

Assessing the impact of performance audits

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Assessing the impact of performance audits

- Annual Audit Work Program
- Audits and recommendations
- New appendix on impact
- Implementation of recommendations
- Parliamentary inquiries
- Audit Insights

Annual Audit Work Program



- Commences around October each year
- Environmental scan for challenges, risks and potential topics
- Consultation with entities and Parliament
- Published on or after 1 July each year
- Triggers activity by entities to review their activity in topic areas

Audits and recommendations

- ANAO provides potential recommendations to entities prior to the final draft report
- ANAO aims to be targeted in developing recommendations
- Entities are asked to clearly ‘agree’ or ‘disagree’ to recommendations
- Appendix on impact during the audit

Monitoring recommendations

- ANAO has key performance indicators in our corporate plan relating to recommendations:
 - 90% of recommendations agreed without qualification
 - 70% of recommendations implemented within 24 months
- ANAO participates as an observer in entity audit committees which have a role in monitoring the implementation of recommendations

Implementation of ANAO and Parliamentary recommendations

- The ANAO regularly undertakes follow-ups of prior year audits to provide assurance on the implementation of agreed ANAO recommendations
- Follow ups are also done on a case by case basis within individual performance audits
- From 2018-19 we have initiated a new series of cross-entity audits, examining implementation of both ANAO and parliamentary committee recommendations
- Audits will utilise both limited and reasonable assurance processes to ensure an efficient audit approach



Recommendations from recent audits and inquiries

Implementation of ANAO and Parliamentary Committee Recommendations audit reports examined:

- Department of Agriculture, Airservices Australia, Australian Pesticides and Veterinary Medicines Authority and Department of Infrastructure, Transport, Cities and Regional Development
- Department of Education and Department of Health
- Department of Defence
- Department of Home Affairs
- Attorney-General's Department (currently underway)

Implementation of ANAO and Parliamentary recommendations

A reasonable timeframe for the implementation of agreed ANAO recommendations was taken as within two calendar years of the tabled report.

Audit rationale, focus and findings

Audit rationale: reports of the ANAO and parliamentary committees identify risks to the successful delivery of outcomes and areas where administrative or other improvements can be made.

Audit focus: entities' arrangements to respond to and monitor implementation of recommendations

Overall finding: mixed success across entities; strong correlation between entities' governance arrangements and successful implementation

Audit Conclusion

- None of the entities demonstrated that they had effectively implemented all agreed recommendations
- [In our 2021-22 performance statement, 20% of recommendations entities had assessed as implemented were assessed by ANAO as not implemented]
- A minority of entities had effective governance arrangements over implementing ANAO recommendations
- Additional substantive procedures were required to be undertaken for all other recommendations

Key Learnings

Deciding the entity's position and responding

- clarify the intent of a recommendation
- 'agreed' or 'not agreed'
- specify agreed actions (appropriate and achievable which address the identified risk or issue)

Implementation plans

- assign responsibility
- set timeframes
- success measures

Key Learnings cont.

Monitor and track implementation

- clear line of sight to implementation progress

Review of implementation of recommendations by Audit Committees

- are timeframes achieved?
- has the original intent of the recommendation been achieved?
- is there a process to track and report on ANAO AND parliamentary recommendation actions

Report back to JCPAA or the Parliament on implementation

Parliamentary Inquiries

- Each year there are about six parliamentary inquiries into our performance audit reports
- Quarterly meetings between the Committee and the ANAO assist in determining which reports are selected
- JCPAA makes recommendations in reports

Audit Insights

- Quarterly publication
- Themes
- Demonstrate best practise
- Include examples and links to reports
- Rapid implementation during early Covid

Questions

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