

Statement of forecast service performance

Output Class: Parliamentary services

Description

Output Class: Parliamentary services includes the following products and services of the Auditor-General.

Reports to Parliament and other constituencies on matters arising from annual audits

Results of annual audits:

- for central government, local government, and selected other sectors; and
- specific issues arising from particular audits or in relation to sectors generally.

Reports and advice to Select Committees and Ministers to assist in their reviews of performance, Estimates examinations, or other inquiries for which the Auditor-General's assistance is sought

Advice to Select Committees and Ministers to assist their financial reviews of:

- government departments and Offices of Parliament;
- State-owned enterprises and Crown entities; and
- reports to portfolio Ministers on the results of annual financial report audits.

Advice to Select Committees to assist in their examination of the Estimates.

Advice or assistance (as requested) for other inquiries conducted by Select Committees.

The Controller function and appropriation audit

Carrying out the Controller function and conducting the appropriation audit.

Advice to government bodies and other agencies on auditing, accountability, and financial management in the public sector

Responding to specific requests from, and taking part in working parties on matters related to financial management and accountability with:

- central agencies;
- government departments, local authorities, and other public entities;
- professional bodies, such as the New Zealand Institute of Chartered Accountants;
- sector organisations, such as Local Government New Zealand and the Society of Local Government Managers;
- foreign delegations; and
- other audit institutions and related organisations, such as the International Organisation of Supreme Audit Institutions (INTOSAI).

Development of a written history of the Audit Office

Development of a written history of the Audit Office in conjunction with the Ministry for Culture and Heritage.

Performance measures and targets**Output Class: Parliamentary services**

Output	Quantity	Cost \$000	Timeliness	Quality
Reports to Parliament and other constituencies on matters arising from annual audits	2 reports on the results of annual audits	160	By 30 June 2007.	Stakeholder study assessing quality of our reports.
Reports and advice to Select Committees and Ministers on:	(As below)	1,000	At least 2 days before an examination, unless otherwise agreed.	Stakeholder study assessing quality of our reports.
• Financial reviews	80-90 reports			
• Estimates examinations	40-50 reports			
• Reports to portfolio Ministers on the results of annual financial report audits	120-130 reports			
• Other reports, as requested	5-10 reports		According to the terms of reference for other reports.	
Controller function and appropriation audit	Monthly statements provided by the Treasury examined for the period September-May	91	Reviewed and response provided to the Treasury within 5 working days of receipt of statement. Reviewed and provided to the appointed auditor within 5 working days of receipt of statement. Where a breach has occurred or may occur, the relevant Minister is informed in accordance with the Memorandum of Understanding with the Treasury.	Where there is a breach or suspected breach of appropriation, actions are taken in accordance with the Auditor-General's powers and auditing standards, and the Memorandum of Understanding with the Treasury. Internal quality assurance undertaken to gain assurance that the Office's policies, procedures, and standards in relation to the controller function and appropriation audits have been applied appropriately.
Advice to government bodies and other agencies	As requested	1,543	According to any terms of reference agreed.	Stakeholder study assessing quality of our reports.
Audit Office history	1 written history (delivered over 4 years)	54	The agreed project milestone will be achieved by 30 June 2007.	Ministry of Culture and Heritage confirm use of skilled personnel.

Output Class: Performance audits and inquiries

Description

Output Class: Undertaking and reporting on performance audits and inquiries relating to central and local government entities:

Reports to Parliament and other constituencies on matters arising from performance audits and special studies, and inquiries

- Results of performance audits and special studies.
- Matters arising from inquiries initiated in response to particular concerns brought to the Auditor-General's attention.

Responses to requests for inquiries from taxpayers, ratepayers and Members of Parliament, and completion of inquiries deemed warranted by the Auditor-General

Acknowledgement of, and response to, requests for inquiries received from:

- Taxpayers;
- Ratepayers; and/or
- Members of Parliament.

Completion of investigations arising from such enquiries (if considered warranted) and reporting of such investigations.

Administration of the provisions of the Local Authorities (Members' Interests) Act 1968

Responding to specific requests in relation to the Auditor-General's powers to:

- approve increased limits for contract payments;
- grant dispensations in certain circumstances from the prohibition against discussing and voting where members have a pecuniary interest; and
- consider alleged breaches of the Act.

Performance measures and targets**Output Class: Performance audits and inquiries**

Output	Quantity	Cost \$000	Timeliness	Quality
Reports to Parliament and other constituencies on matters arising from performance audits and special studies, and inquiries	19-21 reports	4,910	Within the timelines agreed in each project proposal.	Stakeholder study assessing quality of our reports. Internal quality assurance review undertaken to gain sufficient assurance that the Office's policies, procedures and standards in relation to performance audits and special studies have been applied appropriately.
Responses to requests for inquiries from: • Taxpayers • Ratepayers • Members of Parliament	• Taxpayers – 50-60 requests • Ratepayers – 150-180 requests • Members of Parliament – 10-20 requests	1,300	Receipt acknowledged within 5 working days. We will advise 80% within 15 working days of receipt of our decision whether to initiate an inquiry or undertake preliminary work that may result in an inquiry.	Internal quality assurance review undertaken to gain sufficient assurance that the Office's policies, procedures and standards in relation to responses to requests for inquiries have been applied appropriately.
Completion and reporting of inquiries under section 18 of the Public Audit Act 2001*		Included above	Complete 80% of "routine" inquiries within 3 months. Complete 80% of "sensitive" inquiries within 6 months of initiation. Complete 80% of "major" inquiries within 12 months of initiation.	Independent review of 2 major inquiries. Internal quality assurance review undertaken to gain sufficient assurance that the Office's policies, procedures and standards in relation to inquiries have been applied appropriately.
Administration of the provisions of the Local Authorities (Members' Interests) Act 1968	80 investigations	85	Receipt acknowledged within 5 working days. 80% completed within 30 working days. 100% advised if enquiry will take longer than 30 working days.	Internal quality assurance review undertaken to gain sufficient assurance that the Office's policies, procedures and standards in relation to administration of the Local Authorities (Members' Interests) Act 1968 have been applied appropriately.

*Note: As this is the first year of classifying and measuring inquiries in this way, we have not set quantity targets. We propose to start tracking quantities over the 2006-07 year, which will become our benchmark data for future years.

Output Class: Provision of audit and other assurance services

Description

Output Class: Provision of audit and other assurance services relates to the conduct of annual audits of public entity financial reports. The Auditor-General is the statutory auditor of about 4000 public entities. These audits are undertaken either by Audit New Zealand or private sector auditors.

This Output Class is funded mainly by fees paid by the public entities being audited or to which other assurance services are being provided.

Annual audits result in:

- audit reports on whether the financial statements fairly reflect the financial and non-financial performance of these public entities; and
- management reports to the management and governing bodies of these public entities, on issues arising from the audit.

Performance measures and targets

Output Class: Provision of audit and other assurance services

Output	Quantity	Cost \$000	Timeliness	Quality
Annual audits conducted and audit reports issued (see note 1)	Planned total audit completions – 3865 Estimated total number of audits in arrears as at 30/6/07 – 310 (see note 2)	42,058	Audits will be completed and audited financial statements available within the statutory deadline or within 5 months of balance date. 100% target completion rate for all entities except for: Miscellaneous public bodies and audits for which no fee is charged, where the target is 75%; and School boards of trustees, where the target is 75%.	Quality assurance review undertaken to gain sufficient assurance that the Office's policies, procedures and standards in relation to annual audits have been applied appropriately (see note 3). Audit New Zealand client satisfaction survey.
Management reports issued		(included in above costs)	100% of management reports will be issued within 6 weeks of issuing the audit report.	(included in above quality assessments)

Note 1: We will continue to report our performance in this Output Class at a group level as well as at an overall level. The groups of entities we report on are: Government departments and offices of Parliament; major statutory bodies (comprising State-owned enterprises, tertiary education institutions, producer boards, district health boards, Crown research institutes, and major crown entities); regional, city, and district Councils; other local authorities (comprising licensing trusts, airports, LATEs, energy companies, port companies and sinking fund commissioners); school boards of trustees; miscellaneous public bodies (mainly comprising Maori trust boards, smaller Crown entities, and subsidiaries of major Crown entities); and those entities for which fees are not directly charged (i.e. those entities where there is no statutory right to charge an audit fee or no realistic possibility of obtaining a fee. These entities include cemetery trustees, hall and reserve boards, racecourse trustees and patriotic funds).

Note 2: Audits in arrears – the number of audits to be completed during the year will fluctuate according to the readiness of each entity to present its financial statements for audit. The number of audits actually finished during the year will relate mainly to those financial statements due in the year, plus some presented for audit that relate to earlier years. Where entities have not presented their financial statements for audit in previous years, the term “audit arrears” is used to describe the outstanding audits. Most arrears are from small bodies such as school boards of trustees, cemetery trustees, or minor subsidiaries of a parent body. Because an entity might have arrears for a number of years, the number of audit entities with arrears is lower than the arrears numbers shown.

Note 3: Quality Assurance Reviews – we seek to review every approved auditor at least once during their 3-year contract period.