG), which comprises the Auditor-General for the Commonwealth of Australia, the Auditors-General of each Australian state and territory, and the Auditors-General of New Zealand, Papua New Guinea and Fiji. ACAG's objective is to promote and strengthen public sector audit in Australasia through leadership, collaboration, engagement, advocacy and peer support. The ANAO contributes to the council's work by attending business meetings and subcommittee meetings, preparing discussion papers, participating in information exchanges, undertaking annual benchmarking and client surveys, and conducting peer reviews.

The ANAO led ACAG's engagement of the Canadian Audit and Accountability Foundation (CAAF) to deliver an advanced performance audit training program — Leading Successful Audits and Evidence Collection and Analysis — to members in March 2019. CAAF is an organisation dedicated to advancing public sector performance audit, oversight and accountability in Canada and abroad, and ACAG is a member of CAAF. In June 2019, the ANAO staff who participated in the March course and undertook the train-the-trainer component delivered the training program to other ANAO staff and ACAG members.

## Professional accounting bodies and standard-setting boards

The ANAO is actively involved in the work of two professional accounting bodies in Australia, CPA Australia and Chartered Accountants Australia and New Zealand. Ms Carla Jago, Group Executive Director, Assurance Audit Services Group, is a member of the Chartered Accountants Australia and New Zealand ACT Regional Council. The ANAO has recognised employer status under CPA Australia's Recognised Employer Program, which includes organisations that are committed to providing their employees with the highest standard in professional development and support.



The ANAO contributes to the development of accounting and auditing standards through contributing to ACAG responses to exposure drafts for new or amended standards proposed by the Australian Accounting Standards Board, the Auditing and Assurance Standards Board, the Accounting Professional and Ethical Standards Board, and the International Public Sector Accounting Standards Board.

## International relationships

The ANAO's main international activities are engagement with other supreme audit institutions, and bilateral capacity-building partnerships with Indonesia and Papua New Guinea under Australia's international aid program.

### Supreme audit institutions

A supreme audit institution (SAI) is the lead public sector audit organisation in a country. Engagement with other SAIs allows the ANAO to participate in the international dialogue about best practice public administration and developments in public sector auditing. The ANAO also responds to requests from SAIs directly, including by hosting and presenting to visiting delegations, providing information and participating in surveys.

The ANAO is a member of the International Organization of Supreme Audit Institutions (INTOSAI), which is dedicated to promoting the exchange of audit and financial management information among its member institutions and providing a network for the international public sector audit community.

The ANAO also contributes to the activities of two INTOSAI regional organisations:

- the Asian Organization of Supreme Audit Institutions (ASOSAI); and
- the Pacific Association of Supreme Audit Institutions (PASAI).

Key international engagements in 2018–19 included:

- hosting the 19th PASAI Governing Board meeting and 21st PASAI Congress in Canungra, Queensland. The theme for the congress was 'Embracing the Digital Future'. The congress was attended by over 60 delegates, including representatives of 19 member institutions. In accordance with the PASAI Charter, the Auditor-General assumed the role of PASAI Governing Board chairperson at the congress.
- presenting at and participating in the:
  - 18th meeting of the INTOSAI Working Group on Environmental Audit in Bandung, Indonesia. The themes for the forum were how to improve the quality of urban environments and sustainable land management. The Auditor-General presented a keynote address on [auditing urban environmental management](#).
  - Performance Measurement and Reporting program workshop at Rarotonga, Cook Islands, sponsored by the INTOSAI Development Initiative. The workshop was part of a series of program workshops attended by the audit institutions of the Pacific region to develop strategic and operational plans. The Deputy Auditor-General presented on the ANAO's strategic planning framework.
  - 14th ASOSAI Assembly in Hanoi, Vietnam. The focus of the meeting was on sharing knowledge and experience on auditing the implementation of the United Nations Sustainable Development Goals, environmental auditing and use of open and big data in audit. The Performance Audit Services Group Executive Director of Practice Management presented a keynote address on environmental auditing for sustainable development.
  - the Organisation for Economic Co-operation and Development (OECD) Global Anti-Corruption and Integrity Forum in Paris, France. The theme for the forum, 'Tech for Trust', focused on the risks and opportunities of new technologies for anti-corruption and integrity.



In addition, the Deputy Auditor-General presented in a panel session at the OECD Auditors Alliance Annual Meeting. The focus of the session was 'Artificial Intelligence and Automating Audit: Risks and Opportunities'.

- 28th meeting of the INTOSAI Working Group on IT Audit in Nadi, Fiji. An ANAO representative presented a paper on cybersecurity at the biennial Performance Audit Seminar on IT Audit held in conjunction with the working group meeting.
- participating in the:
  - Global Audit Leadership Forum in Shanghai, China. The 2019 forum discussions focused on the topics of big data and auditing, and improving public accountability through environmental auditing.
  - 12th meeting of the INTOSAI Performance Audit Subcommittee in Johannesburg, South Africa. Meeting discussions were centred on the subcommittee's activities and work plan; developing the next strategic development plan for the INTOSAI Framework of Professional Pronouncements; auditor competency frameworks; and the United Nations Sustainable Development Goals.
- attending moderator training and participating in the New Zealand Office of the Auditor-General 'IntoSAINT' self-assessment. IntoSAINT is a tool that allows supreme audit institutions and other public sector organisations to identify and evaluate their institutional vulnerability and the resilience of their integrity control system against possible integrity violations. An ANAO IntoSAINT self-assessment was later completed as part of the Pacific region IntoSAINT pilot program.
- visiting the United Kingdom National Audit Office to understand and discuss its approach to parliamentary engagement and strategic communication.

### Australia's international aid program

The ANAO, through a partnership agreement with the Department of Foreign Affairs and Trade (DFAT), is participating in Australia's international aid program to assist and support the Indonesian and Papua New Guinea audit offices to build institutional capacity and facilitate the sharing of auditing knowledge across all offices. The partnership supports the Australian Government's sectoral aid initiative to develop effective governance institutions.

### *Australia–Indonesia Partnership for Economic Development*

The Australia–Indonesia Partnership for Economic Development (PROSPERA) program commenced on 1 March 2018 after the conclusion of the precursor programs, the Australia–Indonesia Government Partnerships Fund and the Australia–Indonesia Partnership for Economic Governance. The ANAO's activities under the PROSPERA program with the Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan — BPK) continue to support BPK's efforts to strengthen management of its audit functions. The program is aligned with the BPK strategic plan objectives of delivering beneficial and high-quality audits. The key 2018–19 program focus areas were on performance and financial audit management, quality assurance systems and organisational development to support audit management and capability. An ANAO Senior Executive Service staff member is deployed to BPK to provide ongoing audit and organisational development support. The program includes visiting senior staff providing technical training and updates to BPK, and delegations of BPK senior staff visiting Australia for strategic discussions.

### *Australia–Papua New Guinea Institutional Partnerships Program*

The Institutional Partnership Program supports the development of long-term institutional relationships between Australian and Papua New Guinea (PNG) government entities. The ANAO's activities under the program support the efforts of the PNG Auditor-General's Office to strengthen the management of

its audit functions, in line with its Corporate Plan 2017–2021 strategic objectives. An ANAO staff member is deployed to the PNG Auditor-General's Office to provide ongoing audit and organisational development support. The key 2018–19 program focus areas were management of institutional linkages, information technology audit support, and organisation capacity development. The program continued to provide individual capacity-building opportunities for junior and middle manager staff, including through placements in the ANAO's graduate program.

In 2018–19, the ANAO participated in a number of DFAT initiatives to improve and maintain the quality of the Institutional Partnerships Program and to move the program forward. This included being one of the first group of partnership agencies to undergo an independent evaluation by DFAT's Quality and Technical Assurance Group. The evaluation report was very positive overall, noting that the genuine partnership was contributing to the increased capacity of the PNG Auditor-General's Office, both in the short and longer term. Importantly, the evaluation noted that the partnership was based on a clear PNG-owned strategy for improvement, and the ANAO had been a consistent and strong partner.

## Part 3—Report on performance

### **Independent assurance report on the annual performance statement**

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

#### **Conclusion**

In my opinion, in all material respects, the annual performance statement for the period between 1 July 2018 and 30 June 2019 has been prepared in accordance with the criteria set out below.

#### **Audit Criteria and Source**

The criteria against which I have formed my opinion are:

- whether the performance measures the ANAO reports against in its annual performance statement for the period 1 July 2018 to 30 June 2019 meet the characteristics of appropriate performance measures (relevance, reliability and completeness);
- whether records retained by the ANAO support the results presented in its annual performance statement for the period 1 July 2018 to 30 June 2019; and
- whether the ANAO has maintained in all material respects a framework for gathering, assessing, monitoring and reporting performance information in the annual performance statement for the period 1 July 2018 to 30 June 2019.

I have drawn these criteria from the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the accompanying *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) and relevant Resource Management Guides issued by the Department of Finance to support the enhanced Commonwealth government performance framework.

#### **Basis for my Conclusion**

I have conducted my work in accordance with the Australian Standard on Assurance Engagements (ASAE 3000), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. I believe that the assurance evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

In accordance with ASAE 3000 I have:

- used my professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the annual performance statement for the period 1 July 2018 and 30 June 2019 is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing my assurance procedures; however, I do not express a conclusion on their effectiveness; and
- ensured that my engagement team possesses the appropriate knowledge, skills and professional competencies.

#### **Inherent Limitations**

There is an unavoidable risk that work planned and executed in accordance with Australian Auditing Standards including ASAE 3000 may not detect a fraud, error or non-compliance with laws and regulations, particularly where there has been concealment through collusion, forgery and other illegal acts. There are inherent limitations in performing such work – for example, work is based on selective testing of the information being examined – and therefore errors and irregularities may not be detected. However, I will communicate to ANAO, as appropriate, any such matters that come to my attention.

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists. Misstatements, including omissions, are considered material

if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors.

***Use of the Report***

This report was prepared for the President of the Senate and the Speaker of the House or Representatives for the purpose of providing an assurance conclusion on the ANAO's annual performance statement for the period 1 July 2018 to 30 June 2019, and may not be suitable for another purpose. I disclaim any assumption of responsibility for any reliance on my report, to any person other than the President of the Senate or the Speaker of the House of Representatives, or for any other purpose than that for which it was prepared.

***My Responsibility***

My responsibility is to perform a reasonable assurance engagement in relation to the ANAO's annual performance statement for the period 1 July 2018 to 30 June 2019, and to issue an assurance report that includes my conclusion.

***Management's Responsibility***

ANAO are responsible for:

- determining that the criteria are appropriate to meet their needs and the needs of the Auditor-General;
- preparing and presenting the annual performance statement for the period 1 July 2018 to 30 June 2019 in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the annual performance statement for the period 1 July 2018 to 30 June 2019 free from material misstatement, whether due to fraud or error.

***Independence and Quality Control***

I have complied with independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Yours Sincerely



Eileen Hoggett  
Independent Auditor  
5 August 2019

## Annual performance statements

As the accountable authority of the Australian National Audit Office, I present the 2018–19 annual performance statements of the Australian National Audit Office, as required under paragraphs 39(1)(a) and (b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and section 16F of the Public Governance, Performance and Accountability Rule 2014. In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity for the reporting period, and comply with subsection 39(2) of the PGPA Act.



Grant Hehir  
Auditor-General  
5 August 2019

## Performance framework

The ANAO's performance framework allows us to monitor and measure:

- what we did (output);
- how well we did it (quality and/or efficiency); and
- what the benefits were (impact).

Taken together, the performance measures tell a story of the ANAO's achievement of its purpose. The output measures relay progress in the delivery of the ANAO's audit work. The quality and efficiency measures are intended to demonstrate efficient use of taxpayer resources and the ANAO's commitment to quality and transparency in its work. The impact measures seek to provide information on entities' implementation of audit findings and recommendations for the information of the Parliament, and the extent to which Parliament's engagement with our work leads to improvements in public sector administration.

The ANAO's performance measures have changed since the previous reporting period to capture more externally focused measures. We continue to measure the internally focused performance criteria reported on for 2017–18 through internal processes, including internal measures relating to quality and/or efficiency.

## Corporate plan and portfolio budget statements

The ANAO measures its performance against its purpose using a range of performance criteria, which are outlined in the ANAO's [Corporate Plan 2018–19](#) and [Portfolio Budget Statements 2018–19](#).

### Purpose

In its Portfolio Budget Statements 2018–19, the ANAO's sole outcome (Outcome 1) is 'to improve public sector performance and accountability through independent reporting on Australian Government administration to the Parliament, the Executive and the public'.

The ANAO seeks to achieve its purpose and outcome through its audit services, which include:

- financial statements audits of Australian Government entities (Program 1.1); and
- performance audits of Australian Government programs and entities (Program 1.2).

The ANAO's outcome and programs framework for 2018–19 is shown in Table 3.1.

**Table 3.1: ANAO's outcome and programs framework for 2018–19**

<b>Outcome 1</b>	
To improve public sector performance and accountability through independent reporting on Australian Government administration to the Parliament, the Executive and the public.	
<b>Program 1.1: Assurance audit services</b>	<b>Program 1.2: Performance audit services</b>
<p>This program contributes to the outcome through:</p> <ul style="list-style-type: none"> <li>• providing assurance on the fair presentation of financial statements of the Australian Government and its controlled entities by providing independent audit opinions and related reports for the information of Parliament, the Executive and the public; and</li> <li>• contributing to improvements in the financial administration of Australian Government entities.</li> </ul>	<p>This program contributes to the outcome through:</p> <ul style="list-style-type: none"> <li>• reporting objectively on the performance of Australian Government programs and entities, including opportunities for improvement, by undertaking a program of independent performance audits and related reports for the information of Parliament, the Executive and the public; and</li> <li>• contributing to improvements in Australian Government administration by identifying and promoting better practice.</li> </ul>

### *Assurance audits*

The ANAO audits the annual financial statements of Australian Government entities and the Consolidated Financial Statements of the Australian Government. The Consolidated Financial Statements present the consolidated whole-of-government financial result inclusive of all Australian Government-controlled entities, including entities outside the general government sector. These audits are designed to give assurance to the Parliament that an entity's financial statements fairly represent its financial operations and financial position at year end. The ANAO also undertakes a range of assurance reviews by arrangement with entities, and in accordance with section 20 of the *Auditor-General Act 1997*.

### *Performance audits*

A performance audit is a review or examination of any aspect of the operations of an entity that is undertaken in accordance with the ANAO Auditing Standards. The ANAO's performance audits are presented to the Parliament and identify areas where improvements can be made to aspects of public administration, as well as instances where intended outcomes are being achieved. They often make specific recommendations to assist public sector entities to improve performance. Performance audits may also involve multiple entities and examine common aspects of administration or the joint administration of a program or service. An assurance review of defence major projects is also undertaken annually.

## **Analysis of performance against our purpose**

Overall, the ANAO achieved 15 measures out of 18 in 2018–19. Where measures were not achieved, the ANAO has provided details in the response to each criterion on the following pages.



The ANAO successfully carried out its Annual Audit Work Program 2018–19 by responding to the interests and priorities of the Parliament; providing a balanced program of activity that was informed by risk and promoted accountability, transparency and improvements to public administration; following up on past recommendations and identifying trends for improvement, or declines in performance across government; and applying all of the Auditor-General's mandate.

In addition, the ANAO continued to be responsive to requests from Parliament, through briefing members of parliament, and making submissions to and/or appearing before parliamentary committees. Notably, the ANAO engagement with Parliament continued to expand beyond the primary relationship with the JCPAA. In 2018–19, the ANAO continued to receive a number of requests for submissions and/or appearances from committees other than the JCPAA.

In 2018–19, the ANAO published 48 performance audits. The primary focus of ANAO performance audits was effectiveness — the extent to which entities delivered on intended objectives. The year also saw continued emphasis on risk management and governance within entities, government taskforces and government business enterprises (GBEs), and the economy and efficiency with which entities manage and use public resources, reflecting the Auditor-General's mandate. During the year, the ANAO continued to develop a methodology and associated guidance for examining efficiency in performance audits and continued to broaden its coverage to focus on corporate entities and GBEs — noting that the Auditor-General undertakes audits of GBEs only at the request of the JCPAA. In 2018–19, the ANAO completed an audit into Moorebank Intermodal Company following a request from the JCPAA in December 2017.

In addition, in 2018–19, the ANAO published five *Audit Insights* reports to support its purpose and the focus of the annual audit work program. Topics addressed were: cyber resilience as an area of increasing risk; corporate planning and performance statements reporting of entities with lessons learned; board governance, with examples of practices consistent with effective governance; efficiency, what it looks like, and why it is important for entities; and embedding quality frameworks into culture to meet community expectations. These *Audit Insights* reports were published on the ANAO's website and contain information to assist accountable authorities to manage entities in a manner reflective of lessons learned across audits undertaken as part of the 2017–18 and 2018–19 work programs.

The following sections provide more detailed analysis of the ANAO's performance results for Program 1.1 (assurance audit services), Program 1.2 (performance audit services), and ANAO-wide activities relating to relationships, and corporate and professional services.

## Performance results for Program 1.1: Assurance audit services

The primary purpose of financial statements is to provide relevant and reliable information to users about a reporting entity's financial performance and position. In the public sector, the users of financial statements include ministers, the Parliament and the community. The preparation of timely and accurate audited financial statements is also an important indicator of the effectiveness of an entity's financial management, which fosters confidence in an entity on the part of users.

The ANAO's financial statements audits, undertaken in accordance with the ANAO Auditing Standards, provide an independent examination of the financial accounting and reporting of public sector entities. They provide independent assurance that financial statements have been prepared in accordance with the government's financial reporting framework and Australian accounting standards. The ANAO's assurance audits contribute to improvements in the financial administration of Australian Government entities.

The Auditor-General reports on audits of financial statements to the Parliament twice a year. The first of these reports, *Interim Phase of the Audits of the Financial Statements of Major General Government Sector Entities*, reports on ANAO coverage of key financial systems and controls in major Commonwealth entities. The second report, *Audits of the Financial Statements of Australian Government Entities*, reports on the results of the financial statements audits of all Commonwealth entities. The independent reporting to the Parliament on this activity supports accountability and transparency in the Australian Government sector.

Key to the ANAO's audit process is an assessment of entities' internal control frameworks as they apply to financial reporting. An effective internal control framework provides the ANAO with a level of assurance that entities are able to prepare financial statements that are free from material misstatement. In 2018–19, a total of 70 findings were reported to the entities included in the interim audit report to Parliament, comprising one significant, 12 moderate and 57 minor findings. This is a decrease on the interim audit results of 2017–18, with a total of 99 reported findings comprising no significant, 12 moderate and 87 minor findings. Seventy-seven per cent of significant and moderate findings continue to be in the areas of:

- compliance and quality assurance frameworks supporting program payments, revenue collection and financial reporting; and
- management of IT controls, particularly the management of privileged users.

The Consolidated Financial Statements present the consolidated whole-of-government financial results inclusive of all Australian Government-controlled entities, as well as the general government sector financial report. The 2017–18 Consolidated Financial Statements were signed by the Minister for Finance on 16 November 2018 and an unmodified auditor's report was issued on the same day.

A total of 159 findings were reported to entities as a result of the 2017–18 financial statements audits. These comprised one significant, 18 moderate and 140 minor findings. Most of the significant and moderate findings were in the areas of:

- management of IT controls, particularly the management of privileged users;
- compliance and quality assurance frameworks supporting program payments; and
- the management of non-financial assets.

Two legislative breaches were also reported to entities during 2017–18. Of the legislative breaches, one was significant and one non-significant. A significant breach is reported where a significant potential or actual breach of the Constitution occurs, or where noncompliance with an entity's enabling legislation, legislation the entity is responsible for administering, or the PGPA Act is identified. A non-significant legislative breach is reported where instances of noncompliance with other legislation, or subordinate legislation, are identified.

## Performance measures

Assurance audit services contribute to achieving the ANAO's purpose through:

- providing assurance on the fair presentation of financial statements of the Australian Government and its controlled entities by providing independent audit opinions for the Parliament, the executive and the public;
- presenting two reports annually addressing the outcomes of the financial statements audits of Australian Government entities and the consolidated financial statements of the Australian Government, to provide the Parliament with an independent examination of the financial accounting and reporting of public sector entities; and
- contributing to improvements in the financial administration of Australian Government entities.



To assess performance against our purpose in relation to assurance audit activities, the ANAO measures the:

- number of financial statements audit opinions issued;
- number of other assurance reports produced;
- number of financial statements—related reports produced;
- timeliness of issuing the auditor's opinions;
- average cost of financial statements audits; and
- percentage of recommendations agreed and implemented by audited entities.

Criterion 1	Percentage of the mandatory financial statements auditor's reports completed
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 117
Result	Achieved a result of 100% against a target of 100%

The number of financial statements auditor's reports issued is a key measure of the ANAO's core business in achieving its purpose. Financial statements auditor's reports provide assurance to the Parliament that the financial statements of an entity comply with Australian accounting standards and other reporting requirements (such as the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015), and present fairly the entity's financial position and its financial performance and cash flows for the period.

During 2018–19, the ANAO completed 241 mandated<sup>4</sup> financial statements audits for the year ended 30 June 2018. This included the Consolidated Financial Statements of the Australian Government. All entities that provided the ANAO with a set of financial statements for audit received an auditor's report for tabling in Parliament. At 30 June 2018, Minjerribah Camping Pty Ltd, which was a wholly owned subsidiary of Indigenous Business Australia (IBA), had not presented the ANAO with signed financial statements for the year ended 30 June 2017, and therefore no auditor's report was issued for this entity during 2017–18. The board of IBA has since advised the ANAO that the partnership with Minjerribah Camping has been dissolved and no financial statements for the year ended 30 June 2017 will be prepared and presented for audit.

In addition to financial statements audits, the ANAO also completed two mandated non-financial statements audits in 2018–19. These are compliance audits required by the Australian Postal (Performance Standards) Regulations 1998 and subsection 313(3) of the *Bankruptcy Act 1966*. These audits are reported under Criterion 3 below — Number of assurance audit reports by arrangement.

Details of issues identified during the financial statements audits are included in Auditor-General Report No.19 of 2018–19: [Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2018](#).

<sup>4</sup> Mandated audits are those required under the *Public Governance, Performance and Accountability Act 2013* or other legislation.

Criterion 2	Number of financial statements–related audit reports presented to Parliament
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 117
Result	Achieved a result of 2 against a target of 2

The Auditor-General presents insights and findings from the outcomes of the financial statements audits of Australian Government entities and the consolidated financial statements of the Australian Government through independent reports to the Parliament. The reports support accountability and transparency in the Australian Government sector and provide Parliament with an independent examination of the financial accounting and reporting of public sector entities.

Auditor-General Report No.19 of 2018–19: [\*Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2018\*](#) was tabled in December 2018. This report complemented the interim-phase report published in June 2018, and provided a summary of the final results of the audits of the Consolidated Financial Statements for the Australian Government and the financial statements of Australian Government entities.

Auditor-General Report No.46 of 2018–19: [\*Interim Report on Key Financial Controls of Major Entities\*](#) was tabled in June 2019. This report focused on the results of the interim audit phase — including an assessment of entities' key internal controls — of the 2018–19 financial statements audits of 26 entities, including all departments of state and a number of major Australian Government entities.

Criterion 3	Number of assurance audit reports by arrangement
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 117
Result	Achieved a result of 41 against a target of 45

In addition to the conduct of mandated financial statements audits, the ANAO undertakes other assurance activities by arrangement with audited entities to support accountability and transparency in the Australian Government sector. Measuring section 20 audits (i.e. audits by arrangement) contributes to the delivery of Program 1.1 by independently identifying improvements in the financial administration of Australian Government entities. In 2018–19, the ANAO completed 41 other assurance activities.

These activities generally consist of audits or reviews conducted under section 20 of the *Auditor-General Act 1997*. They include financial statements audits and audits or reviews of compliance with legislative requirements. Once inquiries by the ANAO have been concluded, the outcomes and any findings from these individual assurance activities are communicated through the issue of a formal report or by other correspondence. The ANAO charges a fee for these audits and reviews.

Also reported against this criterion are two mandated non–financial statements audits completed by the ANAO in 2018–19. These are compliance audits required by the Australian Postal (Performance Standards) Regulations 1998 and subsection 313(3) of the *Bankruptcy Act 1966*.

Criterion 4	Percentage of auditor's reports issued within three months of the financial-year-end reporting date
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 117
Result	Achieved a result of 89.6% against a target of 85%

In order to support timely reporting of entities' financial performance to the Parliament through annual reports, the ANAO aims to issue 85 per cent of auditor's reports within three months of the financial-year-end reporting date.

Providing timely auditor's reports also supports entities in meeting requirements to provide audit-cleared financial information to the Department of Finance in accordance with deadlines that are set to assist the Australian Government to prepare the Final Budget Outcome by 30 September and the Consolidated Financial Statements by 30 November each year. The Consolidated Financial Statements present whole-of-government financial results, inclusive of all Australian Government-controlled entities.

Achievement of this measure relies on entities providing the ANAO with auditable financial statements within the required timeframe. The ANAO works closely with entities to facilitate the timely finalisation of the financial statements, with the objective of issuing auditor's reports within two business days of the financial statements being signed. The ANAO issued 99 per cent (2016–17: 100 per cent) of auditors' reports within two business days of the signing of the financial statements by the accountable authority.

The result of 89.6 per cent of entities being issued a signed auditor's report within three months of the financial year end is an increase from 87 per cent in the prior year.

Criterion 5	Percentage increase to average cost per financial statements audit
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 117
Result	Achieved a result of –0.14% against a target of 0%

The ANAO is committed to delivering cost-effective audits through increased efficiency and effectiveness. One way of demonstrating this is to measure the cost of delivering audits over time. This measure is designed to track the ANAO's organisational performance against the delivery of audit outcomes.

In 2018–19, the ANAO is reporting on audits of financial statements from the 2017–18 audit cycle, as the financial year ends on 30 June and the audit occurs after the end of the financial year. Therefore, the average cost per audit for the Assurance Audit Services Group is calculated by comparing the average cost of the 2017–18 audit cycle, which was completed in September 2018, to the average cost of the 2016–17 audit cycle, which was completed in September 2017. The 2017–18 average cost was \$153,512 and the 2016–17 average cost was \$153,726, representing a 0.14 per cent decrease.

**Table 3.2: Cost of assurance audit reports, 2015–16 to 2018–19**

	Percentage increase Target	Average cost per mandated audit (\$)(a)	Range of audit fees charged (b)
2017–18	0%	153,512	\$5000–\$3,800,000
2016–17	0%	153,726	\$4600–\$3,800,000
2015–16	0%	156,587	\$4700–\$4,700,000

(a) Calculated on charge out rate on a time recording basis.

(b) Fees are charged on a cost recovery basis.

Criterion 6	Percentage of moderate or significant findings from assurance audit reports agreed to by audited entities
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 117
Result	Achieved a result of 100% against a target of 90%

The ANAO adds value by providing entities with audit findings and recommendations to improve internal controls and business processes, based on observations noted during the conduct of financial statements audits. These matters are reported to the accountable authority and copied to the chair of the audit committee and the chief financial officer via an interim management letter, a closing report or a final management letter. All factual observations concerning the audit findings are agreed with entities before finalising these reports. Included in the measure of agreed recommendations are situations where the audited entity agrees with the ANAO's factual observations, but the entity may suggest an alternative method to resolve the issue.

The audit findings and recommendations are reported using a rating scale whereby significant and moderate risk issues are reported individually to the audited entities, the relevant minister and the Parliament. Lower risk issues are also reported individually to each entity, and in aggregate in the ANAO's reports to Parliament.<sup>5</sup>

All audit findings and recommendations are followed up as part of the audit of the following year's financial statements.

Criterion 7	Percentage of moderate and significant findings that are addressed by material entities within one year of reporting
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 117
Result	Achieved a result of 61% against a target of 90%

The ANAO measures the percentage of moderate and significant findings that are implemented by entities in order to measure the impact that the ANAO's audit work has on public administration. This criterion relates to the percentage of moderate or significant findings<sup>6</sup> for material entity audits,

5 Significant (Category A) issues are those that pose a significant business or financial management risk to the entity. These include issues that could result in a material misstatement of the entity's financial statements. Moderate (Category B) issues are those that pose a moderate business or financial management risk to the entity. These may include prior-year issues that have not been satisfactorily addressed.

6 Australian National Audit Office, *Insights from reports tabled April to June 2018* [Internet] ANAO, 20 July 2018, available from: <https://www.anao.gov.au/work/audit-insights/insights-reports-tabled-april-june-2018>.

addressed within 12 months of being reported to the entity. 'Addressed' means that the entity has responded to and actioned the ANAO finding.

In order to calculate this measure, a full 12-month period is required following the end of an audit cycle to allow entities time to respond to findings and provide the ANAO the opportunity to evaluate the timeliness and appropriateness of their response and confirm the finding as resolved or unresolved. As a result, this performance measure considers the unresolved significant and moderate findings reported at the conclusion of the 2016–17 audit cycle. At the conclusion of the 2016–17 audit cycle, 18 significant and moderate findings were reported to material entities. Eleven of these findings (61 per cent) were resolved within one year of being reported.

## Performance results for Program 1.2: Performance audit services

The ANAO reports to the Parliament on aspects of public administration, and makes specific recommendations to assist Parliament in holding government entities to account for meeting expectations of, and making improvements to, proper use of resources as required by the PGPA Act. Performance audits may report on one entity, or involve multiple entities on a common aspect of administration or policy implementation, or where there is joint administration of a program or service.

The ANAO's performance audit services include audit activities that involve performance audits of all or part of an entity's operations and result in independent performance audit reports to the Parliament. Other reports are also prepared, including the Defence Major Projects Report, limited assurance reviews and information reports. These reports, along with performance audits, contribute to accountability and transparency of public sector administration.

In 2018–19, the primary focus of ANAO performance audits was both effectiveness — the extent to which entities delivered on intended objectives and their performance measurement against these objectives — and efficiency — the extent to which entities are utilising inputs to maximise their outputs, and how this was being measured.

The year also saw the continuation of a series of audits on major new investments by the government, including on the National Disability Insurance Scheme; Indigenous service delivery; performance statements audits; cyber resilience; and the governance of Commonwealth corporate entities and government business enterprises.

In 2018–19, four audits were cross-entity audits (audits of the same topic across multiple entities) that considered activities including service delivery, regulatory frameworks and governance.

In response to ongoing parliamentary interest in entities' implementation of ANAO audit and parliamentary committee recommendations, in 2018–19, the Auditor-General tabled eight performance audits that either followed up on an entity's progress in implementing recommendations, or followed on from other related audits. The Annual Audit Work Program 2019–20 continues a series of audits that will examine entity progress in implementing recommendations arising from a previous performance audit, or from a parliamentary inquiry.

## Performance measures

Performance audit services contribute to achieving the ANAO's purpose through:

- audits of the performance of Australian Government programs and entities, including identifying recommendations for improvement and key messages for all Australian Government entities; and
- other assurance reviews and information reports to Parliament.

To assess performance against our purpose in relation to performance audit activities, the ANAO measures the:

- number of performance audits presented to Parliament;
- time and cost of these audits (our efficiency); and
- percentage of recommendations agreed to and the status of their implementation by entities (our impact and effectiveness).

Criterion 8 Number of performance reports prepared for Parliament	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 119
Result	Achieved a result of 48 against a target of 48

In 2018–19, the Auditor-General presented 48 performance audits for the information of the Parliament (Table 3.3).

In addition to the 48 performance audits presented to Parliament, the ANAO also published Auditor-General Report No.20 of 2018–19: [2017–18 Major Projects Report](#) in December 2018. This is an annual publication that provides assurance regarding the progress of major Defence projects.

**Table 3.3: Number of performance audit reports, 2015–16 to 2018–19**

	Number of performance audits	
	Target	Result
2018–19	48	48
2017–18	48	47
2016–17 <sup>(a)</sup>	48	58
2015–16 <sup>(a)</sup>	49	35

(a) The number of performance audits presented to the Parliament 2015–16 and 2016–17 was affected by the double dissolution of the Parliament on 9 May 2016, which caused a delay in publishing audits into 2016–17.

Criterion 9 Average elapsed time (months) for completion of performance audits	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 119
Result	Achieved a result of 10.1 months against a target of 10.5 months

The duration of a performance audit (Table 3.4) is impacted by multiple factors, including the complexity of the activities examined, the depth of the audit scope, the number of entities selected for a particular audit, and the timely provision of information by entities. When selecting audit topics from the annual audit work program, the ANAO ensures that an appropriate balance of different audit types are selected. This includes consideration of portfolio coverage, basic administration as well as complex program implementation, activity area (policy development, service delivery, asset management, grant management and so on) and whether a follow-up from a previous audit is timely.

**Table 3.4: Duration of performance audits, 2015–16 to 2018–19**

	Time taken to complete report (months)		
	Target	Average	Range
2018–19	10.5	10.1	4.6–18.1
2017–18	10.5	9.6	6.2–15.9
2016–17	N/A	10.6	5.2–22.0
2015–16	N/A	11.6	6.9–18.6

Criterion 10 Percentage increase to average cost per performance audit	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 119
Result	Achieved a result of –0.71% against a target of 0%

The ANAO is committed to delivering cost-effective audits and improving our efficiency and productivity over time. One way of demonstrating this is to measure the cost of delivering audits and comparing this to our prior-year costs (Table 3.5).

**Table 3.5: Cost of performance audit reports, 2015–16 to 2018–19**

	Percentage increase	Cost per performance audit (\$'000) <sup>(a)</sup>	
	Target	Average	Range
2018–19	0%	419	131–670
2017–18	0%	422	159–786
2016–17	N/A	468	102–1,500
2015–16	N/A	526	230–767

(a) Calculated on charge out rate on a time recording basis

Criterion 11 Percentage of recommendations from performance audit reports agreed to by audited entities	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 119
Result	Achieved a result of 90% against a target of 90%

The ANAO makes recommendations in performance audit reports to support Parliament in its role in holding entities to account for quality and timely administration and service delivery. Throughout a performance audit, the ANAO keeps entities informed of findings and discusses potential recommendations to ensure entities understand the basis and intention of recommendations. Table 3.6 provides details of recommendations agreed against those made. Only recommendations that were agreed without qualification are included as ‘agreed’ recommendations. In 2018–19, 131 recommendations were agreed, 10 recommendations were agreed with qualification, one recommendation was not agreed and four recommendations were noted.



**Table 3.6: Agreement to recommendations in performance audit reports, 2015–16 to 2018–19**

	Total number	Recommendations			
		Fully agreed (%)	Agreed with qualifications (%)	Not agreed (%)	Noted or no response by entities (%)
2018–19	146	90	7.0	0.5	2.5
2017–18	126	85	9.5	2.5	3.0
2016–17	102	91	4.0	3.0	2.0
2015–16	103	97	3.0	0.0	0.0

Criterion 12	Percentage of ANAO recommendations implemented within 24 months of a performance audit report
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, Program 1.1, p. 119
Result	Achieved a result of 71% against a target of 70%

The ANAO monitors entities' implementation of performance audit recommendations by attending entity audit committees, and conducting audits that follow up on entity progress in implementing previously made recommendations.<sup>7</sup> The ANAO also seeks advice annually from all relevant entities on progress in implementing audit recommendations over a two-year implementation period. The self-reported data for audit recommendations made in 2015–16 and 2016–17 suggests that entities are implementing ANAO recommendations largely within 24 months of the recommendation being agreed (Table 3.7). For those recommendations that have not yet been implemented, the majority of entities have advised that work is underway.

**Table 3.7: Percentage of 2015–16 and 2016–17 performance audit recommendations implemented within 24 months**

	Recommendations (number)	Recommendations implemented (%)	Recommendations not implemented (%)	Recommendations with no response provided (%)
2016–17	102	72	26	2
2015–16	103	89	11	0

## Performance results for relationships and corporate and professional services

A number of performance measures are shared across the ANAO, generally relating to relationships, and corporate and professional services. These areas of activity contribute to achieving the ANAO's purpose through:

- facilitating dissemination of the ANAO's findings to members of parliament, the executive and the public;

<sup>7</sup> In assessing performance against Criterion 14 in 2017-18, an error was identified in calculating the number of recommendations made in 2016-17. The 2018-19 performance statements correct this error in Criterion 12, reflecting that 102 recommendations were made in 2016-17. The 2018-19 performance statements also correct a rounding error in the percentage of recommendations not agreed in 2017-18.



- providing organisation-wide support services for the ANAO, based on specialised knowledge, professional practice and technology; and
- ensuring ANAO audits are of high quality and compliant with auditing standards.

The ANAO supports the work of the Parliament by providing independent assurance and opinions, including information, assistance and briefings to parliamentarians and parliamentary committees, particularly the JCPAA.

## Performance measures

To assess performance against our purpose in relation to ANAO-wide activities, the ANAO measures:

- performance in delivering audit services through the ANAO's key relationship with the Parliament;
- whether the quality assurance program indicates that audit conclusions are appropriately supported and the ANAO quality assurance framework is operating effectively; and
- the publication of audit insights and key learnings from audit work.

Criterion 13 Number of appearances and submissions to Parliamentary Committees	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, shared by programs 1.1 and 1.2, p. 120
Result	Achieved a result of 40 against a target of 20

The ANAO supports the work of parliamentary committees by providing private briefings on request, and making appearances before, and submissions to, committee inquiries. In 2018–19, the ANAO made 40 appearances before, and submissions to, parliamentary committees. Appendix A details ANAO appearances and submissions.

The 2018–19 result exceeded the target and is comparable to the 2017–18 result of 36, noting that appearances before, and submissions to, parliamentary committees were not possible following the dissolution of the House of Representatives on 11 April 2019. The relationship with the JCPAA remains the ANAO's key parliamentary engagement. However, in order to support the work of the Parliament more broadly, the ANAO focused on proactively seeking broader opportunities to engage with the Parliament and improve the utilisation of audit reports in parliamentary proceedings. Engagement activities included:

- reviewing all Senate, House and joint committee inquiries and making submissions and being available to appear at hearings where there was relevant audit coverage to the committee inquiry terms of reference; and
- providing a summary before all estimates hearings to estimates committees, which includes information about all audit reports that have been tabled since the last estimates hearings and highlighting which audits are relevant to a committee's portfolio of responsibilities.

Criterion 14 Percentage of private briefings undertaken by request of parliamentarians	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, shared by programs 1.1 and 1.2, p. 120
Result	Achieved a result of 92.3% against a target of 100%

In 2018–19, the ANAO provided 12 of 13 private briefings requested by parliamentarians. One briefing was cancelled by the ANAO due to the representative's inability to attend due to unforeseen circumstances. Of the 12 briefings provided, 11 related to specific audit reports and one briefing provided a general outline of common issues and findings across Auditor-General reports tabled over a six-month period.

All briefings provided by the ANAO to parliamentarians and private briefings provided to parliamentary committees are [published on the ANAO website](#).

Criterion 15 The ANAO independent quality assurance program indicates that audit conclusions are appropriate	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, shared by programs 1.1 and 1.2, p. 120
Result	Achieved

Quality in the delivery of the ANAO's audit services is critical in supporting the integrity of audit reports and maintaining the confidence of the Parliament and public sector entities. This is reflected in the target set in the performance indicator for Criterion 15.

The ANAO's quality assurance framework is a system of quality control designed to provide assurance that audits performed by the ANAO comply with applicable professional standards and relevant regulatory and legal requirements, and that the reports issued are appropriate in the circumstances.

A key element of the quality assurance framework is monitoring of compliance with policies and procedures that comprise the system of quality control. The monitoring system comprises internal and external quality assurance reviews of the ANAO's audit and other assurance engagements. Monitoring activities are the responsibility of the Professional Services and Relationships Group reporting to Executive Board of Management and the ANAO Audit Committee. The ANAO Quality Committee is responsible for monitoring the ANAO's progress in addressing the findings and recommendations arising from the monitoring programs.

Monitoring processes include:

- annual quality assurance reviews of completed audits covering all of the functions of the ANAO;
- real-time quality reviews of in-progress financial statements audits;
- progress reviews at specified points by the audit executive and Auditor-General for in-progress performance audits;
- biennial external peer reviews of completed performance audits performed by the New Zealand Office of the Auditor-General; and
- external reviews of the quality framework and completed audits conducted by the Australian Securities and Investments Commission.

In 2018–19, the annual quality assurance program of completed audits reviewed 11 financial statements audits and three performance audits. In addition, four real-time quality reviews of in-progress financial statements audits were conducted.

As in previous years, the mix of audits selected for review comprised audits conducted utilising in-house resources and those undertaken by contracted firms. Consistent with prior quality assurance programs, the majority of the findings related to the sufficiency and adequacy of audit documentation. Identified areas for improvement in financial statements audit documentation included carrying

forward prior-year consultations and technical accounting papers to the current audit file, clearly documenting incremental procedures conducted to address identified fraud risks, and designing journal entry testing to target specific risks.

In 2018–19, the ANAO piloted root cause analysis of selected findings and observations from financial statements audit inspections to identify the root cause of findings in order to determine the most appropriate remedial actions. For performance audits, the identified areas for improvement relate to documentation of assessments of engagement risks and how these risks impact the planned audit approach, as well as ensuring that the audit file contains all records of internal meetings and approvals and an assessment of the completeness and accuracy of documentation provided by auditees. No issues that were indicative of systemic deficiencies were identified. All assurance conclusions were found to be appropriate in the circumstances.

The ANAO Qualifications and Technical Advisory Committee (which was called the Qualifications and Accounting Policy Committee up until February 2019) provides a forum for engagement executives to consult on difficult or contentious matters and, where necessary, resolve differences of opinion on audit-related matters. ANAO policy identifies the matters that must be referred to the committee and the committee meets as required to provide advice to the Auditor-General. ANAO audit policy has been revised to incorporate consultation with the committee for matters related to all aspects of the ANAO's audit mandate. Under this revised policy, the Auditor-General can refer matters arising in performance audits to the committee for advice. The committee was consulted on 14 matters in 2018–19.

In 2018–19, the ANAO continued the arrangement with the Australian Securities and Investments Commission (ASIC) to conduct an external independent review of the ANAO's quality assurance framework initiated in 2017–18. This year, three audits of financial statements for the year ended 30 June 2018 were reviewed. These reviews were conducted using ASIC's methodology for reviewing private sector audits. ASIC indicated that audit conclusions are appropriate. In respect of the file reviews, ASIC made findings on the sufficiency and adequacy of audit documentation, including considerations related to laws and regulations; the formality of documentation of technical consultations made; and the details of supporting evidence reviewed. Other findings made included design of audit procedures over journal entries and capitalisation costs.

In respect of the quality framework, ASIC reviewed the ANAO's responses to recommendations made in the prior-year review, and also reviewed in detail the ANAO's resourcing policies and practices. Within the scope of its review, ASIC identified no areas where the design of the framework did not satisfy the requirements of Auditing Standard ASQC 1<sup>8</sup> and made three good practice recommendations:

- consider rotating audit staff below the signing officer level who have been involved in an audit for a significant number of years;
- consider implementing an automated system to monitor rotation of key audit staff; and
- consider monitoring compliance with a targets milestone for formal sign-off of audit planning.

The ANAO is in the process of addressing these recommendations.

In 2018–19, the New Zealand Office of the Auditor-General conducted a peer review over two performance audits as part of the longstanding arrangement between the ANAO and the New Zealand Office of the Auditor-General to conduct reciprocal performance audit peer reviews annually, on a rotating basis. The peer review identified opportunities for improvement in the documentation of

8 Auditing Standard ASQC1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*.

key approvals and sign-offs; the engagement of IT specialists, including scope of procedures to be conducted; and planned audit procedures.

The ANAO is in the process of addressing these recommendations.

In 2018–19, the ANAO's internal auditor conducted a review on compliance with selected ANAO Audit Manual policies, including completion of independence declarations; rotation of signing officers; approvals for audits conducted under section 20 of the *Auditor General Act 1997*; responding to auditee feedback in performance audits; and documentation of entry and exit meetings. Two low-risk recommendations were made regarding documentation of independence declarations and entry and exit meetings, which the ANAO has addressed.

Based on the results of reporting to the Executive Board of Management and completed internal and external reviews, the Auditor-General is satisfied that the system of quality control functioned effectively in 2018–19.

Criterion 16	Percentage of inquiries and audit requests from parliamentarians finalised within 28 days
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, shared by programs 1.1 and 1.2, p. 120
Result	Achieved a result of 100% against a target of 90%

Note: ANAO response to an audit request or inquiry that has been prepared and sent to a parliamentarian. In cases where an audit or limited assurance review is commenced, the notification by letter that we have taken this step will be sufficient to consider the request 'finalised'. Equally, where a response is provided that the topic will be considered in the development of the next annual audit work program, this will be considered a 'finalised' response. Follow-ups to the initial audit request would not be counted as an additional inquiry. This measure does not refer to a holding letter that is sent to parliamentarians to indicate that we have received the request.

In determining the ANAO's audit work program, the Auditor-General must consider the priorities of the Parliament, as determined by the JCPAA. Formal consultation with the JCPAA about the audit priorities of the Parliament occurs in approximately April to May each year to inform the development of the ANAO's annual audit work program. In anticipation of the calling of an election, the ANAO provided the draft work program to the JCPAA in February 2019 to provide the JCPAA and other committees the opportunity to provide feedback before the 45th Parliament was officially dissolved. Throughout the year, the Auditor-General also receives direct requests from members of parliament and senators for audits of particular areas of public administration as new issues emerge. Where the Auditor-General determines that further examination is warranted as a result of an audit request, a response can be provided through a range of mechanisms, including by initiating a performance audit, assurance review or information report, or through correspondence.

In 2018–19, the Auditor-General received 12 requests for audit from members of parliament and senators. A response to 100 per cent of requests was provided in 28 days. Table 3.7 outlines the ANAO's responses to these requests.

**Table 3.8: Parliamentary requests for audit, 2018–19**

Date of request	Date of response	Requestor	Audit request relating to	Response provided to request
26 July 2018	21 August 2018	Dr Jim Chalmers MP, Ms Michelle Rowland MP	Independent assessment of NBN Co corporate plan	No separate assurance review to be conducted as matters being considered as part of NBN Co's 2017–18 financial report
30 July 2018	24 August 2018	Mr Ross Vasta MP	Installation of radio monitoring infrastructure on Mount Petrie	Not included in the Annual Audit Work Program 2018–19
28 September 2018	8 October 2018	The Hon. Pat Conroy MP	Government advertising campaign: Powering Forward	Performance audit commenced
30 October 2018	27 November 2018	Senator Sarah Hanson-Young	Grant funding from the Connections Project	Not included in the Annual Audit Work Program 2018–19
19 February 2019 and 14 March 2019	18 March 2019 and 1 April 2019	The Hon. Shayne Neumann MP	Procurement of garrison support and welfare services in Papua New Guinea	Performance audit commenced
24 February 2019 and 26 March 2019	21 March 2019 and 29 March 2019	The Hon. Mark Dreyfus QC MP	Announcement of grants for round three of the Building Better Regions Fund and the Fostering Integration Grant program	Consider including an audit on each topic in the Annual Audit Work Program 2019–20
5 March 2019	26 March 2019	Ms Cathy McGowan AO MP	Announcement of grants for round three of the Building Better Regions Fund	Consider including an audit on each topic in the Annual Audit Work Program 2019–20
7 April 2019	3 May 2019	Mr Stephen Jones MP	Mobile Black Spot Program	Potential performance audit not commenced
8 April 2019	30 April 2019	Ms Cathy McGowan AO MP	Announcement of grants – round two of the Community Sport Infrastructure Program	Performance audit commenced
10 April 2019	26 April 2019	Dr Kerryn Phelps AM MP, Mr Adam Bandt MP, Ms Rebekha Sharkie MP, Ms Julia Banks MP	Government advertising—performance audit	Performance audit commenced
11 April 2019	19 April 2019	Senator Stirling Griff	Procurement of garrison support and welfare services in Papua New Guinea	Performance audit commenced
23 April 2019	29 April 2019	The Hon. David Littleproud MP	Commonwealth purchases of environmental water	Performance audit commenced

Criterion 17 Percentage of JCPAA members surveyed who were satisfied that the ANAO improved public sector performance and supported accountability and transparency	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, shared by programs 1.1 and 1.2, p. 120
Result	Achieved a result of 100% against a target of 90%

Note: The result reported is based on the result achieved from those members who responded to the survey.

The ANAO engaged an independent research firm, ORIMA Research Pty Ltd, to conduct a survey of JCPAA members in 2019. The result of 100 per cent against a target of 90 per cent was based on the percentage of JCPAA members who responded to the survey that agreed or strongly agreed to the following statements:

- The ANAO's reports and services have contributed to improved public sector accountability and transparency; and
- The ANAO's reports and services help improve public sector administration.

The response rate of JCPAA members to the 2019 survey (53 per cent), representing 8 of the 15 members surveyed, was significantly higher than in the 2018 survey (27 per cent). Comparative analysis of the 2018 and 2019 surveys in respect to the satisfaction ratings that the ANAO improved public sector performance and supported accountability and transparency, indicate that the results were similar in terms of the level of agreement. In addition, JCPAA members were positive in their ratings in relation to the ANAO's role and function, particularly with regard to perceptions of the ANAO's integrity as an organisation and the value of information it provides on public sector performance. Consistent with the previous year's survey results, perceptions of the ANAO's reports were positive overall. JCPAA members were also satisfied with the ANAO's audit program, with ratings on all key aspects improving since the previous year.

The ANAO supports accountability and transparency in the Australian Government sector through independent reporting to the Parliament. To provide some insights into the Parliament's utilisation of ANAO reports, analysis of mentions of ANAO reports by parliamentarians or parliamentary committees was conducted for internal reporting purposes. The results of the analysis reveal that, in 2018–19, there were over 180 individual mentions of ANAO reports, less than the 230 mentions reported in 2017–18. The prorogation of the 45th Parliament on 11 April 2019 impacted on the number of individual mentions of ANAO reports after this date.

Criterion 18 Number of published audit insights and key learnings from across ANAO activities	
Source	ANAO Corporate Plan 2018–19 Portfolio Budget Statements 2018–19, programs 1.1 and 1.2, p. 87 and p. 89
Result	Achieved a result of 5 against a target of 4

The ANAO's *Audit Insights* products provide information on shared learnings for all Commonwealth entities as identified through financial statements audits and performance audits. In 2018–19, the ANAO published five reports in its *Audit Insights* series:

- [Insights from reports tabled April to June 2018 — Cyber resilience](#)
- [Corporate planning and performance statements under the PGPA Act](#)
- [Insights from reports tabled July to September 2018 — Assessing efficiency](#)
- [Insights from reports tabled October to December 2018 — Quality](#)

- [Audit Insights — Board governance](#)

The ANAO has continued to revise and improve the development of *Audit Insights* since the first edition was released in 2017. Key changes have been to focus on a strategic thematic topic as a method to identify the narrative and tell the story, identifying the audience and focusing on targeted and customised distribution methods for each edition.

## Transparency reporting

The *Corporations Act 2001* includes requirements for annual transparency reporting by auditors. Although the ANAO is not subject to the transparency reporting requirements for private sector audits that are specified in the Corporations Act, the ANAO has embraced the principles of transparency reporting. Appendix B summarises the requirements that are relevant to the ANAO and shows where the required information is presented in this annual report.

## Report on financial performance

The work of the ANAO is mainly funded by Government appropriation, with a small amount of revenue generated from audit fees paid by clients for audits by arrangement under section 20 of the *Auditor-General Act 1997*. Audit fees are set to recover the expenses incurred as part of paid audits.

### Overview of financial performance and future financial viability

The ANAO reported a total comprehensive income loss of \$6.025 million in 2018–19. Excluding the impact of depreciation, the ANAO's result for the 2018–19 financial year was an operating deficit of \$4.778 million.

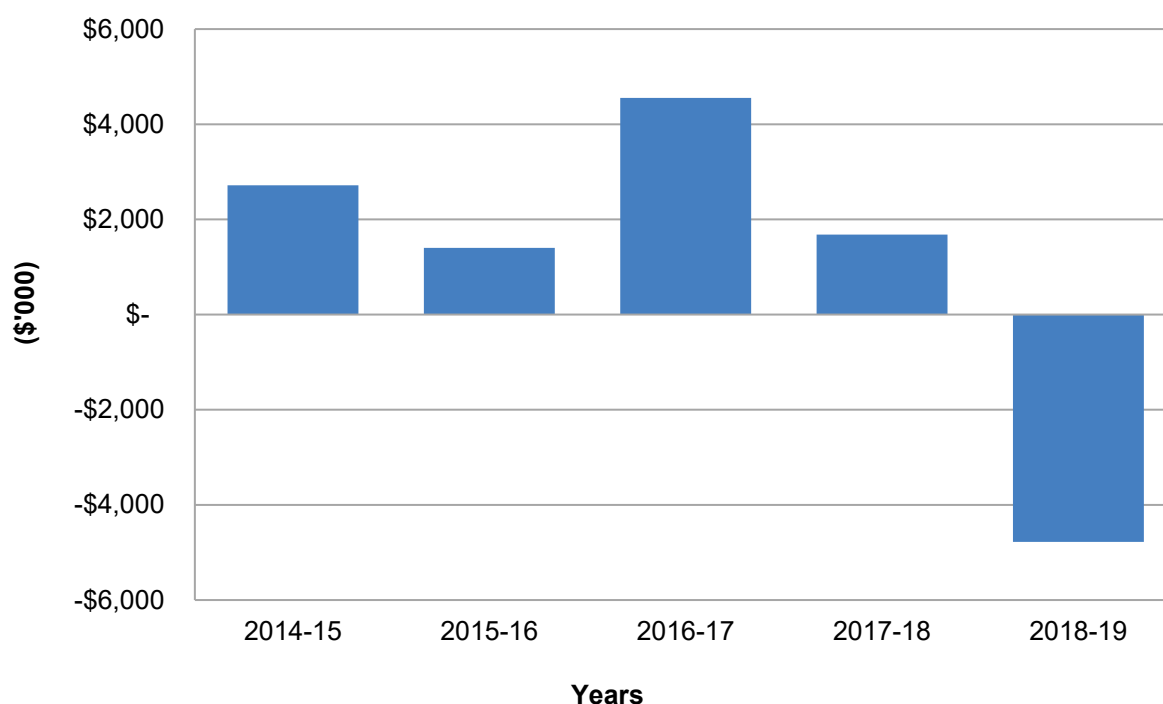
The ANAO's revised budget submission to the JCPAA for the 2018–19 financial year reflected that a savings measure applied to the ANAO that reduced our funding base would impact on our ability to deliver the planned audit program under the Act. This required the ANAO to seek approval from the Minister for Finance for an operating loss for 2018–19 by virtue of accessing the prior year unspent appropriations and to meet resourcing pressures. The ANAO had built up its reserves by conservative budget management including by limiting expenditure on investments.

Two key strategies have affected the end of year financial position – the ANAO Workforce Plan and the ANAO's Accommodation and IT projects. During the financial year, the ANAO sought to recruit sufficient employees to reduce the reliance on contractors, and to better manage attrition. The ANAO will complete its Accommodation and IT projects in 2019–20. These projects are designed to assist the ANAO to transition to its new funding base by enhancing productivity. These expenses were in line with management expectations and the budgeted operating deficit of \$3.130 million that was approved by the Minister for Finance in March 2019.

The operating deficit of \$4.778 million was also impacted by the bond rate and net impairment of leasehold asset.



**Figure 3.1: Operating result (excluding depreciation and amortisation) 2014–15 to 2018–19**



The ANAO manages its finances and resources to remain financially sustainable into the forward estimates, and continues to implement operational efficiencies.

### Expense impacts

The ANAO's total expenses for 2018–19 were \$79.780 million, excluding depreciation.

In 2018–19, the ANAO spent the majority of its budget on employee costs. All staff were based in Canberra and predominantly audited key portfolio and material agencies. The ANAO also engaged contractors within and at locations outside of Canberra to undertake audits of entities on its behalf, under the supervision of senior staff from the ANAO. Canberra based staff maintained appropriate oversight and quality assurance processes over these audits including travelling to be on site and by attendance at entity audit committees. Where required, the ANAO also engaged specialists such as valuers and actuaries to provide specific expertise to complete the audit program.

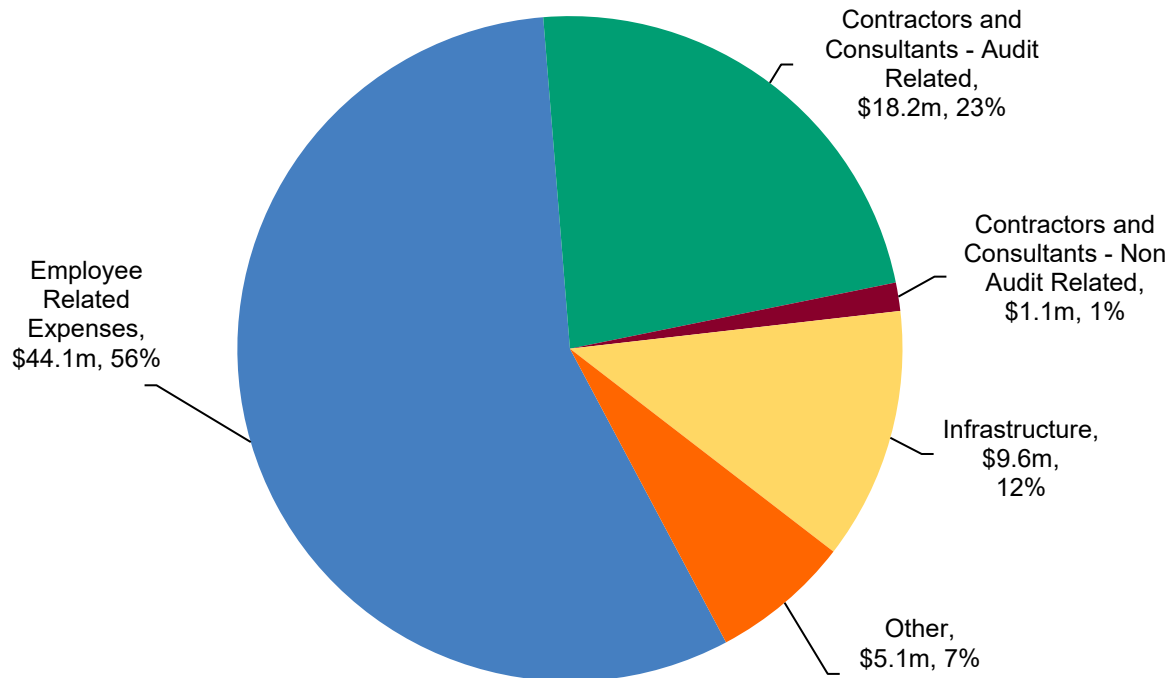
The ANAO incurred total employee expenses of \$44.1 million in 2018–19, \$1.179 million lower than the budget estimate reported in the 2018–19 Portfolio Budget Statements (PBS), but higher than employee expenses incurred in 2017–18 (\$39.238 million). The increase in employee expenses between 2017–18 and 2018–19 reflects the ANAO's strategy to increase staff levels and internal capability and reduce reliance on the engagement of more expensive contractors and manage attrition. In 2018–19, the increase in employee expenses resulted in a \$1.97 million decrease in audit-related contractor expenses in the financial year. The bond rate adjustment also increased employee expenses and provision balances by \$0.935 million at 30 June 2019.

Supplier expenses between 2017–18 (\$34.350 million) and 2018–19 (\$34.028 million) reduced slightly but remained on par with the previous year. Although supplier expenses between financial years remained steady, supplier expenses in 2018–19 exceeded the PBS budget estimate by \$5.142 million due to higher than expected travel costs associated with mandatory audits; increased information technology costs due to the transition to a new service provider and the move to a cloud computing environment, costs associated with the ANAO's accommodation and IT transformation



projects; and the impact of the net impairment of the leasehold asset. These costs were offset by a decrease in contractor costs following a decision to increase full time employees and decrease the number of more expensive contractors engaged.

**Figure 3.2: Expenses by type 2018–19**



## Financial position

The ANAO's overall financial position continued to remain sound in 2018–19:

- Total assets decreased as at 30 June to \$43.006 million, reflecting a reduction in trade and other receivables.
- Total liabilities increased to \$16.457 million, primarily as a result an increase in employee provisions.

The majority of the ANAO's assets and liabilities are of a financial nature, with the largest balance being appropriation receivable (\$36.382 million). The ANAO's appropriation receivable has reduced by around \$3.918 million since 2017–18, reflecting the use of the accumulated reserves to fund the Accommodation and IT Transformation Projects and ANAO's operating deficit.

The majority of the ANAO's liabilities are comprised of employee provisions (\$11.765 million) and payables (\$4.692 million). The ANAO's employee provisions have increased by \$1.009 million in 2018–2019, due mainly to the increase in staff numbers employed by the ANAO and the impact of the bond rate adjustment.

The ANAO remains in a sound financial position with sufficient cash reserves to fund its liabilities and commitments as and when they fall due.

**Table 3.8: Summary of financial performance 2018–19 and 2017–18**

	2018–19 (\$'000)	2017–18 (\$'000)	Variance (\$'000)	Variance (%)
<b>Statement of comprehensive income</b>				
Total own source revenue	3,985	4,078	(93)	(2%)
Total revenue from government	70,017	71,190	(1,173)	(2%)
Total expenses	81,027	75,397	5,630	7%
Net surplus/(deficit)	(6,025) <sup>(a)</sup>	(129)	(5,896)	4571%
<b>Statement of financial position</b>				
Total assets	43,006	45,550	(2,544)	(6%)
Total liabilities	16,457	13,947	2,510	18%
Net assets	26,549	31,603	(5,054)	(16%)
Equity	26,549	31,603	(5,054)	(16%)

Note (a): The ANAO's operating result was a deficit of \$4.778 million in 2018–19, excluding depreciation and amortisation.

## Revenue impacts

Government revenue from departmental and special appropriations decreased between 2017–18 and 2018–19 by \$1.173 million to \$70.017 million.

Own source revenue in 2018–19 was \$3.985 million, \$0.09 million less than the own source revenue earned in 2017–18. The decrease in own source revenue was due to a decrease of \$0.244 million in revenue from international development and a slight decrease in revenue earned from other services, offset by increased revenue from audit services of \$0.157 million.

## Entity resource statement

The entity resource statement provides additional information about the various funding sources that the ANAO may draw upon during the year. Appendix C details the resources available to the ANAO during 2018–19 and sets out the ANAO's summary of total expenses for Outcome 1.

## Financial Statements

<i>Independent auditor's report</i> .....	38
<i>Statement by the Auditor-General and Chief Finance Officer</i> .....	40
<i>Statement of Comprehensive Income</i> .....	41
<i>Statement of Financial Position</i> .....	42
<i>Statement of Changes in Equity</i> .....	43
<i>Cash Flow Statement</i> .....	44
<i>Administered Schedule of Comprehensive Income</i> .....	45
<i>Administered Reconciliation Schedule</i> .....	46
<i>Overview</i> .....	47
<i>Note 1: Budget Variances</i> .....	50
<i>Note 2: People and Relationships</i> .....	52
<i>Note 3: Funding</i> .....	59
<i>Note 4: Financial Performance</i> .....	61
<i>Note 5: Financial Position</i> .....	63
<i>Note 6: Other Information</i> .....	66

# 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 2019, 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:

- the statement of financial position as at 30 June 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes to equity for the year then ended;
- the cash flow statement for the year then ended;
- the administered schedule of comprehensive income for the year then ended;
- the administered schedule of assets and liabilities as at the year then ended;
- the administered reconciliation schedule as at the year then ended;
- the administered cash flow statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies; and
- the 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* (the Code) that are relevant to my audit of the financial statements in Australia. I have fulfilled my other ethical responsibilities in accordance with the Code.

### 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 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](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of my Auditor's Report.

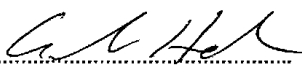


Eileen Hoggett  
Independent Auditor

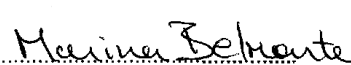
Sydney  
5 August 2019

In our opinion, the attached financial statements for the year ended 30 June 2019 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  
05 August 2019

Signed.....

Marina Belmonte  
Chief Financial Officer  
05 August 2019

**Australian National Audit Office**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2019*

		2019	2018	2019 Original Budget
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>EXPENSES</b>				
Employee benefits	2.1A	44,112	39,238	45,291
Suppliers	4.1A	34,028	34,350	28,886
Depreciation and amortisation	5.2A	1,247	1,809	1,048
Write-down and impairment of assets	5.2A	1,640	-	-
<b>Total expenses</b>		<b>81,027</b>	<b>75,397</b>	<b>75,225</b>
<b>OWN-SOURCE INCOME</b>				
<b>Own-source revenue</b>				
Audit Services		2,300	2,143	2,300
International development funding		1,496	1,740	1,800
Rendering of other services		189	195	-
<b>Total own-source revenue</b>	4.2A	<b>3,985</b>	<b>4,078</b>	<b>4,100</b>
<b>Gains</b>				
Property Related Gain	5.2A	1,000	-	-
<b>Total Gains</b>		<b>1,000</b>	<b>-</b>	<b>-</b>
<b>Net cost of services</b>		<b>76,042</b>	<b>71,319</b>	<b>71,125</b>
<b>REVENUE FROM GOVERNMENT</b>				
Departmental annual appropriations		69,329	70,531	69,329
Departmental special appropriations		688	659	748
<b>Total Revenue from Government</b>	4.3A	<b>70,017</b>	<b>71,190</b>	<b>70,077</b>
<b>Total comprehensive income / (loss)</b>		<b>(6,025)</b>	<b>(129)</b>	<b>(1,048)</b>

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

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

**Australian National Audit Office**  
**Statement of Financial Position**  
*as at 30 June 2019*

	Notes	2019 \$'000	2018 \$'000	2019 Original Budget \$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	5.1A	591	549	444
Trade and other receivables	5.1B	38,370	42,131	40,563
Work in progress - audit related services	5.1C	121	96	-
<b>Total financial assets</b>		<b>39,082</b>	<b>42,776</b>	<b>41,007</b>
<b>Non-Financial Assets</b>				
Leasehold improvements	5.2A	1,573	290	120
Property and equipment	5.2A	1,215	786	1,154
Intangibles	5.2A	484	888	984
Prepayments		652	810	1,045
<b>Total non-financial assets</b>		<b>3,924</b>	<b>2,774</b>	<b>3,303</b>
<b>Total assets</b>		<b>43,006</b>	<b>45,550</b>	<b>44,310</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	5.3A	3,360	2,441	3,323
Operating lease liabilities		472	45	-
Accrued salaries and other payables		860	705	308
<b>Total payables</b>		<b>4,692</b>	<b>3,191</b>	<b>3,631</b>
<b>Provisions</b>				
Employee provisions	2.1B	11,765	10,756	10,915
<b>Total provisions</b>		<b>11,765</b>	<b>10,756</b>	<b>10,915</b>
<b>Total Liabilities</b>		<b>16,457</b>	<b>13,947</b>	<b>14,546</b>
<b>Net Assets</b>		<b>26,549</b>	<b>31,603</b>	<b>29,764</b>
<b>EQUITY</b>				
Contributed equity		14,676	13,705	14,676
Reserves		564	564	564
Retained surplus		11,309	17,334	14,524
<b>Total Equity</b>		<b>26,549</b>	<b>31,603</b>	<b>29,764</b>

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

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



**Australian National Audit Office**  
**Statement of Changes to Equity**  
*for the year ended 30 June 2019*

	Notes	Retained surplus		Asset revaluation surplus		Contributed equity/capital		Total equity	
		2019	2018	2019	2018	2019	2018	2019	2018
		Original	Budget	Original	Budget	Original	Budget	Original	Budget
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>		17,334	17,463	15,572	564	564	12,727	13,705	30,754
<b>Comprehensive income</b>									
Surplus (Deficit) for the period		(6,025)	(129)	(1,048)	-	-	-	-	(129)
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		<b>(6,025)</b>	<b>(129)</b>	<b>(1,048)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,025)</b>	<b>(129)</b>
<b>Transactions with owners</b>									
<b>Contributions by owners</b>									
Equity Injection	3.1A	-	-	-	-	-	-	-	-
Departmental capital budget	3.1A	-	-	-	-	971	978	971	978
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>971</b>	<b>978</b>	<b>971</b>	<b>978</b>
<b>Closing balance as at 30 June 2019</b>		<b>11,309</b>	<b>17,334</b>	<b>14,524</b>	<b>564</b>	<b>14,676</b>	<b>13,705</b>	<b>26,549</b>	<b>31,603</b>

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

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

**Australian National Audit Office**  
**Cash Flow Statement**  
*for the year ended 30 June 2019*

	2019 \$'000	2018 \$'000	2019 Original Budget \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations for operating activities	82,103	76,813	70,120
Rendering of services	5,006	3,896	4,100
Net GST received	2,111	2,157	-
<b>Total cash received</b>	<b>89,220</b>	<b>82,866</b>	<b>74,220</b>
<b>Cash used</b>			
Employees	42,948	39,638	45,291
Suppliers	34,540	36,607	28,929
Receipts transferred to OPA	8,168	6,694	-
GST used	298	275	-
<b>Total cash used</b>	<b>85,954</b>	<b>83,214</b>	<b>74,220</b>
<b>Net cash from operating activities</b>	<b>3,266</b>	<b>(348)</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of leasehold improvements	3,092	77	-
Purchase of plant and equipment	912	69	434
Purchase of intangibles	192	379	537
<b>Total cash used</b>	<b>4,196</b>	<b>525</b>	<b>971</b>
<b>Net cash used by investing activities</b>	<b>(4,196)</b>	<b>(525)</b>	<b>(971)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	971	978	971
<b>Total cash received</b>	<b>971</b>	<b>978</b>	<b>971</b>
<b>Net cash from financing activities</b>	<b>971</b>	<b>978</b>	<b>971</b>
<b>Net increase in cash held</b>	<b>41</b>	<b>105</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	549	444	444
<b>Cash and cash equivalents at the end of the reporting period<sup>1</sup></b>	<b>591</b>	<b>549</b>	<b>444</b>

<sup>1</sup> As 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 for major variances between budgeted and actual amounts.

<b>Australian National Audit Office</b>				
<b>Administered Schedule of Comprehensive Income</b>				
for the period ended 30 June 2019				
		2019	2018	2019
	Notes	\$'000	\$'000	Original Budget \$'000
<b>INCOME</b>				
<b>Non-taxation revenue</b>				
Rendering of audit services		12,390	12,298	12,300
<b>Total income administered on behalf of Government<sup>1</sup></b>		<b>12,390</b>	<b>12,298</b>	<b>12,300</b>
The above schedule should be read in conjunction with the accompanying notes.				
<b>Administered Schedule of Assets and Liabilities</b>				
as at 30 June 2019				
		2019	2018	2019
	Notes	\$'000	\$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents		1,128	477	591
Trade and other receivables - audit related services		4,626	4,729	5,416
Work in progress - audit related services	5.1C	416	2,205	729
<b>Total financial assets</b>		<b>6,170</b>	<b>7,411</b>	<b>6,736</b>
<b>Total assets administered on behalf of Government</b>		<b>6,170</b>	<b>7,411</b>	<b>6,736</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
GST payable		425	429	492
<b>Total payables</b>		<b>425</b>	<b>429</b>	<b>492</b>
<b>Total liabilities administered on behalf of government</b>		<b>425</b>	<b>429</b>	<b>492</b>
<b>Net assets</b>		<b>5,745</b>	<b>6,982</b>	<b>6,244</b>
The above schedule should be read in conjunction with the accompanying notes.				
<sup>1</sup> Please refer to Note 1 for explanations for major variances between budgeted and actual amounts.				

<b>Australian National Audit Office</b>			
<b>Administered Reconciliation Schedule</b>			
as at 30 June 2019			
	<b>Notes</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Opening assets less liabilities as at 1 July 2018</b>		<b>6,982</b>	6,244
Net contribution by services			
Income		<b>12,390</b>	12,298
<b>Transfers to the Australian Government</b>			
Transfers to the Official Public Account		<b>(13,627)</b>	(11,560)
<b>Closing assets less liabilities as at 30 June 2019</b>		<b>5,745</b>	6,982
The above schedule should be read in conjunction with the accompanying notes.			
<b>Administered Cash Flow Statement</b>			
for the period ended 30 June 2019			
	<b>Notes</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Rendering of audit services		<b>15,705</b>	12,597
<b>Total cash received</b>		<b>15,705</b>	12,597
<b>Cash used</b>			
GST paid		<b>1,427</b>	1,151
<b>Total cash used</b>		<b>1,427</b>	1,150
<b>Net cash from operating activities</b>		<b>14,278</b>	11,446
<b>Net increase in cash held</b>		<b>14,278</b>	11,446
Cash and cash equivalents at the beginning of period		<b>477</b>	591
<b>Cash to the Official Public Account for:</b>			
- Appropriations		<b>13,627</b>	11,560
<b>Cash and cash equivalents at the end of the reporting period<sup>1</sup></b>		<b>1,128</b>	477
<sup>1</sup> As shown in the Administered Schedule of Assets and Liabilities			
This schedule should be read in conjunction with the accompanying notes.			

## Australian National Audit Office

### Overview

#### Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and 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 – Reduced Disclosure Requirements 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 and 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 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 reporting period.

#### 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 statement 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.

## Overview (continued)

### New Australian Accounting Standards

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

*AASB 16 - Leases* applies to the ANAO from 1 July 2019 onwards. AASB 16 introduces new criteria for assessing contracts and identifying leases existing within those contracts. From 1 July 2019, those leases that were previously reported that now meet the criteria specified by AASB 16 will be recorded on the Statement of Financial Position as right-of-use assets recorded at cost, and adjusted for depreciation and or impairment.

Leases of 12 months duration or less and of a low value (\$10,000 or below) will be recorded as expenses.

The implementation of AASB 16 - *Leases* will have ongoing financial impacts on the ANAO's financial statements effective from 2019-20.

Two accounting standards which deal with revenue recognition will apply to the ANAO from 1 July 2019, specifically:

- AASB 15: *Revenue from Contracts with Customers*; and
- AASB 1058: *Income of Not-For-Profit entities*.

The new standards require the ANAO to recognise revenue at an amount that reflects the consideration to which the ANAO expects to be 'entitled' in exchange for transferring goods or services, with recognition of revenue occurring on transfer of control. The transaction price will be linked to 'performance obligations', which determine the revenue available to be recognised when the performance obligations are satisfied.

As the ANAO's revenue recognition process for its existing revenue streams is consistent with the requirements of new standards, there is likely to be minimal impact on the future financial reporting periods of the ANAO.

There is no change in the timing, recognition or measurement of ANAO's revenue from government.

**Australian National Audit Office**

**Events After the Reporting Period**

*Departmental*

The ANAO and the owners of its current leased premises have entered into a licence agreement that varies the terms of its accommodation lease. Under this agreement, the ANAO will continue to occupy the premises at 19 National Circuit for 6 months from 1 July 2019 and thereafter on a month to month basis until it vacates its current premises. The ANAO expects to be occupying new premises in the first half of the 2020 calendar year.

*Administered*

No events have occurred after reporting date that should be brought to account or noted in the 2018-19 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 2018-19 Portfolio Budget Statements (PBS) and the 2018-19 final outcome as presented in accordance with Australian Accounting Standards for the ANAO. The Budget is not audited. Major variances are reported on the basis of professional judgment and are not focussed merely on numerical differences between the budget and actual amounts

Explanations of major variances	Variance to Budget		Affected line items
	\$'000	%	
<b>Departmental Items</b>			
Supplier expenses were higher than budgeted due to higher than expected travel expenses associated with mandatory audits; increased information technology costs mainly associated with a transition to the cloud environment; and expenses associated with the ANAO's Accommodation project. This was partly offset by a decrease from 2017-18 of engaged contractors because of ANAO's strategic intent to increase full time employees to replace more expensive contractors.	5,142	18%	Statement of Comprehensive Income, Suppliers Expense
The variance to budget reflects the purchase and capitalisation of a number of non-financial assets in 2018-19, particularly computer hardware and software.	199	19%	Statement of Comprehensive Income, Depreciation and amortisation
The variance is primarily due to the impairment of a leasehold improvement asset. Given the inherent nature of this item it is difficult to estimate. As such, an estimate is not usually provided for this item.	1,640	100%	Statement of Comprehensive Income, Write-down and impairment of other assets
International development funding provided by DFAT operates on a reimbursement basis. The revenue received in 2018-19 reflects a lower allocation from DFAT for this item than originally budgeted.	(304)	17%	Statement of Comprehensive Income, International development funding
This item relates to compensation received for property related expenses.	1,000	100%	Statement of Comprehensive Income, Gains
The variance from budget mainly relates to costs incurred for the Accommodation and IT Transformation projects, which were funded from the ANAO's reserves, as planned, to support and transform the new ways of working into the next decade (\$2.434m). This is also impacted by the bond rate adjustment on employee expenses (0.935m). The ANAO's final result was also impacted by the net effect of \$0.596m which is made up of the impairment of leasehold assets at 30 June and offset by compensation received for property related expenses. The remaining component of the loss reflects the transitioning of the ANAO to a new funding base after the impact of Budget savings.	(4,778)	100%	Statement of Comprehensive Income, Total Comprehensive Income / (Loss)

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

The Trade and other receivables balance was lower than budgeted primarily due to movements in both the appropriation receivable and trade receivables balances between 2017-18 and 2018-19.			
There was a reduction in the appropriation receivable balance at the end of 2018-19 as the ANAO accessed its reserves during the financial year to fund its Accommodation and IT Transformation projects, offset by the recognition of higher value of invoices for audit related work than budgeted.	(2,193)	5%	Balance Sheet, Trade and other receivables
This variance relates to expenditure on the ANAO's Accommodation and IT Transformation Projects. Due to the timing of approvals, an estimate for this item had not been included in the original budget. It has however been included in subsequent Portfolio Budget Statements.	1,453	1211%	Balance Sheet, Leasehold improvements
	3,092	100%	Cash Flow Statement, Investing Activities, Purchase of leasehold improvements
The variance to the original budget is due to the purchase of some software costing less than anticipated and the deferral of other investments in software to 2019-20.	(500)	-51%	Balance Sheet, Intangibles
The variance to budget reflects the lower number of prepayments undertaken by the ANAO as at 30 June 2019.	(393)	-38%	Balance Sheet, Prepayments
The variance is attributable to a higher number of accruals for staff transferring to and from the ANAO in 2018-19 compared to 2017-18. In addition, the final pay for 2018-19 occurred on 26 June 2018, requiring the accrual of two working days, compared to the accrual of one working day in the 2017-18 year.	552	179%	Balance Sheet, Accrued salaries and other payables
The variance to budget is primarily due to the movement in the discount bond rate used to value employee provisions.	850	8%	Balance Sheet, Employee provisions
<b>Administered Items</b>			
The variance reflects the timing of receipts into the bank account as at 30 June 2019.	757	204%	Schedule of Assets and Liabilities, Cash and cash equivalents
The variance to budget reflects a lower number of expected billings as at 30 June 2019. This is attributed to invoices being paid before 30 June which is consistent with an increase in revenue from audit services.	(790)	-15%	Schedule of Assets and Liabilities, Trade receivables – audit related services
This variance is attributed to timely invoicing undertaken before 30 June. As a result, invoices were raised prior to 30 June 2019.	(313)	-43%	Schedule of Assets and Liabilities, Work in progress – audit related services
Audit fees are based on a scale determined by the Auditor-General under section 14 of the Auditor-General Act 1997 and are calculated on the basis of a cost attribution model. The fees charged were higher than budgeted as the actual costs incurred for a number of audits was higher than budgeted. It also reflects timing of invoices being paid.	3,070	25%	Cash Flow Statement, Rendering of audit services

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**

**Note 2.1A: Employee Benefits**

	2019 \$'000	2018 \$'000
Wages and salaries	32,803	30,551
Superannuation		
Defined contribution plans	3,340	3,200
Defined benefit plans	2,785	2,291
Leave and other entitlements	4,872	2,845
Separation and redundancies	-	59
Other employee expenses	312	292
<b>Total employee benefits</b>	<b>44,112</b>	<b>39,238</b>

**Note 2.1B: Employee Provisions**

All employee provisions relate to long service leave and annual leave. There was no provision for separations and redundancy either at 30 June 2019 or 30 June 2018.

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 has been determined by reference to *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) 24.1(a) using the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and enterprise agreements.

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.

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 2019 represents outstanding contributions.

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

**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:

2018–19	Position	Term as KMP
Grant Hehir	Auditor-General	1 July 2018 – 30 June 2019
Rona Mellor	Deputy Auditor-General	1 July 2018 – 30 June 2019
Lisa Rauter	Group Executive Director, Performance Audit Services Group	1 July 2018 – 30 June 2019
Jane Meade	Group Executive Director, Professional Services and Relationship Group	1 July 2018 – 30 June 2019
Carla Jago	Group Executive Director, Assurance Audit Services Group	1 July 2018 – 30 June 2019
Anastasios Ioannou	Group Executive Director, Performance Audit Services Group	1 July 2018 – 30 June 2019
Deborah Rollings	Senior Executive Director, Corporate Management Group	1 July 2018 – 30 June 2019
Bola Oyetunji	Senior Executive Director, Systems Assurance and Data Analytics	4 February 2019 – 30 June 2019
Jocelyn Ashford	Senior Executive Director, Systems Assurance and Data Analytics	1 July 2018 – 1 February 2019
Marina Belmonte	Chief Financial Officer (CFO)	9 August 2018 – 30 June 2019
Karla McKay	Acting Chief Financial Officer (A/g CFO)	1 July 2018 – 8 August 2018

2017–18	Position	Term as KMP
Grant Hehir	Auditor-General	1 Jul 2017 – 30 Jun 2018
Rona Mellor	Deputy Auditor-General	1 Jul 2017 – 30 Jun 2018
Carla Jago	Group Executive Director, Assurance Audit	1 Jul 2017 – 30 Jun 2018
Jocelyn Ashford	Senior Executive Director, Systems Assurance and Data Analytics	1 Nov 2017 – 30 Jun 2018
Lisa Rauter	Group Executive Director, Performance Audit	31 Jul 2017 – 30 Jun 2018
Andrew Morris	Acting Group Executive Director, Performance Audit	1 Jul 2017 – 31 Jul 2017
Anastasios Ioannou	Group Executive Director, Performance Audit	1 Jul 2017 – 30 Jun 2018
Jane Meade	Group Executive Director, Professional Services and Relationships	1 Jul 2017 – 30 Jun 2018
Deborah Rollings	Senior Executive Director, Corporate Management Branch	1 Jul 2017 – 30 Jun 2018
Sue Knox	Chief Finance Officer	1 Jul 2017 – 11 Jun 2018
Karla McKay	Acting Chief Finance Officer	12 Jun 2018 – 30 Jun 2018

The following tables are prepared on an accruals basis.

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

	2019 \$	2018 \$
<b>Note 2.2A: Key Management Personnel Remuneration</b>		
Short-term benefits:		
Base Salary	2,510,864	2,532,297
Bonus	70,903	79,591
Other benefits and allowances <sup>1</sup>	190,776	-
<b>Total short-term benefits</b>	<b>2,772,543</b>	<b>2,611,888</b>
Superannuation	442,810	394,027
<b>Total post-employment benefits</b>	<b>442,810</b>	<b>394,027</b>
Other long-term benefits:		
Annual leave accrued <sup>2</sup>	-	188,757
Long-service leave	95,506	60,497
<b>Total other long-term benefits</b>	<b>95,506</b>	<b>249,254</b>
Termination benefits	-	-
<b>Total key management personnel remuneration</b>	<b>3,310,859</b>	<b>3,255,169</b>

<sup>1</sup> This is a new requirement for 2018-19 and was not required to be disclosed separately in the previous financial reporting period. This relates predominately to SES vehicle allowances.

<sup>2</sup> This item is now included as part of the Base Salary for 2018-19.

The above key management personnel 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. More detailed information in the relation to KMP is provided in the Annual Report.

**Notes:**

- a. The remuneration totals (on a pro rata basis) for key management personnel 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 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: 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	577,421	-	-	92,748	44,017	-	-	-	714,186
Rona Mellor	Deputy Auditor-General	399,444	29,053	-	65,348	13,365	-	-	-	507,210
Lisa Rauter	Group Executive Director, Performance	223,434	12,950	25,917	48,030	10,521	-	-	-	320,852
Jane Meade	Audit Services Group Group Executive Director, Professional Services and Relationship Group	242,362	-	25,917	30,802	6,771	-	-	-	305,852
Carla Jago	Group Executive Director, Assurance Audit Services Group	214,787	-	25,917	45,204	13,058	-	-	-	298,966
Anastasios Ioannou	Group Executive Director, Performance Audit Services Group	211,649	11,620	25,917	43,527	10,101	-	-	-	302,814
Deborah Rollings	Senior Executive Director, Corporate Management Group	155,752	10,710	35,921	39,814	(16,860)	-	-	-	225,337
Bola Oyetunji	Senior Executive Director, Systems Assurance and Data Analytics	208,790	6,570	25,196	31,416	7,561	-	-	-	279,533
Jocelyn Ashford	Senior Executive Director, Systems Assurance and Data Analytics	127,399	-	25,991	21,868	3,370	-	-	-	178,628
Marina Belmonte	Chief Financial Officer (CFO)	129,494	-	-	20,208	1,917	-	-	-	151,619
Karla McKay	Acting Chief Financial Officer (A/g CFO)	20,332	-	-	3,845	1,685	-	-	-	25,862
Total		2,510,864	70,903	190,776	442,810	95,506	-	-	-	3,310,859

**NOTE:** Some of the figures are impacted by the duration of service as a KMP. Table 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**

2018-19

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	Average Superannuation contributions	Average Long service leave	Average Other long-term benefits	Average Termination Benefits	Average total remuneration	
		\$	\$	\$	\$	\$	\$	\$	\$	
\$220,000 or less	7	120,500	-	19,873	26,797	(19,854)	-	-	147,316	
\$220,001 to \$245,000	8	167,197	8,222	24,249	29,958	10,411	-	-	240,037	
\$245,001 to \$270,000	2	178,344	8,992	24,920	32,337	14,290	-	-	258,883	
\$270,001 to \$295,000	4	207,774	-	24,959	36,299	18,069	-	-	287,101	

**Notes:**

1. This table is prepared on an accrual basis. In 2019, there were 26 fortnightly pays (2018: 26).
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. The 2017-18 comparative table has not been restated.
7. Those ANAO officers that have been classified as Key Management Personnel (as per Note 2.2B) have not been included in this Note disclosure.



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

**2017-18**

Remuneration Band	Number of Senior Executives	Average Reportable Salary	Average Contributed superannuation	Average Allowances	Average Bonus Paid	Average total remuneration
		\$	\$	\$	\$	\$
\$200,000 and less	9	101,248	12,579	504	337	114,669
\$200,001 to \$225,000	10	179,887	28,138	-	3,740	211,765
\$225,001 to \$250,000	6	204,139	29,301	-	2,986	236,426
\$250,001 to \$275,000	4	215,717	37,304	-	7,560	260,576
\$275,001 to \$325,000	5	252,559	38,196	-	7,622	298,377
\$425,001 to \$475,000	2	386,701	53,053	-	13,970	453,724
\$625,001 to \$735,000	1	639,469	90,928	-	-	730,397

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

**Note 2.4: Remuneration Paid to Highly Paid Staff**

The ANAO identified no other Highly Paid Staff for the reporting period (2018: Nil).

**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 Notes 2.2 and 2.3.

**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')**

	2019 \$'000	2018 \$'000
Ordinary annual services	69,329	70,531
Capital Budget <sup>1</sup>	971	978
Receipts retained under PGPA Act - Section 74 <sup>2</sup>	6,191	8,795
<b>Total appropriation</b>	<b>76,491</b>	<b>80,304</b>
Appropriation applied (current and prior years)	80,367	79,127
<b>Variance</b>	<b>(3,876)</b>	<b>1,177</b>

1. 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. The ANAO receives departmental revenue to conduct audits by arrangement under section 20 of the *Auditor General Act 1997*.

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.

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

	2019 \$'000	2018 \$'000
<b>Authority</b>		
<b>Departmental<sup>1</sup></b>		
<i>Appropriation Act (No. 1) 2017-18</i>	-	40,692
<i>Appropriation Act (No. 2) 2016-17</i>	150	150
<i>Appropriation Act (No. 1) 2018-19</i>	36,816	
<b>Total departmental</b>	<b>36,966</b>	<b>40,842</b>

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

	Appropriation Applied 2019 \$'000	Appropriation Applied 2018 \$'000
<b>Authority</b>		
<i>Auditor-General Act 1997, Schedule 1, sections 3 and 7 Unlimited amount for the remuneration of the Auditor-General</i>	688	659
<b>Total special appropriations applied</b>	<b>688</b>	<b>659</b>

**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 2019 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.

**Note 3.3: Net Cash Appropriation Arrangements**

	2019 \$'000	2018 \$'000
<b>Total comprehensive loss less depreciation/amortisation expenses</b>	<b>(4,778)</b>	1,680
<b>Total comprehensive income less depreciation/amortisation expenses previously funded</b>		
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>1,247</u>	<u>1,809</u>
<b>Total comprehensive loss - as per the Statement of Comprehensive Income</b>	<b><u>(6,025)</u></b>	<b><u>(129)</u></b>

**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 2019.

**Note 4.1: Expenses**

	2019 \$'000	2018 \$'000
<b>Note 4.1A: Suppliers</b>		
<b>Goods and services</b>		
Consultants and contractors	19,285	21,251
Information and communication technology	6,138	4,082
Travel	1,134	793
Professional development	1,307	909
Professional services	470	896
Staff related expenses	500	631
Recruitment	647	604
Property operating expense	402	480
Other	691	721
<b>Total goods and services supplied</b>	<b>30,574</b>	<b>30,367</b>
<b>Other suppliers</b>		
Operating lease rentals	3,057	3,649
Workers compensation expenses	397	334
<b>Total other suppliers</b>	<b>3,454</b>	<b>3,983</b>
<b>Total Suppliers</b>	<b>34,028</b>	<b>34,350</b>

Note: In 2018-19 payment terms goods and services were 30 days from receipt of a correctly rendered invoice (2018: 30 days).

Accounting Policy

Operating lease payments are expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets.

**Leasing Commitments**

The ANAO in its capacity as lessee has entered the following leases:

*- Lease for office accommodation*

The ANAO has one current accommodation lease in the ACT. The lease commenced on 23 September 2018 for a period of 12 years and is for the ANAO's present accommodation in the ACT. This lease contains two options to extend for a further 5 years and increases in rent will be at a rate of 3.65% per year, commencing on the anniversary of the lease. As part of the lease agreement, the ANAO received a contribution from the landlord to reduce rental payments. These incentives are being recognised progressively over the life of the lease as a reduction in rent expense. The ANAO and the owners of its current leased premises have entered into a licence agreement that varies the terms of its accommodation lease. Under this agreement, the ANAO will continue to occupy the premises at 19 National Circuit for 6 months from 1 July 2019 and thereafter on a month to month basis until it vacates its current premises. The ANAO expects to be occupying new premises in the first half of the 2020 calendar year.

*- Lease for data centre facilities*

The ANAO leases a secure offsite facility for data storage and business continuity purposes. The lease commenced on 1 November 2012 for a period of 10 years with fixed rent increases of 4% until 2016. Rental increases for the facility over the remaining lease are at a rate commensurate with CPI. Following a move to data on the cloud arrangement the offsite facility is no longer required. The ANAO has given the storage facility owner notice of its intention to terminate the agreement.

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

Commitments for minimum lease payments in relation to operating leases are payable as follows:

	2019 \$'000	2018 \$'000
Within 1 year	2,819	776
Between 1 to 5 years	11,169	238
More than 5 years	17,190	-
<b>Total operating lease commitments</b>	<b>31,178</b>	<b>1,014</b>

**Note 4.2: Own-source income**

**Note 4.2A: Accounting Policy**

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- (a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- (b) the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by cost incurred to date as a proportion of the total cost of the transaction

**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 5.1: 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**

	2019 \$'000	2018 \$'000
<b>Goods and services</b>		
Trade receivables	1,658	1,514
GST receivable from the Australian Taxation Office	330	317
Appropriation receivables	36,382	40,300
<b>Total trade and other receivables</b>	<b>38,370</b>	<b>42,131</b>

Credit terms for goods and services were within 30 days (2018: 30 days).

Accounting Policy

AASB 9 *Financial Instruments* (AASB 9) applies to the ANAO from 1 July 2018 as it applies to reporting periods beginning on or after 1 January 2018. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139).

**Classification and measurement**

The classification and measurement of the ANAO's financial assets under AASB 9 is determined by the ANAO's business model for managing its financial assets and the contractual cash flow characteristics of those assets.

**Financial assets**

The ANAO's financial assets are comprised of trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows, where these cash flows.

Under AASB 9, all of the ANAO's financial assets will continue to be measured, and carried, at amortised cost. The ANAO's financial assets were also measured at amortised cost under the previous standard, AASB 139.

The ANAO derived no interest income from financial assets in either the current or prior year.

**Financial Liabilities**

The ANAO's financial liabilities are also measured at amortised cost.

**Impairment**

AASB 9 requires the ANAO to impair its financial assets by applying the 'expected credit losses' (ECL) model. The ANAO has taken advantage of the practical expedient which allows the use of a Provision Matrix to calculate expected credit losses on trade receivables. The ANAO has assessed the loss allowance for its financial assets at an amount equal to lifetime expected credit losses.

Due to the nature of the ANAO's receivables, a nil loss allowance has been calculated. There is no impairment of the ANAO financial assets for 2018-19.

**Note 5.1C: Work-in-progress**

Accounting Policy

Work in progress includes the total costs incurred on audit work yet to be completed less interim billings. It is valued at the amount expected to be recovered.



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

**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 2019

	Leasehold Improvements	Plant & equipment	Intangibles - Computer software	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>				
Gross book value	2,806	2,280	5,184	10,270
Accumulated depreciation and impairment	(2,516)	(1,494)	(4,296)	(8,306)
<b>Total as at 1 July 2018</b>	<b>290</b>	<b>786</b>	<b>888</b>	<b>1,964</b>
Additions - by purchase	3,092	912	192	4,196
Depreciation and amortisation expense	(213)	(442)	(592)	(1,247)
Disposals	-	(41)	(4)	(45)
Impairment	(1,596)	-	-	(1,596)
<b>Total as at 30 June 2019</b>	<b>1,573</b>	<b>1,215</b>	<b>484</b>	<b>3,272</b>
<b>Total as at 30 June 2019 represented by:</b>				
Gross book value	3,639	3,133	5,314	12,086
Accumulated depreciation, amortisation and impairment	(2,066)	(1,918)	(4,830)	(8,814)
<b>Total</b>	<b>1,573</b>	<b>1,215</b>	<b>484</b>	<b>3,272</b>

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).

*Revaluations:*

Following initial recognition at cost, leasehold improvements and plant and equipment are carried at fair value. Carrying amounts are reviewed every year to determine if an independent valuation is required. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

*Impairment:*

All assets were assessed for impairment at 30 June 2019. Indicators of Impairment were identified for Leasehold Improvements associated with construction related issues at 19 National Circuit. This was partially offset with compensation of \$1.0 million provided by the building owner.

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. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

*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.

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

**Note 5.2A: Property, Plant and Equipment and Intangibles (continued)**

**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:

	2019	2018
Leasehold improvements	Lease term	Lease term
IT Assets	2 to 11 years	2 to 11 years
Office equipment	5 to 30 years	5 to 30 years
Antique furniture	30 to 80 years	30 to 80 years

**Fair Value:**

All 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.

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.

**Accounting Policy - 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 (2018: 3 to 5 years).

**Note 5.3: Liabilities**

**Note 5.3A: Suppliers**

**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 30 days.

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

**Note 6: Other Information**

**Note 6.1: Aggregate Assets and Liabilities**

	2019	2018
	\$	\$
<b>Assets expected to be recovered in:</b>		
No more than 12 months	39,628	43,586
More than 12 months	<u>3,378</u>	<u>1,964</u>
<b>Total assets</b>	<u>43,006</u>	<u>45,550</u>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	8,175	6,681
More than 12 months	<u>8,281</u>	<u>7,266</u>
<b>Total liabilities</b>	<u>16,457</u>	<u>13,947</u>

**Note 6.2: Remuneration of Auditors**

	2019	2018
	\$	\$
<b>Fees for services provided</b>		
Financial statement audit services	90,000	88,140
Performance audit services	<u>40,909</u>	<u>115,384</u>
<b>Total</b>	<u>130,909</u>	<u>203,524</u>

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 is appointed in a personal capacity and she performed no other services for the ANAO.

## Part 4—ANAO organisational governance, capability and risk management

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The Auditor-General is responsible for both administering the *Auditor-General Act 1997* (the Act) and managing the ANAO within the arrangements of the broader Australian Public Service. Part 6 of the Act establishes the ANAO under the *Public Service Act 1999* and requires it to operate as an entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In line with the requirements and expectations of the PGPA Act, the Auditor-General manages the ANAO in achieving its purpose through the application of good corporate governance. Good governance underpins the ANAO's approach to delivering quality outcomes and effective decision-making.

Good governance at the ANAO is achieved through a robust governance framework, directed by a clear governance structure, managed through strong governance practices, and delivered as part of the strategic planning framework. Strategic planning outcomes are realised through a mature approach to risk management and strengthened through an integrated approach to organisational capability. The ANAO's strong commitment to strategic planning and the ongoing development of capability ensures that we are able to continue to achieve and deliver our purpose. Investments in capability support the ANAO to uphold public sector principles and values, while building sufficient flexibility and expertise to meet future needs.

Part 4 outlines the ANAO's approach and continued commitment to corporate governance, capability investment and risk management.

### Governance

The ANAO's governance framework supports the organisation to uphold public sector principles and values, including legislative requirements for accountability, leadership, transparency, integrity, efficiency and risk management. The framework ensures that the operations of the organisation remain compliant with relevant laws, standards and directions.

The ANAO's clearly defined governance structure and practices support the Auditor-General in the effective oversight of the organisation, management of its resources and the delivery of quality audit products. The ANAO's corporate governance framework, processes and related organisational capability enable us to achieve our purpose, and meet public and community expectations of probity, accountability and transparency.

### Governance structure

The ANAO's main governance bodies, as at 30 June 2019, are the Executive Board of Management, seven standing committees, three operational committees, and an independent Audit Committee.

The ANAO governance structure and strategic planning framework are outlined in Figure 4.1.

## Executive Board of Management

The Executive Board of Management assists the Auditor-General to meet his statutory responsibilities, and provides leadership to the ANAO in pursuing its strategic direction and delivering against the commitments and initiatives outlined in the corporate plan.

The Executive Board of Management is responsible for supporting the ANAO's strategic direction; overseeing business; identifying strategic and operational risks; managing the ANAO's budget and workforce; and delivering against the commitments and initiatives outlined in annual business plans. The executive board meets monthly and terms of reference are reviewed annually. The standing membership is:

- Auditor-General (Chair);
- Deputy Auditor-General;
- Group Executive Directors of the Assurance Audit Services Group, Performance Audits Service Group and Professional Standards and Relationships Group;
- Senior Executive Director, Corporate Management Group;
- Senior Executive Director, Systems Assurance and Data Analytics Group; and
- Chief Finance Officer.

The members of the Executive Board of Management as at 30 June 2019 are shown in Table 4.1.

**Table 4.1: Membership of the Executive Board of Management at 30 June 2019**

Board member	Position
Mr Grant Hehir	Auditor-General, Chair
Ms Rona Mellor PSM	Deputy Auditor-General
Ms Carla Jago	Group Executive Director, Assurance Audit Services Group
Ms Lisa Rauter PSM	Group Executive Director — Practice Management, Performance Audit Services Group
Dr Tom Ioannou	Group Executive Director — Defence and Finance Performance, Performance Audit Services Group
Ms Jane Meade	Group Executive Director, Professional Services and Relationships Group
Ms Deborah Rollings	Senior Executive Director, Corporate Management Group
Mr Bola Oyetunji	Senior Executive Director, Systems Assurance and Data Analytics Group
Ms Marina Belmonte	Chief Finance Officer, Corporate Management Group

Staff are informed about key decisions of the Executive Board of Management through communications from the Auditor-General which are published on the ANAO intranet after each meeting. Information relating to the remuneration of key management personnel is available at [Note 2.2](#) of the 2018–19 Financial Statements.

## Standing committees

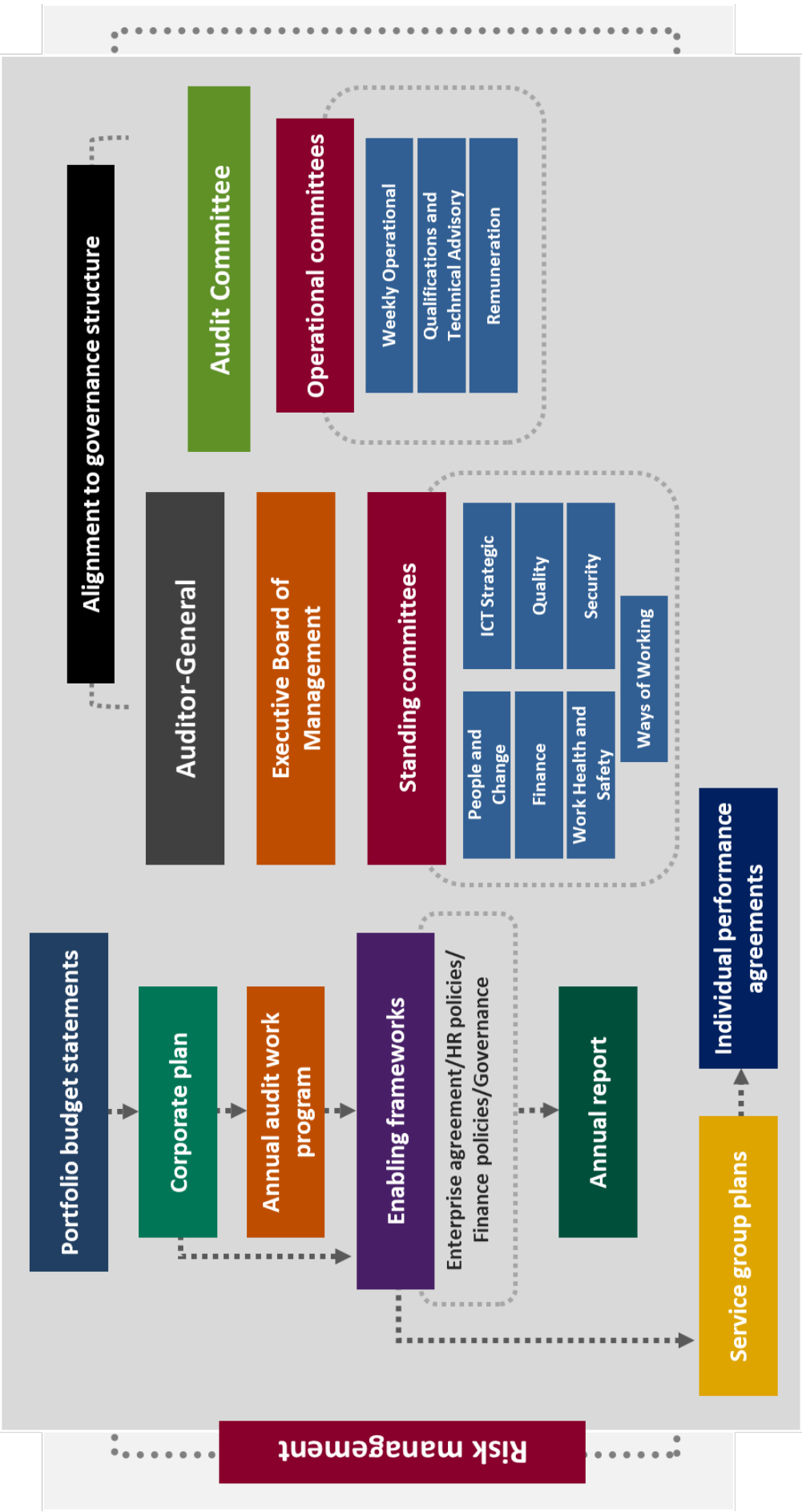
To support the Executive Board of Management and ensure organisational accountability and transparency, a number of standing committees have been established. Standing committees provide oversight to specific areas of strategic operations and are responsible for identifying and managing risk on an ongoing basis. Standing committees report to the executive board through summary reports and meeting minutes, with their terms of reference reviewed annually.

In 2018–19, the Accommodation Steering Committee was renamed the Ways of Working Steering Committee, with its terms of reference broadened to include management of the ANAO's IT transformation projects.

The business of the ANAO is governed through the following committees.

- **People and Change Committee** — provides strategic advice to the Executive Board of Management on people and capability development and on managing change in the ANAO.
- **Quality Committee** — provides assurance and assistance to the Executive Board of Management on the ANAO's quality framework and the strategic and operational risks associated with quality.
- **Finance Committee** — advises the Executive Board of Management on financial matters, and monitors the strategic and operational risks associated with resources.
- **IT Strategic Committee** — provides advice to the Executive Board of Management on information technology, business systems strategic directions and investments, and monitors associated operational and strategic risks.
- **Ways of Working Steering Committee** — supports the implementation of the ANAO's accommodation and IT transformation projects and provides advice to the Executive Board of Management.
- **Security Committee** — provides assurance and assistance to the Executive Board of Management on the ANAO's security framework and monitors associated strategic and operational risks.
- **Work Health and Safety Committee** — monitors and reviews the work health and safety (WHS) policies and practices and advises the Executive Board of Management on WHS matters.

Figure 4.1. ANAO governance structure and strategic planning framework at 30 June 2019



## Operational committees

There are three ANAO operational committees:

- **Remuneration Committee** — advises the Auditor-General on processes to support changes in remuneration and performance payments.
- **Qualifications and Technical Advisory Committee** — provides a forum for audit engagement executives to consult on difficult or contentious matters and, where necessary, resolve differences of opinion on audit-related matters. ANAO policy identifies the matters that must be referred to the committee, and the committee meets as required to provide advice to the Auditor-General.
- **Weekly Operational Committee** — oversees the operational activities of the ANAO with a particular emphasis on staffing, performance and external relations. The committee also considers the status of the audit program in service group reporting and any other matter of strategic importance to the ANAO.

## Audit Committee

The Audit Committee provides independent assurance and advice to the Auditor-General, including reviewing the appropriateness of the ANAO's financial and performance reporting, systems of risk oversight and management, and systems of internal control. Section 45 of the *Public Governance, Performance and Accountability Act 2013* and section 17 of the Public Governance, Performance and Accountability Rule 2014 set out the role of the audit committee for Commonwealth entities.

In order to maximise the independence of the assurance and advice provided by the Audit Committee, the Auditor-General appoints only external independent members. The Audit Committee met five times during 2018–19.

During 2018–19, the Audit Committee's membership comprised the following external independent members:

- Mr Will Laurie (Chair);
- Mr Sean Van Gorp; and
- Ms Maria Storti.

## Strategic planning framework

Strategic planning drives the ANAO's activities and enables the ANAO to adjust its activities and resourcing to align with emerging priorities and support achievement of its purpose. The ANAO's organisational priorities are identified in the ANAO Corporate Plan, with performance measured and reported in the annual performance statements of the annual report. The Executive Board of Management tracks all strategic projects, including milestones and dependencies, and ensures that the business of the ANAO's governance committees is aligned with the ANAO's strategic priorities.

In addition, the Auditor-General publishes an annual audit work program. The work program forms part of the strategic planning framework, designed to reflect the organisation's audit strategy and inform the Parliament, government entities and the public of the planned audit coverage for the Australian Government sector.

Key elements of the ANAO's strategic planning framework for 2018–19 are presented in Figure 4.1. Further details on the ANAO corporate plan and annual audit work program are provided below.



## Corporate plan

The [corporate plan](#) is the ANAO's primary planning document and sets out how the organisation will achieve its purpose over a four-year period. The corporate plan is complemented by the annual audit work program, which reflects the ANAO's audit strategy and deliverables for the coming financial year.

The corporate plan articulates the purpose of the ANAO and the environment within which the ANAO expects to operate. It details the planned performance framework, including the methodology, data and information to be used to measure and assess performance. The corporate plan outlines the intended capability investments of the organisation, including the plans and strategies to be implemented to achieve its purpose. It also includes an overview of the ANAO's risk oversight and management systems.

## Annual audit work program

The [annual audit work program](#) sets out the ANAO's audit strategy and deliverables for the coming financial year. It informs the Parliament, the public and government sector entities of the planned coverage of the Australian Government sector. The program presents information on the financial statements audits, performance audits and other assurance engagements for each portfolio. It also includes information on audits in progress and audits recently tabled.

A whole-of-organisation planning process brings together the knowledge and insights gained across all ANAO audit activity to identify priority areas of audit coverage. In determining the 2019–20 program, the ANAO considered prior-year audit and other review findings and what these indicate about the portfolio risks and areas for improvement, as well as emerging risks from new investments, reforms or operating environment changes.

The draft of the annual audit work program was provided to the Parliament for consultation through the JCPAA, consistent with the Auditor-General's requirement to have regard to the audit priorities of the Parliament. Feedback was also invited from accountable authorities of Australian Government entities, members of the public, the Australasian Council of Auditors-General, the Commonwealth Ombudsman, the Inspector-General of Taxation and the Inspector-General of Intelligence and Security.

## Organisational capability

The ongoing development of the ANAO's capability ensures that we are able to continue to achieve and deliver our purpose. Investments in capability support the ANAO to uphold public sector principles and values, while building sufficient flexibility and expertise to meet future needs.

The ANAO's [Corporate Plan 2018–19](#) outlined capability investments that the organisation would make to ensure it continues to deliver on its purpose. The areas of investment were:

- ways of working;
- data and analysis;
- workforce capability; and
- the quality framework.

The ANAO is committed to building capability that is forward focused, supporting the work of our auditors and corporate services professionals now and into the future. The information below reports on the implementation and progress of all four of these capability investments.

## Ways of working

The Corporate Plan 2018–19 identified that the ANAO building lease and IT support contract were expiring in close proximity to each other. As key enablers of the work of the office, the ANAO explored office accommodation arrangements and technology services that would support audit work into the next decade.

ANAO auditors are a mobile workforce, often working at client sites. As a result, in 2018–19, the ANAO focused on ways of working that would:

- enable access to, and analysis of, audit information securely from anywhere;
- simplify business processes by automating where appropriate; and
- provide an office environment that supports sharing of learnings and insights, and collaboration on audit work.

In 2018–19, the ANAO implemented a number of strategies to support enhancements to the ANAO's ways of working, including:

- a new IT support contract with a focus on performance, remote availability of ANAO systems, and security;
- an IT cloud strategy;
- progress towards a refurbished, flexible, activity-based working environment;
- improved day-to-day operations of the ANAO through streamlined process administration projects, such as the whole-of-office resourcing tool; and
- refreshed strategic communications, particularly with respect to the Parliament.

In order to support the strategic intent and delivery of new ways of working, two major ANAO change projects were established:

- Accommodation project — focused on the future building and operational arrangements required to support a streamlined, enhanced and collaborative approach to audit
- IT transformation project — aimed at supporting the implementation of the future technology and systems required to support the delivery, mobility and accessibility of audit work.

Alongside these two major projects, efforts were targeted in building capability through:

- a whole-of-office resourcing system — revision, improvement and streamlining of the day-to-day operations and processes of administration projects; and
- strategic communications — review and refreshed approach to communications with the Parliament.

## Accommodation project

In September 2018, the ANAO entered into a 12-year lease to remain at its current premises at 19 National Circuit, Barton. Fit-out and base building construction works commenced in January 2019 to modernise the workplace. In March 2019, the building owners advised the ANAO that further construction could not be undertaken until extensive repair work, of up to 24 months, was undertaken to correct significant deflections in the concrete slabs throughout the building. No acceptable options were identified in which the ANAO could remain in the building while slab reparation work was undertaken, and no suitable premises were identified to temporarily relocate the office to. The Auditor-General therefore decided to permanently relocate the office.

After undertaking an assessment of available commercial real estate that delivered value for money to the Commonwealth, the ANAO is in final negotiations to enter into a 15-year lease at 38 Sydney Avenue, Forrest. Similar fit-out works to those planned at the office's current premises will be undertaken at the new building to develop a workplace that efficiently and effectively uses available space and better supports communication, collaboration and flexibility across service groups. It is anticipated the office will relocate in December 2019.

The accommodation project is overseen by the Ways of Working Steering Committee, which meets monthly and reports to the Executive Board of Management on progress. The steering committee also oversees the IT transformation project within the ANAO to ensure that appropriate technology solutions are in place to support the transition to a more flexible way of working.

## IT transformation

The ANAO continues to outsource most IT functions, from onsite user support to infrastructure and internet gateway services. In mid-2018, the ANAO signed a three-year contract with ASG Group Limited to deliver outsourced IT services. The contract provides improved onsite user support and a performance framework mandating high IT availability and reliability of service levels.

The ANAO has continued working to enhance its technical capabilities since this period, delivering a cloud service with a 'Protected' classification level, and additional services and devices to improve remote working for staff. The cloud service has provided the ANAO with high levels of system availability and reliability along with improved performance. The ANAO has benefited from cloud adoption, enabling it to implement its data analytics strategy using scalable cloud services that cater to its business needs.

The ANAO recently developed its IT strategy, which recognises that cloud computing is a key enabler for the organisation. The IT strategy describes how the ANAO will extract more value from its move to the cloud to realise the vision of the strategy. It extends beyond the infrastructure layer to all aspects of cloud adoption to form a broad solution.

The ANAO's cyber resilience continues to strengthen in the face of constant changes to the threat landscape. The ANAO's strong security risk management processes have placed the organisation in a good position to manage cybersecurity risks. The strategy prioritises the necessary improvements to further strengthen the security controls in our IT environment and work is underway on these priorities. The ANAO has delivered improvements to its 'essential eight' mitigation strategies (developed by the Australian Cyber Security Centre), including threat monitoring and detection capabilities, and security policies to further mitigate cybersecurity incidents.

The ANAO has begun work on developing a data governance framework, which will outline a renewed approach to the key principles and mechanisms used to support the governance of data within the organisation. The framework will be designed to enhance data strategies, communicate policy and procedural requirements, support the efficient management of data, enhance compliance processes and promote the value of data assets, including their analysis and the exchange of data insights. It is expected that the framework will result in a number of organisational benefits, enhancing the ANAO's overall risk management of data, providing productivity efficiencies and strengthening our approach to cybersecurity.

## Strategic communication

The ANAO engaged a consultant to review current strategic communication approaches to ensure that the ANAO's communication capability remains relevant and contemporary. The ANAO Corporate

Plan 2018–19 lists refreshed strategic communications as a strategy to support enhancements to the ANAO's ways of working.

The review recognised that the ANAO's current communication approaches are professional and have a consistent tone, and use existing external communication channels in an appropriate way. The primary external communication channel, the ANAO website, is well structured and professional and is, on the whole, delivering against the needs of stakeholders.

The primary recommendations of the review were that the ANAO revise its communication strategy to be audience, rather than output, focused, and that the strategy includes clear and measurable communication goals. The objectives of an effective communication strategy should be to maximise the impact of the office's work, while ensuring that the work is recognised and valued by parliamentarians in particular, and all audiences in general.

A review of the strategic communication strategy will ensure that the strategy is audience focused. The revised strategy will segment audience groups according to their identified communication needs and issues, and include specific strategies and tactics to address them. Work is underway to develop and test new sections of the ANAO website that will deliver audience-focused content. The development process for *Audit Insights* has also been revised to ensure that target audiences are a key consideration when developing content, and that we use the most effective methods of communicating with these audiences.

## Data and analysis

In November 2017, the ANAO created the Systems Assurance and Data Analytics Group. By investing in data analysis capability, the ANAO is improving audit planning, enhancing audit outcomes, and delivering new audit products and services. The group also supports the delivery of IT audit functions to support financial statements audits, and leads the testing in cybersecurity audits.

The initial strategy focused on three corporate objectives:

- the data analytics pilot, which would leverage technology to automate manual audit procedures and enable our auditors to quickly focus audit attention on higher risk;
- identification of tools and systems to support data analysis in audit work; and
- electronic access to information and evidence in government.

The data analytics pilot successfully developed a modern business intelligence and analytics product that delivers high-quality, efficient, effective and risk-based assurance to audits. In addition, the pilot project provided a number of insights on our data analytics capability gaps and is informing the business requirements for the design of future infrastructure needs.

The Systems Assurance and Data Analytics Group made significant progress on other objectives throughout 2018–19, with achievements in the following key areas:

- established internal capability through a dedicated data analytics team;
- supported the delivery of a data governance framework;
- conducted a market analysis of data analytics tools and trialled new tools;
- implemented technical audit support teams for common application platforms;
- embedded engagement with IT audit and data analytics into audit practice across business groups; and
- developed and presented new and revised technical training programs in the business groups.

Further investment in data analytics capability will be supported by implementation of the ANAO Data Analytics Strategy 2018–2020, which was endorsed in March 2018. The strategy focuses on developing innovative and effective uses of data, technology, tools and resources to deliver the Auditor-General’s mandate by building capability, generating new audit products, enhancing quality and increasing efficiency.

Under the strategy, project goals achieved during 2018–19 included:

- identifying data champions and building a community of practice for data analytics;
- building capability to streamline and automate the collection of audit data, enabling greater focus on high-risk areas within entities and driving efficiency within the audit process; and
- establishing a contemporary infrastructure, including data repositories, that supports a scalable, accessible and secure data environment.

Implementing data repositories is a critical step to driving data processing efficiency. Data repositories provide a place to store data that can be leveraged by other data analytics tools for reporting and visualisation, while serving as a source of truth for the data held by the ANAO across its business groups.

The Systems Assurance and Data Analytics Group will continue to build organisational capability in audit analytics, and leverage technologies and information resources to increase quality and productivity in our audit work within an environment of ever-increasing data collection, generation and sharing across the public sector.

## Workforce capability

At 30 June 2019, the ANAO employed 333 staff, including 27 senior executives (based on ‘headcount’ as at 30 June 2019). The ANAO staffing profile, details of coverage of employment instruments, diversity statistics and salary information can be found at Appendix D. The ANAO’s staff engagement and performance strategies are outlined in Appendix E.

The ANAO recognises that workforce capability is integral to the delivery of quality audits, other reports and support functions. In 2018, the ANAO delivered its workforce plan to address current organisational challenges and future capability needs.

## Employment arrangements

The ANAO Enterprise Agreement 2016–2019 nominally expired on 21 April 2019. In late 2018, the ANAO began consultation with staff to determine whether to enter into a bargaining process for a new agreement or maintain the existing agreement with a section 24(1) determination under the *Public Service Act 1999*.

Consultation with staff occurred over several months, with the ANAO employing a consistent and inclusive approach to communication regarding the agreement process. The consultation process included several dimensions:

- Discussion workshops — All staff were invited to raise any issues or concerns with the current enterprise agreement. Twelve consultation sessions were held in total.
- Internal mailbox — Created for staff to provide feedback on the current agreement, pose questions from information sessions, or seek clarification on current policies.
- Information sessions — Two information sessions were held by the Deputy Auditor-General outlining the options relating to the enterprise agreement process, with a focus on the differences between the bargaining process and the determination process.

- Internal communications — Distributed to all staff, providing more information on both the enterprise bargaining process and the determination process.
- ‘Drop-in sessions’ — Over a week, the Corporate Management Group held daily half-hour ‘drop-in’ sessions to provide further information to staff regarding the agreement and determination processes. To support these discussions, all-staff emails detailed the key issues that had been discussed throughout the consultation process.
- All-staff surveys — The ANAO provided two surveys to identify the views of staff. The first survey looked towards understanding whether staff were interested in undertaking more consultation on a section 24(1) determination or whether they preferred to commence enterprise bargaining. The second survey sought staff views on whether or not they supported the section 24(1) determination process or, alternatively, wished to commence enterprise bargaining.

Consistent communications throughout the process outlined the Auditor-General’s view that the survey results would have to show a clear majority of staff support for the section 24(1) determination in order to proceed with that option. Results of the second survey identified that the majority of staff had a preference for the section 24(1) determination.

On 22 November 2018, staff were advised of the Auditor-General’s intention to seek a section 24(1) determination for the ANAO that proposed no changes to employee conditions outlined in the current enterprise agreement. The determination commits the ANAO to a 2 per cent pay rise each year over three years, on 22 April 2019, 22 April 2020 and 22 April 2021.

## Workforce plan

The workforce plan is focused on building a workforce that is forward looking, risk focused, technologically adept, change orientated and highly adaptive. By sustaining a culture of high performance and professionalism, the ANAO will be able to support increased workforce engagement to deliver organisational outcomes.

The workforce plan was designed to be implemented over four years through the development of two enabling frameworks and three strategies:

- a human resource metrics framework;
- a core capability framework;
- a recruitment strategy;
- an onboarding and separation strategy; and
- a development and high performance strategy.

During 2018–19, the ANAO progressed a number of key elements of the workforce plan. The recruitment strategy was developed and implemented, with a refreshed approach to recruitment processes and the graduate program. In early 2019, the ANAO successfully conducted a whole-of-agency bulk recruitment round. The use of proactive bulk recruitment has promoted an organisational shift away from non-ongoing to ongoing staff. A number of lessons learned from this round will be used to drive process improvement initiatives for future recruitment activities.

The ANAO’s revised core capability framework was endorsed by the Executive Board of Management and implemented across the organisation. The framework is comprehensive, detailed and easily assessable against different staff classification levels within the organisation. Descriptions and expectations for each level provide a clear understanding of what is expected across the organisation.



Furthermore, the ANAO has implemented the Learning and Development Strategy 2017–2019. The strategy makes linkages to workforce data, discusses and identifies the implications of current trends, and articulates clear targets to measure success. To support this strategy, the ANAO has implemented a new learning management system which works to identify staff development needs and align them with the delivery of strategic objectives.

The workforce plan will continue to be refined and implemented over the next year.

## Quality assurance framework

The ANAO maintains a strong focus on its quality assurance framework as a core business investment. A sound quality framework supports delivery of high-quality audit work and enables the Auditor-General to have confidence in the opinions and conclusions in reports prepared for the Parliament. The ANAO [Quality Assurance Framework and Plan](#) complements the ANAO corporate plan, and sets out the quality assurance strategy and key activities planned for 2019–20.

The ANAO defines audit quality as the provision of timely, accurate and relevant audits, performed independently in accordance with the *Auditor-General Act 1997* (the Act), the ANAO Auditing Standards, and methodologies that are valued by the Parliament. Delivering quality audits results in improved public sector performance through accountability and transparency.

The ANAO's work is governed by the ANAO Auditing Standards established by the Auditor-General, in accordance with section 24 of the Act. The ANAO Auditing Standards incorporate Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and other Financial Information, other Assurance Engagements and Related Services Engagements*. ASQC 1 requires the ANAO to establish and maintain a system of quality control to provide it with reasonable assurance that the organisation complies with the ANAO Auditing Standards and other applicable requirements, and that reports issued by the Auditor-General are appropriate in the circumstances.

The ANAO Quality Assurance Framework and Plan encompass policies and procedures that address leadership, ethics, audit selection, human resources, audit performance and monitoring. Each of these elements is addressed below, and the quality framework is illustrated in Figure 4.2.

Elements of the ANAO Quality Assurance Framework	
Leadership responsibilities for quality	All ANAO executives and staff have a responsibility for quality. The Auditor-General is ultimately responsible for the system of quality control in place for assurance engagements conducted by the ANAO. The Deputy Auditor-General is responsible for ensuring that the system of quality control satisfies the requirements of the ANAO Auditing Standards. The Deputy Auditor-General is assisted by the group executive directors, who report at least annually to the Executive Board of Management on audit quality and business management matters.
Relevant ethical requirements	Under the ANAO Auditing Standards, the Auditor-General and ANAO staff are required to comply with relevant ethical requirements, as set out in APES 110 <i>Code of Ethics for Professional Accountants</i> , which describes the fundamental principles of professional ethics: integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The ANAO Independence Policy applies to all staff and contractors of the ANAO and is based on the requirements of APES 110, to the extent there is not a conflict with the ANAO's legislated mandate and responsibilities.

Elements of the ANAO Quality Assurance Framework	
Audit mandate and selection	Financial statements audits and performance audits must be carried out consistent with the Auditor-General's mandate under the Act. The Auditor-General publishes an annual audit work program in July each year, which outlines the proposed audit activities to be undertaken in the financial year ahead. Throughout the year, the Auditor-General determines which audits will commence, based on a risk assessment, identified parliamentary priorities, and achieving sufficient breadth and depth across the government sector.
Human resources	The ANAO's human resources policies and procedures aid in the selection of employees who have the necessary integrity, capability and competence to perform the work required. The ANAO is committed to the continuing competence of its staff through its performance and career development, learning and development, and talent management programs.
Audit performance	ANAO auditors apply a robust methodology, as set out in the ANAO Audit Manual and supported by standardised documentation tools and templates. Application of this methodology ensures ANAO audits are of a consistent quality and are performed in accordance with the ANAO Auditing Standards. The ANAO Audit Manual also sets policies for supervision, direction, review and consultation, including the role of the Qualifications and Technical Advisory Committee, and the method for determining which audits require the appointment of an engagement quality control reviewer.
Monitoring	A key element of the ANAO Quality Assurance Framework and Plan is monitoring compliance with policies and procedures that comprise the system of quality control. The monitoring system comprises internal and external quality assurance reviews of the ANAO's audit and other assurance engagements. The system is designed to provide the Auditor-General with assurance that engagements comply with the ANAO Auditing Standards, relevant regulatory and legal requirements and ANAO policies, and that reports issued are appropriate in the circumstances. Internal and external reviews also provide important scrutiny and reference points on the effectiveness of the quality framework.

A key enhancement to the quality framework in 2018–19 was the introduction of root cause analysis of selected findings identified in the internal quality assurance reviews over financial statements audits. Root cause analysis is a process that seeks to identify the underlying causes of findings. The identification of the underlying causes will enable the ANAO to implement targeted actions to prevent quality findings from recurring and improve audit quality.

In 2018–19 the ANAO piloted the internal reporting of Audit Quality Indicators (AQIs). AQIs are measures regarding individual audits, and the ANAO, which provide insights about key matters that may contribute to the quality of an audit. Measuring AQIs can inform and enhance reporting about audit quality and assist in understanding the root causes of quality inspection findings. Following the successful pilot AQI report, the ANAO developed a strategy for external quality reporting and in 2019–20, the ANAO intends to produce an audit quality report at the end of the financial year, as part of its annual report. This report will provide transparency in respect of the processes, policies and procedures that are used to address or support each element of audit quality. The achievement of the quality assurance strategy and deliverables, as set out in the Quality Assurance Framework and Plan, and AQIs will be included in the audit quality report to enhance accountability.



**Figure 4.2: ANAO quality framework**



## Methodology

The ANAO Auditing Standards are supported by a methodology incorporating audit manuals applicable to performance audit and assurance audit work. This methodology is regularly reviewed and updated as required for changes in the ANAO Auditing Standards, industry better practice, and new and emerging products, and to address findings from the ANAO's quality assurance program. In 2018–19, updates to the methodology included:

- bringing financial statements audit policy into the ANAO Audit Manual, resulting in a single audit policy manual covering all major aspects of ANAO audit work;
- revision to financial statements audit policy, including strengthening the requirements and guidance for identification of higher risk auditing engagements, expanding the assignment of engagement quality review executives, and enhanced executive oversight of sampling approaches;
- revision to performance audit policy, including the addition of policies and guidance on managing performance audits undertaken by contractors on behalf of the ANAO, and the role and responsibilities of systems assurance and data analytics audit executives in the conduct of performance audits;
- new methodology for the conduct of limited assurance engagements under section 19A of the *Auditor-General Act 1997*; and
- guidance for the application of data analytics techniques to assurance engagements.

## Risk management

The effective management of risk is integral to achieving our objectives and supporting our purpose. Risk management is a critical component of the ANAO's approach to good governance, and is integrated into our oversight structures, strategic planning framework and values-driven, high-performance culture.

### Risk management framework

The ANAO's [risk management framework](#) is based on adherence to the Commonwealth Risk Management Policy, which adopts definitions outlined in the Australian Standard / International Standard Organisation (AS/ISO) on risk management, ISO 31000:2018 *Risk management — Guidelines*. The standard defines risk as 'the effect of uncertainty on objectives', and risk management as the 'coordinated activities to direct and control an organisation with regard to risk'. The policy has nine elements and the ANAO has established risk oversight and management systems to address each of those elements.

The ANAO's management of risk is embedded into business-as-usual practices, using consistent language, approaches and documentation, with the adoption of both qualitative and quantitative risk analysis tools applicable across all operations and groups. Risks associated with audit products are identified and managed within the delivery of the products and within the quality framework.

Risks need to be managed in the context of achieving organisational goals and objectives. While all staff contribute to the way risks are managed, senior staff in key positions are expected to have a clear view of the risk treatment (where applied) and its effectiveness in operation.

The Auditor-General takes advice from Executive Board of Management into account when approving the risk management framework and enterprise risk register and determining the ANAO's appetite and tolerance for risk. The risk management framework identifies specific responsibilities for key personnel across the ANAO and the enterprise risk register assigns owners for each enterprise-level risk. In addition, all ANAO staff have a general responsibility to practise active risk management. The Executive Board of Management reviews any serious risk incidents each month, and any risk assessed as 'high' or above is monitored as a standard agenda item. Business risks are reviewed at least annually. There were no serious risk incidents in 2018–19, and all risks with controls in place were assessed as 'medium' or 'low'.

The Professional Services and Relationships Group and the two audit services groups have primary responsibility for managing audit risk. Each individual audit work plan assesses operational risks and mitigation strategies, and risk is assessed at all audit review points. Responsibility for managing operational audit risk is assigned to responsible senior executives and audit managers.

### Internal audit

Internal audit provides an objective audit service that is designed to add value and improve the ANAO's operations. A systematic and disciplined approach is taken to evaluate and improve the effectiveness of risk management, control and governance processes.

In 2018–19, the ANAO's internal auditor, BellchambersBarrett, completed the following reviews:

- Audit Manual compliance;
- travel review;
- ChangePoint practice management system follow-up;
- 'contract in' auditors;

- contract and procurement management (Assurance Audit Services Group);
- leave management; and
- workforce planning follow-up.

The seven completed internal audits made 14 recommendations in total. Following the June 2019 Audit Committee meeting, there were eight outstanding internal audit recommendations that had work in progress to address the recommendations. Two of these related to internal audits completed in 2017–18 where the implementation had not been achieved within the anticipated completion date.

## Control environment

The ANAO has a robust control environment in place. The current control framework includes the following policies and procedures, which document key business procedures and incorporate details of key internal controls:

- Auditor-General instructions — these apply key principles and requirements of the Commonwealth's resource management framework to the operations of the ANAO;
- financial management procedures (to support the Auditor-General instructions);
- delegations and authorisations; and
- an employee handbook.

Regular reviews of controls are undertaken by management and through the use of internal audit.

## Probity and independence

The ANAO's commitment to high ethical and professional standards underpins the quality of its work. For audit professionals, independence is an element central to the quality of each audit. It is the avoidance of circumstances that could compromise any member of the audit team's ability to act with integrity and exercise objectivity and professional scepticism. The ANAO Auditing Standards and the ANAO Independence Policy require staff and contractors engaged in audits to comply with the relevant provisions of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* relating to independence. Any threat to independence must be evaluated and safeguards applied to reduce the threat to an acceptable level. Situations where a threat cannot be reduced to an acceptable level are not entered into or allowed to continue.

When conducting procurements, the ANAO adheres to the Department of Finance's [Ethics and Probity in Procurement principles](#). Staff involved in assessing procurements are required to receive a probity briefing from the procurement team. Any open tender procurements require the completion of probity and conflict of interest declarations from staff involved in evaluating the responses before they are given access to the responses. Complex procurements have nominated probity advisors included in the evaluation team either from internal ANAO staff or specialised external probity advisors.

In order to maintain credibility and demonstrate independence, the ANAO regards integrity as a core value of the organisation — critical in sustaining the confidence of Parliament, strengthening public trust in government and delivering quality audit products.

The ANAO recently used 'IntoSAINT' — a self-assessment tool for audit institutions and other public sector organisations — to identify and evaluate the ANAO's institutional vulnerability and the resilience of its integrity control system. Findings from this self-assessment indicated that the ANAO builds and maintains integrity through a mature control system.

The ANAO's integrity controls system and processes include good governance practices, publishing of gifts and benefits, and an ongoing focus on independence in the delivery of our work. Beyond its

control system, the ANAO maintains an enduring focus on promoting integrity as an organisational value that is embedded in our work and in our culture.

### *Fraud control and prevention*

The Senior Executive Director for the Corporate Management Group is responsible for managing the ANAO's Fraud Control Framework (FCF) including fraud detection, prevention and response. In 2018–19, the ANAO completed a new fraud risk assessment. Documents supporting fraud control in the ANAO were subsequently updated. This resulted in the fraud control policy and fraud control plan being merged into a single fraud control framework.

The revised fraud control framework is linked to the ANAO's risk management framework and consolidates all fraud prevention and detection activities in one document. Having particular regard to the risk to the ANAO's reputation should fraudulent activity occur, the ANAO periodically reviews its fraud control framework to take into account changes in its operating environment.

Consistent with previous years, the ANAO continues to maintain appropriate fraud prevention, detection, investigation, reporting and data collection procedures. The ANAO enhances fraud awareness among staff through various mechanisms, including a fraud e-learning module.

There were no incidents of fraud in 2018–19. All fraud risks were assessed and appropriate controls were in place.

### *Auditor-General's disclosure of expenses*

The Auditor-General voluntarily discloses publicly any expenses incurred to ensure transparency. The [Auditor-General's expenses](#) are disclosed every six months. His expenses for the 2018 calendar year and for January to June 2019 are available on the ANAO website.

### *Gifts and benefits*

The ANAO gifts and benefits policy recommends that ANAO employees do not accept any gifts or benefits in their role as an employee of the ANAO. Employees are required to report any offered gift or benefit (whether accepted or refused) within 10 business days of the offer being made, through an internal gifts and benefits register. The data collected through the register is reported to the ANAO's Executive Board of Management, and a subset of the data is [reported publicly](#). In January 2019, the ANAO moved from half yearly to quarterly public reporting of gifts and benefits through its website.

### *Outside employment*

The ANAO provides its employees with flexibility to participate in activities outside the Australian Public Service if the activities do not conflict or adversely affect the performance of their official duties. A range of activities may be deemed to be in the public interest and of professional benefit to the individual and to the ANAO. Outside work is other employment (paid or unpaid) or volunteer activities undertaken by an employee in addition to their official duties or while on paid or unpaid leave from the ANAO.

Prior approval is required for all outside activities and employment, unless specifically excluded from the policy. If an employee commenced outside employment before joining the ANAO, the employee must obtain approval to continue the employment immediately upon commencement. In all other cases, employees must obtain approval before commencing outside employment.

Approval is not required where activities are solely of a personal nature — that is, when employees perform work or undertake activities for voluntary community organisations or sporting bodies. Passive investment activities, such as rental properties, share trading and so on, are also excluded from approval requirements. However, all exclusions from approval are on the basis that activities are

undertaken in the employee's own time, no ANAO resources are used, and that there is no conflict of interest or adverse effect on their official duties.

At 30 June 2019, the ANAO approved 42 staff undertaking outside employment activities.

### Compliance survey

The ANAO's delegates assert compliance with the financial framework, including compliance with the PGPA Act, by completing a Compliance Survey. The response rate to the survey in 2018–19 was 84%. Not all identified staff provided a response due to their absence when the survey was being undertaken.

In 2018–19 the survey identified no significant breaches of the ANAO delegations, financial management rules and associated legislation. A number of non-significant breaches relating to procurement were identified in relation to reporting procurements via Austender within the mandated timeframe of 42 days. Non-significant instances of the misuse of the ANAO's official credit cards were also identified.

There were 30 instances where procurements made by the ANAO were registered on Austender after 42 days. The ANAO has implemented additional internal controls to mitigate the likelihood of procurements not being reported on Austender within the mandated timeframe.

There were 29 instances of the misuse of the ANAO's corporate credit card in 2018–19. This represents 0.2% of total credit card transactions. Although the proportion of misuse is small, each instance is investigated, with all these incidents found to be inadvertent. All instances of credit card misuse were reported to the Executive Board of Management. The CFO contacted those staff that misused their credit card and reminded them of their obligations when using the card and ensured that the amounts associated with the misuse of the credit cards were repaid into the ANAO's bank account.

## External scrutiny

The ANAO's operations, processes and reports are periodically subjected to independent external review.

Part 7 of the *Auditor-General Act 1997* provides for the appointment of an Independent Auditor, who undertakes the audit of the ANAO's financial statements and carries out selected performance audits, having regard to the audit priorities of the Parliament as determined by the JCPAA. The Independent Auditor position is a part-time statutory appointment for a period of at least three years and not more than five years. On 21 February 2019, the Governor-General appointed Ms Eileen Hoggett as the ANAO's Independent Auditor from 1 March 2019 for a period of five years.

In 2018–19, the Independent Auditor undertook a performance audit of the ANAO's methodology for auditing performance statements. The [Review of the ANAO's methodology to audit performance statements](#) report was tabled in Parliament on 27 February 2019. The report included a recommendation that — once clarity is obtained regarding the ongoing requirement for performance statements audits — the performance statements audit methodology should be updated to incorporate specific guidance such as the level of assurance being provided, audit report templates, testing approaches and qualitative materiality. The ANAO agreed to the recommendation, pending a government decision regarding the ongoing requirement for performance statements audits.

The ANAO received unmodified auditor reports on its financial statements and its Performance Statements for the year ended 30 June 2019.

No decisions made by a court or administrative tribunal or by the Australian Information Commissioner had or may have a significant effect on the operations of the ANAO in 2018–19. Proceedings in the Federal Court of Australia that had been filed by Thales Australia seeking to prevent the Auditor-General from publishing particular information in a proposed audit report, *Army's Protected Mobility Vehicle — Light*, were dismissed by consent on 9 July 2018.

The ANAO was not the subject of any agency capability reviews or reports by the Commonwealth Ombudsman in 2018–19.

## Other management issues

The management activities and services that support the ANAO's audit functions are undertaken in line with government policies and better practice. Reporting against the following issues is provided in Appendix F:

- compliance with financial law;
- assets management;
- purchasing and procurement;
- consultants;
- procurement activities to support small business;
- advertising and market research;
- grant programs;
- environmental protection and biodiversity conservation;
- disability;
- work health and safety;
- freedom of information; and
- service charter.



# Appendices

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<i>Appendix A — ANAO appearances before, and submissions to, parliamentary committees .....</i>	<i>88</i>
<i>Appendix B — Transparency reporting.....</i>	<i>92</i>
<i>Appendix C — Entity resource statement and expenses by outcomes.....</i>	<i>94</i>
<i>Appendix D — Workforce information .....</i>	<i>96</i>
<i>Appendix E — Staff engagement and performance strategies .....</i>	<i>101</i>
<i>Appendix F — Other management issues.....</i>	<i>104</i>



## Appendix A — ANAO appearances before, and submissions to, parliamentary committees

Table A.1 provides details on the ANAO's appearances before, and submissions to, parliamentary committees during 2018–19.

**Table A.1: ANAO appearances before, and submissions to, parliamentary committees in 2018–19**

Date	Committee	Topic	Type
<b>9 July 2018</b>	Joint Committee on Law Enforcement	Inquiry into trade in elephant ivory and rhino horn	Appearance at public hearing
<b>13 August 2018</b>	Senate Standing Committees on Environment and Communications	Inquiry into Australia's faunal extinction crisis	Submission
<b>15 August 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Australian Government funding based on Auditor-General Report No.18 of 2017–18: <i>Monitoring the Impact of Australian Government School Funding</i>	Appearance at public hearing
<b>15 August 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Australian Government funding based on Auditor-General Report No.50 of 2017–18: <i>Primary Healthcare Grants under the Indigenous Australians' Health Program</i>	Appearance at public hearing
<b>17 August 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Australian Government security arrangements — personnel security and domestic passenger screening — based on Auditor-General Report No.38 of 2017–18: <i>Mitigating Insider Threats through Personnel Security</i>	Appearance at public hearing
<b>17 August 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Defence First Principles Review and naval construction based on Auditor-General Report No.38 of 2017–18: <i>Naval Construction Program — Mobilisation</i>	Appearance at public hearing
<b>17 August 2018</b>	Joint Committee of Public Accounts and Audit	Disclosure of the ANAO budget and Auditor-General Report No.6 of 2018–19: <i>Army Protected Mobility Vehicle — Light</i>	Private briefing
<b>22 August 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth financial statements based on Auditor-General Report No.24 of 2017–18: <i>Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2017</i>	Appearance at public hearing
<b>22 August 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into managing mental health in the Australian Federal Police based on Auditor-General Report No.31 of 2017–18: <i>Managing Mental Health in the Australian Federal Police</i>	Appearance at public hearing

Date	Committee	Topic	Type
<b>22 August 2018</b>	Standing Committee on Tax and Revenue	Inquiry into the Australian Taxation Office Annual Report 2016–17	Appearance at public hearing
<b>12 September 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Defence First Principles Review and naval construction based on Auditor-General Report No.34 of 2017–18: <i>Defence's Implementation of the First Principles Review</i>	Appearance at public hearing
<b>12 September 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into foreign investment obligations in residential real estate based on Auditor-General Report No.48 of 2017–18: <i>Compliance with Foreign Investment Obligations for Residential Real Estate</i>	Appearance at public hearing
<b>19 September 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth financial statements based on Auditor-General Report No.24 of 2017–18: <i>Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2017</i>	Appearance at public hearing
<b>19 September 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into Australian Government security arrangements — personnel security and domestic passenger screening — based on Auditor-General Report No.43 of 2017–18: <i>Domestic Passenger Screening — Follow-up</i>	Appearance at public hearing
<b>27 September 2018</b>	Senate Standing Committees on Education and Employment	Inquiry into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive	Submission
<b>17 October 2018</b>	Joint Committee of Public Accounts and Audit	Second hearing for inquiry into Australian Government funding based on Auditor-General Report No.18 of 2017–18: <i>Monitoring the Impact of Australian Government School Funding</i>	Appearance at public hearing
<b>4 October 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into issuing of a certificate under section 37 of the <i>Auditor-General Act 1997</i> based on Auditor-General Report No.6 of 2018–19: <i>Army's Protected Mobility Vehicle — Light</i>	Submission
<b>19 October 2018</b>	Joint Committee of Public Accounts and Audit	Inquiry into issuing of a certificate under section 37 of the <i>Auditor-General Act 1997</i> based on Auditor-General Report No.6 of 2018–19: <i>Army's Protected Mobility Vehicle — Light</i>	Appearance at public hearing
<b>22 October 2018</b>	Senate Select Committee on Red Tape	Inquiry into the policy and process to limit and reduce red tape	Submission

Date	Committee	Topic	Type
<b>23 October 2018</b>	Senate Standing Committees on Finance and Public Administration	Supplementary Budget Estimates	Appearance at public hearing
<b>26 October 2018</b>	Joint Committee on the Australian Commission for Law Enforcement Integrity	Auditor-General Report No.4 of 2018–19: <i>Operational Efficiency of the Australian Commission for Law Enforcement Integrity</i>	Private briefing
<b>7 November 2018</b>	Senate Standing Committees on Education and Employment	Inquiry into the mental health conditions experienced by first responders	Appearance at public hearing
<b>19 November 2018</b>	Joint Standing Committee on Trade and Investment Growth	Inquiry into Austrade and investment in Australia	Submission
<b>21 November 2018</b>	Joint Committee of Public Accounts and Audit	Second hearing for inquiry into issuing of a certificate under section 37 of the <i>Auditor-General Act 1997</i> based on Auditor-General Report No.6 of 2018–19: <i>Army's Protected Mobility Vehicle — Light</i>	Appearance at public hearing
<b>28 November 2018</b>	Joint Committee of Public Accounts and Audit	Second hearing for the inquiry on foreign investment obligations in residential real estate based on Auditor-General Report No.48 of 2017–18: <i>Compliance with Foreign Investment Obligations for Residential Real Estate</i>	Appearance at public hearing
<b>29 November 2018</b>	Joint Standing Committee on the National Capital and External Territories	Auditor-General Report No.46 of 2017–18: <i>Management of the National Collections</i>	Private briefing
<b>5 December 2018</b>	Joint Committee of Public Accounts and Audit	ANAO audit batch selection	Private briefing
<b>13 December 2018</b>	Parliamentary Joint Committee on Intelligence and Security	Annual review of Australian intelligence agencies	Submission
<b>1 February 2019</b>	Senate Standing Committees on Legal and Constitutional Affairs	Inquiry into the National Integrity Commission Bill 2018 [Provisions], National Integrity (Parliamentary Standards) Bill 2018 [Provisions], and National Integrity Commission Bill 2018 (No. 2)	Submission
<b>8 February 2019</b>	Senate Standing Committees on Legal and Constitutional Affairs	Inquiry into the National Integrity Commission Bill 2018 [Provisions], National Integrity (Parliamentary Standards) Bill 2018 [Provisions], and National Integrity Commission Bill 2018 (No. 2)	Appearance at public hearing

Date	Committee	Topic	Type
<b>12 February 2019</b>	Joint Committee of Public Accounts and Audit	Second hearing for the inquiry on Australian Government Security Arrangements-Personnel security and domestic passenger screening based on Audit Report No.38 (2017–18) <i>Mitigating Insider Threats through Personnel Security</i>	Appearance at public hearing
<b>18 February 2019</b>	Senate Standing Committees on Environment and Communications	Additional Estimates	Appearance at public hearing
<b>18 February 2019</b>	Senate Standing Committees on Finance and Public Administration	Additional Estimates	Appearance at public hearing
<b>28 February 2019</b>	Joint Standing Committee on Northern Australia	Inquiry into the opportunities and challenges of the engagement of traditional owners in the economic development of northern Australia	Submission
<b>21 March 2019</b>	Joint Committee of Public Accounts and Audit	Inquiry on cyber resilience based on Auditor-General Report No.53 of 2017–18: <i>Cyber Resilience</i>	Appearance at public hearing
<b>21 March 2019</b>	Joint Committee of Public Accounts and Audit	ANAO budget submission	Private briefing
<b>3 April 2019</b>	Joint Committee on Law Enforcement	Auditor-General Report No.24 of 2018–19: <i>The Australian Criminal Intelligence Commission's Administration of the Biometric Identification Services Project</i>	Private briefing
<b>3 April 2019</b>	Standing Committee on Tax and Revenue	Update on the ANAO's recent and expected audits of the Australian Taxation Office	Private briefing
<b>4 April 2019</b>	Senate Standing Committees on Finance and Public Administration	Budget Estimates	Appearance at public hearing
<b>8 April 2019</b>	Senate Standing Committees on Finance and Public Administration	Budget Estimates	Appearance at public hearing

## Appendix B — Transparency reporting

The *Corporations Act 2001* includes requirements for annual transparency reporting by auditors. Although the ANAO is not subject to the transparency reporting requirements for private sector audits that are specified in the Corporations Act, the ANAO has embraced the principles of transparency reporting. Table B.1 summarises the requirements that are relevant to the ANAO and shows where the required information is presented in this annual report.

**Table B.1: Transparency reporting**

Prescribed information <sup>(a)</sup>	Coverage in this annual report
Description of the auditor's legal structure and ownership	The 'Role' section in Part 2 details the legislative framework for the roles of the Auditor-General and the ANAO.
Description of the auditor's governance structure	The 'Governance' section in Part 4 details the corporate governance framework of the ANAO.
Description of the auditor's internal quality control system	The 'Quality assurance framework' section in Part 4 details the ANAO's internal quality framework and internal audit and quality assurance arrangements.
Statement on the effectiveness of the auditor's internal quality control system in the reporting year	The 'Quality assurance framework' section in Part 4 details the ANAO's internal quality framework and internal audit and quality assurance arrangements.
The name of each body that is authorised to review the auditor, and the date of the most recent review of the auditor conducted by each body	<p>The 'External scrutiny' section in Part 4 details the bodies that are authorised to review the work of the ANAO and the external review commenced during the year.</p> <p>Table 2.1 in Part 2 describes external reviews of the ANAO's audits by the Joint Committee of Public Accounts and Audit.</p>
The names of the bodies for which the auditor conducted an audit in the reporting year	<p>The year-end report to the Parliament on audits of financial statements (Auditor-General Report No.19 of 2018–19) lists all entities for which financial statements audits were conducted during 2018–19.</p> <p>Information on all audit reports tabled by the Auditor-General in the Parliament during 2018–19 is available on the ANAO website.</p>
Statement about the auditor's independence practices in the reporting year, including the date on which the auditor most recently conducted an internal review of its independence compliance	The 'Probity and independence' section in Part 4 details the ANAO's independence framework for audit professionals.
Statement about the policy that the auditor follows regarding the amount and nature of professional education that members of an audit team must undertake during the reporting year	The 'Supporting high performance' section in Appendix E details the ANAO's education framework for audit professionals.

Prescribed information <sup>(a)</sup>	Coverage in this annual report
Financial information for the auditor for the reporting year	<p>The 'Report on financial performance' section in Part 3 provides an overview of the ANAO's financial results.</p> <p>The ANAO's audited financial statements for 2018–19 are presented in Part 3.</p>
Information on the basis for remuneration of the auditor's senior managers	<p>Note 2.3 of the financial statements in Part 3 details the ANAO's arrangements for performance assessment and performance pay, and senior executive remuneration.</p>

(a) Based on the items set out in Schedule 7A of the Corporations Regulations 2001.

## Appendix C — Entity resource statement and expenses by outcomes

This appendix sets out the ANAO's entity resource statement for 2018–19 (Table C.1) and its total expenses for Outcome 1 in 2018–19 (Table C.2).

### Entity resource statement

**Table C.1: Entity resource statement 2018–19**

	Actual available appropriations for 2018–19 (\$'000)	Payments made 2018–19 (\$'000)	Balance remaining 2018–19 (\$'000)
Ordinary annual services			
Departmental appropriation <sup>(a)</sup>	116,362	80,367	35,995
<b>Total ordinary annual services</b>	<b>116,362</b>	<b>80,367</b>	<b>35,995</b>
Special appropriations			
Auditor-General remuneration and expense— <i>Auditor-General Act 1997</i> , Schedule 1, sections 3 and 7	748	688	60
<b>Total special appropriations</b>	<b>748</b>	<b>688</b>	<b>—</b>
<b>Total resourcing and payments</b>	<b>117,110</b>	<b>81,055</b>	<b>36,055</b>

(a) *Appropriation Act (No. 1) 2018–2019*, prior-year departmental appropriation, and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

### Expenses by outcome

**Table C.2: ANAO's summary of total expenses for Outcome 1, 2018–19**

	Budget <sup>(a)</sup> 2018–19 (\$'000)	Actual expenses 2018–19 (\$'000)	Variation 2018–19 (\$'000)
<i>Outcome 1: To improve public sector performance and accountability through independent reporting on Australian Government administration to Parliament, the Executive and the public.</i>			
Program 1.1: Assurance Audit Services			
Departmental expenses			
Departmental appropriation <sup>(b)</sup>	41,355	40,323	(1,032)
Special appropriation	374	344	30
Expenses not requiring appropriation in the budget year	578	1,467	(889)
<b>Total for Program 1.1</b>	<b>42,307</b>	<b>42,134</b>	<b>173</b>

	Budget <sup>(a)</sup>	Actual expenses	Variation
	2018–19	2018–19	2018–19
	(\$'000)	(\$'000)	(\$'000)
Program 1.2: Performance Audit Services			
Departmental expenses			
Departmental appropriation <sup>(b)</sup>	32,074	32,991	(917)
Special appropriation	374	344	30
Expenses not requiring appropriation in the budget year	470	5,558	(5,088)
<b>Total for Program 1.2</b>	<b>32,918</b>	<b>38,893</b>	<b>(5,975)</b>
<b>Total for Outcome 1</b>	<b>75,225</b>	<b>81,027</b>	<b>5,802</b>
		<b>2018–19</b>	<b>2017–18</b>
<b>Average staffing level (number)</b>		335	309

(a): Full year budget, including any subsequent adjustment made to 2018–19 Budget.

(b): Departmental appropriation combines 'Ordinary annual services (Supply Bill (No. 1) and Appropriation Act (No. 1))' and 'Revenue from independent sources (s74 of the PGPA Act)'.



## Appendix D — Workforce information

**Table D.1 Staff coverage under employment instruments, 30 June 2019**

Number of employees covered by the ANAO Enterprise Agreement 2016–2019	Number of employees covered by a common law employment contract	Number of employees with an individual flexibility agreement in place
333	27	9

Notes: Includes ongoing, non-ongoing and casual staff. All employees are covered by either the ANAO Enterprise Agreement 2016–2019 or a common law employment contract. Employees covered by the Enterprise Agreement may also have an individual flexibility agreement in operation.

Information in this table covers substantive classification of staff and does not include acting arrangements.

**Table D.2 Ongoing, non-ongoing and casual staff, by substantive classification and gender, 30 June 2019 and 2018**

		Ongoing			Non-ongoing			Casual			Total
		Female	Male	X	Female	Male	X	Female	Male	X	
SES 3	2019	1	-	-	-	-	-	-	-	-	1
	2018	1	-	-	-	-	-	-	-	-	1
SES 2	2019	3	2	-	-	-	-	-	-	-	5
	2018	3	2	-	-	-	-	-	-	-	5
SES 1	2019	10	11	-	-	-	-	-	-	-	21
	2018	11	10	-	-	-	-	-	-	-	21
EL 2	2019	33	31	-	1	-	-	-	-	-	65
	2018	35	31	-	-	-	-	-	-	-	66
EL 1	2019	43	26	-	1	2	-	-	-	-	72
	2018	36	25	-	1	-	-	-	-	-	62
APS 6	2019	36	29	-	1	-	-	-	-	-	66
	2018	32	22	-	1	1	-	-	-	-	56
APS 5	2019	27	19	-	1	1	-	-	-	-	48
	2018	28	25	-	2	-	-	-	-	-	55
APS 4	2019	26	10	-	2	-	-	-	-	-	38
	2018	24	17	-	1	1	-	-	-	-	43
APS 3	2019	3	-	-	-	1	-	-	-	-	4
	2018	5	-	-	-	1	-	-	-	-	6
APS 2	2019	-	1	-	-	-	-	-	-	-	1
	2018	-	1	-	-	1	-	-	1	-	3
APS 1	2019	-	-	-	-	-	-	-	5	-	5
	2018	-	-	-	-	-	-	-	2	-	2
Graduate	2019	15	19	-	-	-	-	-	-	-	34
	2018	18	9	-	-	-	-	-	-	-	27
Total	2019	197	148	-	6	4	-	-	5	-	360
	2018	193	142	-	5	4	-	-	3	-	347

Notes: APS = Australian Public Service; EL= Executive Level; SES = Senior Executive Service;

X (Indeterminate/Intersex/Unspecified) = The X category refers to any person who does not exclusively identify as either male or female.

Includes all staff employed by the ANAO, including operative and inoperative staff. Inoperative staff are defined as staff who are absent from work for more than 13 weeks.

Information in this table covers substantive classification of staff and does not include acting arrangements.

**Table D.3 Ongoing, non-ongoing and casual staff, by attendance type, 30 June 2019 and 2018**

Employment type	Attendance type							
	Full-time		Part-time		Casual		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Ongoing	296	288	40	36	-	-	336	324
Non-ongoing	7	7	3	2	-	-	10	9
Casual	-	-	-	-	5	3	5	3
<b>Total</b>	<b>280</b>	<b>295</b>	<b>39</b>	<b>38</b>	<b>5</b>	<b>3</b>	<b>351</b>	<b>336</b>

Notes: Includes all operative and 7 paid inoperative staff, excluding 9 inoperative staff that were on leave without pay. Inoperative staff are defined as staff who are absent from work for more than 13 weeks.  
Two full time ongoing staff identify as indigenous.  
All ANAO staff are Canberra based.

## Remuneration

The ANAO's employment framework supports strategies in developing and building capability, investing in its staff, flexible working arrangements and appropriate remuneration. The ANAO's Enterprise Agreement 2016–19 came into effect on 21 April 2016 and covers the terms and conditions of employment at the ANAO, other than terms and conditions applying under a relevant Commonwealth law or implied at common law. The Agreement provides for a two per cent annual pay increase which is funded from within existing and known future agency budget and revenue streams.

The salary ranges for SES are determined by the ANAO's SES Remuneration Policy (available on the ANAO website) and having regard to public sector benchmarks, such as the annual APS remuneration survey. The nature of the work, specific skills and individual contributions to business outcomes are key factors in setting individual SES salaries. [SES remuneration payments](#) are set out under Note 2.3 of the financial statements at Part 3 of this report.

**Table D.4 Available salary ranges for APS employees by classification at 30 June 2019**

Classification	Salary range
EL2	\$121,235 – \$151,306
EL1	\$105,576 – \$118,973
APS6	\$86,024 – \$98,872
APS5	\$77,646 – \$84,610
APS4	\$67,602 – \$74,298
APS3	\$62,185 – \$67,252
APS2	\$57,122 – \$62,184
APS1	\$46,989 – \$57,121
Graduate	\$62,185 – \$74,298

Note: APS = Australian Public Service; EL= Executive Level.

**Table D.5 Performance payments in 2018–19**

Classification	Number	Total (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
SES	10	\$117,944	\$11,794	\$6,570	\$29,053
EL2	8	\$56,225	\$7,028	\$3,566	\$10,321
EL1	6	\$37,003	\$6,167	\$5,394	\$6,736
APS6	3	\$15,009	\$5,003	\$4,425	\$5,737
APS5	2	\$6,363	\$3,181	\$3,045	\$3,318
APS4	5	\$11,726	\$2,345	\$1,988	\$2,914
APS3	1	\$2,284	\$2,284	\$2,284	\$2,284
APS1-2	0	0	0	0	0
<b>Total</b>	<b>35</b>	<b>\$246,554</b>			

Note: APS = Australian Public Service; EL= Executive Level; SES = Senior Executive Service

**Table D.6 Summary of performance ratings for the period ending 31 October 2018**

Classification broadband	Substantially Exceeds Expectations	Exceeds Expectations	Meeting Expectations	Not Meeting Expectations	Total
ANAO Bands 4 and 5 (EL1 and EL2)	14	37	60	0	<b>111</b>
ANAO Bands 1 to 3 (APS1–6)	11	33	86	1	<b>131</b>
<b>Total</b>	<b>25</b>	<b>70</b>	<b>146</b>	<b>1</b>	<b>242</b>
Proportion of total eligible staff	10%	29%	60%	1%	

Note: APS = Australian Public Service; EL= Executive Level. Non-salary benefits

The ANAO offers staff a number of non-salary benefits, which include:

- annual influenza immunisation;
- spectacle reimbursement;
- mentoring and coaching programs;
- in-house capability development programs;
- a free, confidential employee assistance program for employees and their immediate families;
- study assistance to eligible employees;
- access to flexible working arrangements; and
- contributions to relevant professional memberships.

The ANAO provides the Senior Executive Service (SES) staff and — where there is a business need — some non-SES staff with a mobile phone, tablet, laptop and/or airline lounge membership. Employees can also make use of a range of salary sacrifice benefits, including additional superannuation and leased motor vehicles.

## Workplace consultative forum

The Workplace Consultative Forum is an important part of the ANAO's ongoing commitment to employee engagement. The forum has 17 members who include staff, union and management representatives. In 2018–19, the forum met on four occasions to consider a range of employment-related issues, including accommodation, enterprise bargaining and information technology upgrades.

## Workforce diversity

The ANAO aims to create an organisation that encourages and welcomes diversity. This includes diversity of backgrounds, views, thoughts and approaches. The ANAO's objective is to attract a range of people across varying professions and backgrounds, especially within the executive-level roles, to build a successful and sustainable organisation with a culture that enriches its work and impact. Diversity fosters an environment of mutual learning, respect, and openness to and appreciation of differences and other perspectives. Such a positive culture creates opportunities for a variety of different voices to be encouraged and heard.

The ANAO has diversity contact officers who champion diversity across the ANAO, with a focus on building a positive workplace culture. The diversity contact officer cohort provides informal and confidential support to staff who are seeking assistance and guidance on workplace issues, such as harassment and bullying.

The diversity contact officers host events and support recognised days to educate and raise awareness among our staff. During 2018–19, sponsored events included:

- R U OK? Day;
- International Women's Day;
- Mental Health Awareness Month; and
- Harmony Day.

The 2018–20 Diversity and Inclusion Strategy was developed in consultation with staff and Diversity Council Australia. The strategy was approved by the executive and released in February 2018. It provides the ANAO with guidance on ways to successfully embrace diversity by creating an environment that values and uses the contributions of people with different backgrounds, experiences and perspectives. The strategy aims to create a supportive, flexible and engaging workplace in which our employees' differences are respected and viewed as an organisational asset.

At 30 June 2019, the ANAO had one employee (less than 1 per cent of staff) who self-identified as Indigenous. The ANAO collaborates with other Australian Government agencies so that it can better meet the employment needs of Indigenous Australians.

The ANAO [Reconciliation Action Plan](#) was released in February 2018. The plan describes how the ANAO will contribute to reconciliation between Aboriginal and Torres Strait Islander people and non-Indigenous people. It lists a set of practical actions that will be undertaken to:

- build upon cultural awareness within our organisation to create a workplace where all people can share experiences in an inclusive environment that is culturally safe and diverse;
- actively promote the involvement of Aboriginal and Torres Strait Islander peoples in our organisation; and
- work in collaboration with Aboriginal and Torres Strait Islander peoples to build respectful relationships that support our vision of becoming an employer of choice for Aboriginal and Torres Strait Islander peoples.

This plan was developed by the Reconciliation Action Plan Working Group in consultation with Reconciliation Australia and the Curiyo consulting agency, and with input from staff from across the organisation as part of a workshop held at the start of 2017.

## Appendix E — Staff engagement and performance strategies

This appendix sets out the ANAO's strategies for recruiting and retaining staff, and building a productive and supportive workplace that encourages and engages its employees.

### Recruitment and retention

The ANAO has a number of programs and strategies to ensure that we recruit and retain high-performing staff.

#### Graduate program

The ANAO's graduate program is open to university students who are completing their final year of study or have completed a degree within the past seven years. During the 12-month program, graduates undertake a robust development program, consisting of technical and professional training.

In 2019, the ANAO's graduate program included 34 graduates: 14 in the Assurance Audit Services Group; 16 in the Performance Audit Services Group; one in the Systems Assurance and Data Analytics Group, one in the Professional Services and Relationships Group; and two in the Corporate Management Group. As part of the partnership program between the ANAO and the Papua New Guinea (PNG) Auditor-General's Office, sponsored by the Department of Foreign Affairs and Trade, a graduate-level employee from the PNG Auditor-General's Office also participated in the 2019 ANAO graduate program.

#### Intern program

The ANAO's internship program provides paid casual work experience for Canberra university students who are currently completing an undergraduate degree in a relevant field of study. During 2018–19, five students participated in the ANAO intern program. The ANAO continued to foster productive relationships with the Australian National University, the University of Canberra, Chartered Accountants Australia and New Zealand and CPA Australia to recruit students for the program.

### Supporting high performance

During 2018–19, the ANAO supported 67 staff members to undertake professional qualifications and tertiary education, including programs offered by Chartered Accountants Australia and New Zealand, CPA Australia and ISACA (the professional association for IT audit specialists). The ANAO also invested in a diverse range of programs to build capabilities, including coaching, technical workshops, wellbeing and communication skills.

The ANAO's learning and development program supports staff to meet continuous professional development requirements relating to their membership of professional accounting associations. This includes:

- support to complete 120 hours of continuous professional development over a three-year period, with a minimum of 20 hours to be completed per financial year. This includes 10 hours of formal technical training in relevant areas such as financial statements auditing, accounting or legal frameworks;
- a written declaration that relevant staff have complied with the continuous professional development requirements for each financial year; and

- evaluation of training undertaken by staff against the learning and development curriculum.

The ANAO recognises and rewards individual staff and teams who make a significant contribution to achieving its business objectives in areas such as client service, people management, business management, audit management and innovation. The recognition and awards system comprises formal ANAO awards (Auditor-General's Australia Day Awards, outstanding achievement awards, professional development awards, and certificates of appreciation) and formal external awards (Public Service Medals, Institute of Public Administration Australia Awards, Chartered Accountants Australia and New Zealand – Leadership in Government Awards).

## Talent management program

Following the success of a pilot program in 2017, the ANAO launched its talent management program in April 2018. The 2018–19 program ceased in February 2019 and had nine ANAO staff participating.

The program offered the following opportunities to participants:

- a secondment under the Jawun APS Secondment Program;
- leadership development opportunities;
- coaching sessions;
- attendance at the Pacific Association of Supreme Audit Institutions conference;
- mentoring junior staff members; and
- attendance at the graduate program 'meet and greet'.

An evaluation of the program will occur in late 2019 with a view to renewing the ANAO's approach to talent management.

## Staff engagement

The ANAO is committed to building a productive and supportive workplace that encourages and engages its employees. Each year, the ANAO participates in the APS employee census. The 2019 census achieved an ANAO staff response rate of 76 per cent.

In November 2017, the ANAO launched an innovative staff engagement and capability-building program called LearnFest. LearnFest was inspired by a similar program run at the National Audit Office in the United Kingdom. The overarching principles of LearnFest were to improve organisational culture, develop staff and leadership capability, and support diversity and wellbeing.

Due to its success in 2017, LearnFest has become an annual event for the ANAO. The 2018 program included a balance of both workplace-related topics and sessions focused on health and wellbeing. A total of 1,061 registrations were made for sessions held across the week. LearnFest 2018 culminated in a leaders speaking event, as well as an afternoon tea to mark the beginning of the Movember men's health month.

Furthermore, the ANAO organises regular internal events that aim to foster a culture of engagement and information sharing for all staff. Events raise awareness of ANAO priorities and contribute to the professional and personal development of staff. 'Town hall' events inform staff of current organisational priorities, future directions and relevant developments. The purpose is to create a sense of cohesion across the organisation and to recognise staff contributions and achievements. Three 'town hall' events were held in 2018–19.

The ANAO Leaders Speaking program is a key professional and development opportunity that provides ANAO staff with exposure to a variety of professionals from industries and sectors outside of auditing. Topics and areas of focus are broadly based on leadership, management, innovation, change, performance and professional development. The program is well attended and contributes to culture building. It equips staff with insights and learnings that complement their technical training and development. Three Leaders Speaking events were held in 2018–19. Guest speakers who presented to ANAO staff on their lives and leadership experiences were Dr Sue Gordon AM (the first Aboriginal magistrate in Western Australia and member of the Order of Australia in recognition of her work with Aboriginal people and community affairs), John Fraser (former Secretary of the Department of the Treasury) and Margaret Crawford (Auditor-General of New South Wales).

## Health and wellbeing initiatives

The ANAO is committed to promoting the health and wellbeing of its staff. The ANAO recognises that work-based health and wellbeing programs positively contribute to morale, resilience and productivity by reducing workforce absence, illness and workplace injury. The ANAO participates in the Australian Public Service Commission's benchmarking on unscheduled absences across the Australian Public Service (APS), which can provide information on staff wellbeing. The most recent report received, covering the period 1 July 2018 to 31 March 2019, shows the ANAO's unscheduled absence rate at 6.7 days compared to the APS average of 8.3 days.

By informing, enabling and supporting staff to make healthy choices, the ANAO is contributing to the overall health and wellbeing of its social community. During 2018–19, programs that were promoted include:

- diversity contact officers;
- the Reasonable Adjustment Passport;
- the Employee Assistance Program;
- Mental Health Guru;
- flu vaccinations;
- annual health checks; and
- mental health first aid officers.



## Appendix F — Other management issues

### Compliance with financial law

In 2018–19, the ANAO had no significant issues under paragraph 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013* relating to noncompliance with financial law.

### Assets management

The ANAO's assets management policy is set out in the Auditor-General Instructions and supporting financial management procedures. High-value assets are subject to whole-of-life management, including formal tendering for acquisition, scheduled maintenance, and detailed accounting of disposal or return at the end of the useful life of the asset. The ANAO's asset management practices are designed to protect the interests of the Australian Government.

### Purchasing and procurement

The ANAO's approach to procuring goods and services, including consultancies, is consistent with, and reflects the principles of, the Commonwealth Procurement Rules. These rules are applied to activities through the Auditor-General Instructions and supporting financial management procedures.

The ANAO's procurement plan is published annually and is available on the AusTender website, [tenders.gov.au](https://tenders.gov.au). The plan is updated when circumstances change.

The ANAO's tender evaluation processes are designed to be fair and equitable and to enable potential suppliers to compete for ANAO business. Before proceeding to a substantive evaluation, the ANAO undertakes a check against all mandatory requirements that are listed in the tender documentation.

The ANAO also participates in a number of collaborative procurement arrangements with other agencies, such as the ICT Hardware Panel, led by the Digital Transformation Agency, and the Legal Services Multi-Use List, managed by the Attorney-General's Department.

All tenders and contractual arrangements undertaken in 2018–19 were carried out in accordance with the Commonwealth Procurement Rules.

No contracts in excess of \$10,000 (including GST) or standing offers were exempted by the Auditor-General from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

### Consultants

The ANAO engages consultants as required to undertake a variety of tasks. The most common uses of contracted consultants include the application of expert professional skills to:

- investigate or diagnose a defined issue or problem;
- provide independent advice, information or creative solutions; and
- provide specialised services, including assistance with actuarial calculations, probity services and legal advice.

The major competitive tendering and contracting activities in 2018–19 were to obtain professional skills to assist with certain financial statements audits and performance audits, and the ANAO accommodation project.

During 2018–19, 16 new consultancy contracts were entered into involving total actual expenditure of \$830,380 (including GST). In addition, 74 auditing contracts were active during 2018–19, involving a total commitment of \$18,125,354. Table F.1 provides information on expenditure on new consultancy contracts during 2018–19.

**Table F.1: Expenditure on new consultancy contracts by category, 2018–19**

Category	No. of contracts	Amount (\$)
Business administration services	1	53,130
Business intelligence consulting services	1	353,287
Education and Training Services	15	364,446
Information technology consultation services	1	44,494
Strategic Planning Consultation services	2	60,000
<b>Total</b>	<b>16</b>	<b>830,380</b>

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of the ANAO's contracts and consultancies is available on the AusTender website, [tenders.gov.au](https://tenders.gov.au).

## Procurement initiatives to support small business

The ANAO supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website: Statistics on Australian Government Procurement Contracts.

Procurement practices support SMEs by the use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000. Practices also support the use of electronic systems or other processes to facilitate on-time payment, including the use of payment cards.

The ANAO recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website: [treasury.gov.au](https://treasury.gov.au).

## Advertising and market research

The ANAO did not undertake media advertising campaigns and therefore did not make any payments to advertising agencies in 2018–19. The ANAO did not make any payments to direct mail organisations or polling organisations.

Payments over \$13,000 (including GST) to market research organisations and media advertising organisations, incurred in the course of HR, audit and assurance reviews, are set out in Table F.2.

**Table F.2: Payments over \$13,000 to market research organisations, and media advertising organisations, 2018–19**

Organisation	Purpose	Payment (\$)
Orima Research (market research organisation)	Client Survey	56,617
Orima Research (market research organisation)	Client Survey	53,190
Orima Research (market research organisation)	Research	17,050

## Grant programs

The ANAO does not administer any grant programs.

## Environmental protection and biodiversity conservation

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires that Australian Government entities include a section detailing their environmental performance and contribution to ecologically sustainable development in their annual report.

*Environment Protection and Biodiversity Conservation Act 1999* requires Commonwealth agencies to report against two core criteria:

- how the agency accords with and contributes to the principles of ecologically sustainable development; and
- the environmental performance of the agency, including the impact of its activities on the natural environment, how these are mitigated and how they will be further mitigated.

## Contribution to ecologically sustainable development

The ANAO accords with and contributes to environmentally sustainable development by actively taking steps to reduce our environmental impact by adopting environmentally friendly options where practical.

In 2018–19, the ANAO continued to mitigate the effects of our impact on the environment through:

- procuring energy-efficient equipment and lighting solutions, including sensor controlled lighting;
- energy-efficient power management settings on office equipment;
- video-conferencing to reduce the need for local, interstate and international travel;
- ensuring that new leases entered into comply with the Australian Government's energy policy;
- recycling of paper, cardboard, office furniture and printer cartridges; and
- fostering employee awareness of environmental issues, including considering the need to print documents through 'paper-lite' principles.

The integration of energy-efficiency practices into our organisation and planning processes allows us to reduce our energy costs and decrease the consumption of resources.

## Effect of activities on the environment

The ANAO monitors its energy and water usage and waste management as core indicators of the effect of its activities on the environment.

In early 2019 as part of the ANAO's accommodation project, fit-out and base building construction works commenced. During the construction phase, the building contractor was legally responsible for the removal and disposal of debris generated by the works, with a particular focus on recycling as much waste as possible and reducing landfill. Further, the building contractor was legally obligated to take all precautions necessary to prevent the discharge of mud, dust, water, fumes, smoke, rubbish, and other pollutants from the work site to any adjacent areas.

The ANAO will continue to improve our collection and monitoring of data on energy use, water consumption and waste management in our office building.

## Disability reporting

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the *APS Statistical Bulletin*. These reports are available on the commission's website, [apsc.gov.au](http://apsc.gov.au). Since 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. Further information is available on the Department of Social Services website, [dss.gov.au](http://dss.gov.au).

## Work health and safety

Under section 35 of the *Work Health and Safety Act 2011*, the ANAO is required to notify Comcare of any incidents arising out of the conduct of the ANAO's operations that result in death, serious injury or serious illness of a person, or involve a dangerous incident. No incidents were reported in 2018–19.

## Freedom of information

The *Freedom of Information Act 1982* provides the Auditor-General with an exemption from the provisions of the Act, and in 2015 the Australian Information Commissioner determined that the Auditor-General's exemption extends to the ANAO.

Performance audits, assurance reviews and audit opinions are tabled in the Parliament and/or published on the ANAO's website. Correspondence with members of parliament and senators is published on the ANAO's website. Other corporate information is also published on the ANAO website, including:

- the Auditor-General's credit card transactions;
- meetings held with members of parliament and senators;
- Senior Executive Service remuneration policy and details;
- gifts and benefits received and declined; and
- the ANAO's risk management framework.

## Service charter

As the ANAO does not provide services directly to members of the public, it does not have a service charter. However, the ANAO recognises that it provides a service to the community through the delivery of a range of audit services, and welcomes feedback. Comments and suggestions can be made via the ANAO website, <http://www.anao.gov.au/>, or by phone on (02) 6203 7300. Members of the public are also invited to make contributions to specific audits, with each audit having a facility for contributions to be received while the audit is in progress.

# Abbreviations and acronyms

ACAG	Australasian Council of Auditors-General
ANAO	Australian National Audit Office
APS	Australian Public Service
ASIC	Australian Securities and Investments Commission
ASOSAI	Asian Organization of Supreme Audit Institutions
BPK	Badan Pemeriksa Keuangan Republik Indonesia (Audit Board of the Republic of Indonesia)
CAAF	Canadian Audit and Accountability Foundation
CFO	chief financial officer
Defence	Department of Defence
DFAT	Department of Foreign Affairs and Trade
FOI Act	<i>Freedom of Information Act 1982</i>
GBE	government business enterprise
GST	goods and services tax
IBA	Indigenous Business Australia
ICT	information and communications technology
INTOSAI	International Organization of Supreme Audit Institutions
IT	information technology
JCPAA	Joint Committee of Public Accounts and Audit
OECD	Organisation for Economic Co-operation and Development
PASAI	Pacific Association of Supreme Audit Institutions
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PNG	Papua New Guinea
PSM	Public Service Medal
SAI	supreme audit institution
SES	Senior Executive Service
WHS	work health and safety

# List of requirements

The list of annual report requirements in the table below is prepared in accordance with paragraph 17AJ(d) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). Page references for the ANAO's compliance with these requirements are provided in the right-hand column of the table.

## List of requirements

PGPA Rule reference	Description	Requirement	Page
<b>17AD(g)</b>	<b>Letter of transmittal</b>		
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	iii
<b>17AD(h)</b>	<b>Aids to access</b>		
17AJ(a)	Table of contents	Mandatory	v
17AJ(b)	Alphabetical index	Mandatory	115
17AJ(c)	Abbreviations and acronyms	Mandatory	109
17AJ(d)	List of requirements	Mandatory	110
17AJ(e)	Details of contact officer	Mandatory	iv
17AJ(f)	Entity's website address	Mandatory	iv
17AJ(g)	Electronic address of report	Mandatory	iv
<b>17AD(a)</b>	<b>Review by accountable authority</b>		
17AD(a)	A review by the accountable authority of the entity	Mandatory	1
<b>17AD(b)</b>	<b>Overview of the entity</b>		
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	4
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	5
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	Mandatory	5, 15
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan	Mandatory	4, 72
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority	Mandatory	iii, 4, 68
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory	4, 68
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	4, 68
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments—mandatory	N/A

PGPA Rule reference	Description	Requirement	Page
17AE(2)	Where the outcomes and programs administered by the entity differ from any portfolio budget statement, portfolio additional estimates statements or other portfolio estimates statements that were prepared for the entity for the period, include details of variation and reasons for change	If applicable, mandatory	N/A
<b>17AD(c)</b>	<b>Report on the performance of the entity</b>		
<b>16F</b>	<b><i>Annual performance statements</i></b>		
17AD(c)(i)	Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule	Mandatory	15
<b>17AD(c)(ii)</b>	<b><i>Report on financial performance</i></b>		
17AF(1)(a)	A discussion and analysis of the entity's financial performance	Mandatory	33
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	94
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, mandatory	N/A
<b>17AD(d)</b>	<b>Management and accountability</b>		
<b>17AG(2)</b>	<b><i>Corporate governance</i></b>		
17AG(2)(a)	Information on compliance with section 10 of the PGPA Rule (fraud systems)	Mandatory	83
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	iii
17AG(2)(b)(ii)	A certification by accountable authority that the entity has in place appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud	Mandatory	iii
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	67
17AG(2)(d)–(e)	A statement of significant issues reported to minister under paragraph 19(1)(e) of the PGPA Act that relate to noncompliance with finance law and action taken to remedy noncompliance	If applicable, mandatory	104
<b>17AG(3)</b>	<b><i>External scrutiny</i></b>		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	84



PGPA Rule reference	Description	Requirement	Page
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, mandatory	N/A
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the PGPA Act), a parliamentary committee or the Commonwealth Ombudsman	If applicable, mandatory	84
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	N/A
<b>17AG(4)</b>	<b><i>Management of human resources</i></b>		
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	79, 101
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including statistics on: <ul style="list-style-type: none"> <li>• full-time employees</li> <li>• part-time employees</li> <li>• gender</li> <li>• staff location</li> </ul>	Mandatory	96
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including statistics on: <ul style="list-style-type: none"> <li>• staffing classification level</li> <li>• full-time employees</li> <li>• part-time employees</li> <li>• gender</li> <li>• staff location</li> <li>• employees who identify as Indigenous</li> </ul>	Mandatory	96–97
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory	96–97
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements, etc. identified in paragraph 17AG(4)(c) of the PGPA Rule	Mandatory	56, 96
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	97
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	97–98
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	98
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	98
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	98
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	If applicable, mandatory	98

PGPA Rule reference	Description	Requirement	Page
<b>17AG(5)</b>	<b><i>Asset management</i></b>		
17AG(5)	An assessment of effectiveness of asset management where asset management is a significant part of the entity's activities	If applicable, mandatory	104
<b>17AG(6)</b>	<b><i>Purchasing</i></b>		
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	104
<b>17AG(7)</b>	<b><i>Consultants</i></b>		
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	105
17AG(7)(b)	A statement that 'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].'	Mandatory	105
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	104
17AG(7)(d)	A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.'	Mandatory	104–105
<b>17AG(8)</b>	<b><i>Australian National Audit Office access clauses</i></b>		
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, mandatory	N/A
<b>17AG(9)</b>	<b><i>Exempt contracts</i></b>		
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published on AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	If applicable, mandatory	N/A

PGPA Rule reference	Description	Requirement	Page
<b>17AG(10)</b>	<b><i>Small business</i></b>		
17AG(10)(a)	A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise and small enterprise participation statistics are available on the Department of Finance's website.'	Mandatory	105
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium-sized enterprises	Mandatory	105
17AG(10)(c)	If the entity is considered by the department administered by the Finance Minister as material in nature—a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the survey of Australian Government payments to small business are available on the Treasury's website.'	If applicable, mandatory	105
<b>17AD(e)</b>	<b>Financial statements</b>		
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the PGPA Act	Mandatory	37
<b>17AD(da)</b>	<b>Executive remuneration</b>		
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the PGPA Rule	Mandatory	37, 97
<b>17AD(f)</b>	<b>Other mandatory information</b>		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that 'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.'	If applicable, mandatory	105–106
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	105
17AH(1)(b)	A statement that 'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].'	If applicable, mandatory	106
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	107
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	107
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	N/A
17AH(2)	Information required by other legislation	Mandatory	4, 107

# Index

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## A

Aboriginal and Torres Islander peoples, 100  
accommodation project, 73, 74, 105, 107  
Accountable authorities, 9  
accountable authority, 15, 21, 22, 110, 111  
Acts  
    *Auditor-General Act 1997*, iii, iv, 4, 8, 16, 20, 33, 67, 78, 80, 84, 89, 90, 94  
    *Corporations Act 2001*, 33, 92  
    *Environment Protection and Biodiversity Conservation Act 1999*, 106  
    *Freedom of Information Act 1982*, 104, 107, 109  
    *Public Governance, Performance and Accountability Act 2013*, iv, 4, 6, 15, 19, 67, 71, 94, 104, 109, 110  
    *Public Service Act 1999*, 4, 5, 67, 76, 112  
    *Work Health and Safety Act 2011*, 107  
advertising, 31, 85, 105, 106, 114  
ANAO Corporate Plan, iv, 19, 20, 21, 22, 24, 25, 26, 27, 28, 30, 32, 75  
ANAO workforce Plan, 33  
Annual Audit Work Program, 17, 23, 31  
annual financial statements, 16  
Annual performance statements, 15, 71  
Assurance Audit Services Group, 5, 9, 21, 68, 82, 101  
assurance audits, 16, 17  
auditing standards, 10, 27  
Australasian Council of Auditors-General, 9  
Australian Accounting Standards, 10  
Australian Parliament, 7

## C

Chief Finance Officer, 68  
consultants, 85, 104, 113  
contractors, 33, 34, 35, 78, 80, 82  
Corporate Management Group, iv, 5, 68, 77, 83, 101

## D

data analytics, 5  
Deputy Auditor-General, 10, 11, 68, 76, 78  
Disability reporting, 107  
diversity, 76, 99, 100, 102, 103

## E

Employment arrangements, 76  
energy-efficiency practices, 106

Entity resource statement, 94  
environmental impact, 106  
Expenses by outcome, 94  
expenses by outcomes, 94  
expenses disclosure, 83  
External scrutiny, 84

## F

financial law compliance, 104  
Financial Statements, 37  
Freedom of information, 107

## G

gifts and benefits, 82, 83, 107  
graduate program, 12, 77, 101, 102

## I

*Indigenous Australians*, 8, 88, 100  
Indonesia, 10, 11, 109  
Intern program, 101  
Internal audit, 81  
international aid program, 11  
International relationships, 10  
INTOSAI. *See* Supreme audit institutions

## J

JCPAA, 4, 7, 8, 17, 27, 30, 32, 109

## M

Major Projects Report, 6, 8, 23, 24  
market research, 85, 105, 106

## O

organisational structure, 5  
Outside employment, 83

## P

Papua New Guinea, 9, 10, 11, 31, 101, 109  
Performance Audit Services Group, 5, 6, 10, 68, 101  
performance audits, 4, 5, 16, 17, 23, 24, 25, 28, 29, 30, 32, 72, 79, 80, 84, 105  
performance measures, iv, 4, 15, 26  
professional qualifications, 101  
Professional Services and Relationships Group, 5, 28, 68, 81, 101  
Purchasing and procurement, 104

## **Q**

quality framework, 28, 29, 69, 72, 78, 79, 80, 81, 92

## **R**

Reconciliation Action Plan, 100

risk management, iv, 17, 67, 74, 81, 83, 107

Risk management framework, 81

## **S**

salary ranges, 97, 112

Service charter, 108

Staff engagement, 102

strategic planning, 10, 67, 70, 71, 81

Supreme audit institutions, 10

surveys, 9, 10, 32, 77

sustainable development, 106

Systems Assurance and Data Analytics Group, 5, 68, 75, 76, 101

## **T**

talent management programs, 79

transparency, iv, 4, 9, 15, 17, 18, 20, 23, 32, 33, 67, 68, 78, 79, 83, 92

## **V**

Values, 5

## **W**

waste management, 106

water usage, 106

work health and safety, 69, 85, 109

Workforce information, 96

workforce plan, 76

Workplace consultative forum, 99