

# **PART C**

## **AGENCY ADDITIONAL ESTIMATES STATEMENTS**

**AUSTRALIAN NATIONAL AUDIT OFFICE**

## AUSTRALIAN NATIONAL AUDIT OFFICE

### Section 1: Overview, variations and measures

#### AGENCY OVERVIEW

The Auditor-General, through the Australian National Audit Office (ANAO), provides an independent review of the performance and accountability of Commonwealth public sector agencies and entities. Through the delivery of an integrated range of high quality audit products that are timely, cost effective and consistent with public sector values, the ANAO aims to meet the need and expectations of the Parliament, the Executive and audit clients and to add value to public sector performance and accountability.

The Auditor-General Act 1997 provides a legislative framework for the Office of the Auditor-General and the ANAO. The Act establishes the Auditor-General as an ‘independent officer of the Parliament’ - a title that symbolises the Auditor-General’s independence and unique relationship with the Parliament. The Act outlines the mandate and powers of the Auditor-General, as the external auditor of Commonwealth public sector entities.

The Auditor-General’s mandate extends to all Commonwealth agencies, authorities, companies and subsidiaries with the exception of performance audits of Government Business Enterprises (GBEs) and of persons employed or engaged under the Members of Parliament Act 1994. Performance audits of wholly owned GBEs may only be undertaken at the request of the responsible Minister, the Finance Minister or the Joint Committee of Parliamentary Accounts and Audit.

The ANAO’s outcomes, set out below, are directly related to the role of the Auditor-General.

**Improvement in Public Administration** – independent assessment of the performance of selected Commonwealth public sector activities including the scope for improving efficiency and administrative effectiveness.

**Assurance** – independent assurance of Commonwealth public sector financial reporting, administration, control and accountability.

#### APPROPRIATIONS AND RESOURCING

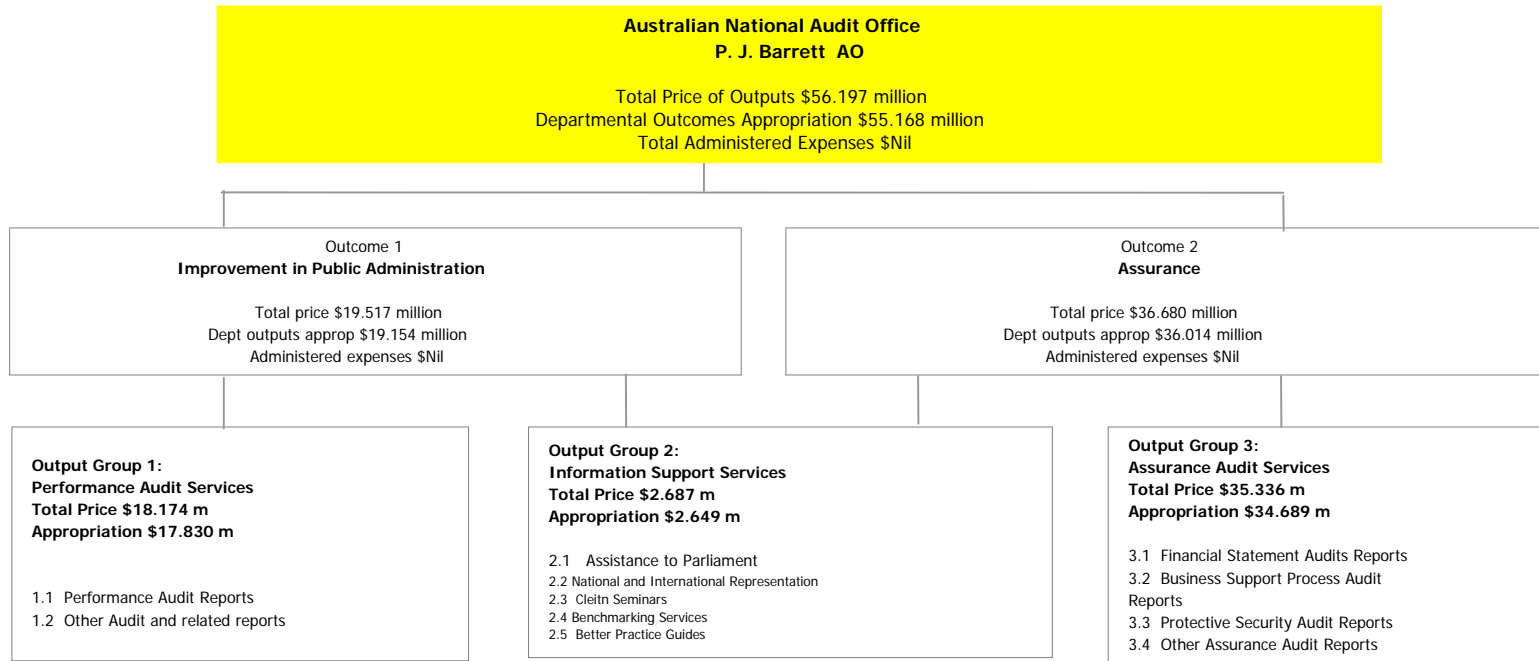
The total appropriation for the ANAO in 2003-04 is \$55.168 million. Map 1 shows the total appropriations for the ANAO for 2003-04 by outcome and price of output appropriation. The estimates contained in Map 1 includes

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supplementation of \$0.245m provided through the additional estimates process. Total funding available to the ANAO in 2003-2004, comprising appropriation revenue plus revenue from independent sources, is estimated to be \$56.197 million.

The ANAO will not receive any Administered capital or departmental equity injections or loans in 2003-2004.

**Map 1: Outcomes and output groups for the Australian National Audit Office**



**ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES**

The ANAO is being provided with additional funding of \$0.245m to cover the increased cost of Comcover premiums for the 2003-2004 financial year. This additional funding is split between both outcomes in 2003-2004 as follows:

Outcome 1: Improvement in Public Administration \$0.107m; and

Outcome 2: Assurance \$0.138m.

In addition, funding is being provided for 2004-2005 and subsequent years for the increased administrative costs to be incurred in meeting the compressed financial reporting timeframe set out in the Budget Estimates and Framework Review.

The financial implications are shown below in the Additional Estimates and Variations to Outcome table and the Measures –Agency Summary.

**Table 1: Other variations to appropriations**

<b>Additional Estimates and Variations to Outcomes</b>				
<b>Other Variations to Appropriations</b>	2003-04	2004-05	2005-06	2006-07
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Outcome 1: Improvement in Public Administration</b>				
Variations in departmental appropriations				
Supplementation to compensate for the increase in Comcover premiums	107	-	-	-
Supplementation to compensate for increased expenses in producing annual audited financial statements	-	13	13	13
<b>Outcome 1: Total variation in departmental appropriation</b>	<b>107</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>Outcome 2: Assurance</b>				
Variations in departmental appropriations				
Supplementation to compensate for the increase in Comcover premiums	138	-	-	-
Supplementation to compensate for increased expenses in producing annual audited financial statements	-	18	18	19
<b>Outcome 2: Total variation in departmental appropriation</b>	<b>138</b>	<b>18</b>	<b>18</b>	<b>19</b>

## **MEASURES — AGENCY SUMMARY**

### **Budget estimates – enhanced quality and timeliness**

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

See Table 1.1: Summary of measures since the 2003-04 Budget for details of the ANAO's funding for this measure.

**Summary of measures since the 2003-04 Budget**

**Table 1.1 - Summary of Measures since the 2003-04 Budget**

Measure	Outcome	Output groups affected	Appropriations 2003-04 (\$'000)			Appropriations 2004-05 (\$'000)			Appropriations 2005-06 (\$'000)			Appropriations 2006-07 (\$'000)		
			Admin	Dept	Total	Admin	Dept	Total	Admin	Dept	Total	Admin	Dept	Total
			items	outputs		items	outputs		items	outputs		items	outputs	
Budget measure														
Budget Estimates and Framework Review	Outcome 1	1 and 2	-	-	-	-	13	13	-	13	13	-	13	13
Budget Estimates and Framework Review	Outcome 2	2 and 3	-	-	-	-	18	18	-	18	18	-	19	19
<b>Total</b>			-	-	-	-	31	31	-	31	31	-	32	32

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.2: Appropriation Bill (No. 3) 2003-04**

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
Improvement in Public Administration	21,370	19,048	19,154	107	-
<b>Outcome 2</b>					
Assurance	30,974	35,875	36,014	138	-
<b>Total</b>	<b>52,344</b>	<b>54,923</b>	<b>55,168</b>	<b>245</b>	<b>-</b>
<b>Total Administered and Departmental</b>	<b>52,344</b>	<b>54,923</b>	<b>55,168</b>	<b>245</b>	<b>-</b>

**Note 1:** 2002-03 available appropriation is included to allow a comparison of this year's appropriation with the funding made available for use in the previous year.

Available appropriation is the amount available to be drawn down, and is equal to:  
*Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings  
 - Rephasings - Other Reductions*

### Appropriation Bill (No. 4) 2003-04

There are no items for Appropriation Bill (No. 4).

## SUMMARY OF STAFFING CHANGES

**Table 1.3: Average staffing level (ASL)**

	2003-04 Budget	2003-04 Revised	Variation
<b>Outcome 1</b>			
Improvement in Public Administration	120	120	Nil
<b>Outcome 2</b>			
Assurance	170	170	Nil
<b>Total</b>	<b>290</b>	<b>290</b>	<b>Nil</b>

## SUMMARY OF AGENCY SAVINGS

No savings have been identified by the Australian National Audit Office.

**VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS**

No revenue variations have been identified.

**Table 1.4: Changes to net annotated appropriations (Section 31) receipts**

	Total approp 2003-04 budget	Total approp 2003-04 revised	Receipts from independent sources budget	Receipts from independent sources revised	Variation in non-govt revenue
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>					
Outcome description text	-	-	-	-	-
<b>Outcome 2</b>					
Outcome description text	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

There are no changes to net annotated appropriations (Section 31) receipts

**REVENUE FROM INDEPENDENT SOURCES**

**Table 1.5: Revenue from independent sources**

	Budget estimate 2003-04 \$'000	Revised estimate 2003-04 \$'000
<b>DEPARTMENTAL REVENUE</b>		
Departmental section 31 receipts	1,029	1,029
<b>Total non-appropriation departmental revenue</b>	<b>1,029</b>	<b>1,029</b>
<b>ADMINISTERED REVENUE</b>		
Other	10,750	10,750
<b>Total non-appropriation administered revenue</b>	<b>10,750</b>	<b>10,750</b>

There is no change to Revenue from independent sources.

**ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS**

**Table 1.6: Estimates of expenses from special appropriations**

	Budget estimate 2003-04 \$'000	Revised estimate 2003-04 \$'000
<b>Estimated expenses</b>		
Auditor-General remuneration and expenses	356	356
<b>Total estimated expenses</b>	<b>356</b>	<b>356</b>

D = Departmental A = Administered

Acts Glossary:  
Auditor-General Act 1997

There is no change to the estimated special appropriation expenses.

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**ESTIMATED SPECIAL ACCOUNT FLOWS**

**Table 1.7: Estimated special account flows**

	<b>Revised Estimate - 2003-04, Heavy Figures</b>				
	<i>Final Actual - 2002-03. Light figures <sup>(1)</sup></i>				
	Opening Balance	Receipts	Payments	Adjustments <sup>(2)</sup>	Closing Balance
	<b>2003-04 <sup>(1)</sup></b> <i>2002-03 <sup>(1)</sup></i>	<b>2003-04</b> <i>2002-03</i>	<b>2003-04</b> <i>2002-03</i>	<b>2003-04</b> <i>2002-03</i>	<b>2003-04</b> <i>2002-03</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Monies Reserve	-	-	-	-	-
Services to Other Government and Non-Agency Bodies Reserve	44	50	48	-	46
	-	-	-	-	-
<b>Total Special Accounts</b>	44	50	48	-	46

D = Depar; A = Administered

Acts Glossary:

FMA Act = *Financial Management and Accountability Act, 1997*

Notes

Note 1 The revised Opening Balance for 2003-04 is the same as the final actual closing balance for 2002-03. This balance may have changed from that shown in the 2003-2004 PBS as the actual for 2002-03 will have been updated to reflect the final budget outcome for that year.

There is no change to the estimated special account flows.

## Section 2: Revisions to outcomes and outputs

### **OUTCOMES AND OUTPUT GROUPS**

The ANAO has not changed the Outcomes or Outputs structure or their definitions.

#### **Output cost attribution**

The ANAO has management information systems in place to cost audit and support activities. All audit related costs are directly costed to the relevant audit or related service and hours are charged by audit staff on a weekly basis. All other costs, not directly attributable to audits or related services, are allocated on the basis of the hours charged by audit staff to each output.

#### **Outcomes**

##### **Explanation of variations**

There are no variations to the performance information for Outcome 1: Improvement in Public Administration or the related Outputs.

There are no variations to the performance information for Outcome 2: Assurance or the related Outputs.

##### **Revised performance information and level of achievement – 2003-04**

There is no revision of performance information or to the level of achievement for 2003-2004.

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**Table 2.1: Performance information for outputs affected by additional estimates**

<b>Output</b>	<b>Performance information 2003-04 budget</b>	<b>Performance information 2003-04 revised</b>
<b>Outcome Measures</b>		
Parliament acknowledges the value of the ANAO contribution	90% value the ANAO role	90% value the ANAO role
Public sector entities acknowledge the value added by ANAO products and services	90% value the ANAO role	90% value the ANAO role
<b>Output Group 1 - Performance Audit Services</b>		
<b>Quantity</b>		
Number of performance audit reports to be produced	45	45
<b>Quality</b>		
Ratio of estimated financial benefits to the total cost of the performance audit outputs	2:1	2:1
Percentage of audit recommendations supported by the JCPAA and other Parliamentary Committees	90%	90%
Percentage of audits where public sector entities acknowledge the value added by the audit	90%	90%
Quality assurance results indicate audits are conducted in accordance with ANAO Auditing Standards	100%	100%
Full costs are allocated to audit products and services	100%	100%
<b>Output Group 2 - Information Support Services</b>		
<b>Quantity</b>		
Number of audit products to be produced	8	8
Number of client seminar series	2	2
Percentage completed in accordance with budget timeframe	100%	100%
<b>Quality</b>		
Seminar topics meet the needs of participants	75% satisfaction level	75% satisfaction level

**Table 2.1: Performance information for outputs affected by additional estimates (continued)**

<b>Output Group 3 - Assurance Audit Services</b>		
<b>Quantity</b>		
Number of financial statement audit opinions to be issued (1)	260	260
Number of audit products produced	11	11
<b>Quality</b>		
Defensible audit opinion expressed	100%	100%
Timeliness of issuing financial statement audit opinions (2)		
Percentage completed in accordance with agreed timeframes (financial statements)	100%	100%
Quality assurance results indicate audits are conducted in accordance with ANAO Auditing Standards	100%	100%
Costs are recovered either actually or notionally	100%	100%

*Notes*

- 1 The actual number of audit opinions is dependent on Government decisions on privatisation and entity structures.
2. The relative dates of issue of the financial statement audit opinion to that of the financial statements being signed is largely dependent on the agency meeting its financial statement preparation timetable. Our aim is to issue the audit opinion on the same day as the signed financial statements are received by the ANAO.

**New outcome and output structures**

There are no changes to the Outcomes or Outputs structure or to the Outcome and Output definitions.

**Changes to Outcome and Output structure arising from additional estimates**

There are no changes to the Outcomes or Outputs structure.

## Section 3: Budgeted financial statements

Revised budgeted departmental and administered financial statements for the department since the 2003-04 Portfolio Budget Statements are presented in this section.

### ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Minor revisions have been made to the budgeted departmental Statement of Financial Performance and the budgeted departmental Statement of Cash Flows. The revision comprises recognition of additional appropriation revenue (totalling \$0.245 million) and expenses of the same amount to meet the increase in the Comcover insurance premium

The main components of 2003-2004 expenses, and their comparison with 2002-2003 reported expenses are set out in the table below.

<b>Expense Category</b>	<b>Actual Expenses 2002-2003</b>	<b>Revised Estimate 2003-2004</b>	<b>Variation</b>
	\$'000	\$'000	%
Employment Expenses	23,094	26,326	14.0%
Direct Audit and Project Related Expenses	16,900	17,041	0.8%
Property Expenses	4,679	5,214	11.4%
Other Expenses	7,671	7,529	(1.8%)
Total Expenses	52,344	56,110	7.2%

### BUDGETED FINANCIAL STATEMENTS

#### Departmental financial statements

##### Budgeted departmental statement of financial performance

The Australian National Audit Office is budgeting for a surplus of \$0.087m in 2003-2004. Essentially, this surplus represents a breakeven result when compared to the surplus reported for 2002-2003 of \$4.130m (after providing for the capital use charge) and \$2.099m in 2001-2002.

Total revenue for 2003-2004 is estimated to be \$56.197m compared to \$56.920m reported for 2002-2003 and \$53.087m for 2001-2002. During this period, appropriation funding has increased from \$50.126m in 2001-2002, to \$53.340m in 2002-2003 and \$55.168m estimated for 2003-2004. Other revenue has varied from \$2.961m in 2001-2002 to \$3,580m in 2002-2003 to an

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estimated \$1.029m in 2003-2004. The major factors contributing to the reduction in Revenue from Independent Sources are discontinuation of funding for the capital use charge (ceased from 1 July 2003) and accounting adjustments associated with the sub lease of the 3<sup>rd</sup> floor of Centenary House, Barton – which amounted to \$2.558m in 2002-2003. These are not present in 2003-2004.

Operating expenses are expected to total \$56.110m in 2003-2004, compared to \$52.344m in 2002-2003 and \$50.281m in 2001-2002 (exclusive of the capital use charge). The change in expenses is the result of increased employment expenses (\$3.232m), a net increase in supplier expenses (\$0.192m) and a net increase in other expenses (\$0.342m). The increase in employment expenses is due to an increase in staffing numbers and the financial effect of the recently implemented certified agreement.

### **Budgeted departmental statement of financial position**

The financial position of the Australian National Audit Office remains strong, reflecting the beneficial affects of prudent resource and financial management. The liquidity position of the ANAO is strong, with assets significantly exceeding short and long term liabilities. The ANAO has managed resources tightly over several years to ensure it is in a position to meet increased operating expenses that may emerge in future years.

### **Budgeted departmental statement of cash flows**

The cash flow position reflects the ANAO's focus on prudent resource management with a strong focus on managing its resources to allow the office to meet its future liabilities and commitments.

### **Departmental capital budget statement**

The capital budget shows a continuing modest investment in non-financial assets.

### **Departmental non-financial assets — summary of movement**

The Australian National Audit Office plans to maintain its modest investment in non-financial assets with the movement in assets reflecting that policy.

## **Administered item financial statements**

### **Schedule of budgeted revenues and expenses administered on behalf of government**

The estimate of administered revenues and expenses has not varied from the estimates contained in the Portfolio Budget Statement.

### **Schedule of budgeted assets and liabilities administered on behalf of government**

The estimated assets and liabilities administered on behalf of government has not varied from the estimates contained in the Portfolio Budget Statement.

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**Schedule of budgeted administered cash flows**

The estimate of administered cash flows has not varied from the estimates contained in the Portfolio Budget Statement.

**Schedule of administered capital budget**

The ANAO does not hold any administered non-financial assets.

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**Table 3.1: Budgeted departmental statement of financial performance for the period ended 30 June**

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>Revenues from ordinary activities</b>					
Revenue from Government	53,340	55,168	56,368	56,830	57,935
Goods and Services	723	1,029	1,119	1,193	1,207
Interest	248				
Revenue from sales of assets	51				
Other	2,558				
<b>Revenues from ordinary activities</b>	<b>56,920</b>	<b>56,197</b>	<b>57,487</b>	<b>58,023</b>	<b>59,142</b>
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	23,094	26,326	27,078	27,432	26,109
Suppliers	27,392	27,584	27,974	28,065	30,358
Depreciation and amortisation	1,506	2,200	2,350	2,500	2,650
Write-down of assets	8				
Other	344				
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>52,344</b>	<b>56,110</b>	<b>57,402</b>	<b>57,997</b>	<b>59,117</b>
<b>Operating surplus or deficit from ordinary activities</b>	<b>4,576</b>	<b>87</b>	<b>85</b>	<b>26</b>	<b>25</b>
<b>Net surplus or deficit</b>	<b>4,576</b>	<b>87</b>	<b>85</b>	<b>26</b>	<b>25</b>
Capital Use Charge*	446	-	-	-	-
<b>Net surplus or deficit attributable to Commonwealth</b>	<b>4,130</b>	<b>87</b>	<b>85</b>	<b>26</b>	<b>25</b>

Note: \* The Capital Use Charge has been discontinued from 1 July 2003.

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**Table 3.2: Budget departmental statement of financial position as at 30 June**

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	1,634	900	900	900	900
Receivables	17,785	18,493	18,619	18,993	20,076
Other	20	103	112	119	121
<b>Total financial assets</b>	<b>19,439</b>	<b>19,496</b>	<b>19,631</b>	<b>20,012</b>	<b>21,097</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	3,056	2,953	2,801	2,487	1,744
Intangibles	607	484	430	348	160
Other	612	518	532	536	546
<b>Total non-financial assets</b>	<b>4,275</b>	<b>3,955</b>	<b>3,763</b>	<b>3,371</b>	<b>2,450</b>
<b>Total assets</b>	<b>23,714</b>	<b>23,451</b>	<b>23,394</b>	<b>23,383</b>	<b>23,547</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Other	3,708	3,001	2,367	1,697	992
<b>Total interest bearing liabilities</b>	<b>3,708</b>	<b>3,001</b>	<b>2,367</b>	<b>1,697</b>	<b>992</b>
<b>Provisions</b>					
Employees	8,488	8,359	8,950	9,569	10,159
Capital Use Charge	-	-	-	-	-
<b>Total provisions</b>	<b>8,488</b>	<b>8,359</b>	<b>8,950</b>	<b>9,569</b>	<b>10,159</b>
<b>Payables</b>					
Suppliers	2,538	3,024	3,115	3,129	3,383
Other	190	190	190	190	190
<b>Total payables</b>	<b>2,728</b>	<b>3,214</b>	<b>3,305</b>	<b>3,319</b>	<b>3,573</b>
<b>Total liabilities</b>	<b>14,924</b>	<b>14,574</b>	<b>14,622</b>	<b>14,585</b>	<b>14,724</b>
<b>EQUITY</b>					
<b>Parent equity interest</b>					
Contributed equity	4,929	4,929	4,929	4,929	4,929
Reserves	579	579	579	579	579
Retained surpluses or accumulated deficits	<b>3,282</b>	<b>3,369</b>	<b>3,454</b>	<b>3,480</b>	<b>3,505</b>
<b>Total parent equity interest</b>	<b>8,790</b>	<b>8,877</b>	<b>8,962</b>	<b>8,988</b>	<b>9,013</b>
<b>Outside equity interest</b>					
Contributed equity	-	-	-	-	-
<b>Total outside equity interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>8,790</b>	<b>8,877</b>	<b>8,962</b>	<b>8,988</b>	<b>9,013</b>
<b>Current liabilities</b>	<b>7,980</b>	<b>2,694</b>	<b>2,808</b>	<b>2,829</b>	<b>3,061</b>
<b>Non-current liabilities</b>	<b>6,944</b>	<b>11,880</b>	<b>11,814</b>	<b>11,756</b>	<b>11,663</b>
<b>Current assets</b>	<b>19,511</b>	<b>19,496</b>	<b>19,631</b>	<b>20,012</b>	<b>21,097</b>
<b>Non-current assets</b>	<b>4,203</b>	<b>3,955</b>	<b>3,763</b>	<b>3,371</b>	<b>2,450</b>

**Table 3.3: Budgeted departmental statement of cash flow for period ended 30 June**

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	53,340	55,168	56,368	56,830	57,935
Goods and services	3,350	1,029	1,119	1,193	1,207
Interest	248				
Other	1,062	2,220	2,225	2,228	2,418
<b>Total cash received</b>	<b>58,000</b>	<b>58,417</b>	<b>59,712</b>	<b>60,251</b>	<b>61,560</b>
<b>Cash used</b>					
Employees	21,989	25,864	26,487	26,813	25,519
Suppliers	31,766	31,033	31,030	31,231	33,528
Other	16,734	-	-	-	-
<b>Total cash used</b>	<b>70,489</b>	<b>56,897</b>	<b>57,517</b>	<b>58,044</b>	<b>59,047</b>
<b>Net cash from/(used by) operating activities</b>	<b>-12,489</b>	<b>1,520</b>	<b>2,195</b>	<b>2,207</b>	<b>2,513</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	51	-	-	-	-
<b>Total cash received</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	805	1,819	2,145	2,103	1,719
Purchase of intangibles	129				
<b>Total cash used</b>	<b>934</b>	<b>1,819</b>	<b>2,145</b>	<b>2,103</b>	<b>1,719</b>
<b>Net cash from/(used by) investing activities</b>	<b>-883</b>	<b>-1,819</b>	<b>-2,145</b>	<b>-2,103</b>	<b>-1,719</b>
<b>FINANCING ACTIVITIES</b>					
<b>Total cash received</b>					
	-	-	-	-	-
<b>Cash used</b>					
Capital use charge paid	1,153				
Other	1,114	606	-	-	-
<b>Total cash used</b>	<b>2,267</b>	<b>606</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from/(used by) financing activities</b>	<b>-2,267</b>	<b>-606</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash held</b>	<b>-15,639</b>	<b>-905</b>	<b>50</b>	<b>104</b>	<b>794</b>
Cash at the beginning of the year (1)	17,273	1,634	729	779	883
<b>Cash at the end of the year</b>	<b>1,634</b>	<b>729</b>	<b>779</b>	<b>883</b>	<b>1,677</b>

Note (1) Change in cash records the transfer of cash to the Official Public Account on 30 June 2003

**Table 3.4: Departmental capital budget statement**

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
<b>Total</b>	-	-	-	-	-
<b>PURCHASE OF NON-CURRENT ASSETS</b>					
Funded by capital appropriations	-	-	-	-	-
Funded internally by departmental resources	934	1,819	2,145	2,103	1,719
<b>Total</b>	934	1,819	2,145	2,103	1,719

Part C: Agency Additional Estimates Statements — ANAO

**Table 3.5: Departmental non-financial assets — summary of movement (Budget year 2003-04)**

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer Software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year				3,154		662		3,816
Additions				1,478		341		1,819
Depreciation/amortisation expense				(1,680)		(520)		(2,200)
Carrying amount at the end of year				2,952		483		3,435
<b>Total additions</b>				1,478		341		1,819
Self funded				1,478		341		1,819
<b>Total</b>				1,478		341		1,819

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**Table 3.6: Schedule of budgeted revenues and expenses administered on behalf of government for the period ended 30 June**

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>REVENUES</b>					
<b>Non-taxation revenues (from government agencies)</b>					
Other sources of non-taxation revenues	11,226	10,750	10,750	10,750	10,750
<b>Total non-taxation</b>	11,226	10,750	10,750	10,750	10,750
<b>Total revenues administered on behalf of the Government</b>	11,226	10,750	10,750	10,750	10,750
<b>EXPENSES</b>					
Transfers to Official Public Account	11,226	10,750	10,750	10,750	10,750
<b>Total expenses administered on behalf of the Government</b>	0	0	0	0	0

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**Table 3.7: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June**

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	214	-	-	-	-
Receivables	1,299	2,165	2,165	2,165	2,165
Other	1,640	538	538	538	538
<b>Total financial assets</b>	<b>3,153</b>	<b>2,703</b>	<b>2,703</b>	<b>2,703</b>	<b>2,703</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of the Government</b>	<b>3,153</b>	<b>2,703</b>	<b>2,703</b>	<b>2,703</b>	<b>2,703</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Other payables	351	247	247	247	247
<b>Total liabilities administered on behalf of the Government</b>	<b>351</b>	<b>247</b>	<b>247</b>	<b>247</b>	<b>247</b>
<b>Current liabilities</b>	<b>351</b>	<b>247</b>	<b>247</b>	<b>247</b>	<b>247</b>
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current assets</b>	<b>3,153</b>	<b>2,703</b>	<b>2,703</b>	<b>2,703</b>	<b>2,703</b>
<b>Non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Table 3.8: Schedule of budgeted administered cash flows *for the period ended 30 June***

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	11,826	10,805	10,750	10,750	10,750
<b>Total cash received</b>	<b>11,826</b>	<b>10,805</b>	<b>10,750</b>	<b>10,750</b>	<b>10,750</b>
<b>Cash used</b>					
Cash to Official Public Account	10,532	10,911	10,643	10,643	10,643
Other	1,080	108	107	107	107
<b>Total cash used</b>	<b>-11,612</b>	<b>11,019</b>	<b>10,750</b>	<b>10,750</b>	<b>10,750</b>
<b>Net cash from operating activities</b>	214	-214	-	-	-
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from investing activities</b>	-	-	-	-	-

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from investing activities</b>	-	-	-	-	-
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from financing activities</b>	-	-	-	-	-
<b>Net increase/decrease in cash held</b>	214	-214	-	-	-
Cash at beginning of reporting period	-	214	-	-	-
<b>Cash at end of reporting period</b>	214	-	-	-	-

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**Table 3.9: Schedule of administered capital budget**

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
<b>Total</b>	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	-	-	-	-
Funded internally by departmental resources	-	-	-	-	-

**Schedule of administered non-financial assets — summary of movement  
(Budget year 2003-04)**

The ANAO does not hold any administered non-financial assets.

## **NOTES TO THE FINANCIAL STATEMENTS**

The material revisions are to the budgeted departmental Statement of Financial Performance and the budgeted departmental Statement of Cash Flows. The revisions comprise recognition of additional appropriation revenue (totalling \$0.245 million) and expenses of the same amount, which reflect the increased cost of the Comcover insurance premium.

### **Basis of accounting**

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and Statements of Accounting Concepts.

### **Departmental and Administered Activities**

## **NOTE 1 – ACCOUNTING POLICY**

The budgeted financial statements have been prepared on an accruals basis, having regard to Statements of Accounting Concepts, and in accordance with:

- The Finance Minister's Orders;
- Australian Accounting Standards;
- Other Authoritative pronouncements of the Australian Accounting Standards Boards; and
- The Consensus Views of the Urgent Issues Group.

## **NOTE 2 – DEPARTMENTAL AND ADMINISTERED ITEMS**

ANAO Departmental assets, liabilities, revenues and expenses are those items that are controlled by the ANAO that are used in producing outputs and include:

- Computers, plant and equipment used in providing goods and services;
- Liabilities for employee entitlements;
- Revenue from appropriations or independent sources in payment for outputs; and
- Employee, supplier and depreciation expenses incurred in providing ANAO outputs.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Administered items are those items incurred in providing programs that are controlled by the Government and managed, or oversighted, by the ANAO on behalf of the Government. The majority of revenue earned for provision of audit services is administered revenue.

### **NOTE 3 – REVENUE FROM GOVERNMENT**

Revenue from Government is revenue relating to the core operating activities of the ANAO. From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework. Appropriations to ANAO for its departmental outputs are recognised as revenue to the extent they have been received into the ANAO's Bank account or are entitled to be received by the ANAO at year end. A breakdown of revenues from government by outcome is provided at Table 3.1.

### **NOTE 4 – SALE OF GOODS AND SERVICES**

All revenues described in this note are revenues relating to the audit and related operating activities of the ANAO, whether in its own right or on behalf of the Commonwealth, except for revenues received from the sublease of surplus space, gains from the sale of ANAO assets and interest income. Revenue from the provision of services is recognised upon the delivery of audit and related services. Sale of goods and services includes rental revenue from the sub-lease of space in respect of the Canberra office. Audit revenue is recognised by reference to the stage of completion, determined according to the proportion that costs incurred to date relating to the estimated total costs of the transaction. Interest and other income is recognised when received into the ANAO's bank account or at the point where an entitlement exists.

### **NOTE 5 – EMPLOYEE EXPENSES**

Employee expenses include Salaries, Allowances, Leave entitlements, Fringe Benefits Tax, Redundancy expenses, Superannuation and Workers Compensation Insurance.

### **NOTE 6 – SUPPLIERS**

Supplier expenses consist of Contract Audit costs, Audit Disbursements, Information Technology and Systems Development Costs, Property Operating Costs, Professional Development and Administrative Costs.

### **NOTE 7 – CASH**

Cash includes notes and coins held and any deposits held with a bank or financial institution.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **NOTE 8 – RECEIVABLES**

Departmental receivables include interest due and receivable, goods and services input tax credits and other receivables as required by the Requirements and Guidance for the Preparation of Financial Statements of Commonwealth Agencies and Authorities.

Administered receivables represents audit fees due and payable by Commonwealth Companies, Authorities and Agencies. The accrued revenue represents the value of audit work undertaken which has not been billed at balance date.

### **NOTE 9 – NON FINANCIAL ASSETS**

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Statement of Financial Position, with the exception of purchases costing less than

\$2,000, which are expensed in the year of acquisition (other than where they form part of the purchase a group of similar items which are significant in total). Other non-financial assets include prepayments.

Infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ANAO using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, and/or future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

### **NOTE 10 – EMPLOYEE PROVISIONS**

Employee provisions consist of annual leave, long service leave, superannuation and other employee related liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 11 – INTEREST BEARING LIABILITIES**

In accordance with UIG Abstract 1 “Lessee Accounting for Surplus Space Under a Non-Cancellable Operating Lease” the cost of Centenary House surplus space in the financial year ended 30 June 1998 was written off. This resulted in a charge to the Operating Statement of \$10.655m and the establishment of a surplus space liability for an equivalent amount in the Statement of Financial Position. This liability will be progressively reduced to nil over the period of the lease, which will expire in 2008 and includes adjustments in respect of the sub-lease of the surplus space in 1998-1999 for 4½ years and in 2002-2003 for the remainder of the lease term. There is also a corresponding increase in revenue equal to the net present value of the amount of the sub-lease.

**NOTE 12 – CONTRIBUTED EQUITY**

The contributed equity comprises an equity injection of \$5.33m received from Government in 1998-1999, a further \$0.713 in 1999-2000 and repayment of \$1,114m in 2002-2003.

**NOTE 13 – CAPITAL USAGE CHARGE**

The Capital Use Charge has been discontinued as of 1 July 2003.

## Section 4: Purchaser/Provider and Cost Recovery arrangements

The ANAO has no purchaser/provider relationship in place with other agencies or cost recovery arrangements.