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Auditor-General for Australia



26 September 2022

Mr Julian Hill MP
Chair
Joint Committee of Public Accounts and Audit
By email: jcpaa@aph.gov.au

Dear Mr Hill

Joint Committee of Public Accounts and Audit Report 488, *Inquiry into Commonwealth Financial Statements 2019–20*

I am writing in relation to the recommendation directed to the Australian National Audit Office (ANAO) contained in the JCPAA Report 488: *Inquiry into Commonwealth Financial Statements 2019–20*, associated with Auditor-General's Reports 25 (2019-20) and 40 (2020-21).

Recommendation 2

The Committee recommends that the following updates be provided to the Committee within six (6) months of the tabling of this report:

- An update from the Northern Land Council providing an update in relation to its progress in addressing the significant legislative breach identified by the Australian National Audit Office; and
- An update from the Australian National Audit Office informing the Committee on whether sufficient progress has been made by the Northern Land Council in addressing this breach.

ANAO Response:

The ANAO performed a follow up of the Northern Land Council's (NLC's) finding on the Royalty Trust Account (category L1 first raised in 2012-13) during the final audit phase of the 2021-22 audit in August 2022.

In relation to the two unresolved items in the finding:

- the legacy unreconciled balance of \$1.73 million in the royalty trust account as at 30 June 2020 has remained unchanged at 30 June 2022. NLC advised that the legal team had filed an application to the Supreme Court of the Northern Territory to seek direction on how to apply the unallocated amount. An originating motion was received for 26 July 2022 and NLC had its first hearing on 7 September 2022. The Court has reserved its judgment on the hearing of the originating motion.
- based on testing performed during 2021–22, the ANAO has continued to identify instances of non-compliance with the requirement for funds in NLC's royalty trust account to be distributed to traditional owners within the agreed timeframes. NLC has established a Benefits Distribution Unit and have communicated to the ANAO that strategies are being undertaken to expedite the distribution payments.

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Based on the above, the significant legislative breach finding remains unresolved for the year ended 30 June 2022 and the ANAO will continue to review progress on the finding during the 2022-23 audit cycle.

Yours sincerely

Grant Hehir

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