Review of Communications Processes

Australian National Audit Office

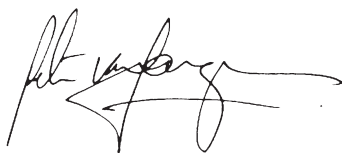*Report by the Independent Auditor*

December 2015

18 December 2015

Dear Mr President
Dear Mr Speaker

I have undertaken a performance audit of the Australian National Audit Office, in accordance with the authority contained in section 45 of the *Auditor-General Act 1997*.

I present the report of this audit to the Parliament. The report is titled *Australian National Audit Office Performance Audit: Review of Communication Processes*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage — http://www.anao.gov.au.

Yours sincerely

Peter van Dongen
Independent Auditor
Appointed under Section 41 of
The Auditor-General Act 1997

Contents

Abbreviations

AASB	Australian Accounting Standards Board
AASG	Assurance Audit Services Group
ACAG	Australasian Council of Auditors-General
the Act	*Auditor-General Act 1997*
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
ASAE	Australian Auditing and Assurance Standard
ASOSAI	Asian Organisation of Supreme Audit Institutions
AWP	Audit Work Program
CAANZ	Chartered Accountants Australia and New Zealand
CMB	Corporate Management Branch
CPA	Certified Practising Accountants Australia
EBOM	Executive Board of Management
EL	Executive Level
IAASB	International Auditing and Assurance Standards Board
INTOSAI	International Organisation of Supreme Audit Institutions
JCPAA	Joint Committee of Public Accounts and Audit
KFA	Key Focus Area
L&D	Learning and Development
PAAM	AASG Policy, Audit and Administration Manual
PAM	PASG Performance Audit Manual
PASG	Performance Audit Services Group
PGPA	Public Governance, Performance and Accountability
PMRA	Public Management Reform Agenda
PSB	Professional Services Branch
SES	Senior Executive Staff

Executive Summary

Background to the performance audit

1.   The performance audit topic of communication processes was selected following discussions with the Joint Committee of Public Accounts and Audit (JCPAA), consideration of previous performance and internal audit reports, the current Australian National Audit Office (ANAO) internal audit plan and external factors currently impacting the ANAO.

Audit objective

2.   The objective of this performance audit was to assess the effectiveness of communication processes undertaken by the ANAO internally and externally.

3.   The approach to communication and stakeholder management that I have used to assess the ANAO's communication processes is outlined in a high level in the figure below:

Figure 1 - Approach to communication and stakeholder management
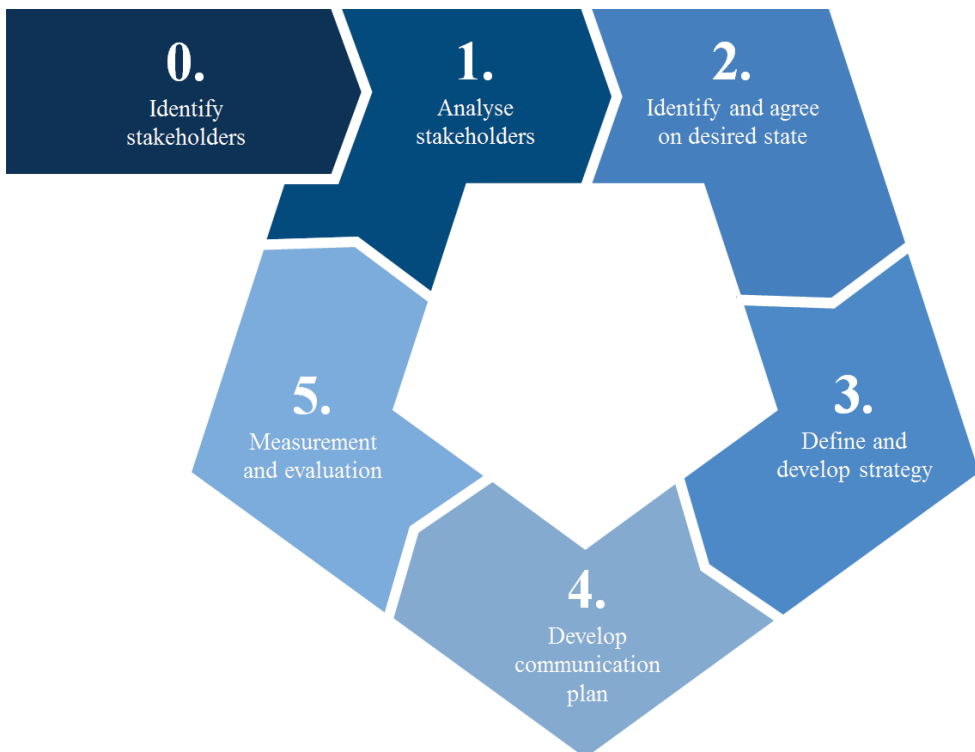
4.   This performance audit assessed the ANAO's current communication processes against the above approach with a focus on the following stakeholders and communication methods:

- **External stakeholders:**

    ○   formal communication with Parliament via the JCPAA;
    ○   collaboration with the Department of Finance on government administration policy;
    ○   communication with auditees in relation to the conduct of audits, including feedback;
    ○   communication with industry and professional associations;
    ○   collaboration with State Government Auditors;
    ○   use and governance of social media; and
    ○   management of communication with the general public through traditional media.

- **Internal stakeholders:**

    ○   communication by the Group Executive team;
    ○   the use and governance of services provided by the internal communication team; and
    ○   methods of communication to and from client service and support staff to engage them in decision making, share information and communicate internal processes.

5.   The approach to this performance audit was structured to obtain an understanding of the objectives of the ANAO's communication processes and assess risks associated with meeting these objectives, which considered the ANAO's practices in:

- Maintaining an understanding of stakeholder groups and assessing whether they are being effectively targeted in practice;
- Establishing targets or goals for each group or set of groups;
- Preparing a fit for purpose Communications Plan for achieving these targets or goals;
- Monitoring progress towards achieving these targets or goals; and
- Measuring and acting upon feedback received from stakeholders.

Conclusion

6.   The delivery of the audit services provided by the ANAO relies upon effective communication and stakeholder engagement. The ANAO *2015-19 Corporate Plan* sets out how the ANAO plans to deliver on its purpose over the next four years. The Corporate Plan also establishes the ANAO's strategic focus via four Key Focus Areas (KFAs)[1], each of which has an emphasis on communication and engagement with stakeholders.

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[1] Refer to Appendix 1 for further information.

7.   Communication processes undertaken by the ANAO are well-established across external stakeholder groups; and internally, across its services groups and support branches. These processes need to address a broad range of expectations in terms of style, content and medium of communications to meet diverse stakeholder needs.

8.   An assessment of the effectiveness of communication processes performed by the ANAO identified that there is a high level of awareness of key stakeholders of the ANAO, both internal and external and the associated communication processes in place. There is demonstrated awareness of the need for the ANAO to remain relevant and effective in its operations and the way it communicates to ensure stakeholder needs and expectations are met. The ANAO has also been active in repositioning its approach to communications over time, which is evidenced through:

- an exercise recently completed to identify and document the range of activities and methods currently used by the ANAO to communicate with its key stakeholder groups, both external and internal;
- the conduct of surveys aimed at external stakeholders (i.e. the JCPAA and auditees) to obtain feedback on performance;
- continuous review of audit practices;
- initiatives underway to improve current processes, such as enhancements to the ANAO website and the introduction of new communication methods to convey key internal messages;
- transition to electronic distribution of key audit deliverables;
- initiatives to harmonise and promote greater sharing of information across the office, in the context of both audit work and corporate operations that are contributing to enhanced collaboration across the ANAO; and
- increased engagement via social media.

9.   Feedback provided via client surveys conducted by the ANAO and interviews conducted during the course of this performance audit with external stakeholders indicated that dealings with the ANAO were generally positive.

10.   Nevertheless, the ANAO has not developed an organisational communication strategy and plan that formally outlines its overall approach to meeting its communications objectives and stakeholder needs. There is work required to establish a greater understanding of whether communications processes are meeting current stakeholder preferences, and to more clearly define stakeholders' needs and expectations.

11.   Supporting the need for the development of a communication strategy and plan, and acknowledging the steps taken to improve and enhance internal communication, the purposes of the broad range of internal communication channels currently used should be clarified to ensure they are fully effective in meeting the needs of ANAO staff.

12.   The communication processes established across the various external stakeholder groups vary in their level of maturity, for example, dealings with the JCPAA are well-established, formal and standardised, whereas specific communication

arrangements with the other external clients through the course of audit services and other engagements are sometimes less formalised. Feedback provided via ANAO client survey results and provided during interviews conducted in this performance audit, as well as review of external communication processes identified the following opportunities for improvement:

- client satisfaction regarding communication practices reported through survey results and interviews was generally positive, however, inconsistency within the results highlights the need to adapt operational communication practices to meet individual circumstances;
- the ANAO's position on social media is evolving and is yet to be formally settled;
- there is an inventory of previous reports that will continue to grow and incur cost to maintain without a concerted effort to transition away from hard copy publications where permitted, (acknowledging there is a current requirement to table hard copy reports in Parliament);
- there is a desire for performance audit reporting processes to provide greater clarity on suggested improvements outside of formal recommendations, make better use of data visualisation techniques and more succinct performance audit reports; and
- stakeholders are seeking further insights and information on emerging themes from the ANAO across all engagements.

13. An assessment of current communication processes against the elements of communication methodology is illustrated in figure 1 included below:

Table 1 – Assessment of ANAO communication processes

Element	Assessment	Brief Description
Identify stakeholders		There is a high level of awareness of key stakeholders of the ANAO. An exercise was recently completed to identify and document the range of activities and methods currently used by the ANAO to communicate with its key stakeholder groups, both external and internal.
Analyse stakeholders		Varying levels of analysis has been performed over time across the range of stakeholders to determine their communication needs. There is work required to build on the identification exercise recently completed to determine whether current communication processes are meeting stakeholder preferences. This performance audit included consultation with various stakeholders, both internal and

Element	Assessment	Brief Description
		external to obtain feedback on the ANAO's communication processes directly affecting their engagement and experiences with, and in the case of internal stakeholders, working for the ANAO. Overall, feedback indicated that the ANAO was mostly meeting client expectations in regard to communications on both the financial statement audits and performance audits, while some areas for improvement were noted, these were not consistent across all stakeholders interviewed, highlighting the need to adapt operational communication practices to meet individual circumstances. Refer **recommendations 1, 2** and **3**
Identify and agree on desired state		• The current communications processes have long been established and it is an opportune time to confirm and formalise these in an overarching communication strategy and plan. Refer **recommendation 1**
Define and develop strategy		• The ANAO is yet to develop an organisational communication strategy. • Communication processes with some stakeholders such as with Parliamentarians and the JCPAA, are more formalised than others supporting the need to better define the communication requirements of internal and external stakeholders and identify the communication channels for the different audiences. Refer **recommendation 1**
Develop communication plan		• A communications strategy and plan that formally identify current stakeholder needs and expectations and achieve a desired outcome have not been developed. Refer **recommendation 1**

Element	Assessment	Brief Description		
Measurement and evaluation		• Performance measures regarding communication effectiveness, enabling measurement and evaluation of communication performance to understand if the respective stakeholder relationships are being managed and to identify potential opportunities for improvement are yet to be determined. • The ANAO periodically seeks and receives feedback on performance including communication processes from various stakeholder groups through the conduct of surveys. • Recent feedback from external stakeholder groups received via surveys was generally positive with some areas highlighted for improvement in relation to communication. • Internal feedback is also obtained via the annual State of the Service survey, administered by the Australian Public Service Commission (APSC) and at the time of this performance audit, current results were not available. Refer **recommendations 1** through **3**		
Key	Fully meets element criteria 	Mostly meets element criteria 	Partially meets element criteria 	Does not meet element criteria

14.   It is noted that in all of the recommendations summarised below the ANAO is well advanced in implementing strategies to address the findings identified through this performance audit.

Summary of recommendations

15.   This performance audit has identified 3 recommendations for the ANAO to enhance current communication processes.

i   Building on the initial work undertaken to identify the activities and methods currently used by the ANAO to communicate with its key stakeholder groups:

  a. develop a communications strategy and plan aimed at meeting communications objectives and stakeholder needs, with consideration of social media presence, and including measures to monitor and evaluate the ANAO's communications; and

  b. identify opportunities for communicating insights and emerging themes across all engagements; and

  c. periodically evaluating the performance of the ANAO's communications.

ii   Review the need for hard copy reports other than those required for tabling purposes and increase efforts to meet the needs of stakeholders through electronic communication of reports. A key driver of this will be to enhance the functionality of the ANAO website including its search functionality across the website and within published documents.

iii   Review the current performance audit reporting processes with a view to:

  a. providing greater clarity on suggested improvements outside of formal recommendations;

  b. making better use of data visualisation techniques;

  c.   preparing more succinct performance audit reports; and

  d. expanding the use of the audit summary document currently provided to Parliamentarians to communicate audit results more directly to other stakeholders.

Overall ANAO response

> *Agreed*. The ANAO welcomes the audit report. The ANAO's 2015–19 Corporate Plan identifies contemporary communications as one of the key capabilities the ANAO will invest in to assist in delivering on the ANAO's strategic focus and purpose. The findings and recommendations of this report will assist the ANAO to enhance, where appropriate, its communications with both internal and external stakeholders. The ANAO agrees with the report's three recommendations and is well advanced in addressing each recommendation.

1. Background

This Performance Audit

The Independent Auditor

1.1   Mr Peter van Dongen, the Independent Auditor for the ANAO, has undertaken this performance audit. Mr van Dongen is also the National Managing Partner, Assurance, PwC Australia.

1.2   Pursuant to Schedule 2[2] of the Auditor-General Act 1997, the Independent Auditor is appointed by the Governor-General for a term of three years and not more than five years. Mr van Dongen was appointed as the Independent Auditor of the ANAO on 12 June 2014.

Audit objective

1.3   The objective of this performance audit is to assess the effectiveness of communication processes undertaken by the ANAO internally and externally, including communication of feedback from ANAO auditees.

Audit scope

1.4   The scope of this performance audit was developed after consultation with key stakeholders and focused on the following key stakeholder groups and communication channels:

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[2] Schedule 2, Section 1 of the *Auditor-General Act 1997*.

External communication	- Formal communication with Parliament via the JCPAA; - Collaboration with the Department of Finance on government administration policy; - Communication with auditees in relation to the conduct of audits, including feedback; - Use and governance of social media; - Communication with industry and professional and collaboration with State Government Auditors; and - Management of communication with the general public through traditional media.
Internal communication	- Communication with the group executive team in relation to: - sharing consistent information across the organisation; - ensuring staff understand the organisation's strategy; and - maintaining a strong control and security culture; - The use and governance of services provided by the internal communication team; and - Lines of communication to and from client service and support staff to engage them in decision making, share information and communicate internal processes.

1.5   The scope of this performance audit also included (where relevant) a comparison of ANAO's communication processes with current practices in other entities.

1.6   Key stakeholders interviewed or otherwise involved in the scoping process are outlined below in paragraph 1.8.

Audit methodology

1.7   This performance audit was conducted in accordance with Australian Auditing and Assurance Standard ASAE 3500 *Performance Engagements*[3]. The planning process identified that the scope for this performance audit would focus on obtaining an understanding of the objectives of the ANAO's communication processes and assessment of the risks associated with meeting these objectives through:

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[3] *Standard on Assurance Engagements* ASAE 3500 *Performance Engagements* (July 2008) issued by the Auditing and Assurance Standards Board.

- defining a common understanding of what is meant by 'stakeholder';
- understanding the detailed set of stakeholder groups and review if they are being effectively targeted in practice;
- understanding targets or goals for each stakeholder group;
- reviewing whether a communications plan exists for achieving these targets or goals;
- observing practices in place for monitoring progress towards achieving these targets or goals; and
- reviewing the processes for measuring and acting upon feedback from stakeholders.

1.8   During the course of the performance audit, interviews were held with the:

- Auditor-General and Deputy Auditor-General;
- Secretary of the JCPAA;
- AASG and PASG Group Executive Directors;
- Executive Directors of the AASG, PASG, PSB and CMB;
- Executive Level and APS staff through focus group sessions[4];
- Representatives from the following Commonwealth agencies:

    ○   Department of Finance;

    ○   Defence Housing Authority;

    ○   Department of Environment;

    ○   Department of Agriculture;

    ○   Department of Infrastructure and Regional Development; and

    ○   Department of Foreign Affairs and Trade.

1.9   This performance audit did not consider communication that is part of the following activities:

- project management;
- contract management;
- procurement; and
- training and recruitment of staff.

1.10   The focus of the interviews and review of key documentation were to understand the processes in place to mitigate the risks associated with the ANAO's communication processes and help achieve its communication objectives.

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[4] Four (4) separate focus group sessions were conducted in July 2015 with APS level staff from each of AASG, PASG, PSB and CMB.

2. Audit observations and recommendations

Context

2.1　The ANAO delivers a range of audit services that include:

- annual financial statements audits of Australian Government entities;
- assurance reviews of Australian Government entities;
- performance audits of Australian Government programs and entities; and
- sharing information and expertise, including the publication of better practice guides.

2.2　Communication and engagement of stakeholders is key to the effective delivery of these audit services and to support the various activities the ANAO undertakes to deliver on its purpose as set out in the ANAO *2015-19 Corporate Plan*. The historic approach to communications by the ANAO, particularly in relation to published reports, has been guided by the desire to increase the focus on key findings and recommendations and acceptance of these by clients.

Positive observations - overarching communication practices

2.3　**Identification of communications matrix exercise:** An internal exercise was recently completed to identify the range of activities and methods currently used by the ANAO to communicate with key internal and external stakeholder groups. A high level document was developed to reflect the outcomes of this exercise, the *ANAO Communications Matrix*[5]. The output of this exercise is similar to that illustrated in figure's 2 and 4 of this audit report.

2.4　**Awareness of role in communications:** ANAO officials interviewed indicated a high level of awareness and clarity over their role in communicating with the relevant stakeholders under current arrangements, including the JCPAA or other Parliamentarians, clients, professional bodies, the general public where appropriate as well as methods used to communicate internally.

2.5　**Adapting to contemporary communications methods:** There is demonstrated awareness of the need for the ANAO to remain relevant and effective in its operations and the way it communicates to ensure stakeholder needs and expectations are met. There are a number of initiatives already underway, for example,

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[5] This activity was undertaken in early 2015 to brief the incoming Auditor-General on the current scope of and approaches used to communicate with stakeholders.

revision to the ANAO website and the introduction of video display units within the ANAO office to communicate key internal messages during the financial statement audit cycle. The ANAO's use of some social media platforms is also relatively advanced, in comparison to other audit offices, although there is scope to further embed this in a formal strategy.

2.6 **Conduct of surveys to seek feedback on performance (including communication):** To ensure it remains aware of and addresses gaps in communications, the ANAO seeks feedback on its interactions with particular stakeholder groups. Internal feedback relating to communication is captured through the annual *State of the Service* survey administered by the Australian Public Service Commission (APSC). Feedback regarding external stakeholders is captured via the following surveys performed by an external service provider with results then provided to the ANAO for consideration:

- the periodic Survey of Parliamentarians (refer paragraph 2.25 for further information); and
- client surveys (refer paragraph 2.26):
    - annually administered to financial statement audit client's; and
    - completed following the tabling of a performance audit report.

External stakeholder communications

2.7   External stakeholders selected within the scope of this performance audit are illustrated in figure 2 below. The figure also identifies at a high-level, the methods of communication currently performed by the ANAO in engaging these stakeholders.

Figure 2 - Key external stakeholders and associated communications

Communication with Parliament via the JCPAA

2.8   The primary client of the ANAO is the Australian Parliament. The ANAO's purpose is to provide Parliament with an independent assessment of selected areas of public administration, and assurance about public sector financial reporting, administration, and accountability. Engagement with Parliament via the JCPAA, as illustrated in figure 2, is mostly formal, standardised, long-established and is primarily focused on performance audits and the Defence Major Projects Report.

2.9   The ANAO's main point of contact with Parliament is the JCPAA, although interaction does occur with other parliamentary committees and parliamentarians to support parliamentary priorities, public administration matters and the outcomes of audits through various methods of communication. Depending upon the circumstance, the Auditor-General or Deputy Auditor-General attends formal meetings and briefings where appropriate with support from the ANAO Executive and officials. There is also an ongoing relationship between the ANAO and the JCPAA Secretariat.

Communication with the Department of Finance

2.10   The Department of Finance (Finance) and the ANAO communicate through collaboration on financial reporting rules and guidance, the Public Management Reform Agenda, and policy and accounting matters. Formal and informal communication methods are used depending upon the topic of focus. Individual relationships between Finance and the ANAO have been established, as have key contact points, acting as conduits in the coordination of key officials from the respective entities to collaborate on matters.

Dealing with professional bodies and State Government Auditors

2.11   The ANAO *2015-19 Corporate Plan* outlines the purpose and a set of key focus areas for the office. This supports the ANAO's objectives in relation to dealings with professional bodies, both nationally and internationally in sharing relevant insights and information, providing feedback on proposed standards, participation in professional activities and also in establishing professional relationships to support the effective delivery of audit services.

2.12   The ANAO has affiliations across a broad range of audit-related professional bodies including those in the accounting profession such as Certified Practising Accountants (CPA) Australia, the Institute of Chartered Accountants Australia and New Zealand and the Australian Accounting Standards Board (AASB); national affiliations such as the Australasian Council of Auditors-General (ACAG); and international affiliations such as the International Organisation of Supreme Audit Institutions (INTOSAI), the Asian Organisation of Supreme Audit Institutions (ASOSAI), the Pacific Association of Supreme Audit Institutions (PASAI), the International Auditing and Assurance Standards Board (IAASB), participation in Commonwealth Auditors-General conferences and the Global Audit Leadership Forum.

2.13   The role of the ANAO, whether it is of advisory or influencing nature, may vary depending on the forum and representation required. Generally, senior ANAO officials would attend these meetings and those who attend have clarity on their roles and the scope of the ANAO's role in regards to communication and engagement.

Communication with clients

2.14   The ANAO performs the financial statement audits of all Commonwealth Government entities and seeks, through the undertaking of performance audits, to provide an objective assessment of areas where improvements can be made in public administration and service delivery. The ANAO aims to do this in a constructive and consultative manner, which includes working co-operatively and collaboratively with those with key governance responsibilities in entities, including audit committees and the auditee team during the course of an audit.

2.15   Clients are engaged by the ANAO at various points during both the financial statement audit and performance audit cycles as illustrated in figure 2. This can occur through more formal methods such as through the use of document templates to ensure

consistency in presentation of information during an audit and also for audit committees and formal meetings at key points during an audit. Informal methods are used where appropriate.

Guidance supporting communication methods during the provision of services

2.16   Policy and guidance has been developed via the PASG's *Performance Audit Manual* (PAM) and AASG *Policy, Audit and Administration Manual* (PAAM) which indicate how and when clients should be engaged during their respective audit and the types of communication provided through attendance at audit committees.

2.17   The PAM sets out detailed guidance regarding the key points of engagement with stakeholders (i.e. the JCPAA and clients) during the performance audit cycle, specifically the development of the Audit Work Program, provision of details of audits in progress, and during the finalisation of audits through provision of audit reports, audit summaries and briefings. Standard templates have been developed and are used for formal communications to the JCPAA and clients. The PAM is also designed to support the development of performance audit reports. The PAM includes guidance on the reporting process, including internal review and issuing of key audit materials (i.e. report preparation papers, proposed audit reports and final audit reports). This guidance is supported by the *ANAO Performance Audit Report Graphic Style Manual* which is focused on presentation and graphics to ensure a level of consistency across the reports published by the ANAO.

2.18   The PAAM contains detailed guidance supporting engagement with clients during the auditing of financial statements. It also sets out processes for communications with Parliament. The ANAO, via the AASG would generally engage with JCPAA or other Parliamentary stakeholders if significant issues or matters of interest are identified in relation to the auditing of an Australian Government entity's financial statements. Standard templates have been developed and implemented to support consistent practice in providing audit deliverables and communications during the course of a financial statement audit cycle.

Distribution of key audit materials to the client(s)

2.19   Both the PAM and PAAM set out distribution practices and policy for the delivery of key audit materials to clients. Currently, key performance audit materials such as report preparation papers that outline the preliminary audit findings, conclusions and potential audit recommendations and allow the client to provide initial feedback; and proposed audit reports are provided to the client(s) in hard copy. Feedback from performance audit clients interviewed reported that these distribution and communication processes are inefficient. Circulation of hard copy papers is time consuming and resource intensive with regard to distribution, preparation and collation of feedback to provide to the ANAO.

2.20   The above practices were identified as inconsistent with those performed by the AASG in the undertaking of financial statement audits who distribute financial statement-related materials to clients electronically.

2.21   During the course of this audit, the ANAO performed a risk assessment of current distribution practices and was in the process of updating its policy to provide for electronic distribution of key performance audit materials to better meet stakeholder needs.

Communication with the Australian Public

2.22   The nature of work undertaken by the ANAO to determine whether public funds are being spent economically, efficiently and effectively and that the public service is being well administered attracts interest from the Australian Public. The ANAO has established various channels by which it can communicate details of audits, publications, ANAO activities, allow for contributions to audits and respond to the correspondence from members of the public. The main channels used by the ANAO include the ANAO's website, Twitter and a central mailbox with supporting processes used to address correspondence received.

The ANAO website

2.23   The ANAO website is a key communications tool used to provide background information about the role of the ANAO; its history; affiliations with professional bodies; the office's *2015-19 Corporate Plan*; corporate structure; relevant legislation; links to audit reports and other key publications such as better practice guides, *AUDITFocus*[6], *Opinions*[7], Audit Work Program and other corporate publications. The current version of the website was established in 2010.

2.24   At the time of this performance audit, the ANAO was in the middle of a project to upgrade the website based on user feedback concerning usability and search functionality for publications such as audit reports. An external service provider was engaged by the ANAO to review the current website. Through statistical analysis and assessment of the functionality and capability of the website, some key recommendations have been made which are being considered by the ANAO for incorporation in the website upgrade. These relate to a more active front page; simplified structure (information architecture); making content more digitally accessible across a variety of electronic platforms (including mobile applicability; functionality to provide indication of audit progress (i.e. fieldwork, reporting, etc.); and improved audit report search functionality. The ANAO is also aware of the need to meet requirements of the Digital Transformation Agenda and anticipates delivery of an upgraded website in the 2015/16 financial year.

Responses to enquiries from members of the public

2.25   In instances where correspondence is received from members of the public, the ANAO would generally provide a formal response. Only a small number of enquiries

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[6] The ANAO's newsletter captures the lessons from audit work that are likely to be of general interest and application – published periodically.

[7] Provides audit clients with information on developments in financial reporting and disclosure, together with details of recent performance audit reports and better practice guides – published seasonally.

are received and the ANAO have established a central mailbox - ag1@anao.gov.au - to manage communications with those interested parties communicating with the ANAO.

Positive observations - external communication practices

2.26   **Long-established external communication methods:** A number of the activities and approaches used to communicate with external stakeholders are long-established. These methods are formal and informal, rely on the priority of the stakeholder and their needs, the role of the ANAO in the relationship and the type of engagement preferred by the stakeholder.

2.27   **Strategy to support communications with Parliament:** A *Parliamentary Communication Strategy*[8] has been developed by the ANAO to support the approach to engaging with Members of Parliament, their staff and Parliamentary Committees. The strategy outlines ANAO's strategic Parliamentary objectives, the roles and responsibilities of ANAO officials, and current and intended methods of engagement with Parliamentary stakeholders.

2.28   **Guidance and standard templates supporting key audit deliverables and communication during the provision of services:** As per 2.16, guidance has been developed via the PAM and PAAM to support how and when clients should be engaged during their respective audit and the types of communication provided through attendance at audit committees. Standard templates have also been developed and are used to support key audit deliverables and communications for both financial statement audits and performance audits to ensure consistency in approach and quality of material or communication delivered.

2.29   **General positive feedback from external stakeholders regarding communications:** To measure the performance of the ANAO in meeting the needs of Parliamentarians and to identify opportunities for improving its services to Parliament, the ANAO surveys Members of Parliament (i.e. Parliamentarians classified as JCPAA members and non-JCPAA Parliamentarians; and Parliamentary Committee Secretaries) every few years via the *Survey of Parliamentarians*. The survey is conducted by an external service provider, with the most recent survey performed in 2015[9]. 48 out of a total of 226 (21%) Parliamentarians participated in the survey and 21 out of a total of 35 (60%) Committee Secretaries provided a response to the survey. The survey was focused on the following areas, each relevant to communication and this performance audit:

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[8] Developed in 2012.

[9] Results of the 2015 survey were published in May 2015.

- dealings with the ANAO by the respective Members of Parliament;
- Members' of Parliament perceptions and understanding of the ANAO;
- awareness, use and satisfaction with the ANAO's products;
- awareness, use, preferences and suggestions for improving the ANAO's electronic communications; and
- overall satisfaction with the services and products provided by the ANAO.

Overall, feedback from respondents was generally positive towards the ANAO with respect to those areas of focus.

2.30   **General positive feedback from client surveys:** Through an external service provider, the ANAO surveys its clients to obtain feedback on the ANAO teams' performance during an audit. Annual surveys are administered to those clients who were a financial statement audit client. For performance audits, client surveys are conducted following the tabling of performance audit reports. Both surveys focus on the respective audit processes; aspects of service delivery including communication, consultation and conduct; the value of the services provided and audit deliverables (i.e. key audit documentation including reports). Results of the most recent surveys conducted in 2013-14[10] indicated that the overall performance of the ANAO was viewed as generally positive by its clients, particularly in regard to communication and consultation across both performance audits and financial statement audits.

2.31   **Client feedback via interviews:** To further assess the effectiveness of the ANAO's communication processes with clients, a number of face to face interviews were held with a sample of clients from the office's portfolio of financial statement audit clients and from recently undertaken performance audits. Overall feedback indicated that the ANAO was mostly meeting client expectations in regard to communications on both the financial statement audits and performance audits. Of note were the following positive observations:

- communication of the audit process to the client was generally clear;
- contribution of ANAO officials at audit committee meetings was well regarded;
- issues raised were generally on a timely basis;
- the opportunity to provide commentary to issues identified;
- templates used for financial statement audits met the needs of users;
- input from the ANAO team is generally of high quality; and
- working arrangements are generally viewed as collaborative, with ANAO staff willing to listen when working through particular audit matters.

2.32   **Ability to contribute to an audit in progress:** The ANAO's website offers the opportunity for members of the public, groups and organisations, to contribute information for consideration during the evidence collection stage of performance audits[11]. The provision of contributions aims to enable and promote closer public

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[10] Result of surveys conducted for 2014-15 were unavailable at the time of this performance audit.

[11] www.anao.gov.au/contribute

engagement with the audit process and align with broader Australian Government initiatives to promote the use of technology to encourage more open and transparent government. The opportunity to contribute is announced via Twitter and guidance for those who wish to provide contributions is provided on the website. The process for communicating with those stakeholders who provide contributions has been established primarily within the PASG to ensure that contributions are handled appropriately.

2.33   **Use of Social Media:** The key channels currently used by the ANAO to promote the activities it undertakes to the general public and via social media are the ANAO website and Twitter. Recruitment (including the promotion of graduate programs) is driven via the ANAO website, the APSjobs website and also Facebook. These are regarded as effective means for the respective purposes.
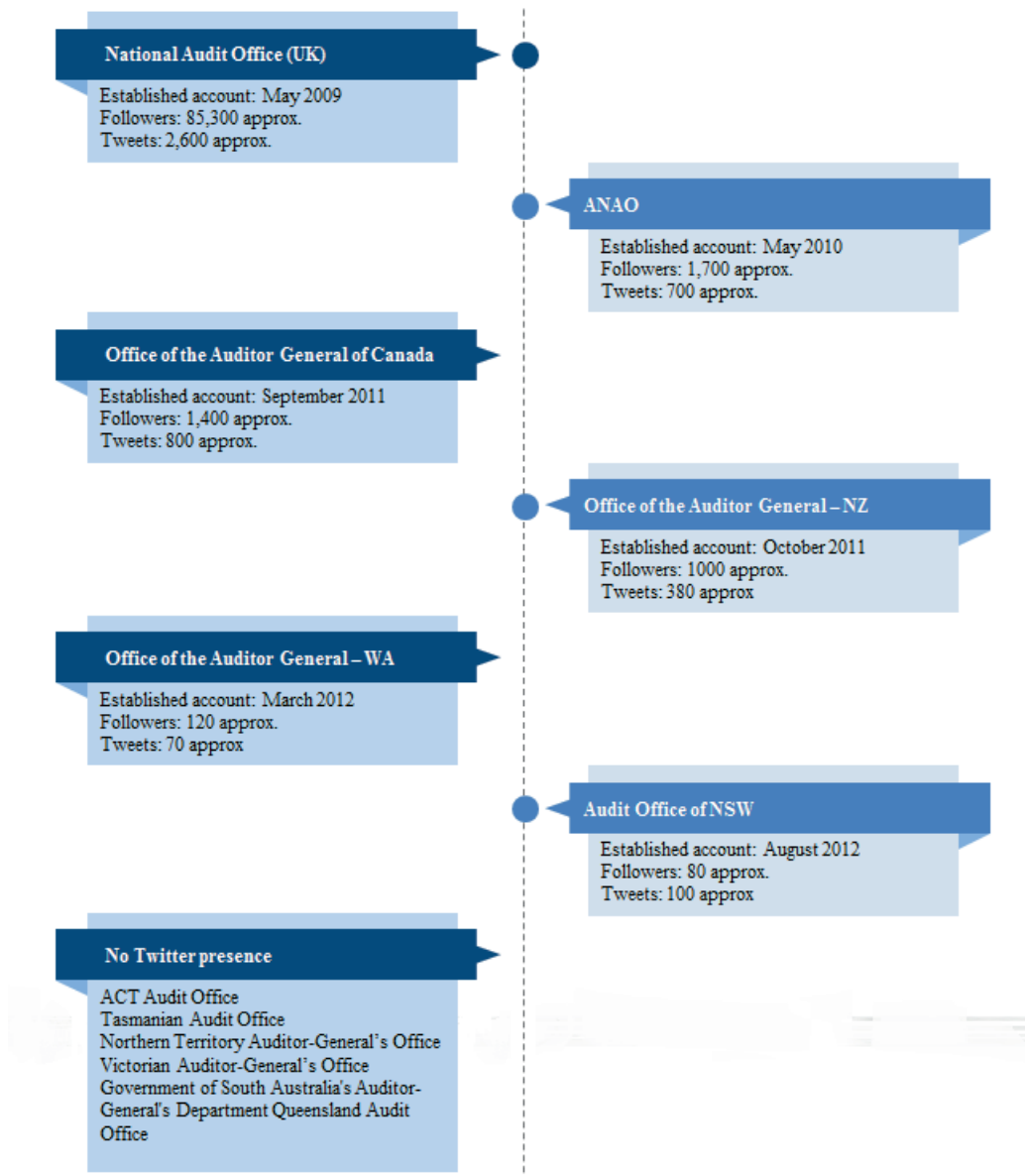
2.34   The ANAO established a Twitter account in May 2010. The ANAO's presence on Twitter is used to announce report releases, raise awareness of contributing to an audit in progress, and build the profile and awareness of better practice guides. It is a low cost mechanism for communication and requires limited time investment from ANAO officials. The ANAO's activity on Twitter has increased over time with 'tweeting' (making a post on Twitter) performed regularly. At the time of this performance audit, the ANAO had approximately 1,600 followers[12].

2.35   The ANAO's use of Twitter was compared to that of other like-agencies. The way in which Twitter is used is similar across the various entities, primarily to announce the release of publications. Within Australia, the ANAO has a greater presence on Twitter than State and Territory audit offices. In comparison to similar entities abroad, presence and activity is varied. The Office of the Auditor-General of Canada has a similar presence and use as the ANAO whereas the UK National Audit Office has a significant presence and following. This is illustrated below in figure 3:

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[12] There was approximately 200 follower's midway through 2013, which demonstrates the increased interest from stakeholders in ANAO activities.

Figure 3 - Comparison of like-entity Twitter presence as at 8 September 2015

National Audit Office (UK)

Established account: May 2009
Followers: 85,300 approx.
Tweets: 2,600 approx.

ANAO

Established account: May 2010
Followers: 1,700 approx.
Tweets: 700 approx.

Office of the Auditor General of Canada

Established account: September 2011
Followers: 1,400 approx.
Tweets: 800 approx.

Office of the Auditor General – NZ

Established account: October 2011
Followers: 1000 approx.
Tweets: 380 approx

Office of the Auditor General – WA

Established account: March 2012
Followers: 120 approx.
Tweets: 70 approx

Audit Office of NSW

Established account: August 2012
Followers: 80 approx.
Tweets: 100 approx

No Twitter presence

ACT Audit Office
Tasmanian Audit Office
Northern Territory Auditor-General's Office
Victorian Auditor-General's Office
Government of South Australia's Auditor-General's Department Queensland Audit Office

Internal stakeholder communications

2.36   Internal stakeholders within the scope of this performance audit are illustrated in figure 4 below. The figure also identifies at a high-level, the methods currently used by the ANAO to communicate internally.

Figure 4 - Key internal stakeholders and associated communications

Communication by the Executive Group

2.37   The communication objectives of the Executive Group are to ensure that they communicate consistently across business units, ensure officials understand the ANAO strategy, and a strong control and security culture is maintained. As identified in figure 4, there are multiple channels, forums and methods of communication in existence within the ANAO to communicate across the Executive team and also the broader office.

2.38   Feedback provided by team members (from APS 4 to Executive Level 2) during focus group sessions acknowledge that communication from the Executive Group is performed regularly through various channels. Communication provided by the Auditor-General and Deputy Auditor-General is very-well regarded by team members. Further feedback from the focus group sessions in addition to commentary provided by Executive Group officials interviewed highlighted that the Executive Group has an informal 'open door' policy for communication and encourages communication between all levels within the office.

Client service staff and support staff

2.39   Figure 4 above outlines the various communication channels available to officials to receive relevant information, provide opportunity for staff to engage in decision making, and ensure officials follow understood communication practices. The key communication tools highlighted during focus group sessions and interviews with members of the Executive Group are the ANAO Intranet, briefings/meetings (i.e. town halls, Group, branch, team and audit team) which are well attended from all accounts, all-staff emails and more recently, the visual display units AASG and PASG have been introduced to communicate key messages.

2.40   The ANAO's Intranet or '*Audit Central*' as it is commonly referred to, is viewed as a key channel for internal communication within the ANAO. It contains a centralised point of entry capturing information such as daily news relevant to ANAO team members; and individual Group portals managed by assigned administrators within the respective Group that captures key documentation such as methodologies, policies and procedures.

2.41   There is no centralised team dedicated to communicating key messages to ANAO team members, the decentralised model in operation requires additional effort to coordinate among those responsible for delivering key messages. For example, CMB would coordinate the communication of corporate-related messages to the broader office, whereas information specific to a Group, branch or audit team would be coordinated by officials within the relevant team.

2.42   A 'Communications Team' exists, however, the role of the team is to manage publication processes, advise on appropriate publication standards and communication channels. This team is also currently responsible for managing the delivery of the updated ANAO website (refer to paragraph 2.24) and is currently coordinating an exercise to improve the ANAO's Intranet. It has been recognised by the ANAO that there are challenges regarding the governance of the Intranet, including the management of documentation and Group administered portals, hence the work being undertaken. Improvements have already been noted by officials and were acknowledged during focus group sessions.

State of the Service survey

2.43   Section 44 of the *Public Service Act 1999* provides that the Public Service Commissioner must provide a report each year to the Minister for presentation to the Parliament, which includes a report on the 'state' of the APS during the year. The State of the Service report draws on a range of information sources including a survey sent to all APS agencies employing 20 or more staff under the *Public Service Act 1999* and the results of the APS employee survey, administered by the APSC. The State of the Service report provides data and information on changing workforce trends and workforce capability including communication practices. It also details the activities and human resource management practices of APS agencies. Executive level and APS staff participated in the survey.

Positive observation - internal communication practices

2.44   **Greater collaboration across ANAO Executive:** Focus groups reported that communication and collaboration across the Executive has improved in recent years. Review of the activities performed and discussions with Executive officials interviewed supported this. Initiatives to harmonise and promote greater sharing of information across the office, in the context of both audit work and corporate operations are contributing to a reduction in the silos that have existed within the ANAO historically.

Audit observations: Communication practices that could be improved

Finding 1 –Stakeholder analysis and the development of a fit for purpose communications strategy and plan

Documented strategy and supporting communications plan

2.45   The ANAO has recently completed an internal exercise to identify the many activities and methods currently used by the ANAO to communicate with its key stakeholder groups, both external and internal (see figures 2 and 4). There is further work required to build on this exercise through determining and defining the various sets of stakeholders - internal and external, whether the current methods are meeting their needs and expectations and developing a strategy and plan to meet their preferences. Current channels and methods for communication have not been tested to determine the level of effectiveness of delivery of information and whether current communications are likely to meet the future needs of stakeholders.

2.46   The ANAO is yet to develop an organisational communication strategy that defines the office's communication objectives and supports the achievement of the KFAs as set out within the ANAO's *2015-19 Corporate Plan*. Stakeholder priorities, needs and expectations, agreed with the various sets of stakeholders are yet to be defined for both internal and external stakeholders. As a result, tactics via a communications plan to meet current stakeholder needs and expectations and achieve a desired outcome have not been established. Targets are yet to be determined to enable measurement and evaluation of performance in relation to communication effectiveness with the respective stakeholder relationships.

2.47   In the absence of a communication strategy and plan, it is acknowledged that current activities are reliant upon existing processes and individual relationships. A *Parliamentary Communication Strategy* (refer to paragraph 2.27) and other guidance has been developed via the AASG PAAM and PASG PAM to indicate how and when clients should be engaged during their respective audit and also communications through attendance at audit committees. Outside of these groups, there is limited documentation to support communication processes with broader stakeholder groups. Acknowledging the relatively small size of the ANAO and the co-location of all team members in one office a communication strategy and plan needs to be fit for purpose.

Use of social media to promote activities of the ANAO

2.48   The ANAO is yet to formally consider its position in regard to the use of social media to support the work of the office, despite the ANAO being relatively advanced in its use of Twitter, the provision of subscription services and communication through the website (currently under development). Feedback from stakeholders, both internal (i.e. focus group sessions) and external (i.e. the Survey of Parliamentarians) indicated that there was limited awareness of the ANAO's social media presence via use of Twitter. There is opportunity for the ANAO to enhance its profile via social media channels, for example through the use of LinkedIn to demonstrate the impact of the services provided and also to broaden the sharing of insights to interested stakeholders.

2.49   LinkedIn is recognised as a content sharing platform, much similar to Twitter therefore relevant content to ANAO's brand is able to be shared across a broad stakeholder network efficiently and cost effectively. A LinkedIn profile has been established for the ANAO by LinkedIn administrators, not by the ANAO. An entity's profile may be established outside the control of the relevant entity in the event that an employee lists the entity as their employer. The ANAO does not actively manage its Linkedin profile and there have been no postings within the profile despite the ANAO having approximately 2,500 followers as at 8 September 2015, indicating that there is some interest by stakeholders.

2.50   An analysis of like-entities indicated that the uptake and use of LinkedIn is still relatively immature. The Audit Office of NSW is the most active, using LinkedIn to announce publication releases and recruitment campaigns. No other offices are using LinkedIn despite having profiles established, similar to the ANAO. Abroad, The National Audit Office UK is well-advanced in comparison to its counterparts. LinkedIn is used regularly to announce publication releases; however, it is not used for recruitment at present. The UK National Audit Office has approximately 2,900 followers.

Improvements to internal communication processes

2.51   Members of the Executive Group were interviewed and team members were consulted via focus group sessions to seek feedback of the effectiveness of internal communications. Outcomes of these discussions highlighted some inconsistencies in the way the effectiveness of internal communications is perceived across the broader team. Members of the Executive Group who were interviewed indicated that communication across the ANAO is effective, with various channels available and being utilised to transmit messages to relevant teams and the office more holistically. Where possible and required, information would be communicated to relevant stakeholders in a timely manner. Opportunities during briefings and meetings and an informal 'open door' policy exist for officials to raise any concerns that may be apparent.

2.52   Through the focus group sessions conducted, ANAO team members highlighted that communication from the Executive could be simplified in that there are multiple channels which could be consolidated. Some of the challenges highlighted by team members are included in Table 2 below:

Table 2 – Feedback from focus group sessions regarding internal communication processes – APS 4 to Executive Level 2 officers

Challenge	Commentary
Diverse preferences in relation to communication methods	• There are diverse preferences in regards to the way team members like to receive information through the various internal communication methods (i.e. email, Intranet, briefings, visual display units, newsletters) • The purpose of each communication channel used to provide information was not clear to all team members. Participants highlighted that it was not easy to differentiate what required attention or the priority of communications. On occasion, key information may be missed depending on the communication channel relied upon (i.e. if key information is published on the Intranet and email is relied upon, the message may not reach its intended destination).
Current state of the Intranet	• The Intranet is not relied upon as the primary means of communication. There is still reliance on other channels such as email to communicate key messages. While this may be appropriate it is not part of a structured approach • There is some uncertainty among team members over which channel of communication should be the primary source (i.e. do they need to be checking the Intranet for information or simply rely on emails or other means) and the purpose of the various channels (i.e. where to go to seek specific information related to topic 'X') • It was reported that daily news bulletins or office related information posted on the Intranet are not generally read • The Intranet is used to locate information regarding the roles of officials including methodologies, policies and procedural guidance. Some team members reported that previous challenges encountered with the Intranet regarding governance and documentation management (e.g. locating current policy and templates), meant that the Intranet is not the preferred communication method and other channels would be relied upon to obtain information – work is already underway to address this issue.

Challenge	Commentary
Inconsistency of messaging	• There is reliance on the Executive Group and middle management to communicate messages through the various levels of officials within the ANAO • There was feedback provided by several focus group participants across the various Groups that messaging which should cascade down from the Executive is not always consistent or performed in parallel/similar timeframes.
Reliance upon formal correspondence	• There is continued reliance on email correspondence by select officials rather than alternate methods such as face-to-face or telephone to seek, provide and share information despite the existence of the informal 'open door' policy.
Perception of failure when putting forward suggestions	• There is a view that feedback from team members communicated to the Executive Group is not always acted upon. There is generally limited transparency regarding decision making relating to suggestions put forward • There are opportunities to put forward suggestions and provide feedback in the various forums and communication channels that exist. Team members reported that they were not always comfortable raising questions in communications forums.
Sharing of information during the course of audits (performance and financial)	• Discussions highlighted that challenges still exist under the current structure regarding communication of information during the course of an audit. Team members reported that they sometimes discovered information relevant to the audit through informal channels, increasing the risk that relevant information is not always communicated across teams effectively. It is acknowledged that principle of client confidentiality needs to be considered and maintained.

2.53   The challenges highlighted in the table above support the need for further analysis to be undertaken to better meet internal stakeholder communication preferences and needs.

2.54   The ANAO participated in the State of the Service Survey for 2014[13] with results indicating that internal communication processes at that point in time were viewed as not entirely effective to all respondents. While the results were not heavily relied upon to form a view for the purpose of this performance audit given they are from 2014, responses in relation to communication were considered when meeting and

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[13] The survey for 2015 was not completed during the time of this performance audit.

discussing current internal communication processes with focus groups and members of the Executive Group.

Strengthening arrangements with client stakeholders during the course of an audit

2.55   As per paragraph 1.8, a sample of clients was selected from the office's portfolio of financial statement audit clients and from recently completed performance audits. Overall feedback indicated that the ANAO was mostly meeting client expectations in relation to communication practices on both the financial statement audits and performance audits as set out within an individual Audit Strategy or client service document at a high level. Areas for improvement were noted, however, this was not consistent across all survey results and interviews conducted, highlighting the need to adapt communication practices to the circumstance. In particular, improved clarification and agreement of communication practices where appropriate during the course of an audit to enhance working relationships at the operational level.

Sharing of greater insights and emerging themes

2.56   Through its audit coverage, the ANAO identifies various opportunities for entities to improve their operations. These opportunities are shared through audit committee attendance, AUDITFocus, annual reporting publications, evidence to Parliamentary Committees and on an ad hoc basis through speeches and presentations. The PASG program of work is shared with audit committees to provide some visibility of performance audits in progress or completed that, depending upon the topic, may be of interest to the audit committee.

2.57   Feedback was sought on the effectiveness of current practices through external stakeholder interviews. During interviews, while the feedback was generally positive on ANAO Executive contributions during audit committees, there was inconsistent feedback regarding the provision of insights and emerging themes that the ANAO is identifying across its portfolio of audits that may be relevant to the particular client. This is largely dependent on individual executives rather than through consistent communication channels and it was advised that AUDITFocus and annual reports are not frequently referred to for insights and emerging themes.

Recommendation 1

The ANAO should build on the initial work undertaken to identify the activities and methods currently used by the ANAO to communicate with its key stakeholder groups through:

   a)   developing a communications strategy and plan to meet stakeholder preferences, with consideration of social media presence and including measures to monitor and evaluate the ANAO's communications;
   b)   identifying opportunities for communicating insights and emerging themes across all engagements; and
   c)   periodically evaluating performance of the ANAO's communications.

ANAO response

Agreed. The ANAO plans to finalise a communications strategy and plan as a priority that will include measures to periodically evaluate the effectiveness of the ANAO's communications with internal and external stakeholders. The ANAO will also identify opportunities to disseminate common issues and themes arising from our financial statement and performance audits for the benefit of our stakeholders.

Finding 2 – Publication of performance audit reports

2.58   Once approval from the ANAO Executive is obtained for a performance audit report, the Auditor-General then performs a final review. The final report must be approved and signed by the Auditor-General prior to being tabled in Parliament. A final draft is provided in hard copy to relevant stakeholders[14] before the scheduled tabling date for review. This ensures that Ministers and other relevant stakeholders are aware of the content of the final report prior to its tabling. Under current Parliamentary requirements, the ANAO must print approximately 200 hard copies of each report that is tabled in the Parliament. Once tabled, audit reports attract Parliamentary privilege and the audit report is then progressed for final publishing in hard copy. The audit report is also made available to all stakeholders on the ANAO's website and additional hard copies may be requested by stakeholders.

2.59   It was noted in this performance audit that there are several requests for hard copy reports even though they are available electronically. For example, from 1 January 2015 through 5 May 2015, there were 219 requests for hard copy reports across a sample of 43 performance and financial statement audits[15]. The ANAO has been actively monitoring the reduction in demand for hard copy reports and is adjusting the volume of print runs accordingly. A significant inventory of printed publications remains and the ANAO incurs costs to store these publications.

Recommendation 2

Aligned to the communication strategy, the ANAO should review the need for hard copy reports other than those required for tabling purposes and increase efforts to meet the needs of stakeholders through electronic communication of reports. A key driver of this will be to improve the usability of the ANAO website, and enhance search functionality across the website and within published documents.

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[14]   In this instance, the Prime Minister; the responsible Minister(s); the Parliamentary Secretary, where they have direct responsibility for the matters subject to audit; the Secretary of the Department of the Prime Minister and Cabinet; the responsible Accountable Authority of the entity(s) subject to audit; and any other person who the Auditor-General considers has a special interest in the report.

[15]   Information provided by the ANAO, June 2015.

ANAO response

Agreed. The ANAO has now adopted a digital first policy. The delivery of audit reports that are digitally accessible across a variety of electronic platforms has been identified in the ANAO Corporate Plan 2015–19 as an area of immediate focus. The number of hard copy reports printed will be reduced to meet the minimum number required to satisfy Parliamentary tabling requirements. The number of discretionary hard copy audit reports printed will be substantially reduced and requests from external parties for hard copy publications will be requested to access publications from the ANAO's website.

> **Finding 3 – Meeting the needs of changing and diverse stakeholders provides an opportunity to review and refresh the reporting processes of performance audits**

Performance audit reports

2.60   Performance audit reports[16] are primarily designed to provide the Parliament, entities directly engaged in the audit and other users of the report with an appropriate level of context of the topic of an audit, audit findings and recommendations for implementation. Performance audit reports are typically detailed and comprehensive documents. Reports are generally structured with the following defined sections:

- Summary and recommendations – includes introduction to the audit, audit objective and criteria, an overall conclusion, key findings, summary of the client(s) response(s) and recommendations;
- Audit findings – includes background and context of the topic of the audit, key findings and other observations made by the ANAO during the course of the audit, and conclusions against each of the focus areas; and
- Appendices, tables and figures – includes any other relevant information and evidence in support of context, the findings and other observations made by the ANAO.

2.61   A review of the current reporting processes identified the following opportunities to continue to meet the evolving expectations of users and contemporary practices:

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[16] Also referred to as section 19 reports as required by section 19 of the *Auditor-General Act 1997*.

Table 3: Opportunities to improve current performance audit reporting processes

Observation	Commentary
Increase clarity of message and deliver more concise reports	• As per the PAM[17], PASG aims for 75 per cent of performance audit reports to be 100 pages of less • The length of each report will vary depending upon the topic audited and the audit conclusions reached • On average, PASG aims for the report summary (summary and recommendations section of the report) to be 12 pages in length. Review of those reports contained identified that the report summary varied between 12 and 17 pages in length[18] • A comparison[19] of a sample of performance audit reports from 2014-15 identified that the length of ANAO reports was significantly longer than its counterparts – an average of 104 pages for the ANAO compared to approximately 50 pages or below for other Auditor-General reports. • There is heavy reliance on text to convey information. While noting there has been improvement over time to increase the use of graphics within reports, there is still opportunity to use less text and apply more contemporary methods to improve the clarity of messages • There are several instances of duplication of text throughout audit reports, for example, the duplication of paragraphs in the overall conclusion and in the main body of the report under 'Audit Findings' • Further comparison of like-entity audit report summaries identified that shorter and sharper summaries (between one (1) and four (4) pages) are included within the report which are significantly more concise than the format currently employed by the ANAO.

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[17] Refer section B.4.20.

[18] Refer to Appendix 2 – Table A.

[19] Appendix 2 – Table B.

Observation	Commentary
Clarity of audit findings and 'other' observations	• Techniques used to convey audit findings have been intentionally focussed on key findings and recommendations therefore resulting in lengthy explanation of the relevant findings within the audit reports – this may result in key messages being lost or other opportunities for improvement being missed by the reader • Performance audit clients reported a structured approach was in place to identify, implement and monitor progress towards formal recommendations, however, this was less formalised in relation to 'other' observations. Clients reported that they valued the ANAO's suggestions and that often they were implemented immediately or there was a plan to do so. This approach to 'other' observations is not followed consistently across all clients and there is a risk that some valuable observations may not be addressed by clients, potentially reducing the positive impact of a performance audit.

2.62   Feedback from the 2015 Survey of Parliamentarians also align with the above observations made during the course of this performance audit, with key feedback indicating the following improvements for consideration to performance audit reporting processes:

• greater clarity of findings and issues presented throughout the audit report;
• greater use of visual features to present context and evidence supporting findings;
• use of simpler and plain language; and
• increased focus on presenting more succinct audit summaries.

Provision of performance audit summaries

2.63   An important element of finalising a performance audit engagement is the preparation of an audit report summary for the ANAO's Annual Report and the JCPAA. Audit summaries are also prepared for Senate Estimates where required. The audit summary should be prepared using the agreed template and submitted to the ANAO Executive with the final report for approval. The audit summary is intended to be a clear and succinct document that provides a refined background of the audit, the objective, conclusion, key findings and recommendations and a summary of the client's response.

2.64   The website also provides an opportunity for interested parties to receive notifications through a subscription service to email alerts from the ANAO regarding audit reports, better practice guides, AUDITFocus and Opinions releases and upcoming client seminars. There are approximately 1,000 subscribers to ANAO notifications with different information needs and from varying backgrounds.

2.65   The audit summary is not used elsewhere to communicate the outcomes of performance audits. A variation of an audit summary is available on the ANAO's website, however this is simply an exact replication of the 'summary and recommendation' section that is included within the relevant performance audit report

2.66   Those who subscribe to ANAO notifications via email are advised of the tabling of performance audits. The email received does not provide a summary of the audit being tabled, rather the high level objective. Recipients are directed to go to the website to obtain information relating to the particular audit of interest instead of having this information accessible at hand.

<div style="background:black;color:white;padding:8px">

Recommendation 3

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The ANAO reviews the current performance audit reporting processes with a view to:

  a) provide greater clarity on suggested improvements outside of formal recommendations, making better use of data visualisation techniques, and preparing more succinct performance audit reports; and
  b) utilising the audit summary document currently provided to Parliamentarians to communicate audit results more directly to its broader stakeholders.

ANAO response

Agreed. The delivery of audit reports that are presented clearly, succinctly and directly to engage a broad range of stakeholders has been identified in the ANAO Corporate Plan 2015–19 as an area of immediate focus. The ANAO's revised approach to the presentation of its performance audit reports and other reviews involves producing reports that reflect the nature of the engagement and the complexity of the topic or issues involved. The use of visual techniques in will be increased and chapter summaries will be included in all performance audit reports. The ANAO will also identify ways in which to give greater visibility to suggested improvements made in reports and to make greater use of existing audit report summaries.

Appendices

Appendix 1: Overview of the ANAO's purpose and communications

1.   The purpose of the ANAO is 'to improve public sector performance and accountability through independent reporting on Australian Government administration to Parliament, the Executive and the public'[20]. The ANAO aims to provide the Parliament, its primary stakeholder, with an independent assessment of selected areas of public administration, and assurance about public sector financial reporting, administration, and accountability. Under the Act, the ANAO delivers a range of audit services that include:

- annual financial statements audits of Australian Government entities;
- assurance reviews of Australian Government entities;
- performance audits of Australian Government programs and entities;
- audits of performance measures of Australian Government programs and entities; and
- sharing information and expertise, including the publication of better practice guides.

2.   How the ANAO intends to deliver its purpose is set out within its strategic statement, which establishes the ANAO's strategic direction. The strategic statement is underpinned by the following four 'Key Focus Areas' (KFAs) which provide the basis for which the ANAO manage and report on performance:

- **KFA1 – Independent and responsive:** Being independent and responsive in its relationship with the Parliament and parliamentary committees and when assisting public sector entities to improve their performance;
- **KFA2 – Value-adding audit services:** Providing value-adding audit services;
- **KFA3 – Capability to deliver world class services:** Maintaining a cooperative and productive working environment which supports the ANAO's capability to deliver world class services; and
- **KFA4 – Confidence in delivery of our services:** Ensuring there is confidence in the delivery of its services, which represent value for money.

3.   Each KFA relates in some capacity to communication and stakeholder engagement as part of the services delivered. It is integral that the ANAO maintains effective communications with all its key stakeholders, both external and internal to

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[20] ANAO's *2015-19 Corporate Plan*.

meet their needs and expectations and to consolidate its effectiveness as an organisation.

4.   The ANAO also views the Executive Government and public sector entities as important clients. Through the work it undertakes, the ANAO aims to provide an objective assessment of areas where improvements can be made in public administration and service delivery in a constructive and consultative manner. This includes the establishment of cooperative working arrangements, with key governance responsibilities in entities, including Audit Committees, while maintaining a level of independence.

5.   The ANAO seeks to share insights and lessons through its audit activities for the benefit of the public sector. This is performed through the publication of better practice guides and AUDITFocus newsletters.

6.   The ANAO has implemented a consultative approach to the development of the Audit Work Program, which takes account of the priorities of the Parliament, as advised by the JCPAA, the considers the views of entities and other stakeholders. The final Audit Work Program is determined by the Auditor-General.

7.   The ANAO plays an important professional role by contributing, both nationally and internationally, to the development of auditing standards, professional practices and the exchange of experiences through participation in various peer and professional organisations.

8.   ANAO's functions are delivered through the Assurance Audit Services Group (AASG) who focuses on the delivery of financial statement audits and the Performance Audit Services Group (PASG) who are responsible for the delivery of performance audits. The two audit groups are supported by the Professional Services Branch (PSB) who provide technical assistance to the audit groups and the Corporate Management Branch (CMB) who provide advice and services relating to corporate matters to all areas of the ANAO.

Appendix 2: Analysis of Performance Audit Reports

Table A: Length (in pages) of the Summary and Recommendation within a sample of ANAO performance audit reports

Title	Reference no. and Year	Audited entity	Length (in pages) of summary and recommendations
Recruitment and Retention of Specialist Skills for Navy	17 – 2014/15	Department of Defence	16
Delivery of the Petrol Sniffing Strategy in Remote Indigenous Communities	35 – 2014/15	Department of the Prime Minister and Cabinet	14
Administration of the Australian Childhood Immunisation Register	46 – 2014/15	Department of Human Services	17
Limited Tender Procurement	48 – 2014/15	Australian Customs and Border Protection Service, Department of Foreign Affairs and Trade, Department of Human Services	12
Administration of the Imported Food Inspection Scheme	49 – 2014/15	Department of Agriculture	13

Table B: A comparison of performance audit reports across a sample of auditing entities conducted in the period 2014-15[21]

Entity	Available audits	No. sampled	No. of pages[22]	No. of words[23]	Words per page[24]
ANAO	50	49	104	30,349	292
Audit Office of NSW	11	11	25	10,513	419
Victorian Auditor-General's Office	34	25	51	16,432	318
National Audit Office UK	66	23	34	11,389	341

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[21] Where there were exceptions identified such as significantly long performance audit reports, these were excluded from the sample, for example, ANAO Performance Audit Report 14 from 2014-15. It is to be taken into the account the size of scope of the relevant audits performed.

[22] Total number of pages excludes pages up until the introductory section and also the appendices of each audit report reviewed as part of this exercise. This figure is an average figure derived from dividing the total No. of pages by No. sampled.

[23] Total number of words excludes pages up until the introductory section and also the appendices of each audit report reviewed as part of this exercise. This figure is an average figure derived from dividing the total No. of words by No. sampled.

[24] Results are derived from dividing No. of words by No. of pages and rounded to the nearest decimal place.

Appendix 3: Key ANAO documents and external references

The following key documentation has been reviewed as part of this audit:

Key ANAO related documents[25]

- 2014 State of the Service survey results, 2014.
- 2014 State of the Service Survey Minute (AASG Results), August 2014.
- 2014 State of the Service Survey Dashboard Report (AASG Results), 2014.
- Orima Research, Australasian Council of Auditors-General: Benchmarking – Parliamentary & Audit Client Surveys, August 2013.
- Orima Research, ANAO AASG Client Survey Summary 2014, November 2014.
- AASG Townhall Presentation Slide Pack, December 2014.
- AASG Transparency Report to EBOM, 2014.
- ANAO Audit Activity template for audit committees, 2015.
- ANAO Annual Report 2013-14.
- ANAO Strategic Statement 2014.
- ANAO 2015-19 Corporate Plan.
- PASG Audit Strategy template, 2015.
- AASG Audit Strategy template, 2015.
- AASG Audit Engagement Letter template, 2015.
- 2015 Survey of Parliamentarians Final Report, May 2015.
- External Relations Report to EBOM, May 2015.
- Parliamentary Communications Strategy, November 2014.
- Orima Research, ANAO PASG Client Survey Summary 2014, September 2014.
- Orima Research, ANAO PASG Client Survey Summary Fact Sheet 2014, November 2014.
- Google Analytics – Audience Overview, May 2014 – May 2015.
- Google Analytics – Channels, May 2014 – May 2015.
- Google Analytics – Pages, May 2014 – May 2015.
- Opinions, Summer 2015.
- Opinions, Autumn 2015.
- Opinions, Winter 2015.
- AUDITFocus, September 2013.
- AUDITFocus, October 2014.
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[25] All key ANAO related documents were sourced during the fieldwork phase of this performance audit. (June to September 2015).

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