

# **PUBLIC SECTOR ACCOUNTABILITY**

***CPA Australia***

***International Public Sector Convention,***

***Melbourne***

***11 March 2011***

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## 1. Introductory remarks

Public sector accountability is an evergreen topic which receives a profile in public debate from time to time due to the convergence of circumstances – commonly problems highlighted in the administration of government programs or agencies, followed by a desire to avoid a repeat occurrence and improve performance and transparency going forward.

Currently, there are signs at the federal level of government in Australia that the accountability of government is receiving renewed attention by both the Government and the Parliament.

Public sector accountability reflects the sum of many parts – elements of convention, legislative and policy requirements, and expectations – which combine to require those charged with the responsibility for delivering government programs to account for the program's performance and the utilisation of public resources. That said, defining the term with any precision is difficult and operationalising it is even more challenging. This is because governments have a unique role in serving the public interest and this introduces complexity in decision-making, in performance measurement and, as a consequence, in holding governments to account. As a result, its application to particular circumstances remains 'complex and contested'.<sup>1</sup>

Despite this, we should not lose sight of the forest for the trees. Under our constitutional arrangements at the federal level of government in Australia, governments are accountable to the Parliament; and to the people at least every 3 years. A government's ability to shape policies for the times, and deliver on its promises, are key in many voters' minds at the time of each election. Thus policies and their delivery are important to citizens and governments. And if they are important to citizens and government, then the public sector should be paying attention, and assisting good government. This is becoming increasingly important as better educated and informed citizens demand accountability for government decision making, and more accessible, user-friendly public services.<sup>2</sup>

In this presentation, I will touch on some of the more significant developments which have influenced the evolution of public sector accountability in recent years, and where emphasis could beneficially be placed in the next few years. I will also mention some of the more recent developments which suggest to me a renewed accent on accountability today.

My underlying theme is that as policies change to meet changing national priorities, and public sector management continues to evolve in the light of these changes, views of accountability must necessarily evolve within the framework established by

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<sup>1</sup> Mulgan, Richard 2005. *Accountability in a Contemporary Public Sector*. ACT CPA Australia Congress 2005. Annual Research Lecture on Government Accounting. Canberra. 16 November, p.19

<sup>2</sup> OECD 2009. *Government at a Glance 2009*. OECD publishing, p.113

our constitutional arrangements. The boundaries may expand and traditional practices may need renewal but like a ratchet, the expected standards of accountability only increase in a healthy democracy.

For the Australian Government public sector, there are some new initiatives being taken to improve public administration and there is more to be done to improve the implementation of new policy measures and get a stronger focus on the performance of government programs, particularly on their impact. The returns can be significant in providing greater transparency in government operations, and in allowing better targeting of programs by government and improving administrative efficiency. This is in the interests of good government.

## **2. Public sector accountability**

In the context of public sector reforms over the past 30 years, much has been said and written about the importance of increased accountability as the quid pro quo for the greater flexibility given the public sector agencies under various reform initiatives.

The concept of accountability has been extended over time from a historical focus on accounting for receipts and expenditure, in accordance with legislative authority to comprehend notions of performance with a focus on results or outcomes. Paul G Thomas has defined the four components of an accountability relationship as follows:

- The assignment or negotiation by a person or body in a position of authority of delegated responsibilities to others, ideally based upon mutually agreed upon performance expectations and standards.
- Those persons or bodies who are assigned responsibility are obliged to answer for their performance and are potentially subject to penalties for non-performance and rewards for successful performance.
- For accountability to be fairly enforced requires that the responsible persons or bodies be given the authority, resources, support and reasonable control over events to achieve the desired outcomes.
- The authoritative party in the accountability relationship must have the will and the capacity to obtain information and to monitor performance.<sup>3</sup>

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<sup>3</sup> Thomas, Paul G. 2004. *Control, Trust, Performance and Accountability: The Changing Meaning of Four Key Administrative Values*. Paper prepared for presentation to the Professional Planning Exchange – Symposium 2004, Ottawa, Canada. Page 20.

In a public sector context, this definition covers the role of ministers in relation to departments and other portfolio agencies, and envisages the establishment of performance standards, and reporting back against those standards by portfolio agencies.

For the Australian Government public sector, considerable work has been done over the years to improve the organisational arrangements and clarify the accountabilities at this level, including:

- the establishment of the major portfolio structures in 1987; and
- the folding in of a range of government bodies into departments following the review by John Uhrig in 2003,<sup>4</sup> and the related requirement for Ministers to issue statements of expectations to statutory authorities and the reciprocal requirement on the part of authorities to respond with statements of intent.

Other reform measures involved structural changes to enhance the provision of information to stakeholders, principally the Parliament. Here we have seen developments with respect to output and outcome budgeting, accrual accounting, then accrual budgeting. The accounting changes, in particular, lead to more comprehensive presentation of financial information regarding the costs of programs and the financial position of government (and are ongoing); and the other reporting changes were intended to get a clearer read between budget and outcome reporting.

While there will always be room for further refinement of these measures at a structural level, these would not seem to be the most pressing priority. There are other areas of public administration, in my view, that would benefit from a renewed focus.

As a benchmark, it is instructive to reflect on a special study commissioned in the United Kingdom on improving management in government.<sup>5</sup> The study described the following constraints:

- Because of a strong emphasis on policy development, focus on the delivery of government services was insufficient.
- There was a shortage of management skills and experience among senior civil servants in service delivery functions.
- Short-term political priorities squeezed out long-term planning.

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<sup>4</sup> Uhrig, John 2003. *Review of the Corporate Governance of Statutory Authorities and Office Holders*. Commonwealth of Australia, Canberra.

<sup>5</sup> Jenkins, Kate, Caines, Karen and Jackson, Andrew. *Improving Management in Government: The Next Steps*. Report to the Prime Minister, London. HMSO. 1988

- There was too much emphasis on spending money and not enough on getting results.
- The civil service was too large and diverse to manage as a single organization.
- Central rules took away the flexibility managers needed to manage for results.
- An overly cautious civil service culture resulted in too much review and worked against personal responsibility.<sup>6</sup>

It is noteworthy that this report was issued in the United Kingdom in 1988, more than 20 years ago, yet it highlights some of the issues we face in the Australian Public Service today. Two of those at the top of our list could be summarised as the implementation of effective governance arrangements to deliver on new programs consistent with government expectations, and giving encouragement to performance measurement to better inform decisions, and report, on program efficiency and results.

### 3. Beyond governance frameworks

In the main, organisational arrangements to provide the basis for effective governance in the Australian Government public sector are in place at the framework level: 'executive' advisory boards, or statutory boards are in place; audit committees are required; strategic planning is undertaken at the organisational level; risk management is generally incorporated into agency policies; and a variety of reporting and scorekeeping systems are in place.

There is also a level of maturity in governance arrangements for longer running programs, as you would expect. Recent audit reports and a range of other reviews highlight that the soft areas in agency management are particularly concerned with the implementation of new policy measures as these generally represent higher risk areas than 'business as usual' activities. Audits undertaken by the ANAO highlight that contributing factors include:

- An absence of: close monitoring of risk mitigation measures; quality assurance relating to service provision; and sufficient mechanisms to monitor that the Commonwealth is getting value for money from the resources devoted to the program;
- Agencies do not always appreciate their organisation's strengths and weaknesses in implementing programs, and compensate for weaknesses in key areas;

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<sup>6</sup> See United States General Accounting Office 1995. *Managing for Results – Experiences Abroad Suggest Insights for Federal Management Reform* Report to Congressional Requesters. Report on approaches taken in implementing management reforms in Australia, Canada, New Zealand and the United Kingdom. Pages 13, 14.

- It is not sufficient for senior executives to delegate responsibility for key measures and presume they will be managed effectively – senior executives must take a wide view of their responsibilities and actively manage programs;
- For the implementation of new policy measures, performance reporting does not always get to the heart of whether implementation is on track and/or budget, and highlight outstanding issues requiring attention so executive management can focus on any additional management action that is required;
- Performance reporting focussed on program efficiency and effectiveness can be fairly thin or non-existent.

In referring to the implementation of new policy measures as a higher risk area of public administration, it is important to recognise that we should not be surprised with this given the nature of government and its role in society.

What is important to recognise is that delivery of a government's policy agenda relies not only on sound policy advice, where the Australian Public Service has traditionally performed well, but effective implementation of new programs, where performance has been mixed.

While the APS has more to do when it comes to the effective implementation of new policy measures, we are seeing delivery approaches adopted which are designed to reduce the risks of poor implementation. We are seeing this at the inter-governmental level where the new model for Commonwealth-state/territory financial relations in Australia is based on the principle that the States and Territories have the on-the-ground experience in how best to deliver services in their jurisdictions. With this in mind, the Government has indicated that a framework has been put in place to provide the States with the flexibility to innovate and tailor solutions in a way that best fits the needs of their populations.<sup>7</sup>

We have seen a general, but not universal, move by the Commonwealth to focus on the achievement of outcomes and outputs with less prescription on how this is to be achieved.

Within the Australian Government family of agencies, there is also a growing expectation that agencies will assess the benefits of other agencies or non-government organisations delivering all or parts of a new program where such bodies have proven methods and on-the-ground experience to deliver the required services cost-effectively.

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<sup>7</sup> Swan, The Hon Wayne, MP, Treasurer of Australia. Essay presented as a keynote address at the Australian and New Zealand School of Government Annual Conference on 11 September 2008.

There are two key aspects of these developing arrangements which bear on the accountability of the principal or lead Australian Government agency:

- there should be a clear understanding of the responsibilities of the various parties, with the principal (Australian Government) agency carrying the responsibility for assessing the risks to successful performance by its partner agencies or industry. This recognises that, if one of the partners fails to deliver, the risk will almost certainly be carried by the Australian Government in some way, shape or form; and
- the principal agency should maintain a clear focus on arrangements in place to assess the value-for-money being achieved from the Australian Government funds and opportunities to enhance performance. This has been an issue receiving attention in the Australian Parliament in more recent times, most apparent in relation to the Building the Education Revolution program (BER).

In this context, it is noteworthy that 'strict new oversight and accountability measures to ensure value for money is delivered'<sup>8</sup> in the task of rebuilding flooded regions in Queensland are being instituted in the light of the BER experience, amongst others. These measures include a Reconstruction Inspectorate that has a role in scrutinising rebuilding contracts, inspecting projects to ensure they are meeting progress milestones, scrutinising requests for reimbursement by local government for completed projects, and examining high value or complex projects prior to execution.<sup>9</sup> The Prime Minister has indicated she was determined to secure value from every dollar spent.

This is a new development in public administration with the Australian Government very demonstrably acting to give itself visibility over matters which historically would have been seen to be in the provinces of the states and territories. The Government has built on its own experience here and also responded to signals from the Parliament about 'more open and accountable Government'.<sup>10</sup> Such measures also put the states and territories on notice, if this was required, as to the importance to the Commonwealth of value for money being achieved for the substantial expenditure involved. Of course, this also sends a strong signal to Australian Government agencies on areas they should be focussing on.

The attention of the Parliament in the extent to which the Commonwealth is taking greater responsibility for delivering value for money from joint ventures with the States and Territories under the Council of Australian Governments' umbrella is also evident. In a very significant report on its Inquiry into the *Auditor-General Act 1997*, the Joint Committee of Public Accounts and Audit has recommended:

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<sup>8</sup> Prime Minister's announcement: *Australian Government Reconstruction Inspectorate*. Canberra. 7 February 2011, p.1.

<sup>9</sup> *Ibid.*, p.2

<sup>10</sup> *Agreement for a Better Parliament – Parliamentary Reform*, September, 2010. p.9

*'That all funding agreements between the Commonwealth and other levels of Government include standard clauses providing the Auditor-General with access to all information and records, and a capacity to inspect work on all projects, relating to the use of Commonwealth funds under those agreements.'*<sup>11</sup>

and

*'That the Act be amended as necessary so that the Auditor-General may conduct a performance audit to directly assess the performance of bodies that receive Commonwealth funding in circumstances where there is a corresponding or reciprocal responsibility to deliver specified outcomes in accordance with agreed arrangements if a Minister or the Joint Committee of Public Accounts and Audit requests the audit.'*

*The Auditor-General may ask a Minister or the Joint Committee of Public Accounts and Audit to make such a request.'*<sup>12</sup>

These recommendations recognise that the world has moved on in the way the Commonwealth and states/territories interact, and are expected to interact in the future,<sup>13</sup> but also underline the Commonwealth Parliament needs to be appropriately informed about the delivery of services by the States funded by the Commonwealth. Government in Australia is powerful and has command of a very substantial level of resources relative to those of the Parliament and, through measures such as those proposed by the JCPAA, the Parliament will be better informed of the performance of programs funded by appropriations the Parliament has authorised.

In a recent development, Mr Robert Oakeshott, the Member for Lyne and Chair of the JCPAA introduced the Auditor-General Amendment Bill 2011 into Parliament on 28 February 2011 to give effect to the JCPAA's recommendations.

In a further development relating to improving public administration, the Government has announced its Better Government<sup>14</sup> agenda incorporating two connected streams:

- The first is improving delivery of government services, policies and programs.

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<sup>11</sup> Joint Committee of Public Accounts and Audit, 2010. Report 419 *Inquiry into the Auditor-General Act 1997*. December. p.64

<sup>12</sup> Ibid., p.67

<sup>13</sup> The Report on the Reform of Australian Government Administration *Staying Ahead of the Game* has flagged that "...enhanced service delivery coordination between State, Territory and local government is expected to produce more integrated outcomes and allow community members with complex needs to access relevant services from a single access point." May 2010.

<sup>14</sup> Senator the Hon Penny Wong, Minister for Finance and Deregulation, 2010. Presentation to the Commonwealth Authorities and Companies Discussion Forum '*Better Government*', Canberra. 8 December.

- The second stream is upgrading the public management framework. This will update the principles and legislative foundations that set the parameters for government operations.

The ANAO has provided advice to the Finance Minister on a range of considerations that would contribute to better government including:

- Stressing the importance of effective implementation to the delivery of government programs and achievement of policy outcomes;
  - sound policies and implementation are **both** essential to the delivery of good government in Australia.
- Exploring the benefits of including a section in Cabinet Submissions, where relevant, on implementation strategies (which have regard to the collective capabilities of the Commonwealth as a whole).
- Conveying expectation to public sector agencies that agencies have in place suitable governance arrangements to oversight the implementation and administration of government programs. Such governance arrangements to include:
  - clear accountabilities for the delivery of new policy measures and government programs;
  - the application of sound risk management approaches;
  - reliable reporting systems that convey both financial information and a balanced set of key performance indicators to inform program performance;
  - arrangements for informing the agency CEO and, if appropriate, the responsible Minister, of significant issues affecting (or likely to affect) program performance in a timely manner.
- Encouraging Agency Audit Committees to review the effectiveness of agency governance arrangements periodically, and suggesting improvements where appropriate to the Agency CEO to assist in the discharge of their responsibilities.
- Requiring agencies to include in their annual reports a self-assessment of the effectiveness of their governance arrangements, and any 'lessons learned' in this context during the year, as a complement to existing requirements relating to structures and processes.

Through these suggestions the ANAO sought to avoid suggesting a predominantly rules-based approach, indicating reliance may be better placed on strong signalling from government, and encouraging agencies to become more self-evaluating and learning organisations.

This is against the background that there is already considerable guidance and support available to agencies to guide their management of the risks to effective program delivery:

- the ANAO and the Department of Prime Minister and Cabinet have jointly issued a Better Practice Guide on *Implementation of Programme and Policy Initiatives*.<sup>15</sup> The Guide emphasises that executive management and support is a critical requirement for successful implementation, and steps through the key considerations for effectively implementing programs.
- the Australian Public Service Commission has produced a very useful document “Agency Health”<sup>16</sup> to facilitate discussions about the corporate health of agencies. It canvasses six broad areas of corporate health that are central to the early identification of risks of poor performance. The areas cover organisational direction, effective leadership, organisational capability, corporate governance processes, relationships and integrity.

Further, in response to some past performance issues, we have seen the implementation of measures by government to increase the focus on the performance of new measures, namely:

- oversight by the Cabinet Implementation Unit of the Department of Prime Minister and Cabinet in providing early warning assessments that major government initiatives are being planned, monitored and delivered effectively; and
- implementation of the Gateway Review Process by the Department of Finance and Deregulation<sup>17</sup> to provide an assessment to agency CEOs, and Finance, of high risk projects with an ICT component valued at \$10m and above, or an infrastructure or procurement component valued at \$20m and above against their specified objectives. Finance also helpfully publishes ‘Lessons Learned’ on project management arising from the reviews.

In addition, to obtain a stronger focus by agencies on compliance with the financial management framework, including relevant government policies, agency CEOs are required to provide a certificate, based on self-assessment, of their compliance performance: The Department of Finance and Deregulation publishes the results of these assessments annually. The ANAO is currently undertaking an audit of these Certificate of Compliance processes.

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<sup>15</sup> Australian National Audit Office and the Department of Prime Minister and Cabinet, 2006. *Implementation of Programme and Policy Initiatives*. Better Practice Guide. Canberra. October. 2006.

<sup>16</sup> Australian Public Service Commission, 2007. *Agency Health: Monitoring agency health and improving performance*. Canberra. October.

<sup>17</sup> Gateway Review Process. Found at <http://www.finance.gov.au/gateway>

Against this background, there is today a stronger focus on better government administration, particularly better program delivery supported by a range of measures to enhance accountability. It's not flashy but is about getting the fundamentals right to improve delivery performance and outcomes.

There is also another message for agencies here: it is about taking control of your own destiny to avoid the need for systemic responses by central agencies.

#### 4. Performance Measurement

The second area I flagged that would benefit from further attention is on assessing and reporting on the performance of government programs. It's not difficult to get a little down about this topic. Paul G Thomas has observed, from a Canadian perspective, that:

*'Performance reporting was also intended to offer the public the assurance that they were receiving value for their tax dollar. Finally, it was meant to promote policy learning and improved management processes. Unfortunately the available evidence about the lack of utilization of performance data means that these noble purposes are not being accomplished to any great extent. It does not appear that ministers in cabinet committees or senior officials in executive meetings within departments make much direct use of performance information. In terms of external accountability to Parliament, the record is even more depressing. A study of the review of the Estimates by fourteen Commons' committee found infrequent direct use of performance reports. Parliamentarians, it seems are more interested in vindicators than indicators. As for the public, few people care or know enough about the complicated and tedious business of government to make use of the performance reports.'*<sup>18</sup>

This is a rather bleak perspective. We do, however, need to address these kind of challenges if we wish to be well regarded and look after the national interest. We need to keep the pressure on public administration for continuous improvement here because performance information informs understanding of government decisions and assessments about program performance.

The OECD has made the point that:

*'How government activities are measured, matters. Given the size of government and its role in the economy, the contribution of*

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<sup>18</sup> Thomas, Paul G 2004. Op.cit. pp22,23

*government to national economic growth is of great significance, especially when looking at change rates over time.*<sup>19</sup>

and

*'...as the state is responsible for such a large and changing array of services and regulatory tasks, it must quantify its promises and measure its actions in ways that allow citizens, managers and politicians to make meaningful decisions about increasingly complex state activities.'*<sup>20</sup>

#### **Framework for understanding and measuring the activities of government<sup>21</sup>**

**Source:** Hatry (1999), Pollitt and Bouckaert (2004) and W.K. Kellogg Foundation (2004)

The major types of performance indicator are explained by the following table:

**The major types of performance indicator**

<b>Single indicators</b>	
Indicators on input	What goes into the system? Which resources are used?
Indicators on output	Which products and services are delivered? What is the quality of these products and services?
Indicators on intermediate outcomes	What are the direct consequences of the output?
Indicators on final outcomes	What are the outcomes achieved that are significantly attributable to the output?
Indicators on the environment	What are the contextual factors that influence the output?

<sup>19</sup> OECD 2009. *Measuring Government Activity*. p.15

<sup>20</sup> Ibid.

<sup>21</sup> OECD. Op.cit. P.12

Ratio indicators		
Efficiency	Costs/output	These measures are valid only to the extent that there is a clear causal relationship
Productivity	Output/input	
Effectiveness	Output/outcome (intermediate of final)	
Cost-effectiveness	Cost/outcome (intermediate or final)	

**Source:** OECD 2009 *Measuring Government Activity*. P.16

The ANAO has produced 2 useful Better Practice Guides to assist agencies select and report performance information:

- *Performance Information in Portfolio Budget Statements*; and
- *Better Practice in Annual Performance Reporting* (in conjunction with the then Department of Finance and Administration).

But, as acknowledged by the United States General Accounting Office.<sup>22</sup> it is difficult to develop valid indicators that measure the outputs and outcomes of public administration, particularly outcomes. The GAO report refers to an Australian Department of Finance study that suggested:

*'program management should develop performance measures that can be directly influenced by program staff. This is particularly important in programs where a direct link between what program staff do and the desired final outcomes may not be clearly related.'*<sup>23</sup>

The OECD report *Government at a Glance 2009* also refers to a 1991 study by Canada's Comptroller General that suggested that:

*'....performance measurement systems should be selective and balanced. ....A performance report needs to focus on a small number of measures critical to a program's performance.'*<sup>24</sup>

I attended the CPA Business Outlook seminar recently and listened to Andrew Demetriou, CEO of the Australian Football League (AFL), refer to the KPIs the AFL had put in place to measure the success of the new Gold Coast and Western Sydney teams. There are KPIs concerned with membership, revenues and success on the field – a well rounded set of indicators. So the message here is that KPIs are just as important from a business perspective as they are to inform about the performance of government programs.

<sup>22</sup> GAO 1995. Op.cit. page 27

<sup>23</sup> Ibid. Page 31

<sup>24</sup> Ibid. Page 32

The challenges of determining the KPIs in the public sector are generally greater and the incentives aren't generally as strong for individual agencies, although from a taxpayer's perspective, there could well be a bottom line effect.

It is the case that agencies find it more straight-forward to measure activities and outputs than outcomes. Some of our audits show that little is done to assess whether the various activities contribute to the Government's described policy goal, or whether a different mix of activities would be more effective. In one recent audit of a relatively small indigenous program designed to improve health in Indigenous communities, the responsible department informed the ANAO that 'The Department considers it to be ineffective for the relatively small scale Fixing Houses for Better Health (FHBH) program to attempt to measure overall health improvements within Indigenous communities, as community health improvements are impacted by many external factors outside of the FHBH program.'<sup>25</sup> There was not much enthusiasm shown here by the department to assess the program's performance against its objectives by developing and trialling approaches to the identification of appropriate health indicators that could be assessed on a 'before and after' basis.

In the Australian Government context, it would be timely for the importance of performance information, particularly relating to assessing the effectiveness of programs, to be underlined and designed as part of the set-up for programs. While we all accept the development of appropriate performance indicators is very much a journey rather than a destination, the information conveyed is critical for resource allocation and accountability decisions.

The benefit of such an approach is that it better informs key stakeholders, particularly the Government and the Parliament. The reality is, though, unless key decision makers make greater use of KPIs, we are unlikely to see an improvement in the quality of the indicators.

In this context, it is noteworthy that the JCPAA has recommended, in Report 419:

*'That the Act be amended as necessary to enable the Auditor-General to review an agency's compliance with its responsibilities for a sub-set of performance indicators. Proposed performance indicators to be audited should be identified annually by the Auditor-General and forwarded to the Parliament, via the JCPAA for comment, in a manner similar to the annual performance audit work program for the ANAO.*

*The Auditor-General should be resourced appropriately to undertake this function.'*<sup>26</sup>

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<sup>25</sup> ANAO Report No 21 2010-11. *Indigenous Housing Initiatives: the Fixing Houses for Better Health program*. Canberra. 15 December 2010. P.61

<sup>26</sup> JCPAA Report 419. Op.cit., p.25

This is a positive development as it will highlight the state of KPIs across a range of programs on a periodic basis.

A higher profile given to the importance of agencies evaluating programs periodically would also assist agencies to more strongly focus in the program design phase on the range of performance information required to assess the performance of programs.

## 5. Concluding remarks

Because accountability is such a broadly based notion and its application to particular circumstances is complex and open to debate, in considering its general application to the public sector there is a need to focus on the essential elements. It is timely to do this given the stronger focus being given to the importance of implementation by government and the heightened focus on more open and accountable government that is part of the Parliamentary Reform program in the *Agreement for a Better Parliament* between the Government and the Independents.

In reviewing Australian Government public sector accountability arrangements, I would make the following observations:

- At a structural level the fundamentals are in place in terms of organisational arrangements and in the context of the budgetary and annual reporting arrangements accepting there will always be scope for refinements in the light of changing circumstances.
- Governments have acted from time to time to address systemic performance issues with cross-portfolio measures such as the Cabinet Implementation Unit and Gateway reviews.
- Central agencies have responded with guidance and, in some cases, requirements in areas where agency management could be enhanced. The ANAO is scheduling a revision of its Better Practice guide on policy and program implementation next year to ensure recent experience is built into the Guide.
- Implementation of new policy measures is an aspect of public administration that still warrants particular attention.
- Performance measurement remains the greatest challenge – this is due to the inherent complexities in assessing the impact of government programs but may also represent insufficient focus on the part of agencies and limited usage by key stakeholders. Related to this, a stronger focus on program evaluation would also be beneficial in assessing the performance of programs and the utility of KPIs being used in the management of programs.

In terms of solutions to these softer areas of public administration, strong signalling by government is beneficial, and we are seeing this occur most notably in relation to program implementation. These areas also require leadership and a stronger management focus on the part of public sector agencies. This is not to the exclusion of encouraging innovation and progressing reforms that are necessary to ensure the public service is positioned to meet the demands of the 21<sup>st</sup> century. It is about getting the fundamentals right for effective service delivery and accountability in the light of the increasing expectations of the Parliament, Government and citizens.