



Australian Government

Department of Infrastructure, Transport,
Regional Development, Communications and the Arts

To: Minister for Communications, the Hon Michelle Rowland MP (for information)

Subject: ANAO Performance Audit of the Mobile Black Spot Program - Improving Mobile Coverage Round (IMCR)

Critical Date: For information

Recommendation:

1. That you **note** the process for the ANAO performance audit of the "Award of funding under the Mobile Black Spot Program" which addresses Round 6, the Improving Mobile Coverage Round.

Noted / Please Discuss

The Hon Michelle Rowland MP

5/9/23

Date:

Comments:

Key Points:

1. On 31 July 2023 the department was formally advised by the Australian National Audit Office (ANAO) of the Auditor-General's decision to conduct a performance audit of the "Award of funding under the Mobile Black Spot Program" (MBSP), pursuant to section 17 of the *Auditor-General Act 1997* (the Act). The ANAO included a performance audit of this topic in its planned Audit Work Program for 2023-24.
2. The objective of this audit is to assess the effectiveness of the design and award of funding for Round 6 of the MBSP. The audit criteria¹ that the ANAO proposes to examine are:
 - a. Was the design of Round 6 of the Mobile Black Spot Program effective and consistent with the Commonwealth Grants Rules and Guidelines (CGRGs)²?
 - b. Were Round 6 applications assessed in accordance with the approach set out in the grant opportunity guidelines?
 - c. Were Round 6 funding decisions informed by clear advice and consistent with the grant opportunity guidelines?

¹ See www.anao.gov.au/work/performance-audit/award-funding-under-the-mobile-black-spot-program

² See **Error! Hyperlink reference not valid.** www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-and-guidelines

3. The steps in a performance audit are outlined at the ANAO's Factsheet on Performance Audits at **Attachment A**. The department's guide for working with the ANAO on performance audits is at **Attachment B** for reference also.
4. Tabling of the report is expected in May 2024. On completion of the audit, the ANAO will:
 - a. notify the accountable authority (the Secretary) and you, as responsible Minister, of the tabling date and, in accordance with subsections 17(4) and 18(2) of the *Auditor-General Act 1997*, you will both receive embargoed copies of the report before tabling.
 - b. also provide embargoed copies of the report to the Prime Minister and the Secretary of the Department of the Prime Minister and Cabinet.
5. Following tabling of the report, you may request a briefing from the ANAO, if desired.
6. In accordance with the confidentiality requirements set out in sub-section 36(3) of the *Auditor-General Act 1997*, the department is not able to provide any detailed information about the audit during its conduct. Consistent with **Attachment B**, at the discretion of the business area, we are able to advise you:
 - a. Following the entry interview – that the audit has commenced, provide the audit objective, scope and expected tabling date for the audit (this brief).
 - b. After the Secretary has responded to the Report Preparation Papers – that the audit has been carried out, that a response has been provided, that the report can be expected to be tabled in Parliament in the coming weeks, and that the ANAO will provide you an embargoed copy of the report up to two days prior to tabling.
 - c. Once the ANAO has provided you with the embargoed final report – about the outcomes of the audit, the department's response, the department's proposed action to implement the recommendations, and to prepare you for any potential media or Parliamentary interest in the report.
7. The ANAO previously conducted a performance audit of the Award of Funding under the Mobile Black Spot Programme, publishing its report on 1 September 2016. The audit assessed the effectiveness of the department's assessment and selection of base stations for funding under Round 1 of the MBSP and had three recommendations for the program (**Attachment C**).

Financial impacts: N/A

Legal/Legislative impacts: N/A

Stakeholder Implications: Community and media interest is expected in the audit outcomes.

Consultation: The department's Assurance, Integrity, Risk & Governance Branch has been consulted on this brief.

Media Opportunities:

The final audit report is expected to attract media attention due to the program being designed and delivered as part of the Government's election commitments. This program has also recently been the subject of multiple FOI requests.

Attachments:

Attachment A: ANAO Factsheet – What to expect from a performance audit

Attachment B: DITRDCA's Guide to Working with the ANAO – Performance Audits

MS23-004227

Attachment C: Previous ANAO Audit – Award of Funding under the Mobile Black Spot Programme (September 2016)

Cleared By: Karly Pidgeon
Position: Assistant Secretary
Division: Communications Services and Consumer Division
Mob: s22(1)(a)(ii)
Cleared Date: 31/08/2023

Contact Officer: s22(1)(a)(ii)
Section: Regional Mobile Infrastructure Programs Branch
Mob s22(1)(a)(ii)

Instructions for MPS: Nil

Do you require a signed hardcopy to be returned: No

Responsible Adviser: s22(1)(a)(ii)

PDMS Distribution List: Jim Betts, Richard Windeyer, Sam Grunhard, Lachlan Wood, Karly Pidgeon, s22(1)(a)(ii)

What to expect from a performance audit



Introduction

The Auditor-General for Australia is responsible under the *Auditor-General Act 1997* for auditing public sector entities and reporting to the Parliament of Australia. The Auditor-General is an independent officer of the Parliament whose functions include undertaking financial statement audits and performance audits of Australian government entities.

The Auditor-General is supported by the Australian National Audit Office (ANAO) in delivering against the mandate established by the *Auditor-General Act 1997*.

Auditor-General powers

The work of the ANAO is governed by the ANAO Auditing Standards, which incorporate the standards issued by the Australian Auditing and Assurance Standards Board. Audits conducted by the ANAO are therefore conducted to the same standards required of the broader auditing profession in Australia.

The expectation that audited entities cooperate with the ANAO is supported by legislation. Section 33 of the *Auditor-General Act 1997* provides that the Auditor-General, or an authorised official, may at all reasonable times have access to Commonwealth premises and to any documents or other material in connection with an Auditor-General function. Such material can include Cabinet papers, ministerial decisions, commercially sensitive and classified documents or data, and emails.

These powers are balanced by confidentiality provisions in the *Auditor-General Act 1997* and the exemption of ANAO from the *Freedom of Information Act 1982*. ANAO officials must not disclose any information except in the course of undertaking an Auditor-General's function, and ANAO staff and contractors maintain security clearances which are appropriate for the audit work they perform. Information obtained during an audit or review is stored securely at all times and used only for audit purposes.

The ANAO performance audit process

1. Audit planning

The first phase of the audit process involves defining the objectives and criteria of a performance audit. This

process may involve the ANAO liaising with the area which might be audited and gathering relevant information.

2. Designation letter

When a decision is made to undertake the audit, the ANAO sends a designation letter to the accountable authority (who may be the chair of the board for Commonwealth companies) communicating the Auditor-General's decision to begin the audit. The letter also outlines the objective, criteria and terms of the audit, and copies in relevant members of the entity. The ANAO may also engage with other entities or stakeholders during the course of the audit.

3. Entry interview

An entry interview will be arranged with key personnel involved in the audit. It is used to discuss the objectives, criteria and scope of the audit, and to advise of the ANAO's initial information requirements. The meeting is an opportunity to discuss and resolve any issues relating to the conduct of the audit, particularly site access and data requests. The entry interview is also an opportunity for the audited entity to provide introductory briefing and key material relevant to the audit in order to streamline the process.

4. Fieldwork

The ANAO gathers and analyses evidence, and discusses emerging issues with the entity relating to the objectives of the audit. During evidence gathering, the audit team may conduct interviews with managers, staff and other stakeholders; obtain relevant documentation for review; inspect physical assets; and observe staff in their roles.

The number and frequency of document requests may vary, and timely provision of requested information is expected. The ANAO will require appropriate building access and access to IT systems and records, including classified documents deemed by the ANAO as necessary for the purposes of conducting the audit. The audit team will discuss with the entity the relevance of the information sought, with respect to the audit objective.

What to expect from a performance audit



The ANAO audit team will keep the entity informed in a timely manner of the conduct of, and significant issues arising from, the audit.

5. Report preparation papers

Report preparation papers (RPPs) are prepared once the majority of the evidence has been collected and fieldwork has concluded. RPPs outline the evidence base relied upon, preliminary audit findings, conclusions and potential audit recommendations.

The RPPs are not required to be issued under legislation, but are shared with the entity(ies) to provide an opportunity for the entity to discuss the audit findings, provide feedback to the audit team, including additional context, correction of errors of fact, issues relating to sensitive information and to provide any other information if required.

The ANAO audit manager may invite the entity to participate in an information briefing prior to the release of RPPs. Any written response to the RPPs is to be received by the ANAO within 10 working days.

6. Exit interview

An exit interview is held with senior entity staff following the ANAO's receipt of the entity's response to RPPs. During the exit interview, the preliminary audit findings, potential conclusions and proposed recommendations are discussed. The entity also has the opportunity to provide further documentation and information relevant to the audit findings.

7. Section 19 proposed report

After considering the response to the RPPs and any further information or evidence, the proposed report is drafted, reviewed by the Auditor-General and sent from the Auditor-General to the accountable authority, as required by section 19 of the *Auditor-General Act 1997*. A written response is required within 28 calendar days.

The recipient of a proposed report must not disclose any of the information in the report, or extract, except with the consent of the Auditor-General. The accountable

authority can provide the draft report to their audit committee.

The entity can provide the following types of responses:

1. Letter of reply - A letter that will constitute the entity's formal response to the proposed audit report. The letter of reply will be reproduced as an appendix to the final audit report.
2. Summary response - A short summary of the entity's letter of reply (one or two paragraphs). The summary response will be published in full at the conclusion of the report summary.
3. Responses to recommendations - A response to each of the report's recommendations, indicating whether the entity agrees or disagrees. This will be reproduced under the recommendation in the body of the report.
4. Editorial matters - In preparing a response the entity may identify comments or matters of an editorial nature that they wish the ANAO to consider incorporating in the text of the final report. This material will not be published as part of the formal response to the audit report.

8. Tabling of the report in Parliament

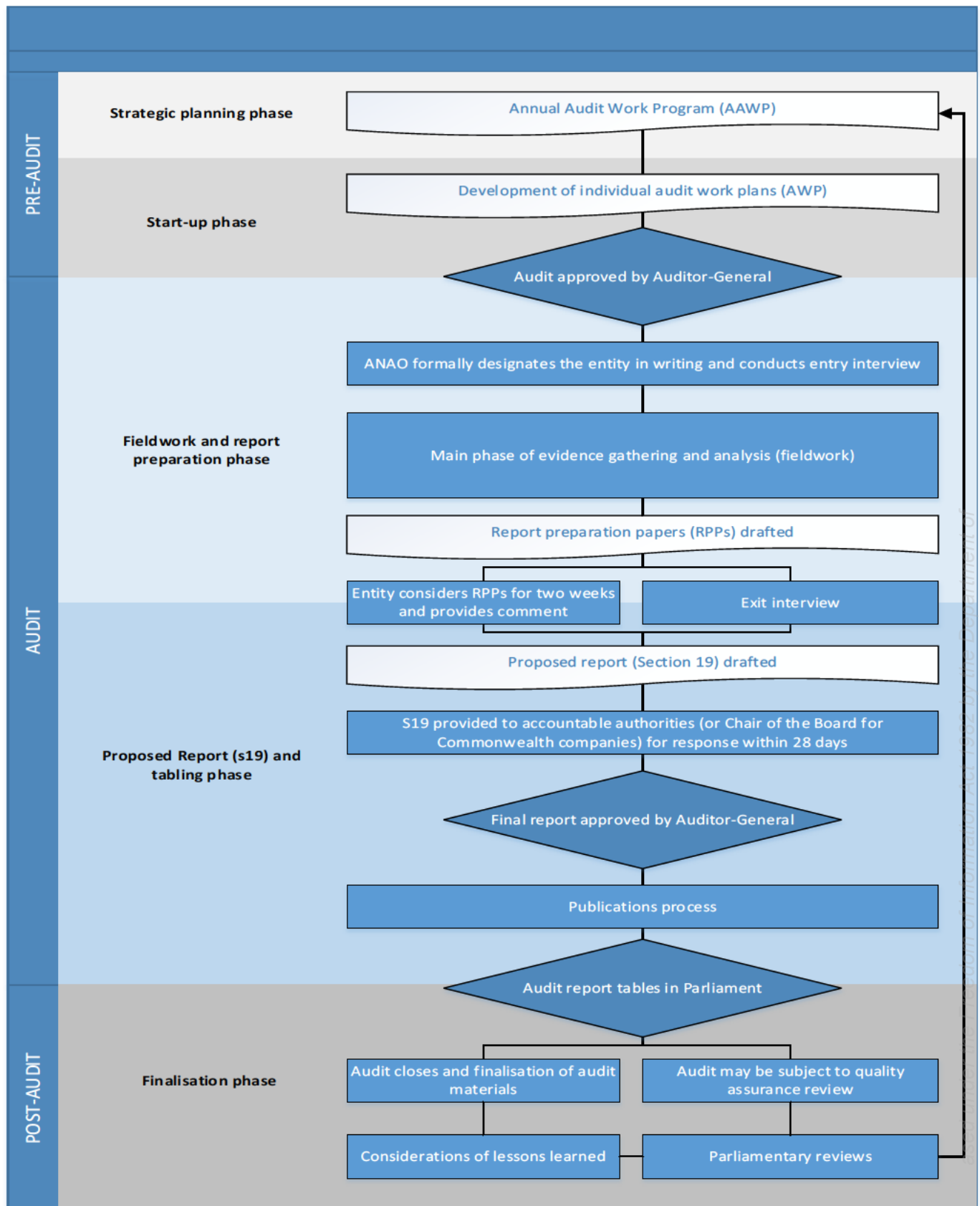
The report will be tabled in the Parliament as soon as practicable after completion of the audit, including during non-sitting periods.

The entity's accountable authority and responsible minister will be notified of the tabling date and, in accordance with subsections 17(4) and 18(2) of the *Auditor-General Act 1997*, they will receive embargoed copies of the report before tabling. The ANAO also provides embargoed copies of the report to the Prime Minister and the Secretary of the Department of the Prime Minister and Cabinet under subsections 17(5) and 18(3), and cross entity reports are given to the Finance Minister under subsection 18(2) of the *Auditor-General Act 1997*.

The tabled report is published on the ANAO website.

What to expect from a performance audit

ANAO performance audit process





Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

Guide to working with the ANAO – Performance Audits

June 2023

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Introduction

The *Auditor-General Act 1997* (the Act) sets out the functions, mandate and powers of the Auditor-General for Australia and establishes the statutory office of the Auditor-General and the Australian National Audit Office (ANAO).

The Auditor-General is an independent officer of the Australian Parliament and has discretion in the performance or exercise of their functions or powers. In particular, the Auditor-General is not subject to direction in relation to: whether or not a particular audit is to be conducted; the way in which a particular audit is to be conducted; or the priority to be given to any particular matter. The Auditor-General must, however, have regard to the audit priorities of the Parliament, as determined by the Joint Committee of Public Accounts and Audit (JCPAA)¹.

The Auditor-General may at any time conduct a performance audit of a Commonwealth entity; or a Commonwealth company; or a subsidiary of a corporate Commonwealth entity or a Commonwealth company. However, the Auditor-General can only undertake a performance audit of a corporate Commonwealth entity that is a Government Business Enterprise (GBE) at the request of the JCPAA².

The ANAO's audit reports are tabled in the Australian Parliament. Following tabling of an audit report, the ANAO may brief Parliamentary Committees, Ministers and individual Parliamentarians on the findings of the audit.

The JCPAA reviews all performance audit reports and conducts an inquiry on selected reports. Other committees of the Parliament may also choose to conduct inquiries using ANAO reports as key information sources.

Purpose

The purpose of this guide is to outline the roles and responsibilities of officials of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) when participating in, and responding to, ANAO performance audits and implementing agreed recommendations.

ANAO Annual Audit Work Program

The Auditor-General publishes an Annual Audit Work Program (AAWP) in July each year. The purpose of the AAWP is to inform the Parliament, government sector entities and the public of the audits the ANAO proposes to deliver throughout the financial year, covering financial statements, performance audits and other assurance activities.³

The AAWP is also designed to anticipate and respond to current and emerging risks and challenges impacting on public administration, and as such, the ANAO may undertake audits not listed in the current AAWP.

¹ Australian National Audit Office: A guide to conducting performance audits published 31 March 2017 <https://www.anao.gov.au/work/corporate/guide-to-conducting-performance-audits> [accessed 2 June 2023].

² Section 17 of the Act.

³ Australian National Audit Office Annual Audit Work Program <https://www.anao.gov.au/work-program/overview> [accessed 2 June 2023].

About ANAO performance audits

The ANAO's guide to conducting performance audits⁴ provides the following overview of performance audit activities:

The ANAO's performance audit activities involve the independent and objective assessment of all or part of an entity's operations and administrative support systems. Performance audits may involve multiple entities and examine common aspects of administration or the joint administration of a program or service.

Through this activity, the ANAO reports to the Parliament on areas where improvements can be made to aspects of public administration and makes specific recommendations to assist public sector entities to improve performance. The audits can include consideration of:

- *economy (minimising cost)*
- *efficiency (maximising the ratio of outputs to inputs)*
- *effectiveness (the extent to which intended outcomes were achieved), and*
- *legislative and policy compliance.*

The ANAO does not have a role in commenting on the merits of government policy.

⁴ Australian National Audit Office: a guide to conducting performance audits published 31 March 2017.
<https://www.anao.gov.au/work/corporate/guide-to-conducting-performance-audits#1-0-theanaosperformanceauditactivities>
[accessed 2 June 2023].

The following diagram provides an overview of the ANAO performance audit process.

ANAO audit process

Planning

The ANAO may undertake planning work to develop the audit objective, scope and criteria for each performance audit. This will generally involve a review of information relating to the program or activity subject to audit, preliminary consultation and discussions with the relevant departmental business areas.

The ANAO generally initiates contact with the department through the Assistant Secretary of the Assurance, Integrity, Risk and Governance (AIRG) Branch.

While the audit has not yet officially commenced, business areas responsible for the program or activity being audited must comply with any ANAO requests for information. Areas likely to be of particular interest to the ANAO include program objectives and outcomes, cross-agency agreements, relevant monitoring and evaluation frameworks, approaches for achieving and evaluating value for money, risk management arrangements, and compliance with legislation and other mandatory frameworks.

Audit designation and entry interview

The responsible Group Executive Director at the ANAO will write to the Secretary to advise the Auditor-General has decided to conduct a performance audit. This 'designation letter' marks the commencement of the audit and is copied to the Assistant Secretary, AIRG Branch.

The designation letter provides an overview of the audit topic, including the objective and criteria, overview of the audit process, information gathering powers, access and confidentiality, and contact details of the audit team.

The ANAO will request an entry interview be arranged with the relevant business area(s) to discuss the objectives, criteria and timing of the audit and to advise the ANAO's initial information requirements. The entry interview will be arranged by the Assurance Section in consultation with the relevant business area(s) and the ANAO.

Senior managers from the relevant business area(s) must attend the entry interview, including the First Assistant Secretary, Assistant Secretary and the EL2/Liaison Officer of the business area responsible for the program or activity being audited. The Director of Assurance and the Assistant Secretary of AIRG Branch also attends the entry interview. The Deputy Secretary should be advised of the entry interview and consider attending for complex and/or sensitive audits.

Information gathering and analysis

The ANAO gathers and analyses information to support audit findings and conclusions. This includes gathering documentation and conducting interviews with managers and staff from the department. The ANAO will also consult with other stakeholders relevant to the audit.

The information gathering analysis phase will commence immediately after the entry interview and can take up to six to nine months to complete.

The Auditor-General has wide information gathering powers which provide access to information and premises (sections 30 to 35 of the Act refer). The Act provides the Auditor-General, or an

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authorised official, with access to Commonwealth premises and full and free access to documents and other property. Such material can include Cabinet papers, ministerial decisions, commercially sensitive and classified documents, data or emails. The ANAO may also conduct on-site visits to inspect work being undertaken and to verify and examine physical assets.

The ANAO designation letter generally states all requests for information must be actioned within a week of the request.

The key responsibilities for the department in relation to the information gathering and analysis phase of the audit include:

- Relevant senior managers should regularly engage with the ANAO during an audit to ensure the audit is progressing and they are informed of emerging issues.
- Senior managers must also maintain oversight of information requested by, and provided to, the ANAO, to ensure the information provided is timely, accurate and complete. This level of oversight does not imply business areas should 'vet' or 'approve' requests for information, but aims to ensure for all documents, additional advice or context is provided, where appropriate, to support an accurate and well considered assessment of the department's performance.
- The Assistant Secretary responsible for overseeing the progress of the audit can be assisted by nominating an EL2 contact/liaison officer.
- Maintaining a register of information provided to the ANAO and the date provided will assist with addressing any issues raised later in the audit regarding the appropriateness and timeliness of information provided. Sometimes, the responsibility for information requests will be shared, for example, the Assurance Section will liaise with the IT Branch for historical email extracts.
- Complex and resource-intensive information requests should be discussed with the ANAO audit manager as soon as possible, to ascertain whether alternative information can be provided or agree to new timeframes.
- For audits involving another government department (e.g. where the department and another department/Government Business Enterprise (GBE) have a shared responsibility to deliver the activity or program) regular consultation with the GBE should be had to ensure the consistency and accuracy of information provided to the ANAO. Regular communication should also occur between the ANAO audit manager, the responsible Assistant Secretary, and the Director of Assurance to facilitate early identification and resolution of any issues.
- Issues or concerns with information requests and access are raised with the Assurance Section.

Tip: Be proactive and remain informed on emerging issues.

You can do this by requesting regular meetings and/or updates from the ANAO audit team.

Make sure you keep your First Assistant Secretary, Deputy Secretary and the Director of Assurance updated on emerging issues throughout the audit.

Report preparation papers and exit interview

Report preparation papers (RPPs) are provided to the department once the majority of evidence has been collected by the ANAO and the fieldwork has concluded. RPPs outline the evidence base relied upon by the ANAO, emerging issues, preliminary audit findings, conclusions and potential recommendations. The RPPs are not required to be issued under legislation, but are shared with the department to provide an opportunity for the department to discuss the audit findings, provide feedback to the audit team, including additional context, correction of errors of fact, issues relating to sensitive information and to provide any other information, if required.

The ANAO generally provide the RPPs to the First Assistant Secretary responsible for the program or activity being audited. The ANAO may invite the department to participate in an information briefing prior to the release of the RPPs. The department's written response to the RPPs must be provided to the ANAO within **10 working days**.

The First Assistant Secretary may disclose the RPPs, on a confidential basis, to relevant officers of the department to assist in preparing comments on the paper, as well as the department's Audit and Risk Committee (ARC).

The template at [Appendix A](#) should be used for the department's response to the RPPs and approved by the First Assistant Secretary. The Assurance Section (auditandrisk@infrastructure.gov.au) must be included as a carbon copy recipient when the department's response is provided back to the ANAO.

The RPPs are the property of the ANAO and covered by the confidentiality obligation in subsection 36(3) of the Act. To avoid penalty, approval of the Auditor-General must be sought before the paper, or its contents, are shared with other persons (such as external legal advisers, contractors, consultants and Ministers). The RPPs must be saved in a restricted file on SharePoint and safeguarded at all times to prevent publication or other improper use of its contents. However, information, such as the objectives and criteria of an audit, which are published on the ANAO's website, and factual material on the audit process, such as what stage an audit is at, can be shared.

An exit interview is held with senior managers following the ANAO's receipt of department's response to the RPPs. During the exit interview, the preliminary audit findings, potential conclusions and proposed recommendations are discussed. The department also has the opportunity to provide further documentation and information relevant to the audit findings.

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The exit interview will be arranged by the Assurance Section in consultation with the responsible business area(s) and the ANAO.

Senior managers must attend the exit interview, including the First Assistant Secretary, Assistant Secretary and EL2/Liaison Officer of the business area responsible for the program or activity being audited. The Director of Assurance and the Assistant Secretary of AIRG Branch will also attend the exit interview.

The Deputy Secretary should be advised of the exit interview and consider attending for complex and/or sensitive audits. If required, a meeting should be held with the Secretary to discuss the department's response prior to the exit interview.

The key responsibilities for the department in relation to the RPPs include:

- Ensuring preparation and co-ordination of the response commences as soon as the RPPs are received by the department.
- Reviewing the RPPs to confirm that the findings and conclusions are accurate. If any of the findings and conclusions are not accurate, these should be identified and comments included in the department's response. Supporting evidence should be provided to support the department's response.
- Reviewing the proposed recommendations to ensure they are appropriate and can be implemented before agreeing to them.
- The Deputy Secretary and/or Secretary should be informed of the progress of the performance audit including preliminary audit findings, conclusions and potential audit recommendations.
- Ensuring that the department's response is reviewed and approved by the Assistant Secretary and First Assistant Secretary.
- The Assistant Secretary, or First Assistant Secretary, responsible for the business area(s) under audit, should discuss the RPPs and response with the Director of Assurance and the Assistant Secretary of AIRG Branch, including the timetable.
- Limiting the circulation of the RPPs to officers of the department who are directly involved in preparing the department's formal response. Recipients of the paper must adhere to the department's secure handling guidelines.
- All relevant business areas should have the opportunity to comment on the RPPs for performance audits involving a number of branches and/or divisions. For audits involving multiple groups, the Assurance Section may assist in coordinating the department's response.
- A copy of the RPPs and department's response must be provided to the Director of Assurance.

Tip: Take the time to critically review the Report Preparation Papers and potential recommendations before agreeing to recommendations to ensure they are appropriate and can be implemented in a reasonable timeframe.

This is the department's opportunity to correct any findings and conclusions, and provide additional supporting evidence.

Section 19 proposed report

Following the exit interview and the department's response to the Report Preparation Paper, the proposed audit report issued under section 19 of the Act (Section 19 Report), will be provided to the Secretary by the Auditor-General.

The Act provides the department **28 calendar days** to submit a formal response to the Section 19 Report.

The Secretary may disclose the proposed report, on a confidential basis, to relevant officers of the department to assist with preparing the department's formal response. The Secretary can also provide the draft report to the department's Audit and Risk Committee.

The section 19 proposed report is the property of the ANAO and covered by the confidentiality obligation in subsection 36(3) of the Act. To avoid penalty, approval of the Auditor-General must be sought before the proposed report, or its contents, are shared with other persons (such as, external legal advisers, contractors, consultants and Ministers). The report must be saved in a restricted file on SharePoint and be safeguarded at all times to prevent publication or other improper use of its contents. However, information such as the objectives and criteria of an audit, which are published on the ANAO's website, and factual material on the audit process, such as what stage an audit is at, can be shared.

The department's formal response must be considered by the ANAO and included in the final audit report to the Parliament, if it is provided within 28 days of receipt by the department of the Section 19 Report.

However, the Auditor-General has the discretion to include the department's formal response if it is received after the due date.

The final report is intended to be an informative and readable document. Any comments on the proposed report should therefore be directly relevant to the audit findings and recommendations, and be reasonably succinct. The department's formal response should include:

- Letter of reply that will constitute the department's formal response to the audit — (published in full as an appendix).
- Summary Response — A **short** summary of the department's letter of reply (one or two paragraphs). The summary response will be published in full at the conclusion of the report summary in the final report. The summary should be no more than **200 words**. Any words in the summary provided that exceed the 200-word limit will be placed in the appendix following the letter of reply.
- Responses to the recommendations — A response to each of the report's recommendations, that will be reproduced under the recommendation in the body of the report. The response should clearly indicate whether the department agrees, disagrees or agrees in part/agrees with qualification with the recommendation, and include a brief overview of what action has, or will be, undertaken to address the recommendation.
- Editorial matters — In preparing its response, the department may identify comments or matters of an editorial nature that it wishes the ANAO to consider incorporating in the text of the final report. This material should be provided separate to the formal response and will not be published as a part of the formal response to the audit report.

A template for the department's response to the section 19 proposed report is at [Appendix B](#) and a template that may be used for editorial matters is at [Appendix C](#) and should be approved by the First Assistant Secretary.

The key responsibilities for the department in relation to the section 19 proposed report include:

- Reviewing the section 19 proposed report and confirming that the findings and conclusions are accurate.
- Reviewing the proposed recommendations to ensure they are appropriate and can be implemented before agreeing to them.
- The Assistant Secretary, or First Assistant Secretary, of the relevant business area must discuss the proposed report and department's response with the Director of Assurance and the Assistant Secretary of AIRG Branch, including the timetable for providing a timely draft response to the Deputy Secretary and Secretary for review and approval.
- Drafting the letter from the Secretary to the ANAO with the department's formal response to the audit and preparing the covering Secretary's brief.
- All relevant business areas should have the opportunity to comment on the proposed report for performance audits involving a number of branches and/or divisions. For audits involving multiple groups, the Assurance Section may assist in coordinating the department's response.
- Ensuring that the circulation of the report is limited to officers of the department who are directly involved in preparing the department's formal response to the report. Recipients of the report must adhere to the department's secure handling guidelines.

Tip: Commence review of the Section 19 Report and developing the department's response as soon as possible to allow sufficient time to obtain the Secretary's approval.

The Assurance Section can assist and you should engage with the section early in the process.

Tabling of the report in Parliament

The report will be tabled in the Parliament as soon as practicable after the completion of the audit, including during non-sitting periods. The tabled report is published on the ANAO website.

This usually occurs within two to three weeks after the department's formal response to the Section 19 Report is received by the ANAO. The ANAO will generally advise the department of the tabling date for the final report.

Up to two days prior to tabling, the Auditor-General will write to the Prime Minister, relevant Ministers, and departmental secretaries, providing an embargoed copy of the final report, and offering a personal briefing about the audit.

The content of this embargoed report is strictly confidential and must not be disclosed by any departmental official prior to tabling.

To ensure unauthorised persons do not have access to confidential and/or sensitive information contained in the embargoed copy of the final report (resulting in a breach of the Act and a significant reputational risk for the department), circulation of the embargoed report is limited to

officers of the department who are directly involved in preparing the department's brief to the Minister on the report.

Recipients of the embargoed report must adhere to the department's secure handling guidelines. Any further distribution of the embargoed report within or outside the department (including the Minister's Office) must have the Auditor-General's approval.

Briefing the Minister

At the discretion of the business area, a briefing to the Minister about the ANAO performance audit may be provided at the following points of the audit process:

- Following the entry interview – to advise the Minister of the commencement of the audit and provide a broad overview of the audit including the objective, scope and expected tabling date for the audit, which is publicly available information on the ANAO's website.
- After the Secretary has provided the department's formal response to the proposed report to the ANAO — to advise the Minister/s that an audit has been carried out; when the report is expected to be tabled in the Parliament; and that an embargoed copy of the report will be provided to the Minister up to two days prior to tabling.
 - **It is critical the department does not disclose the contents of the section 19 proposed report or the department's response to the report at this time.**
- When the ANAO has delivered the embargoed final report – to advise the Minister about the outcomes of the audit, including the department's response and action the department will undertake to implement the recommendations, and prepare the Minister for any potential media or Parliamentary interest in the report.
 - **A Ministerial Brief / talking points *should not* be provided to the Minister until after the ANAO has issued the embargoed report. Providing a brief / talking points to the Minister *prior* to receipt of the embargoed report from the Auditor-General effectively discloses the contents of the proposed report and contravenes the Act's confidentiality requirements.**

Media and parliamentary interest

It is difficult to predict the level of media and Parliamentary attention which will be given to any particular ANAO audit report. The department should be prepared for strong public interest in all ANAO audit reports, even if this does not eventuate.

Senate Committees and the Joint Committee of Public Accounts and Audit (JCPAA) may take an interest in a report, or none at all; the committees may ask the ANAO or the department questions about the report, or neither. The department should be prepared to answer questions about the audit from the Parliament at any time over the course of the year, and to present accurate and up-to-date information about the implementation of recommendations.

Joint Committee of Public Accounts and Audit

The JCPAA, a committee of Members and Senators of the Australian Parliament, examines all reports of the Auditor-General, including performance audit reports tabled in the Parliament.

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The JCPAA conducts inquiries on selected reports. Departmental officers may be required to attend the JCPAA to discuss a performance audit report and implementation of recommendations.

The JCPAA may make further recommendations for the department related to the review of the performance audit report.

Implementation of agreed recommendations

The ARC reviews all ANAO and JCPAA reports involving the department and monitors the implementation of agreed recommendations. The Assurance Section provides regular progress updates to the ARC on the implementation of agreed audit recommendations.

The Director of Assurance will regularly request updates from responsible First Assistant Secretaries on the implementation of audit recommendations. The Audit Risk Database (ARD) is used by the Assurance Section to track the progress of implementing recommendations, record actions taken by responsible business areas to address recommendations and produce relevant and timely reports to the ARC.

The business line area responsible for the recommendation must develop an implementation plan and have it endorsed by their First Assistant Secretary within 30 days of audit tabling. A recommendation implementation plan sets out how the department will address a recommendation made by the ANAO or the JCPAA.

Recommendations are those that were *agreed in part* and *agreed in principle*, or with *qualification*.⁵ Implementation plans are required for all *agreed* recommendations for audits tabled since January 2023 and for recommendations that are overdue by more than 12 months. A template for an implementation plan is at [Appendix D](#).

It is expected agreed recommendations will be implemented within a reasonable timeframe. The ANAO expects, unless otherwise specified, a reasonable timeframe for the implementation of an agreed ANAO performance audit recommendation is within two calendar years from the tabled audit report.⁶ Recommendations should generally be implemented well before two calendar years, except for more complex recommendations, for example, where changes to legislation are required.

Agreed ANAO performance audit and JCPAA recommendations can only be approved for closure by the ARC. Prior to an open audit recommendation being recommended to the ARC for closure, the responsible business area is required to complete the recommendation closure request form at [Appendix E](#), with supporting evidence attached. This must be approved by the First Assistant Secretary. Closure requests will be reviewed by the Director of Assurance. If the Director of Assurance confirms action has been completed as reported, the recommendation will be supported for closure by the ARC.

With the endorsement of the ARC, the Director of Assurance may conduct further reviews with a view to determining whether agreed action has been completed and the recommendation has been satisfactorily addressed. Supporting evidence and documentation will be sought from the

⁵ Implementation plans are not required for recommendations that were disagreed or noted.

⁶ [Auditor-General Report No. 6 2019-20 Implementation of ANAO and parliamentary recommendations](#), paragraph 1.14, page 18.

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responsible area to support the claim the actions have been undertaken as reported, and those actions have satisfied the intent of the recommendation.

The status of the implementation of ANAO and JCPAA recommendations will be provided to the Secretary by the ARC and the Enabling Committee (EC) by the Assurance Section.

Roles and responsibilities

The following table outlines key roles and responsibilities for staff when participating in and responding to ANAO performance audits and implementing agreed recommendations.

Table 1: Department roles and responsibilities

Role	Responsibilities
Secretary (Accountable Authority)	<ul style="list-style-type: none"> Receive the Auditor-General designation letter and assign to the relevant Deputy Secretary and First Assistant Secretary for appropriate action and provide a copy to the Director of Assurance. Receive the proposed audit report issued by the Auditor-General under section 19 of the Act (section 19 proposed report), and provide the report to the relevant Deputy Secretary and First Assistant Secretary for appropriate action and provide a copy to the Director of Assurance. Receive the RPPs and provide a copy to the relevant First Assistant Secretary for appropriate action and provide a copy to the Director of Assurance. Approve and sign the department's formal response to the section 19 proposed report.
Deputy Secretary (responsible for program or activity being audited)	<ul style="list-style-type: none"> Ensure the Secretary is informed of the progress of the performance audit and any potential issues arising as appropriate. Approve the department's response to the section 19 proposed report, for final approval by the Secretary. Attendance at entry and exit interviews is discretionary – attendance may be desirable for more complex and/or sensitive audits.
First Assistant Secretary (responsible for program or activity being audited)	<ul style="list-style-type: none"> Engage with the ANAO regularly, during the audit, to ensure the audit is progressing and emerging issues are identified. Attend entry and exit interviews. Provide oversight of the department's involvement in the performance audit and ensure professional co-operation with the ANAO. Ensure the relevant Deputy Secretary and/or Secretary is informed of the progress of the performance audit and any potential issues arising. Receive the RPPs for appropriate action and provide a copy to the Director of Assurance. Review and approve the department's response to the RPPs. Review and approve the department's response to the section 19 proposed report for the approval of the Deputy Secretary and the Secretary. Contribute to Ministerial Briefing(s) as appropriate.

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Role	Responsibilities
	<ul style="list-style-type: none"> • Maintain contact with the Director of Assurance throughout the performance audit.
Assistant Secretary (responsible for program or activity being audited)	<ul style="list-style-type: none"> • Attend entry and exit interviews. • Maintain regular engagement with the ANAO to facilitate early identification and resolution of audit delivery issues. • Provide oversight and coordination of the department's involvement in the performance audit and ensure professional co-operation with the ANAO. • Facilitate timely access to the department's staff and information. • Critically review contents of Report Preparation Papers and prepare the department's response for the approval of the First Assistant Secretary. • Critically review contents of Section 19 Report and prepare the department's response for the approval of the First Assistant Secretary, Deputy Secretary and Secretary. • Ensure the relevant First Assistant Secretary is informed of the progress of the performance audit and any potential issues arising. • Contribute to Ministerial Briefing(s) as appropriate. • Maintain contact with the Director of Assurance throughout the performance audit.
Contact / Liaison Officer (EL2) (in the business area responsible for program or activity being audited)	<ul style="list-style-type: none"> • Assist the Assistant Secretary to manage the day-to-day business for the performance audit. • Manage access to relevant IT and shared drives (especially where access is required to specific business or sensitive information). • Manage and monitor ANAO requests for information, including maintaining a register of information provided to the ANAO and the date provided. • Manage the retention of audit records and information in accordance with the department's recordkeeping policies and guidelines. • Maintain contact with the Director of Assurance, throughout the performance audit and provide copies of key correspondence.
Director Assurance	<ul style="list-style-type: none"> • Co-ordinate and attend entry and exit interviews. • Arrange initial building and IT access for the ANAO audit team. • Provide advice and guidance to business areas, as required, throughout the performance audit including quality assurance of responses to the RPPs and section 19 proposed report. • Maintain contact with the department's contact officer, Assistant Secretary and First Assistant Secretary. • Maintain regular communication with the ANAO Executive Director responsible for the Infrastructure portfolio. • Assist with resolution of audit delivery issues, as appropriate. • For audits involving multiple groups, the Assurance Section may assist in coordinating the department's response. • Report on the progress of all performance audits to the Chief Operating Officer, and the Audit and Risk Committee (as appropriate).

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Role	Responsibilities
	<ul style="list-style-type: none"> • Monitor and report on the implementation of agreed ANAO performance audit and JCPAA recommendations to the Audit and Risk Committee, and the Enabling Committee (as appropriate).
SES Officers with responsibility for audit	<ul style="list-style-type: none"> • Ensure the relevant Deputy Secretary and/or Secretary is informed of the progress of the performance audit and any potential issues arising as appropriate. • Provide advice and guidance to business areas, as required, throughout the performance audit including quality assurance of responses to the RPPs and section 19 proposed report.
Audit and Risk Committee	<ul style="list-style-type: none"> • Review the RPPs and/or section 19 proposed report and provide advice on the department's response when requested. • Review final ANAO performance audit reports relating to the department. • Review implementation plans for the implementation of agreed ANAO performance audit and JCPAA recommendations. • Monitor the implementation of agreed ANAO performance audit and JCPAA recommendations. • Review and endorse the recommendation for closure when reported as complete. • Report on implementation of recommendations to the Secretary as part of regular reporting on outcomes of ARC meetings.
Enabling Committee	<ul style="list-style-type: none"> • Review final ANAO performance audit reports relating to the department. • Monitor the implementation of agreed ANAO performance audit and JCPAA recommendations.

Appendices

[Appendix A – Department response to RPPs](#)

[Appendix B – Department response to section 19 proposed report](#)

[Appendix C – Department response to section 19 proposed report – Editorial matters](#)

[Appendix D – Recommendation implementation plan](#)

[Appendix E – Recommendation closure request](#)



Appendix A – Department response to RPPs

**Department of Infrastructure, Transport, Regional Development, Communications and the Arts response to Report Preparation Papers:
Performance Audit of <insert title of the performance audit>**

Ref	Report text	Department Position	Comment/Evidence
Para 1.2	Include relevant text from the Report Preparation Papers including questions from the ANAO included in the RPPs, and potential recommendations	Example: <ul style="list-style-type: none">• Underlined sentence not correct• Amendment requested• Paragraph not accurate. Clarification provided.• Agree/disagree with potential recommendation.	Provide an overview of the department's position and additional evidence to support the comments. This may include providing requested changes to text, additional contextual information, indication of whether the department agrees with the potential recommendation(s).
Text boxes page 12			



Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

Secretary

<insert Secretary name>

Appendix B – Department response to section 19 proposed report

PDR ID: EC20-000xxxx

<insert Auditor-General title and name>

Auditor-General

Australian National Audit Office

GPO Box 707

CANBERRA ACT 2601

Dear *<insert title and surname>*

Auditor-General Proposed Audit Report on the *<insert name of performance audit>*

Thank you for providing the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) with the opportunity to comment on the Australian National Audit Office's (ANAO's) proposed audit report on the *<insert name of performance audit>*.

The Department acknowledges the ANAO's overall conclusions and welcomes the recommendations. The Department's summary response and response to each of the recommendations is attached.

Please contact *<insert name and contact details of department contact>* if you would like to discuss this response.

I would like to thank the ANAO for the cooperation of the audit team and the professional manner in which the audit was conducted.

Yours sincerely

<insert Secretary name>

<insert month year>

Department of Infrastructure, Transport, Regional Development, Communications and the Arts response to proposed audit report on the <insert name of performance audit>

Department summary response

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) welcomes the ANAO report and agrees with the recommendations.

<Include a brief summary response>

Response to recommendations

Recommendation 1

<insert text of recommendation 1 from the proposed audit report>

Department response

Agreed / Not agreed

<Include a brief response to recommendation 1 including any action the department will undertake to address the recommendation.>

Recommendation 2

<insert text of recommendation 2 from the proposed audit report>

Department response

Agreed / Not agreed

<Include a brief response to recommendation 2 including any action the department will undertake to address the recommendation.>

Recommendation 3

<insert text of recommendation 3 from the proposed audit report>

Response

Agreed / Not agreed

<Include a brief response to recommendation 3 including any action the department will undertake to address the recommendation.>



Appendix C – Department response to section 19 proposed report – Editorial matters

Department of Infrastructure, Transport, Regional Development, Communications and the Arts Proposed Audit Report: <insert title of the performance audit>

Editorial matters

Ref	Report text	Department Position	Comment/Evidence
Para 1.2	Include relevant text from the Report Preparation Paper including questions from the ANAO included in the RPPs, and potential recommendations	Example: <ul style="list-style-type: none">Underlined sentence not correctAmendment requestedParagraph not accurate. Clarification provided.Agree / disagree with recommendation.	Provide an overview of the department's position and additional evidence to support the comments. This may include providing requested changes to text, additional contextual information, and/or additional information where the department does not agree with the recommendations.
Text boxes page 12			



Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

Appendix D – Recommendation implementation plan

Recommendation Implementation Plan

[Audit] [Year] [Audit Provider]

Overview of audit and findings

[Brief overview of the objective, audit findings and recommendations]

Recommendations

Rec No	Recommendation	Risk rating	Initial response	Key actions and milestones	Implementation date	Risks to implementation	Responsible Officer(s)
1							
2							
3							
4							

Approval

Name:
Position: First Assistant Secretary
Date:



Appendix E – Recommendation closure request

Recommendation Closure Request

Audit Details

Audit Title: <Insert name of ANAO Performance Audit/ JCPAA audit/ internal audit>
Audit Provider: <Example: ANAO Performance Audit/ JCPAA audit/ internal audit provider>
Date Audit Completed: <Example: ANAO Performance Audit= Date audit report tabled, internal audit= Date FAS signed off audit report>
Audit Sponsor: Example: <First Assistant Secretary, unless otherwise specified>

Recommendation details

Recommendation: <Include relevant text of original recommendation from audit report. >
Initial response and implementation date: <If the recommendation is from an internal audit report, this is the response and implementation date as per management's comments. If the recommendation is from an ANAO Performance Audit Report, this is the Department's response in the Audit Report and the implementation date as per the implementation plan.>
Outline of activities undertaken to implement the recommendation: <Provide an overview of all activities undertaken to implement the recommendation for example, policies and procedures have been updated, made available to staff on ENTR / Nishi and have been implemented.>
Evidence provided to support closure of the recommendation: <Include all relevant evidence to support the implementation of the recommendation, for example, updated policies and procedures and evidence of approval of the delegate.>
Approval: Name: Position: First Assistant Secretary Date:

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Document control

Approval

Date	Name	Title
11 August 2023	Mr Jim Betts	Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts
23 November 2020	Mr Simon Atkinson	Secretary, Department of Infrastructure, Transport, Regional Development and Communications

Endorsement

Date	Authorisation Body
23 June 2023	Audit and Risk Committee
27 August 2020	Audit and Risk Committee

Version Control

Date	Version	Author	Rationale
July 2019	V 1	Director, Evaluation, Audit and Risk	First developed describing a process for working with the ANAO during the Performance Audit process
July 2020	V 1.1	Director, Evaluation, Audit and Risk	Annual review and following machinery of government changes
May 2023	V 1.2	Director Assurance	Updated Department's name and logo in line with machinery of government changes, updated branch and section name in line with divisional restructure, updated name of Operations Committee (now Enabling Committee) in line with Departmental governance structure changes

Previous ANAO audit of the MBSP**Auditor-General Report No.10 of 2016-17 Award of Funding under the Mobile Black Spot Programme, published 1 September 2016**Audit objective

The objective of this audit was to assess the effectiveness of the Department of Communications and the Arts' assessment and selection of base stations for funding under the first round of the Mobile Black Spot Programme (MBSP).

Audit criteria

To conclude against the audit objective the ANAO adopted the following high-level criteria:

- were appropriate programme guidelines developed, which reflected the policy intent and objectives of the programme, and was the programme accessible to potential applicants?
- were applicants assessed in a consistent, transparent, accountable and equitable manner?
- were sound governance arrangements established for the programme?

Conclusion

It was concluded that the department established the key elements that would be expected to form part of a competitive, merit-based grants programme and, in the main, implemented these elements in accordance with the published guidelines for Round 1 of the MBSP.

However, it was also noted that there were weaknesses in programme administration that impacted on the effectiveness of the assessment and selection process, and the value achieved from programme funding.

- The criteria used by the department to assess the merits of each proposed base station did not sufficiently target funding toward the expansion of coverage where coverage had not previously existed (for example, 89 of the 499 selected base stations provided minimal new coverage of additional premises and kilometres of transport routes at a combined cost of \$28 million). As a consequence, public funding had resulted in substantial consolidation of existing coverage provided by grant applicants, as opposed to extending coverage in new areas—a key objective for the programme.
- The department did not establish appropriately structured methodologies to inform the technical and financial assessments of applicant proposals. The development of such methodologies, tailored to the objectives of the programme, would have improved the rigour of the department's assessment of proposals, particularly in relation to applicant costings.
- The department's ability to measure the overall impact and effectiveness of the programme and report to stakeholders will be difficult given the absence of a fit for purpose performance measurement and evaluation framework for the programme.

Recommendations

Three recommendations were made relating to:

- establishing minimum scores for assessment criteria;
- implementing an appropriately detailed assessment methodology; and
- implementing a performance measurement and evaluation framework for the MBSP.

The full report is available at: www.anao.gov.au/work/performance-audit/award-funding-under-the-mobile-black-spot-programme