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THE COMMONWEALTH PARLIAMENT  
JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

DEPARTMENT OF THE SENATE
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<i>Mong Ewan</i>

REPORT ON THE DRAFT BUDGET ESTIMATES  
FOR THE AUSTRALIAN NATIONAL AUDIT OFFICE  
FOR 1998-99

May 1998

## **Report on the draft budget estimates for the Australian National Audit Office for 1998 -99.**

In accordance with the provisions of Section 53 of the *Auditor-General Act 1997*, the Joint Committee of Public Accounts and Audit has considered the draft budget estimates of the Australian National Audit Office for the 1998-99 financial year.

The Committee is able to advise the Parliament that it is satisfied that the draft budget estimates submitted by the Auditor-General to the Committee on 11 March 1998 are sufficient to enable the Auditor-General to properly exercise his functions and powers under the Act, covering financial statements, performance audits, and audit services.

In his submission the Auditor-General noted that the ANAO's total budget estimate for all audit programs was \$54.207 million in 1998-9 based on current budget parameters. This comprised running costs of \$53.947m, Other services of \$0.003m and Special Appropriations (Office of the Auditor-General and Independent Auditor) of \$0.259m.

The Auditor General told the Committee that the budget allocation had been determined in accordance with the Government's budgetary arrangements and *no new policy changes requiring supplementary funding had been introduced*. The Auditor-General said that ANAO would return to revenue \$2 million from running costs appropriations this financial year. Savings in the current financial year had resulted from improved productivity due to a combination of factors including increased application of information technology and a reduction in the number of public audits required. A vital element in ANAO's budget planning was the need for the agency to retain sufficient flexibility to undertake audits as required by the JCPAA and by the Parliament.

The key elements of ANAO's business as summarised in the Auditor-General's submission are:

- Running costs account for the significant majority of ANAO resources;
- Property operating expenses, covered by a Memorandum of Understanding with the Department of Finance, are included in running costs;

- the Finance Minister has agreed that the budget may be adjusted to reflect significant variations in the Auditor-General's mandate (with respect, for example, to the numbers and types of agencies subject to audit);
- the ANAO's products are fully costed and charge out rates for both financial statement and performance audits are set so that the costs of individual audits reflect all relevant costs incurred by the ANAO;
- audit fees are paid by most statutory authorities and Government controlled companies for financial statement audits; fee receipts are paid directly into the Consolidated Revenue Fund and the level of fees is not used directly in determining ANAO's annual budget;
- the ANAO's annual report includes audited financial statements which are produced on a full accrual basis and independently audited.

In conclusion the Committee accepts that the budget outlined in the Auditor-General's submission to the Committee is sufficient to enable the ANAO to serve the needs of key stakeholders including the JCPAA and the Parliament, and to operate in a cost effective manner in a commercially contestable business environment.



Bob Charles MP  
Chairman