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# **Draft annual plan 2021/22**

April 2021

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# Request for your feedback

Tēnā koutou katoa.

I am pleased to present our *Draft annual plan 2021/22* for your feedback.

My Office has a range of functions that help Parliament and the public hold public organisations to account for their use of public money. The purpose of our work is to improve trust in, and promote the value of, the public sector.

In the past year, the Covid-19 pandemic has reinforced the importance of our role and fundamentally changed the public sector operating environment.

At the same time, the important economic, social, and environmental issues that existed before Covid-19 – including inequality, housing, family violence and sexual violence, water, infrastructure, technology, and climate change – have not gone away. The need to address these issues remains.

These challenges are a constant reminder that public money needs to be effectively spent, and the public should know what it is spent on and the value received. Reporting how this money is spent, and whether this spending is improving outcomes for New Zealanders, should go hand in hand.

The work my Office does aims to assist public organisations to deliver services effectively and efficiently for New Zealanders and to publicly report their performance.

About 85% of our work consists of mandatory annual audits, three-yearly audits of councils' long-term plans and consultation documents, and monitoring spending against appropriations through our Controller function.

The remainder of our work consists of:

- providing advice and support to select committees for effective parliamentary scrutiny;
- sector reports, where we look to provide insights into particular sectors;
- performance audits, where we look at the effectiveness of spending by public organisations;
- special studies, where we research and publish information about public sector performance and accountability; and
- inquiries, where we look at the appropriateness of public organisations' behaviour and use of resources.

We report information from this work to help Parliament and the public hold public organisations to account for how they spend public money and what is achieved as a result.

I am seeking your feedback on our proposed annual work programme for 2021/22. Your views are sought on the coverage and focus of the work described in Part 4.

Much of our proposed work programme for 2021/22 builds on our 2020/21 work. We have also signalled work we are considering after 2021/22.

The response to, and recovery from, Covid-19 remains a key focus of our work. Other key themes in our work programme include:

- assessing how well the public sector is delivering on improving outcomes for New Zealanders;
- strengthening integrity systems in the public sector;
- developing further good practice guidance to help improve public sector performance and supporting audit and risk committees;
- building on our previous work on public accountability, government investments, and well-being;
- our regular sector reports and Controller activities; and
- following up on previous performance audits.

We also expect to complete a range of inquiry work. However, because this is largely demand driven, it is difficult to plan for.

Our work programme allows for the fact that the environment we operate in will continue to change. We therefore need to retain the agility to respond to unexpected events. We might also make changes to our draft work programme as my Office completes its wider business planning process during May, before publication of our final annual plan.

Seeking your views on our work programme helps us to understand what is most important to you and where we can make the biggest contribution to improving scrutiny of government and the public sector. Your feedback is important to our completion of the annual plan, which we will present to Parliament at the end of June 2021.

Feedback is requested by **Friday 28 May 2021**. I look forward to receiving your feedback as we finalise our annual plan for 2021/22.

Nāku noa, nā



John Ryan  
Controller and Auditor-General

28 April 2021

# Part 1– About the Office of the Auditor-General

## Who we are

The Controller and Auditor-General (the Auditor-General) is an Officer of Parliament responsible for auditing all of New Zealand's public organisations. The role is an important part of the constitutional framework in New Zealand. The role exists as an Officer of Parliament because ultimate authority for all public sector activity comes from Parliament.

The Office of the Auditor-General (our Office) is an important pillar of the national integrity system that helps ensure that Parliament and the public can have trust and confidence in the public sector and government.

## Why is there an Auditor-General?

Parliament authorises all government expenditure and gives statutory powers to public organisations. Public organisations are accountable to Parliament (and their communities in the case of local government) for how they use the resources and powers that Parliament gives them. Parliament seeks independent assurance from the Auditor-General that public organisations are using these resources and powers, and are accountable for their performance, in the way Parliament intended.

The Auditor-General's role is to help Parliament in its scrutiny of the Government and ensure that public organisations are effective, efficient, and accountable. To be effective and credible in this role, the Auditor-General is independent of the Government and operates in an apolitical manner. The Auditor-General does not comment on the policies of the Government or local authorities.

The Auditor-General reports findings and makes recommendations so that those responsible for making improvements can take action. The Auditor-General does not have the power to enforce his recommendations. Rather, the Auditor-General influences improvement through his power to report, the independent and objective nature of his work, the scrutiny by Parliament that it supports, and effective working relationships between our Office and public organisations.

## About our work

Our purpose is to improve trust in, and promote the value of, the public sector. We have an important role in influencing lasting improvements in public sector performance and accountability. To do this, our Office must be, and must be seen as, independent, competent, and trustworthy.

## What we do

### Audits of public organisations' accountability documents

Our audits of public organisations' accountability documents account for nearly 85% of our Office's work. These audits are carried out by the Auditor-General's in-house audit service provider, Audit New Zealand, and audit service providers from the private sector. We issue about 3400 audit reports each year. We also issue reports to those charged with governance on how their organisations could improve their control environments and their public reporting. These audits support the integrity of the financial and performance reporting of public organisations.

Our audits give us direct interaction with, and insight into, every public organisation in New Zealand. Through our audits, we gather intelligence on how the public sector is operating and the main challenges, risks, and emerging issues affecting the public sector. We use this information to help Parliament scrutinise public organisations' performance. We also use this information, along with information from regular sector scans across the public sector, to inform our work programme.

Appendix 1 provides a list of the number and type of public organisations we audit as at March 2021.

The Auditor-General is also the Auditor-General of Niue and Tokelau. We carry out audits of the financial statements of the Government of Niue (and its subsidiaries and other associated organisations) and the Government of Tokelau (and related organisations). We also carry out audits of other organisations that the Auditor-General has agreed to audit under section 19 of the Public Audit Act 2001.

The Local Government Act 2002 requires the Auditor-General to audit councils' long-term plans and associated consultation documents. Our audits provide the community with independent assurance that the long-term plans and consultation documents meet their statutory purposes and are based on good information and assumptions that are reasonable and supportable.

Our audit work is funded by fees charged to each audited organisation, which are agreed after consultation with the organisation.

We carry out quality assurance reviews of appointed auditors to ensure that they have complied with the *Auditor-General's Auditing Standards*. We regularly update those auditing standards to ensure that they remain fit for purpose.

Maintaining our independence is critical. The credibility of our work relies on our being free of influence (real or perceived) so that we can carry out our work and report without fear or

favour. We have high standards of independence, and we closely monitor compliance with those standards.

Our independence is also critical to maintaining Parliament's and the public's trust and confidence in our work and our position as one of the strongest "pillars" in New Zealand's national integrity system.<sup>1</sup>

### Other assurance work

Audit New Zealand also carries out other assurance work for public organisations on behalf of the Auditor-General. This work includes reviewing procurement and contract management, project management, asset management, risk management, governance arrangements, and management of conflicts of interest. It can include any services that are reasonable and appropriate for an auditor to perform.

Assurance is typically provided to senior managers and governors of public organisations. By extension, such assurance work supports trust and confidence in public organisations. It promotes value by helping public organisations to comply with rules and guidelines and to adopt good practice.

Audit New Zealand and our other audit service providers also carry out other assurance work prescribed in legislation. This assurance work includes, for example, auditing disclosures required by the Commerce Commission.

### Providing advice and support for effective parliamentary scrutiny

Parliamentary scrutiny of public sector performance is primarily carried out through select committees. We work closely with select committee chairpersons and clerks to provide advice and support that meets committees' needs.

Our advice and support to Parliament is informed by all our work. We use our information to advise and inform Parliament about issues and risks in the public sector. We provide reports and advice to select committees to help their annual reviews of public organisations and their examination of the Estimates of Appropriations.

Our advice is primarily based on analysis of public organisations' accountability documents and Budget information. In 2021/22, we will continue to carefully scrutinise how public organisations report on their spending, their performance, and the ongoing effect of Covid-19 on their operations. We will advise the relevant select committees accordingly. We also intend to focus on how chief executives of government departments (individually or

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<sup>1</sup> According to Transparency International New Zealand, the New Zealand arm of the global anti-corruption agency.

collectively representing a sector) make progress with meeting new requirements to produce long-term insight briefings for Parliament.

We publish reports on the results of our annual audits, performance audits, major inquiries, and our other work. We use this information to advise select committees in their work on holding public organisations to account as part of Parliament's scrutiny of the Government.

### **Monitoring expenditure against parliamentary appropriations – our Controller function**

Our Controller function provides independent assurance to Parliament that expenditure by government departments and Offices of Parliament is within the scope, amount, and period of the appropriation or other authority.

Our Controller function is a core part of the Auditor-General's role as "public watchdog". It supports the important constitutional principle that the Government cannot spend, borrow, or impose a tax without Parliament's approval.

### **Carrying out inquiries into matters related to the use of public resources**

The Public Audit Act allows the Auditor-General to carry out an inquiry into any matter concerning a public organisation's use of resources. Our inquiries function is important for maintaining and improving Parliament's and New Zealanders' trust and confidence in the public sector.

Inquiries can arise from our audits or other work, requests from members of Parliament or a public organisation, or concerns raised by a member of the public. We consider many issues and receive many requests for inquiries. The number of requests increases each year.

Included in our current work are two major inquiries that are planned for completion in 2021/22: *Inquiry into the Strategic Tourism Asset Protection Programme* and *Inquiry into use of Auckland private rentals for emergency housing*. More information about these inquiries is on our website.

### **Assessing public sector performance and accountability through performance audits and special studies**

The Public Audit Act empowers the Auditor-General to carry out performance audits on public sector effectiveness and efficiency and to assess the performance and accountability of public organisations.

We identify and prioritise work that we consider will best contribute to the changes we want to bring about and help Parliament and the public to have trust and confidence in the public sector.

Performance audits and special studies are an important part of our work programme. They enable us to look at areas of performance in more detail than an annual audit normally would. Performance audits and special studies are intended to influence public sector improvement and provide assurance to Parliament and the public that public organisations are delivering what they have been set up and funded to do.

In 2021/22, our proposed programme of performance audits and special studies continues to primarily focus on understanding the Government's response to, and recovery from, Covid-19.

In Part 4, we describe our proposed work programme for 2021/22, including our follow-up work.

Under the Local Government (Auckland Council) Act 2009, we are also responsible for reviewing the service performance of Auckland Council and its council-controlled organisations from time to time.

## Our international work

Our Office is an active member of the International Organisation of Supreme Audit Institutions (INTOSAI).

Our largest time and resource commitments are to the Pacific Association of Supreme Audit Institutions (PASAI), which is the regional body of INTOSAI focused on the Pacific. The Auditor-General is the Secretary-General of PASAI.

Through our commitment to PASAI, we support accountability, transparency, and good governance in Pacific countries. This helps to strengthen good governance and accountability in the Pacific. A contract with the Ministry of Foreign Affairs and Trade funds our work with PASAI.

Covid-19 has changed the way that the PASAI work programme is delivered. In 2020, with our support, PASAI moved quickly to establish a learning management system to facilitate online delivery through both live and self-driven learning approaches. We are assisting PASAI to support Auditors-General in the Pacific as they address new public financial and governance challenges arising from the effects of Covid-19.

As part of our PASAI work, we are privileged to have twinning relationships with the Audit Office of Samoa and the Cook Islands Audit Office. These relationships provide specific support and development opportunities for staff in those offices to work closely with our staff. This work has also been adapted in response to the effects of Covid-19. We are focusing on providing practical advice to address newly emerging challenges related to the effects of Covid-19 for those countries, and a new approach to delivery based on short but frequent online activities sharing experiences and practical advice.

We also take part in international efforts to develop guidance and standards. A senior member of our staff represents New Zealand on the International Public Sector Accounting Standards Board.

As noted earlier, the Auditor-General is also the Auditor-General of Niue and Tokelau under their respective accountability arrangements.

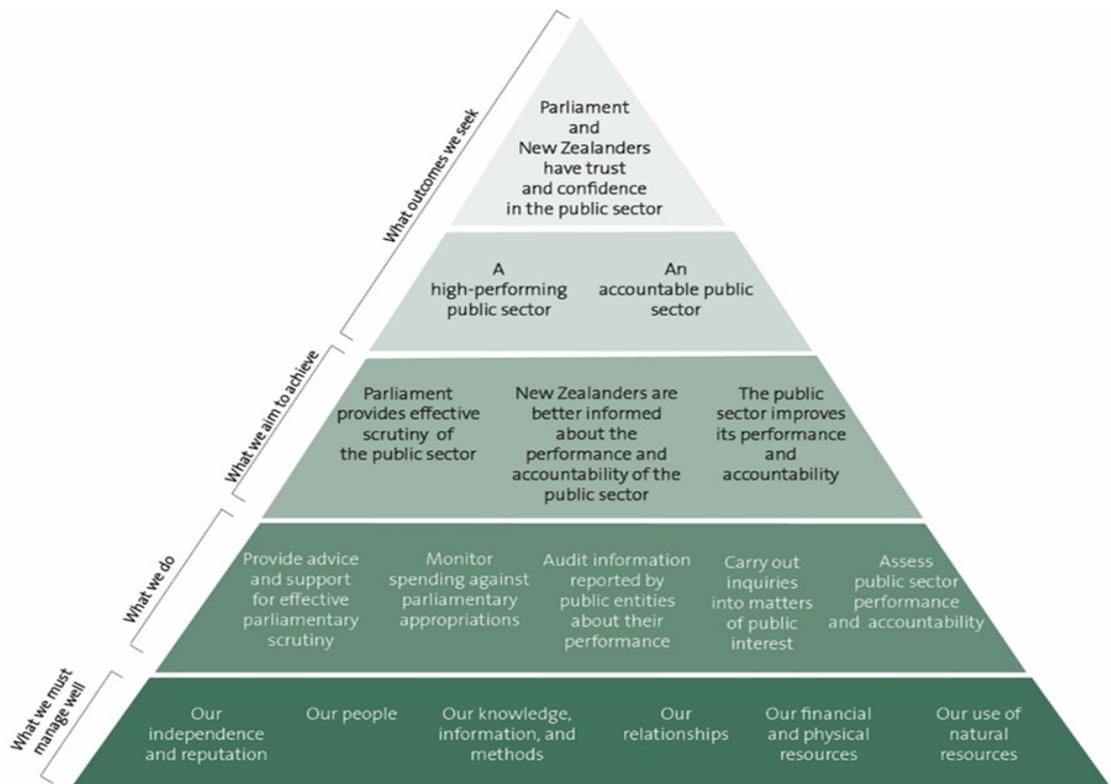
# Part 2 – Our strategic context

## Our strategic direction

*The Auditor-General’s strategic intentions to 2025* is our long-term strategic planning document. It sets out the enduring outcomes and impacts we seek from our work and provides the strategic context for our annual work programme.

The ultimate outcome that we seek is that Parliament and the public have trust and confidence in the public sector. For this to be achieved, the public sector has to be high performing and accountable. Relevant and reliable information is critical to holding the public sector to account. Everything we do is directed towards achieving these outcomes, which are at the top of our performance framework.

## Our performance framework



Our vision is of a *high-performing and trusted public sector*.

No other organisation, public or private, has an overview of the whole public sector that we have. As the auditor of every public organisation, we have an ongoing role with every public sector organisation. This gives us a unique position to influence improvements both in the public sector’s performance and in the management and accountability systems under which the public sector operates.

## Our strategy

Our medium-term strategy describes how we will build our core functions and what we will do differently to get the impacts we need to achieve our outcomes. It is organised around four strategic shifts that are designed to respond to the changing operating context in which we work and enhance the impact of our activities. We regularly review our progress against our strategy in the context of our changing operating environment. This enables us to focus our work on where we can make the most difference in influencing our outcomes.

Our proposed work programme is organised around five key areas, which align to our medium-term strategy. Part 4 provides more information about these key areas and the work we propose under each.

## Part 3 – How we plan our annual work programme

Our planning process enables us to identify and prioritise work that we consider will achieve the outcomes we seek.

We carry out regular environmental scanning to identify and assess issues, risks, and opportunities in the public sector. These scans help us prepare a work programme that responds to current and emerging risks and anticipates future risks. They also help inform our decisions about where we can best use our resources to help improve scrutiny of the Government and public sector performance. Reflecting on our operating environment helps us to determine our annual work programme. A description of our current operating environment is provided later in this part.

We have carefully considered what work to include in our work programme. The work in our work programme that we plan to do is based on information we know at present. If new information or risks come to light, we might decide to change some of our planned work.

We draw on a range of sources to assess our environmental context and help generate potential areas for review. These sources include the information our auditors and sector managers continually gather, our ongoing monitoring of risks, and our independent analysis of public sector performance and issues. We also draw on our previous work and knowledge – reports we have published (including inquiries, research reports, and the results of recent audits) and we follow-up on how public organisations have implemented our recommendations.

Our central and local government advisory groups also help us better understand the common themes and issues in their respective sectors. Our discussions with select committees and public organisations are another key source of information.

Improving outcomes for Māori is an important consideration in both planning our work programme and in how we carry it out. We are seeking to identify where we can best focus our work to influence the effectiveness of the public sector in improving outcomes for Māori.

Matters raised by members of the public and input from interest groups that we work with also inform our planning.

Because a third of the public sector's funding and resources are allocated to the Auckland region, we are also taking a particular interest in how the public sector in that region is delivering for the diverse communities in Auckland.

## How we manage risks to achieving our work programme

We recognise that there are risks to achieving our work programme, including that:

- we do not have sufficient capacity or capability to do all the work;
- some unforeseen event disrupts or delays our work;
- we do not achieve the right balance in quality, timeliness, and cost of our work; and
- we do not achieve the impacts we are aiming for.

Our planning helps to mitigate these risks. External quality review of our work helps to ensure that our work meets required standards. Our business continuity planning minimises the disruption of unforeseen events on our work. Regular review of our work programme allows us to respond and adjust it if new priorities arise.

To help ensure that we are in the best possible position to deliver our work within planned time frames, we will continue to improve our business planning. To effectively manage how we resource our work, the start and completion of our work is phased. Some work is planned to start at the beginning of the financial year and to be completed within that year. Some work is planned to start later in the financial year and to be completed in the next financial year.

Most of our work is planned to be completed within 12 months. Some work, especially larger more complex pieces of work, can take longer. Sometimes, we choose to carry out work on a particular topic for a number of years.

Appendix 2 provides a summary of our proposed work for 2021/22 and shows when we expect to start and complete our proposed work (by quarter).

## **Our operating environment**

Despite the disruption and uncertainty from Covid-19, key indicators show that trust and confidence in the public sector remains high. The public sector is seen as generally free of corruption and enjoys strong transparency and accountability arrangements. New Zealanders have access to quality public services which, for the most part, are reliable and well managed. Our work on independently auditing the financial statements of the Government shows that our public financial management system remains strong.

Covid-19, however, has demonstrated our vulnerability to global risks and the challenging and changing environment in which we operate. Changes in technology and our environment, and increasing social and cultural diversity, mean that the public's expectations of government continue to increase.

## Effects of Covid-19

The full effects of Covid-19 continue to unfold. There will be ongoing challenges facing the public sector, especially if there are further outbreaks of Covid-19 in the community. The Covid-19 vaccination programme will continue to be a critical initiative in 2021/22. How well the vaccination programme is delivered will be important to maintaining New Zealanders' trust in public services.

Government spending during the Covid-19 response has been significant – for example, the Covid-19 Response and Recovery Fund, the Wage Subsidy Scheme, and “shovel-ready” projects form part of the \$62 billion of funding available for the Government's spending on responding to Covid-19. It is important that the Government is transparent about the Covid-19-related spending and what it has achieved with it. Quality decision-making, value for money, integrity, and effective monitoring and reporting practices are essential at all times, particularly when large expenditure is occurring quickly and in new ways.

There was uncertainty about the effects of Covid-19 on services already under pressure before the outbreak – for example, in elective surgery. How public organisations are planning their response to, and recovery from, Covid-19 and how they position themselves to be successful in a post-vaccination environment will be important. Scenario planning, “least regrets” policies, and other ways to manage risk and uncertainty will also be important.

Loss of revenue and financial stability are serious issues for some sectors more than others – for example in tourism, hospitality, transport, and education. Long-term planning of economic and other initiatives becomes even more important, especially when considering scenarios of further outbreaks or other major risk events.

Despite New Zealand's generally successful response to mitigating the immediate effects of Covid-19, the long-term effects are yet to be fully seen.

## Climate change

There are significant and increasing estimates of the cost of adapting communities and infrastructure to mitigate the risks and hazards from climate change.

The transition to a zero-carbon economy will require effective leadership, governance, and accountability arrangements. The risks, strategy, and financial impacts of this transition will need to be transparent. The level and speed of change that might occur will be a challenge for many public organisations.

The public sector's contribution towards meeting the Government's 2050 emissions reduction target will also involve enhanced reporting requirements for many public organisations.

## Māori-Crown relations

The public sector is increasing its focus on post-Treaty settlement arrangements. It is also seeking to improve its competency in working with, and responding to, Māori. This includes policy formulation and areas such as water management and health. However, current capability in the public sector to respond in these areas is still developing.

Accountability expectations (for example, on the progress of strategies and programmes designed to improve outcomes for Māori) are increasing. Many areas of broader reform (for example, water and the Resource Management Act) are of particular interest to Māori.

The Public Service Act 2020 introduces a range of obligations for the public service to actively work with Māori. It will be important to understand how these changes are being led and implemented as the public service begins to work under the new Act.

## Local government challenges

Councils continue to face change. New regulatory requirements and instruments (for example, new and updated national policy statements) have been introduced, and other areas for change are being proposed, including the “three waters” and resource management reforms. These changes could significantly affect the shape of local government. Councils are also considering the impact of climate change and what this means for the delivery of services over time.

Councils have received Covid-19-related funding – for example, “shovel-ready” funding. As with other organisations receiving Covid-19 funding, it will be important for councils to monitor the effectiveness of their spending and publicly report it. We discuss the importance of local government infrastructure investment below.

## System-level changes and public service reforms

Public sector organisations continue to develop cross-agency and sector strategies and initiatives to respond to long-standing issues, such as family violence and sexual violence. Public organisations worked well together to respond to Covid-19 (and have worked well together in response to other crises) due in part to having a compelling focus.

There have been important changes to legislation, in particular the enactment of the Public Service Act. This Act enables new ways of working across the public sector. This will, in some cases, require new accountability arrangements to be defined. However, improved performance reporting at the entity, sector, and initiative level, as well as at an all-of-government level, will be important for New Zealanders to clearly see the effectiveness of government spending and performance against priorities, no matter how the public sector chooses to organise itself.

Recently announced reforms in the health sector will also bring new organisational structures and accountability arrangements.

## Infrastructure investment and management

There was significant central government investment in infrastructure before, as well as part of, the Covid-19 response.

Councils are also proposing significant infrastructure investments. Demographic changes are putting increased pressure on high-growth areas, making the work that the New Zealand Infrastructure Commission, Te Waihanga is doing on infrastructure strategic planning more important.

Historical under-investment in infrastructure has attracted increased public attention in the face of highly visible asset failures and service disruptions. Public expectations for a clearer picture on asset condition, as well as plans and strategies for funding and financing infrastructure investment (in both central and local government), are rightly increasing.

## Housing sector

Housing is important for social and economic well-being. Shelter is a basic human need. The lack of a stable home has been linked with poorer life outcomes and can adversely affect community cohesion.

Housing supply and affordability is a significant and complex issue. Higher house prices and rents have adverse effects on many households, particularly those on low incomes.

A well-functioning housing and urban development system requires multiple agencies from central and local government to work effectively together. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development has oversight over the system. Other central government agencies with significant housing functions include Kāinga Ora and the Ministry of Social Development. Positive housing and urban development outcomes also rely on public organisations involved in the planning and provision of physical and social infrastructure, such as Waka Kotahi New Zealand Transport Agency and the Ministry of Education.

## Cybersecurity

Cybersecurity threats remain a critical risk to public sector delivery, integrity, and ultimately the trust the public has in the public sector. Ongoing and significant investment in cybersecurity is a feature of many public organisations. However, given the dynamic environment, risks remain.

## Capability

In several sectors, a lack of workforce development is leading to capability gaps and disconnection between training and the skills needed. There are particular issues with the education workforce, the health workforce, and a number of trades.

The reform of the institutes of technology and polytechnics sector is intended to improve the vocational education system for better delivery of work-integrated skills for learners, employers, and communities.

Although strategic planning and building infrastructure will remain important, Covid-19 has helped drive new ideas for workforce planning, including flexible working and changed approaches to workforce well-being and capability.

## Ethics and integrity

Our public service has a well-deserved reputation for integrity. However, fraud and integrity risks increase when a significant amount of new money enters the system with expectations of fast and pressured delivery.

Sexual harassment and bullying remain workplace issues in the public sector. Despite genuine attempts to address these issues, reviews continue to show that current efforts to reduce incidences and prevalence are not always effective.

## Family violence and sexual violence

Family violence and sexual violence are widely recognised as complex problems. They persist despite the efforts of successive governments, government agencies, and numerous community organisations working with those who are either harmed by, or are perpetrators of, violence.

## Inequalities

Inequalities of outcomes remains a feature of the socio-economic landscape, with Māori and Pasifika outcomes remaining consistently and significantly lower than other groups. Gender and geographical inequalities are also important areas for action.

The ongoing effects of Covid-19 risks exacerbating the disadvantages lower socio-economic groups face.

Unemployment rates remain high for sections of the population. Child poverty continues to be an adverse social issue. Children who live in poverty have significantly worse health and educational outcomes. Many people with disabilities face reduced opportunities, with poorer life outcomes compared with non-disabled people.

# Part 4 – Our proposed work programme

The planning we carried out in 2020/21 resulted in a programme of work organised around five key areas, which are linked to our medium-term strategy.

## **1. Providing assurance to Parliament and the public on the Covid-19 response and recovery**

In our *Annual plan 2020/21*, we set out a programme of work designed to provide clear and independent information to Parliament and the public about the effectiveness of the Government's response to Covid-19. In 2021/22, we intend to continue this work, with a specific focus on evaluating the centralised response, the vaccination roll-out, and reviewing the value for money of significant areas of Covid-19-related spending.

## **2. How well is the public sector improving the lives of New Zealanders?**

Public money is spent on providing support and services that are designed to make a positive difference to New Zealanders. How the Government is improving the lives of New Zealanders is a key area for our work programme.

We intend to continue focusing our work on issues where New Zealanders will want confidence that the Government is achieving progress. This includes improving outcomes for Māori, family violence, housing, health, and education.

## **3. How well is the public accountability system working as a whole?**

An effective accountability system is critical to maintaining New Zealanders' trust and confidence in the public sector and government. We have an important role in influencing the shape of the public accountability system to meet New Zealanders' expectations today and in the future.

Our work programme focuses on fundamentals, such as the integrity of public organisations, how well public organisations manage procurement, and how effectively public organisations plan. Our work at a system level will continue. This includes looking at reporting and other relevant matters as agencies implement the well-being agenda, understanding Māori perspectives on effective accountability, and influencing the direction of public sector reform to strengthen accountability to Parliament and the public. Within the scope of our mandate, we intend to review and, where appropriate, comment on specific areas of reform in the public sector, for example, any Public Finance Act reforms.

Although much of our work on improving health outcomes is focused on the Covid-19 response, in 2021/22 we will also respond, as appropriate, to the Government's proposals to reform the health and disability sector. New legislation will be required to implement the

proposed changes, and we will submit on matters relevant to our Office. This will provide an opportunity for us to comment on any potential effects on accountability and transparency, governance, leadership, and sustainability. We will also be interested in how changes across the sector will be managed and governed, how risks will be mitigated, and the implications for our audits.

#### **4. Keeping New Zealanders informed about public sector performance and accountability**

We have an important role to play in supporting New Zealanders' trust and confidence in the public sector. To have trust and confidence, New Zealanders need to be informed about the issues that matter to them in ways that are meaningful.

Our regular reporting is the main way we keep New Zealanders informed about how the public sector is performing. We will also continue to better understand what information about public services communities consider are relevant and important.

#### **5. Sharing insights about what "good" looks like**

We are in a unique position to identify and share examples of good practice to support public organisations to improve. We will continue to update our good practice guides.

We also have an important and influential role as an information broker, connecting organisations to share experiences about what works. Building on our previous work, we intend to maintain our focus on supporting independent audit and risk committees. We see independent audit and risk committees as a vital partner in supporting public organisations to improve their performance and accountability.

We are also planning a speaker series on sharing good practice to reach wider audiences.

#### **Summary of our proposed work**

We describe in more detail the work we plan to carry out under each of the key areas in this Part. Appendix 2 provides a summary of our 2021/22 work programme.

## Providing assurance to Parliament and the public on the Covid-19 response and recovery

In 2020/21, we started a three-year programme of work designed to provide clear and independent information to Parliament and the public about the effectiveness of the Government's response to, and recovery from, Covid-19.

Parliament gave the Government a rare and considerable degree of flexibility to fund its response to Covid-19. Incurring a large amount of expenditure, along with the pace of the Government's emergency response and the extraordinary conditions the public sector has operated in, mean that sound financial management, governance, and accountability are critical.

We consider it important to provide Parliament and the public with clear and accessible information about how effectively the Covid-19 funding was spent. Parliament and the public will also want to know whether that funding has provided value for money.

Building on the work we started in 2020/21, we will continue work on understanding how well the public sector responded to Covid-19 and how well it is positioned to support New Zealand to recover.

In 2021/22, we will complete our work on understanding the central response to Covid-19, progress work on case studies examining public sector business continuity, and begin the second phase of our work on the vaccine roll-out. Depending on how Covid-19 evolves, we might look at other aspects of the response or look at how the Government is planning for a post-Covid-19 environment.

In 2022/23, we will look at evaluating the overall response to Covid-19 and understanding significant areas of expenditure with a focus on value for money.

<b>Planned work for 2021/22</b>
<p><b>Understanding the central response to Covid-19</b></p> <p>In 2021/22, we will continue our work to provide an independent picture of the central response during 2020 to Covid-19. Our work is focused on the Department of the Prime Minister and Cabinet and its role in co-ordinating the national response.</p> <p>Our work looks at the arrangements that were in place for responding to a pandemic and how these were implemented or adapted to respond to Covid-19. We are also assessing how issues and risks were identified, and improvements made, to strengthen the ongoing response to Covid-19.</p>
<p><b>Case studies on public sector business continuity planning in response to the Covid-19 experience</b></p> <p>In 2021/22, we plan to carry out case studies on how agencies have adapted and/or modified their business continuity planning in response to their experiences of Covid-19.</p> <p>We will consider a range of agencies, including local government. Case studies will describe how agencies have learned from their experiences of Covid-19 and what changes they have made to be better prepared for future business disruption. Our work will help to inform our sharing of insights about what "good" looks like, which we describe later in this Part.</p>

### **Further work on the Government's roll-out of the national Covid-19 vaccination programme**

In 2020/21, we started a programme of work looking at the national roll-out of the Covid-19 vaccination. Phase 1 of our work was a rapid review to provide an independent picture of how well positioned the Covid-19 Immunisation Programme was to meet the Government's objective of vaccinating as many people as possible by the end of 2021.

In 2021/22, we intend to carry out a second, and possibly third, phase of work. Later in 2021, once the national roll-out is well under way, we will provide an update on progress since our Phase 1 report. This will include documenting any changes to the strategy or programme, assessing how much progress has been made, and how well the programme is being managed. Once the roll-out has been completed, we might look at what has been learned and how those lessons will strengthen the health system's approach to immunisation more generally.

### **Examining other areas of the Covid-19 response**

Depending on how Covid-19 evolves, we plan to ensure that we have capacity to complete a performance audit on a particular aspect of the Covid-19 response. We want to retain some flexibility to focus on the issues that emerge as most significant to the public.

At this stage, topics that we consider might be of interest to Parliament and the public include how well the Government worked with the most vulnerable during the response, another area of significant expenditure such as the business loans scheme, or the post Covid-19 response.

## **How well is the public sector improving the lives of New Zealanders?**

The work we will carry out in 2021/22 on better understanding how well the public sector is improving the lives of New Zealanders is focused on four priority areas:

1. improving outcomes for Māori;
2. reducing family violence;
3. improving housing outcomes; and
4. improving education outcomes.

We describe the work we propose to carry out in 2021/22, and indicative work we have scoped for 2022/23, under each of the four priority areas.

### **1. Improving outcomes for Māori**

The public sector has an important role in building a successful and effective relationship between Māori and the Crown and contributing to improved outcomes for Māori. Public service leaders are required, under the Public Service Act, to develop and maintain the capability of the public service to engage with Māori and understand Māori perspectives.

Other existing requirements are also targeted at improving public sector performance. For example, Te Ture mō Te Reo Māori 2016 provides guidance for departments of state on the use of te reo Māori. The Māori Language Strategy sets a vision that, by 2040, more New Zealanders will value, speak, and use te reo Māori.

We are interested in how effectively the public sector is contributing to improved outcomes for Māori. There have been many government initiatives and targeted funding for particular issues. We want to understand what has been achieved for the investment that has been

made. In 2021/22, we also intend to talk with Māori to gain their perspectives on the outcomes that matter most for Māori. We expect the results of this work, alongside the work we have carried out to see what has already been achieved, to inform the choices that we will make about where to focus our work in this area.

We will also continue our work on Māori perspectives on accountability, including researching what effective public accountability looks like for Māori. This work builds on our broader programme of work on how the accountability system as a whole is working for New Zealanders.

We also plan to revisit our 2015 performance audit of Whānau Ora. For that audit, we described what Whānau Ora was, looked at how it was funded, how much had been invested, and how much had been spent. This work will examine how effectively commissioning and delivery organisations are now using the Whānau Ora approach to help whānau achieve positive outcomes.

<b>Planned work for 2021/22</b>
<p><b>Understanding how well the public sector is delivering the outcomes that matter for Māori</b></p> <p>We will carry out work in 2021/22 to identify areas of significant investment targeted toward improving outcomes for Māori and compare that with the results that have been achieved.</p> <p>We also intend to talk to Māori to gain their perspectives on where we should focus in order to support the public sector to deliver improved outcomes for Māori.</p>
<p><b>Māori perspectives on accountability</b></p> <p>We plan to complete our research project exploring Māori perspectives on what effective public accountability looks like. We are interested in learning more about the range of Māori views and how the public sector can build and maintain the trust of Māori. This research will build on what we have learned from our previous research into public accountability. It will inform the choices we make about future topics or areas for attention in our priority area: improving outcomes for Māori. We intend to publish our research.</p>
<p><b>Whānau Ora: What has been achieved?</b></p> <p>In 2015, our work was focused on understanding the Whānau Ora approach and what the Government had invested. Revisiting our 2015 performance audit, we will examine how effectively commissioning and delivery agencies use the Whānau Ora approach to help whānau achieve positive outcomes.</p>

## 2. Reducing family violence

The Government has identified preventing and eliminating family violence as a priority in the wider effort to improve the well-being of New Zealanders.

In 2018, a cross-government joint venture was set up to work in new ways to reduce “family violence, sexual violence and violence within family/whānau”. The role of the joint venture is to help co-ordinate efforts and lead a whole-of-government, integrated response to family violence (and sexual violence in the context of family violence).

In 2019/20, we started a multi-year programme of work aimed at examining public organisations' performance in achieving reductions in family violence. In 2021/22, we will continue our programme of work looking at how well agencies involved in the joint venture are working with the non-government sector to deliver services to help people affected by family violence and sexual violence.

In 2022/23, we intend to look at how well interventions are being implemented and service delivery performance more generally.

We intend to continue building our understanding of family violence, its costs to society, and whether the system responds effectively in ways that will lead to significant and sustained reductions. We plan to report at different stages of our work.

<b>Proposed work in 2021/22</b>
<p><b>Family violence and sexual violence: How well are agencies working together and with the non-government sector to deliver family violence and sexual violence services?</b></p> <p>In 2021/22, we will continue our multi-year programme of work, with a view to examining how well the agencies involved in the joint venture are working together and with the non-government sector to deliver family violence and sexual violence services.</p> <p>As part of this work, we expect to look at how public organisations are partnering with organisations delivering services to Māori and how the organisations are developing their capability to engage with Māori and understand Māori perspectives in their work.</p> <p>We envisage that this work will include looking at the effectiveness of work with service providers that support population groups that can find accessing family violence and sexual violence services difficult (for example, Pasifika, people with disabilities, and migrant communities).</p> <p>We expect to use a combination of approaches in carrying out this work. This will likely involve a mix of performance audit, data analysis, and research.</p>

### 3. Improving housing outcomes

Adequate and affordable housing is crucial for social and economic well-being. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) is the system leader for housing. HUD has embarked on a new “place-based” approach of targeting interventions more closely to regional and local needs. For this to work in practice, central and local government will need to work closely together.

Through our work, we want to gain assurance that HUD is effectively overseeing the housing system. This will involve looking at how HUD uses data and analysis for decision-making and planning. We will also look at how central and local government agencies are working together to ensure that planning, funding, and implementing housing and infrastructure projects are well aligned and well placed to deliver positive housing and community outcomes, including for groups at greater risk of poor outcomes.

In 2021/22, we intend to complete performance audits looking at system-level oversight and the planning and implementation of specific housing and urban development projects. These performance audits will focus on HUD, Kāinga Ora – Homes and communities, and other

local and central government agencies involved in planning or funding core and social infrastructure.

Given the housing disparities that Māori and Pasifika experience, we will consider how the housing system is working for these communities in each topic of this programme of work.

<b>Proposed work in 2021/22</b>
<p><b>Effectiveness of Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development’s leadership of the urban and housing development system</b></p> <p>Housing is a key determinant of social and economic well-being. New Zealand’s housing and urban development system faces significant challenges, especially affordability and access to affordable housing.</p> <p>In 2021/22, we will examine how HUD is exercising system leadership and enabling positive outcomes. We want to gain assurance that the oversight of the housing system is effective. We will look at planning, clarity of strategy, how it translates into the selection of interventions, and how HUD monitors and adjusts implementation. We expect to examine governance and how well arrangements support effective interactions between HUD, other central government agencies, and local councils. We will particularly look at how HUD uses data and analysis to inform decision-making and planning. This will include looking at data and trend information for different groups at risk of poor outcomes – in particular, Māori, Pasifika, and families with children.</p>
<p><b>Planning of significant housing and urban development projects</b></p> <p>We will carry out a performance audit looking at how Kāinga Ora – Homes and Communities works with other organisations to plan and implement significant housing and urban development projects.</p> <p>We are particularly interested in how effectively central and local government interact on infrastructure planning and implementation, and the effect that consenting processes have had on facilitating the progress of projects. As part of this work, we will consider how Māori have been involved in the planning processes.</p>

#### 4. Improving education outcomes

Our education system needs to deliver, among other outcomes, workers with the skills that employers need, researchers who innovate, and people who contribute to a diverse and enriched society. To be successful, we need a stable and strong education system that keeps learners engaged, motivated, and able to achieve to the best of their ability.

Some young people do not, or cannot, engage successfully with education. School attendance rates are poor for some, and there are long waits for learning support, particularly early intervention. School exclusion rates are higher for some groups than for others. There are poorer outcomes for Māori and Pasifika learners compared to other New Zealanders. This has an adverse effect on the adult life of the disadvantaged learner, and on New Zealand overall.

The Ministry of Education is focused on the issues of disadvantage. However, the reasons for educational disadvantage and lack of student engagement are complicated, and education agencies are not the only organisations responsible for finding solutions. Many government-funded strategies, projects, and initiatives aim to address barriers to educational achievement.

## Addressing educational disparities

In 2021/22, we will look at aspects of public sector performance in addressing barriers to successful education outcomes for New Zealanders. We will focus initially on what information the Ministry of Education has and how it is using it to understand and determine the reasons for educational disparities. We will consider how the Ministry identifies those learners at risk of disengagement from education and responds to those risks. We will also review how initiatives to address educational disparities for learners are developed and monitored and how the effects on educational outcomes for those learners are measured.

We will use the findings from this work to prioritise further work on disparity of outcomes for particular groups of New Zealand children in 2022/23 and beyond. We expect to review how effectively the Ministry is monitoring, evaluating, and learning from the effects of programmes and initiatives to ensure that learners are successfully engaged in education.

Planned work for 2021/22
<p><b>Understanding how the Ministry of Education is using its information to address educational disparities</b></p> <p>We intend to review how effectively the Ministry of Education is using its information to identify and address inequitable educational outcomes for learners. This includes how the Ministry identifies those learners at risk of disengagement from education and how it responds to those risks.</p>

## How well is the public accountability system working as a whole?

The work we will carry out in 2021/22 on how well the public accountability system is working as a whole is focused on five priority areas:

1. implementing the well-being agenda;
2. resilience;
3. climate change;
4. integrity in the public sector; and
5. processes underpinning significant government investments.

Appendix 2 shows that, in 2020/21, we started work on the Governance of the Auckland City Rail Link programme in the procurement priority area. We expect to complete this work in early 2021/22.

### 1. Implementing the well-being agenda

Well-being is gaining increased emphasis throughout the public sector. The new Public Service Act and Public Finance (Wellbeing) Amendment Act 2020 seek to support the public service's stewardship of a wider set of long-term well-being outcomes.

Among other things, these reforms will require the Government to set well-being objectives, the Treasury to report on the state of well-being at least once every four years, and public

sector chief executives to develop long-term insights briefings at least once every three years.

The Treasury has decided to prepare a joint long-term fiscal statement and insights briefing in 2021/22 that will incorporate diverse views of well-being including, He Ara Waiora, a tikanga-based well-being framework.

<b>Planned work for 2021/22</b>
<p><b>Commentary on the Treasury’s statement on the Government’s long-term fiscal statement and insights briefing</b></p> <p>The Treasury plans to publish its statement on the Government’s long-term fiscal position in September 2021. This year, as part of the long-term fiscal statement, the Treasury has decided to incorporate the information from its first long-term insights briefing to the Minister of Finance, as required by the Public Service Act. The long-term insights briefing looks at the medium to long-term trends, risks, and opportunities for New Zealand through the Treasury’s fiscal stewardship lens.</p> <p>We want to look at the Treasury’s 2021 statement in terms of how well it describes what the state of the government finances might look like, given the range of challenges and opportunities the Government and the country might experience in the future. We also want to review how well the information needed for the insights briefing has been collected, summarised, and integrated into the statement about the Government’s long-term fiscal position.</p>

## 2. Resilience

Both central and local government have a role to play in strengthening New Zealand’s resilience to a range of risks and potential adverse events. Significant public money is spent on managing risk and strengthening New Zealand’s resilience, whether that is responding to adverse events or recovering from them.

Through our work on resilience, we seek to provide assurance:

- about the effectiveness of the Government’s risk and resilience planning, with a particular focus on preparing for, and responding to, emergencies; and
- that public money is being spent prudently and effectively.

In 2021/22, we intend to carry out work examining what lessons have been learned from the public sector’s response to the 2010 and 2011 Canterbury earthquakes.

<b>Planned work for 2021/22</b>
<p><b>Canterbury earthquakes: Lessons learned from the recovery</b></p> <p>The Canterbury earthquakes of 2010 and 2011 killed 185 people, injured about 5800 people, damaged more than 100,000 homes, destroyed much of Christchurch’s central business district, and badly damaged infrastructure.</p> <p>We will identify what local government lessons have been learned from the recovery from the earthquakes and compare those with the central government lessons already documented by the Department of the Prime Minister and Cabinet. We will review what actions local and central government have taken to give effect to the lessons learned. We will also review how well local and central government are positioned to work together on future recoveries from natural disasters as a result of the lessons they have learned and actions they have taken.</p>

### 3. Climate change

Many public organisations have climate-related roles and responsibilities. In 2020/21, we focused on councils and their response to climate change. During our audits of the 2021-31 council long-term plans, we considered how councils are factoring climate change into their planning and proposed spending decisions, particularly for areas that might be more vulnerable to climate change effects in the future and for significant infrastructure projects. We also collected information about how many councils had declared climate emergencies and what actions they are planning in response.

In 2021/22, we intend to complete our analysis of the actions councils are planning and taking in response to climate change and report the results of this work.

In 2022/23, we will consider what other work we might carry out on the Government's response to managing climate change effects and reducing emissions under the zero-carbon legislation framework. This could involve looking at programmes to reduce emissions in particular sectors, the overall strategy to meet targets, and progress by public organisations in implementing the requirements of the Carbon Neutral Public Sector programme.

<b>Planned work for 2021/22</b>
<p><b>Climate change and local government</b></p> <p>We will analyse the 2021-31 council long-term plans and other documents, such as climate action plans, to establish how well councils are factoring climate change risks and vulnerabilities into their long-term planning, the climate-related actions they plan to take (both to reduce greenhouse gas emissions and to adapt to climate change), and any funding pressures or information gaps they have identified.</p> <p>We expect to report our findings in our report on the main matters arising from the audits of councils' long-term plans.</p>

### 4. Integrity in the public sector

For public organisations to operate effectively and achieve outcomes, it is essential that they have New Zealanders' trust and confidence. Establishing and maintaining that trust and confidence requires, in part, a high level of integrity, fairness, and openness. Where there is a question about any one of those, trust and confidence can erode. It is important that public organisations and their staff comply with the highest standards of integrity and are seen to be doing so.

In 2021/22, we plan to continue our work on integrity to help support public organisations. The fostering of integrity and ethical standards reduces the risk of corruption or wrongdoing, can lead to improvements in the quality of decision-making, and positively increase staff engagement.

We expect that our work will continue to involve collaboration with other integrity focused organisations where appropriate – for example, Te Kawa Mataaho Public Service Commission, the Office of the Ombudsman, Transparency International New Zealand, and

the Serious Fraud Office. We will also engage with a wide range of other public organisations to encourage further discussion and promote good practice in this area.

<b>Planned work for 2021/22</b>
<p><b>Sharing what “good” looks like: Completion of integrity framework and guidance</b></p> <p>Building on our work in 2020/21, we will complete and publish an integrity framework and guidance. We might also publish other supporting integrity resources where we identify a need.</p>
<p><b>Monitoring progress: Audit work on integrity – Central government</b></p> <p>We propose to carry out audits of several central government agencies to examine how well they are performing in relation to specific integrity issues. One area of interest is the role of senior leadership in supporting integrity practices in organisations. We could look at what expectations are set and how senior staff model them. This could, for example, include senior staff who have exercised their discretion to approve exceptions to organisational policies. Our work will also consider how public sector integrity agencies are working together to provide leadership.</p>
<p><b>Monitoring progress: Operation Respect</b></p> <p>Operation Respect was first launched in 2016. It is aimed at eliminating inappropriate and harmful behaviours and sexual violence in the New Zealand Defence Force (NZDF). In 2020, an independent review into the programme recommended that the Minister of Defence request the Auditor-General to carry out an audit of the NZDF’s progress in regard to Operation Respect’s specific outcomes every two years for 20 years.</p> <p>We will carry out the first audit in 2021/22. The audit will focus on what NZDF has put in place to address the recommendations from the independent review to ensure that the objectives of Operation Respect can be achieved.</p>

## 5. Processes underpinning significant government investments

Significant government investment decisions are of particular interest to us. We are interested in how effectively the systems and processes work to inform decisions and how decisions are communicated. Processes need to be fair and decisions need to be transparent.

The Government’s Investment Strategy guides decisions about significant investments. There are 11 principles to guide decision-makers and those managing significant assets. The intent is to direct government resources to where they create the most value.

It is important that what public money is spent on delivers good value for New Zealanders. The spending currently planned for a range of infrastructure projects is considerable. This will have fiscal implications for generations to come.

In 2020/21, we started a programme of work that focuses on significant government investment decisions. Our work programme seeks to:

- increase the transparency on planning and decision-making processes for large-scale government investments (how does the Government decide what to invest in on behalf of New Zealanders?);
- identify opportunities to strengthen current public sector practice to ensure that the systems and processes underpinning large investments are effective and efficient; and

- understand how the emergency context of Covid-19 has affected government investment decision-making processes and identify any lessons learned.

In 2020/21, we published our work on the management of the Provincial Growth Fund (the Fund). In 2021/22, we intend to report on the reset of the Fund after the Fund investments were reprioritised to focus on the recovery from Covid-19.

We also intend to report on the effectiveness of the decision-making systems and processes that underpin investment decisions for the New Zealand Upgrade Programme, and the effectiveness of the Treasury’s investment management system in supporting effective design and delivery of large-scale public investment in infrastructure.

<b>Planned work for 2021/22</b>
<p><b>Systems and processes underpinning government decisions on major infrastructure investment</b></p> <p>In late 2019, the Government announced its \$12 billion New Zealand Upgrade Programme. In May 2020, the Government announced that the COVID-19 Response and Recovery Fund had set aside \$3 billion to fund infrastructure projects across the country. This portion of the fund is commonly referred to as “the shovel-ready fund”. The fund is targeted towards infrastructure investments that can enable immediate job creation, generate other public benefits, and have construction activity under way within 12 months.</p> <p>We intend to complete our performance audit to assess the effectiveness of the decision-making systems and processes that have underpinned investment decisions for the New Zealand Upgrade Programme and the shovel-ready fund.</p>
<p><b>Provincial Growth Fund: Reset of the Provincial Growth Fund and reprioritisation of investments</b></p> <p>The Provincial Development Unit in the Ministry of Business, Innovation and Employment has reprioritised investments of the Provincial Growth Fund to focus on the recovery from Covid-19. We expect to report on the reset in 2021/22. The work is intended to:</p> <ul style="list-style-type: none"> <li>• understand and document the decision-making process and advice that underpins the reset and reprioritisation;</li> <li>• understand the criteria and approach to the repurposing (that is, terminating projects, recouping funds, and allocating funds after the reset and reprioritisation) and how this links with the objectives of the Provincial Growth Fund; and</li> <li>• understand the systems, processes, and controls that give effect to the changes within the Provincial Development Unit.</li> </ul>
<p><b>Effectiveness of the investment management system in supporting significant infrastructure investments</b></p> <p>The Treasury’s investment management system has ambitious aims and was designed to serve an essential role in ensuring that public money is spent effectively and efficiently. It spans several phases of the investment cycle, including scoping, planning, implementation, and review.</p> <p>We plan to examine how effective the Treasury’s investment management system is in supporting effective design and delivery of large-scale public investment in infrastructure.</p> <p>Our work has indicated that the system might not be well understood or used by agencies or decision-makers. At the same time, decision-makers are increasingly seeking to target and deliver a range of significant infrastructure investments at pace, and this might be leading to higher risk and inconsistent approaches to investment planning and issues relating to delivery.</p> <p>This raises questions about how the public sector can best support Ministers to make significant investment decisions, at pace, in a transparent way that ensures good public value.</p>

## Keeping New Zealanders informed about public sector performance and accountability

The work we will carry out in 2021/22 in this area focuses on two priorities:

1. public sector accountability to local and regional communities; and
2. our regular reporting.

### 1. Public sector accountability to local and regional communities

Our 2019 report *Public accountability: A matter of trust and confidence* observed that, although public officials and their agencies are primarily accountable to their Ministers and through them to Parliament, they must also maintain the trust and confidence of the public they serve. The report asked whether current public accountability processes are enough to meet the expectations of the public today and in the future.

In 2020/21, we started a multi-year programme of work focused on public sector accountability to communities for delivering services and outcomes to where New Zealanders live and work.

Part of our work involves research into what information New Zealanders consider important to understand the performance of public services and community outcomes. We are interested in what information communities want about public sector performance, where they get information now, and how they would like to access and receive information.

This research will inform our ongoing work looking at how we can support improved performance reporting in the public sector. Our research might provide useful insights into the way we present information on public sector performance.

In future years, we will consider looking at the progress and effectiveness of the Ministry of Business, Innovation and Employment's Regional Skills Leadership Groups in building the skills needed for economic well-being and development in the regions. Under this new regional approach, workforce, education, and immigration systems work together to better meet the differing skills needed throughout the country.

Planned work for 2021/22
<b>Public sector accountability to communities</b> We plan to carry out a project that aims to discover the information that communities identify as relevant and important to their lives, the extent to which that information is readily available, and the ways in which people would like to receive information.

### 2. Our regular reporting

Each year, we consolidate the results of our annual audits in central and local government and other sectors. We publish the main findings in sector reports and letters. We use these

products to advise select committees, help keep New Zealanders informed, and help plan our work programme. We also report on the results of our annual audit of the Financial Statements of the Government.

In combination with our annual audits, we carry out appropriation audits of government departments. These are designed to ensure that government expenditure is within the authority provided by Parliament. We also carry out procedures for our Controller function in keeping with a Memorandum of Understanding we have with the Treasury. We report our findings and conclusions to the Treasury throughout the year through monthly Controller reports. Every year, we present a report to Parliament that includes an account of the work carried out under our Controller function for the full financial year, along with our findings and conclusions. We also produce an interim report on our half-year findings (our work from 1 July to 31 December of each year).

Other reports that we regularly publish include our follow-up reporting on public organisations' implementation of the recommendations from previous performance audits, and our work on the review of Auckland Council's service performance.

We are reviewing the way we follow up with agencies on how they are progressing the recommendations we make in our performance audits. Currently, we carry out about two follow-up audits each year, which take the form of a report to Parliament.

We would like to expand this so that most performance audits are followed up within two years of the audit being completed. To achieve this, we will need to take a different approach. Instead of carrying out a follow-up audit, we plan to write to agencies asking for an update on how they are progressing the recommendations from previous performance audits. We intend to publish those responses with a short commentary. As well as this self-reporting, we will continue our independent assessments of progress on selected performance audit recommendations.

<b>Planned work on regular reports in 2021/22</b>
<p><b>Sector-based reports</b></p> <p>In 2021/22, we plan to prepare the following sector reports:</p> <ul style="list-style-type: none"><li>• Central government: Results of the 2020/21 audits.</li><li>• Summary of results of the 2020/21 central government audits for chief executives.</li><li>• Results of the 2020 school audits.</li><li>• Results of the 2020 audits of tertiary education institutions.</li><li>• Results of the 2020/21 district health board audits.</li><li>• Local government: Results of the 2020/21 audits.</li><li>• Main matters arising from our audits of councils' 2021-31 long-term plan consultation documents.</li><li>• Main matters arising from our audits of councils' 2021-31 long-term plans.</li></ul>

<p><b>Other reports</b></p>
<p><b>Half-year Controller update</b></p> <p>Our Controller function is a core part of our role as “public watchdog”. It provides assurance to Parliament and the public about whether the Government has incurred expenditure in line with Parliament’s authority. We report publicly on our work.</p> <p>In 2021/22, we will report our findings for 2020/21 in our sector-based report <i>Central government: Results of the 2020/21 audits</i>. We will also continue our regular half-year Controller update. This report provides an account of our work and findings for the first six months of 2021/22.</p>
<p><b>Auckland landscape scan</b></p> <p>About 32% of New Zealanders live in the Auckland region, and that is expected to increase by 600,000 people by 2043. This will take the total Auckland population to 2.2 million. Auckland is home to people from more than 200 different ethnicities, with 40% of Aucklanders born overseas.</p> <p>The Crown owns 20% of Auckland’s land, and 31% of wider public sector employees are based in Auckland. Public sector spending in Auckland in 2019 was estimated at 36% of the total public sector spending for the country. Nationally significant public sector work programmes have major policy and delivery components in Auckland.</p> <p>Managing the infrastructure needed for Auckland’s growth is increasingly being addressed through jointly funded (Crown and Auckland Council) large scale infrastructure projects. This raises issues about governance, procurement, and the monitoring of outcomes for these projects. These are areas of interest to us.</p> <p>We also intend to prepare an Auckland region landscape scan highlighting these and other issues of interest. We also intend to include a greater level of Auckland-specific information in other areas of our work.</p>
<p><b>Auckland Council review of service performance (topic to be confirmed)</b></p> <p>Section 104 of the Local Government (Auckland Council) Act 2009 requires the Auditor-General to review the service performance of Auckland Council and each of its council-controlled organisations from time to time. We are currently assessing possible topics for this review.</p>

## Sharing insights about what “good” looks like

To improve their performance, public organisations need to understand what is expected of them. They also need good practice guidance that is relevant to the public sector.

We actively consider opportunities to share good practice in all our work. This programme of work enables us to take a more proactive and deliberate leadership role in sharing good practice throughout the public sector.

In 2021/22, we intend to build on our previous work and develop more good practice resources on topics of interest to the public sector. These will supplement our existing good practice guidance. We plan to work more with other organisations that prepare good practice on similar topics to maximise our influence and help organisations improve. We have an important and influential role as an information broker, pointing public organisations to comparable organisations that do similar activities well.

We plan to implement a range of approaches to share good practice, including a new speaker series that will occur at least quarterly. We intend to use existing forums and other

events to share our good practice and examples of activities being done well that others can learn from.

<p><b>Planned work for 2021/22</b></p>
<p><b>Helping to support the effectiveness of audit and risk committees</b></p> <p>We see independent audit and risk committees as a vital partner in supporting effective governance, accountability, and transparency of public organisations.</p> <p>Building on our work in 2020/21, we will continue to support and strengthen these relationships by focusing our engagement with audit and risk committees for targeted sectors.</p> <p>We will focus on three key areas:</p> <ul style="list-style-type: none"> <li>• Continuing to run forums, including the local government audit and risk virtual workshops, the central government bi-annual forum, and considering what other sectors we might usefully focus on.</li> <li>• Engaging more with audit and risk committee chairpersons to share lessons learned from our inquiries and performance audits and provide other main messages.</li> <li>• Reviewing and updating our good practice guidance for audit and risk committees. We will also look at other materials for sharing the insights gathered from the activities described in the two key areas above.</li> </ul>
<p><b>Support material for new audit and risk committee chairpersons</b></p> <p>Where we identify need, new audit and risk committee chairpersons will receive information about working with our Office and copies of relevant good practice material.</p>
<p><b>Review of good practice guidance: Audit and Risk committees</b></p> <p>We will review and update our good practice guidance:</p> <ul style="list-style-type: none"> <li>• Audit and Risk committees (as noted above).</li> </ul>
<p><b>Review of good practice guidance: <i>Public sector purchases, grants, and gifts: Managing funding arrangements with external parties</i></b></p> <p>We will review and update our good practice guidance:</p> <ul style="list-style-type: none"> <li>• <i>Public sector purchases, grants, and gifts: Managing funding arrangements with external parties.</i></li> </ul>
<p><b>Sharing good practice: Performance reporting</b></p> <p>To help improve public sector performance reporting, we plan to issue further good practice guidance on performance reporting.</p>
<p><b>Sharing good practice speaker series</b></p> <p>Each quarter, we intend to host events where a wide range of speakers and panellists from the public and private sectors can share their good practice experience, practices, and processes.</p>
<p><b>Understanding performance and supporting the role of monitoring agencies</b></p> <p>A wide range of monitoring agencies have an important role in ensuring that public sector organisations are fulfilling their obligations and are being managed effectively. In 2021/22, we will complete our work on examining the role and practices of monitoring agencies throughout central government.</p> <p>In our view, this is a topic that will be of interest and will have insights and lessons for all agencies that have monitoring responsibilities. Once we have completed this work, we will consider opportunities for further development, including whether a good practice guide might be useful.</p>

# Appendix 1: Summary of the public organisations we audit, as at March 2021

Organisation categories	Number of organisations
Local authorities	78
Airports (including related entities)	24
Energy companies (including related entities)	36
Port companies (including related entities)	20
Other council-controlled organisations <sup>1</sup>	148
Licensing and community trusts (including related entities)	29
Cemetery trustees	1
Other local government organisations <sup>2</sup>	64
<b>Total local government</b>	<b>400</b>
Financial Statements of the Government	1
Government departments (including related entities)	56
State-owned enterprises and mixed-ownership companies (including related entities)	37
Crown research institutes (including related entities)	13
District health boards (including related entities)	40
Schools (including related entities)	2475
Tertiary education institutions (including related entities)	65
Other Crown entities <sup>3</sup>	87
Administering bodies <sup>4</sup>	38
Fish and game councils (including related entities) <sup>5</sup>	15
Other central government organisations <sup>6</sup>	118
Rural Education Activities Programmes	14
<b>Total central government</b>	<b>2959</b>
Government of Niue (including related entities)	9
Government of Tokelau (including related entities)	2
Public Audit Act section 19 audits	2
<b>Total</b>	<b>3372</b>

1. These are council-controlled organisations as defined in the Local Government Act 2002 (other than those that are airports, energy companies, or port companies).
2. These are related to local authorities but are not council-controlled organisations – for example, organisations exempted from being council-controlled organisations under the Local Government Act.
3. These are statutory Crown organisations (Crown agents, autonomous Crown organisations, and independent Crown organisations) listed in Schedule 1 of the Crown Entities Act 2004 and Crown entity companies listed in Schedule 2 of the Crown Entities Act.
4. These are administering bodies and reserves boards listed in Schedule 4 of the Public Finance Act 1989.
5. These are the New Zealand Fish and Game Council, 12 regional fish and game councils, the New Zealand Game Bird Habitat Trust Board, and the Game Animal Council, all listed in Schedule 4 of the Public Finance Act.
6. These are other central government organisations that do not have their own specific category. The majority are statutory organisations established under specific legislation, as well as other organisations listed in Schedule 4 of the Public Finance Act that are not categorised as reserve boards or fish and game councils.

# Appendix 2: Summary of our draft 2021/22 work programme and estimated timing for the start and completion of our work

## Providing assurance to Parliament and the public on the Covid-19 response and recovery

Priority areas	Work proposed for 2021/22	2020/21				2021/22				2022/23		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Providing assurance to Parliament and the public on the Covid-19 response and recovery	Understanding the central response to Covid-19*											
	Case studies on public sector business continuity planning in response to the Covid-19 experience**											
	Further work on the Government's roll-out of the national Covid-19 vaccination programme											
	Examining other areas of the Covid-19 response											

## How well is the public sector improving the lives of New Zealanders?

Priority areas	Work proposed for 2021/22	2020/21				2021/22				2022/23		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Improving outcomes for Māori	Understanding how well the public sector is delivering the outcomes that matter for Māori											
	Māori perspectives on accountability*											
	Whānau Ora: What has been achieved?*											
Reducing family violence	Family violence and sexual violence: how well are agencies working together and with the non-government sector to deliver family violence and sexual violence services?											
Improving housing outcomes	Effectiveness of Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development's leadership of the urban and housing development system											
	Planning of significant housing and urban development projects											
Improving education outcomes	Understanding how the Ministry of Education is using its information to address educational disparities											

\* Work started in 2020/21, due for completion in 2021/22.

\*\* Work planned to start in 2020/21, deferred to 2021/22.

## How well is the public accountability system working as a whole?

Priority areas	Work proposed for 2021/22	2020/21				2021/22				2022/23		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Implementing the well-being agenda	Commentary on the Treasury's statement on the Government's long-term fiscal position and insights briefing*											
Resilience	Canterbury earthquakes: Lessons learned from the recovery											
Climate change	Climate change and local government†											
Integrity in the public sector	Sharing what "good" looks like: Completion of integrity framework and guidance*											
	Monitoring progress: Audit work on integrity – Central government											
	Monitoring progress: Operation Respect											
Procurement	Governance of the Auckland City Rail Link programme*											
Processes underpinning significant government investments	Systems and processes underpinning government decisions on major infrastructure investment*											
	Provincial Growth Fund: Reset of the Provincial Growth Fund and reprioritisation of investments*											
	Effectiveness of the investment management system in supporting significant infrastructure investments											

\* Work started in 2020/21, due for completion in 2021/22.

† To be reported in our report on Main matters arising from our audits of councils' 2021-31 long-term plans.

## Keeping New Zealanders informed about public sector performance and accountability

Priority areas	Work proposed for 2021/22	2020/21				2021/22				2022/23		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Public sector accountability to local and regional communities	Public sector accountability to communities*											
Our regular reporting	Central government: Results of the 2020/21 audits											
	Summary of results of the 2020/21 central government audits for chief executives											
	Results of the 2020 school audits											
	Results of the 2020 audits of tertiary education institutions											
	Results of the 2020/21 district health board audits											
	Local government: Results of the 2020/21 audits											
	Main matters arising from our audits of councils' 2021-31 long-term plan consultation documents											
	Main matters arising from our audits of councils' 2021-31 long-term plans											
	Half-year Controller update											
	Auckland landscape scan											
Auckland Council Review of Service Performance (topic to be confirmed)												

\* Work started in 2020/21, due for completion in 2021/22.

## Sharing insights about what “good” looks like

Priority areas	Work proposed for 2021/22	2020/21				2021/22				2022/23		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sharing insights about what "good" looks like	Helping to support the effectiveness of audit and risk committees											
	Support material for new audit and risk committee chairpersons											
	Review of good practice guidance: Audit and risk committees**											
	Review of good practice guidance: <i>Public sector purchases, grants and gifts: managing funding arrangements with external parties</i> **											
	Sharing good practice: Performance reporting											
	Sharing good practice speaker series											
	Understanding performance and supporting the role of monitoring agencies*											

\* Work started in 2020/21, due for completion in 2021/22.

\*\*Work planned to start in 2020/21, deferred to 2021/22.