



## **Response to Questions on Notice**

### **JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT**

#### **Inquiry into Commonwealth Financial Statements:**

**Australian National Audit Office**

#### **GENERAL COMMENTS**

Nil

#### **SPECIFIC QUESTIONS ON NOTICE**

##### **Question #1**

In the 2017-18 interim audit (Audit Report No. 47), one of the two significant audit findings for NDIA for 2016-17, as set out in Audit Report No. 24, has been resolved and the other has been downgraded to a moderate finding—can ANAO further comment on this matter?

##### **Response**

The *IT User Access Management* significant audit finding identified risks relating to potential segregation of duties conflicts. The NDIA had not established a segregations of duties matrix at the time the finding was raised. Audit work performed in 2017–18 confirmed that this control had been designed and implemented. In addition the entity completed a review of all activity that occurred in 2016–17 to assess the risk of inappropriate transactions being processed due to incompatible roles. A process was also established to complete regular system access reviews.

The *Business Assurance – Compliance Program* audit finding was downgraded to a moderate finding. The NDIA has advised the ANAO that it has a plan to fully address this finding by June 2019. Considerable progress has been made with the development and endorsement of a business assurance and compliance plan which is in the process of being implemented. A sound statistical sample methodology for the review of payments has also been developed. However a process for reviewing payments to self-managed participants had not been implemented at the time of the ANAO 2017–18 interim audit. NDIA commenced a pilot program in April 2018. The ANAO was of the view that the NDIA's progress towards resolving the plan at the time of the tabling Audit Report No. 47 of 2017-18 was sufficient to reduce the risk to the entity's financial statements from significant to moderate, in line with ANAO's reporting policy. The ANAO will provide an update on NDIA's progress on resolving this issue in the Auditor-General's report *Audits of the Financial Statements of Australian Government entities for the Period Ended 30 June 2018* which is expected to be tabled in December 2018.

**Question # 2:**

Can ANAO comment on NDIA's progress in resolving the five moderate audit findings (provider registration; streamlined scheme access through defined programs; scheme eligibility; IT monitoring; and business assurance compliance)?

**Response**

At the completion of the final phase of the ANAO's audit of NDIA's 2017–18 financial statements, two of the above moderate audit findings (Provider Registration; and Scheme Eligibility) were resolved and one of the above moderate findings (IT Logging and Monitoring) was downgraded to a low rated finding. The two remaining moderate rated findings (Business Assurance – Compliance Program; and Streamlined Access to Scheme - Defined Programs) remain unresolved at the completion of the ANAO's 2017–18 audit. NDIA is progressing work to address these outstanding findings.

Further details on these findings will be included in the Auditor-General's report *Audits of the Financial Statements of Australian Government entities for the Period Ended 30 June 2018* which is expected to be tabled in December 2018.