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Joint Standing Committee on the NDIS
Annual Report No.1 of the 48th Parliament
Opening Statement
22 October 2025

1. Good afternoon Chair and Committee members.
2. Thank you for the opportunity to appear before the Committee today as the Committee prepares its first annual report of the 48th Parliament.
3. The ANAO's purpose 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.
4. The ANAO supports the Auditor-General's conduct of the full range of audits and related services under the *Auditor-General Act 1997*. These include:
 - financial statements audits of Commonwealth entities, and Commonwealth companies and their subsidiaries, including the audit of the Australian Government's consolidated financial statements;
 - conducting performance audits and audits of the performance measures of Commonwealth entities and Commonwealth companies and their subsidiaries;
 - auditing annual performance statements of Commonwealth entities;
 - other assurance reviews, including the Defence major projects report and audits by arrangement;
 - reporting directly to the Parliament on any matter, such as information reports; and
 - the publication of audit insights and key learnings from audit work.
5. The National Disability Insurance Scheme (NDIS) has been examined through the ANAO's audit products, including performance audits and financial statements audits of the National Disability Insurance Agency (NDIA) and the NDIS Quality and Safeguards Commission (NDIS Commission), and performance statements audits of the NDIA.

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6. The primary risks identified by the ANAO for the NDIA relate to its ability to maintain scheme integrity and financial sustainability in the context of achieving the Australian Government's eight per cent growth target from 2026. Robust governance and risk management practices are required as it implements legislative and policy changes from recommendations accepted by the Australian Government from the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability and the Independent Review into the NDIS.

Recent ANAO performance audit reports

7. The ANAO has undertaken three performance audits focussed on the NDIS in 2024–25 and 2025–26 to date:
 - Auditor-General Report No. 2 2025–26 *Effectiveness of the NDIS Quality and Safeguards Commission's Regulatory Functions* was the first performance audit of the NDIS Commission undertaken by the ANAO. While the NDIS Commission is working on maturing as a regulator, the audit concluded the NDIS Commission is partly effective in exercising its regulatory functions. The Commission does not have full visibility of the market it regulates. From 2023–24 to 2024–25 the total number of active providers grew by 25 per cent, with active registered providers and active unregistered providers growing by 15 per cent and 26 per cent respectively. In regulating a market that is expected to see continued growth in the number of participants and providers, the Commission's effectiveness as a regulator would be improved by taking a risk-based approach to regulating the NDIS that is underpinned by quality data, and targets available resources to areas of greatest risk. There were 10 recommendations included in the report. The NDIS Commission agreed to nine recommendations and agreed 'in principle' to the tenth recommendation.
 - Auditor-General Report No. 48 2024–25 *National Disability Insurance Agency's Management of Claimant Compliance with National Disability Insurance Scheme Claim Requirements* concluded that the NDIA's management of claimant compliance with NDIS claim requirements was partly effective. Prior to 2024, the NDIS lacked basic prevention controls for fraud and non-compliance. The NDIA is undertaking work to 'crack down on fraud and non-compliant payments', with tranche two of its Crack Down on Fraud program expected to be implemented by December 2025. If this work is delivered as planned, and embedded into business-as-usual activities, it has the potential to improve the financial sustainability of the NDIS. There were four recommendations included in the report and the NDIA agreed with each of them.
 - Auditor-General Report No. 41 2024–25 *Effectiveness of the Board of the National Disability Insurance Agency* concluded that the NDIA Board's governance was largely effective. The Board could strengthen its overall governance of the NDIA and the NDIS by setting clear

requirements for additional strategic reporting to it on the progress of the implementation of financial sustainability initiatives. The Board's practice of seeking further information and assurance from management where results are below targets, or other issues or risks are reported, was maturing but not consistent across the Board's and its committees' meetings. There were three recommendations included in the report and the NDIA agreed with each of them.

Themes emerging from financial statements audits

8. The NDIA financial statements audit has been classified by the ANAO as a higher risk engagement and the following key risks were identified for 2024–25:
 - completeness, occurrence and accuracy of contributions of in-kind services from state and territory governments - high risk and considered a Key Audit Matter (KAM);
 - accuracy and occurrence of participant plan expenses - high risk and considered a KAM;
 - valuation of participant's plan provisions - high risk and considered a KAM; and
 - completeness and accuracy of data transitioned from SAP customer relationship management system to PACE - affecting all financial statement line items - moderate risk.
9. At the conclusion of the 2024–25 interim audit phase, there were four moderate findings, three of which related to IT general controls, in particular the management of privileged users and user access terminations. In addition, there was one moderate finding in relation to governance of legal matters, legal advice and debt management.
10. The NDIS Commission's financial statements audit is classified by the ANAO as a lower risk engagement. There were no moderate or significant findings reported at the conclusion of the 2023–24 financial statements audit.
11. The results of the 2024–25 financial statements audits of the NDIA and the NDIS Commission will be included in a report that the ANAO expects to present for tabling in the Parliament in December 2025.

Themes emerging from performance statements audits

12. The ANAO considers the risk associated with the NDIA's performance statements audit as high. The ANAO's 2023–24 auditor's report on the NDIA's performance statements was qualified due to:
 - the performance statements not being complete because they omit essential performance information about the NDIA's management of fraud and non-compliance, which is both a key component of its purpose of delivering a financially sustainable Scheme and a legislative function under the NDIS Act; and

- the NDIA's inability to report a result for the performance measure: 'Children who have benefited from the Scheme and no longer needing supports', which is related to the effectiveness of early intervention supports in improving participant outcomes. This is one of the NDIA's legislative functions and is linked to its purpose of supporting participants to be more independent and engage socially and economically.
13. As a result, the performance information reported for 2023–24 against key activity 1 'Improve participant experience and outcomes with a financially sustainable Scheme' is not complete and does not enable a user of the performance statements to assess the NDIA's performance in relation to this key activity. Significant audit findings were raised related to the two qualifications outlined above.
 14. The results of the 2024–25 performance statements audit of the NDIA will be included in a report that the ANAO expects to present for tabling in the Parliament in December 2025.
 15. We would be happy to answer any questions the Committee may have.