

# **Australian National Audit Office**

## **Chief Financial Officer Forum**

22 June 2018

# What's happening in the ANAO

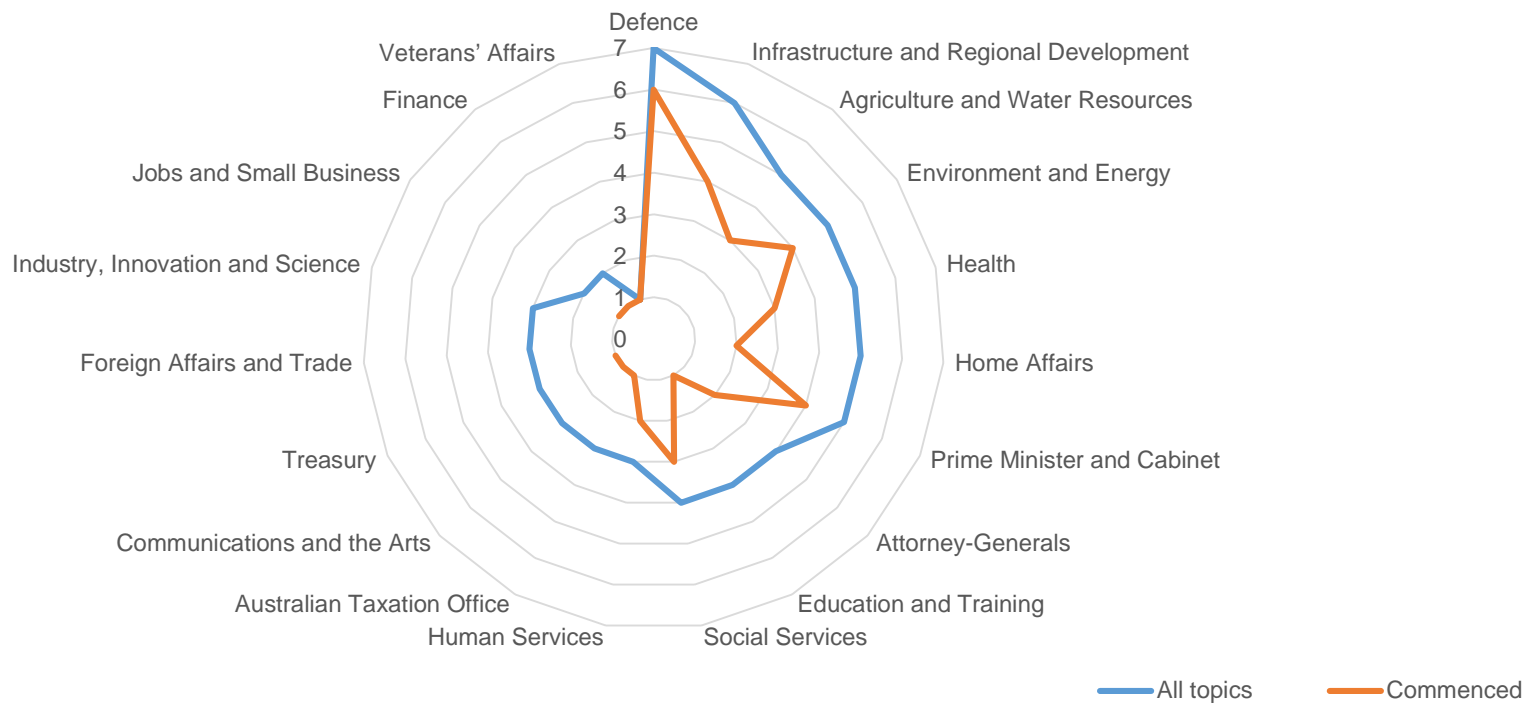
- SADA established
- New IT contract
- Leasing and refurbishment
- New approach to Audit Insights
- Settling 2018-19 AAWP and Corporate Plan
- Audit Committee Chairs Forum

Rona Mellor  
Deputy Auditor- General

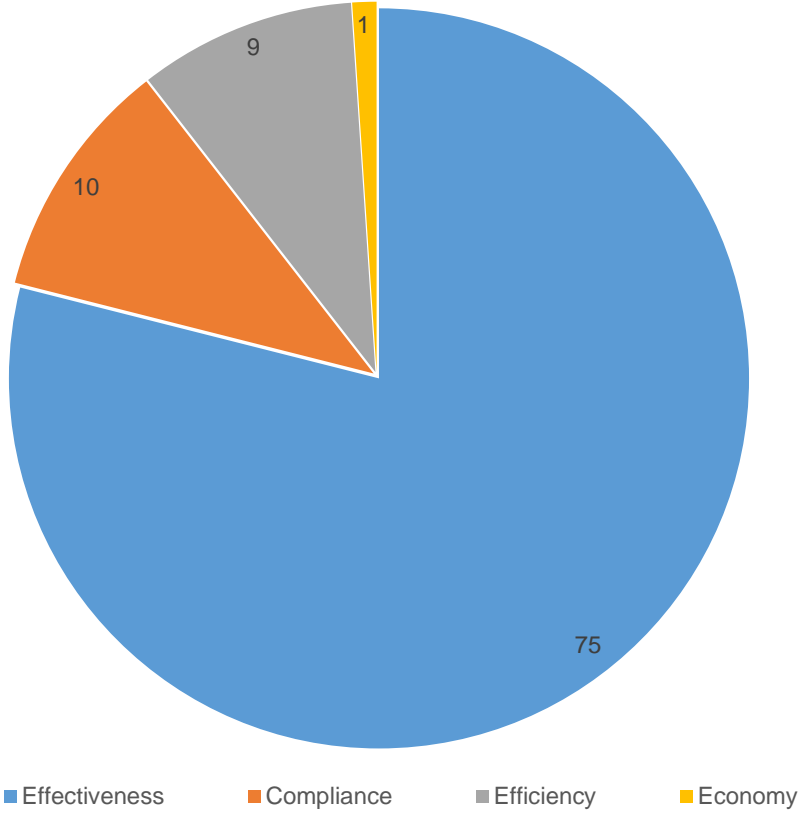
# ANAO 2017-18 Program

Rona Mellor  
Deputy Auditor- General

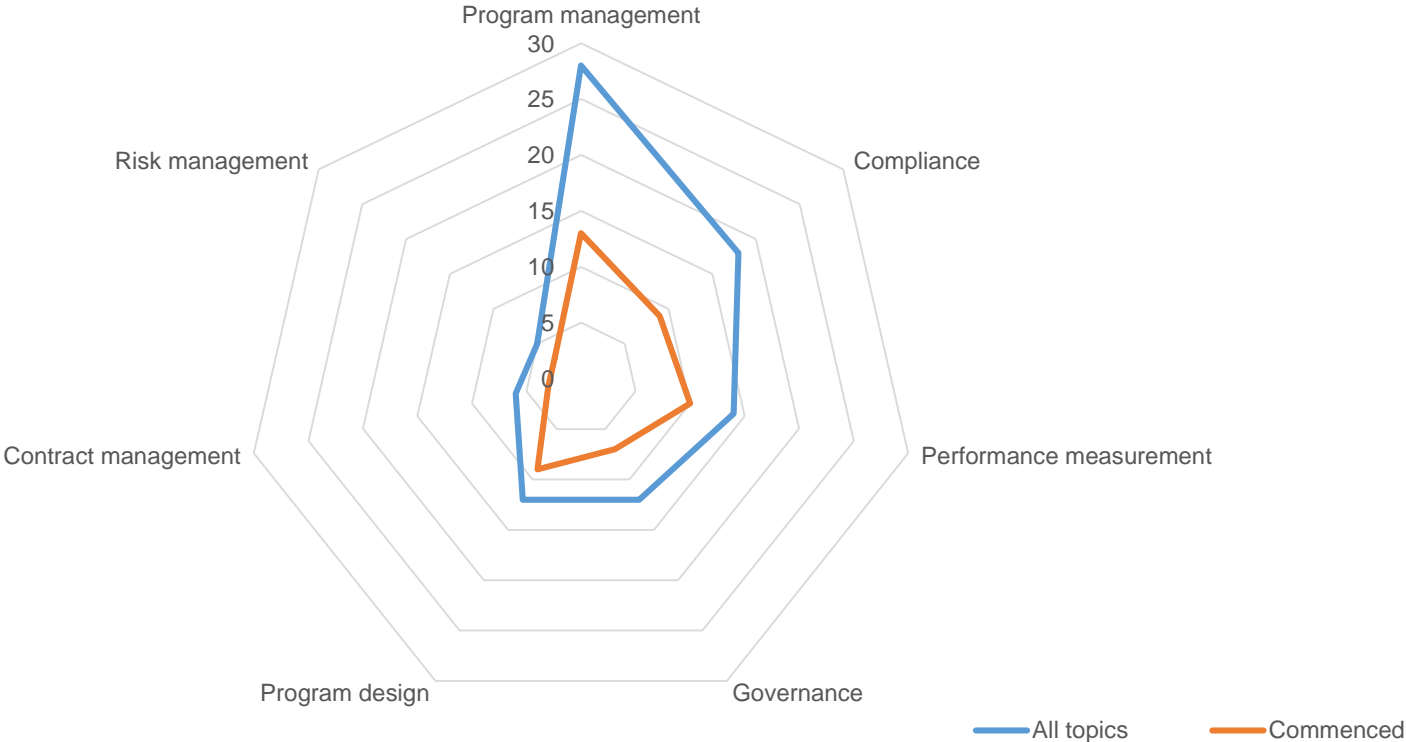
# Portfolio coverage



# Objective



# Themes



# Issues from audits

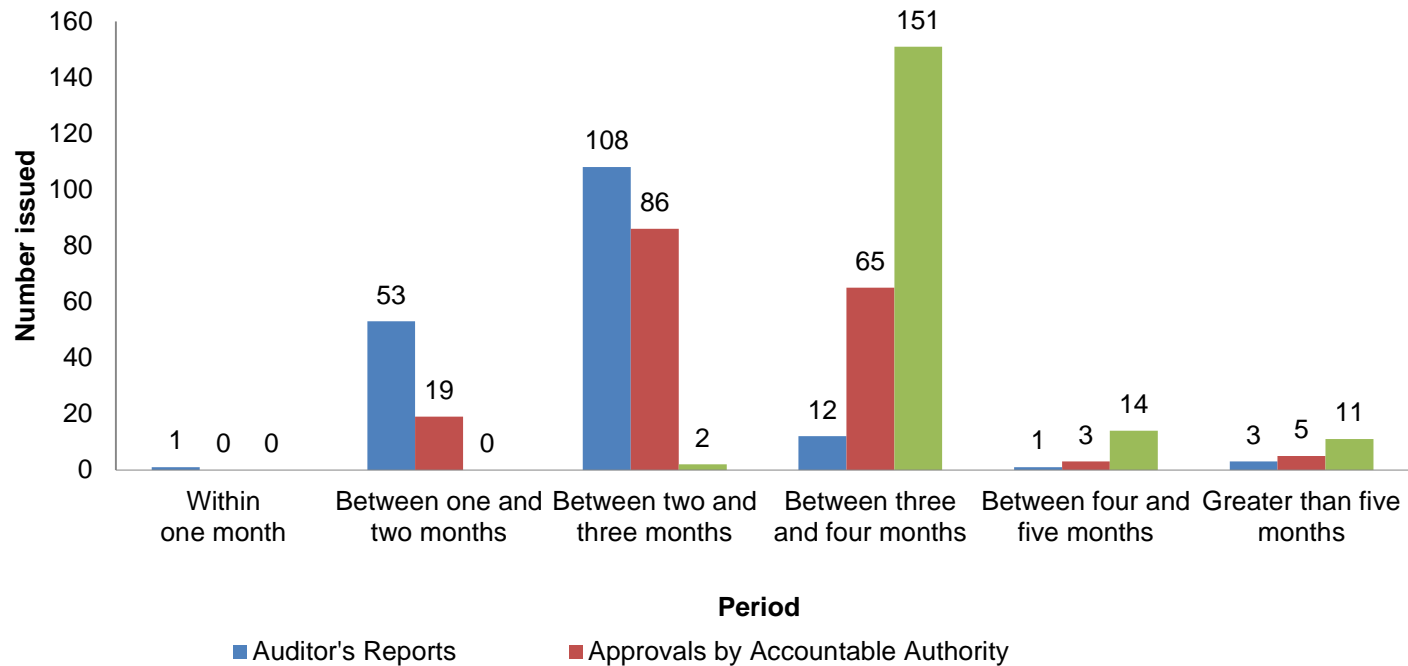
- Getting the basics right - compliance with mandatory requirements - does it need improved controls?
- Is there a strong enough focus on value for money?
- What can be done to increase the use of evidence in developing and assessing programs based?

# Supporting the Parliament

- 10 appearances before JCPAA
- 20 briefings to other committees and individual parliamentarians
- Written briefings to all estimates committees on relevant audit work
- Around 200 individual mentions of ANAO reports in Parliament



# Timeframes for issued auditors' reports and tabled annual reports

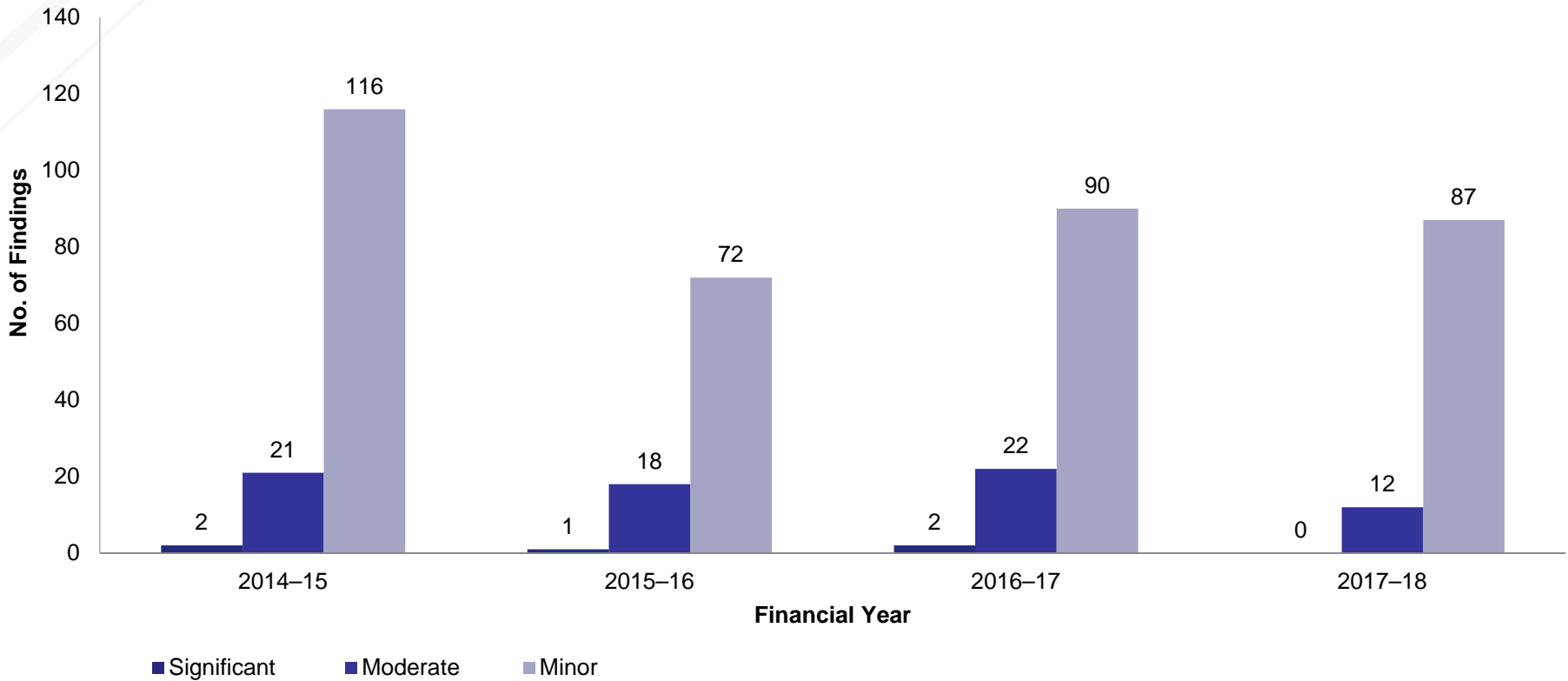


Source: ANAO analysis

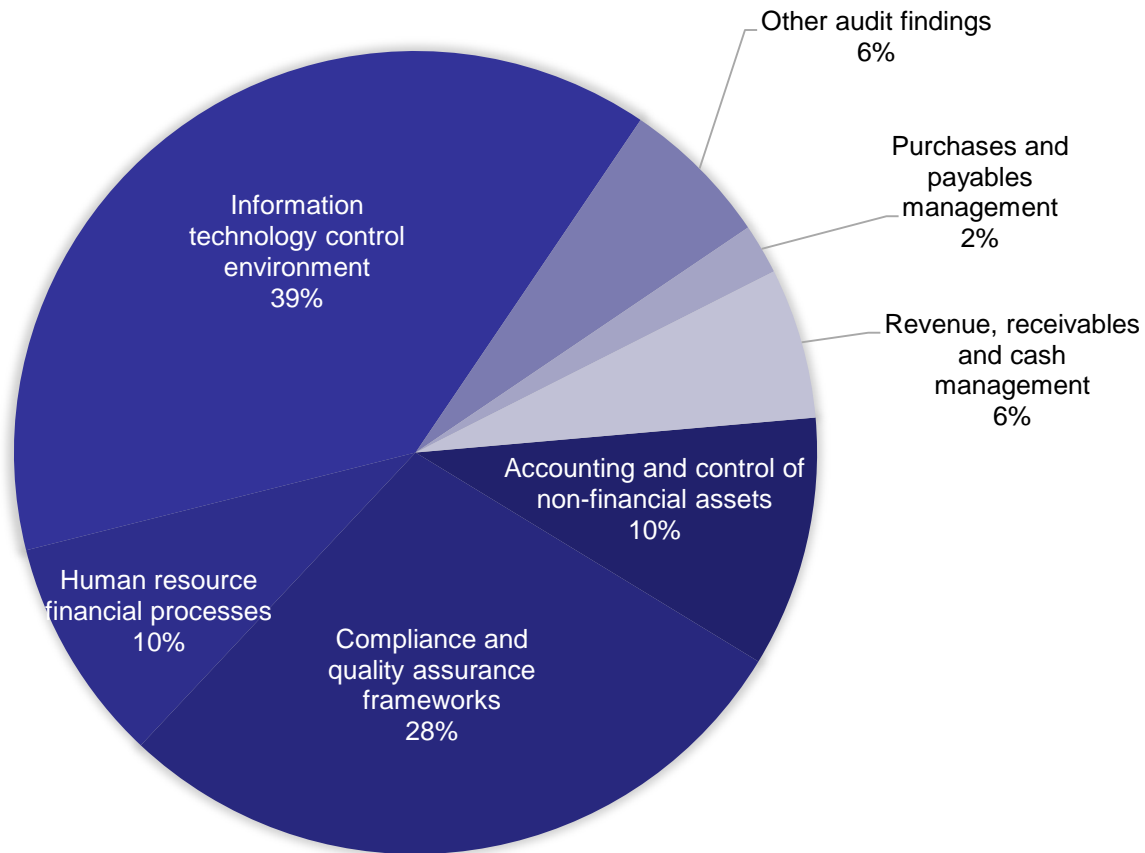
# **Interim report on key financial controls of major entities (2017–18 financial year)**

Clea Lewis  
Executive Director  
Assurance Audit Services Group

# Aggregate audit findings for last four years

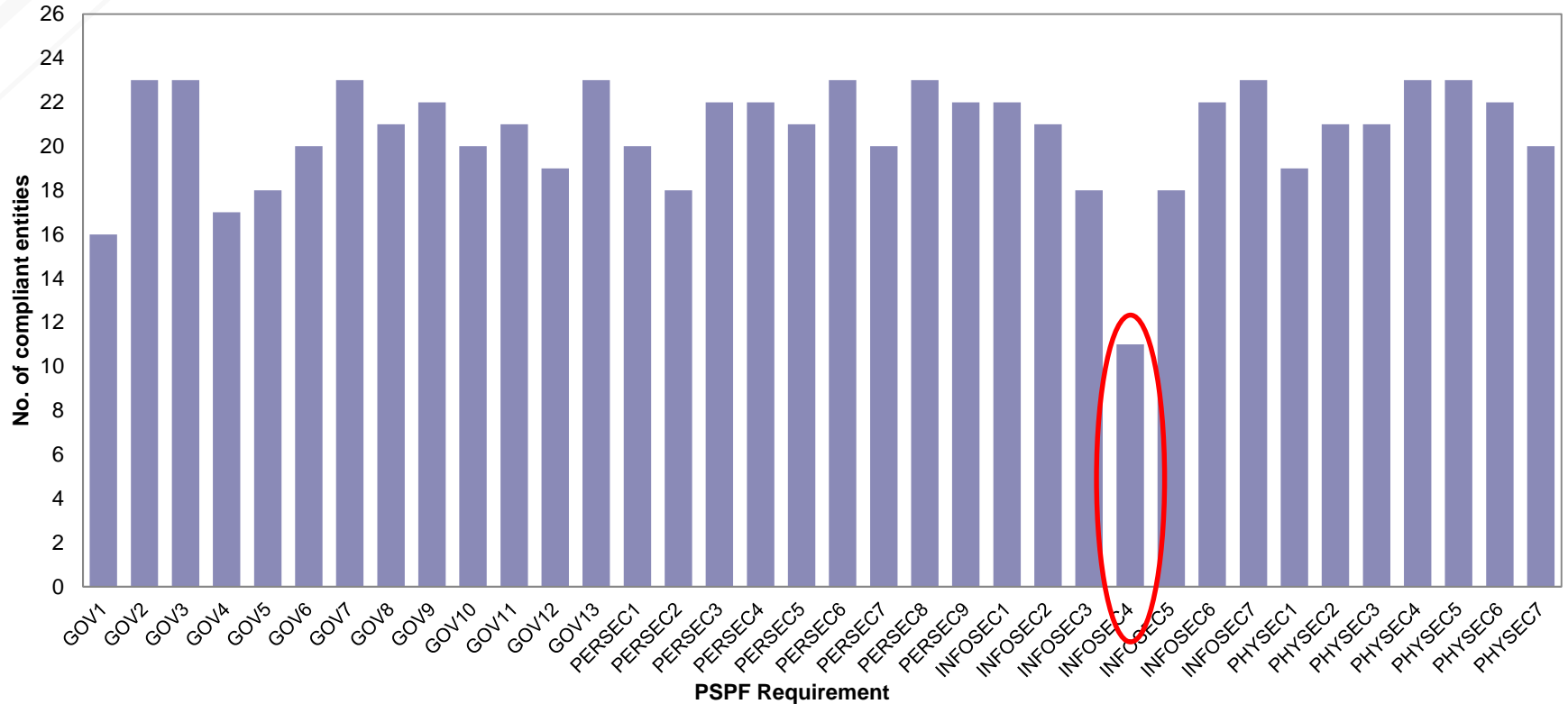


# 2017–18 interim audit findings – by category

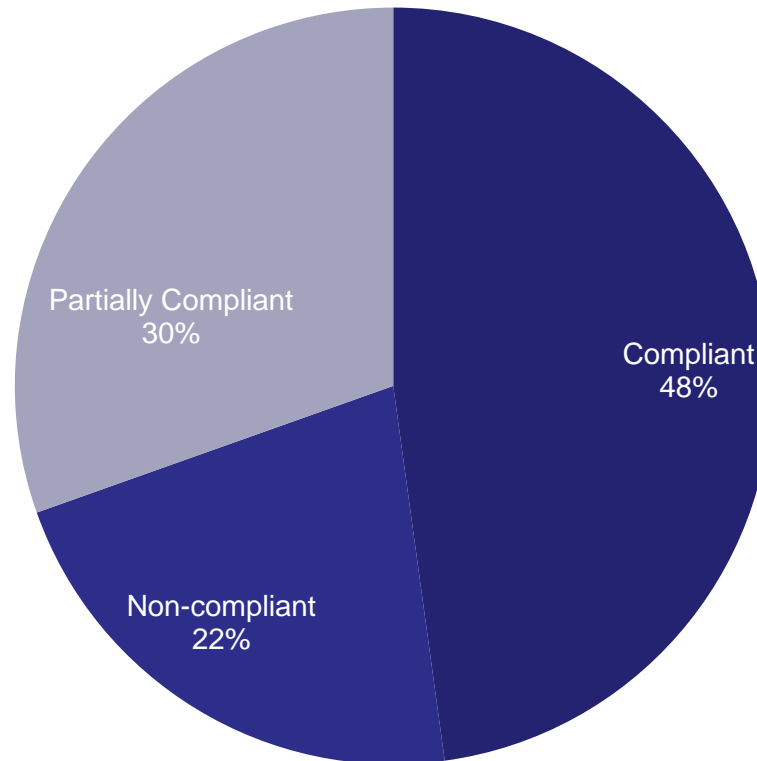


Source: ANAO compilation of interim findings.

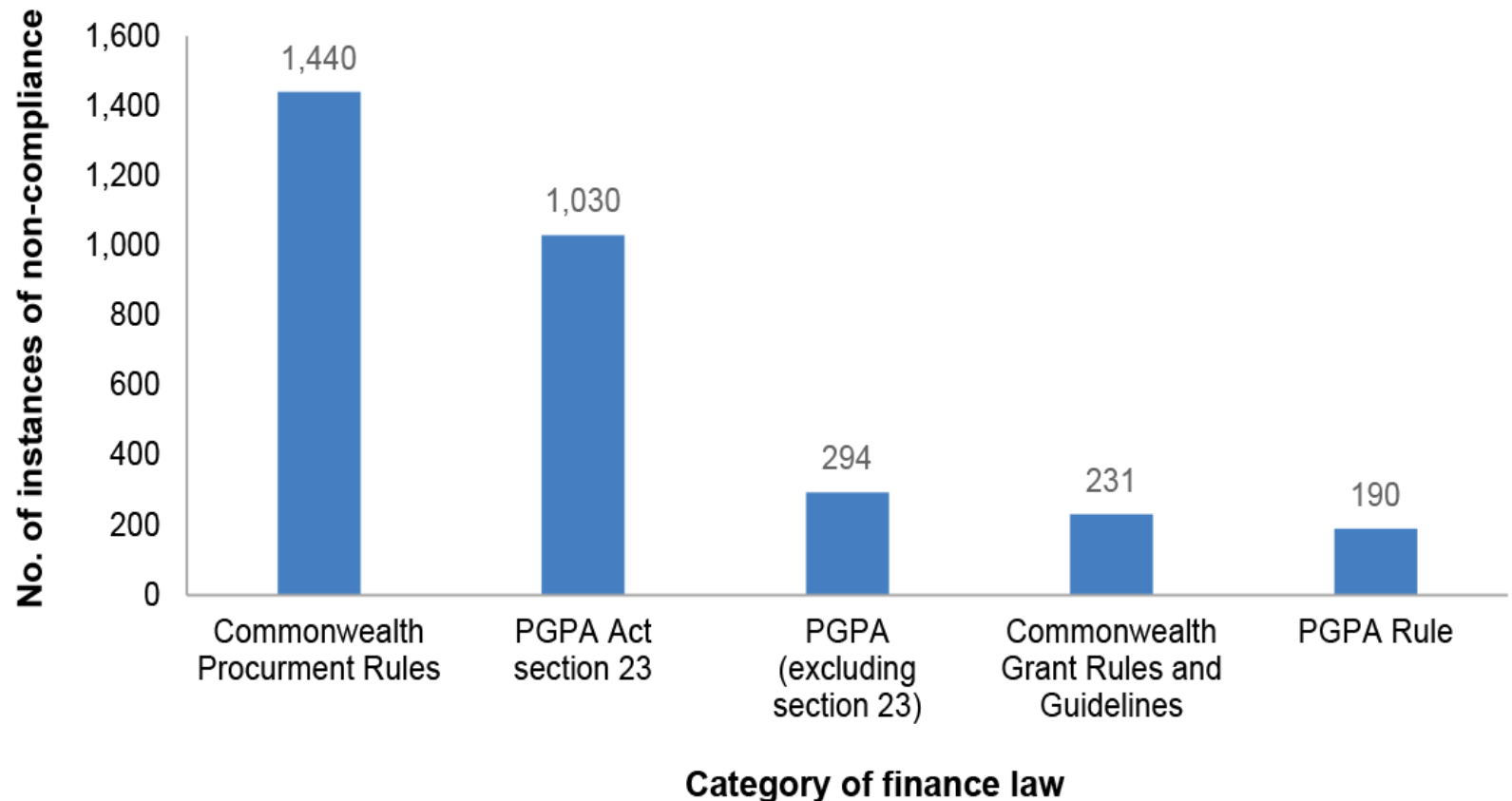
# PSPF compliance comparison by mandatory requirement



# Entity compliance with INFOSEC 4



# Non-compliance identified during 2016–17 by entities



Source: ANAO analysis of non-compliance identified by entities.

# Gifts and Benefits

- there is merit in developing a whole of government gifts and benefits policy;
- a gifts and benefits policy that incorporates regular review and monitoring increases accountability;
- transparency would be enhanced through the publication of entity gifts and benefits registers on the internet; and
- an entity maintained central register may assist in meeting accountability and transparency obligations.



# Audits of the Financial Statements for the period ended 30 June 2018

- Information that will be collected for the Year End Report:
  - Number and value of audit adjustments
  - Adherence to financial reporting timetable

# Break

# Outcomes from recent performance framework audits – Corporate Plans, Performance Statements

Tom Ioannou  
Group Executive Director  
Performance Audit Services Group

# Audit series

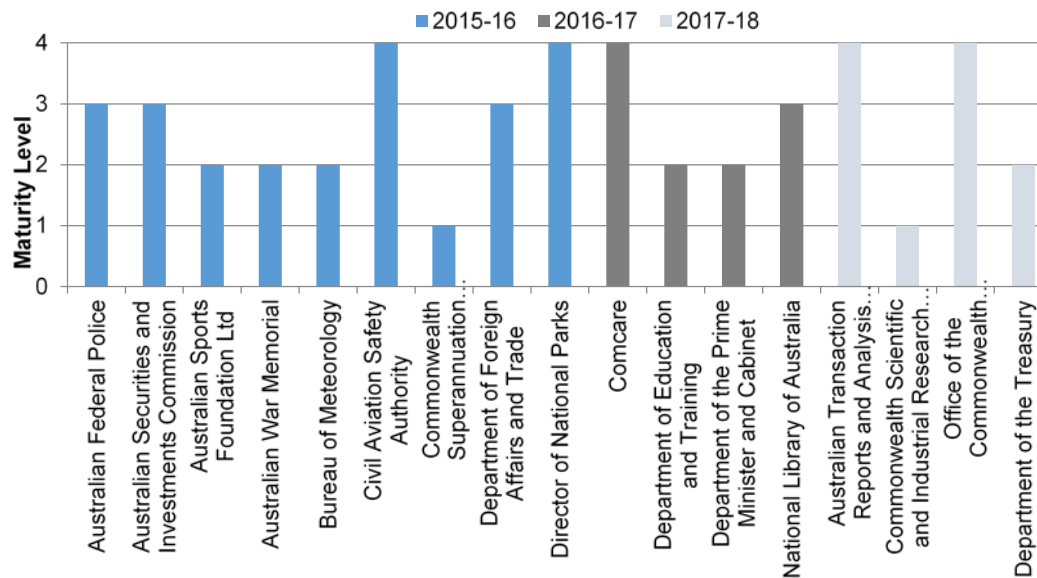
- Three audits of corporate planning
- Two audits of entities' preparation of annual performance statements
- 23 entities audited to date (not including Finance)

# Corporate Plans audit

- No.36 of 2017-18, *Corporate Planning in the Australian Public Sector 2017-18*
- Tabled 23 April 2018
- Four entities
- Four recommendations plus key learnings

# Corporate plan as primary planning document 17 entities

Figure: 1 Assessment of whether corporate plans were positioned as the entity's primary planning document (planning cycles 2015–16, 2016–17 and 2017–18)



# Performance Statements audit

- Report No.33 of 2017–18, *Implementation of the Annual Performance Statements Requirements 2016–17*
- Tabled 28 March 2018
- Four entities
- Four recommendations plus key learnings

# Current Performance Statements audit

- Third in the series
- Implementation of the Annual Performance Statements Requirements 2017-18
- Currently underway: due to table November 2018
- Four entities: AGD, DET, DFAT, PM&C



# Joint Committee of Public Accounts and Audit

- JCPAA Report 469: *Commonwealth Performance Framework*
- Released December 2017
- Recommendation 5: that ANAO consider conducting an audit of one complete Commonwealth performance reporting cycle, including whether a clear read of performance information has effectively been established, with consistent terminology and improved line of sight across performance reporting documentation
- Consideration in context of annual ANAO work program

# Performance audits: Key learnings and audit insights 2017-18

Lisa Rauter  
Group Executive Director  
Performance Audit Services Group

# Risk Management

- Should be active throughout the program or project lifecycle – updated as milestones are met or circumstances change and mitigation strategies adapted
- Project level risk management should be linked to organisational risk management framework
- High or changing risks should be reported to the Executive

# Performance Measurement

- Critical to inform further investment decisions or adaptations
- Accountability to Parliament and taxpayers
- Continuous improvement
- Evidence-based decision making

# Record Keeping

- Long standing issue
- Necessary to inform future decision making and learning
- Electronic systems improving outcomes, but more improvement still needed – especially when agencies merge

# Evidence-based Policy and Programs

- Use of data can inform policy and performance
- We have access to large data sets – we need to use them
- Documenting the evidence is important for accountability and transparency
- Strong, broad evidence and engagement across policy and service delivery should lead to more effective impactful programs and activities.
- Without evidence of success or failure we cannot inform necessary adaptations or further investment/expansion

# Australian Government Procurement Contract Reporting

- In 2016–17, over \$47 billion was committed through government contracts
- 83% contracts were amended with changes to contract value within 12 months
- 30% of contracts more than doubled in value in their first 12 months
- 2.5 times more short-term contracts commencing in June
- high number of contracts between \$79 000 and \$80 000
- just under 30% of procurement was put out to open market.
- 80% of the contract values awarded go to the top 20% of suppliers on panel

# Knowing your market

- Leads to better value for money
- Leads to better scoping and contract negotiations
- Leads to better lifecycle scope control
- More informed buyer



# Focus of ANAO data strategies

Jocelyn Ashford  
Senior Executive Director  
Systems Assurance and Data Analytics

# Data Analytics Strategy

In response to:

- changes in the use of technology; and
- ability to leverage technology.



The objective is to increase our capability to:

- deliver efficiencies in our audit and assurance activities;
- maximise the opportunities of using data in a growing digital Government.

No change in our audit approach – Risk & assurance.

# Our focus

- Three key activities relating to people, technology and audit process:
  - Capability – Data Literacy and Data Analytics
  - Data and Analytic Tools
  - A Data Analytics Pilot – Procurement
- Success
  - Sustainable methods for risk assessment & efficient audit testing
  - Ability to assess changes in entities and respond quickly



# Questions?

# Forum close