



ANAO 2015–19 Corporate Plan



Foreword

I am pleased to commend the ANAO Corporate Plan 2015–19 to staff and stakeholders of the Australian National Audit Office. Since beginning my term in June this year, I have been impressed by the commitment and professionalism of ANAO staff and am grateful for the warm welcome I have received, which has ensured a smooth transition to my role as Auditor-General for Australia.

The ANAO Corporate Plan outlines how we are to deliver on our purpose in the coming four years, and will guide our work as an independent and professional public sector audit office. It builds on our strong foundations and key focus areas, and recognises the importance of building and sustaining strong relationships with the Parliament and auditees.

In progressing the key elements of the Plan we have the opportunity to shape our own future and focus our efforts on those areas that are most important to delivering a program of audit and related services that continue to improve public sector performance and promote transparency and accountability. In doing so, we must also continue to improve our own practices and capabilities to demonstrate value for money and support the delivery of our services that are valued by the Parliament, the Executive and the Australian public.

Grant Hehir
Auditor-General
August 2015

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Introduction

The ANAO Corporate Plan 2015-19 outlines how we intend to deliver against our purpose over the coming four years, which is to improve public sector performance and support accountability and transparency in the Australian Government sector through independent reporting to Parliament, the Executive and the public.

The ANAO Corporate Plan has been prepared in accordance with paragraph 35 (1) (b) of the *Public Governance, Performance and Accountability Act, 2013* and covers the reporting period from July 2015 to June 2019. It recognises that our ability to anticipate and respond to changes occurring in our environment, will be critical to our success in the future.

The ANAO strategic direction is based on four Key Focus Areas (KFAs) which support how we manage and report on our performance:

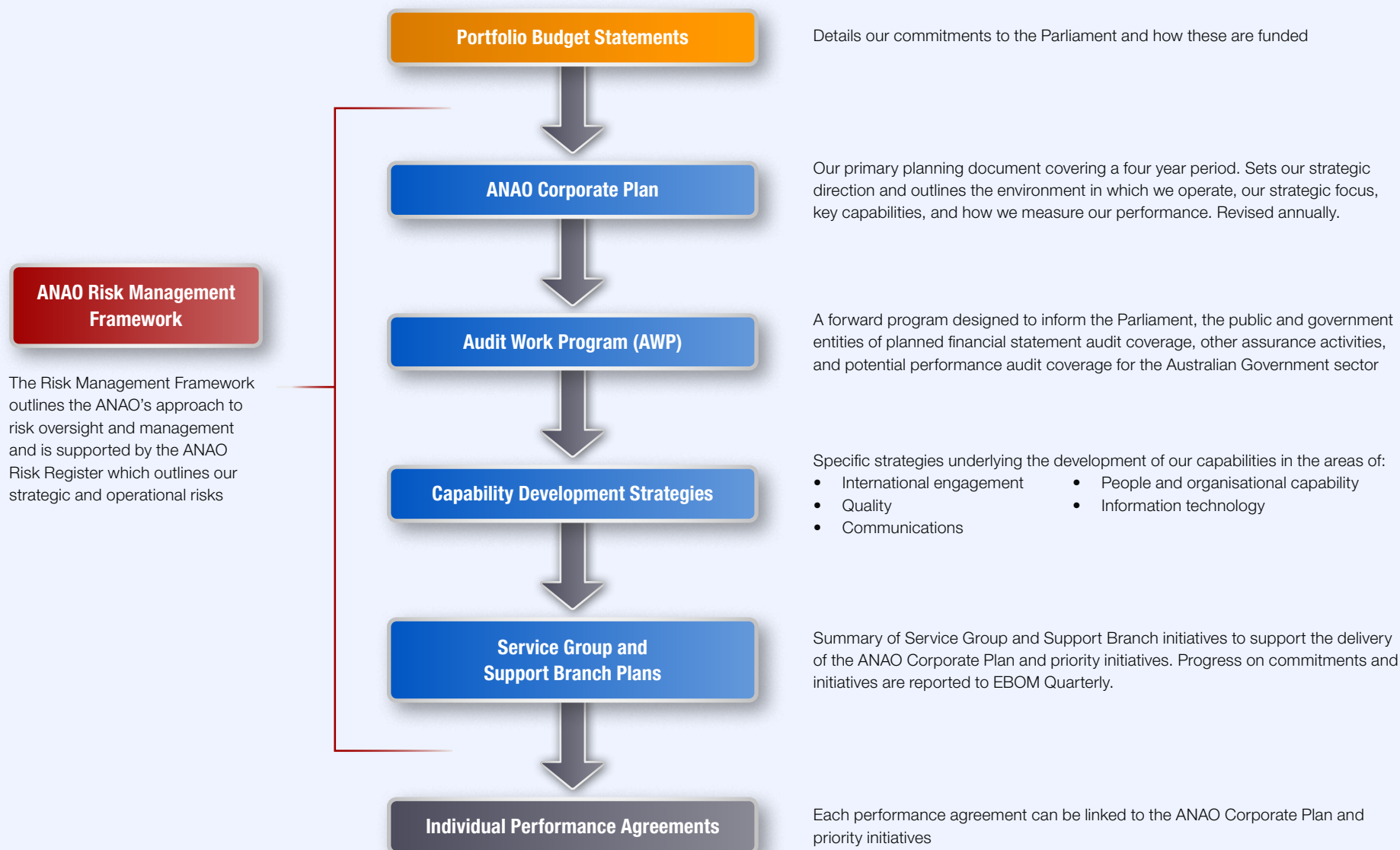
- KFA1 — Being **independent and responsive** in our relationship with the Parliament and parliamentary committees and when assisting public sector entities to improve their performance;
- KFA2 — Providing **value-adding audit services**;
- KFA3 — Maintaining a cooperative and productive working environment which supports our **capability to deliver world class services**; and
- KFA4 — Ensuring there is **confidence in the delivery of our services**, which represent value for money.

The ANAO Corporate Plan details our performance measurement framework, which is based on measuring public value, as a combination of value created (by the ANAO), the value added to Public Sector entities we audit, and the value shared with the Government and the community. Our Plan also recognises that continuing to develop our key capabilities will be central to our ability to deliver on our purpose in the future.

The ANAO's governance and business planning is facilitated by the ANAO *Strategic Planning Framework* which is set out on the following page.



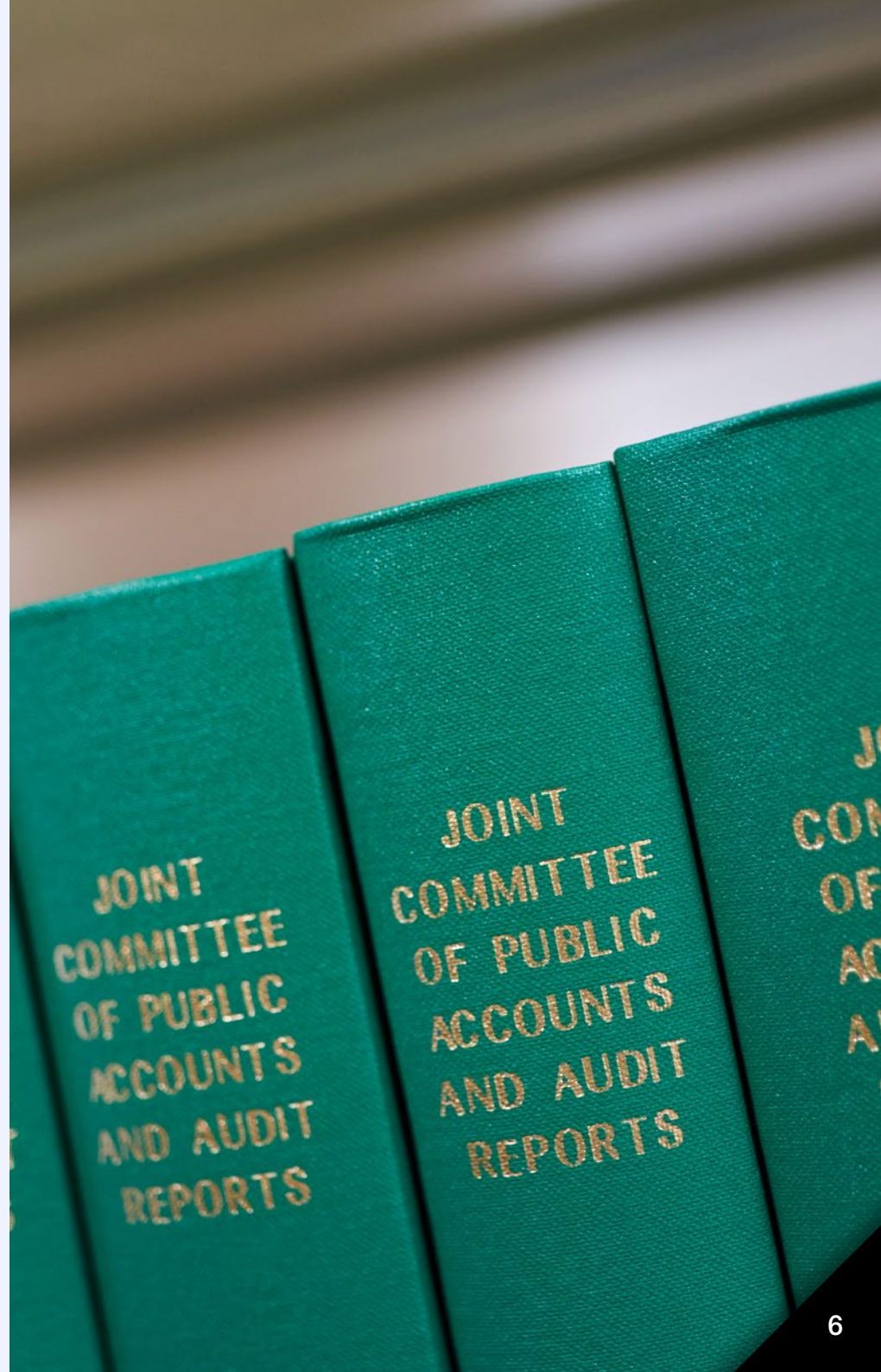
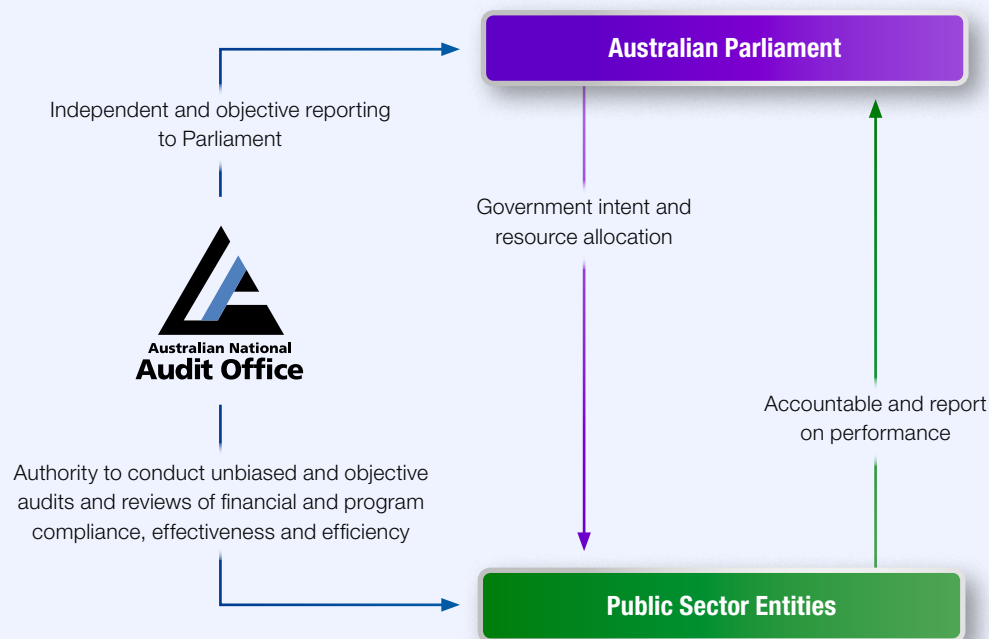
ANAO Strategic Planning Framework



What is our purpose?

The purpose of the ANAO is to improve public sector performance and support accountability and transparency in the Australian Government sector through independent reporting to Parliament, the Executive and the public.

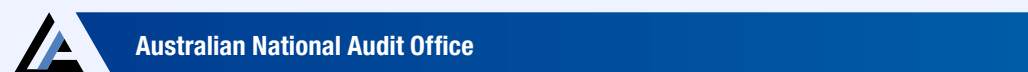
The Auditor-General is an independent officer of the Australian Parliament whose responsibilities, as set out in the *Auditor-General Act 1997*, include undertaking financial statements and performance audits of Australian Government entities. In delivering against this mandate, the Auditor-General is assisted by the Australian National Audit Office.



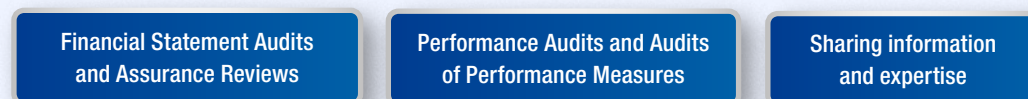
Our core functions

The ANAO delivers a range of audit and related services that include:

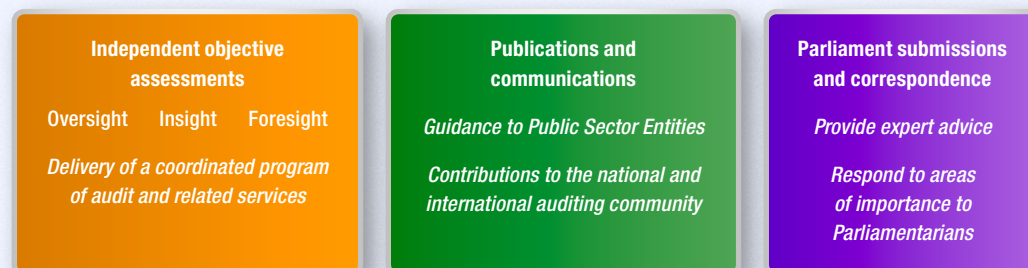
- ▶ **Annual financial statements audits** of Australian Government entities;
- ▶ **Assurance reviews** of Australian Government entities;
- ▶ **Performance audits** of Australian Government programs and entities;
- ▶ **Audits of performance measures** of Australian Government programs and entities; and
- ▶ **Sharing information and expertise**, including the publication of better practice guides.



Core functions



Core outputs



Our values

We uphold the Australian Public Service (APS) values as set out in the *Public Service Act 1999*. Our values of **respect**, **integrity** and **excellence** align with the APS values, and address the unique aspects of our business and environment. Our values guide us in performing our role objectively, with impartiality and in the best interests of the Australian Parliament, the Executive and the public.

Our key clients and stakeholders

The ANAO's primary client and stakeholder is the **Australian Parliament**. Through our services to the Parliament, the **Australian public** can have confidence that we are reporting on whether public funds are being spent economically, efficiently and effectively and that the public service is being well administered. We hold governments to account for the policies that it sets. Our service clients are the **Australian Government entities** subject to audit and review by the ANAO.

As a member of the Australasian Council of Auditors-General, the ANAO contributes to the **advancement of public sector auditing in all states and territories of Australia**.

Internationally, the ANAO has close links with the International Organisation of Supreme Audit Institutions and its regional working groups. Through these organisations, the ANAO assists with the development of auditing standards, professional practices and exchanges of experience for the benefit of the international auditing community. The ANAO is committed to contributing to the **national and international auditing community**.

The ANAO also contributes to the work of the **professional accounting and auditing bodies**, in their roles of setting and maintaining professional and ethical standards for the accounting and auditing professions.

What is the environment in which we operate?

Critical to ANAO success is our ability to anticipate and respond to changes occurring in our environment. The Australian public sector is evolving and delivery of government services is shaped by various environmental drivers. These environmental factors will shape the focus of our business, including the development of the audit program and how we undertake our audits. Six broad dynamics, relevant to the achievement of the ANAO's purpose are:

Making it easier to interact with government services

One of the Government's responses to tackling Australia's economic and fiscal challenges included a commitment to **reduce the regulatory burden** and change the culture towards regulation in government and the community. This agenda for deregulation means public sector entities must seek to rethink and transform their business approaches to meet the goals of the deregulation agenda. The result is intended to improve the experience of the community – businesses and individuals with government services in terms of reduced time, cost and improved experience.

The **digital transformation agenda** also aims to transform the way public services are designed and delivered, making them simpler and easier to use. The Government intent is that all new and redesigned services will be digital by default. This means that everyone will be able to access public services digitally from start to finish on their mobile device or PC. Public sector entities must ensure services are simpler, faster and easier to use through digital channels. Meeting the digital transformation criteria means public sector entities can underpin high quality services and satisfy community and user needs.

Sustainability of government services

More is being expected of governments today, but there are limitations on what governments can afford to deliver. The management of the macro-economic climate and the sustainability of government services for the future means the Parliament needs assurance that government **programs are providing value for money** and are having the **intended impact**.

These constraints mean harder choices for all public sector entities because they are required to maintain core public services within constrained budgets. The Government will look for sustained changes in how public sector entities operate. **Reforms to the public sector** are likely to continue to assist in finding ways to deliver government services more effectively and efficiently. These reforms create **additional risks for public sector entities** in terms of implementing change quickly.

New models of government

The challenge facing Government is how to meet growing demand for more choice, better and more personalised services within shrinking funds. Therefore, Government is using **contestability as a framework to test the services it provides**. This means public services may be subject to contestability reviews that reassess what services they are best placed to deliver and what should be delivered by the private and not-for-profit sectors. It also means seeking **alternative models of service delivery** which provide more cost-effective ways of delivering government services. This includes changes to structures and the value chain of program delivery, while meeting the demands of the community. This also demands a **new conversation on how the public sector manages risk**, and encourages more accountability and responsibility at all levels in an entity. This will inevitably lead to a changing view of risk for the auditor.

Global interdependence

With an ever more integrated global economy, and other international trends, political activity increasingly takes place at the global level. The trends in national security, defence, law and order, migration and international trade have set an unprecedented requirement for collaboration at the global level between governments, public entities, industry and citizens. Globalisation of services and increased connectivity of labour markets through the internet and other technology means people have more choice to contribute to society, and their lives are not limited by geographic boundaries. This flows through to Australia's ability to continue to grow its influence internationally and maintain strong political and economic ties that benefit its long term stability and growth as a nation. This means Government's interest and support to **build government capacities in our region** and beyond is a priority. This also means areas of shared interest across nations may be subject to the attention and review of the Government.

Big data and access to insight

Public sector entities are dependent on information and communication technology (ICT), particularly internet enabled solutions to implement their policies and achieve their business objectives and outcomes. Fuelled by new technology initiatives, the amount of data available from business operations has increased exponentially. With the ever-increasing volume and availability of data in varied forms and from varied sources, Government will increase its expectations of the ability of public sector entities to make sense of this information and inform decision makers about the effectiveness and efficiency of government services. The ability of public sector entities to **adapt and keep up to speed with technology advancements**, while also appropriately safeguarding the information they collect and generate, will be an ongoing challenge. Government expects public sector entities to have the capability to capture, manage, analyse and apply this information for the benefit of all Australians.

New models of audit service delivery

As our external environment changes we need to ensure that we **remain relevant and effective**. Continuous improvement of staff skills will be a key requirement going forward through our ability to attract, retain and develop quality people. We also need to continuously update our business model to ensure we are adapting to the changes in the broader environment and our industry.

What is our strategic focus?

Our purpose is to improve public sector performance and support accountability and transparency in the Australian Government sector through independent reporting to Parliament, the Executive and the public. Four Key Focus Areas (KFAs) provide the framework for our strategies to deliver on our purpose:

01

KFA1 — Independent and responsive

The ANAO provides independent and responsive advice on the performance of government entities. We have a contemporary understanding of public administration and financial management. We conduct audits objectively, with impartiality, and develop findings that are independent, balanced and defensible. The ANAO is recognised nationally and internationally as a leader in auditing public entities and provides services which inform decision making and improvements in public administration.

02

KFA2 — Value-adding audit services

The ANAO is committed to providing value adding services to public sector entities. The value we add comes from audit services that are timely, relevant, cost-effective and cover key government entities and areas of public expenditure. The ANAO delivers quality audit services, in accordance with relevant auditing standards. Our engagement with national and international audit entities and professional bodies enables the ANAO to apply insights from other jurisdictions.

03

KFA3 — Capability to deliver world-class services

The ANAO is committed to investing in its people and practices to be the leading-edge public auditor. We foster a supportive and collaborative work environment that matches core capability with available expertise and supports transferability and mobility across all audit groups. We strengthen our capability by leveraging alliances and partnerships nationally and internationally, and lead and influence technical excellence in public sector audit.

04

KFA4 — Confidence in delivery of our services

The ANAO maintains a business model that reflects contemporary better practices and provides confidence to our stakeholders that we are enabling strong business performance in delivering our audit services. We are continuously seeking innovative ways to increase productivity, such as harmonisation of audit practices. We invest in enabling systems, controls and quality frameworks that provide support to the delivery of quality and progressive auditing services.

What are
our strategic
risks?

01

Independent and Responsive (KFA1)

Our ability to be independent and responsive will be compromised if we:

- ▶ Fail to influence, shape and understand the changing needs and expectations of our stakeholders including: the Joint Committee of Public Accounts and Audit; Parliament; the Government; and auditees
- ▶ Fail to adapt to changes in our regulatory environment

02

Value-adding Audit Services (KFA2)

Our ability to provide value-adding audit services will be compromised if we:

- ▶ Fail to influence improvements in public sector performance and accountability
- ▶ Fail to conduct audits in accordance with the required standards
- ▶ Fail to monitor and analyse changes in the operating environment and broader landscape affecting our stakeholders and service clients

03

Capability to Deliver World Class Services (KFA3)

Our capability to deliver world class services will be compromised if we:

- ▶ Fail to develop and maintain capability to sustain core service delivery at required levels
- ▶ Fail to assess, monitor and invest in emerging technologies

04

Confidence in the Delivery of our Services (KFA4)

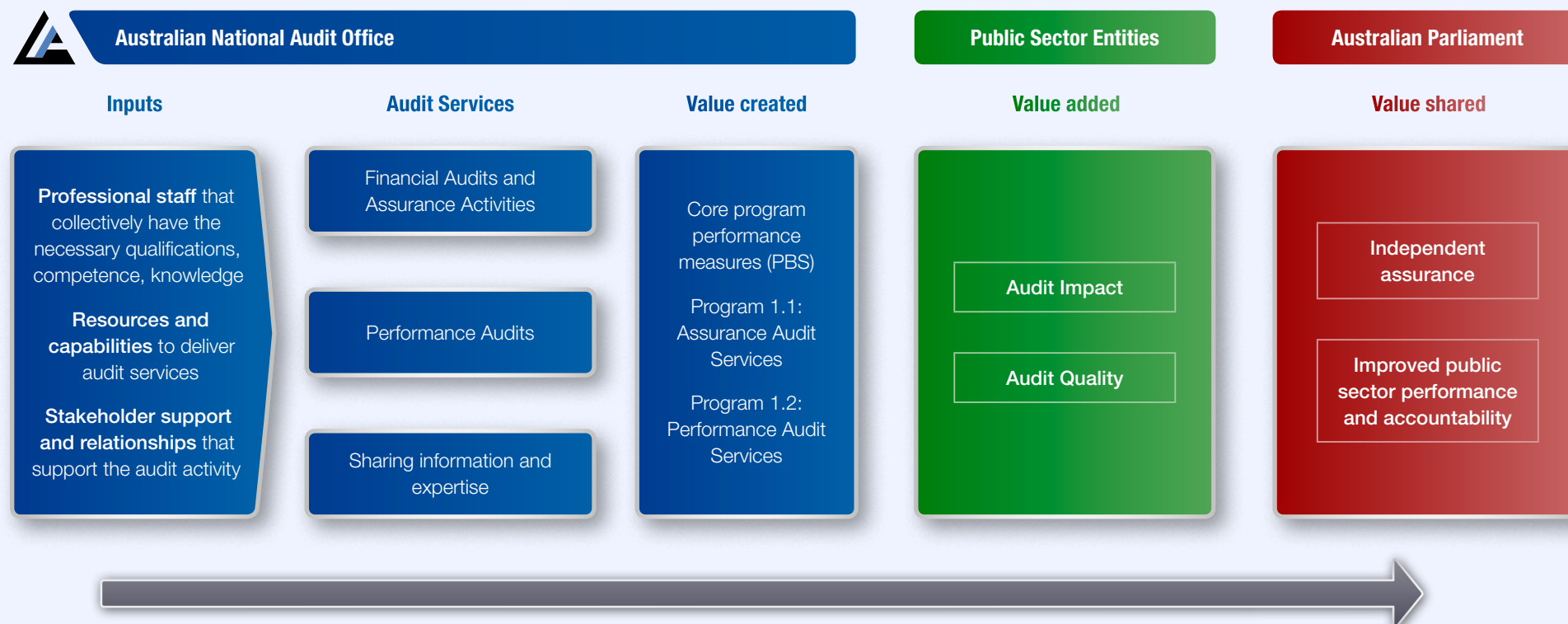
The confidence of our stakeholders in our ability to deliver quality services will be affected if we:

- ▶ Fail to assess, monitor and appropriately respond to a changing environment and its impact on business performance including technology, people, resources and budget management
- ▶ Fail to maintain our enabling systems and quality framework

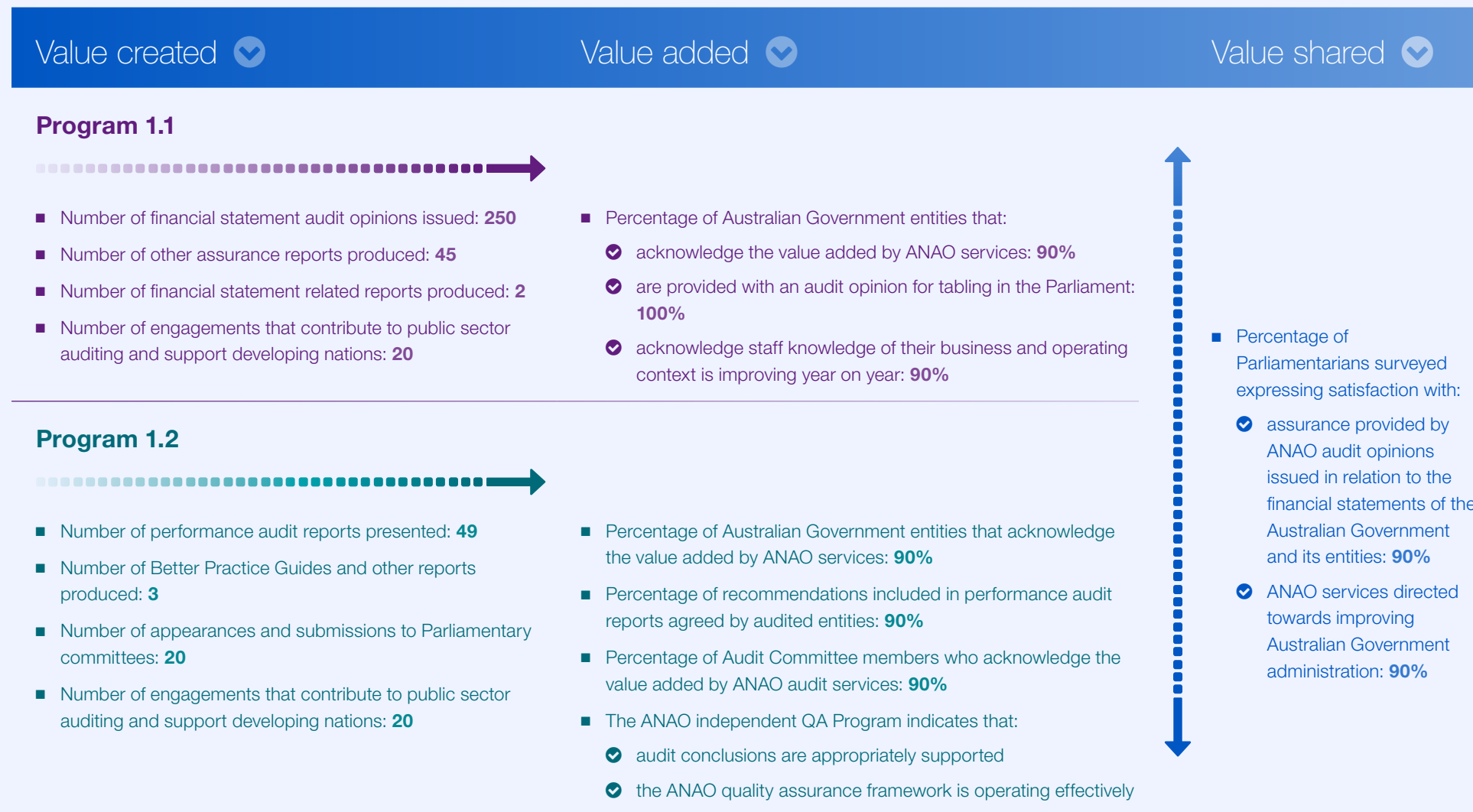
How will we measure our performance?

The performance of the ANAO is measured in terms of the audit services and significant activities undertaken over the period of the Corporate Plan. Performance measurement informs Parliament and key stakeholders about the performance of the ANAO and whether we are meeting our purpose. Overall, the performance framework is also designed for ANAO leadership and staff to understand the impact of the activities they are responsible for, and to identify opportunities for better practices.

The performance measures convey a coherent message about what we expect to achieve in the next four years. The measures will be reported annually over the life of the Corporate Plan and we will refine these performance measures over the next four years. The performance measurement framework is based on measuring public value, as a combination of value created (by the ANAO), the value added to Public Sector entities we audit, and the value shared with the Government and community.



The ANAO Portfolio Budget Statements (PBS) sets measurable deliverables that assess our progress. In addition, performance measures for 'value-added' and 'value-shared' have been defined in terms of client and stakeholder perceived value of ANAO services.



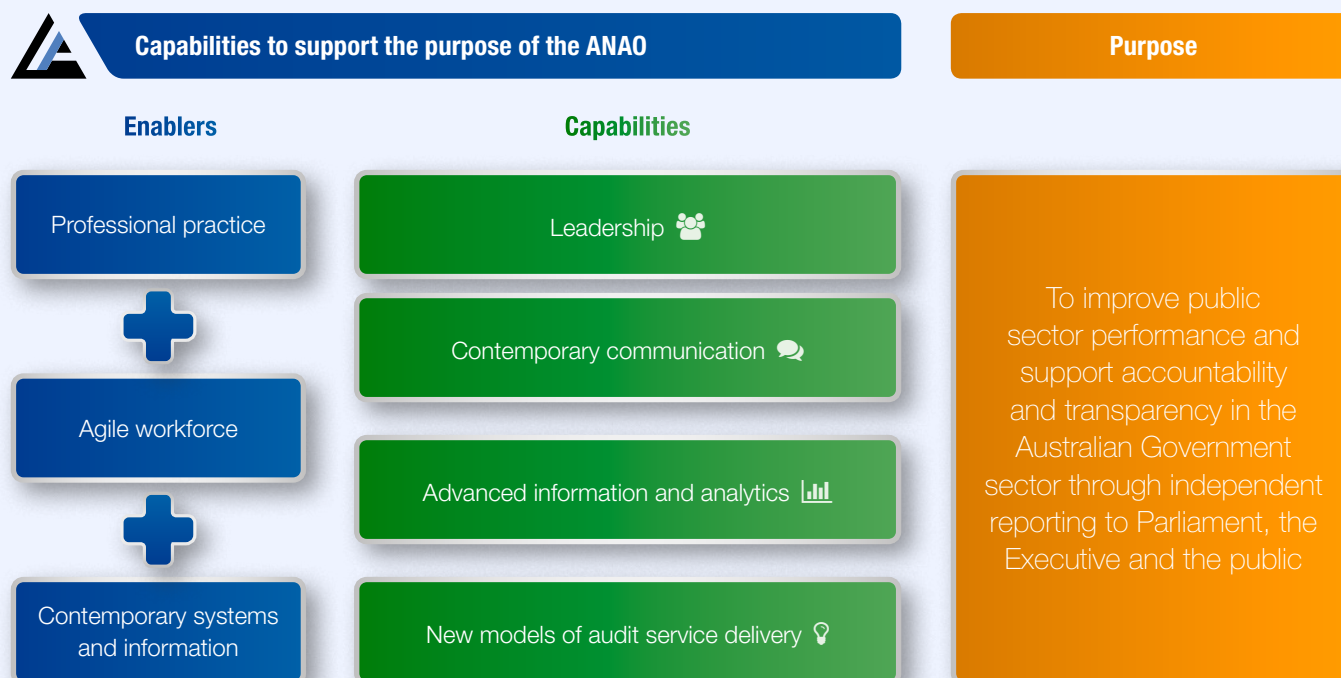
Our Service Group and Support Branch plans outline further details about how the ANAO will deliver on our performance measures and implement activities to support the development of our capabilities.

What are our key capabilities?

The ability to deliver on the ANAO's strategic focus and purpose is driven by our capabilities as an organisation.

Our ability to deliver on our mandate as a public sector audit office is based on the strength of our audit practice, the quality of our people and our understanding of the public sector environment. The ANAO's ability to continue to deliver on its purpose into the future will be enabled by our capacity to maintain a professional practice, an agile workforce, and contemporary systems and information. Four key capabilities identified to invest in during the period covered by this Corporate Plan are:

1. Leadership
2. Contemporary communication
3. Advanced information and analytics
4. New models of audit service delivery



The capability initiatives identified for immediate focus will be actively monitored during 2015–16. It is intended that the longer term measures will relate to areas we intend to further enhance our capability during the reporting period of this Corporate Plan.



1 Leadership capability

Leaders across the organisation drive innovative and professional audit practice and build strong relationships.

Immediate focus 2015-16

- Consolidate learning opportunities that further develop leadership across the office
- Implement an enhanced Performance Assessment Framework for all ANAO staff
- Continue to meet national and international obligations and provide leadership to build capacity within our region

Longer term

- Further develop our capability framework articulating career pathways to grow and develop our people
- Establish a clear and deliberate international footprint
- Engage national and international partnerships to share learning and build capacity, including benchmarking
- Share skills and better practices both internally and across the audit sector
- Establish well defined succession and talent planning
- Implement integrated workforce planning arrangements



2 Contemporary communication capability

The ANAO produces accessible engaging audit reports that are highly valued by our clients and international peers.

Immediate focus 2015-16

- Audit reports are presented clearly, succinctly and directly to engage a broad range of stakeholders
- Audit reports are digitally accessible across a variety of electronic platforms
- Enhance internal communications enabling staff to communicate and share information effectively
- Promote the insights from our audit work for broader consumption through an improved ANAO website

Longer term

- Continue to refine digital reports making them accessible to clients and stakeholders
- Improve the skills of our auditors to communicate in the digital environment to better meet the needs of readers
- Move toward digital engagement by default



3 Advanced information and analytics capability

The ANAO has a strong analytical capability that delivers high quality and impactful audit findings.

Immediate focus 2015-16

- Develop analytical methodologies to make best use of big data
- Seek strategic learning through partnerships, peer and other relationships to inform analytical capability
- Invest in mobile technologies to enable auditors to effectively conduct audits

Longer term

- Develop and build data analytical investigative skills as core capability across the ANAO
- Develop more efficient tools to access and analyse information required to conduct audits
- Build an integrated ICT environment that facilitates data security, data capture and data analysis
- Enhance ICT architecture that continues to support mobile work into the future



4 New models of audit service delivery

The ANAO demonstrates value for money and continues to develop its program of audit services to remain relevant and effective.

Immediate focus 2015-16

- Develop a more unified approach across audit groups to achieve efficiencies and enable more agile and adaptable resourcing for our audits
- Develop an audit work program with a more diverse range of approaches to delivering performance audits of varying size and scope, that leverage more from existing audit findings and allow for a more responsive audit process
- Extend our audit mix to include more limited assurance reviews and audits of performance measures

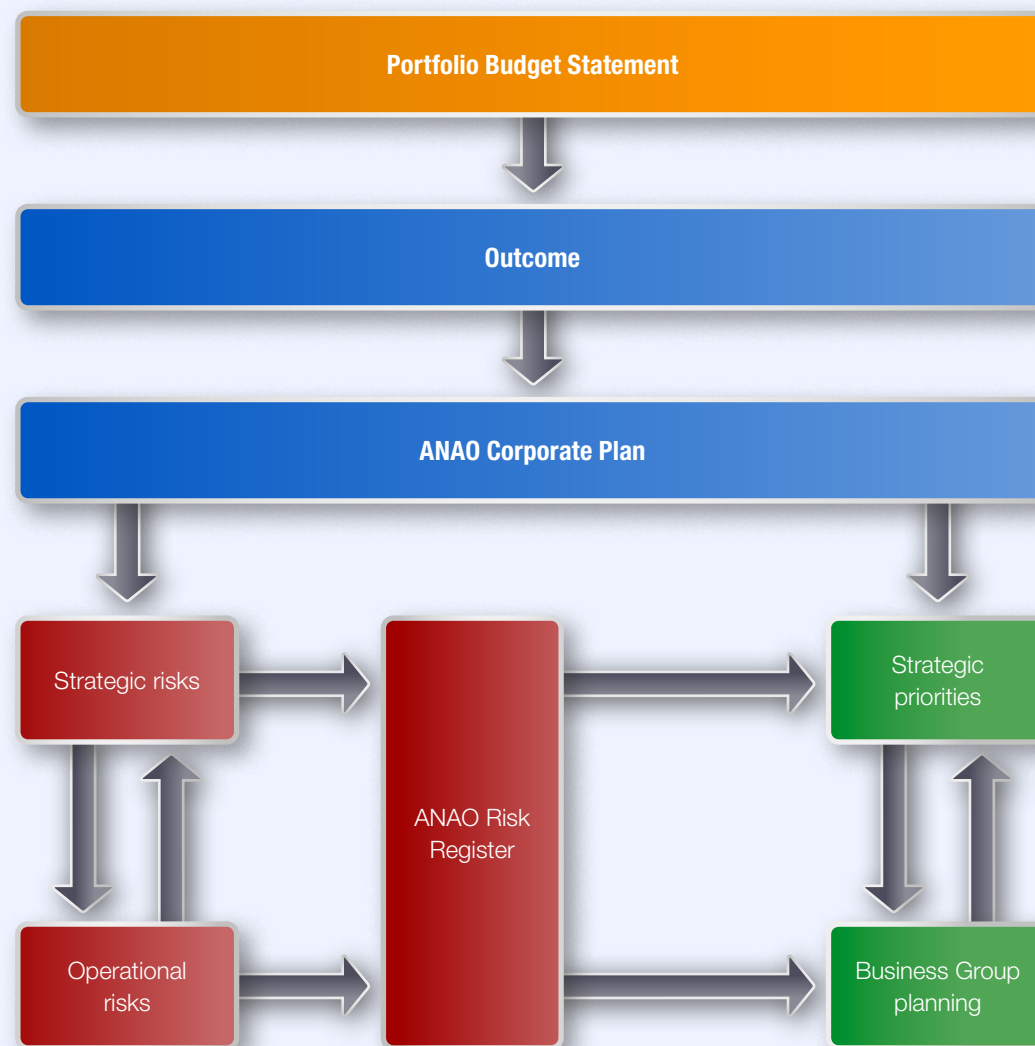
Longer term

- Establish research and development capability to drive innovation across the audit practice
- Evolve audit practices to allow faster, and earlier audit findings to inform public sector entities in a timely way
- Explore data integration and sharing of structured and unstructured data to inform audit findings

How will we manage our risks to delivery?

The ANAO has established a formal **Risk Management Framework** that aims to strengthen management practices and decision making associated with the ANAO's business operations. In addition to the strategic risks identified, a range of operational risks will be managed as part of our planning processes.

The goal of the ANAO is to foster a positive risk culture where the management of risk is built into business as usual practices. An overview of the link between the ANAO business objectives and the derivation of our strategic and operational risks is outlined at right.





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