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Auditor-General for Australia



8 September 2022

Mr Julian Hill MP
Chair
Joint Committee of Public Accounts and Audit
By email: jcpaa@aph.gov.au

Dear Mr Hill

Joint Committee of Public Accounts and Audit Report 491, *Review of the Auditor-General Act 1997*

I am writing in response to the recommendations directed to the Australian National Audit Office (ANAO) contained in the JCPAA Report 491: *Review of the Auditor-General Act 1997*.

Recommendation 4

The Committee recommends that the Australian National Audit Office (ANAO), in consultation with the Joint Committee of Public Accounts and Audit, Department of Prime Minister and Cabinet, the Australian Public Service Commission and other relevant entities, develop and publish guidelines to clarify the role of the Auditor-General and ANAO and make it clear to all observers that it is not the role of the ANAO to assess the relative merits of government policy.

ANAO Response: Agreed.

The ANAO will develop guidance material and consult with relevant bodies and entities to improve clarity about the relevant Auditor-General's functions as set out in the *Auditor-General Act 1997*. Guidance material will be published in the ANAO Audit Manual which is available on the ANAO website.

Recommendation 18

The Committee recommends that consideration be given to the development of a Memorandum of Understanding between the Australian National Audit Office and the Parliament is developed that clarifies the application of parliamentary privilege to the Auditor-General's work.

ANAO Response: Agreed.

The ANAO has procedures in place to assist its staff understand the application of parliamentary privilege in performing the Auditor-General's functions.

The Auditor-General will consult with the Presiding Officers of the Parliament to consider the development of a Memorandum of Understanding between the ANAO and the Parliament.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603

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Recommendation 19

The Committee recommends that the Australian National Audit Office notify the Joint Committee of Public Accounts and Audit when audit requests are received from Members and Senators. The Australian National Audit Office need not wait for feedback from the Joint Committee of Public Accounts and Audit before forming its own view on requests or actioning any audit.

ANAO Response: Agreed.

The ANAO publishes requests for audit from members and senators of the Parliament of Australia on its website when those requests are received. The ANAO will notify the JCPAA of these audit requests when they are published on the website.

Recommendation 20

The Committee recommends that the Australian National Audit Office clearly distinguish between audits undertaken because they have been identified by the Joint Committee of Public Accounts and Audit as an Audit Priority of the Parliament and those undertaken in response to other approaches, including parliamentary committees, resolutions of the House of Representatives or the Senate, or following a request from an individual member or senator.

ANAO Response: Agreed.

Where the ANAO undertakes a performance audit identified by the JCPAA as an audit priority of the Parliament, this will be identified in the 'Rationale for undertaking the audit' section of the performance audit report.

Where the ANAO undertakes a performance audit on a topic which has been the subject of other approaches (including parliamentary committees, resolutions of the House of Representatives or the Senate, or a request from an individual member or senator) if identified it will usually be via a footnote to the 'Rationale for undertaking the audit' section of the performance audit report.

Recommendation 26

The Committee recommends that the Australian National Audit Office set a target to reduce its staff attrition rate to 15 per cent and report back to the Committee within twelve (12) months on progress to achieving this target

ANAO Response: Agreed

The ANAO agrees to work on reducing its attrition rate. The ANAO targets an attrition rate between 15-20 per cent, based on attrition rates of its public sector audit peers. The ANAO considers an attrition rate of 15% as too aspirational and believes the current target of 15-20% is more achievable. The ANAO has developed a [workforce plan](#) which outlines how we will attract, develop and retain the capability of our workforce.

The ANAO will report its progress against this target to the JCPAA by 30 September 2023.

Recommendation 27

The Committee recommends that the Australian National Audit Office (ANAO) consider further ways of measuring the outcomes of their auditing work to provide assurance to the Parliament that their audit program is meeting Parliament's needs and supporting an efficient and effective public sector. This could include reporting on feedback from audited entities, measuring the financial impact of the ANAO's work, or other more qualitative measures.

ANAO Response: Agreed.

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The ANAO has considered this recommendation in revising the performance measures in its [2022-23 Corporate Plan](#). Measures 4, 5, 8, 9, 13, 14, 15 and 16 are measures of the impact that the ANAO's work has on public administration. These measures will report the ANAO's impact through:

- the extent to which entities agree to, and address audit findings and recommendations, which are aimed at assisting entities to improve their performance, internal controls and business processes;
- the level of support provided to the Parliament to hold the Australian Government sector to account; and
- the level of support provided to the Australian Government sector to understand possible areas for improvement in performance.

Yours sincerely

Grant Hehir

Auditor-General