



Welcome

Audit Committee Chairs Forum

Hosted by the Australian National Audit Office and the Department of Finance

14 July 2023



Welcome and opening remarks

Jane Meade

Group Executive Director
Professional Services and Relationships Group
ANAO



Auditor-General Insights

Grant Hehir
Auditor-General for Australia



ANAO audits of entity Annual Performance Statements

George Sotiropoulos
Group Executive Director
Performance Statements Audit Services Group



Auditing performance statements - Recap



- Pilot of 3 entity performance statements audits over 2 years
 - 2020 and 2021
- 6 audits in first year of rollout – last year
- 10 audits in current audit cycle
- 14 next audit cycle
- 19 in 2024-25 and
- 24 from 2025-26



Key observations from Year 1



- Improvement in quality and reliability of performance information
- Statements primarily seen as a compliance exercise
 - Entities looking for path of least resistance
 - Not used to inform decision making or assess performance of the entity
- Audit approach will need to continue to evolve
 - Work closely with the sector to build the methodology



Expert Advisory Panel



- Established to help inform ongoing improvement to methodology
- Broad expertise and practical experiences
- Ensure audit methodology complements public sector reforms
 - Stewardship
 - Emphasis on evaluation
 - Impact analysis
 - Measuring what matters initiative



Bottom-up v Top-down approach



- Methodology will evolve with experience and data:
 - Last year – provide assurance on the measures/data that supports the performance story
 - Primary focus was s16EA of the PGPA Rule - assess appropriateness of performance measures
 - **Risk - performance measures comply with s16EA but the reader does not find the performance statements useful or meaningful**
 - This year – assess the performance story and provide assurance on the quality, reliability and usefulness of the performance statements
 - Emphasise ss5(b) and (c) and s15(1)(b) of the PGPA Act – assess whether it is meaningful and complete and promotes transparency about the entity's performance



What are we looking for?



- **User friendly reporting**
 - Fair, balanced and understandable
 - Focus on material content
 - Think about presentation
 - ❖ Useable and easy to read – does it engage the reader?
- **Clear and measurable purposes and key activities**
 - Legislative responsibilities – e.g. relevant legislation, AAOs, Charter Letters
 - Key activities – specific and uncomplicated
 - ❖ Not necessarily just repeating programs from the PBS
 - Regularly assess completeness
 - ❖ Budget measures, Machinery of Government



What are we looking for?



- Relevant, reliable and verifiable performance measures
 - Complete and balanced
 - Contemporary
 - Clear program logic
 - Targets where practicable – performance against expectations
- May need more than one measure for a purpose or key activity
 - Promote transparency and accountability



What are we looking for?



- **Governance**
 - Tone from the top
 - Planning and preparation
 - Monitoring and reporting to executive
 - Level of investment
- **An enterprise level performance framework**
 - Rationale for selecting purposes, key activities and measures to demonstrate performance
 - Executive level support
 - Regular executive level review of performance information
 - Clear allocation of responsibilities – owners are clear



What does good look like?



- Meaningful and fair reporting that gives the reader a clear sense of the entity's performance in achieving its purposes
 - True and fair view / present fairly – looking at both substance and form
- Parliament and Government understand what they are getting for their investment and can assess the ROI
 - Did the policy, program or budget measure have the intended result?
- For the accountants in the room – think of performance statements as representing your revenue line?
 - How successful are you and what value have you provided to citizens?
 - Revenue = success?



Future areas of focus



- Quality of statements as a whole
 - Enable judgements about the performance of the entity in achieving its purposes?
- Efficiency measures
 - Assess productivity of entities?
- Measuring outcome and impact
 - Theory of change and logic models; Impact analysis; Evaluation
- Comparability
 - Trend analysis – understand strengths and weaknesses
 - Understand performance in comparison to other entities?



Towards a “Third Way”



- Commitment to transparency and performance (not just compliance)
 - Create the right incentives
- “Right touch” approach
 - Look to pilot for 2023-24 audit cycle
- Audit opinion
 - Technical v meaningful – scope to adjust form and content
- Completeness / Materiality
 - Continue to develop criteria and include in Audit Manual

- Continue educative approach
 - Work collaboratively with Finance, the policy owner
- End of Year report
 - Lessons learned and areas of focus
 - Identify good-practice examples
- Audit insights series
 - Topic specific





2022-23 Financial Reporting

Amy Fox

First Assistant Secretary

Financial Analysis, Reporting and Management Division

Department of Finance



2022-23 Financial Reporting



2022-23 reporting timeline is consistent with previous years:

- Preliminary financial statements data due 25 July 2023.
- Audit cleared financial statements:
 - Tuesday, 15 August 2023 – material entities
 - Thursday, 31 August 2023 – small entities
- Supplementary reporting pack:
 - Thursday, 17 August 2023 – material entities
 - Thursday, 31 August 2023 – small entities



2022-23 Financial Reporting



Looking forward – 2022-23

- Continued widespread shortage of accounting and finance staff. Including at senior levels.
- Knowledge and capability gaps, due to high turnover of CFO staff.
 - Technical knowledge and experience with required processes.
 - Focus on quality of information.
- Additional MoG changes from the 2023-24 Budget – new entities, abolitions and mergers.



Emerging data requirements for entities

Andrew Lalor
Assistant Secretary
Data and Assurance
Department of Finance



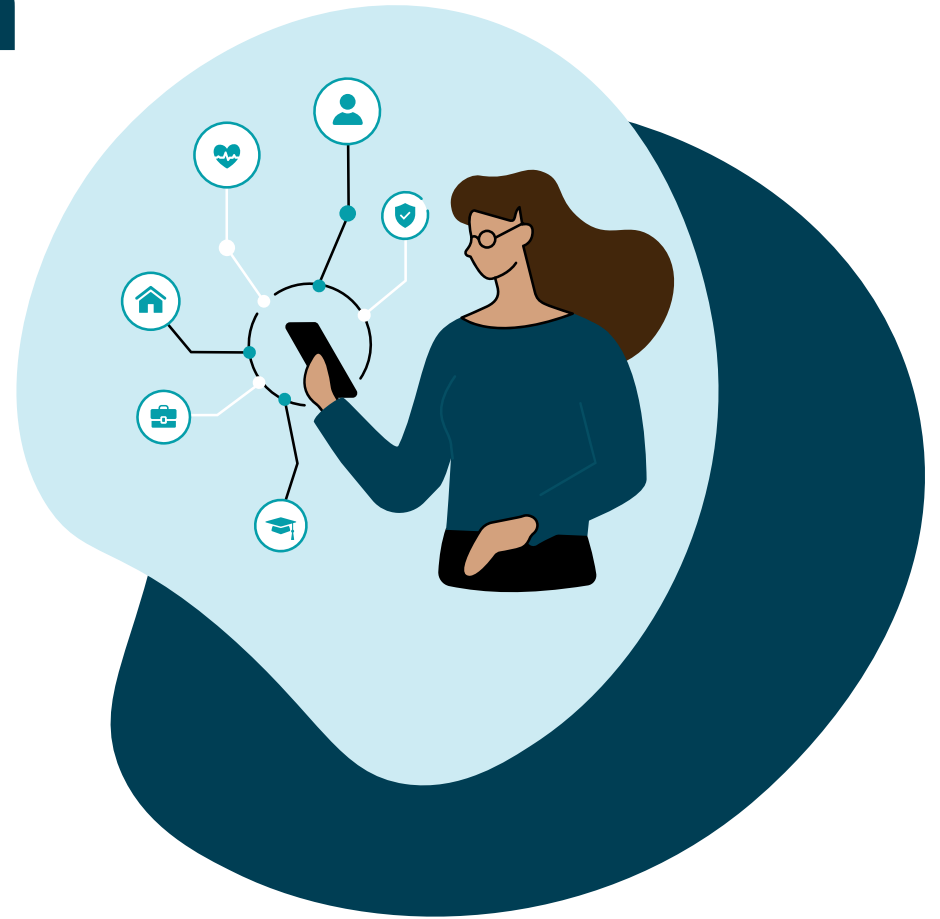
Australian Government

DATA AND DIGITAL GOVERNMENT STRATEGY



2030 Vision

The Australian Government will deliver simple, secure and connected public services for all people and business through world class data and digital capabilities.



Strategy Missions

The missions describe the key objectives and actions of the Australian Government to help us realise our vision to 2030.

ACTION MISSION 1

Delivering for all People and Business

ACTION MISSION 2

Simple and Seamless Services

ACTION MISSION 3

Government for the Future

FOUNDATION MISSION 4

Trusted and Secure

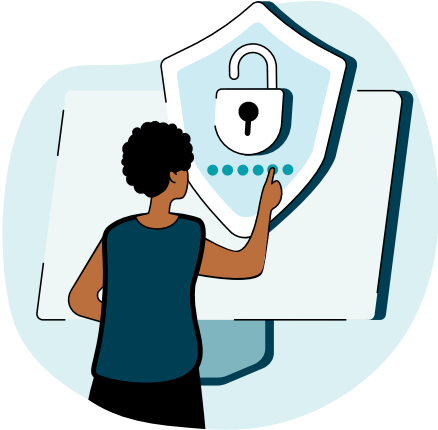
FOUNDATION MISSION 5

Data and Digital Foundations

Enablers



People Capability



Cyber Security



Governance



Investment

**The Strategy's
success will
depend on APS
agencies**



Commitments under the Strategy

The initial Strategy includes the Government's commitments and expectations of APS agencies to help achieve the Strategy missions and drive progress towards its 2030 vision.

Emerging data requirements for APS agencies

ACTION MISSION 1

Delivering for all People and Business

- The Government is committed to **making data more accessible and optimising its use** through integration, analytics and innovation
- **Non-sensitive data will be open by default**, with formal controls for sharing of more sensitive data under agreements to ensure privacy, security and ethical use

ACTION MISSION 2

Simple and Seamless Services

- The Government will ensure **all systems support discoverability, interoperability** and cost-effective access to data

ACTION MISSION 3

Government for the Future

- The Government will develop new funding models tailored to data and digital investments and support greater uptake
- The Government will **embed streamlined governance and data sharing processes** to allow greater access to non-sensitive data

Commitments under the Strategy

The initial Strategy includes the Government's commitments and expectations of APS agencies to help achieve the Strategy missions and drive progress towards its 2030 vision

Emerging data requirements for APS agencies

FOUNDATION MISSION 4

Trusted and Secure

- The Government will implement the adoption of a whole-of-government **Data Ethics Framework**
- The Government will act to ensure greater responsiveness, transparency and accountability where there are incidents e.g. **Notifiable Data Breaches Scheme**

FOUNDATION MISSION 5

Data and Digital Foundations

- The Government will develop a whole-of-APS **Strategic Data and Digital Workforce Plan**
- The Government will develop a whole-of-government **Data Maturity Assessment Tool** to help APS agencies understand their data management and use practices, identify gaps and better target critical investments
- All APS agencies will **incorporate appropriate data management and stewardship mechanisms**, including identifying roles with specific responsibilities for these functions

What's next?



Our progress so far

Senior-level
engagement
within APS

APS-level
initial
consultation

Initial
Strategy

Consultation
across
Australia

Survey and
Submissions

Final
Strategy

Implementation
Plan



Phase 1

Phase 2

Phase 3

Questions?

Find out more at dataanddigital.gov.au



Cyber Insights / IT General Controls

Lesa Craswell

Senior Executive Director

Systems Assurance and Data Analytics

ANAO



Cyber Insights / IT General Controls



- Cyber Insights
 - Decide what, when and how much to protect
 - Regularly assess performance of security controls
 - Monitor contractor performance
- IT General Controls
 - User Access Removal
 - Management and monitoring of privileged users
 - Password management
 - Change Management



Morning Tea Break



Emerging risks from data

Panel discussion

Sally Hill

Assistant Secretary, Policy, Regulation and Legal
Office of the National Data Commissioner

Ryan Black

Head of Policy and Research, Tech Council of Australia

Lesa Craswell

Senior Executive Director
Systems Assurance and Data Analytics Group, ANAO

Facilitator: Amy Fox, Department of Finance



Questions and closing remarks

Jane Meade

Group Executive Director
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