

# Submission to the Joint Committee of Public Accounts and Audit

**Inquiry into Commonwealth Financial Statements  
2022-23: Auditor-General Report No. 9 of 2023-24**

March 2024

[ndis.gov.au](https://www.ndis.gov.au)

The logo for the National Disability Insurance Scheme (NDIS), consisting of the lowercase letters 'ndis' in a white, sans-serif font. The letter 'i' has a small green dot above it. The logo is set against a dark purple circular background.

The National Disability Insurance Agency (NDIA or the Agency) welcomes the opportunity to make a submission to the Joint Committee of Public Accounts and Audit's (JCPAA) inquiry into Auditor-General Report No. 9 of 2023-24: Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2023 (Report).

## **1. Audit findings from the Australian National Audit Office**

### **1.1 Unresolved moderate findings**

The Report details two unresolved moderate findings relating to removal of user access and privileged user activity monitoring.

### **1.2 Removal of user access**

#### **1.2.1 Audit findings**

As part of the Australian National Audit Office (ANAO) 2020–21 financial statements audit, the ANAO found weaknesses in NDIA's user access terminations processes. User accounts should be removed upon termination date as they no longer have a legitimate requirement to access the NDIA's network.

The report noted the NDIA moved to a new Information and Communication Technology operating environment and created a new process to address this finding during the 2022–23 audit, however there were weaknesses with the reporting used to detect potentially inappropriate activity. The ANAO is expected to review the status of this audit finding as part of its 2023–24 financial statements audit.

#### **1.2.2 NDIA Response**

The NDIA accepted the ANAO's findings and took immediate action to mitigate and minimise the effect of the issue raised. The NDIA has reviewed and implemented a more streamlined system for early notification and processing of all staff cessations, covering NDIA staff, labour hire workers and partner organisations who have access to NDIA business systems. The process is automated, wherever possible, and centrally managed by NDIA's People and Culture Division.

The NDIA is closely monitoring offboarding processes to ensure user access is terminated in a timely manner. The NDIA uses data from a range of systems and services to investigate and manage access to NDIA systems by terminated personnel. The process seeks to confirm no inappropriate transactions or data has been accessed by personnel following the termination of their employment with the NDIA.

The new process was implemented in June 2021, and the NDIA has since made improvements to the process to ensure that it is operating effectively.

## 1.3 Privileged User Activity Monitoring - PACE

### 1.3.1 Audit findings

As part of the ANAO’s 2022–23 financial statements audit, the ANAO found that the NDIA did not have a formal process to review privileged user activity in the PACE system. The ANAO recommended that the NDIA should assess whether the current real-time alert system meets the underlying business risks relating to privileged user access and implement a formal process to document the outcomes of alerts raised.

### 1.3.2 NDIA Response

The NDIA has addressed the ANAO’s recommendation and expects the ANAO to review the NDIA’s approach as part of the 2023-24 financial statements audit. The NDIA made changes including:

- a) implementing a new process, including documentation, to review and act upon alerts, and
- b) making changes to the Agency’s privileged access to PACE following a review of the NDIA’s previous approach.

## 1.4 Key areas of financial statements risk

### 1.4.1 Audit focus

The ANAO’s report highlighted the following areas for specific audit coverage in 2022–23:

Relevant financial statements item	Key area of risk
Participant plan expenses (\$35.2 billion)	Accuracy and occurrence of participant plan expenses
Participant plan provision (\$1.9 billion)	Valuation of participants’ plan provisions

Relevant financial statements item	Key area of risk
Contributions in-kind from state and territory governments revenue (\$1.1 billion)  In-kind expenses (component of participant expenses) (\$1.1 billion)	Completeness, occurrence, and accuracy of contributions of in-kind services from state and territory governments

### 1.4.2 NDIA Response

The NDIA undertakes a risk assessment of the potential for financial misstatement at a financial statement note level, as part of its annual financial statement preparation process. It then prepares a financial statement preparation plan which outlines its procedures to reduce each potential risk of misstatement to an acceptable level. This process addresses the ANAO’s key areas of financial statements risk.