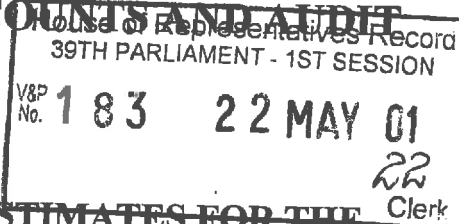


JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT**STATEMENT ON THE DRAFT BUDGET ESTIMATES FOR THE
AUSTRALIAN NATIONAL AUDIT OFFICE FOR 2001-2002
TABLING STATEMENT**

**MR BOB CHARLES, MP
CHAIRMAN**

CANBERRA

22 MAY 2001

Mr Speaker, In accordance with provisions of the *Public Accounts and Audit Committee Act 1951* the Committee is required to make recommendations to both Houses of Parliament and to the Prime Minister on the draft budget estimates of the Australian National Audit Office (ANAO).

The Committee, having considered the draft budget estimates for 2001-2002 submitted by the Auditor-General is able to advise Parliament that it is satisfied that the estimates are sufficient to enable the Auditor-General to properly exercise his functions and powers under the *Auditor-General Act 1997*. The estimates specifically refer to the provision of assurance audit services, performance audit services and information services.

The budget allocation the ANAO is seeking for 2001-2002 is \$50.126m determined in accordance with the outputs/outcomes budget framework. This represents a \$530,000 increase over the previous year's budget allocation and a budget saving in real terms of \$1.0m. Annual financial projections, based on known parameters, indicate that the ANAO should also be able to return \$1million to the Budget in 2002-2003 and 2003-2004.

The Auditor-General told the Committee that the ANAO's current financial position was sound. The ANAO has sufficient assets to meet short and long term obligations in relation to employee entitlements and the replacement of non-current assets.

The Audit Office will continue its staff recruitment campaign, enhance its knowledge management capabilities, and continue to implement a range of workforce planning initiatives. The recruitment and replacement of appropriately skilled staff continues to represent a significant management challenge for the Office. The ANAO also expects to decide the outcome of the market testing of its corporate services functions by mid 2001.

The ANAO has implemented a new risk-based financial audit methodology and embarked on a knowledge management program. Both initiatives will enhance the ANAO's ability to operate more efficiently by reducing audit costs and to transfer knowledge and expertise through audit products and services.

As a result of achieving ongoing efficiencies and changes in business practices, the ANAO has sufficient cash reserves to meet the accumulated cost of existing liabilities for employee entitlements and to manage the recently negotiated Certified Agreement. Projected business requirements for 2001-2 include the funding of a modest increase in audit capacity, and an increase in ANAO's

capacity to better meet the needs of Parliamentary Committees and individual Parliamentarians.

Mr Speaker, the Joint Committee of Public Accounts and Audit in line with its statutory responsibilities as Audit Committee of the Parliament, will continue to monitor closely the demands placed on the Auditor-General's resources by way of ad hoc audit requests. This will ensure that the Audit Office's wider scheduled program of performance audits is not compromised.