

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2014

Prime Minister and Cabinet Portfolio

Department/Agency: Australian National Audit Office

Outcome/Program:

Topic: Audit fee

Senator: Dastyari

Question reference number: 13

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Number of pages: 1

Question:

Senator DASTYARI: And perhaps you could take this on notice, and this will be my last question. In your agency resource statement you talk about the charging of the audit fee for financial statement audits of Commonwealth authorities, companies and their subsidiaries subject to the Commonwealth Authorities and Companies Act 1997 and then go on to say that revenues from these audit fees are paid into the official public account and are not available to the ANAO. I am just trying to get my head around how that process actually works, because I am looking at table 3.2.7—

Mr McPhee: Yes, I know the issue, and I am happy to take it on notice. It is a straightforward answer, but I am happy to take it on notice.

Answer:

The ANAO is primarily budget funded via a departmental appropriation. The ANAO also receives a separate appropriation for the remuneration of the Auditor-General. These sources account for approximately 95.4% of all ANAO funding (\$73.4m in 2014-15). The ANAO also receives income from a sublease, audit fees for audits by arrangement, and funding from the Department of Foreign Affairs and Trade for auditing and support in Papua New Guinea and Indonesia.

The functions of the Auditor-General include the auditing of Commonwealth companies and authorities. Under section 14 of the *Auditor-General Act 1997* these entities are liable to pay fees for the audit of their financial statement audits.

On receiving fees from the above entities, the ANAO recognises the amounts as administered receipts on behalf of the Government. The funds are not used to fund the operations of the ANAO but are instead returned to the Official Public Account. These moneys are reported separately as administered activities in the ANAO annual financial statements.

The principle inherent in these arrangements is that the Parliament should appropriate funds to directly to the ANAO for its essential auditing responsibilities, and the office should not be dependent on audit fee income to fund its operations.