

-Auditor-General-

Senate Estimates Opening statement

9 February 2026

Since the December senate estimates hearing the ANAO has progressed its work to support transparency, accountability and performance in the Australian government sector, and released two end-of-year reports that summarise results and key themes across our audits across the public sector for the 2024-25 financial year.

First, our report on the outcomes of the 2024-25 financial statements audits was tabled on 18 December 2025, covering the results of the audits of the Australian Government's Consolidated Financial Statements (CFS) and 243 Australian Government entities.

Overall, financial statement **preparation processes are functioning in an effective manner**, but areas for improvement remain.

- Across the 244 audits, the ANAO issued 242 unmodified (or 'clean') audit opinions, and 2 modified audit opinions (for the Royal Australian Mint and the Department of the House of Representatives).
- **Timeliness** in preparation of the financial statements improved compared to 2023–24
- We observed **fewer differences** between the entity's and the audit work, and more of those differences were self-adjusted by the auditees
- We also observed **a decrease in overall audit findings** compared with the prior year
- While these observations are positive, there were also areas for concern:
 - The number of **legislative breaches increased** (with 21 breaches reported, up from 15 last year).
 - **Weaknesses in IT controls** remain a persistent theme across audits. **Forty five per cent** of all audit findings related to the IT control environment. Weaknesses in IT controls can expose entities to an increased possibility of unauthorised access to systems and data, or data leakage, and can pose significant business risks to the security and integrity of operations. Addressing these fundamentals is essential in an environment where entities increasingly rely on technology, including artificial intelligence.

Our report on the outcomes of the 2024-25 performance statements audits was tabled on 5th February, covering audits of 21 entities that collectively account for more than 85% of govt revenue and expenditure. This is our fifth year of performance statements audits. Performance statements complement entity financial statements, by providing information and insights on what is achieved with Commonwealth resources.

OFFICIAL

The ANAO has observed substantial improvements in the quality of reporting since the commencement of the audit program, both in the scope of what is being reported, and in the clarity, consistency, and usefulness of the performance information presented in annual performance statements. **15 entities received an unmodified audit conclusion, and 6 received a modified conclusion.** Despite the increase in entities audited, the total number of audit findings remaining roughly constant, at 65 compared to 66 last year, with fewer significant findings. Maturity in entity performance reporting systems is growing.

While entities are improving compliance with the reporting requirements under the PGPA rule, more focus is needed to ensure performance statements provide an appropriate and meaningful presentation of what has been achieved with public resources. We see a particular need for a greater focus on:

- **measures of efficiency,**
- **measures of outcomes or impact;**
- on adopting **more consistent measures of like-functions across entities** (such as regulation or claims processing); and on
- **reporting on cross-entity initiatives.**

Our report outlines a number of opportunities for improvement for Finance (as the policy owner), for entities, and also for the ANAO to consider as performance statement auditing continues to develop.

Since July, eighteen performance audits have been tabled in the Parliament, alongside the 2024-25 Defence Major Projects Report and Performance Audit outcomes report. Our performance audit program remains on track to deliver our target of between 38 and 42 performance audits this FY. This target was revised down from last year's target of 48 audits, which the Parliament has recommended, because of resource constraints.

We are now in the process of preparing our audit work program for 2026/27 and future years. I intend to achieve broad coverage across areas of public administration, maintain a strong focus on integrity in public administration, and further increase our focus on value-for-money and efficiency in government activity, and on the effective use and management of digital technologies.

We will begin consulting on the proposed program in late February and as always, and as required, will have regard to the priorities of the Parliament through the JCPAA. We look forward to input to the program from the Parliament, the sector and the public before publishing the program in July.

Thank you and we look forward to answering your questions.

OFFICIAL