

AUSTRALIAN NATIONAL AUDIT OFFICE

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AUSTRALIAN NATIONAL AUDIT OFFICE

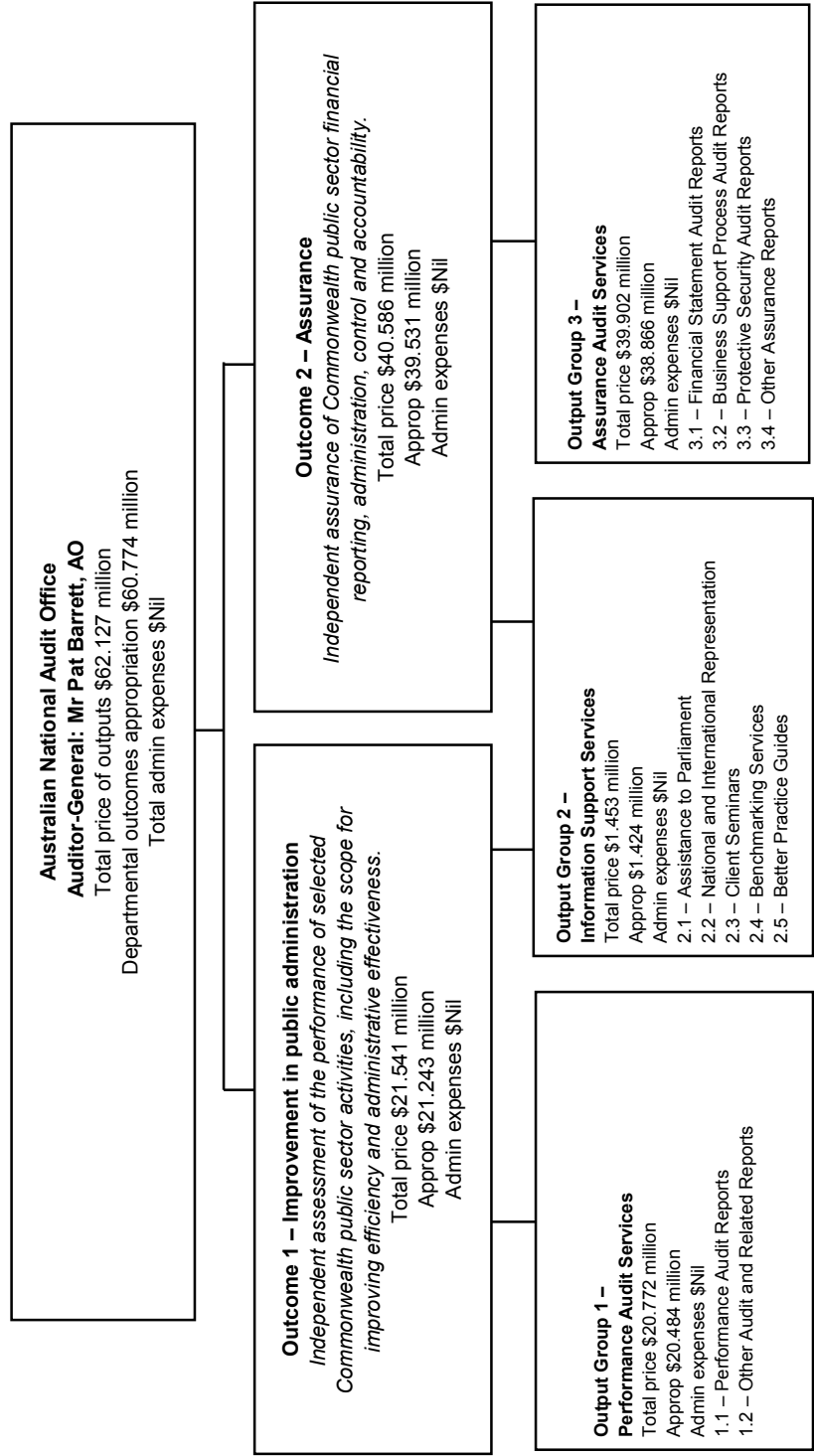
Section 1: Overview, variations and measures

OVERVIEW

The total appropriation for the ANAO in 2004–05 is \$60.774 million. Map 1 shows the total appropriations for the ANAO for 2004–05 by outcome and price of output appropriation. The estimates contained in Map 1 include supplementation of \$2.177 million provided through the Additional Estimates process. Total funding available for the ANAO in 2004–05, comprising appropriation revenue plus revenue from independent sources, is estimated to be \$62.127 million.

The ANAO will not receive any Administered capital or Departmental equity injections or loans in 2004–05.

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



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The government will provide \$3.35 million over two years from 2004–05 to enable the Australian National Audit Office (ANAO) to undertake its increased auditing requirements and to meet the increased costs of providing auditing services.

The introduction of the Australian Equivalents to International Financial Reporting Standards; the separation of the Defence Materiel Organisation from the Department of Defence and enhanced auditing of the Department of Defence has contributed to the ANAO's additional auditing expenses.

The funding also provides additional resources to assist the ANAO conform with the requirements of the Australia–United States Free Trade Agreement.

Variations — Measures

	2004–05 (\$'000)	2005–06 (\$'000)	2006–07 (\$'000)	2007–08 (\$'000)
Outcome 1				
Australia–US Free Trade Agreement	25	-	-	-
Outcome 2				
Funding for Additional Auditing Expenses	2,185	1,173	-	-
Australia–US Free Trade Agreement	25	-	-	-

Other variations to appropriations

	2004–05 (\$'000)	2005–06 (\$'000)	2006–07 (\$'000)	2007–08 (\$'000)
Outcome 1				
Variations in departmental appropriations				
Clawback of Comcover supplementation	-21	0	0	0
Outcome 2				
Variations in departmental appropriations				
Clawback of Comcover supplementation	-37	0	0	0

In the 2004–05 Budget, the ANAO was provided with \$0.245 million supplementation for its estimated 2004–05 Comcover premium based on its 2003–04 premium. The actual 2004–05 premium has since been calculated and it is lower than the estimated premium due to improved claims experience and more favourable reinsurance market conditions. The ANAO was therefore required to return the excess supplementation of \$0.058 million.

MEASURES — AGENCY SUMMARY

Table 1.1: Summary of measures since the 2004–05 Budget

Measures	Outcome	Output groups affected	Appropriations 2004-05 (\$'000)			Appropriations 2005-06 (\$'000)			Appropriations 2006-07 (\$'000)			Appropriations 2007-08 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Funding for Additional Auditing Expenses	2	3	-	2,185	2,185	-	1,173	1,173	-	-	-	-	-	-
Australia-US Free Trade Agreement	1 & 2	1 & 3	-	50	50	-	-	-	-	-	-	-	-	-
Total			-	2,235	2,235	-	1,173	1,173	-	-	-	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004–05

	2003–04 available \$'000	2004–05 budget \$'000	2004–05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Total	-	-	-	-	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
Improvement in Public Administration	24,597	21,056	21,060	4	-
Outcome 2					
Assurance	31,621	37,174	39,347	2,173	-
Total	56,218	58,230	60,407	2,177	-
Total administered and departmental	56,218	58,230	60,407	2,177	-

The ANAO is not being provided with additional capital through Appropriation Bill (No 4) 2004–05.

SUMMARY OF STAFFING CHANGES

Table 1.3: Average staffing level (ASL)

	2004–05 Budget	2004–05 Revised	Variation
Outcome 1			
Improvement in public administration	120	120	0
Outcome 2			
Assurance	170	170	0
Total	290	290	0

SUMMARY OF AGENCY SAVINGS

The ANAO has no savings as the reduction of \$0.058 million from the Comcover clawback is more than offset by the additional funding being provided through the Additional Estimates process.

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

There is no change from the Budget.

REVENUE FROM INDEPENDENT SOURCES

There is no change from the Budget.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

There is no change from the Budget.

ESTIMATED SPECIAL ACCOUNT FLOWS

There is no change from the Budget.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The ANAO has not changed the Outcomes or Outputs structure or their definition. Changes in funding are directed primarily at Outcome 2.

Output cost attribution

The ANAO has management information systems in place to allow it to fully cost all audit and support activities. All audit-related costs are directly costed to the relevant audit or related service. All other costs not directly attributable to audits or related services are allocated on the basis of the estimated hours to be expended on each output.

Outcome 1

Explanation of variations

There are no variations to the performance information for Outcome 1: Improvement in Public Administration or the related Outputs and for Outcome 2: Assurance or the related Outputs.

Revised performance information and level of achievement—2004–05

The variation to funding across all outcomes is to pre-existing outputs and therefore will not affect the performance information set out in the 2004–05 Portfolio Budget Statements.

Changes to Outcome and Output structure arising from additional estimates

The variation to funding across all outcomes is to pre-existing outputs and therefore does not affect the output structure and framework as set out in the 2004–05 Portfolio Budget Statements.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Funding of the new measure and variation disclosed in the 2004–05 Portfolio Additional Estimates Statement increases Departmental revenue available to the ANAO by some \$2.177 million in the 2004–05 financial year. The \$2.177 million consists of \$2.185 million for employment of contractors to conduct additional auditing requirements, \$0.050 million for conformance with the Free Trade Agreement and a clawback \$0.058 million for Comcover premiums. The measure and variation commenced in the 2004 05 budget year.

Funding of these measures in subsequent years is at a lower level, as the increased cost of completing financial statement audits is expected to stabilise due to the completion of the adoption of International Accounting Standards and the finalisation of the de-merger of the Department of Defence and the Defence Materiel Organisation, along with a number of issues identified within the 2003–04 audit of the Department of Defence being resolved.

Expense category	Actual expenses	Revised estimate	Variation
	2003–2004	2004–2005	
	\$'000	\$'000	%
Employment expenses	26,906	26,999	0.3
Audit and project-related expenses	16,402	20,843	27.1
Other expenses	12,931	14,285	10.5
Total expenses	56,239	62,127	10.5

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

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenue from government (note 1)	55,168	60,774	59,449	59,357	60,037
Goods and services (note 2)	634	653	701	755	794
Interest (note 2)	-	-	-	-	-
Dividends	-	-	-	-	-
Revenue from sale of assets	32	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Rents (note 2)	331	680	680	680	680
Royalties	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other revenues (note 2)	-	20	40	50	100
Revenues from ordinary activities	56,165	62,127	60,870	60,842	61,611
EXPENSE					
Expenses from ordinary activities (Excluding borrowing costs expense)					
Employees (note 3)	26,906	26,999	27,539	28,090	28,652
Suppliers (note 4)	27,486	34,728	32,034	31,019	31,202
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation (note 7)	1,404	400	1,200	1,685	1,697
Write-down of assets	-	-	-	-	-
Value of assets sold	21	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other expenses	422	-	-	-	-
Expenses from ordinary activities (Excluding borrowing costs expense)	56,239	62,127	60,773	60,794	61,551
Borrowing costs expense	-	-	-	-	-
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Operating surplus or (deficit) from ordinary activities	(74)	-	97	48	60
Gain or loss on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Net surplus or (deficit)	(74)	-	97	48	60

Table 3.1: Budgeted departmental statement of financial performance (for the period ended 30 June), continued

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
Outside equity interests in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	-	-	-	-	-
Net credit (debit) to asset revaluation reserve	-	-	-	-	-
Net exchange difference recognised as a direct debit (credit) to equity	-	-	-	-	-
Adjustments arising from standards recognised as direct debit (credit) to equity	-	-	-	-	-
Initial adjustments from transitional UIG consensus view recognised as direct debit (credit) to equity	-	-	-	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity *	-	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	-	-	-	-	-

Table 3.2: Budget departmental statement of financial position

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
ASSETS					
Financial assets					
Cash (note 5)	906	900	850	900	949
Receivables (note 6)	17,175	18,438	18,924	19,208	19,175
Investments accounted for under the equity method	-	-	-	-	-
Investments (section 39 FMA Act; section 18 CAC Act; section 19 CAC Act) (note x)	-	-	-	-	-
Other investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other financial assets (note 7)	14	112	119	120	122
Total financial assets	18,095	19,450	19,893	20,228	20,246
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment (note 7)	2,937	2,605	1,635	1,150	1,453
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles (note 7)	246	630	848	860	860
Other non-financial assets (note 7)	602	532	536	546	546
Total non-financial assets	3,785	3,767	3,019	2,556	2,859
Total assets	21,880	23,217	22,912	22,784	23,105
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other interest bearing liabilities (note 9)	2,368	2,367	1,881	1,360	803
Total interest bearing liabilities	2,368	2,367	1,881	1,360	803
Provisions					
Employees (note 8)	8,545	8,072	8,395	8,647	8,907
Capital use charge	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	8,545	8,072	8,395	8,647	8,907
Payables					
Suppliers (note 4)	1,831	2,265	2,026	2,120	2,677
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other payables (note 4)	190	190	190	190	190
Total payables	2,021	2,455	2,216	2,310	2,867
Total liabilities	12,934	12,894	12,492	12,317	12,577

Table 3.2: Budget departmental statement of financial position (continued)

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
EQUITY					
Parent entity interest					
Contributed equity (note 10)	4,929	4,929	4,929	4,929	4,929
Reserves	809	579	579	579	579
Statutory funds					
Retained surpluses or accumulated deficits	3,208	4,815	4,912	4,959	5,020
Total parent entity interest	8,946	10,323	10,420	10,467	10,528
Outside equity interest					
Contributed equity					
Reserves					
Retained surpluses or accumulated deficits					
Total outside equity interest					
Total equity	8,946	10,323	10,420	10,467	10,528
Current assets	18,697	19,450	19,893	20,228	20,246
Non-current assets	3,183	3,767	3,019	2,556	2,859
Current liabilities	6,080	6,894	6,679	6,586	6,725
Non-current liabilities	6,854	6,000	5,813	5,731	5,852

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,080	1,353	1,421	1,485	1,574
Appropriations	55,168	60,774	59,449	59,357	60,037
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	255	2,256	2,259	2,450	2,490
Extraordinary items	-	-	-	-	-
Total cash received	56,503	64,383	63,129	63,292	64,101
Cash used					
Employees	26,808	27,799	28,639	29,090	29,852
Suppliers	29,740	35,041	32,643	32,469	31,692
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	56,548	62,840	61,282	61,559	61,544
Net cash from/ (used by)					
Operating activities	(45)	1,543	1,847	1,733	2,557
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	32	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Investments (section 39 FMA Act; section 18 CAC Act; section 19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	32	-	-	-	-
Cash used					
Purchase of property, plant and equipment	715	680	1,200	1,000	2,000
Purchase of financial Instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Investments (section 39 FMA Act; section 18 CAC Act; section 19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	715	680	1,200	1,000	2,000
Net cash from/ (used by)					
investing activities	(683)	(680)	(1,200)	(1,000)	(2,000)

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June), continued

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations — contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Capital use charge paid	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/ (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(728)	863	647	733	557
Cash at the beginning of the reporting period	1,634	906	1,769	2,416	3,149
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	906	1,769	2,416	3,149	3,706

Table 3.4: Departmental capital budget statement

	Actual	Revised	Forward	Forward	Forward
	2003-04	Budget	estimate	estimate	estimate
	\$'000	2004-05	2005-06	2006-07	2007-08
		\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections					
Total loans					
Represented by					
Purchase of non-financial assets					
Other					
Total					
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation					
Funded internally by					
Departmental resources	715	680	1200	1000	2000

Table 3.5: Departmental non-financial assets — summary of movement (Budget year 2004–05)

	Land	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	\$'000	\$'000	military	infrastructure	and cultural	software	intangibles	
	\$'000	\$'000	equipment	plant and	assets			\$'000
				equipment				\$'000
Carrying amount at the start of year	-	-	-	2,615	-	359	-	2,974
Additions	-	-	-	500	-	180	-	680
Disposals	-	-	-	(20)	-	-	-	(20)
Net revaluation increment / decrement	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(390)	-	(9)	-	(399)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	2,705	-	530	-	3,235
Total additions								
Self-funded	-	-	-	500	-	180	-	680
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	500	-	180	-	680

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

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
REVENUES					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation (revenues from government)					
Goods and services	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Revenue from sale of assets	-	-	-	-	-
Other sources of non-taxation revenues (note 2)	10,893	10,911	10,911	12,000	12,100
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Total non-taxation	10,893	10,911	10,911	12,000	12,100
Total revenues administered on behalf of government	10,893	10,911	10,911	12,000	12,100
EXPENSES					
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Employees	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Value of assets sold	-	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Interest	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total expenses administered on behalf of the government	-	-	-	-	-

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

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	-	-	-	-	-
Receivables (note 6)	1,325	2,200	2,250	2,300	2,350
Investments accounted for under the equity method	-	-	-	-	-
Investments (section 39 FMA Act; section 18 CAC Act; section 19 CAC Act)	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other financial assets (note 6)	1,180	538	538	538	538
Total financial assets	2,505	2,738	2,788	2,838	2,888
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of government	2,505	2,738	2,788	2,838	2,888
LIABILITIES					
Interest bearing liabilities					
Australian Government Securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other interest bearing liabilities (note :)	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	-	-	-	-	-

Table 3.7: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June), continued

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
Payables					
Suppliers	-	-	-	-	-
Grants and subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Taxation refunds due	-	-	-	-	-
Other payables (note 4)	164	247	247	247	247
Total payables	164	247	247	247	247
Total liabilities administered on behalf of government	164	247	247	247	247

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

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	0	0	0	0	0
Indirect tax	0	0	0	0	0
Other taxes, fees and fines	0	0	0	0	0
Sale of goods	0	0	0	0	0
Rendering of services	11,140	11,911	11,911	13,200	13,300
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Cash from Official Public Account -					
Appropriations	-	-	-	-	-
Special accounts	-	-	-	-	-
Other	-	-	-	-	-
Transfer from other entities (Finance - Whole Of Government)					
Other	-	-	-	-	-
Total cash received	11,140	11,911	11,911	13,200	13,300
Cash used					
Borrowing costs	-	-	-	-	-
Employees	-	-	-	-	-
Grant payments	-	-	-	-	-
Interest paid	-	-	-	-	-
Subsidies paid	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Cash to Official Public Account from -					
Appropriations	-	-	-	-	-
Special accounts	-	-	-	-	-
Other	10,223	10,911	10,911	12,000	12,100
Transfers to other entities (Finance - Whole Of Government)					
Other	1,131	1,000	1,000	1,200	1,200
Total cash used	11,354	11,911	11,911	13,200	13,300
Net cash from / (used by) operating activities	(214)	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of equity instruments	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-

Table 3.8: Schedule of budgeted administered cash flows (for the period ended 30 June), continued

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
INVESTING ACTIVITIES (CONTINUED)					
Repayments of advances	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Proceeds from sales of investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Purchase of equity instruments	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Cash to Official Public Account	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Purchase of investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from / (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Net repayment of borrowings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from / (used by) financing activities	-	-	-	-	-
Net increase or (decrease) In					
Cash held	(214)	-	-	-	-
Cash at beginning of reporting period	214	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

Table 3.9: Schedule of administered capital budget

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	-	-	-	-	-
Represented by:					
Purchase of non-current assets	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by Departmental resources	-	-	-	-	-

Table 3.10: Schedule of administered non-financial assets — summary of movement (Budget year 2004–05)

	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 start of year								
Additions								
Disposals								
Revaluation increments								
Recoverable amount write-downs								
Net transfers free of charge								
Depreciation/amortisation expense								
Write off of assets								
Carrying amount at end of year								
Total additions								

Departmental financial statements

Budgeted departmental statement of financial performance

This statement provides a picture of the expected financial results for the Australian National Audit Office by identifying full accrual expenses and revenues, which highlights whether the Australian National Audit Office is operating at a sustainable level.

Budgeted departmental statement of financial position

This statement shows the financial position of the Australian National Audit Office. It helps decision makers to track the management of assets and liabilities.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating, investing and financing activities.

Departmental capital budget statement

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental non-financial assets — summary of movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

Schedule of administered activity

Schedule of budgeted revenues and expenses administered on behalf of government

This note identifies the main revenues and expenses administered on behalf of the government.

Schedule of budgeted assets and liabilities administered on behalf of government

This note shows the assets and liabilities administered on behalf of the government.

Schedule of budgeted administered cash flows

This note shows cash flows administered on behalf of the government.

Schedule of administered capital budget

This note shows details of planned administered capital expenditure.

Schedule of administered non-financial assets — summary of movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

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
- Employee, supplier and depreciation expenses incurred in providing ANAO outputs.

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 1—Revenue from government

Revenue from government is revenue relating to the core operating activities of the ANAO. The revenue includes a special appropriation (\$0.367 million in 2004–05) to meet the expenses and allowances of the Office of the Auditor-General. 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 Map 1.

Note 2—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 3—Employee expenses

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

Note 4—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 5—Cash

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

Note 6—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 7—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 8—Employee provisions

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

Note 9—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 \$10.655 million 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 2002–03 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 10—Contributed equity

The contributed equity comprises an equity injection of \$5.33 million received from government in 1998–99, a further \$0.713 million in 1999–2000 and repayment of \$1.114 million in 2002–03.