



18 February 2025

Committee Secretary  
Senate Finance and Public Administration Legislation Committee  
Parliament of Australia  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary

On 25 October 2024 the Acting Deputy Auditor-General wrote to the Committee providing information about the Australian National Audit Office (ANAO) audits and other reports tabled. This letter is to provide the Committee an update on reports tabled since 25 October 2024 to date.

The purpose of the ANAO is to support accountability and transparency in the Australian Government sector through independent reporting to the Parliament, and thereby contribute to improved public sector performance. The ANAO seeks to achieve this outcome through delivery of its programs of audit services as outlined in the Portfolio Budget Statements 2024–2025.

The [ANAO's Senate Estimates Committee Support website section](#) displays summaries of all audits tabled during the period and can be filtered to access audit report summary information relevant to the Committee's allocated portfolios. This provides Committee members and secretariat staff direct and real time access to audit report summary information relevant to the Committee. The audit summaries are optimised for printing to PDF.

### [Performance statements audit reports relevant to the Committee](#)

The purpose of the performance statements audit program is to drive improvement in the quality of entities' performance reporting to the Parliament and the public, against the requirements of the Commonwealth Performance Framework. This information should assist the committee in its lines of inquiry regarding how well taxpayer's money has been spent and whether Commonwealth entities are delivering value for money for the purposes for which they are funded.

Of the 14 entities audited by the ANAO in 2023–24, there were no performance statements audits directly relevant to the Committee.

The ANAO presents an End of Year report to Parliament summarising the outcomes of performance statements audits, including opportunities to improve the quality of Commonwealth entities' performance reporting to the Parliament generally. Auditor-General Report No.25 of 2024–25, *Performance Statements Auditing in the Commonwealth — Outcomes from the 2023–24 audit program* is expected to table on 19 February 2025.

The ANAO will be conducting performance statements audits of 21 entities in 2024–25. The performance statements audits of the Department of Finance, the Department of Parliamentary Services, the Department of the Prime Minister and Cabinet and the National Indigenous Australians Agency are relevant to the Committee.

### Performance audit reports relevant to the Committee

Performance audit reports identify areas where improvements can be made to aspects of public administration and make specific recommendations to assist public sector entities to improve performance. This can include an assessment of whether the audited entity executes its activities in accordance with the requirement to promote proper use of public money – that is the use of management of public money was efficient, effective, economical and ethical; and is in compliance with policy frameworks.

There have been three tabled performance audit reports since 25 October 2024 relevant to the Committee.

- Auditor-General Report No.12 2024–25 [Management of Conflicts of Interest by Corporate Commonwealth Entity Boards](#)
- Auditor-General Report No.14 2024–25 [Implementation of Parliamentary Committee and Auditor-General Recommendations — Indigenous Affairs Portfolio](#)
- Auditor-General Report No.17 2024–25 [Management of Conflicts of Interest by Aboriginal Hostels Limited, Aboriginal Investment NT and Outback Stores Pty Ltd](#)

### Financial statements audit reports relevant to the Committee

The ANAO's financial statements audits examine the financial accounting and reporting of Australian Government entities and provide independent assurance that financial statements have been prepared in accordance with the Government's financial reporting framework and Australian Accounting Standards. The ANAO's audit opinions are provided to Ministers and included in entity annual reports which are tabled in the Parliament.

In addition, the ANAO presents reports to Parliament summarising its audits of financial statements twice a year. Auditor-General Report No. 22 2024–25 [Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2024](#) (the Report) tabled on 6 February 2025. The report provides a summary of the final results of the audits of the Consolidated Financial Statements (CFS) for the Australian Government and the financial statements of Australian Government entities for the period ending 30 June 2024.

#### **Australian Government's Consolidated Financial Statements**

The CFS presents the whole of government and the General Government Sector financial statements. The 2023–24 Consolidated Financial Statements was signed by the Minister for Finance on 28 November 2024 and the Auditor-General's unmodified auditor's report was issued on 2 December 2024 [\[paragraph 1.5\]](#).

The Australian Government reported a net operating balance of a surplus of \$10.0 billion. The surplus has contracted in 2023–24 because of growth in expenditure has outgrown taxation revenue. Key drivers for the growth in expenditure include an increase of \$18.5 billion in participant plan expenses for the National Disability Insurance Scheme and an increase of \$10.4 billion in personal benefit expenses, from 2022–23 [\[paragraphs 1.11 – 1.12\]](#).

The Australian Government's reported net worth was a deficit of \$567.5 billion [\[paragraphs 1.13 – 1.14\]](#).

## Financial audit results

In respect of the Finance, Parliamentary Departments, and Prime Minister and Cabinet portfolios, the ANAO reported the following:

- three auditor's reports that were not finalised at 9 December 2024 for the IBA Retail Asset Management Pty Ltd, Ikara Wilpena Enterprises Pty Ltd, and Ikara Wilpena Holdings Trust [\[paragraphs 4.14.2 - 4.14.3\]](#).
- unmodified audit reports for entities in the Finance, Parliamentary Departments and Prime Minister and Cabinet portfolios – except for the audits not finalised for the IBA Retail Asset Management Pty Ltd, Ikara Wilpena Enterprises Pty Ltd and Ikara Wilpena Holdings Trust [\[paragraphs 4.14.2 - 4.14.3\]](#).
- new significant or moderate audit findings for the audits of ASC Pty Ltd [\[paragraphs 4.7.40 - 4.7.41\]](#), Anindilyakwa Land Council [\[paragraphs 4.14.55 - 4.14.62\]](#), Tiwi Land Council [\[paragraphs 4.14.74 - 4.14.77\]](#), and the Department of Parliamentary Services [\[paragraphs 4.13.17 - 4.13.18\]](#).
- significant and moderate audit findings that were unresolved at the conclusion of the 2023–24 audits for the audits of the Northern Land Council [\[paragraphs 4.14.66 - 4.14.70\]](#) and Wreck Bay Aboriginal Community Council [\[paragraphs 4.14.85 - 4.14.90\]](#).

In addition to the matters specific to the portfolios, the Report also contains analysis of themes emerging from the 2023–24 audits of the Australian Government's CFS and 245 Australian Government entities. The Committee may be interested in the following matters of relevance across the sector identified by the ANAO for which further information is available in the report:

- **timeliness of auditor's reports decreased**, with 79 per cent of auditor's reports signed within three months of year end. The decrease in timeliness is mostly attributed to an increase in the number of audit findings and legislative breaches noted, and the nature of the ANAO's resourcing base [\[paragraphs 2.2 – 2.6\]](#).
- **IT controls remain a key issue**, with 43 per cent of all audit finding identified relate to deficiencies in IT controls [\[paragraphs 2.87 – 2.97\]](#).
- **the ANAO continues to identify legislative breaches relating to Key Management Personnel remuneration** – 53 per cent of legislative breaches identified by the ANAO in 2023–24 related to incorrect payments of remuneration to key management personnel, and/or non-compliance with Determinations made by the Remuneration Tribunal [\[paragraphs 2.135 – 2.137\]](#).
- **the use of Artificial Intelligence in Commonwealth entities is increasing** – 56 entities had adopted artificial intelligence in their operations [\[paragraphs 2.67 – 2.71\]](#).
- **the provision of official hospitality** could have risks associated with probity and transparency. Only sixteen per cent of entities identified specific risks relating to hospitality in their entity level risk assessment process [\[paragraphs 2.36 – 2.56\]](#).
- entities could improve assurance over the provision **Cloud Computing Arrangements** from external providers. Eighty-nine per cent of entities used cloud computing arrangements, of those entities 82 per cent did not have formal arrangements in place to review Service Organisation Controls (SOC) certificates from their cloud computing providers [\[paragraphs 2.57 – 2.66\]](#).

## Appearances and briefings

It is open to the Committee to invite the Auditor-General and representatives to appear before the Committee at estimate hearings or to attend private briefings to provide comment and insight into matters relevant to Auditor-General reports. The information about Auditor-General reports tabled since 25 October 2024 to date is intended to assist the Committee to prepare for February 2024–25 Additional Budget Estimates hearing.

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In order for the ANAO to provide witnesses with the relevant audit expertise and best assist the Committee with its enquiries, the ANAO would appreciate the Committee's advice on which audits may be the subject of examination during estimate hearings prior to the ANAO's appearance.

If you have any queries in relation to the audits, would like to arrange a briefing, or require any other assistance from the ANAO, please contact External Relations by email .

We are comfortable with circulating this correspondence to Committee members.

Yours sincerely

Rona Mellor PSM

Deputy Auditor-General