



Australian Government
**Department of Industry,
Science and Resources**

Inquiry into the Commonwealth Financial Statements 2023-24

Request to provide submission to Joint Committee of
Public Accounts and Audit (JCPAA) on findings from the
Auditor-General Report No. 22 of 2024-25.

11 November 2025

For further information on making a submission to a Committee inquiry, please see the [APH website](#)

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Issue from 2023-24 financial statements audit

Introduction

Thank you for the opportunity to provide an update to the JCPA on the finding made by the Australian National Audit Office in our 2023-24 financial statements audit, as reported in the Auditor-General Report No. 22 of 2024-25.

Details of the finding

During the 2023-24 financial statements audit, the Australian National Audit Office (ANAO) identified weaknesses in how the Department of Industry, Science and Resources (the department) managed balances for Work in Progress assets.

At the completion of the 2023-24 financial statements audit, the ANAO issued a new moderate audit finding relating to the management of Work in Progress.

Audit Recommendation

The ANAO recommended the department seek to understand the root cause of the errors identified during the audit, to determine the actions required to minimise the miscoding of amounts to Work in Progress.

The ANAO suggested the department consider:

- providing additional training to impacted business groups, including material on common issues.
- using a clearing account as a mechanism to review the classification of transactions prior to release to the Work in Progress account.
- introducing a risk-based review of transactions remaining in the Work in Progress balance post 30 June 2024.

The ANAO also recommended that time charging and support for the capitalisation of contractor costs should be examined with the aim of improving the clarity of how contractor time is allocated to projects, as well as the detail required in timesheets or time recording to support the capitalisation of the invoiced contractor hours.

Actions taken during 2024-25

During 2024-25, the department undertook a program of work to uplift the processes and controls across the management of Work in Progress.

This work included:

- implementing a system-based time sheeting solution to simplify the capture and classification of contractor time spent on capital projects.
- conducting monthly, risk-based reviews of transactions
- increased consideration of accounting treatment when preparing new funding requests; and
- conducting a detailed assessment of accounting treatment for projects included in Work in Progress.

Outcome

Through the activities undertaken in 2024-25, including obtaining independent advice to assess the appropriate accounting treatment of intangible projects, the department identified further Work in Progress assets had been incorrectly classified as capital rather than the relevant category of expenses in the relevant year. This had impacts across both the 2023-24 and 2024-25 financial statements. As a result, following corrective action, the department restated the prior period balances and included appropriate disclosures in the 2024-25 financial statements.

In their closing letter the ANAO acknowledged the department had implemented a number of controls during the year which will continue to be embedded and mature in operating effectiveness in 2025-26.

As a result, the ANAO was satisfied that the matters raised at the 2023-24 audit addressed the finding and the rating of the finding was downgraded to minor.

The department will continue to focus on embedding the changes with an expectation the finding will be closed in the 2025–26 audit.