

Lunchtime Seminar, Canberra

**The ANAO – Adding Value to
Public Sector Management**

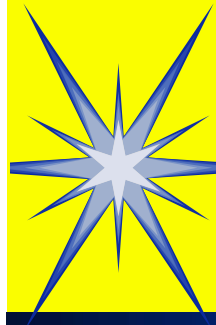
17 August 1995

Pat Barrett
Auditor-General for Australia





The ANAO - Adding Value to Public Sector Management



Adding Value to Public Sector Management

- Introduction
- Our Statutory Responsibilities
- ANAO Strategic Directions
- Contributing to the Accountability Framework
- Some ANAO Management Initiatives
- Concluding Remarks



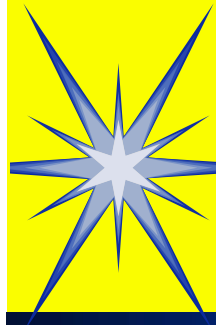
“Think differently or you’ll be unwanted.”



Anthony Podesta
Australian Accountant
July 1994, Page 12



The ANAO has a mandate to undertake and report the results of financial statement and performance audits. The ANAO seeks to ‘add value’ - but does not conduct management consultancies.



ANAO Strategic Directions

The ANAO draws a distinction between core and non-core business in deciding how to deliver its auditing services:

- Non-core Financial Statement audits are project managed
- Performance audits are core business



“... it is important to be able to adapt to change by anticipating the accounting, management and commercial skills that will be required for the conduct of audits, whilst still maintaining a parliamentary, public sector perspective.”

Mr J Wayne Cameron, Acting Auditor-General of New Zealand

‘Public Service Reform: The Auditor’s Perspective’

International Journal of Government Auditing, January 1995



The ANAO recognises that Government Business Enterprises in particular represent a particular challenge for financial statement audits. The privatisation process increases the risk to the owners, directors and auditors alike.



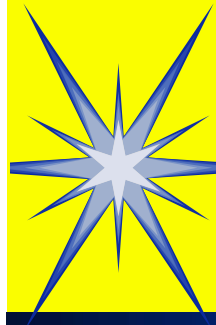
Many member countries perceive a possible tension between greater accountability through performance auditing and improving the performance of the public sector. For example performance may be compromised through additional controls imposed because of problems identified by auditors, through audit reports encouraging risk averse rather than performance oriented management and generally by relationships between auditors and auditees which become too adversarial.

Background Statement to Symposium on Performance
Auditing and Performance Improvement in Government

Paris 6-7 June 1995 Page 2



The ANAO undertakes a vigorous strategic planning process and risk assessment for the purposes of identifying areas which will be subject to performance audit. This process involves extensive consultation with key stakeholders.



Audit Strategy Documents

- are a useful independent perspective of the risks associated with programs and agency operations
- provide a focus of mutual interest and discussion with audit committees



Audits of financial controls and administration will identify best practice in common areas of administration across agencies.



“Participation and Responsiveness: Our experience shows that it is important for the auditor to participate in the reform process and to be responsive at the ‘creation’ stage rather than to merely comment after the event.”

Mr J Wayne Cameron, Acting Auditor-General of New Zealand

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The ANAO is uniquely placed to make a significant contribution in the Commonwealth arena to the development, introduction and presentation of whole of Government reporting.



It is important for the ANAO to contribute to the ongoing development of accounting standards and the broader financial and auditing framework.



“Another subtle lesson from the interaction with Parliament is that the Auditor-General’s Report must be a careful balance of encouragement and critical review. It is possible for the Auditor-General to slow the pace of change, or to change the tide, by being overly critical of what is being done.”

Mr J Wayne Cameron, Acting Auditor-General of New Zealand
‘Public Service Reform: The Auditor’s Perspective’
International Journal of Government Auditing, January 1995



The (New Public Management) implies the following audit roles:

- providing assurance about the integrity of performance measurement information systems (including the adequacy of internal evaluation, adequacy of information to monitor performance, possibly extending to the attestation of published performance information)
- reviewing the approach to risk management. Has the tradeoff between compliance and performance been established at an appropriate level.

David Shand

Paper Presented to European Evaluation Society Conference

The Hague, 1 December 1994 Pages 4 and 5



“Unquestionably, what frightens auditors as they move from certification into value for money assessments, and within the latter from economy through efficiency to effectiveness, is the difficulty in satisfying normal professional standards of evidence and the increasing risk associated with the greater use of judgment as opposed to supportable facts.”

Auditing the Three Es: 'The challenge of Effectiveness'

John Glynn, Andrew Gray & Bill Jenkins

Public Policy and Administration Volume 7 No. 3 Winter 1992, Page 67



Legislation to Replace the Audit Act:

The division between FMA agencies and CAC bodies broadly equates to a notional split between what are often termed ‘core’ government activities, and non-core activities which require a degree of independence from the Executive.



The ANAO is re-equipping its people with current, state of the art hardware and integrated audit software products; information technology will be integrated into all phases of the audit process.



I would like to see more fundamental research and thought given to two issues - first the methodology appropriate to the audit of non-financial information, such as statements of service performance, and second the nature of the “performance” for which government is accountable.

Performance Audits A Retrospective and Examination of Future Role
Professor Ian Ball Formerly Central Financial Controller
New Zealand Treasury

The 20th Biennial Conference of Australasian Area Auditors-General
Conference Proceedings 26-31 March 1995 Sheraton Hotel Hobart



‘Creating superb world class quality products just gives you the pass to the players’ entry to the stadium, not to get into the game or score points.’



Tom Peters
Melbourne, 22 July 1994