

Australian National Audit Office

Agency resources and planned performance

AUSTRALIAN NATIONAL AUDIT OFFICE

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AUSTRALIAN NATIONAL AUDIT OFFICE

Section 1: Agency overview and resources

The two planned outcomes of the Australian National Audit Office (ANAO) are:

To provide assurance on the fair presentation of financial statements of Australian Government entities by providing independent audit opinions and related reports for the information of Parliament and the Executive

To improve the efficiency and effectiveness of the administration of Australian Government programs and entities by undertaking a program of independent performance audits and assurance reviews for the information of Parliament and the Executive.

1.1 STRATEGIC DIRECTION

The ANAO's vision is to be an international leader in the provision of independent public sector audit and related services.

In 2009–10, the emphasis will be on:

- taking steps to increase the performance audit program to previous levels, enhancing information technology and other specialist capabilities and increasing technical support and quality assurance capability following the increase to the ANAO's resource base
- delivering a range of timely and relevant products on topics that provide opportunities for improvement in administration across the Australian Government Public Sector
- building our relationship with the Parliament, particularly the Joint Committee of Public Accounts and Audit (JCPAA), to promote the work of the ANAO and improve the understanding of our work and our contribution to improving public administration
- working with entities' audit committees to promote the implementation of our report recommendations
- pursuing initiatives to improve the efficient delivery of the audit program
- maintaining our involvement in national and international auditing bodies through membership of appropriate organisations.

ANAO Budget Statements

The ANAO's two planned outcomes will be met through the achievement and implementation of the ANAO's objectives and strategies in four key result areas:

- clients
- products and services
- people
- business performance.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

In order to achieve our outcomes, the ANAO recovers some of its costs from Commonwealth authorities and companies and their subsidiaries subject to the *Commonwealth Authorities and Companies Act 1997* based on a scale determined by the Auditor-General under section 14 of the *Auditor-General Act 1997*. These fees are calculated based on an output cost attribution model. Revenues from these audit fees are paid into the Official Public Account and are not available to the ANAO. The revenue and receipts are shown in Tables 3.2.7 (Schedule of budgeted income and expenses administered on behalf of government) and 3.2.9 (Schedule of budgeted administered cash flows) respectively.

Table 1.1: Australian National Audit Office resource statement — Budget estimates for 2009–10 as at Budget May 2009

	Estimate of prior year amounts available in 2009–10 \$'000	+ Proposed at Budget = 2009–10 \$'000	=	Total Estimate 2009–10 \$'000	Actual Available Appropriation 2008–09 \$'000
Ordinary Annual Services¹					
Departmental					
Prior year departmental appropriation	8,464	4	-	8,464	16,417
Departmental appropriation	-	67,989		67,989	63,285
s. 31 relevant agency receipts ³	-	1,694		1,694	2,421
Total	8,464	69,683		78,147	82,123
Administered expenses					
Outcome 1	-	-		-	-
Outcome 2	-	-		-	-
Payments to CAC Act bodies	-	-		-	-
Total	-	-		-	-
Total ordinary annual services	A 8,464	69,683		78,147	82,123
Other services²					
Administered expenses					
Specific payments to states, ACT, NT and local government					
Outcome 1	-	-		-	-
Total	-	-		-	-
New administered expenses					
Outcome 1	-	-		-	-
Total	-	-		-	-
Departmental non-operating					
Equity injections	-	208		208	-
Previous years' outputs	-	-		-	-
Total	-	208		208	-
Administered non-operating					
Administered assets and liabilities	-	-		-	-
Payments to CAC Act bodies – non-operating	-	-		-	-
Total	-	-		-	-
Total other services²	B -	208		208	-
Total available annual appropriations	8,464	69,891		78,355	82,123
Special appropriations					
Special appropriations limited by criteria/entitlement					
<i>Auditor-General remuneration and expense – Auditor General Act 1997, Schedule 1 sections 3 and 7</i>	-	450		450	392
<i>Special Appropriation Act 2008</i>	-	-		-	-
Special appropriations limited by amount	-	-		-	-
Total special appropriations	C -	450		450	392
Total appropriations excluding special accounts	8,464	70,341		78,805	82,515

Continued on next page.

Table 1.1: Australian National Audit Office resource statement — Budget estimates for 2009–10 as at Budget May 2009 (continued)

	Estimate of prior year amounts available in 2009–10 \$'000	+ Proposed at Budget = 2009–10 \$'000	=	Total Estimate 2009–10 \$'000	Actual Available Appropriation 2008–09 \$'000
Special accounts					
Opening balance ⁵	-	-		-	-
Appropriation receipts	-	-		-	-
Appropriation receipts – other agencies	-	-		-	-
Non-appropriation receipts to special accounts	-	-		-	-
Total special account	D	-		-	-
Total resourcing	8,464	70,341		78,805	82,515
A+B+C+D					
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-		-	-
Total net resourcing for agency	8,464	70,341		78,805	82,515

1 Appropriation Bill (No. 1) 2009–10.

2 Appropriation Bill (No. 2) 2009–10.

3 Own source Income.

4 Estimated adjusted balance carried from previous year for Annual Appropriations.

5 Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

Note: All figures are GST exclusive.

Third party payments from and on behalf of other agencies

The ANAO has no third party drawdown arrangements with other agencies.

1.3 BUDGET MEASURES

Budget measures relating to the Australian National Audit Office are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2009–10 Budget measures

Program	2008–09 \$'000	2009–10 \$'000	2010–11 \$'000	2011–12 \$'000	2012–13 \$'000
Expense measures					
Australian National Audit Office – enhanced professional capability					
All					
Departmental expenses	-	2,871	4,734	5,813	5,800
Total	-	2,871	4,734	5,813	5,800
Total expense measures					
Departmental	-	2,871	4,734	5,813	5,800
Total	-	2,871	4,734	5,813	5,800
Capital measures					
Australian National Audit Office – enhanced professional capability					
All					
Departmental capital	-	208	650	-	-
Total	-	208	650	-	-
Total capital measures					
Departmental	-	208	650	-	-
Total	-	208	650	-	-

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009–10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. Figure 1 outlines the transition from the 2008–09 Budget year (as at Additional Estimates) which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009–10 Budget. The figure also captures revisions made to GGS outcome statements under the Operation Sunlight Outcome Statements Review.

Note: The ANAO has reversed the order of its outcomes in 2009–10.

Figure 1: Transition table

2008–09 Budget year	2009–10 Budget year																																																								
<p>Outcome 1</p> <p>Improvement in Public Administration</p> <p>Independent assessment of the performance of selected Australian government public sector activities, including the scope for improving efficiency and administrative effectiveness</p>	<p>Outcome 2</p> <p>Improvement in Public Administration</p> <p>To improve the efficiency and effectiveness of the administration of Australian Government programs and entities by undertaking a program of independent performance audits and assurance reviews for the information of Parliament and the Executive</p>																																																								
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Figure 1: Transition table (continued)

2008–09 Budget year	2009–10 Budget year																								
<p>Outcome 2</p> <p>Assurance Audit Services</p> <p>Independent assurance of Australian Government public sector financial reporting, administration, control and accountability</p>	<p>Outcome 1</p> <p>Assurance Audit Services</p> <p>To provide assurance on the fair presentation of financial statements of Australian Government entities by providing independent audit opinions and related reports for the information of Parliament and the Executive</p>																								
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1.5 PROGRAMS FOR WHICH TREASURY IS APPROPRIATED UNDER THE NEW FEDERAL FINANCIAL RELATIONS (FFR) FRAMEWORK

The Council of Australian Governments (COAG) has agreed to a new framework for Federal Financial Relations that is being implemented in a staged manner from 1 January 2009. Under these arrangements, specific purpose payments (SPPs) will now be made through combined monthly payments from the Commonwealth Treasury to and through state and territory treasuries.

No agencies in the Prime Minister and Cabinet portfolio are affected by these changes.

Further information on the Federal Financial Relations arrangements can be found in the Portfolio Budget Statements of the Treasury and in Budget Paper No. 3, Australia's Federal Relations 2009-10.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Agencies deliver programs, which are the government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Australian National Audit Office in achieving government outcomes.

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 services. 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 program.

2.1 OUTCOME 1 PERFORMANCE INFORMATION

Outcome 1: To provide assurance on the fair presentation of financial statements of Australian Government entities by providing independent audit opinions and related reports for the information of Parliament and the Executive

2.1.1 Outcome 1 strategy

Through its audit services, the ANAO contributes to providing assurance to individual agencies, the Executive and the Parliament about the financial administration and accountability of public sector entities.

The main activity that contributes to this outcome is the auditing of annual financial statements of Australian Government entities. The ANAO also audits the annual Consolidated Financial Statements (CFS) of the Australian Government. The CFS present the consolidated whole of government financial result inclusive of all Australian Government controlled entities, including entities outside the general government sector.

These audits are designed to give assurance to stakeholders that an entity's financial statements fairly represented its financial operations and financial position at year end. The ANAO makes recommendations for improvements in financial administration.

2.1.2 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Assurance Audit Services	2008–09 Estimated Actual Expenses \$'000	2009–10 Estimated Expenses \$'000
Program 1.1: Assurance Audit Services		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	41,634	42,201
Revenues from independent sources (section 31)	1,920	1,413
Special appropriations	196	225
Total for Program 1.1	43,750	43,839
Outcome 1 totals by appropriation type		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	41,634	42,201
Revenues from independent sources (section 31)	1,920	1,413
Special appropriations	196	225
Total expenses for Outcome 1	43,750	43,839
	2008–09	2009–10
Average staffing level (number)	168	176

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

2.1.3 Contributions to Outcome 1

Program 1.1: Assurance Audit Services

Program objective

To provide assurance on the fair presentation of financial statements of Australian Government entities by providing independent audit opinions and related reports for the information of Parliament and the Executive.

Program expenses

Significant expenditure includes employee expenses (48%) and contractors (45%).

Additional funding provided in 2009–10 and the forward estimates will be applied to enhancing IT audit and specialist audit capabilities.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
(\$'000)					
Annual departmental expenses:					
Employee expenses	22,664	22,115	23,142	24,424	25,286
Suppliers	20,890	21,499	21,759	21,478	21,383
Special appropriations:					
Auditor-General Act 1997	196	225	232	237	241
Total departmental expenses	43,750	43,839	45,133	46,139	46,910

Program deliverables

The program deliverables are a measure of the independent audits of financial statements, accountability and processes.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Deliverables					
Number of financial statement audit opinions to be issued	246	250	250	250	250
Other regulatory assurance reports	46	59	59	59	59
Number of financial statement related report products to be produced	2	2	2	2	2

Program key performance indicators

Audit opinions issued in respect of all Australian public sector entities:

- upon receipt of signed entity financial statements
- in accordance with ANAO Auditing standards.

JCPAA and other committee satisfaction with the overall quality and usefulness of the Interim and Year-End Financial Statement Audit Reports.

ANAO Budget Statements

Program components					
<ul style="list-style-type: none"> • Assistance to Parliament • Financial statement audit reports • Other assurance reports • Special appropriation • National and international representation 					
	2008–09	2009–10	2010–11	2011–12	2012–13
('000)	Revised budget	Budget	Forward year 1	Forward year 2	Forward year 3
Annual departmental expenses:					
Assistance to Parliament	103	109	113	117	118
Financial statement audit reports	41,911	41,869	43,098	44,058	44,795
Other assurance reports	616	654	676	691	702
National and international representation	924	982	1,014	1,036	1,054
Special appropriations:					
<i>Auditor-General Act 1997</i>	196	225	232	237	241
Total program expenses	43,750	43,839	45,133	46,139	46,910

2.2 OUTCOME 2 PERFORMANCE INFORMATION

Outcome 2: To improve the efficiency and effectiveness of the administration of Australian Government programs and entities by undertaking a program of independent performance audits and assurance reviews for the information of Parliament and the Executive

2.2.1 Outcome 2 strategy

Through the provision of audit services, the ANAO contributes to improvements in the efficiency and administrative effectiveness of the Australian Government public sector.

The major contribution to this outcome is the conduct of performance audit services. The ANAO's performance audit and audit-related activities include the review of all or part of an entity's operations to assess its efficiency and/or administrative effectiveness. The ANAO identifies areas where improvements can be made to aspects of public administration, and makes specific recommendations to help public sector agencies improve their program management. The ANAO also undertakes assurance reviews of government advertising campaigns and of the Defence Materiel Organisation major projects report.

The ANAO also contributes to improvements in Commonwealth public administration by identifying and promoting better practice, which assists agencies to perform at their most efficient level and add value to their outputs and services. Adopting better practices can help transform and improve business process and potentially can lead to overall improvements in the administration of the entity as a whole.

2.2.2 Budgeted expenses and resources

Table 2.2 provides an overview of the total expenses for Outcome 2, by program.

Table 2.2: Budgeted expenses and resources for Outcome 2

Outcome 2: Improvement in Public Administration	2008–09 Estimated Actual Expenses \$'000	2009–10 Estimated Expenses \$'000
Program 2.1: Performance Audit Services		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	23,551	25,788
Revenues from independent sources (section 31)	501	281
Special appropriations	196	225
Total for Program 2.1	24,248	26,294
Outcome 2 totals by appropriation type		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	23,551	25,788
Revenues from independent sources (section 31)	501	281
Special appropriations	196	225
Total expenses for Outcome 2	24,248	26,294
	2008–09	2009–10
Average staffing level (number)	130	136

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

2.2.3 Contributions to Outcome 2

Program 2.1: Performance Audit Services

Program objective

To improve the efficiency and effectiveness of the administration of Australian Government programs and entities by undertaking a program of independent performance audits and assurance reviews for the information of Parliament and the Executive.

Program expenses

The majority of expenses (73%) are for employees.

Additional funding provided in 2009–10 and the forward estimates will be applied to increasing the performance audit program.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
(\$'000)					
Annual departmental expenses:					
Employee expenses	13,278	13,564	14,186	14,972	15,499
Suppliers	10,774	12,505	12,662	12,487	12,431
Special appropriations:					
<i>Auditor-General Act 1997</i>	196	225	232	237	241
Total departmental expenses	24,248	26,294	27,080	27,696	28,171

Program deliverables

The program deliverables are a way of measuring the independent performance and assurance audit of Australian Public Sector entities.

Deliverables	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Number of performance audits to be produced	45	47	50	50	50
Government advertising campaign review reports ¹	-	45	45	45	45
Number of Better Practice Guides to be produced	3	4	4	4	4
Review of DMO Major Projects Report	1	1	1	1	1
Other audit and related reports ²	1	2	1	1	1

¹ Estimated workload that underpins resourcing.

² Other includes the annual audit work program and a major peer review.

Program key performance indicators

Delivery of a work program which is balanced in coverage and nature and which recognises the audit priorities of the Parliament

- The value of the ANAO contribution is recognised by the Parliament
- The value added by ANAO products and services is recognised by public sector entities
- The JCPAA's general satisfaction with the overall quality, timeliness and coverage of ANAO products and services.

Program components

- Performance audit services
- Better Practice Guides
- Other audit and related services
- Assistance to Parliament
- National and international representation

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
(‘000)					
Annual departmental expenses:					
Performance audit services	21,156	22,992	23,671	24,212	24,628
Better Practice Guides	852	905	934	955	971
Other audit and related services	852	905	934	955	971
Assistance to Parliament	511	543	561	573	583
National and international representation	681	724	748	764	777
Special appropriations:					
Auditor-General Act 1997	196	225	232	237	241
Total program expenses	24,248	26,294	27,080	27,696	28,171

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009–10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ANAO has no movement of administered funds to report.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ANAO.

Table 3.1.2: Estimates of special account cash flows and balances

	Opening balance 2009–10	Receipts 2009–10	Payments 2009–10	Adjustments 2009–10	Closing balance 2009–10
	<i>2008–09</i>	<i>2008–09</i>	<i>2008–09</i>	<i>2008–09</i>	<i>2008–09</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Monies ¹ (D)	-	250	250	-	-
	-	<i>210</i>	<i>210</i>	-	-
Total special accounts					
2009–10 Budget estimate	-	250	250	-	-
Total special accounts					
2008–09 estimated actual	-	<i>210</i>	<i>210</i>	-	-

D = Departmental

1 Other monies held in trust relate to Comcare payments and salary packaging transactions.

3.1.3 Australian Government Indigenous Expenditure

The ANAO has no Indigenous-specific expenses.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The agency resource statement in Section 1.2 provides a consolidated view of all the resources available to the ANAO in 2009–10, including appropriation receivable that is yet to be drawn down to cover provisions on the balance sheet, whereas the income statement shows only the appropriation available in 2009–10.

3.2.2 Analysis of budgeted financial statements

Departmental

Budgeted departmental income statement

Total income in 2009–10 is estimated at \$70.1 million (2008–09: \$66.1 million). Revenue from government (appropriation funding) has increased from \$63.7 million to \$68.4 million. This reflects additional funding provided for:

- the performance audit program, IT and other specialist capabilities, technical support and QA capability of \$2.9 million
- major projects report of \$0.8 million
- Operation Sunlight of \$0.8 million
- indexation of \$0.3 million.

Other revenue is expected to decrease from \$2.4 million to \$1.7 million due to the conclusion of the current funding agreement for the Indonesian Project, a project undertaken by the ANAO on behalf of AusAID.

Operating expenses for 2009–10 are estimated to total \$70.1 million (2008–09: \$68.0 million). Employee expenses will increase in 2009–10 to accommodate salary increases and additional staff required to undertake new work. Supplier expense will increase due to additional specialist and support expenses required to be undertaken.

Budgeted departmental balance sheet

The budgeted departmental balance sheet shows the ANAO's net asset position remaining stable. In 2008–09 the ANAO has drawn down on its appropriation receivable to fund the office refurbishment of its accommodation at the commencement of the new lease on 23 September 2008. This is offset by the increase in land and buildings.

At this point, no major financial transactions have been planned for 2010–11, and the total assets and liabilities values are expected to remain stable.

Budgeted departmental statement of cash flows

The cash flow is consistent with, and representative of, the transactions reported in the income statement, adjusted for non cash items and anticipated capital purchases.

The ANAO's working capital cash balance of \$0.9 million is maintained each year in accordance with the ANAO's agreement with the Department of Finance and Deregulation.

Departmental capital budget statement

The departmental capital budget statement shows the expected capital works program for the current and forward years. In 2008-09 the ANAO completed a major \$7.1 million office refurbishment at the commencement of the new lease. In addition the ANAO has invested approx \$0.6 million in IT hardware and software in 2008-09 and forecasts to spend a further \$4.0 million over the forward estimates.

Administered

Schedule of budgeted income and expenses administered on behalf of government

Estimated administered revenues from the provision of audit services to certain Australian Government agencies reflect the estimated recovery of auditing costs.

Schedule of budgeted assets and liabilities administered on behalf of government

The estimated administered assets and liabilities relate to ongoing audit activity. No non-financial administered assets are held.

Schedule of budgeted administered cash flows

Administered monies are transferred to the Official Public Account on an ongoing basis.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
EXPENSES					
Employee benefits	33,931	35,679	37,328	39,396	40,785
Supplier	32,917	32,850	33,199	32,953	32,610
Grants	-	-	-	-	-
Depreciation and amortisation	1,150	1,604	1,686	1,486	1,686
Write-down and impairment of assets	-	-	-	-	-
Losses from asset sales	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	67,998	70,133	72,213	73,835	75,081
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	854	854	850	850	850
Fees and fines	-	-	-	-	-
Other revenue	1,567	840	800	800	800
Total revenue	2,421	1,694	1,650	1,650	1,650
Gains					
Sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	2,421	1,694	1,650	1,650	1,650
Net cost of (contribution by) services	65,577	68,439	70,563	72,185	73,431
Appropriation revenue	63,677	68,439	70,563	72,185	73,431
Surplus / (deficit)	(1,900)	-	-	-	-
Surplus / (deficit) attributable to the Australian Government¹	(1,900)	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	900	900	900	900	900
Trade and other receivables	8,539	8,826	9,440	9,517	9,961
Other	1,251	1,251	1,251	1,251	1,251
Total financial assets	10,690	10,977	11,591	11,668	12,112
Non-financial assets					
Land and buildings	7,770	6,986	6,201	5,417	4,632
Infrastructure, plant and equipment	834	915	1,063	1,346	1,528
Intangibles	668	1,246	2,289	2,477	2,516
Total non-financial assets	9,272	9,147	9,553	9,240	8,676
Total assets	19,962	20,124	21,144	20,908	20,788
LIABILITIES					
Interest-bearing liabilities					
Other	27	27	27	27	27
Total interest-bearing liabilities	27	27	27	27	27
Provisions					
Employees	10,316	10,753	11,166	11,166	11,444
Other	1,874	1,667	1,429	1,232	834
Total provisions	12,190	12,420	12,595	12,398	12,278
Payables					
Suppliers	2,036	1,760	1,955	1,916	1,916
Total payables	2,036	1,760	1,955	1,916	1,916
Total liabilities	14,253	14,207	14,577	14,341	14,221
Net assets	5,709	5,917	6,567	6,567	6,567

Continued on next page.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June) (continued)

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
EQUITY					
Parent entity interest					
Contributed equity	4,929	5,137	5,787	5,787	5,787
Reserves	572	572	572	572	572
Retained surpluses or accumulated deficits	208	208	208	208	208
Total parent entity interest	5,709	5,917	6,567	6,567	6,567
Total equity	5,709	5,917	6,567	6,567	6,567
Current assets	10,690	10,050	11,591	11,668	12,112
Non-current assets	9,272	10,074	9,553	9,240	8,676
Current liabilities	12,055	12,017	12,328	12,129	12,029
Non-current liabilities	2,198	2,190	2,249	2,212	2,192

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	2,421	1,694	1,650	1,650	1,650
Appropriations	63,677	68,439	70,563	72,185	73,431
Appropriation from OPA	8,482	1,271	1,070	-	-
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	74,580	71,404	73,283	73,835	75,081
Cash used					
Employees	32,856	35,029	36,585	38,653	39,764
Suppliers	34,624	35,104	35,628	35,182	35,317
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Total cash used	67,480	70,133	72,213	73,835	75,081
Net cash from or (used by) operating activities	7,100	1,271	1,070	-	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of infrastructure, property, plant and equipment	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of infrastructure, property, plant and equipment	7,100	1,479	1,720	-	-
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	7,100	1,479	1,720	-	-
Net cash from or (used by) investing activities	(7,100)	(1,479)	(1,720)	-	-

Continued on next page.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June) (continued)**

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	208	650	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	208	650	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	208	650	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	900	900	900	900	900
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	900	900	900	900	900

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009–10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	208	572	-	4,929	5,709
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	208	572	-	4,929	5,709
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus / (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	208	572	-	4,929	5,709
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	208	208
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	208	208
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2010	208	572	-	5,137	5,917

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	208	650	-	-
Total loans	-	-	-	-	-
Special appropriations	-	-	-	-	-
Total capital appropriations	-	208	650	-	-
Represented by					
Purchase of non-financial assets	-	208	650	-	-
Other	-	-	-	-	-
Total represented by	-	208	650	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	208	650	-	-
Funded internally from departmental resources ¹	7,100	1,271	1,070	-	-
Assets received due to restructure (FMA s. 32)	-	-	-	-	-
TOTAL	7,100	1,479	1,720	-	-

1 Includes the following sources of funding: annual and prior year appropriations; donations and contributions; gifts; finance leases; internally developed assets; s. 31 relevant agency receipts; proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements—departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009				
Gross book value	7,844	940	2,958	11,742
Accumulated depreciation/amortisation	74	106	2,290	2,470
Opening net book balance	7,770	834	668	9,272
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
by purchase or internally developed	-	208	1,271	1,479
by finance lease	-	-	-	-
by contribution/donation	-	-	-	-
by gift	-	-	-	-
Acquisition of entities or operations (including restructuring)				
	-	-	-	-
Subtotal	-	208	1,271	1,479
Other movements				
Assets held for sale	-	-	-	-
Depreciation/amortisation expense	784	127	693	1,604
Disposals ¹	-	-	-	-
Other	-	-	-	-
Subtotal	784	127	693	1,604
As at 30 June 2010				
Gross book value	7,844	1,148	4,229	13,221
Accumulated depreciation/amortisation	858	233	2,983	4,074
Closing net book balance	6,986	915	1,246	9,147

Prepared on Australian Accounting Standards basis.

1 Proceeds may be returned to the OPA.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation					
Goods and services	8,883	9,234	9,599	9,979	9,979
Fees and fines	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other sources of non-taxation revenues	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Total non-taxation	8,883	9,234	9,599	9,979	9,979
Total revenues administered on behalf of government	8,883	9,234	9,599	9,979	9,979
Gains					
Foreign exchange	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Reversal of previous asset write-downs	-	-	-	-	-
Total gains administered on behalf of government	-	-	-	-	-
Total income administered on behalf of government	8,883	9,234	9,599	9,979	9,979
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Employees	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Write-down and impairment of assets	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	-	-	-	-	-
Asset sales	-	-	-	-	-
Foreign exchange	-	-	-	-	-
Total expenses administered on behalf of government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Receivables	1,721	1,721	1,721	1,721	1,721
Taxation receivables	-	-	-	-	-
Investments	-	-	-	-	-
Other financial assets	1,022	1,022	1,022	1,022	1,022
Total financial assets	2,743	2,743	2,743	2,743	2,743
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Other	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of government	2,743	2,743	2,743	2,743	2,743
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest-bearing liabilities					
Australian Government securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest-bearing liabilities	-	-	-	-	-
Provisions					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	-	-	-	-	-

Continued on next page.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June) (continued)

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
Payables					
Suppliers	-	-	-	-	-
Subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Grants	-	-	-	-	-
Other payables	219	219	219	219	219
Total payables	219	219	219	219	219
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of government	219	219	219	219	219

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	-	-	-	-	-
Fees	-	-	-	-	-
Sales of goods and rendering of services	9,771	10,157	10,559	10,977	10,977
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Net GST received	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	9,771	10,157	10,559	10,977	10,977
Cash used					
Borrowing costs	-	-	-	-	-
Employees	-	-	-	-	-
Grant payments	-	-	-	-	-
Subsidies paid	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Net GST paid	888	923	1,000	998	998
Other	-	-	-	-	-
Total cash used	888	923	1,000	998	998
Net cash from or (used by) operating activities	8,883	9,234	9,559	9,979	9,979
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of infrastructure, property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of infrastructure, property, plant and equipment and intangibles	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) investing activities	-	-	-	-	-

Continued on next page.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June) (continued)**

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
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	8,883	9,234	9,559	9,979	9,979
Other	-	-	-	-	-
Total cash used	8,883	9,234	9,559	9,979	9,979
Net cash from or (used by) financing activities	(8,883)	(9,234)	(9,559)	(9,979)	(9,979)
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
– appropriations	-	-	-	-	-
– special accounts	-	-	-	-	-
Transfers from other entities (Finance – Whole of Government)	-	-	-	-	-
Cash to Official Public Account for:					
– appropriations	-	-	-	-	-
– special accounts	-	-	-	-	-
Transfers to other entities (Finance – Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The agency Portfolio Budget Statements are prepared on an accrual basis in accordance with:

- Finance Minister's Orders
- Australian Equivalents of International Reporting Standards issued by the Australian Accounting Standards Board that apply for the reporting period.

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:

- plant and equipment used in providing goods and services
- liabilities for employee entitlements
- revenue from appropriations or from 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 overseen by the ANAO on behalf of the government. The majority of revenue earned for provision of audit services is administered revenue.

Revenue from government

Revenue from government is revenue relating to the core operating activities of the ANAO. Appropriations to ANAO for its departmental outputs are recognised as revenue to the extent that they have been received into the ANAO's bank account or are entitled to be received by the ANAO at year end.

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 sub-lease of surplus space and gains from the sale of ANAO assets. 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 the Canberra office. Audit revenue is recognised by reference to the state of completion, determined according to the proportion of costs incurred to date compared to the estimated total costs of the transaction. Other income is recognised when received into the ANAO's bank account or at the point where an entitlement exists.

Employee expenses

Employee expenses include salaries, allowances, leave entitlements, fringe benefits tax, redundancy expenses, superannuation and workers compensation insurance.

Suppliers

Supplier expenses consist of contract audit costs, audit disbursements, information technology and systems development costs, property operating costs, and professional development and administrative costs.

Cash

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

Receivables

Departmental receivables include an appropriation, employee and audit fees receivable, as well as goods and services input tax credits and other receivables.

Administered receivables represent audit fees due and payable to the Official Public Account by Australian Government companies and authorities. 'Other financial assets' is work in progress, which is the value of audit work undertaken that has not been billed at balance date.

Non-financial assets

Purchases of infrastructure, plant and equipment are recognised initially at cost in the balance sheet, 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 of 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 the straight-line method of depreciation in all cases. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements and 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, Australian Government agencies and authorities have been required to use either the cost basis or the fair value basis to measure property, plant and equipment. Fair value essentially reflects the current market value of an asset.

Employee provision

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

Contributed equity

The contributed equity comprises an equity injection of \$5.3 million received from government in 1998-99, a further \$0.7 million in 1999-2000, and repayment of \$1.1 million in 2002-03. In the forward years the ANAO expects to receive an equity injection of \$0.2 million in 2009-10 and \$0.7 million as part of additional funding.