

Corporate Management Network
Meeting, Rydges Lakeside, Canberra

The work of the ANAO

7 February 1996

Pat Barrett
Auditor-General for Australia



Your auditor - excellence in public sector auditing (The Public Sector is different)

- Our business is public sector auditing.
- Auditor by mandate of Commonwealth owned and controlled companies, statutory authorities and agencies. Aim to be auditor by choice.
- Core/non-core work (definition and transition).
- FSA audits 450; Performance audits 35 (understanding how Government and the Public Sector works).

1. Office of change and for change - an integrated approach (see overhead)

- No secret that the ANAO has experienced internal and external aggravation in recent years which history will largely judge. Simply put, there are bridges to build.
- Need for openness.
- Need for confidence and trust.
- Need to be proactive more than reactive.
- Need to know where we are going.
- Currently spelling out strategic directions.

2. Problems of a small office

- recruitment (flexibility)
- systems (management)
- critical mass (for credibility)
- corporate imperatives (contributing to our environment, developing strategies for audit and resource management)
 - halved in staff numbers over last 3 years - 350 staff.

3. Budget \$51M

DRAFT

- outsourcing 30% of running costs.
4. Reviews: Regional Offices - Sydney, Melbourne, Canberra. (FAS audit - 3 centres, Performance - Canberra only). Market testing - information technology.
 5. Focus of Corporate Plan (copies provided)
 - Cultural change (adding value to public administration - working with MAB/MIAC)
 - Flexibility to adjust to a changing environment (different audit requirements)
 - Focus on staff
 - Focus on quality and professionalism
 - Focus on stakeholders (particularly the Parliament)
 - Alignment of vision, objectives, strategies and operations to secure meaningful empowerment of people at all levels.
 6. Values/Code of Ethics or Conduct - to be developed within MAB/MIAC framework (see overheads).
 7. Core Business (policy of no surprises)
 - providing assurance to agencies/entities, Executive and Parliament
 - continuum: resources (taxes) à admin. effectiveness à policy effectiveness (FSA, Performance Audit and Evaluation/Reviews)
 - integration of all business units, including corporate and information
 - understanding our own business
 - FSA - risk management theme as part of 1994-95 FSAs
 - FSA (automated software development)
 - performance audit (working closely with stakeholders, understanding their business, audits in HRM area - DSS resourcing model, studybank, inoperative staff, across program focus - more generic nature, complementing evaluation (and other reviews)
 - Financial Control and Administration Audits (generic approach focusing on best practice). Leveraging off FSA audits

DRAFT

- working with Audit Committees, internal audit units (Audit Strategy Documents)
- corporate governance, internal controls, performance information (Finance review)
- peer reviews (conferences with other Audit Offices, national/international and performance assessments such as the recent NSW performance audit review)
- comparison with private sector - review by Coopers & Lybrand
- training for public service (client service).

8. Product Development

- Adopting a more strategic and advisory approach to Audit Strategy Documents (ASDs)
- FCA audits (nature (generic), best practice, Parliamentary concern, follow-up)
- whole of Government reporting (liaison with Finance, model accounts)
- accrual reporting (guidelines in February) model accounts
- benchmarking performance of FSA reports (Where do you sit? How do you line up?)
- corporate governance is a special topic for 1996
- emphasis on quality (meeting Australian Quality Council accreditation standards).
- developing accounting/auditing standards (emphasis on public sector)
- development focused client (Parliament and Entities) seminars and workshops

9. Non-Core Business

- working with contractors (nature of contracts, guidance, project management, interchanges, staff development)

DRAFT

- liaison with the Big 6 - partnerships, peer reviews, comparisons of performance.

10. Working with the Parliament

- New Acts (1 July 1997 - transition arrangements)
- Audit Committee/JCPA in similar role pro tem
- Other Parliamentary Committees, Senate Estimates/Legislation, Finance & Public Administration, HoR Banking, Finance & Public Administration, Functional Committees
 - staff liaison and interchanges
 - education (awareness - both ways)
- JCPA proposals for new Parliament - more public hearings like UK system (QTR review of selected audit reports and implementation by Agencies (as opposed to desk reviews) liaison with other Committees (referral & agreement).

11. Staff Development

- formal program (incorporating periodic reviews)
- emphasis on leadership/management (e.g. both at SES and audit manager level)
- making better use of technology (adding value to Agencies business and the accountability framework)
- more interchanges (within/outside Public Service)
- problems of small organisations in developing, attracting, retaining, etc. staff
- involvement of staff in decision making, EBOM, Corporate Plan, Reviews, Strategic Directions.

12. Personal vision for Office (see overheads), including:

DRAFT

- strategy to anticipate and efficiently meet the accountability requirements of the Parliament and other stakeholders (reassurance about reporting on and efficient and effective use of resources) (need to work closely with other public sector audit offices in Australia and overseas);
- strategy to ensure complementary with private sector audit approach and provision (including standards issues) but recognising the peculiarities of the public sector (need to keep in close operational contact with Big 6 Accounting firms);
- strategy to adjust staff and audit product to changing environment in a proactive manner (in other words, keeping ahead of the game). We must be relevant and credible;
- strategy to attract, develop and exchange staff in all business units; and
- strategy to maintain and promote ownership of our Corporate Plan.