

## What Is This Report About and Why Have We Written It?

1.001 The purpose of this report is twofold:

- to promote Parliament's awareness of a number of issues relating to the way in which it currently scrutinises and controls executive government (the Executive), and holds it to account; and
- to point to opportunities for improvement and to stimulate debate about them.

1.002 We have not set out to advance detailed solutions. Instead, we have tried to set out clearly our perception of these issues and difficulties and to suggest, in general terms, some ways in which we think improvements might be pursued.

1.003 In doing so, we have also sought to bring together and summarise a number of observations we have made to Parliament since the introduction of the financial management reforms at the end of the last decade.

1.004 These issues relate to:

- the nature and purpose of the Executive's spending;
- the impact and outcomes of the Executive's spending;
- the structure and capability of the Executive's agencies (departments, Crown entities and State-owned enterprises);
- governance and accountability<sup>1</sup> ;
- appropriation and supply; and
- the assessment and management of risk.

1.005 In summary, we are seeking to highlight opportunities for Parliament to develop its own systems. We believe such developments will enable Parliament to exercise a more effective oversight of the Executive, and for the Executive itself to achieve better results.

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<sup>1</sup> The term "accountability" is often used with somewhat different meanings. In the context of this report, "accountability" for actions taken implies an obligation *both* to report on those actions (and usually their consequences) *and* to accept responsibility for those actions and their consequences.

1.006 We are acutely conscious of the need to avoid requiring Government agencies to produce costly information solely for the purposes of discharging external accountability requirements. This problem, quite properly, has been the subject of concern in the past.<sup>2</sup> Nonetheless, we see no need for Parliament to resile from requiring the Executive to supply appropriate information. We are convinced that the information which is most relevant for accountability purposes is also information that the Executive and its agencies require anyway for their own good governance and effective management.

## What Are Our Main Concerns?

- 1.007 Although we consider that Parliament currently receives reasonably good financial information – especially about the outputs purchased by the Executive and the financial performance of its agencies – we have nonetheless identified scope for improvement.
- 1.008 We believe that non-financial performance information can be significantly improved. In addition, we believe that Parliament can and should receive much better information about the Government’s desired outcomes and the extent to which those outcomes are being achieved.
- 1.009 We also believe that there are some extremely important information gaps. Parliament currently receives little or no information on:
- organisational capability;
  - the way in which the Executive’s agencies assess and manage risk; or
  - the way in which the Executive proposes to make use of imprest supply.
- 1.010 If these gaps can be filled, we believe that it will improve Parliament’s ability to scrutinise effectively the activities of the Executive, and to exercise its constitutional function of holding the Executive to account.

2 For example:

- *Report of the Inter-departmental Working Party on Accountability Documents*, State Services Commission, June 1994; and
- *Inquiry into Departmental Reporting to Parliament: Report of the Finance and Expenditure Committee*, November 1997.