



CONTROLLER AND AUDITOR-GENERAL

Tumuaki o te Mana Arotake

B.28AP[24]

Draft annual plan 2024/25

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

30 April 2024

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Request for your feedback

Tēnā koutou katoa.

I am pleased to present my *Draft annual plan 2024/25* 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. It sets out the work programme that my Office intends to carry out during 2024/25. As always, the focus of our work will be on where we can best influence improvements in the performance and accountability of public organisations.

We have a range of functions to help achieve this. The most significant is our mandatory audit function, which is about 85% of our work. We also monitor government spending against the authority provided by Parliament. Together, this work ensures an independent view on how public spending and performance across the public sector are reported.

We also have a discretionary programme of work that includes performance audits, inquiries, special studies, commentaries, sector reports and updates, and good practice guidance. This work enables us to look at issues of performance in more depth and to highlight best practice in areas relevant to our role.

All this work underpins the advice and support we provide select committees to help them scrutinise public organisations.

Delivering on our strategy

The work included in this draft annual plan is focused on implementing the priorities in *the Auditor-General's strategic intentions to 2028*. They are:

- strengthening our core assurance role;
- increasing our impact with public organisations with more meaningful performance reporting, an increased focus on value for money, a long-term view in planning and decision-making, and strong integrity practices;
- enhancing our impact in te ao Māori; and
- building on our reputation as a source of trusted information.

Our draft annual plan also builds on the success of initiatives introduced in previous years, including rapid performance audits (where we report on matters of immediate public interest within 12 weeks), hosting events that bring public sector leaders and experts together to share knowledge and good practice, integrity audits, and our work targeted at influencing improvements in performance reporting and accountability.

The range and the depth of the work we plan to do is ambitious. It reflects the challenges we see in the public sector, and where we believe we can best use our role to influence positive change.

How we developed this draft annual plan

We selected the work in this draft annual plan after considering a wide range of inputs.

This included:

- feedback from select committees;
- concerns raised with our Office by members of Parliament and the public;
- findings from our audits and other work with public organisations;
- our research and environment scanning
- advice from our rōpū Māori and our central and local government advisory groups; and
- surveying New Zealanders to identify concerns and interests they have in public sector performance.

Your feedback is important

I am interested in all of your feedback and suggestions on our draft plan. Please send this to enquiry@oag.parliament.nz by Wednesday 29 May 2024. After considering your feedback we will publish our final Annual Plan for 2024/25 by 30 June.

Nāku noa, nā



John Ryan

Controller and Auditor-General | Tumuaki o te Mana Arotake

30 April 2024

An independent view of public sector performance

The Office of the Auditor-General is a source of independent and trusted information about public sector performance and accountability. The Public Audit Act 2001 sets out the role and functions of the Controller and Auditor-General (the Auditor-General). As an Officer of Parliament, the Auditor-General is independent of the Government and his work is not directed by the government of the day.

The Auditor-General has two business units – the Office of the Auditor-General and Audit New Zealand. They are both supported by a shared corporate services group. The Auditor-General also contracts private sector audit firms to carry out about half (by value) of public sector audits on his behalf.

The Auditor-General is responsible for auditing every public sector organisation in New Zealand (about 3300 public organisations each year). These annual audits assure Parliament and the public that public organisations are reporting reliable and relevant information about how they have used public money and how they have performed. This audit work is generally funded by fees charged to the organisations we audit and represents about 85% of the Office's work.

We also carry out performance audits, inquiries, and special studies, and we produce commentaries, sector reports and updates, and good practice guidance. Through this work we aim to improve trust in, and the performance of, public organisations. This work is generally funded by an appropriation from Parliament.

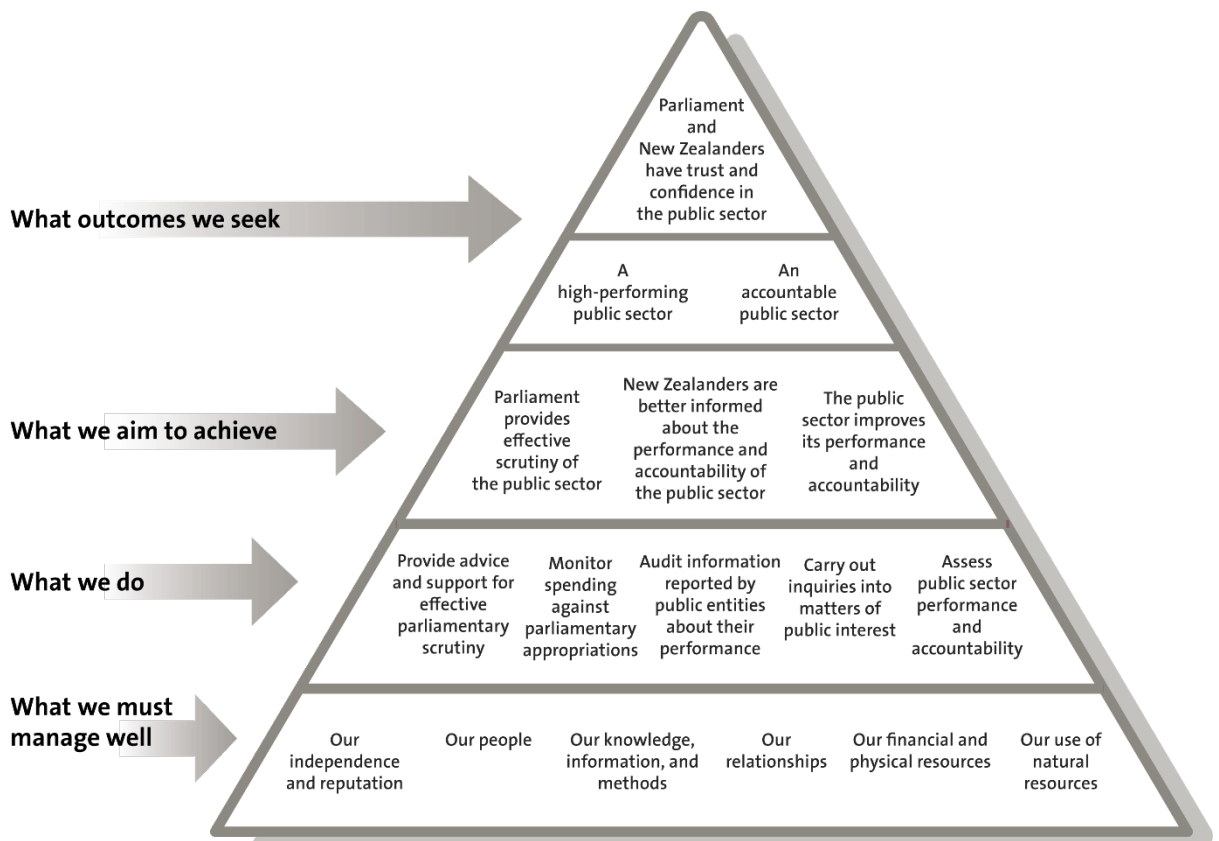
We use the information and insights we get from all our work to provide advice and support to Parliament. We provide expert advice to parliamentary select committees for the annual reviews of central government organisations and their scrutiny of the estimates of appropriations (the Budget).

The Auditor-General is also the Auditor-General of the governments of Niue and Tokelau. He is also the Secretary General of the Pacific Association of Supreme Audit Institutions (PASAI), which promotes transparent, accountable, effective, and efficient use of public sector resources in the Pacific. We contribute to the development of public audit internationally by participating in country-to-country peer reviews and assistance.

Our strategic direction

The Auditor-General's strategic intentions to 2028 provides the strategic context for our 2024/25 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.



The Auditor-General's strategic intentions to 2028 describes what we will focus on in that period to help achieve our long-term outcomes.

Our draft annual plan is based on our 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.

How we determine our work programme

We draw on what we know from our work

Our role as the auditor of every public organisation allows us to consider performance and accountability matters for the entire public sector. We regularly assess the issues, risks, and opportunities we see from all our work. Our assessment uses the information our auditors and other staff gather, information from our monitoring of risks, and our analysis of public sector performance.

We also draw on our previous work such as reports we have published (including inquiries, performance audits, research reports, and the results of recent financial audits) and our follow-up reports on how public organisations have implemented our recommendations.

We seek advice from those working in, or with, the public sector. Our central and local government advisory groups and the Auditor-General's rōpū Māori help us to better understand current themes and challenges. Our discussions with select committees and members of Parliament also provide us with important information. As does our survey of New Zealanders where we gather information on their concerns with public sector performance.

We consider the environment the public sector operates in and the risks and challenges that creates

The public sector operates in a challenging and dynamic environment. When we plan our work, we consider the public sector's operating context and the risks and challenges that environment creates. There are several important themes that have informed our draft annual plan for 2024/25.

Declining trust

Trust in governments is declining around the world. Although New Zealanders continue to have higher levels of trust in the government and its institutions, that is not the case for all parts of our society. We also know, that, for many, trust is vulnerable and can rapidly erode. Maintaining trust in the public sector is critical for the public sector to perform its role.

A challenging economic environment

There is a challenging economic outlook nationally and internationally.

The Government has required the public sector to find cost savings. This will put pressures on agencies to deliver their services with fewer resources and to have an increased focus on the value they are getting from existing and future investments.

Similarly local government is faced with cost pressures and the need to carefully balance rates and borrowing with the need for investment in services and new infrastructure.

Although the economic disruption from the Covid-19 pandemic has lessened, many communities, businesses, and public organisations continue to be impacted by issues arising because of Covid-19 such as backlogs.

Inflation continues to impact on both operating and capital costs.

Public sector change

The public sector continues to evolve.

Te Aka Whai Ora and Te Pūkenga will be disestablished. New entities, such as a Ministry of Regulation, have been established. Reform of key legislation in a range of areas has been signalled or is in progress. The Government has set targets for public organisations to work towards and be measured against.

Local government continues to adapt to new legislative requirements and there are further proposed changes to how water services are delivered.¹

Climate change

In the last few years we have seen the significant impact, disruption, and cost of adverse weather events on New Zealand. Recent reports reflecting on those events have highlighted the challenges in New Zealand's emergency management system to respond to such events.

New Zealand has committed to reducing greenhouse gas emissions and contributing to global efforts to slow climate change. The costs of addressing climate change and meeting emissions targets present a potentially significant fiscal risk to the Crown.

Central and local government organisations need to work together to effectively address the challenges of climate change. This will include determining how to mitigate and adapt to climate change and determining what level of resilience and adaptation can be achieved with the available resourcing.

¹ These are drinking water, wastewater, and stormwater.

Value for money of infrastructure investment

Historical underinvestment in public infrastructure creates risks of services failing or experiencing significant disruptions. Public organisations in both central and local government will need to make strategic decisions to ensure that their investment in infrastructure represents good value for money while dealing with other challenges such as a tight fiscal environment, inflation, and capacity constraints.

Technological change

Increased use of artificial intelligence and other rapidly developing technology present significant opportunities and risks to the quality of, and trust in, public services. The public sector has started using artificial intelligence for some services. Although technology can streamline and improve the quality of services, there are significant risks related to data security, bias, and privacy. Good governance will be needed to ensure that the benefits of new technology are realised and the risks are well managed.

Persistent inequality

Long-term disparities in outcomes, for example by ethnicity, gender, or geography, continue in many areas including housing, education, health, and justice. Addressing inequity of outcomes is critical to ensuring that all New Zealanders have trust in the public sector and government.

Security challenges

New Zealand has benefited from a rules-based international environment. Increasing geopolitical tensions and strengthening national interests create risks to our economic and social well-being.

In this environment, strong institutions that act to protect the integrity of our systems of public administration are critical to an effective and efficient public sector.

We consider the views of the public

We survey members of the public on topics that are relevant to our strategy. For this year's survey, we asked what New Zealanders would like us to include in our work programme.

Survey respondents were most interested in:

- health services, including mental health services;
- justice (law and order), including community safety;
- education; and
- housing and urban development.

Our annual plan remains flexible

Our draft annual plan reflects what we currently know and consider to be a priority for us.

However, if new information or risks come to light through feedback or new issues emerge, we may decide to change some of this work. We report on any changes to our final annual plan in our annual report.

Our areas of focus in this draft annual plan

The work outlined in this draft annual plan reflects the areas where we consider the Office can have the greatest impact from the work we do. The plan is presented under the Office's strategic priorities. Taken together, this draft annual plan focuses on:

- ensuring the sustainability of public audit;
- increasing our attention on the measurement and reporting of public sector performance;
- how the public sector is addressing long-term challenges;
- reinforcing the drivers of trust in the public sector; and
- responding to emerging issues.

Sustainability of public audit

The public audit system remains under pressure due to a worldwide shortage of auditors, rapidly evolving audit requirements, and continuing public sector reform. Although our larger audits are now meeting or exceeding pre-pandemic timeliness, the audits of schools and other smaller public organisations remain a challenge and are a key focus for us in 2024/25.

In 2023/24, we completed a review of Audit New Zealand's practice management and commenced a programme to better position Audit New Zealand for the future. This work will also include realigning the portfolio of public sector audits to ensure that we have the best available auditor for each public organisation.

Public sector performance

Good performance reporting that shows clearly what was intended and what has been achieved with public money is crucial for maintaining the public's trust and confidence in the public sector. The way many public organisations report on their performance is not good enough to enable Parliament, councils, and the public to help them understand how public organisations are performing or to hold them to account for it.

Our draft annual plan describes how we will continue to influence improvements in performance reporting in public organisations and how we will support Parliament in its scrutiny of the public sector using this performance information.

We remain ready to contribute to a proposed ad hoc parliamentary select committee that might be established to inquire into performance reporting more broadly.

We also plan to look at the systems and processes for reporting against the government targets (including testing through annual audits where relevant).

The public sector needs to perform well for all New Zealanders. Across our work programme we have an interest in the equity of outcomes for different groups, including improving outcomes for Māori. This work includes analysing public sector data about equity in public services. We intend to complete work on how public organisations are meeting Treaty settlement commitments and assess how the Public Service has responded to its responsibilities for Māori Crown relationships under the Public Service Act 2020.

Addressing long-term challenges

We are interested in how public organisations are responding to the wide range of long-term challenges facing New Zealand. This includes looking at how planning and decision-making by public organisations takes a long-term view and how well the public sector co-ordinates its work to address these challenges.

Climate change is one of the most significant of these challenges. Our work includes auditing climate related information and completing our performance audit of how a selection of councils are identifying and implementing plans in their response to climate change.

As well as our work on climate change, this draft annual plan describes our intended work looking at infrastructure resilience, access to public housing, access to health services, and interventions with youth across the justice sector.

We will also audit the New Zealand Health Plan – both Te Pae Waenga (which commences in July 2024) and the reporting against the former Te Pae Tata.

Public organisations in both central and local government are operating in a challenging economic environment and in a challenging economic outlook. This draft annual plan includes work that will look at how public organisations use information to plan, measure, and report on the benefits of their spending. We will look at how value for money is assessed and reported internationally to identify good practice and consider how well financial management practice in central government organisations is set up to deliver value for money.

The drivers of trust in the public sector

When we consider what drives trust in the public sector, we often talk about:

- competence: providing core public services effectively and efficiently;
- reliability: providing those services in normal times and times of crisis and stewarding the system for the long-term; and
- whether people believe the public sector acts honestly, openly, and fairly.

The perception of honesty can be far more significant than competence and reliability in determining whether the public sector is viewed as trustworthy.

Operating with integrity is fundamental to maintaining trust and confidence. We will continue to raise awareness of the importance of strong integrity practice across the public sector. We plan to carry out two integrity-focused performance audits in 2024/25 – integrity in the sports sector and assessing the progress by New Zealand Defence force in implementing Operation Respect. We will also look at the operation of systems and processes for managing ministerial conflicts of interest. We will continue to bring together public sector leaders and experts to discuss integrity issues and share good practice.

Focusing on emerging issues

In recent years, we have focused on carrying out rapid work that responds to issues as they emerge. The findings and recommendations we make from this rapid work can have immediate impact on a carefully targeted topic.²

In 2023/24, we looked at how effectively the Ministry for Primary Industries (MPI) was monitoring importers of foods that present a risk to public health (specified high-risk foods). This audit resulted in MPI committing to changes to address issues we identified. Before the end of June, we will complete another rapid performance audit.

In 2024/25, we plan to increase the number of rapid performance audits to four (one for each quarter). One of the rapid performance audits we plan to do is looking at the systems and processes public organisations have to measure progress towards the new government targets. This will mean that any improvements we identify can be made quickly to ensure reliable reporting.

Because rapid performance audits are designed to respond to emerging issues, we will consider topics for these throughout the year. We are interested in your views about areas of public sector performance that would be suitable for this type of rapid performance audit work.

2 For example, our work on the cost-of-living payment prompted the Government to tighten criteria and, consequently, there was a significant reduction in payments made to ineligible recipients.

Focus entities

In preparing this draft annual plan, we have brought a sharper focus in our discretionary work on influencing change in the public organisations that spend the most public money and have the most impact on the public and on public sector performance. This includes focusing some of our work on seven of the largest central government organisations that, together, are responsible for more than 60% of central government expenditure. We will also focus on the three central agencies that have influence across the public sector³ and Auckland Council, the country's largest local government entity.

3 The seven larger-spending public organisations are Te Whatu Ora, Ministry of Business Innovation and Employment, Ministry for Primary Industries, Ministry of Education, Ministry of Social Development, Ministry of Justice, and New Zealand Transport Agency Waka Kotahi. The central agencies are the Department of Prime Minister and Cabinet, the Public Service Commission, and the Treasury.

Strategic priority 1: Strengthening our core assurance role

The public audit system provides assurance that public organisations report relevant and reliable information about their finances and performance to Parliament, councils, governors and the public.

In 2024/25, we will audit about 3300 public organisations. This work is carried out by Audit New Zealand and private sector audit firms appointed by the Auditor-General.

The public audit system is critical to effective public accountability but it is under significant pressure. Therefore, we are proposing a range of work to continue strengthening public audit.

The current challenges for public sector audit

We are well placed to return public sector audit completion to time frames similar to before the Covid-19 pandemic. Our larger audits are now meeting or exceeding pre-pandemic timeliness. However, the timeliness of audits of schools and smaller public organisations remain a challenge. Improving the timeliness of these audits will be a focus in 2024/25.

There continues to be a worldwide shortage of auditors. Fewer people are studying accounting-related subjects in tertiary education, which means this shortage is likely to endure. We will continue to work with professional bodies to promote auditing as a career and strengthen the pipeline of professionals interested in public sector auditing.

We have built relationships with overseas public audit offices (including Australia and the United Kingdom) to support peak workloads through secondment arrangements. This also helps build career paths for our staff in public sector audit. We will continue to build on these relationships in the coming year.

Audit allocation strategy

During the Covid-19 pandemic, the Auditor-General reallocated about 80,000 hours of audit work between audit firms. This reallocation was done to relieve pressure on audit staff and ensure that audit quality and, to the extent possible, timeliness were maintained.

In 2024/25, we will continue to improve the delivery of public sector audits. This will involve right sizing the Audit New Zealand audit portfolio and adjusting the allocation of audits between providers where necessary to continue to ensure that quality audits can be delivered.

Auditing schools

Every year, nearly 2500 schools and organisations related to schools are audited. These audits are carried out by private sector firms on behalf of the Auditor-General.

Appointing auditors to carry out school audits on the Auditor-General's behalf is becoming increasingly challenging.

The Covid-19 pandemic and the resulting auditor shortage created delays in school audits. There is also a decrease in the number of firms that meet our quality standards interested in carrying out school audits.

Work under way:* Ensuring the completion of quality and timely audits of schools

In 2024/25, to ensure that quality audits of schools are completed in a timely manner, we will implement a programme of work that is aimed at:

- increasing audit resources by identifying new and appropriately qualified audit service providers;
- increasing audit efficiency by implementing a new International Auditing Standard on Less Complex Entities,
- introducing further guidance and standard working papers for key audit areas, and working with the Ministry of Education to simplify schools' financial reporting; and
- ensuring that school audit fees remain reasonable and competitive.

* Work under way is work that we have started under our current annual plan. Planned work is work that we intend to start in 2024/25.

Climate-related reporting

There are new audit requirements for climate reporting and an increasing demand from stakeholders for quality climate-related information.

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

The Financial Markets Conduct Act 2013 requires public organisations that meet the "climate reporting entity" definition to prepare and report a climate statement.⁴ The first climate statements are required for the accounting periods beginning on or after 1 January 2023. The Financial Markets Conduct Act also requires, from 27 October 2024, greenhouse gas metrics and related disclosures in the climate statements to be independently assured. The Auditor-General is the assurance provider for climate-reporting entities that are public organisations. We are well advanced in preparing for this assurance work.

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

Work under way: Readiness for climate reporting by public organisations

In 2024/25, we will continue our climate reporting-related assurance work to ensure that we are well positioned for the new assurance requirements for climate-reporting entities. We will also continue to complete audits of climate-related information in public organisations' performance information. This work includes:

- influencing regulators and those developing standards to ensure that climate reporting and assurance standards (and guidance) are fit for purpose for all public organisations;
- building our capability so that we can carry out the required assurance work;
- preparing and delivering technical advice and guidance to support auditors and climate-related disclosure assurance providers; and
- carrying out quality audits of greenhouse gas emissions (and where relevant other climate-related measures) reported by public organisations in their audited performance information.

Audit New Zealand Practice Improvement Programme

Audit New Zealand is a critical part of the public audit system. This is because it:

- has specialist expertise in public sector accounting and performance reporting;
- provides an auditor option where private sector firms are not willing or able to carry out the audit work;
- carries out audits that the private sector cannot readily carry out, such as for national security reasons; and
- provides a benchmark for cost and quality.

In 2023/24, we completed a review of Audit New Zealand's practice management. We also commenced a programme of work to help better position Audit New Zealand in its role as a leader in public audit services.

Work under way: Audit New Zealand Practice Improvement programme

In 2024/25, we will implement the recommendations from the Audit New Zealand Practice Management Review. We will also roll out new technology to support audit delivery and efficiency.

Reporting on audit results

Each year, we consolidate the results of our annual audits for key sectors. We present the main findings from these audits in reports or letters and use them to advise select committees, inform the public, and inform our work programme.

Planned work: Sector reports

In 2024/25, we plan to report on our observations from the latest completed audits in:

- central government (including the Controller function and the Government's financial statements);
- local government;
- schools;
- tertiary education institutions;
- licensing trusts;
- Crown research Institutes;
- the energy sector (electricity distribution businesses); and
- health regulatory agencies.

The Controller role

The Controller role provides assurance to Parliament and the public about whether the Government has incurred expenditure in accordance with parliamentary authority. To support this function, we monitor public expenditure and carry out appropriation audits of government departments. We report our findings and conclusions from this work to the Treasury in monthly Controller reports.

Our report on the central government audits includes our Controller function work for the financial year. We also produce an interim report on our half-year findings (our work from 1 July to 31 December of each year) and occasional reports on matters of interest related to Controller work.

Planned work: Half-year Controller update

In 2024/25, we will provide our regular half-year Controller update, which provides an account of our work and findings for the first six months of 2024/25. We will also summarise findings for the year in our annual report on central government audits. Where Controller matters arise during the year, we will report separately on these.

Strategic priority 2: Increasing our impact with public organisations

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 raising the profile of issues that we observe from our work and promoting examples of good practice in matters where we have particular interest and expertise.

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

Our priorities for increasing our impact in public organisations are:

- 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 New Zealand's long-term challenges; and
- supporting strong **organisational integrity practices** by public organisations.

The work we will do on these priorities in 2024/25 is set out below.

Influencing more meaningful and useful performance reporting

We want to see an improvement in how well many public organisations report their performance.

Last year, central government organisations spent about \$160 billion and councils spent about \$19 billion. Too often the reporting that public organisations produce does not enable Parliament, councils, or the public to understand what value they are getting from public spending.

There are significant opportunities to improve performance reporting.

The review of Standing Orders by the previous Parliament included a recommendation that Parliament establish an ad hoc select committee to conduct an inquiry into performance reporting and how the Government is held to account by Parliament.

Parliament is still to decide if it will establish the ad hoc select committee and carry out the inquiry. If the inquiry goes ahead, a key focus of our work in 2024/25 will be to support this

inquiry. We will also continue to influence improvements in performance reporting through a range of work.

Planned work: Influencing improved performance reporting

In 2024/25, we will carry out a work programme to influence improved performance reporting in the public sector. This programme will include:

- influencing system settings by contributing to work the Treasury is doing on the future of the public finance system (including influencing improvements to the Public Finance Act to ensure better performance reporting) and publishing research on international models of good practice;
- further strengthening our focus on performance reporting in our advice to select committees' during their reviews of public organisations;
- enhanced testing of the appropriateness and meaningfulness of performance reporting through annual audits of larger public organisations (including how we assign grades for performance reporting in management reports);
- broadening our examination of performance reporting, such as the quality of reporting on major budget initiatives and cost effectiveness; and
- assessing the quality of performance reporting as part of our performance audit work.

Supporting Parliament to realise the benefits from changes to Standing Orders

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

We use the information we gather from our work, including our annual audits, to influence improvements in the public accountability system. An important part of this work is our briefings to select committees, which support their scrutiny of public organisations and, through Estimates, their budgets.

In 2024/25, we will work with select committees to help realise the benefits from changes to the Standing Orders that were introduced at the start of the current Parliament. This includes advising select committees on their structured agendas, in-depth annual review approaches, Estimates reviews, and scrutiny plans.

Work under way: Advice and support to Parliament and select committees (annual reviews and Estimates briefings)

In 2024/25, we will continue to work with select committees to realise benefits from the changes to Standing Orders introduced at the start of this Parliament. This includes supporting select committees' in-depth reviews, including their focus on outcomes and reporting.

We will increase our focus on the coherence of performance frameworks and reporting for organisations that spend a significant amount of public money.

Our observations from auditing the New Zealand Health Plan

Health services account for a significant share of central government spending and are vital for the well-being of New Zealanders. Funding for Vote Health was \$26.5 billion in 2023/24. It is important to understand the performance of the health system and what outcomes it is achieving. Based on our audit of the New Zealand Health Plan and health agencies, we will share relevant observations about the information available and any improvements we recommend.

Planned work: Our observations from auditing the New Zealand Health Plan

Under the Pae Ora (Healthy Futures) Act 2022, the Office has responsibility for auditing the New Zealand Health Plan (also referred to as Te Pae Waenga) and the reporting against the Interim New Zealand Health Plan (Te Pae Tata).

The New Zealand Health Plan is intended to be a costed three-year plan for the publicly funded health system. In 2023/24, funding for Vote Health was \$26.5 billion. As part of our audit, we expect to gain insights into the performance of the health system. We will report our observations on the information available. We will also share any insights we gain into variation in health outcomes, service quality, and access to services across different population groups and regions.

The systems and processes for reporting performance against the government targets

Cabinet recently approved nine government targets that focus on health, education, law and order, work and employment, housing, and the environment. The Department of the Prime Minister and Cabinet is responsible for reporting on progress of achieving these targets every quarter. Performance against the targets will be published on the websites of responsible public agencies. Where these targets are included in the audited performance information of public organisations, the annual audit will examine the reporting against these targets.

Planned work: Systems and process for measuring and reporting performance against the government targets for the justice sector

Two of the nine government targets relate to the justice sector:

- a 15% reduction in the total number of children and young people with serious and persistent offending behaviour; and
- 20,000 fewer people who are victims of an assault, robbery, or sexual assault.

In 2024/25, we will complete a rapid performance audit looking at the quality of the underlying systems, processes, and controls for these two targets and the plans to meet them over time. This will include looking at the steps agencies have put in place to:

- ensure that appropriate information is gathered to measure performance;
- provide assurance about the reliability of reported performance; and
- manage any risks of unintended incentives or consequences.

Increasing the focus on value for money

Public organisations should be focused on value for money.

We want to see public organisations use information to plan, measure, and report on the benefits from their spending. Cost inflation and tighter budgets mean that public organisations need good-quality information to inform investment decision-making and cost out initiatives. This includes improving the quality of business cases for significant investments and the systems and processes that support investment and operational decision-making.

We will increase our focus on how public organisations consider and demonstrate value for money in our performance audits and select committee briefings. We will also share good practice and lessons learned.

International approaches to planning and reporting value for money

Value for money is one aspect of performance. The concept is used in various ways by different public sector organisations – nationally and internationally. We want to look at the different ways that public organisations consider and measure value for money.

Planned work: Principles and approaches to the assessment of value for money

In 2024/25, we will analyse and report on the different ways in which value for money is thought about and measured nationally and internationally in the public sector. We will look at how public organisations and other audit offices approach the assessment of value for money, identify good practice, and consider the role that parliaments have in scrutinising the value from public spending.

Strategic financial management

We regularly report that public organisations do not provide enough meaningful and transparent information about what value they get from their spending. The connection between financial performance and service performance is often hard to find. Good financial planning and strategy should include identifying the expected benefits from spending and steps to measure the achievement of those benefits.

Public organisations should also understand the costs and cost drivers of their organisation and how they affect the delivery and sustainability of services and the achievement of outcomes. This supports understanding value for money and good decision-making about where and when to invest, reprioritise, or realise efficiencies.

In 2012, we looked at whether central government's financial management system supported good understanding and management of financial resources within and throughout government.⁵ We identified several opportunities for improvement, including using information to establish how public spending has led to changes in performance.

In 2024/25, we plan to revisit this work and to assess the extent to which financial management has improved since 2012.

Planned work: Strategic finance – how well set up are Public Service agencies to plan for and deliver value for money?

In 2024/25, will follow up our 2012 report about strategic financial management. We will select a group of public organisations and look at what improvements have been made to the systems and processes that support understanding of the costs of services and the value they deliver. We are particularly interested in:

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| <ul style="list-style-type: none">• whether public organisations have a good understanding of costs of services, relevant cost drivers, and future cost pressures, including in relation to asset management;• the strategies that public organisations use to manage anticipated cost pressures;• how well budgeting processes reflect and incorporate long-term strategies and priorities; and• how well the public sector provides information about the financial performance and value for money of their activities. |
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Promoting a long-term view

New Zealand faces a range of long-term challenges that have consequences for public sector services and costs. These include adapting to the effects of climate change, changes in demographics, responding to the consequences of underinvestment in infrastructure, and tackling persistent issues of inequality. To respond to these challenges, planning and

5 Controller and Auditor-General (2012), *Reviewing financial management in central government*, Office of the Auditor-General, at oag.parliament.nz.

decision-making will need to take a long-term view and will often require co-ordination across government.

We will promote long-term planning in the public sector by encouraging public organisations to use data and information to make decisions that will have better long-term outcomes for New Zealanders. This includes promoting integrated planning across the public sector where this might be needed.

Auditing council long-term plans

The Local Government Act 2002 requires councils to prepare a long-term plan every three years. We audit every council's long-term plan and usually the associated consultation document to determine whether they meet their statutory purpose. We also provide our conclusions on the quality of the assumptions and other information used to inform the long-term plan.

The Water Services Repeal Act 2024 repealed the Affordable Waters water programme. Policy decisions are expected in 2024/25. This will have implications for the future arrangements for planning and managing water services.

Because of the uncertainty about these future arrangements, the Water Services Repeal Act provides councils with options for when their 2024-34 long-term plans and consultation documents will be prepared and audited. Some councils can choose to:

- have their consultation document and long-term plan audited by 30 June 2024;
- not have their consultation document audited but have their long-term plan audited by 30 June 2024;
- defer the audit of their long-term plan to after 30 June and by 30 September 2024; or
- defer the audit of their consultation document and long-term plan by one year up to 30 June 2025.

Councils that completed their long-term plans this year will have their long-term plans audited in 2023/24. Councils that choose the one-year deferral option must consult on their unaudited 2024/25 annual plan (which will have enhanced disclosures about infrastructure investment) and must have their consultation document audited.

We will adapt the timing of our audits according to the decision councils make about when and how to complete their long-term plans. A significant number of councils will complete their long-term plans in 2023/24. We will report on our observations from our audits of those long-term plans in 2024/25.

Planned work: Reporting on long-term plan audits

Because some councils have deferred completing their long-term plans until 2025, our audits of long-term plans will continue into 2024/25. We will publish an interim report on the results of our audits of long-term plans of those councils that completed them in 2023/24.

Planning for and responding to climate change

The estimated costs of adapting to, and mitigating, the effects of climate change are significant and increasing. The extreme weather events in the North Island in early 2023 demonstrated the destructive impact, disruption, and costs of the effects of climate change. The risks, strategy, and financial effects associated with addressing the challenges of climate change will need to be understood and planned for.

Work under way: ClimateScanner

ClimateScanner is an INTOSAI* initiative in which audit offices around the world assess government actions related to climate change. The aim is for about 100 countries to complete the tool. The assessments will then be reported at both a national and global level. In 2024/25, we will use the climate scanner to assess and report on climate actions by the New Zealand public sector. We will also be supporting PASAI audit offices to complete the tool. The results will be reported nationally and at the 2024 United Nations Climate Change Conference, or more commonly known as COP29.

* INTOSAI is the International Organisation of Supreme Audit Institutions.

Climate change and the role of local government

Councils have an important role in understanding, planning for, and responding to the effects of climate change.

In our 2021/22 audits of council long-term plans, we looked at how councils factored climate change into their planning and proposed spending decisions, particularly for vulnerable areas and areas with significant infrastructure projects. Building on this work, we are carrying out a performance audit of how councils are responding to climate change.

Work under way: Climate change and local government

In 2024/25, we will complete our performance audit of how a selection of councils are putting their climate change strategies, commitments, and plans into action. We will look at how councils identify actions to respond to climate change impacts, how they are implementing those actions, and how they are reporting progress to their communities.

Reducing child poverty

Many 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.

Although most of the Government’s nine defined child poverty measures have trended downwards since 2018, data released by Statistics New Zealand for 2022/23 shows some measures of child poverty have increased since the previous year.⁶ However, there are significant inequities in the rates of material hardship – the latest breakdown shows the percentage of New Zealand European children living in material hardship is 9.4%, tamariki Māori 21.5%, disabled children 22.3%, and Pacific children 28.9%.

The Child and Youth Wellbeing Strategy and associated Programme of Action sets out actions to reduce child poverty. A ministerial 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. This includes improved co-ordination and alignment across, and between, public organisations and communities, and more intentional steps to embed te ao Māori concepts of well-being.

Work under way: Examining the effectiveness of government arrangements to address child poverty

In 2024/25, we will complete a performance audit looking at the effectiveness of government arrangements to address child poverty. We are looking at governance, management, and monitoring and reporting arrangements. We will examine whether these arrangements are effective.

Given the higher rates of child poverty amongst Māori, Pacific people, and people with disabilities, we are also looking at how well public organisations are engaging with these groups to inform their plans and actions. We want to understand what is working well and the opportunities for improvements.

Infrastructure resilience

New Zealand remains vulnerable to many hazards and risks, and it is inevitable that we will have to respond to more adverse events in the future. The public relies on public organisations to appropriately resource and actively maintain arrangements for dealing with emergencies and other crises. This includes planning for critical lifeline infrastructure assets to ensure that they are resilient to both medium- and long-term challenges.

Through our work on the Government’s response to Covid-19, and on emergency management more generally, we have commented on the need for public organisations to proactively engage with the public on their preparedness and response activities. Work to improve response arrangements needs to inform, and be informed by, wider conversations with the public.

As the frequency and severity of emergency events are likely to increase, the public needs confidence that public organisations are planning for the resilience of our critical

6 Statistics New Zealand (2024), *Child poverty statistics: Year ended June 2023* at stats.govt.nz.

infrastructure. The public also need to understand what level of service is planned from critical lifeline infrastructure organisations during and after an emergency event.

Planned work: Infrastructure resilience

In 2024/25, we will start a performance audit looking at critical lifeline infrastructure resilience. We want to look at the plans that a sample of lifeline utilities responsible for essential services (such as wastewater management, flood protection or electricity network provision) have to restore services after a significant event, what levels of service are planned, and how transparent those planned levels of service are to the public.

Emergency and transitional housing

Research has consistently shown the positive effects of warm, dry, safe, and affordable housing on a range of social outcomes.

In recent years, there has been a significant increase in the number of people waiting for public housing and people in emergency housing. According to the Government's data, there were about 3100 households in emergency housing in December 2023. Of these households, 60% had been in emergency housing for more than 12 weeks. These challenges disproportionately affect Māori and Pacific families.

The Government has set a target to reduce the number of households in emergency housing by 75%.

We want to understand what work is under way to do this and how effective it is at meeting housing needs.

Planned work: Improving access to public housing

In 2024/25, we will start a performance audit looking at the effectiveness of the steps public organisations are taking to improve access to public housing. This could include looking at improvements being made to the emergency housing system and the progress of the 2020 homelessness action plan.

Access to health services

Timely access to primary health care is central to supporting health and well-being.

Eliminating long waiting lists and a timeline to achieve this were part of the motivation for the recent health reforms.

The Government recently set targets for the health system, which include that:

- 95% of patients are admitted, discharged, or transferred from an emergency department within six hours; and
- 95% of people are waiting less than four months for elective treatment.

We are interested in what the health system is planning to achieve these goals.

There are interdependencies between accessibility of planned care and primary care. Delays in accessing planned care can create additional demand for patient support from general practitioners and emergency departments, which adds to existing pressures.

In 2020, \$282.5 million was provided over three years to improve planned care delivery, address backlogs associated with Covid-19, and reduce waiting lists.

According to government data, in September 2023 only 62% of patients waited less than four months for elective treatment. The total number of people on that wait list has also increased from 42,000 in 2018 to 75,000 in September 2023.

Planned work: Assessing progress in reducing waiting lists for planned care

In 2024/25, we will start a performance audit looking what is being done to reduce waiting lists for planned care.*

As part of assessing how the recent investment in planned care has been managed, we will consider how effectively data is used to identify issues and make the appropriate changes to the availability and delivery of planned care. This could include how a patient's location affects wait times and the extent of any unmet need. Our work might focus on planned care as a whole or look more specifically at a particular service.

We might also look at how interdependencies between the primary and emergency care and the planned care system are understood and managed.

* Planned care is the description given to medical and surgical services that aren't required as an emergency or funded through the Accident Compensation Corporation.

Diversion and early interventions with youth across the justice sector

The earlier that young people begin offending, the greater the likelihood that they will re-offend. The Government recently announced that it is targeting a 15% reduction in the total number of children and young people with serious and persistent offending behaviour by 2029.

We are interested in how agencies are using early interventions to support young people who are at risk of entering the justice system. This includes interventions that divert young people from the courts.

Planned work: Diversion and early interventions with youth across the justice sector

If a child or young person is referred to Youth Aid, the child can be given a warning, an “alternative action” can be applied (such as reparation, an apology to the victim, or other interventions such as mentoring and short-term community work), or they can be referred to Oranga Tamariki for a family group conference.*

In 2024/25, we will start a performance audit that looks at the effectiveness of Police Youth Aid’s alternative action plans. “Alternative action” is a New Zealand Police diversionary response aimed at lower-level youth offenders. This intervention involves putting in place a plan between the youth, their parents or caregivers, and the New Zealand Police.

* Ministry of Justice (2013), [Youth Crime Action Plan 2013-2023: Summary](#), at justice.govt.nz.

Supporting strong organisational integrity practices

We will support and influence governors and leaders of public organisations to meet their stewardship responsibilities and uphold integrity in the public sector.

Our work helps maintain the public sector’s international reputation as operating with high integrity. Although New Zealand ranks highly in most international measures of integrity, our drop in the 2023 Corruption Perceptions Index ranking shows that we cannot be complacent. Public trust and confidence provide public organisations with the social licence to operate. Operating with integrity is fundamental to maintaining that trust and confidence.

We want leaders of public organisations to set an appropriate tone from the top and to:

- take a system approach to integrity issues and develop strong organisational practices, including reporting;
- understand te ao Māori perspectives on integrity and what this means for their organisation; and
- be accountable for their own ethical leadership.

In recent years, we have published a range of work to guide public organisations and promote stronger integrity practices. This work includes an integrity framework, online tools, blogs, articles, and reports. In 2024/25, we will continue to use this work to influence improved integrity practices.

Public sector Integrity Day

We will continue to raise awareness of the importance of integrity in the public sector and create opportunities for public organisations to discuss integrity issues. In 2024, we launched the first public sector Integrity Day. This included hosting webinars that featured

national and international speakers who addressed current integrity issues. Building on the success of our first Integrity Day, we will run a similar event in early 2025.

Performance audits with a focus on integrity

In 2022, we published our integrity framework: *Putting integrity at the core of how public organisations operate*. Since then, we have been regularly monitoring integrity practices across the public sector. To date, we have carried out two integrity audits looking:

- at how councils manage conflicts of interest; and
- how government agencies support integrity practices when they procure goods and services during emergencies.

In 2023/24, we created a performance audit methodology based on the integrity framework. In 2024/25, we will apply this methodology when looking at integrity system leadership in the sports sector.

Planned work: Integrity system leadership in the sports sector

In 2024/25, we will start a performance audit examining how effectively Sport New Zealand has supported the building of integrity in the sport and recreation sector and the impact this is having on the sport and recreation sector itself.

Sport New Zealand developed an integrity framework in 2016 and carried out a wide ranging “Sport integrity” review that was published in September 2019.* That review sought the public’s views on several sport integrity matters, including integrity issues in children’s sport, organisational culture, whistleblowing, and the institutional arrangements for sport integrity, anti-doping, protecting against corruption, and protecting against match fixing.

Sport New Zealand also formed an Integrity Working Group that ran from 2020 to 2022. Recommendations from this group saw the establishment of a new standalone organisation to support integrity in the sport and recreation sector – the Sport and Recreation Integrity Commission – which is set to begin in July 2024.**

We expect to identify and share good practice from this work.

* See “Sport NZ Integrity Measures – Our Path to Today” at sportnz.org.nz.

** See integritytransition.org.nz.

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 of the programme. The reviewers recommended that the New Zealand Defence Force request that the Auditor-General carry out an audit of the New Zealand Defence Force's progress on Operation Respect every two years for the next 20 years.

We intend to 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 carrying out regular monitoring work to assess the impact of the actions the New Zealand Defence Force is taking. Over time, this will help the New Zealand Defence Force understand whether the aims of Operation Respect are being achieved.

The first audit for Operation Respect 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 2024/25, we will complete our current performance audit, which we started in late 2023/24. As well as regular monitoring work, we are looking at how the New Zealand Defence Force is implementing key initiatives within their newly created Operation Respect strategy and action plan, and its implementation of our earlier recommendations.

Managing conflicts of interest

Properly identifying and managing conflicts of interest is important to maintaining public trust and confidence and avoiding allegations of biased or corrupt behaviours. We regularly find issues in conflict of interest management in public sector procurements we examine.

When decisions are being made by Ministers, it is crucial that there are sufficient and appropriate systems and processes in place to support them in identifying any relevant interests they may have and managing any actual or potential conflicts that might arise. The Cabinet Manual sets out expectations and processes for how Ministers should manage conflicts of interest. The Department of Prime Minister and Cabinet plays a key role working with Ministers to ensure that these processes operate effectively.

This year we intend to look at how the conflicts of interest processes in the Cabinet Manual work in practice to support trust and confidence in decisions being made at a Ministerial level.

Planned work: Ministerial conflicts of interest – how they are being identified and managed

In 2024/25, we intend to examine and report on the operation and implementation of systems and processes to support Ministers identify and manage conflicts of interest in their decision-making.

Cross-cutting work

Insights into public accountability at the community level

Public organisations that are known to connect with communities are more likely to be trusted by those communities. We have been carrying out work into how public organisations are working with communities and how this improves public accountability (and ultimately trust).

Work under way: Public sector accountability to communities – research

In 2024/25, we will complete a project that looks at accountability arrangements between public organisations and communities. We will report on a series of case studies looking at what works well, how public organisations and communities describe and demonstrate progress towards shared common goals, and what motivates public organisations and communities to act in their combined best interests.

Immigration – skilled residence visas

Immigration is important to public services, businesses, and communities. It reunites families and brings skilled workers, students, and people on working holidays into the country. Immigration New Zealand manages the decision-making process for applications for skilled residence visas.

New Zealand's immigration system requires careful management. Migrants' experience of the immigration system matters because it can influence their decision to come to New Zealand. People with the skills that the economy needs for the longer term are in high demand by many countries. At the same time, visa decision-making processes must support New Zealand's safety and security.

Work under way: Immigration New Zealand: Skilled residence visas

In 2024/25, we will complete a performance audit looking at how effectively Immigration New Zealand is managing its decision-making process for applicants for skilled residence visas. This will include looking at how effectively Immigration New Zealand uses information to improve its performance and to show how the skilled residence visa system is working.

We will highlight the strengths in Immigration New Zealand's decision-making process about skilled residence visas and, where appropriate, suggest where improvements can be made.

Cyber security maturity and preparedness

The public sector depends on information and communication technology to do its job. Maintaining the integrity, availability, and confidentiality of information in public sector networks and systems is vital. It is also important for maintaining trust in public organisations.

Without fit-for-purpose cyber security, New Zealand cannot protect its intellectual property, ensure that government and democratic processes remain free from interference or maintain its reputation as a stable and secure place to live and do business. In 2023/24, we started 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.

Work under way: Cyber security maturity and preparedness

In 2024/25, we will complete a performance audit of how well a number of public organisations govern their cyber security risk preparedness and response. This includes known and emerging risks from legacy systems and new technology including generative artificial intelligence, cloud storage, and “as a service” activities.

Auckland Council service performance

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

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, which we will complete in 2024/25.

Equity of outcomes

The Productivity Commission reported in 2023 that 697,000 New Zealanders experience persistent disadvantage, with single parents and Pacific peoples experiencing the highest rates, followed by Māori and people with disabilities.⁷

Disparities of outcomes in income, health, and education for parts of the population are long-standing challenges. Improving equity of outcomes has been a significant focus for government agencies in recent years.

We have previously looked at some of these issues. In 2023/24, we reported on how well the mental health system is meeting the needs of young people. We currently have work in progress looking at how data is used to address disparities of achievement in education.

We are also interested in how equitable outcomes from public services are for different demographic groups more generally. These demographic groups include Māori and Pacific

⁷ Productivity Commission (2023), *A fair chance for all: Breaking the cycle of persistent disadvantage* at [productivity.govt.nz](https://www.productivity.govt.nz).

communities, disabled people, the rainbow community, and isolated or vulnerable communities. This will assist us in targeting future work.

Planned work: What is known about equity of outcomes?

In 2024/25, to help us understand where we might target future work looking at how the Public Service is improving equity of outcomes for New Zealanders, we will gather and analyse available information reported about outcomes for different population groups and outcomes.

We plan to carry out a scan of what data is available and reported by public organisations about how their services cater to different groups and what is achieved by this targeting. We might look at where the concentration of services is relative to where different communities are located, the utilisation rate of different services, and what is known about whether those services are meeting the needs of different groups.

We will present this work and provide insights about what we have found and where there are gaps in information.

Tracking the impact from our performance audit work

Within two years of completing a performance audit, we write to the audited public organisation to see what progress has been made against our recommendations. We publish the public organisation's response on our website. We also use that response to decide whether any further follow-up work is needed.

In 2024/25, we will consider what type of follow-up is appropriate for the matters raised in these performance audit reports:

- *Auckland Council: Preparedness for responding to an emergency.*
- *How well public organisations are supporting Whānau Ora and whānau-centred approaches.*
- *Meeting the needs of people affected by family violence and sexual violence.*
- *Leading New Zealand's approach to housing and urban development.*

Strategic priority 3: Enhancing our impact in te ao Māori

The public sector needs to perform well for all New Zealanders.

Data regularly demonstrates that Māori experience poorer social and economic outcomes and generally have lower levels of trust in government compared to some other population groups.

In 2024/25, we want to continue building the relevance and impact of our work for Māori. We want our work to influence the public sector to improve the accountability system to reflect the uniqueness of New Zealand.

Our draft annual plan includes initiatives about accountability and performance of the public sector to Māori.

Accountability framework for Te Wānanga o Raukawa

The Education and Training Amendment Act 2023 established the wānanga-enabling framework, which creates new administrative settings for wānanga to recognise their mana, rangatiratanga, and unique role in the tertiary education system.

Planned work: Accountability framework for Te Wānanga o Raukawa
In 2024/25, we will continue to work with Te Wānanga o Raukawa on what a new accountability framework will look like for the Wānanga and the role of audit in supporting that framework.

Māori perspectives on integrity

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 concepts into the integrity framework so that it is better reflects New Zealand.

Work under way: 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 the public sector. In 2024/25, we will publish and promote an updated integrity framework and accompanying guidance that better integrates te ao Māori concepts.

Meeting public sector Treaty settlement commitments

To build and maintain meaningful and effective relationships between Māori and the Crown, public organisations need to meet commitments that the Crown made through Treaty settlements. Te Arawhiti – The Office for Māori Crown Relations is monitoring the Crown’s progress in meeting these commitments.

In 2023/24, we started work looking at how prepared selected public organisations are to carry out their Treaty settlement commitments. Our audit includes looking at the relationships and accountability arrangements between post-settlement governance entities and public organisations with settlement obligations. We will also look at the systems for overseeing and monitoring how the Crown meets Treaty settlement commitments.

This work aims to assist public organisations, such as Te Arawhiti and Te Kawa Mataaho Public Service Commission, identify how they can better support public organisations to meet their Treaty settlement commitments.

Work under way: How well-prepared are public organisations to meet Treaty settlement commitments?

In 2024/25, we will complete a performance audit looking at the system of Treaty settlement commitments. Our work will look at how well public organisations understand the settlement commitments they are responsible for, how well public organisations prepare themselves to meet those commitments, and how assurance and accountability is provided for the performance of public organisations in meeting those commitments.

The Public Service response to the Public Service Act 2020

In 2020, a new Public Service Act was introduced. The Act, among other things, requires:

- Public Service leaders to develop and maintain the capability of the Public Service to engage with Māori and to understand Māori perspectives; and
- the Public Service Commissioner, when developing and implementing the newly required leadership strategy, to recognise the aims, aspirations, and employment requirements of Māori and the need for greater involvement of Māori in the Public Service.

To support the Public Service to meet these commitments, Te Arawhiti developed and led the implementation of Whāinga Amorangi: a multi-year cross-agency work programme designed to improve the Māori Crown relations capability of the Public Service. This work was supported by e Kawa Mataaho Public Service Commission, Te Puni Kōkiri, and Te Taura Whiri I te Reo Māori.

Core Crown agencies were required to develop plans that describe how they will build the Māori Crown relations capability of their people, relevant to their role and functions. Those plans were then considered by a panel of experts, hosted by Te Arawhiti, in early 2022.

We are interested in how this work has progressed.

Planned work: Responding to the Public Service Act 2020

In 2024/25, we will start a performance audit looking at how Public Service agencies have responded to the Public Service Act 2020 responsibilities relating to Māori. We intend to carry out a performance audit that examines how core Public Service agencies have strengthened capability to support the Crown's relationships with Māori. This will include how the agencies are approaching this work and how they measure and report on the effectiveness of their work towards improving capability.

Strategic priority 4: Building on our reputation as a source of trusted information

Trust in governments, media, institutions, and professionals is declining worldwide. Misinformation and disinformation are becoming more prevalent.⁸

Our work often shines a light on matters of public interest and public sector performance. We aim to be balanced and fair in this work, while fulfilling our independent mandate and delivering our statutory functions to help Parliament and the public to hold public organisations to account.

Across all of our work, we believe we can support trust in government by better communicating and connecting public organisations and the public to the work we do. In 2024/25, we will focus on better using our knowledge and reputation to increase the impact of our work.

Our communications and engagement strategy will set a path to increase the impact of our work. The proposed work in this section is intended to increase the value and impact of all of our work.

Connecting our work to target audiences

We have an extensive catalogue of reports, good practice guidance, and other material that are relevant to many of the challenges facing public organisations. While reports are our primary mechanism for documenting our knowledge, we want to improve access to our knowledge and present our work and data about public sector performance in ways that are more useful to those interested in public sector performance.

Planned work: Enhancing the Office's website

The Office's website is the primary access point to our knowledge. Improving access to information through the website is critical for better connecting our audience to our work. In 2024/25, we will begin work to enhance the Office's website so that it best connects our audience to our work.

This will include looking at the ways in which the Office can better present its information, including presenting data from our work in 2023/24 on health reforms and data from proposed work in 2024/25 on equity of access to public services.

⁸ See the 2024 Edelman Trust Barometer at [edelman.com/trust/2024/trust-barometer](https://www.edelman.com/trust/2024/trust-barometer) and OECD (2024), *Facts not fakes: Tackling disinformation, strengthening information integrity*, at www.oecd.org.

The Office has an important role in bringing together those that can benefit most from our work. In recent years, the Office has convened regular and one-off events that bring together expertise and knowledge about good practice in managing the issues we see across the public sector. Feedback on this work is that it is very useful for connecting our lessons and our guidance to current issues facing those delivering public services.

Work under way: Connecting through events

In 2024/25, the Office will continue to convene regular and one-off events, including:

- delivering a twice yearly event summarising the Office's core insights for Tier 2 leaders across the public sector;
- continuing the Office's Audit and Risk Committee Chairs' Forum with eight forums annually covering topics relevant to local and central government;
- delivering a series of events as part of the second annual Integrity Day; and
- continuing to host and support Transparency International New Zealand events.

Leveraging our knowledge and reports on emerging issues

Our work provides a unique view of trends, challenges, and risks facing the public sector. In 2024/25, we plan to complete seven reports on our observations from the latest completed audits for a range of public organisations. We will also produce several performance audits on important matters of public sector performance. Each of these reports presents an opportunity to identify key challenges and influence positive change across the public sector. Across this work, we will continue focusing on recurring matters of concern for the Office that are important to public sector performance and trust: integrity, performance reporting, and procurement.

Planned work: Amplifying our reports

In 2024/25, we will establish an active speaking programme for the Office to connect our key work to external events and conferences that reach important audiences for our work. This will include a more prominent role for the Auditor-General and the Deputy Auditor-General.

Our international work

There are three main components to our international work:

- The New Zealand Auditor-General is also the Auditor-General of the governments of Niue and Tokelau.
- As Secretary General of the Pacific Association of Strategic Audit Institutions (PASAI), the Auditor-General supports the capability building work of the PASAI Secretariat. This work is funded by the Ministry of Foreign Affairs and Trade (MFAT). Through PASAI, the Office provides peer support services to the Controller and Auditor-General of Samoa and the Director of Audit of the Cook Islands.
- We work with the global auditing community through the International Organisation of Supreme Audit Institutes (INTOSAI) to share and build best practice and tackle common problems faced by Supreme Audit Institutions (SAIs).

Supporting PASAI to improve outcomes for Pacific people

PASAI supports SAIs across the Pacific region to build capacity and capability and advocates for improvements to integrity systems in their countries.

In 2024/25, we will support the Secretariat and governing board to implement PASAI's new 2024-2034 strategy.

We also 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 these offices to work closely with our staff. MFAT funding supports the development of this work.

We will continue to use our influence and reputation to support PASAI by closely collaborating with SAIs and the Secretariat team to advocate for SAI independence and effective public administration systems in the Pacific. We will also work with regional development partners to invest in good governance and robust public financial management systems in the Pacific region.

Progressing audits for the Governments of Niue and Tokelau

During 2024/25, we expect the preparation and auditing of the Niue and Tokelau governments' annual accountability reporting to be up to date for the first time in many years. We will focus on maintaining this and supporting work to improve the quality of reporting. We will also increase our work to support Public Accounts Committees to scrutinise the effectiveness of government spending.

Working collaboratively with INTOSAI and other agencies to improve public sector accountability and integrity

We hold responsibilities across several INTOSAI working groups on behalf of PASAI. This includes the Working Group on Environmental Auditing (WGEA) and the IntoSAINT working group.

Environmental auditing

The WGEA encourages SAIs to assess the effectiveness of government programmes and spending on environmental management and outcomes. We represent PASAI on the WGEA and help to implement its programmes and activities in the Pacific region. In 2024/25, we will support two global climate change audit projects.

The first is a global co-ordinated climate change audit that involves eight Pacific SAIs carrying out climate adaptation audits.

The second is supporting Pacific SAIs to contribute to an international assessment of government climate actions in about 100 countries known as the “climate scanner”. In 2024/25, we will support Pacific SAIs to use the climate scanner to assess climate actions by their governments. As stated in our **Work under way: ClimateScanner** under Strategic priority 2, we will also use the climate scanner ourselves. The results of both initiatives will be consolidated and reported internationally.

Integrity

As the PASAI representative on the IntoSAINT working group, we support the ongoing development of the IntoSAINT organisational integrity assessment tool and its implementation across the Pacific region. During 2024/25, we plan to lead work to expand the group of trained IntoSAINT facilitators in the Pacific region and oversee the continued rollout of the IntoSAINT tool to SAIs and other public organisations as part of our contribution to improving the organisational capacity of SAIs.

Building on our integrity work, we will continue to support the work of PASAI through the Auditor-General's role as Secretary General. PASAI advocates for improvements in governance, accountability, transparency, and integrity with, and on behalf of, supreme audit institutions in the Pacific region.

Work under way: Supporting integrity in the Pacific region

In 2024/25, we will continue to support the work of PASAI in strengthening integrity in public organisations in the Pacific region. This work includes:

- hosting, on behalf of PASAI, integrity-themed webinars for public sector leaders in the Pacific region;
- contributing to the international IntoSAINT* (a tool to assess public sector integrity) working group, representing the Pacific region; and
- helping supreme audit institutions assess their own integrity and support assessments of public organisations using the IntoSAINT tool.

* IntoSAINT is an organisational integrity assessment tool developed by the International Organisation of Supreme Audit Institutions. It is used to assess the vulnerabilities and the maturity of integrity in public organisations.

Appendix 1

Summary of the public organisations we audit, as at 1 March 2024

Organisation categories	Number of organisations
Councils	78
Airports (including related entities)	24
Energy companies (including related entities)	34
Port companies (including related entities)	18
Other council-controlled organisations ¹	153
Licensing and community trusts (including related entities)	29
Other local government organisations ²	55
Total local government	391
Financial Statements of the Government	1
Government departments (including related entities)	53
State-owned enterprises and mixed-ownership companies (including related entities)	28
Crown research institutes (including related entities)	13
Schools (including related entities)	2479
Tertiary education institutions (including related entities and workforce development councils) ³	43
Other Crown entities ⁴	102
Administering bodies ⁵	37
Fish and game councils (including related entities) ⁶	15
Other central government organisations ⁷	114
Rural Education Activities Programmes	14
Total central government	2899
Government of Niue (including related entities) ⁸	9
Government of Tokelau (including related entities) ⁸	2
Public Audit Act section 19 audits ⁸	2
Total	3303

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. 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.
7. 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.
8. These are entities audited under an arrangement in accordance with section 19 of the Public Audit Act 2001.

Appendix 2

Estimated timing for the start and completion of our proposed 2024/25 work programme

Priority area	Annual Plan initiative	Product	2023/24				2024/25				We will be working with		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Local government	Central government	Other
Strengthening our core assurance role	Work under way: Ensuring the completion of quality and timely audits of schools	Other	■	■	■	■	■	■	■	■		✓	
	Work under way: Readiness for climate reporting by public organisations	Other	■	■	■	■	■	■	■	■	✓	✓	
	Work under way: Audit New Zealand Practice Improvement programme	Other	■	■	■	■	■	■	■	■			
	Planned work: Observations from our central government audits (including the Controller function)	Sector report		■				■				✓	
	Planned work: Insights into local government: 2023 audits	Sector report		■	■	■	■				✓		
	Planned work: Insights into local government: 2024 audits	Sector report						■	■	■	✓		

Priority area	Annual Plan initiative	Product	2023/24				2024/25				We will be working with							
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Local government	Central government	Other					
	Planned work: Results of the 2023 school audits	Sector report																
	Planned work: Results of the 2023 audits of tertiary education institutions	Sector report																
	Planned work: Licencing Trusts	Other																
	Planned work: Crown Research Institutes	Sector report																
	Planned work: The Energy Sector	Sector report																
	Planned work: Health regulatory agencies	Other																
	Planned work: Half-year Controller update	Report																
Increasing our impact with public organisations	Planned work: Influencing improved performance reporting	Other																
	Work under way: Advice and support to Parliament and select committees (annual reviews and Estimates briefings)	Other																

Priority area	Annual Plan initiative	Product	2023/24				2024/25				We will be working with							
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Local government	Central government	Other					
	Planned work: Our observations from auditing the New Zealand Health Plan	Other																
	Planned work: Systems and process for measuring and reporting performance against the government targets for the justice sector	Report																
	Planned work: Principles and approaches to the assessment of value for money	Report																
	Planned work: Strategic finance – how well set up are Public Service agencies to plan for and deliver value for money?	Report																
	Planned work: Reporting on long-term plan audits	Sector report																
	Work under way: ClimateScanner	Other																
	Work under way: Climate change and local government	Performance audit																
	Work under way: Examining the effectiveness of government arrangements to address child poverty	Performance audit																

Priority area	Annual Plan initiative	Product	2023/24				2024/25				We will be working with			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Local government	Central government	Other	
	Planned work: Infrastructure resilience	Performance audit										✓	✓	
	Planned work: Improving access to public housing	Performance audit										✓	✓	
	Planned work: Assessing progress in reducing waiting lists for planned care	Performance audit											✓	
	Planned work: Diversion and early interventions with youth across the justice sector	Performance audit											✓	
	Planned work: Integrity system leadership in the sports sector	Performance audit											✓	
	Planned work: Operation Respect second performance audit and monitoring report	Performance audit											✓	
	Planned work: Ministerial conflicts of interest – how they are being identified and managed	Report											✓	
	Work under way: Public sector accountability to communities – research	Report										✓	✓	
	Work under way: Immigration New Zealand: Skilled residence visas	Performance audit											✓	

Priority area	Annual Plan initiative	Product	2023/24				2024/25				We will be working with							
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Local government	Central government	Other					
	Work under way: Cyber security maturity and preparedness	Performance audit																
	Planned work: Auckland Council review of service performance	Report																
	Planned work: What is known about equity of outcomes?	Report																
	Follow up on performance audit: Auckland Council: Preparedness for responding to an emergency	TBC																
	Follow up to performance audit: How well public organisations are supporting Whānau Ora and whānau-centred approaches	TBC																
	Follow up to performance audit: Meeting the needs of people affected by family violence and sexual violence	TBC																
	Follow up to performance audit: Leading New Zealand's approach to housing and urban development	TBC																
Enhancing our impact in te ao Māori	Planned work: Accountability framework for Te Wānanga o Raukawa	Other																
	Work under way: Integrating Māori perspectives of integrity	Other																

			2023/24				2024/25				We will be working with		
Priority area	Annual Plan initiative	Product	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Local government	Central government	Other
	Work under way: How well-prepared are public organisations to meet Treaty settlement commitments?	Performance audit									✓	✓	
	Planned work: Responding to the Public Service Act 2020	Performance audit										✓	
Building on our reputation as a source of trusted information	Planned work: Enhancing the Office's website	Other											
	Work under way: Connecting through events	Other									✓	✓	
	Planned work: Amplifying our reports	Other									✓	✓	
Our international work	Work under way: Supporting integrity in the Pacific region	Other											✓