



Australian Government

Services Australia

Our Ref: IS26-000001

Chief Executive Officer
David Hazlehurst

Mr Josh Burns MP
Chair, Joint Committee of Public Accounts and Audit
Parliament House
Canberra ACT 2600
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Dear Mr Burns

**Joint Committee of Public Accounts and Audit
Inquiry into Commonwealth Financial Statements 2023-24 and 2024-25 – Further
submission**

I refer to the correspondence dated 12 February 2026, inviting Services Australia (the Agency) to provide a further submission to the expanded terms of reference, following the Agency's previous Submission on 25 November 2025 to the Joint Committee of Public Accounts and Audit (JCPAA) Inquiry into Commonwealth Financial Statements 2023-24 and 2024-25.

Consistent with the Agency's previous Submission 6 and the Auditor-General Report No. 17 of 2025-26, the Agency had one Category L1 audit finding but had reduced the number of Category A audit findings from two to one, and the number of Category B audit findings from six to four, at the end of the 2024-25 financial statement audit process.

The Agency continues to ensure that resolving ANAO audit findings remains a priority in order to address and manage the Agency's financial and business risks. The Agency's remaining audit findings predominantly relate to the ICT and business processes, which have proven difficult to resolve expediently due to the Agency's large and complex ICT systems and policy environment. These activities are further complicated by interdependencies on legacy systems and processes, other compliance remediation activities and pending legislative revisions for key payment programs.

Since the Agency's submission on 25 November 2025, I am pleased to advise on the progress of the remaining audit findings as follows:

Category L1 - Significant legislative matters in Services Australia's program delivery

The Agency continues to work closely with policy agencies to address remediation activities relating to this finding. On 4 November 2025, legislation to address the issue related to the Private Health Insurance Rebate was passed, to be effective from 4 May 2026. System changes are being developed to give effect to the amended legislation.

With two of the three issues remediated, the Agency continues to work with the Department of Social Services to address the remaining issue relating to the use of pre-issue income in the Child Support Program as a matter of priority.

Category A - Medicare Compensation Recovery Scheme Governance

On 28 November 2025, the Agency submitted a further closure pack to the ANAO to address the remaining financial and operational issues identified in the finding. Early advice from the ANAO indicates that the activities implemented to date will likely resolve the outstanding issues of this audit finding, with possible closure to be reported in the ANAO interim audit report.

In our previous submission, the Agency reported that for the first quarter of 2025-26, greater than 98 per cent of cases on hand were finalised within legislated timeframes. This has increased to over 99 per cent of cases being finalised year-to-date to the end of January 2026.

Category B - IT Governance

The ANAO downgraded this finding to a Category B as part of 2024-25 Interim Audit, reflecting the progress made in strengthening IT Governance through policy updates, policy compliance testing, disaster recovery enhancements and the establishment of governance committees for escalation and oversight.

On 28 January 2026, the Agency provided an updated closure pack to the ANAO, demonstrating the on-going efforts in the remediation of this finding. The ANAO will consider closure once these assurance activities demonstrate that controls are operating effectively over an appropriate timeframe. A closure decision is also dependent on a reduction in other IT findings.

Category B - Monitoring of super users (Medicare, Child Support and Health)

The Agency submitted a supplementary closure pack to the ANAO on 16 October 2025, which addressed the ANAO's residual concerns over the completeness and accuracy of the reports used in the monitoring process. At this stage, the ANAO are considering closure of this finding as part of the 2025-26 Interim Audit process.

Category B - Monitoring of super users (Centrelink)

The Agency has implemented frequent monitoring processes and continues to progress the residual concern raised by the ANAO over the completeness and accuracy of the reports used with external technical specialists. A closure pack will be submitted to the ANAO once the assurance over the completeness and accuracy of the reports has been completed.

Category B - New Residential Aged Care System Access Management

The Agency has implemented all remediation activities to address the recommendations from the ANAO. The Agency has continued to undertake monthly control process throughout 2025-26, with a supplementary closure pack to be provided to the ANAO by 31 March 2026.

The Agency also has 18 Category C audit findings, with two audit findings confirmed as closed by the ANAO since the tabling of the Auditor General Report, and six closure packs provided to the ANAO for their review during the current interim audit process. Closure packs for the remaining ten Category C audit findings are expected to be provided to the ANAO between April and June 2026.

Yours sincerely

David Hazlehurst

25 February 2026