



Auditor-General for Australia



15 December 2016

Mr Andrew Hastie MP
Chair of the Standing Committee on the
National Capital and External Territories
Parliament House
CANBERRA ACT 2600

Dear Mr Hastie

Standing Committee on the National Capital and External Territories, Governance in the Indian Ocean Territories.

I am writing in response to the Standing Committee on National Capital and External Territories, *Governance in the Indian Ocean Territories – Final report: Economic Development and Governance*, tabled in Parliament on 15 March 2016. The report made one recommendation to the Australian National Audit Office (ANAO). The recommendation and the ANAO response is set out below.

Recommendation 15: The Committee recommends that the Australian National Audit Office examine Service Delivery Arrangements between the Commonwealth and Western Australian agencies to determine whether:

- services are coordinated effectively;
- agreements are adequately monitored; and
- outcomes achieve value for money.

ANAO response: As noted in the Committee's report, the ANAO included an audit of service delivery arrangements in the Indian Ocean Territories in the list of potential audits to be undertaken in 2015-16: *Management of Service Delivery Arrangements with the Western Australia Government regarding the Indian Ocean Territories*. The audit did not occur in 2015-16 due to other audit priorities.

In developing the ANAO's 2016-17 Annual Audit Work Program a number of considerations were made in identifying potential audits, including identifying key risks across the public sector, potential audit benefits, parliamentary and public interest, and the timing and resource requirements of audits. It is within these considerations that I do not expect to commence an audit of the service delivery arrangements in the Indian Ocean Territories at this time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Hehir', written in a cursive style.

Grant Hehir
Auditor-General