



CONTROLLER AND AUDITOR-GENERAL

Tumuaki o te Mana Arotake

B.28AP[23]

Draft annual plan 2023/24

Presented to the House of Representatives
under section 36 of the Public Audit Act 2001

April 2023

Contents

Request for your feedback	3
How we determine our work programme	5
Our strategic direction provides the context for our work	5
We draw on what we already know	6
We incorporate the views of the public into our discretionary work	6
And we consider what's changing	7
Strengthening our core assurance role	10
1. Strengthening the public audit system	10
2. Positioning Audit New Zealand for the future	14
Increasing our impact with public organisations	15
1. Influencing the public accountability system and supporting parliamentary scrutiny	15
2. Influencing the performance of public organisations	18
3. Influencing more meaningful and useful performance reporting	22
4. Increasing the focus on value for money	23
5. Promoting a long-term view	25
6. Supporting strong organisational integrity practices	26
Enhancing our impact in te ao Māori	29
1. Te ao Māori strategy	29
2. Public sector accountability to Māori	29
Building on our reputation as a source of trusted information	31
1. Our regular reports	31
2. Leveraging our knowledge and reputation	32
Appendix 1 – Summary of the public organisations we audit, as at 1 March 2023	34
Appendix 2 – Timing for our work programme	36

Request for your feedback

Tēnā koutou katoa.

I am pleased to present my *Draft annual plan 2023/24* for your feedback.

My Office works to *improve trust and promote value* in the public sector. We do this by assessing and reporting on how well public organisations perform and account for their performance. Our annual plan is an important accountability document for us. It sets out the discretionary work that I intend my Office to carry out during 2023/24. As always, the focus of our work will be on the areas where we can best influence improvements in the performance and accountability of public organisations.

We have a range of functions to help us achieve this. The most significant is our core mandatory audit function, which makes up about 85% of our work. We also monitor government spending against the authority provided by Parliament. Together, this work underpins the advice and support we provide to select committees to assist with parliamentary scrutiny of public organisations.

This draft annual plan is aligned with our four strategic priorities from my strategic intentions to 2028:

- strengthening our core assurance role;
- increasing our impact with public organisations;
- enhancing our impact in te ao Māori; and
- building on our reputation as a source of trusted information.

What our draft annual plan covers

This draft annual plan covers our discretionary programme of work for 2023/24. Our discretionary work includes performance audits, special studies, commentaries and research, regular reports and updates, and good practice guidance.

This plan does not cover our mandatory audits of public organisations,¹ the inquiries that we might carry out,² or most of our international work.³ However, given the significance of our mandatory work and my strategic focus on ensuring the sustainability of our core assurance

1 See Appendix 1 for a summary of the types of public organisations we audit.

2 In contrast to our planned discretionary work, our inquiries work responds to matters of current concern so the number and topics we might inquire into varies by year.

3 Our international work, such as our role as Secretary-General of the Pacific Association of Supreme Audit Institutions (PASAI), is carried out under a contract with the Ministry of Foreign Affairs and Trade and managed through that contractual relationship.

role, we have included contextual information on the work we are doing to further improve this important aspect of New Zealand's public accountability system.

In 2023/24, we also plan to introduce a new product – a rapid audit. The rapid audit will be a shorter form of performance audit, designed to provide clarity or insight on matters of immediate public interest in a short time frame. We aim for these rapid audits to be completed in about 12 weeks. We have successfully completed audits within this timeframe in the past (examples include our work on personal protective equipment during the early stages of the Covid-19 pandemic and our work to look at the roll out of the Covid-19 immunisation programme) but we now intend to regularise this as part of our annual programme of work.

We selected the work to be included in this draft annual plan after considering a range of feedback received during the year, including:

- feedback from select committees;
- concerns raised with our Office by members of Parliament and the public;
- intelligence gathered through our audits and other work with public organisations;
- advice from our central and local government advisory groups; and
- hearing views from the public about our performance audit work through a survey of New Zealanders.

We welcome your feedback

Your views on our proposed work programme, and on what is most important to you, will help us understand how we can further refine our work in 2023/24.

In this year's public survey, we asked for feedback on specific topics relevant to our strategy. As with last year, the survey largely confirmed the topics we have included in our plan. Areas of interest for the public that we could focus on include value for money and resilience of infrastructure, and the effectiveness of workforce planning in the health and education sectors. We are interested in your views on which of these we should prioritise for a further performance audit in 2023/24.

I will present my final annual plan 2023/24 to Parliament before the end of June 2023.

Your feedback is requested by **Friday 26 May 2023**. I look forward to hearing from you.

Nāku noa, nā



John Ryan

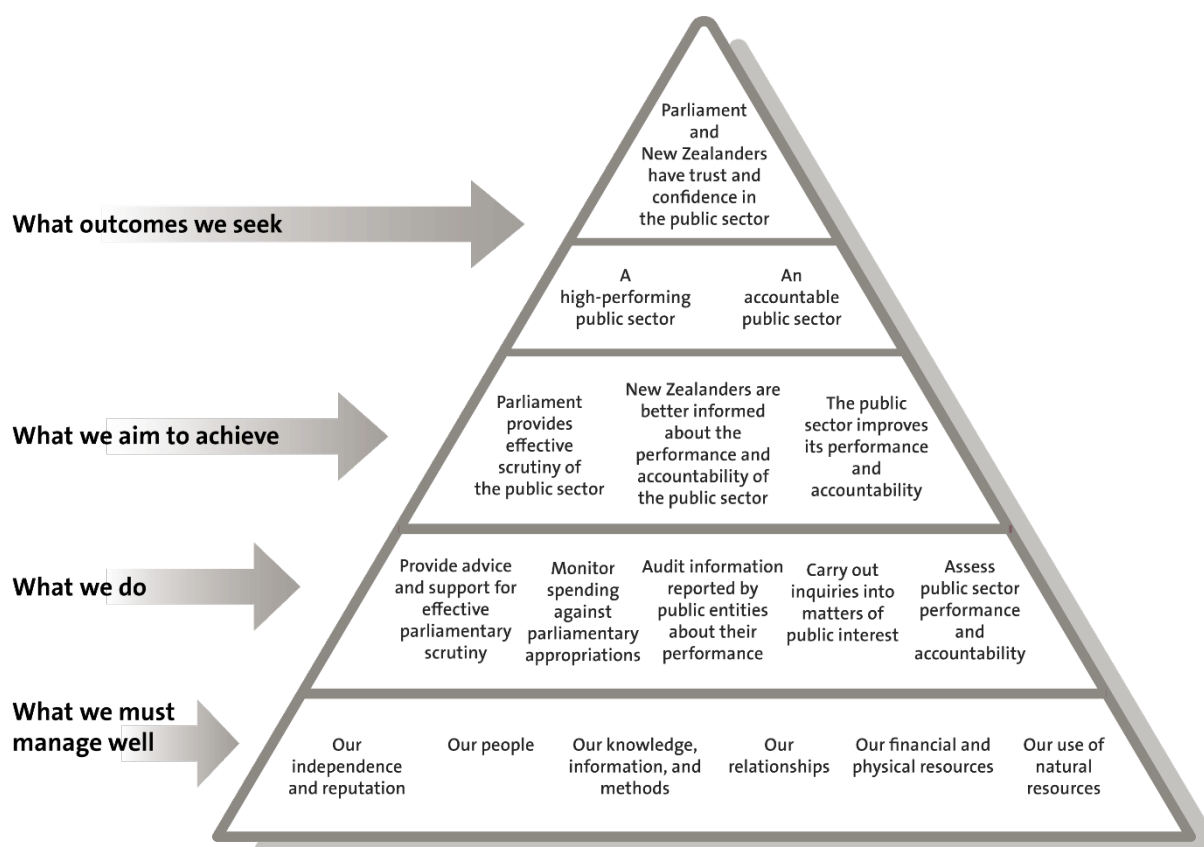
Controller and Auditor-General | Tumuaki o te Mana Arotake

How we determine our work programme

Our strategic direction provides the context for our work

The Auditor-General's strategic intentions to 2028 provides the strategic context for our 2023/24 draft annual plan.

Our vision is a high-performing and accountable public sector. The ultimate outcome we seek is for Parliament and New Zealanders to have trust and confidence in the public sector (see our performance framework below).



Our strategic intentions document describes what we will focus on in the next five years to help achieve our long-term outcomes. It sets out what we will do differently to achieve the change we want to see after five years.

Our proposed work programme is based on these strategic priorities:

- strengthening our core assurance role;

- increasing our impact with public organisations;
- enhancing our impact in te ao Māori; and
- building on our reputation as a source of trusted information.

We draw on what we already know

As the auditor of every public organisation, our role allows us to consider performance and accountability matters for the whole public sector. We regularly assess the issues, risks, and opportunities we see throughout the public sector. This assessment draws on the information our auditors and sector managers gather, our monitoring of risks, and our independent analysis of public sector performance and associated 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 information from our follow-up reports on how public organisations have implemented our recommendations.

Our central and local government advisory groups help us better understand the common themes and issues in their sectors. Our discussions with select committees and members of Parliament are also important sources of information.

We use all this information to help determine what work to include in our draft annual plan. The work that we intend to do is based on what we currently know. If new information or risks come to light, we might decide to change some of our planned work.

We incorporate the views of the public into our discretionary work

We carry out a regular survey of the public to ask about the issues they would like us to look at. In our first survey, we asked for feedback on a range of topics to get a sense of what New Zealanders thought would be helpful to include in our work programme.

In 2022, that survey largely confirmed the areas of focus we had already included in our plan. We did, however, add a performance audit focused on the Government’s progress in reducing child poverty.

In this year’s survey, we asked for feedback on specific topics relevant to our strategy. We asked the public what they thought were the most important topics for us to focus on when thinking about:

- the way in which the government agencies keep New Zealanders informed about how they are performing;
- what value is delivered for the money the public sector spends;
- whether the public sector acts with integrity; and
- how well government agencies are preparing for the future.

Survey respondents told us that they were interested in hearing from government agencies about how the work they do improves the lives of New Zealanders (63% of survey respondents ranked this topic in their top three when asked about the way in which government agencies keep New Zealanders informed about how they are performing). They were also interested in how well government agencies work together to improve outcomes (56% ranked this in their top three) and how efficient the public sector was in delivering services (54% ranked this in their top three).

Our survey indicated that the public has a strong interest in the work the government is doing on maintaining and upgrading infrastructure. They were concerned both about value for money (70% ranked infrastructure in their top three when asked about value for money), but also making sure essential services, like electricity and communications networks and water assets, were resilient (70% ranked this in their top three when asked about planning for the future).

Survey respondents also told us that they think we should focus on how well agencies are planning to ensure that there are enough workers in the education and health sectors to make sure those services are able to meet the needs of New Zealanders (66% ranked this in their top three when asked about planning for the future).

There was also considerable interest in the value for money of crime prevention initiatives (52% ranked this in their top three when asked about value for money).

When we asked about the integrity of government agencies, most survey respondents said they felt the Auditor-General should focus on preventing the misuse of public money (71% ranked this in their top three), but also encouraging government agencies to be more transparent (67% ranked this in their top three).

When asked if there were other topics of interest in each of the four performance areas we asked about, the cost of living was a feature in all four.

The survey broadly confirms the topics we have included in our draft annual plan. However, we plan to include a further topic in response to the survey. This could be on infrastructure or on public sector work force planning. We welcome your feedback on these options.

The survey is a useful way to check whether our work programme includes topics that New Zealanders are interested in. We will continue to consider ways we can collect views from the public to inform our work.

And we consider what's changing

Global economic cycles and other external factors affecting the economy continue to affect communities. **Climate change** and adverse weather conditions also test the resilience of communities. The clean-up and rebuilding after some of these events can take months or

years to complete. There will be public interest in how local and central government tackle this difficult challenge. Preparing for the next natural disaster at either a local or national level continues to put pressure on **emergency management** resources. Also, historical **under-investment in infrastructure** is continuing to result in highly visible asset failures and service disruptions.

High-trust policies, new policies prepared at speed, and urgent and high-value procurement processes all come with risks to probity and can raise questions about the integrity of processes and value for money. Mitigation of these risks depends on good-quality decision-making, a focus on value for money, processes that have integrity, and effective monitoring and reporting practices.

Many of the challenges facing New Zealand require a continued focus over a long period. It is important for public organisations to take a **long-term view**. This will require high-quality data and information to inform planning and decision-making that will have better long-term outcomes for New Zealand.

Operating with **integrity** is fundamental to maintaining trust and confidence in public organisations. In 2022, we published an integrity framework to help public sector leaders and governors take a whole-of-organisation approach to building a culture of integrity. We will continue to focus on integrity in the public sector in 2023/24 and beyond.

Central and local government spend more than \$170 billion of public money each year. Parliament and the public expect **value for money** and meaningful information to hold Government at all levels to account for its spending.

The public has a right to know what is being achieved with the taxes and rates they pay. Relevance and transparency of performance information, and the way in which public organisations **report on their performance**, are important. It should be easy for the public to find out what services are being delivered, at what cost, and the difference that is being made to the lives of New Zealanders.

Misinformation threatens to undermine the public's trust in the public sector and in Government. The importance of public organisations reporting on their performance in ways that are relevant, timely, and understandable, to allow Parliament and the public to hold them to account, has never been more apparent.

We remain interested in the **reforms** that are currently under way in different parts of the public sector. These reforms are individually and collectively significant, and there are risks associated with this scale of change. Strong governance and accountability arrangements are needed to ensure that the reform processes manage the increased risks associated with financial management, probity, loss of capability, and the cumulative effects of several

reforms happening at once. We will also be interested to know over time whether the reforms are delivering on what they were designed to do.

We published research in 2022 that explored Māori perspectives on public accountability. The public sector is focused on building capability to support the Crown's **relationships with Māori**. The Crown also has commitments arising from Treaty settlements that need to be honoured.

There continue to be disparities in the quality and provision of public services. We are interested in whether specific strategies and programmes are **reducing these inequities and improving outcomes**.

Strengthening our core assurance role

The public audit system supports public organisations to report relevant and reliable information about their finances and performance. Robust and transparent reporting allows public organisations to describe what they are doing well and what they can improve. In turn, this allows Parliament and the public to hold these organisations to account for that performance.

Given the criticality of the public audit system to public accountability, we must ensure that there is a sustainable and fit-for-purpose system for carrying out audit and assurance work for organisations under the mandate of the Auditor-General. This includes:

- providing auditing standards, guidance, and advice to our appointed auditors;
- carrying out quality assurance reviews to ensure that auditing standards are met; and
- ensuring that the public audit system is positioned well to respond to future challenges and expectations for public sector audits and changes in the audit profession.

Our priorities for 2023/24 are set out below.

1. Strengthening the public audit system

Many issues are affecting the long-term sustainability of the public audit system. There are pressures caused by a global auditor shortage and fewer people studying accountancy-related subjects in New Zealand universities, ongoing challenges arising from the Covid-19 pandemic, and increasing expectations on auditors (such as increasing audit complexity and quality management expectations). Changes to the wider operating environment are also adding to the pressure on public organisations and on our auditors.

Our expectations of audit service providers

Each year we issue “audit briefs” to our audit service providers. Audit briefs set out what auditors should focus on when doing the annual audits of different types of public organisations. They are our key tool for communicating the Auditor-General’s expectations of auditors and for sharing the information that auditors need when preparing for an audit.

We also use audit briefs to request any specific work that is outside the normal scope of the audit to support our discretionary work.

In 2023/24, annual audits will have a particular focus on performance reporting. We describe later in this draft annual plan the work we will do to improve performance reporting through our annual audits. It includes assessing whether public organisations comply with new performance reporting standards.

Public sector reforms and new audit methodologies

Ongoing public sector reforms in the health sector and for water services have resulted in new responsibilities for the Auditor-General. These represent both a challenge and an opportunity for increasing the impact of our audit work.

The Pae Ora (Healthy Futures) Act 2022 created two agencies to replace the 20 district health boards: Te Whatu Ora – Health New Zealand and Te Aka Whai Ora – Māori Health Authority. The fundamental nature of the changes, and the scale of Te Whatu Ora, will have implications for how we approach our audits in the health sector, including how we consider risks and how we can best add value.

We also have statutory responsibilities for auditing Te Pae Tata, the New Zealand Health Plan, including auditing the reporting against the Interim Health Plan for 2022/23 and 2023/24. Te Pae Tata is intended to provide a three-year plan for the delivery of publicly funded health services. To provide Parliament and the public with assurance on Te Pae Tata, we need a new audit methodology for what is significant, high-profile, important, and complex work.

Reforms to water services will lead to the creation of several new entities that will be responsible for water supply and wastewater and stormwater services. If there are no changes to the accountability requirements in the Water Services Entities Act 2022, the new water services entities will be required to prepare several accountability documents. These include a statement of intent, an infrastructure strategy, and a consumer engagement strategy. The Auditor-General will be required to audit these documents. Because these will be new types of audits, we will need appropriate audit methodologies, plans, and resources in place.

Planned work: Audit readiness for public sector reforms, including new audit methodologies

In 2023/24, we will deliver on our new responsibility of auditing the New Zealand Health Plan and prepare for new audit requirements that will come from reforms to water services (subject to amendments to the Water Services Entities Act 2022).

We will need to:

- scope and plan the audits, considering the financial and service delivery aspects of these complex sectors;
- develop an audit approach for carrying out the audits; and
- train audit staff.

We will develop a methodology for meeting new audit requirements for the health plan. We will also have a particular interest in the performance reporting of these new entities. Establishing a clear and coherent performance framework at the outset will allow Parliament and the public to understand how the reforms have affected performance in these critical sectors.

Planned work: Audit readiness for public sector reforms, including new audit methodologies

We will start preparing for audit engagements with the new water services entities. The final form of the water reforms will be clearer after amendments to the Water Services Entities Act 2022 are enacted. We will monitor the situation and determine the implications for the audits of the new entities and the audits of councils' 2024-34 long-term plans. Our audit approach will be designed to provide assurance that water infrastructure assets, and associated debt and any other liabilities, are transferred from councils to the new entities using appropriate accounting assumptions and approaches.

Schools' accountability

Schools' financial statements have become more complicated over time because of changes in financial reporting standards and the Ministry of Education's reporting requirements.

Schools need to be publicly accountable in a way that is cost-effective. In 2022/23, we worked with the Ministry of Education to prepare terms of reference that would help the Ministry develop a work programme on the future of schools' financial reporting. We are supporting, where appropriate, the Ministry with identifying opportunities to improve schools' financial reporting, including the audit process.

Planned work: Supporting the Ministry of Education's review of school accountability

The Ministry of Education will lead the future of financial reporting work programme for schools, with us supporting the work.

We will:

- participate, where appropriate, and lead projects in our areas of responsibility, including work related to realising audit efficiencies in school audits;
- manage the collection and sharing of any information held by school auditors as needed to support the programme; and
- be an active member, where appropriate, on the group set up by the Ministry of Education to advise on the work programme as it progresses.

Climate-related reporting

Reporting on climate-related information is evolving. It is also of deep public interest. We expect public organisations to report climate-related information that is relevant, reliable, and transparent. Our assurance work, where mandated, will further support this.

The Financial Markets Conduct Act 2013 requires entities that meet the "climate reporting entity" definition to prepare and report a Climate Statement.⁴ The first Climate Statements are required in 2024. The Financial Markets Conduct Act also requires, from 2025, the

⁴ See section 461O of the Financial Markets Conduct Act 2013 for the meaning of climate reporting entity.

greenhouse gas metrics in those Climate Statements to be independently assured. Under this Act, the Auditor-General is the assurance provider for climate reporting entities that are public organisations.

We are preparing for the work we will need to do to audit Climate Statements. We will focus on our current obligations for auditing climate-related measures, such as greenhouse gas emissions, in a public organisation's audited performance information.

Planned work: Readiness for climate reporting by public organisations

In 2023/24, we will continue our climate-related reporting work to ensure that we are well positioned for the new climate reporting entity assurance requirements from 2025. We will also continue to complete high-quality audits of climate-related information in public organisations' performance information. This work includes:

- influencing regulators and those developing standards to make sure that climate reporting and assurance standards (and guidance) are fit for purpose for all entities, including public benefit entities;
- building capacity and capability so that we are able to carry out the required assurance work;
- preparing and delivering technical advice and guidance to support auditors; and
- ensuring high-quality audits for greenhouse gas emissions measures that are already being reported on by some public organisations in their audited performance information.

Audit operations

Our system for managing our annual audit portfolio and communicating with our appointed auditors has not kept up with our changing needs. To support the effective allocation and management of our annual audits, this system will be replaced in 2023/24.

Planned work: Audit contract management system upgrade

In 2023/24, we will be implementing new technology for managing our annual audit portfolio and communicating with appointed auditors. This work includes:

- completing the development and user acceptance testing for the new system;
- developing training and practice aid materials for users to ensure that the roll-out of the new system is successful; and
- migrating the data from the old systems to the new system.

Our auditors charge audit fees to public organisations. Those fees must be reasonable and cover the full scope of a public sector audit. Typically, fees are negotiated for a three-year period, with different sectors due for negotiation each year.

Planned work: Audit fee reviews of key sectors

We will be carrying out detailed analysis to ensure that audit fees are reasonable and reflect the work required to carry out audits.

The contracts for auditing local government organisations are due for negotiation in 2023. We will also negotiate contracts for audits of councils' long-term plans in 2023/24. The contracts for school audits are due for negotiation in 2024. Later in 2024, we will start our analysis of central government audit fees, which are due for negotiation in 2025.

2. Positioning Audit New Zealand for the future

In 2022/23, we completed a review of Audit New Zealand. The review looked at opportunities to ensure the long-term sustainability of Audit New Zealand and maximise the benefits of our investment in new technology for audit delivery and practice management. In 2023/24, we will begin implementing the findings of this review.

In 2023/24, Audit New Zealand will also begin to replace its online audit management tool. This tool is used to record evidence that supports the audit report on public organisations' annual financial statements and performance information. Over time, we expect the new audit tool to make aspects of audits easier to manage by providing a more efficient structure to perform audits, better workflow, and improved audit quality. It will also support more comprehensive risk assessments, which will improve audit efficiency. The tool should also be more secure, stable, and reliable than the current one. The replacement tool has been chosen and is being configured.

Planned work: Focus on practice management and the implementation of the new audit tool

In 2023/24, we will make improvements to the way Audit New Zealand carries out its work with a focus on practice management alongside the implementation of a new audit tool.

This work includes:

- transitioning audits carried out between 2023 to 2025 into the new tool while ensuring that audit quality is maintained;
- change management for our users to achieve a smooth and efficient transition to the new tool;
- implementing identified practice management and efficiency initiatives; and
- preparing to bring audit work back to Audit New Zealand by reallocating appropriate audits from other audit service providers.

Addressing deferred audit work

In 2023/24, we intend to complete audits within normal statutory reporting deadlines (in line with audit completion rates before the Covid-19 pandemic).

Increasing our impact with public organisations

Effective performance and accountability systems are vital to maintaining the trust and confidence that Parliament and the public have in the public sector. As the auditor of every public organisation, the Auditor-General is in a unique position to influence improvements in performance and accountability practices across the public sector. This includes our role in promoting examples of good practice in areas where we have particular interest and expertise.

Our work to influence positive change in the accountability practices of public organisations will help support Parliament in its scrutiny role and provide improved information for the public.

In 2023/24, our work will focus on:

- influencing the public accountability system and supporting parliamentary scrutiny;
- influencing the performance of public organisations;
- influencing more meaningful and useful performance reporting to improve the performance and accountability of the public sector;
- increasing the focus the public sector has on value for money;
- promoting a long-term view in public organisations' planning and decision-making to strengthen the public sector's response to long-term challenges facing New Zealand; and
- supporting strong organisational integrity practices by public organisations.

1. Influencing the public accountability system and supporting parliamentary scrutiny

We want to see significant improvements in how the public sector reports on its spending, and what is being achieved.

We use the information that we gather from our work, including from our annual audits, to influence the public accountability system and provide support to select committees to help their scrutiny of public organisations by Parliament.

Advice and support to Parliament and select committees

We work closely with select committees to support their scrutiny of public sector spending and performance. For example, in 2022/23 we provided more than 180 briefings to select committees.

In 2023/24, to improve our advice to select committees, we will focus on supporting committees to examine new and significant public organisations, including their major areas of spending and the quality of their performance reporting.

In 2023/24, we will complete work that will provide a picture of sector-level performance reporting for public organisations that contribute to the Transport Outcomes Framework.⁵ We will also publish an Auckland landscape scan that describes what is publicly reported about how the public sector is performing in the region.

In 2023/24, we will build on both pieces of work as part of improving our briefings to select committees. We will provide select committees with a broad assessment and commentary of the performance reporting of other sectors. We will also provide advice on areas for improvement.

This work will be part of improving our support to Parliament and our engagement with these public organisations to improve their financial and performance reporting.

We will work closely with the Office of the Clerk after the General Election to help ensure that incoming select committees are well prepared to carry out their scrutiny of public sector spending and performance.

Planned work: Advice and support to Parliament and select committees (Annual reviews and Estimates)
--

We will continue to improve our advice and support to Parliament and select committees, with a particular focus on examining new and significant public organisations, their spending, and the quality of their performance reporting. We will do this as part of annual reviews and scrutiny of forecast spending through the Estimates of Appropriations after the Government announces its Budget each year.

We will also support induction programmes for incoming select committees and provide sector briefings to subject committees as required.
--

Readiness for next round of long-term plan audits

Under the Local Government Act 2002, councils are required to prepare a long-term plan every three years. We audit every long-term plan (and the associated consultation documents) to determine whether they meet their statutory purpose. We also provide our

⁵ See *Te Anga Whakatakoto Hua mō ngā Waka – Transport Outcomes Framework* at transport.govt.nz.

conclusions on the quality of the assumptions and other information used to prepare the plans. The next long-term plans are due by 30 June 2024.

Planned work: Readiness for the next round of long-term plan audits

Our audits of long-term plans are different to annual audits because the documents focus on what councils plan to do in the future. Almost all of our annual audits cover what has already happened.

We will support our auditors to successfully complete the next round of long-term plan audits. To do this, we will review the methodology and guidance our auditors use to perform their audits and provide specific training for this. The reform of water services is expected to add complexity to the 2024-34 long-term plan audits. Our work to prepare for the next long-term plan audits started in 2022/23 and will continue into 2023/24, when the audits of the 2023-34 long-term plans will be carried out.

In 2023/24, we also plan to support elected members and audit and risk committees as their councils prepare their long-term plans. We will share information with elected members about what they should be focused on to perform their role in the long-term plan process, and the types of questions they should ask council staff who are preparing the long-term plans.

We regularly produce reports that focus on Auckland Council to meet our requirements under the Local Government (Auckland Council) Act 2009.

Planned work: Auckland Council review of service performance (topic to be confirmed)

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 assessing possible topics for this next review.

Public accountability research

Effective public accountability is critical to maintaining Parliament and the public's trust and confidence. In 2023/24, we plan to carry out research into how government agencies are working collaboratively with communities and how this influences improved public accountability.

Planned work: Public sector accountability to communities – research

In 2023/24, we plan to carry out research into what is needed to support high-quality partnerships between public organisations and communities to achieve common goals. We are also interested in whether this way of working can support and improve public accountability. We will look at government-community partnerships to understand what works well, how parties describe and demonstrate progress towards shared common goals, and what motivates the parties to act in the best interest of the partnership. We will present our findings as a series of case studies.

Our research will support our work on influencing the performance of public organisations and inform our work on improving performance reporting in the public sector.

2. Influencing the performance of public organisations

Through our work, we provide Parliament and the public with assurance that public organisations are delivering what they have been asked to. We report both good and poor performance from our performance audits and inquiries. This normally results in either a report or letter (usually to Parliament) that identifies good practice, raises any issues or concerns, and may recommend improvements to the audited public organisations.

When we scope and carry out performance audits, we consider how to incorporate the four priorities in our strategy.

Health outcomes

Poor mental health and alcohol/other drug-related harm are common in New Zealand. Young people are particularly at risk of experiencing poor mental health or well-being, and there is evidence that the situation is getting worse.⁶

The mental health and alcohol/other drug harm reduction system for young people is complex. Young people who require treatment or support for mental health and alcohol/other drug issues might access services from a range of places.

Multiple government agencies are involved in the funding and delivery of mental health and alcohol/other drug harm reduction services for young people. It is important that all parts of the system work well together so young people can access timely and appropriate mental health and alcohol/other drug harm reduction services.

In 2022/23, we started a performance audit that looks at how effectively government agencies work together to understand and meet the mental health and alcohol/other drug harm reduction needs of people aged 12 to 24 years.

Planned work: Effectiveness of mental health and alcohol/other drug harm reduction services for young people

In 2023/24, we intend to complete our performance audit on how mental health and alcohol/other drug harm reduction services are meeting the needs of young people. We will report on what public organisations with responsibilities for mental health and alcohol/other drug harm reduction services understand about current access to services for young people. We will also look at how services are distributed and the causes of unmet need among this age group. We will report on what these organisations are doing to address any gaps in services or identified delays.

⁶ Government Inquiry into Mental Health and Addiction (2018), *He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction*, page 8, at mentalhealth.inquiry.govt.nz.

Education outcomes

A stable and strong education system keeps learners engaged and motivated and supports them to achieve their full potential. However, New Zealand's education system does not produce equitable outcomes for all learners. Poor education outcomes will often affect the learner through their adult life.

The reasons for educational disparities are complicated and the Ministry of Education is not the only organisation responsible for finding solutions. We plan to look at how the Ministry uses information to identify, understand, and address educational disparities.

Planned work: Understanding and addressing educational disparities

In 2023/24, we will complete our work on how effectively the Ministry of Education uses information to promote equitable outcomes for all learners in years 1-13. We are looking at how effectively the Ministry understands inequities in student outcomes and how this understanding is used to develop, target, and prioritise responses. We will examine some interventions in detail to understand how data was used to inform the design of its responses and how the Ministry ensures that its responses are effectively evaluated. We will also look at how the Ministry is collaborating with other public organisations to effectively address inequities of outcomes in education.

Immigration outcomes

Immigration is important to public services, businesses, and communities. It provides skilled workers, reunites families, and brings in students and people on working holidays. Immigration New Zealand plays a vital role by processing and making decisions about applications.

The immigration system has been significantly affected by the Covid-19 pandemic. Immigration New Zealand has faced several challenges, including the introduction of new visa categories and changes to workflows as part of rebalancing the immigration system after New Zealand's borders reopened in 2022.

In 2023/24, we plan to look in detail at how visas are processed. We want to assess how well Immigration New Zealand's processes are managed for applicants.

Planned work: Immigration New Zealand visa processing – accountability and effectiveness of the visa process

In 2023/24, we plan to assess how well Immigration New Zealand is meeting the needs of applicants. We will do this by looking at how well it is managing visa processing and the ease of engagement, communication, and feedback to applicants. We are also interested in the timeliness of processes for applicants and how Immigration New Zealand deals with complaints.

Reducing child poverty

A significant percentage of children throughout New Zealand live in households where meeting everyday needs is a struggle. The Child Poverty Reduction Act 2018 requires the Government to set three-year and 10-year targets for reducing child poverty. The Child Wellbeing and Poverty Reduction Group, which sits in the Department of the Prime Minister and Cabinet, leads the work to reduce child poverty.

The trend has improved for eight of the nine child poverty measures set out in the Child Poverty Reduction Act 2018.⁷ However, the data also shows that while the percentage of New Zealand European children living in material hardship is 7.6%, 18.8% of tamariki Māori, 25.6% of Pasifika children, and 21.5% of disabled children are living in material hardship.⁸

Actions to reduce child poverty are being delivered as part of the Child and Youth Wellbeing Strategy and associated Programme of Action. A review of the Strategy in late 2022 found that although there is strong agreement with the vision and outcomes in the Strategy, implementing it could be better supported.⁹ This includes improved co-ordination and alignment across agencies and between agencies and communities, and more intentional steps to embed te ao Māori concepts of well-being.

In 2023/24, we will progress our work on the Government's efforts to reduce child poverty. We added this topic in response to the results from our survey of a representative sample of New Zealanders in 2022. We intend our work to help improve the reliability of information about what public organisations are doing to address the complex issue of child poverty.

Planned work: Progress of the Government's efforts to reduce child poverty

In 2023/24, we will progress a performance audit examining the Government's progress in reducing child poverty, including:

- reviewing the Government's progress in implementing its initiatives from the Child and Youth Wellbeing Strategy in reducing child poverty. We will also review to what extent these are making a difference for children, their families, and communities;
- looking at how effectively public organisations are working together to deliver the Government's child poverty work programme, including the role of the Department of the Prime Minister and Cabinet's Child Wellbeing and Poverty Reduction Group; and
- looking at whether information is shared and reported to the public in ways that are meaningful and accessible.

⁷ Statistics New Zealand (March 2023), *Child poverty statistics: Year ended June 2022*, at stats.govt.nz.

⁸ Statistics New Zealand (March 2023), *Child poverty statistics: Year ended June 2022*, at stats.govt.nz.

⁹ *Advice to Ministers: Review of the Child and Youth Wellbeing Strategy – Findings and Recommendations*, at childyouthwellbeing.govt.nz.

Housing and urban development

New Zealand's housing and urban development system faces significant challenges that have wide-reaching consequences. For example, there has been a significant increase in the number of people waiting for public housing. Some challenges disproportionately affect Māori and Pasifika families.

In 2022/23, we will complete a performance audit looking at how effectively Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development is leading the housing and urban development system. Established in 2018, the Ministry's role involves leading, facilitating, and co-ordinating action by other public organisations and leading the implementation of the Government Policy Statement on Housing and Urban Development.

In 2023/24, we will start a performance audit looking at how Kāinga Ora – Homes and Communities is working with other organisations on significant housing and urban development projects. Kāinga Ora expects to provide about 40,000 new affordable homes in the next 20 years through eight large-scale projects in Auckland, Porirua, and Te Kauwhata in the Waikato region. In addition to its own revenue and borrowing, Kāinga Ora has received \$2.3 billion from the Housing Acceleration Fund to build the necessary infrastructure for these projects. Kāinga Ora is working with developers, councils, iwi, and other central government agencies to deliver these projects.

Planned work: Planning of significant housing and urban development projects
<p>In 2023/24, we will start 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 work together on infrastructure planning and implementation, especially given the significant additional funding for infrastructure and land development through the Housing Acceleration Fund.</p> <p>As part of this work, we also intend to consider how Kāinga Ora will provide for Māori and Pasifika needs and aspirations in these projects and how Kāinga Ora will involve iwi and hapū in the planning processes. We will also look at how efficiently housing projects are delivered and what agencies are doing to ensure the quality of that housing.</p>

Cyber security maturity and preparedness

Without fit-for-purpose cyber security, New Zealand will be unable to protect its intellectual property, maintain its reputation as a stable and secure place to live and do business, and ensure that government and democratic processes remain free from interference. In 2023/24, we will carry out a performance audit to see how a range of public organisations responsible for critical infrastructure and/or key services govern their cyber security risk preparedness and response.

Planned work: Cyber security maturity and preparedness

Information security is becoming increasingly complex as technologies continue to evolve. It can be challenging to keep up to date with the risks associated with them.

Managing information security risk well is essential to protect the public sector's critical information assets. Information security failures can undermine public trust and confidence in the public sector. It is important that government departments, Crown entities, and councils have an effective approach for managing this risk.

In 2023/24, we will carry out a performance audit to understand how well a small number of public organisations govern their cyber security risk preparedness and response. This work will include looking at to what extent governance relies on, and is informed by, the Protective Security Requirements, including the work of the National Cyber Security Centre¹⁰ and other relevant organisations.

Following up on our performance audit work

We follow up most performance audits within two years of completing them. To do this, we write to the public organisation asking for an update on how it is progressing with our recommendations and publish the response on our website. We also use that response to decide whether any further follow-up work is needed.

In 2023/24, we will consider what type of follow-up is appropriate for the matters raised in these performance audit reports:

- *Managing stormwater systems to reduce the risk of flooding;*
- *The Government's preparedness to implement the sustainable development goals;*
- *Governance of the City Rail Link Project; and*
- *Improving value through better Crown entity monitoring.*

3. Influencing more meaningful and useful performance reporting

For reporting to be meaningful, the public needs to be able to understand what services are being delivered at what cost, and the difference that is being made through the delivery of those services. We want to improve the relevance and transparency of performance information and how public organisations report on their performance.

We will continue to build on our programme of work designed to achieve this. We will work with and support the Treasury's work to improve how the public sector reports on its performance at the multiple levels at which it operates (from all-of-government funds/initiatives and cross-agency joint arrangements through to individual agencies).

¹⁰ The National Cyber Security Centre is part of the Government Communications Security Bureau. Its role is to help New Zealand's most significant public and private sector organisations protect their information systems from advanced cyber threats.

The External Reporting Board has released for consultation an exposure draft of a revised audit standard for service performance reporting. This has a proposed application date for periods beginning on or after 1 January 2024. We will be preparing guidance, training materials, and tools for applying the new audit standard.

The new audit standard provides an opportunity and catalyst for public organisations to improve how they are reporting on their performance.

Planned work: Assessing the quality of performance reporting

In 2023/24, our audits of significant public organisations will place more emphasis on testing the quality of performance frameworks (for example, demonstrating clear connections between what they deliver and the outcomes they seek to achieve), indicators, and information presented by public organisations.

This will include assessing whether public organisations comply with the new standard and good practice. We will have a particular focus on examining the performance frameworks and indicators of new and significant entities created through the public sector reforms.
--

We will also work with the Treasury to provide guidance, seminars, and workshops on implementing the new standard and good practice in performance reporting more generally.
--

Highlighting examples of good practice we see in the public sector is one of the main ways we encourage public organisations to improve their performance reporting. Seeing examples of good practice can help them to improve how they report on their performance.

In 2022/23, we published good practice guidance on performance reporting for central government. In 2023/24, we plan to publish good practice guidance on performance reporting for local government.

Planned work: Good practice guidance on performance reporting – local government

In 2023/24, we plan to publish good practice guidance on performance reporting for local government to support the development of their long-term plans (which are due by June 2024).

4. Increasing the focus on value for money

Central and local government spend more than \$170 billion of public money each year. The public expects value for money and useful information to hold government to account for its spending. We want to increase the focus the public sector has on value for money.

As noted above, we will continue to push for more transparency about public spending and for more reporting about what is achieved with that spending. We will also report on the quality of information to support decision-making processes where significant amounts of public money are being spent.

We will continue to take an interest in the quality of investment planning to see how well public organisations understand the costs and benefits of significant areas of expenditure, how this understanding is used to inform decisions, and how benefits of investments are monitored over time.

Cyclone Gabrielle and severe weather events

A key area of government expenditure over the next few years is likely to be the response to Cyclone Gabrielle. This has already involved significant public expenditure and is affecting the work of many public organisations.

We will track the funding of initiatives relating to severe weather events, along with how much has been spent and what has been achieved with the spending.

Public sector reforms

We know that the issues and questions that matter to Parliament and the public are often about outcomes for the whole of society or an entire sector. Increasingly, public organisations are working together across a sector or more broadly to improve outcomes.

One of our functions is to report on the performance of public organisations. We aim to provide Parliament and the public with assurance about how well public organisations are delivering what they are there to do.

We want to make it easier for Parliament and the public to understand how public organisations are performing. To do this, we plan to identify and draw together publicly available audited performance measures to see how well public organisations involved in major reforms are performing. We will use those measures to track their performance.

Planned work: Monitoring performance information in sectors undergoing major change
--

<p>We maintain a database of financial and performance information of several types of public organisations. This information is compiled from audited annual reports, and we use this information to inform the different types of work we do (such as the annual review briefings we provide to Parliament's select committees).</p>
--

<p>The Government is currently carrying out significant reforms of the public sector. These reforms include tertiary education, the health and disability system, the resource management system, and how water infrastructure (drinking water, wastewater, and stormwater) services are delivered. A Ministerial review into the future for local government is also underway.</p>

<p>Using publicly available audited performance measures, we will seek to provide a picture of the performance of these sectors and regularly update that picture over the next few years as reforms are embedded.</p>
--

<p>This will help us, Parliament, and the public to understand the effect of the reforms on the performance of these public organisations and sectors. It will also provide some insights into how</p>
--

adequate this performance information is in telling a clear and comprehensive story of performance, and where there might be gaps.

5. Promoting a long-term view

New Zealand faces a range of long-term challenges (for example, those brought about by climate change, inequities in outcomes, and those caused by changing demographics). Planning and decision-making will need to take a long-term view and will require co-ordination across government – as well as high-quality information and reporting about progress – to respond to and address these challenges.

We want to encourage and promote long-term integrated planning in the public sector.

Over the next few years, we will build on what we learn from audits of planning documents, including councils' long-term plans, to provide good practice guidance and highlight public organisations that have a long-term view in their planning and decision-making. We will also work with central agencies and other stakeholders to influence improvements to processes and tools for long-term planning and decision-making. Where relevant, we will include observations about the quality of long-term planning in our performance audits and in following years carry out specific performance audits on this topic.

Climate change and local government

The public sector has a key role in reducing emissions and adapting to the effects of climate change. The move to a net zero-carbon economy will require effective leadership, governance, and accountability arrangements. The effects of Cyclone Gabrielle demonstrated the challenge of adapting to adverse weather conditions. The risks, strategy, and financial effects associated with addressing these challenges will need to be transparent. Climate-related reporting requirements are also increasing in importance.

The estimated costs of adapting to, and mitigating, the effects of climate change are significant and increasing. The level and speed of change that might occur will be challenging for many public organisations.

Local government will play a significant part. Councils have an important role in understanding, planning for, and responding to the effects of climate change.

In our 2021/22 audits of the councils' long-term plans, we considered how councils factored climate change into their planning and proposed spending decisions, particularly for vulnerable areas (including areas that had significant infrastructure projects).

In 2022/23, we built on this work by starting a performance audit of how councils are responding to the effects of climate change. In 2023/24, we will complete that audit.

Planned work: Climate change and local government

We will assess how a cross-section of councils are preparing, and setting priorities, for their response to climate change, including steps they are taking to transition to a low-carbon economy and adapt to climate change effects. We will also evaluate how these councils assess and report on progress towards the climate actions they have committed to, and the resourcing and governance arrangements they have in place.

This work will provide us with a baseline to evaluate future progress. Our audit should help councils that are yet to decide on their climate actions.

6. Supporting strong organisational integrity practices

Maintaining public trust and confidence in the public sector is essential for public organisations to operate effectively, have the impact they are seeking, and achieve their stated outcomes. Trust is built over time and is maintained by demonstrating competence, reliability, and integrity. When questions are raised about any one of these, trust can erode. It is therefore important that public organisations are seen to be meeting high standards of integrity.

We want to provide support for the public sector on maintaining and improving ethics and integrity in the way it operates.

We have created an integrity framework to help public sector leaders and governors take a whole-of-organisation approach to building a culture of integrity. We will also develop additional integrity resources to support the use of the framework, including resources on how to measure, monitor, and report on integrity practices.

We will continue to partner with Transparency International New Zealand to host regular Leaders Integrity Forums for public sector leaders. Speakers at these forums will cover topics relating to transparency, accountability, corruption-prevention, and integrity.

A summary blog post will be published on our website after each forum.

Auditing integrity practices

To support long-term accountability, we will regularly monitor integrity practices across the public sector.

To date we have carried out an integrity audit looking at the management of conflicts of interest in councils. We have also started work looking at the use of emergency procurement rules.

Planned work: Looking at integrity in central government procurement

In 2023/24, we will continue our multi-year performance audit work on integrity.

In 2022/23, we started our audit into how government agencies support integrity practices when they procure goods and services in emergency situations, and how they provide transparency to the public. We are also interested in the role of senior staff in upholding integrity standards when procuring during an emergency. In 2023/24, we will conclude this work and consider further audits on aspects of our integrity framework.

In 2022/23, we started work to translate our integrity framework into a performance audit methodology we can use to assess the integrity culture in public organisations. We plan to finish this work in 2023/24 and apply it in integrity-related audits.

Operation Respect (New Zealand Defence Force)

Operation Respect, a programme aimed at eliminating inappropriate and harmful behaviours and sexual violence in the New Zealand Defence Force, was first launched in 2016. In 2020, the Ministry of Defence commissioned an independent review into the programme. The reviewers recommended that the New Zealand Defence Force request the Auditor-General to carry out an audit of the New Zealand Defence Force's progress on Operation Respect every two years for the next 20 years.

We will carry out regular performance audits of Operation Respect to determine how effectively the New Zealand Defence Force is implementing Operation Respect and achieving its outcomes. We are also completing regular monitoring work to assess the impact of the actions the New Zealand Defence Force is taking. Over time, we will look at whether it is achieving Operation Respect's outcomes. The first audit for this programme focused on how effectively the New Zealand Defence Force had designed and reset Operation Respect. This, and the first monitoring report, which established a baseline for measuring the New Zealand Defence Force's progress in implementing Operation Respect, were published in March 2023.

Planned work: Operation Respect second performance audit and monitoring report

In 2023/24, we will continue to monitor progress the New Zealand Defence Force is making with Operation Respect. Our next performance audit, which we are likely to start in late 2023/24, will look at the key initiatives that the New Zealand Defence Force has focused on. This may include the work currently under way to develop a new strategy or enhance the discipline and complaints systems.

Supporting integrity in the Pacific

Building on our integrity work in the public sector, we will also continue to support the work the Pacific Association of Supreme Audit Institutions (PASAI) does to advocate for improvements in governance, accountability, transparency, and integrity with, and on behalf of, supreme audit institutions in the Pacific region.

Planned work: Supporting integrity in the Pacific

We will continue to host, on behalf of PASAI, webinars for Pacific public sector leaders considering integrity-related topics.

We will continue to be active members of the IntoSAINT (a tool to assess public sector integrity) working group, representing the Pacific region.

We will share insights from the global committee to ensure the effective use of this tool in the region. Our support of IntoSAINT in the Pacific will include rolling out new facilitator guidance materials we developed (now provided to all working group members) to enhance the IntoSAINT resource package. This will support supreme audit institutions to apply the tool to assess their own integrity and support assessments of public organisations.

We expect to lead the completion of further training of IntoSAINT assessment facilitators in 2024. We will also work with other members of the working group to create new training materials.

Building on our integrity framework

In 2022, we created an integrity framework for the public sector. Although the framework was partially informed by Māori frameworks, there is more work to do to fully integrate te ao Māori into the integrity framework.

Planned work: Integrating Māori perspectives of integrity

In 2022/23, we started work to understand more fully what the concept of integrity means and looks like for Māori and how that could be applied in a public sector context. In 2023/24, we will consider the implications this work has for our integrity framework and accompanying guidance and how we can more fully integrate te ao Māori concepts into our integrity framework.

In 2022/23, we encouraged public organisations to assess their organisation using our integrity framework. However, measuring whether organisations are making improvements in integrity is not easy. Organisations have asked for additional guidance on how to best measure and monitor integrity.

Planned work: Guidance on measuring and monitoring integrity

In 2023/24, we plan to publish guidance on measuring and monitoring integrity. We will draw on the work we are doing in our organisation along with insights from developing an integrity audit methodology. It will also involve a literature review, with a focus on auditing culture and existing ethics and integrity assessment tools. We will have conversations with public organisations as they implement the integrity framework to document how they are measuring the different components of the work they are doing. Our work might include publishing case studies.

Enhancing our impact in te ao Māori

We want to continue to build trust and confidence among Māori in our role and for our work to have increased relevance to, and impact for, Māori. We also want to influence the public sector to improve on how it reflects the uniqueness of New Zealand.

In 2023/24, our work will focus on:

- our strategy for te ao Māori; and
- public sector accountability to Māori.

1. Te ao Māori strategy

We have started developing a strategy to help us continue building our organisational capability and capacity in te ao Māori.

We are committed to enhancing our impact so that Māori communities will increasingly see us as a relevant and trusted organisation.

In 2022/23, we planned a second phase for this strategy work. We were informed by the insights from the *Māori Perspectives on Public Accountability* report that we commissioned from Haemata Limited in 2022.

In 2023/24, we will publish our strategy for te ao Māori, which will set out our key priorities to:

- continue to build relationships in Māori communities;
- take account of Māori knowledge and perspectives in our work; and
- support staff to build their capability to improve outcomes that benefit Māori communities.

We also plan to establish a Rōpū Māori to advise us as we work through this process.

2. Public sector accountability to Māori

In 2022, we published research we commissioned from Haemata Limited on *Māori Perspectives on Public Accountability*. This research is part of our broader programme of work on how the accountability system is working for the public.

Public organisations need to honour commitments the Crown made through Treaty settlements to build and maintain meaningful and effective relationships between Māori and the Crown. Te Arawhiti – The Office for Māori Crown Relations is monitoring progress made by the Crown in honouring these commitments.

In 2023/24, we intend to look at how prepared public organisations are to meet their Treaty settlement commitments in response to commitments made by the Crown. This will include looking at the systems for overseeing and monitoring the Crown's honouring of Treaty settlement commitments.

This work will support public organisations, such as Te Arawhiti and Te Kawa Mataaho Public Service Commission, to identify how they can better support public organisations to meet the Crown's settlement commitments.

Planned work: How well prepared are public organisations to meet Treaty settlement commitments

In 2023/24, we plan to look at the complex system of Treaty settlement commitments. Our work will include looking at who monitors the implementation of the Crown's Treaty settlement commitments, what support is available to help public organisations meet their commitments, how progress is monitored, and what happens when commitments are not implemented in a timely and complete way.
--

Building on our reputation as a source of trusted information

We want to build on our reputation as a source of trusted information about public sector performance and accountability. We need to do more to communicate our work to target audiences to ensure that it has impact, and for us to be seen as an independent source of truth on matters of public sector performance and accountability.

In 2023/24, our work will focus on:

- continuing our regular reports; and
- raising our profile.

1. Our regular reports

Each year, we consolidate the results of our annual audits in central government, local government, and other sectors. We publish the main findings from these audits in sector reports or letters and use them to advise select committees, keep the public informed, and plan our work programme. We also report on the results of our annual audit of the Government's financial statements.

Planned work: Sector reports

In 2023/24, we plan to prepare reports about the latest completed audits in these sectors:

- central government (including the Controller function);
- schools;
- tertiary education institutions (including work on disparities in tertiary education);
- health;
- local government; and
- licensing trusts.

In combination with our annual audits, we carry out appropriation audits of government departments. We also carry out monitoring procedures on public expenditure, in keeping with a Memorandum of Understanding we have with the Treasury. Through this work, we check that government expenditure is within the authority provided by Parliament. We report our findings and conclusions to the Treasury throughout the year in monthly Controller reports.

Our sector report on the central government audits includes the work carried out under our Controller function for the 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) and various reports on matters of interest.

Planned work: Half-year Controller update

Our Controller function is a core part of our role. It provides assurance to Parliament and the public about whether the Government has incurred expenditure as authorised by Parliament. We report publicly on our work.

In 2023/24, we will provide our regular half-year Controller update, which provides an account of our work and findings for the first six months of 2023/24. We may also publish Controller reports on other matters of interest and summarise findings for the year in the annual report on central government audits.

2. Leveraging our knowledge and reputation

We want to increase our impact by actively sharing our knowledge and that of other experts with the broader public sector.

Planned work: Support for audit and risk committees

We will continue our focus on engaging with audit, risk, and assurance committees (including convening Audit and Risk Committee Chairs' Forums about eight times a year, covering topics relevant to local and central government).

We will also continue to support a new Parliament in its scrutiny function, brief councils on our role, on good governance, and on good practice, and regularly attend audit and risk meetings in larger public organisations.

We are always looking for ways to bring to Parliament and the public increased visibility and transparency on topics of current concern involving public organisations. In recent years, we have been focusing more on topical issues and working to provide our reports more quickly, so they are more proximate to the issues and are useful for public organisations trying to improve their performance. Our work on personal protective equipment, the nationwide roll-out of the Covid-19 vaccination programme, and the Wage Subsidy Scheme are all examples of where this has been successful.

In 2023/24, we want to keep building on what we have learned from this work and pilot a new type of performance audit work – a rapid audit.

These rapid audits will be a shorter, quicker form of performance audit and complement our other inquiry and performance audit work by providing a timelier way of reporting facts on emerging and topical issues. They will support Parliamentary scrutiny of issues as they emerge and provide the public with a means of getting a better understanding of the issue. Designed to be fast (reporting on an issue after about 12 weeks) the work will focus on setting out facts supported by good evidence to clarify or provide insight.

Other Supreme Audit Institutions, such as those in the Netherlands, United Kingdom, and France, have started doing this type of work and have covered topics such as Covid-19 responses and supply of strategic reserves. We will look to learn from these examples when scoping our work.

Planned work: Two pilot rapid audits (topics to be confirmed)
--

In 2023/24, we plan to carry out two pilot rapid audits. Although the topics are still to be decided, we will look to have a value-for-money focus in at least one of these pilots.

The form of the work will depend on the topic and could range from desk-based research to specific case studies. The rapid audits may also be designed to support more longer-term performance audit or inquiry work.

In 2022/23, we have run a speaker series for public servants on matters of concern to the Office, such as integrity and performance reporting. These sessions have attracted many hundreds of public servants.

In 2023/24, we will continue to use our “What good looks like” speaker series and other events to share good practice.

Planned work: “What good looks like” speaker series
--

We will continue our quarterly speaker series, where we host online and in-person events with a range of speakers and panellists from the public and private sectors who share their good practice experience and processes.
--

Appendix 1

Summary of the public organisations we audit, as at 1 March 2023

Organisation categories	Number of organisations
Councils	78
Airports (including related entities)	24
Energy companies (including related entities)	36
Port companies (including related entities)	18
Other council-controlled organisations ¹	152
Licensing and community trusts (including related entities)	29
Cemetery trustees	1
Other local government organisations ²	58
Total local government	396
Financial Statements of the Government	1
Government departments (including related entities)	54
State-owned enterprises and mixed-ownership companies (including related entities)	31
Crown research institutes (including related entities)	14
Health-related entities	16
Schools (including related entities)	2483
Tertiary education institutions (including related entities and workforce development councils) ³	45
Other Crown entities ⁴	90
Administering bodies ⁵	39
Fish and game councils (including related entities) ⁶	15
Other central government organisations ⁷	114
Rural Education Activities Programmes	14
Total central government	2916
Government of Niue (including related entities) ⁸	9

Organisation categories	Number of organisations
Government of Tokelau (including related entities) ⁸	2
Public Audit Act section 19 audits ⁹	2
Total	3325

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 councils but are not council-controlled organisations – for example, organisations exempted from being council-controlled organisations under the Local Government Act.
3. On 4 October 2021, six Workforce Development Councils (WDCs) were established through the Reform of Vocational Education (RoVE).
4. 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.
5. These are administering bodies and reserves boards listed in Schedule 4 of the Public Finance Act 1989.
6. 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.
7. 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.
8. The Governments of Niue and Tokelau (including related entities) are audited by the Office because the New Zealand Auditor-General also holds the role of Auditor-General for these countries.
9. These are entities audited under an arrangement in accordance with section 19 of the Public Audit Act 2001.

Appendix 2: Timing for our work programme

Strengthening our core assurance role

Topic	Annual Plan initiative planned for 2023/24	2022/23				2023/24				2024/25			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Strengthening the public audit system	Audit readiness for public sector reforms, including new audit methodologies*		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Supporting the Ministry of Education's review of school accountability					✓	✓	✓	✓	✓	✓	✓	✓
	Readiness for climate reporting by public organisations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Audit contract management system upgrade	✓	✓	✓	✓	✓	✓	✓					
	Audit fee reviews of key sectors**				✓	✓	✓	✓	✓	✓	✓	✓	✓
Positioning Audit New Zealand for the future	Focus on practice management and the implementation of the new audit tool				✓	✓	✓	✓	✓	✓	✓	✓	✓

* This includes methodology for auditing the health plan and reporting against that plan, and methodologies for auditing strategies and plans for the water infrastructure entities.

** The local government sector will be reviewed in 2023, the schools sector in 2024, and the central government sector in 2025.

Increasing our impact with public organisations

Topic	Annual Plan initiative planned for 2023/24	2022/23				2023/24				2024/25			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Influencing the public accountability system and supporting parliamentary scrutiny	Advice and support to Parliament and select committees (Annual reviews and Estimates)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Readiness for the next round of long-term plan audits		✓	✓	✓	✓	✓	✓	✓				
	Auckland Council review of service performance (topic to be confirmed)							✓	✓	✓	✓		
	Public sector accountability to communities – research						✓	✓	✓	✓			
Influencing the performance of public organisations	Effectiveness of mental health and alcohol/other drug harm reduction services for young people	✓	✓	✓	✓	✓							
	Understanding and addressing educational disparities			✓	✓	✓							
	Immigration New Zealand visa processing – accountability and effectiveness of the visa process					✓	✓	✓	✓				
	Progress of the Government's efforts to reduce child poverty					✓	✓	✓	✓				
	Planning of significant housing and urban development projects					✓	✓	✓	✓				
	Cyber security maturity and preparedness						✓	✓	✓	✓			
	Performance audit topic from public survey								✓	✓	✓	✓	
Influencing more meaningful and useful performance reporting	Assessing the quality of performance reporting				✓	✓	✓	✓	✓				
	Good practice guidance on performance reporting – local government				✓	✓	✓						
Increasing the focus on value for money	Monitoring performance information in sectors undergoing major change †				✓	✓		✓				✓	

† This work will focus on the health sector, tertiary education sector, and entities with responsibility for water management. We are aiming to publish baseline data by the end of Q1 2023/24 and update the data in March each year.

