

**Senate Finance and Public Administration Standing Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
ADDITIONAL BUDGET ESTIMATES 2009-10 (February 2009)

Prime Minister and Cabinet Portfolio

**Department/Agency:** ANAO

**Outcome/Output Group:** Performance Audit Services

**Topic:** Impact of Efficiency Dividend

**Senator:** Fifield

**Question reference number:** PM42 (a-g)

**Type of question:** Written

**Date set by the committee for the return of answer:** Thursday, 9 April 2009

**Questions:**

- a) Since the efficiency dividends made by the Government's 'razor gang', what is the impact on the ANAO's ability to conduct audits?
- b) Is the ANAO satisfied that Audits undertaken since the efficiency dividends are as thorough and robust as Audits undertaken prior to the efficiency dividends?
- c) How many Audits have been undertaken since the efficiency dividends were implemented?
- d) How many Audits were taken on average per year prior to November 2007?
- e) How many Audits are currently being undertaken?
- f) What was the average time frame for an Audit prior to November 2007?
- g) What is the average timeframe for an Audit post November 2007?

**Answers:**

a) The ANAO undertakes two major audit programs, financial statement audits and performance audits. It is a mandatory requirement to complete all financial statement audits and the Auditor General determines the nature and form of the audit performance program. As such any reductions in the level of available resources necessarily have an impact on the performance audit program. The reduction in available funding resulting from the efficiency dividend and other cost increases has resulted in 6 fewer performance audits or better practice guides being planned for delivery 2008 – 09.

b) The ANAO plans and undertakes its audits in accordance with auditing standards. Any reduction in resources will therefore result in fewer audits being completed rather than a reduction in the quality of audits.

c) The ANAO has an ongoing audit program with new audits commenced as resources become available from other audit activity. In 2008-09 the ANAO plans to

complete 48 performance audits and better practice guides, compared to 54 in the prior year.

d) Prior to 2007-08 approximately 55 performance audit reports and better practice guides were completed on average each year.

e) There are currently 54 performance audits and better practice guides underway.

f) The average time taken to complete an audit reflects such factors as audit complexity, number of agencies included in the audit and the resources allocated to an audit. Over recent times, due in part to staff turnover, the elapsed time to complete an audit has increased slightly. Staff numbers allocated to an audit may fluctuate over time.

The average elapsed times are as follows:

- 2006-07 - 12.3 months
- 2005-06 - 11.7 months
- 2004-05 - 11 months

g) The average elapsed time for completion of an audit post November 2007 is 12.4 months.

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