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Auditor-General for Australia



8 March 2024

Mr Julian Hill MP
Chair
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

By email: jcpaa@aph.gov.au

Dear Mr Hill

Joint Committee of Public Accounts and Audit Report 499: *Inquiry into the Annual Performance Statements 2021-22* – Update on progress against recommendations 3 and 4

In December 2023 the former Auditor-General, Mr Grant Hehir, in his response to recommendations included in the Committee’s Report 499: *Inquiry into the Annual Performance Statements 2021-22*, stated that the ANAO would provide an update on progress against recommendations 3 and 4 by March 2024.

Recommendation 3 asked that:

“...the Australian National Audit Office [the ANAO] and the Department of Finance work together to develop and publish a revised annual performance statements audit schedule that allows the Australian National Audit Office to begin its work in the cycle so findings from the interim stage contribute to an entity’s annual portfolio budget statements and report back to the Committee on progress within six months.”

Agreed. The Auditor-General wrote to the Minister for Finance in June 2023 proposing 14 entities to be included in the 2023–24 performance statements audit program. The Minister responded in July 2023, requesting that the ANAO audit the performance statements of the 14 entities proposed by the Auditor-General.

The ANAO has sought to assist entities subject to performance statement audits in 2023–24 by engaging with them early. By January 2024, the ANAO was able to provide informal feedback on performance measures included in entities’ 2023–24 corporate plans. However, it was unable to provide findings from the interim stage in this timeframe.

In consultation with the Department of Finance, the ANAO intends to improve upon this timeline for the 2024–25 audit cycle with the aim of receiving the Finance Minister’s request for the performance audit program by the end of June 2024. This will allow audit planning to commence in July 2024 and enable the ANAO to align the audit schedule with the performance reporting schedule, including to provide findings from the interim stage to contribute to an entity’s annual portfolio budget statements.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone: +61 2 6203 7300
Email: rona.mellor@anao.gov.au

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Recommendation 4 asked the ANAO to provide [the JCPAA] with an update (within six months from the publication of report 499) regarding:

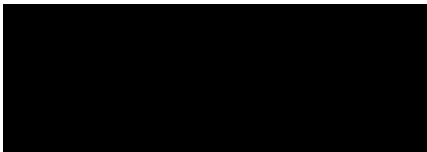
“... the publication of its performance statements audit methodology, the flagged audit strategy documents and initial feedback from agencies on these documents...”

Agreed. The ANAO [website](#) was updated on 13 October 2023 to include the Performance Statements Audit Manual, which describes the requirements to be fulfilled by auditors conducting audits of annual performance statements. The ANAO wrote to entities on 25 October 2023, and encouraged them to ensure officers with performance reporting responsibilities are familiar with its content.

The ANAO has not received feedback from entities on the Audit Manual. The ANAO will seek feedback from the ANAO’s Expert Advisory Panel at its next meeting scheduled for May 2024. This panel has been established to support the ANAO mature its approach to performance statements audits, including on any additional matters that could be addressed in the Audit Manual to assist entities to meaningfully engage with the ANAO during performance statements audits.

The ANAO has issued audit strategy documents to the 14 entities included in the 2023–24 performance statements audit program. These documents are finalised following feedback from entities. The ANAO will continue to work with entities to ensure the audit strategy documents remain fit for purpose and provide useful information to support entities to improve their performance reporting frameworks and annual performance statements.

Yours sincerely



Rona Mellor PSM
Acting Auditor-General