



Auditor-General for Australia



5 December 2023

Mr Julian Hill MP
Chair
Joint Committee of Public Accounts and Audit

Dear Mr Hill

Joint Committee of Public Accounts and Audit Report 499: *Inquiry into the Annual Performance Statements 2021-22*

I am writing in relation to the recommendations directed to the Australian National Audit Office (ANAO) contained in the JCPAA Report 499: *Inquiry into the Annual Performance Statements 2021-22*.

Recommendation 1

The Committee recommends that the Australian National Audit Office:

- Prepares a summary of the trends, key systemic issues, and examples of better practice in performance reporting identified in the 2021-22 performance statements audits and distributes this across the public sector; and
- Considers and reports back to the Committee on the value of making this an annual product.

ANAO Response: Agreed

The ANAO published [Audit Insights: Reporting Meaningful Performance Information](#) in July 2023, based on findings summarised in Auditor-General Report No. 13 of 2022-23 (on 2021-22 annual performance statement audits). This included issues agencies could address to improve performance reporting.

The ANAO is finalising an end-of-year report on audits of 2022-23 annual performance statements across ten Commonwealth entities, which will include information on key trends and systemic issues, as well as identifying further opportunities for improving the quality of performance statements. This report will be published in early 2024.

Both the audit insights product and end-of-year report on performance statements are established in the ANAO as annual products to help build capability in performance reporting, contribute to improved public sector performance and improve accountability and transparency to the Parliament and the public.

Recommendation 3

The Committee recommends that the Australian National Audit Office and the Department of Finance work together to develop and publish a revised annual performance statements audit schedule that allows the Australian National Audit Office to begin its work in the cycle so findings from the interim stage contribute

to an entity's annual portfolio budget statements and report back to the Committee on progress within six months.

ANAO Response: Agreed

The ANAO will continue to work with the Department of Finance regarding entities that might be requested by the Finance Minister to be audited each year.

This year the ANAO and Department of Finance expedited the process of scheduling performance statements audits: the Finance Minister's request for the 2023-24 program of audits, comprising 14 entities, was received on 18 July 2023. As a result, work on the new cycle of performance statements audits has already commenced. The ANAO is aiming to provide feedback to entities being audited during December 2023, which will be based on a preliminary assessment of key planning and control documents such as 2023-24 corporate plans and portfolio budget statements. This timing is designed to enable feedback to contribute to an entity's portfolio budget statements for the 2024-25 budget period and the development of an entity's 2024-25 corporate plan.

The ANAO will report on its progress on the performance statements audit schedule before March 2024.

Recommendation 4

The Committee recommends that updated advice be provided to it within six months from:

- The Australian National Audit Office regarding the publication of its performance statements audit methodology, the flagged audit strategy documents and initial feedback from agencies on these documents and
- Department of Finance regarding any further guidance across the system that has been issued or is planned in relation to performance statements auditing.

ANAO Response: Agreed

The [ANAO audit manual](#), including material specific to performance statement audits, was published on 13 October 2023. The manual recognises that performance statements audits are conducted under the ANAO auditing standards that adopt the Australian Standard ASAE 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Auditing and Assurance Standards Board

The ANAO will continue to refine its audit methodology to ensure it remains fit-for-purpose, drives continuous improvement and encourages entities to deliver meaningful performance reporting to the Parliament. This includes ensuring entities meet both the technical requirements and intent of the Commonwealth Performance Framework.

Improvement in the audit methodology will be informed through feedback from entities and experience, and by developments internationally and in the private sector in relation to non-financial information, such as sustainability reporting. The ANAO has also established a Performance Statements Expert Advisory Panel. The Expert Panel will support the future development of the audit methodology and ensure that it contributes to high quality performance information and reporting.

The aim for the 2023-24 performance statements audits, is to provide entities with Audit Strategy Documents that contain initial findings concerning performance measures in December 2023. This timing is significantly earlier than previous years and would enable entities to consider opportunities for improving their corporate plan for the next financial year.

The ANAO will provide updated advice on the provision of audit strategy documents and entity feedback by March 2024.

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Yours sincerely

Grant Hehir

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