

Corporate Planning in the Australian Public Sector 2016–17

Across Entities

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Senior Executive Director
Corporate Management Branch
Australian National Audit Office
19 National Circuit
BARTON ACT 2600

Or via email:

communication@anao.gov.au.





Canberra ACT

1 June 2017

Dear Mr President

Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit across entities titled *Corporate Planning in the Australian Public Sector 2016–17*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, which appears to read 'Rona Mellor', is positioned above the printed name.

Rona Mellor PSM
Acting Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office (ANAO). The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits, financial statement audits and assurance reviews of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Australian Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

For further information contact:

**Australian National Audit Office
GPO Box 707
Canberra ACT 2601**

Phone: (02) 6203 7300

Fax: (02) 6203 7777

Email: ag1@anao.gov.au

ANAO audit reports and information about the ANAO are available on our website:
<http://www.anao.gov.au>

Audit Team

Grace Guilfoyle
Elizabeth Wedgwood
Lachlan Fraser
Jess Scully
David Lacy
Michelle Page

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Summary and recommendations

Background

1. Performance reporting arrangements in the public sector have moved, over time, from a narrow focus on financial inputs, towards models designed to provide a clearer picture of the outcomes being achieved by government.¹ Appropriate and timely performance information strengthens accountability by informing the Parliament and government about the impact of policy measures. It also assists entities to manage programs and activities for which they are responsible and provides a basis for advice to government.

2. The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) which took full effect from 1 July 2014, underpins the implementation of the Australian Government's Enhanced Commonwealth Performance Framework (performance framework). The performance framework requires Accountable Authorities² to publish on their entity's website a corporate plan for the entity at least once each reporting period and to give that corporate plan to the responsible Minister and the Finance Minister. Corporate plans are intended to be the primary planning documents of Commonwealth entities and companies³ and represent the beginning of a performance cycle. The publication of a performance statement in the entity's annual report represents the end of the performance cycle.

3. Accountable Authorities are responsible for the implementation of the performance framework, including the corporate planning requirement. The Department of Finance (Finance) is responsible for whole-of-government administration of the resource management framework and related legislation. As part of its administration of this framework, Finance provides guidance and advice to entities on their obligations, as well as tools and training to assist their awareness and compliance.

Audit objective and criteria

4. The objective of the audit was to assess the selected entities' progress in implementing the corporate planning requirements under the *Public Governance, Performance and Accountability Act 2013* and related PGPA Rule 2014.

5. To form a conclusion against the audit objective, the Australian National Audit Office (ANAO) adopted the following high-level audit criteria:

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- 1 ANAO Audit Report No. 28 2012–13 *The Australian Government Performance Measurement and Reporting Framework: Pilot Project to Audit Key Performance Indicators*, p. 14.
 - 2 An Accountable Authority for a Commonwealth entity is generally the person or group of persons that has responsibility for, and control over, the entity's operations. Subsection 12(2) of the PGPA Act sets out the person(s) or body that is the Accountable Authority of a Commonwealth entity.
 - 3 The policy intention, as expressed in the Explanatory Memorandum for the PGPA Act, was that "the corporate plan is the primary planning document of an entity, setting out the objectives and strategies the organisation is to pursue and the outcomes it hopes to achieve in the coming year. The plan should also explain how the resources of the entity will be used to achieve the relevant priorities of government". Source: Explanatory Memorandum, *Public Governance, Performance and Accountability Bill 2013*, p. 31. See also Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, July 2016, pp. 4 and 8; and Department of Finance, *Resource Management Guide No. 133: Corporate plans for Commonwealth companies*, April 2015, p. 3.

- the selected entities' corporate plans were established as their primary planning document and outline how entities intended to achieve their purposes over the period of the plans;
 - the selected entities' corporate plans met the minimum content and publication requirements of the PGPA Rule 2014⁴(PGPA Rule); and
 - entities' supporting systems and processes for developing their corporate plans and monitoring achievements against their plans are mature.
6. The audit also reviewed actions taken by Finance in response to the ANAO's previous audit of corporate planning⁵ which identified a number of opportunities for improvement.
7. The audit involved:
- reviewing the corporate plans and supporting systems and processes of the following four entities: Comcare; the Department of Education and Training (Education); the Department of the Prime Minister and Cabinet (PM&C); and the National Library of Australia (NLA);
 - interviewing staff and reviewing records in the four selected entities; and
 - reviewing Finance documentation and interviewing Finance staff.
8. To assist in its review the ANAO developed an assessment matrix which is provided in Appendix 3. The scope of the audit did not include a detailed assessment of: the appropriateness of the performance measures included in entity plans; or entities' approach to managing specific risks.
9. This is the second in a series of performance audits which examine entities' implementation of the corporate planning requirement.

Conclusion

10. The four entities involved in the audit were at different levels of maturity in their implementation of the corporate plan requirements, with further work required in all entities to fully embed the requirements into future plans.
11. Only one entity had positioned its corporate plan as the primary planning document as intended by the framework. Another entity was working to do so. Two entities did not fully meet the policy intent.
12. The four entities are continuing to develop their processes for developing the corporate plan and two entities had developed arrangements for monitoring the implementation of their corporate plans. Two entities had less mature systems and processes for monitoring implementation.

4 Sections 16E and 27A of PGPA Rule 2014 are reproduced at Appendix 2.

5 ANAO Audit Report No. 6 2016-17 *Corporate Planning in the Australian Public Sector* [Internet], available at <https://www.anao.gov.au/work/performance-audit/corporate-planning-australian-public-sector-2015-16> [accessed May 2017] was the first in the current series of audits which examines entities' implementation of the new corporate planning requirement. The previous audit reviewed: the supporting systems and processes for corporate plans in nine entities; and the Department of Finance's whole-of-government administration of the corporate planning requirement.

13. Entities have completed two corporate plans under the PGPA Act arrangements. While these findings could be expected in view of the relatively early stage of implementation of the corporate plan requirement, it is disappointing that some entities are not moving more quickly to learn from the lessons of the first cycle of corporate planning. More active attention from senior management is required to further embed the requirements in the third cycle of corporate planning.

Supporting findings

Corporate plans in Commonwealth entities

14. Comcare had established its corporate plan as its primary planning document and was using it to manage its business. The NLA was working to fully establish its corporate plan as its primary planning document. In Education and PM&C the corporate plan had not been fully established as the entity's primary planning document.

15. The quality and implementation of relevant entity systems and processes was variable. There remains scope for the selected entities to strengthen the systems and processes used for developing their corporate plans. A more structured approach would involve:

- implementation of a documented process and schedule for development of the corporate plan (all entities);
- better integration within the entity's broader planning framework (all entities);
- clearer definition of roles, responsibilities and accountabilities and the operation, as intended, of defined roles, responsibilities and accountabilities (all entities);
- development of strategies for more systematic engagement of stakeholders (all entities); and
- earlier and more systematic involvement of the entity's executive management in the corporate planning process (Education and PM&C).

16. Each of the selected entities met the minimum requirements for the publication of their corporate plans prepared for the 2016–17 planning cycle. Entity plans were provided to responsible Ministers and the Finance Minister as required, and placed on entity websites by 31 August 2016.

17. The selected entities included the six specific matters required by the PGPA Rule. These are an introduction and matters relating to the entity's purposes, environment, performance, capability, and risk oversight and management. There is scope for entities (Comcare, Education and PM&C) to add additional value to the corporate planning process by providing a summary of the risk oversight and management systems of the entity which also addresses the interaction of key system elements.

18. The content, interpretation and application of one mandatory process requirement—that four of the six of the minimum content requirements are required to cover the four reporting periods of the corporate plan—remains an issue for entities, notwithstanding the release of revised guidance from Finance in July 2016. The clarity of current requirements

should be considered as part of the review of the operations of the PGPA Act and PGPA Rule to be conducted after 1 July 2017.⁶

19. The ANAO's assessment of the maturity of each key mandatory section of the selected entities' corporate plans—relating to purposes, environment, performance, capability, and risk oversight and management—indicates that there is scope for improvement in respect to:

- Purposes—by making purposes more readily identifiable (Education), and by providing a clearer statement of the intended outcome (NLA and PM&C).
- Environment—by better outlining the main factors that are both in control and beyond the control of the entity that are expected to impact the achievement of an entity's purposes (all entities except NLA).
- Performance—by more clearly outlining how the entity intends to measure and assess its performance in achieving its purposes over the life of the plan (all entities except Comcare).
- Capability—by more clearly outlining the strategies to be followed in achieving the entity's purposes over the life of the plan (all entities).
- Risk management and oversight—by outlining the key risks that impact the achievement of an entity's purposes and explaining how its approach to managing risk will support the achievement of entity purposes (all entities).

20. The systems and processes established by entities for monitoring and reporting on achievements against corporate plans were at different levels of maturity. Comcare and the NLA had developed systems and processes to monitor the plan and report periodically to their senior management and Accountable Authority. In Education and PM&C, work has commenced to enhance the systems and processes used to monitor implementation of the plan and report on progress to the executive.

21. Roles, responsibilities and accountabilities for monitoring and reporting on the corporate plan were not clearly defined by the selected entities.

22. There is scope for improvement in respect to:

- the frequency of monitoring and reporting against the corporate plan, to establish it as the primary planning document and more effectively support senior management (Education and PM&C); and
- clarity of roles, responsibilities and accountabilities for monitoring and reporting (all entities).

6 This issue was also raised in the ANAO's previous audit of corporate planning (Audit Report No.6 2016-17, p. 13 and paragraphs 3.17 to 3.22). In that audit the ANAO further proposed, at paragraphs 3.10 to 3.16, that the review should examine the clarity of requirements relating to the inclusion of resourcing information and key entity risks.

Summary of entities' responses

23. Summary responses from the selected entities are provided below, while the full responses are provided at Appendix 1.

Comcare

Comcare supports the value of performance audits and the opportunity to participate in the Performance Audit, titled 'Corporate Planning in the APS 2016-17'. Comcare agrees with the majority of the findings, however, notes that difference in advice and feedback between the Australian National Audit Office and the Department of Finance's views in relation to the different years in the capability, risk and environment sections and Comcare's view is that they meet the minimum requirements of the PGPA rule.

This assessment has confirmed Comcare's approach of the four separate purposes to provide a unique method to clearly and concisely identify the internal structures that support our outcome statement. This has been a valuable exercise that has demonstrated the flexibility and adaptability of the corporate plan requirements, allowing for our corporate plan to provide an accurate and comparable insight into Comcare.

The insights provided by this report have identified a number of areas that Comcare can focus on in future planning. Comcare is committed to continuous improvement and looks forward to strengthening our 2017-18 Corporate Plan.

Department of Education and Training

The Department of Education and Training acknowledges the Australian National Audit Office's (ANAO) report on Corporate Planning in the Australian Public Service 2016–17.

The findings highlighted in the ANAO audit will help contribute to strengthening the department's preparation of our 2017–18 Corporate Plan and our approach to corporate planning in the future. In particular, the department is already engaging with the senior leadership team and stakeholders to better define our purpose statement and to fully establish the corporate plan as our primary planning document in 2017–18.

Department of the Prime Minister and Cabinet

The Department of the Prime Minister and Cabinet (PM&C) supports the findings of the audit, including the ANAO's assessment that PM&C met the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013* for publication of the 2016-20 Corporate Plan.

PM&C will more formally establish the Corporate Plan as the primary planning document.

National Library of Australia

The National Library of Australia (NLA) acknowledges the supported findings and recommendations outlined in the report and believes they represent an accurate assessment of the NLA's maturity in implementing corporate planning requirements in 2016–17.

The NLA is making good progress to fully establish its corporate plan as the primary planning document. The Library is committed to continuous improvement in its corporate planning processes and the outcomes of this review have informed preparation of the 2017–21 corporate plan and will inform future plans, specifically to:

- strengthen the systems and processes for developing the corporate plan;
- improve the content of mandatory sections of the plan, including inclusion of performance measures in future plans; and
- strengthen processes for monitoring and reporting on the implementation of the plan.

Department of Finance

The Department of Finance supports the findings of the report.

Audit Findings

1. Background

Introduction

1.1 Performance reporting regimes have been in place in the Australian public sector since the mid-1980s, when the Australian Government introduced budgetary and reporting arrangements intended to allow citizens to better understand government operations and the use of public funds to achieve policy objectives.⁷ Performance reporting also contributes to public accountability by providing a basis for Parliamentary scrutiny of government operations.

1.2 Over time, performance reporting arrangements in the public sector have moved from a narrow focus on financial inputs, towards models designed to provide a clearer picture of the outcomes being achieved by government.⁸ Appropriate and timely performance information strengthens accountability by informing the Parliament and government about the impact of policy measures. It also assists entities to manage programs and activities for which they are responsible, and provides a basis for advice to government on the implementation and adjustment of policy directions.

1.3 While there has been a focus on improving public sector performance measurement and reporting over many years, there is general agreement that this aspect of public administration requires considerable improvement.⁹ Most recently, the reform of the Commonwealth resource management framework, which commenced in December 2010, has sought to improve performance, accountability and risk management across the public sector.¹⁰

Public Management Reform Agenda

1.4 The Public Management Reform Agenda (PMRA)—with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) as its basis—seeks to modernise the resource management framework of the Australian Government so that it will support high quality resource management and performance now and into the future.¹¹ It aims to improve performance, accountability and risk management across government through a single framework.

7 ANAO Audit Report No. 5 2011–12 *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, p. 33.

8 ANAO Audit Report No. 28 2012–13 *The Australian Government Performance Measurement and Reporting Framework: Pilot Project to Audit Key Performance Indicators*, p. 14.

9 Department of Finance, *Enhanced Commonwealth Performance Framework—Discussion Paper*, Canberra, August 2014, p. 2.

10 Department of Finance, *Is Less More? Towards Better Commonwealth Performance, Commonwealth Financial Accountability Review*, March 2012.

11 Department of Finance PMRA webpage, [Internet], available at <<https://www.finance.gov.au/resource-management/pmra/>> [accessed May 2017].

1.5 The PMRA commenced in December 2010 with the Commonwealth Financial Accountability Review. The PMRA is a significant initiative, aimed at encouraging fundamental cultural change in the way government does business. The PMRA and PGPA Act have been established on the basis of five guiding principles:

- Government should operate as a coherent whole
- A uniform set of duties should apply to all resources handled by Commonwealth entities
- Performance of the public sector is more than financial
- Engaging with risk is a necessary step in improving performance
- The financial framework, including the rules and supporting policy and guidance, should support the legitimate requirements of the Government and the Parliament in discharging their respective responsibilities.¹²

Enhanced Commonwealth Performance Framework

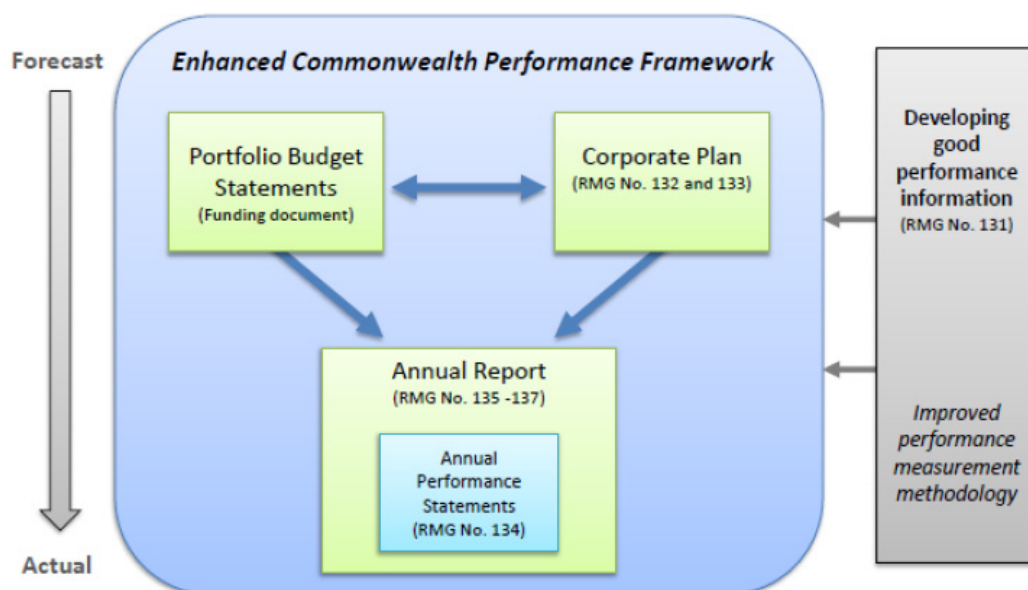
1.6 A key objective of the PMRA is to improve the standard of non-financial performance information produced by Commonwealth entities and companies through the implementation of an Enhanced Commonwealth Performance Framework (performance framework). The performance framework is established by the PGPA Act and relevant sections of the PGPA Rule.¹³ It requires Accountable Authorities to publish a corporate plan for the entity at least once each reporting period and to give that corporate plan to the responsible Minister and the Finance Minister. Accountable Authorities are also required to include a performance statement in the entity's annual report that measures the achievement of the entity's purposes.¹⁴ The preparation of a corporate plan is in addition to the existing requirement for an entity to prepare Portfolio Budget Statements each year.¹⁵ The performance framework is presented in Figure 1.1.

12 Department of Finance, *About the PMRA*, [Internet] available at <<https://www.finance.gov.au/resource-management/pmra/about/>> [accessed May 2017].

13 The PGPA Rule 2014 prescribes a range of matters that are necessary or convenient to be prescribed for the purposes of carrying out or giving effect to the PGPA Act. Sections 16E and 27A of the Rule set out the matters that the Accountable Authority must include in the entity's corporate plan, available at <<https://www.legislation.gov.au/Details/F2014L00911>> [accessed May 2017] and reproduced at Appendix 2.

14 Section 8 of the PGPA Act defines purposes of a Commonwealth entity or company as including the objectives, functions, or role of the entity or company.

15 Commonwealth entities are required to set out their outcome(s), programs, expenses, deliverables and key performance indicators in their Portfolio Budget Statements and subsequently report their performance against these measures in their annual reports.

Figure 1.1: The enhanced Commonwealth performance framework

Source: Department of Finance, *Resource Management Guide No. 130: Overview of the Enhanced Commonwealth Performance Framework*, July 2016, p. 4.

Corporate plans

1.7 The current arrangements, among other things, require entities to prepare a corporate plan, setting out the entity's objectives and strategies, and explaining how the entity will use its resources to achieve the relevant priorities of government. The corporate plan is intended to be the primary planning document of an entity and represents the beginning of the annual performance cycle.¹⁶ An annual performance statement closes the performance cycle and is intended to provide an assessment of the extent to which an entity has succeeded in achieving its purposes, as outlined in its corporate plan.

1.8 The first corporate plans were required to be published by 31 August 2015. The ANAO reviewed the first corporate plans under the current arrangements in Audit Report No.6 2016–17 *Corporate Planning in the Australian Public Sector*.

1.9 The second corporate plans were required to be published by 31 August 2016 and to address the four year period commencing 1 July 2016 (2016–20). The second plans are the subject of this performance audit.

¹⁶ Explanatory Memorandum, Public Governance, Performance and Accountability Bill 2013, p. 31; Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, July 2016, p. 7; [Internet], available at <http://www.finance.gov.au/sites/default/files/rmg-132-corporate-plans-for-commonwealth-entities_0.pdf> [accessed May 2017]; and Department of Finance, *Resource Management Guide No. 133: Corporate plans for Commonwealth companies*, April 2015, p. 5; [Internet], available at <http://www.finance.gov.au/sites/default/files/RMG_133_Corporate_plans_for_companies_Jan17.pdf> [accessed May 2017].

1.10 The first performance statements that report on entities' performance for 2015–16, were required to be included in entities' 2015–16 annual reports. The first annual performance statement reporting will be reviewed as part of a separate ANAO performance audit (see paragraph 1.18).

1.11 Finance has advised the Joint Committee of Public Accounts and Audit that these initiatives, along with more flexible performance measurement arrangements and better guidance material, are 'intended to be a catalyst for improving the quality of performance information' in the public sector.¹⁷

1.12 Finance is responsible for whole-of-government administration of the resource management framework and related legislation. As part of its administration of this framework, Finance provides guidance and advice to entities on their obligations, as well as tools and training to assist their awareness and compliance.

1.13 The ANAO's previous audit report on corporate planning identified two opportunities for improvement related to Finance. These were that:

The review of the PGPA Act should include a review of the requirements relating to the inclusion in corporate plans of:

- resourcing information; and
- key entity risks.

Finance should also clarify in future guidance material the requirements relating to:

- the purposes of an entity; and
- reporting on each reporting period covered by the corporate plan.¹⁸

1.14 Finance has advised the ANAO that the inclusion of resourcing information and key entity risk will be considered as part of the independent review which is to be conducted after 1 July 2017 in accordance with section 112 of the PGPA Act.¹⁹ In addition, Finance updated its guidance in July 2016 to:

- include revised wording in relation to purposes and a practical example of how an entity had articulated its purposes; and
- stated that all six of the minimum requirements are required to cover the four reporting periods of the corporate plan.²⁰

1.15 The ANAO's previous audit report also observed that Finance had provided support to entities through a variety of relevant and helpful engagement activities. These activities utilised a

17 Department of Finance, Submission 17—Attachment 1, Joint Committee of Public Accounts and Audit, *Inquiry into the Development of the Commonwealth Performance Framework*, November 2014, p. 6.

18 ANAO Audit Report No. 6 2016–17: p. 13; [Internet].

19 The effect of section 112 is to require the Finance Minister, in consultation with the Joint Committee of Public Accounts and Audit, to conduct an independent review of the PGPA Act and the PGPA Rules as soon as practicable after 1 July 2017.

20 Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, July 2016, p. 8; [Internet]. Note: this guidance was updated in January 2017. Revised guidance is available at http://www.finance.gov.au/sites/default/files/RMG_132_Corporate_plans_for_Commonwealth_entities_30Jan17_0.pdf > [accessed May 2017]. This guidance is discussed further at paragraphs 2.21 to 2.24.

number of media such as newsletters, websites, and Community of Practice workshops.²¹ Finance has continued to provide similar support to entities. Finance advised the ANAO that:

- 183 people attended its November 2016 workshops, which discussed good performance information;
- 176 people attended its December 2016 workshops, which discussed lessons learned from its review of 2016–17 corporate plans; and
- one-on-one feedback was provided to representatives of 49 entities over the period late November 2016 to early February 2017.

1.16 Finance also undertook qualitative analysis of 121 entity corporate plans and published a lessons learned paper outlining its observations and providing better practice examples. On the basis of this work Finance has observed that:

Commonwealth entities and companies have made progress since the publication of their first corporate plans in 2015. They are moving beyond simply complying with the minimum requirements prescribed in the PGPA Rule and are publishing better quality plans that serve as their primary strategic planning documents.²²

Audit coverage

1.17 As discussed, this is the second in a series of performance audits which examine entities' implementation of the corporate planning requirement.

1.18 This performance audit is also one of three audits in the ANAO's current work program that address key aspects of the implementation of the PGPA Act. The other two audits are:

- *The Management of Risk by Public Sector Entities*. This audit is assessing how a selection of entities manage risk; and
- *Implementation of the Annual Performance Statement Requirements*. This audit is assessing the performance statements included in the 2015–16 Annual Reports of the Department of Agriculture and Water Resources and the Australian Federal Police.

1.19 The three audits have been identified by the Joint Committee of Public Accounts and Audit as priorities of the Parliament and will assist in keeping the Parliament, government and the community informed about the extent to which the resource management framework established by the PGPA Act is achieving its objectives.

Audit approach

1.20 The objective of the audit was to assess the selected entities' progress in implementing the corporate planning requirements under the *Public Governance, Performance and Accountability Act 2013* and related PGPA Rule 2014.

21 ANAO Audit Report No. 6 2016–17: p. 12; [Internet].

22 Department of Finance, *The Enhanced Commonwealth Performance Framework 2016–17 corporate plans lessons learned*, January 2017, p. 2; [Internet], available at <http://www.finance.gov.au/sites/default/files/2016-17_Corporate_Plan_Lessons_Learned_Jan_17.pdf> [accessed May 2017].

1.21 To form a conclusion against the audit objective, the ANAO adopted the following high-level audit criteria:

- the selected entities' corporate plans were established as their primary planning document and outline how entities intended to achieve their purposes over the period of the plans;
- the selected entities' corporate plans met the minimum content and publication requirements of PGPA Rule²³; and
- entities' supporting systems and processes for developing their corporate plans and monitoring achievements against their plans are mature.

1.22 The audit also reviewed actions taken by Finance in response to the ANAO's previous audit of corporate planning, which identified opportunities for improvement.²⁴

1.23 The audit involved:

- reviewing the corporate plans and supporting systems and processes of the following four entities: Comcare; the Department of Education and Training; the Department of the Prime Minister and Cabinet; and the National Library of Australia;
- interviewing staff and reviewing records in the four selected entities; and
- reviewing Finance documentation and interviewing Finance staff.

1.24 To assist in its review the ANAO developed an assessment matrix which is provided in Appendix 3. The scope of the audit did not include a detailed assessment of: the appropriateness of the performance measures included in entity plans; or entities' approach to managing specific risks.

1.25 In its review of entity corporate plans, the ANAO has had regard to the relatively early stage of the Enhanced Commonwealth Performance Framework initiative. This is the second year entities have been required to produce corporate plans under the PGPA Act and a number of the selected entities were building on learnings from the development of their first plan. Further, it is recognised that the framework establishes minimum standards. The optimum or desirable maturity level for individual entities will depend on the entity's particular circumstances and the expectations of senior management. The level of maturity of systems and processes and the corporate plan itself is a decision to be made by the Accountable Authority.

1.26 The ANAO sought to identify examples of good practice in entities' implementation of the corporate plan requirement. These examples, together with key learnings common to a number of entities, are included in Chapter 2 of this audit report to assist entities to improve future plans.

1.27 The audit was conducted in accordance with the ANAO Auditing Standards at a cost to the ANAO of approximately \$423 000.

1.28 The team members for this audit were Grace Guilfoyle, Elizabeth Wedgwood, Lachlan Fraser, Jess Scully, David Lacy and Michelle Page.

23 Sections 16E and 27A of the Rule are reproduced at Appendix 2.

24 These are discussed in paragraphs 1.13 and 1.14 of this report.

2. Corporate plans in Commonwealth entities

Areas examined

The ANAO examined whether the corporate plans of the four selected entities were positioned as the entity's primary planning document in line with the Government's policy intent. The ANAO also examined:

- the systems and processes in the four entities for the development of their corporate plan;
- whether entity corporate plans met mandatory reporting requirements and reflected guidance provided by the Department of Finance (Finance); and
- the subsequent monitoring of achievements against these plans.

Conclusion

In line with the policy intent of the performance framework, one entity had positioned its corporate plan as the primary planning document and a second entity was working to do so. Two entities did not fully meet the policy intent.

The four entities are continuing to develop their processes for developing the corporate plan and two entities had developed arrangements for monitoring the implementation of their corporate plans. Two entities had less mature systems and processes for monitoring implementation.

Entities have completed two corporate plans under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and these findings could be expected in view of the relatively early stage of implementation of the corporate plan requirement. More active attention from senior management is required to further embed the requirements in the third cycle of corporate planning.

Opportunities for improvement

The ANAO's review has identified opportunities for improvement relating to:

- systems and processes for developing the corporate plan;
- the content of mandatory sections of the plan; and
- systems and processes for monitoring and reporting on the implementation of the plan.

Introduction

2.1 The ANAO developed an assessment matrix (provided at Appendix 3) that was used to review:

- whether the corporate plan is positioned as the entity's primary planning document;
- the maturity of the entity's corporate plan; and
- the maturity of the processes followed by the entities in developing their second corporate plan (for the 2016–17 planning cycle) under the PGPA Act and their monitoring of the implementation of these plans.

2.2 The ANAO's review took into account that the corporate planning initiative establishes minimum standards and remains in the relatively early stage of implementation. It could therefore be expected that entity systems and processes will mature over time, as will the content of

corporate plans. Further, the optimum or desirable maturity level for individual entities will depend on the entity's particular circumstances and the expectations of senior management. The level of maturity of systems and processes and of the corporate plan itself is a decision to be made by an entity's Accountable Authority.

Were corporate plans positioned as the entities' primary planning document?

Comcare had established its corporate plan as its primary planning document and was using it to manage its business. The National Library of Australia (NLA) was working to fully establish its corporate plan as its primary planning document. In the Department of Education and Training (Education) and the Department of the Prime Minister and Cabinet (PM&C) the corporate plan had not been fully established as the entity's primary planning document.

2.3 Under the Enhanced Commonwealth Performance Framework, the corporate plan is intended to be an entity's primary planning document.²⁵ It is required to set out the purposes and activities that the entity will pursue and the results it expects to achieve, including a description of the environment and context in which the entity operates, and its planned performance measures, risk profile and capabilities over a minimum of four reporting periods.²⁶

2.4 The ANAO assessed the maturity of the selected entities' 2016–17 corporate plans and supporting systems and processes, to assess whether entities had positioned their corporate plans as their primary planning documents. Specifically, the ANAO considered whether:









- planning frameworks incorporated entity corporate plans as the central element;
- entities monitored achievements against their plans to assist in driving business performance; and
- senior management was fully engaged in the development and monitoring of the plans.

2.5 The ANAO's overall assessment of whether entities' corporate plans (prepared for the 2016–17 planning cycle) were positioned as the entity's primary planning document is presented in Figure 2.1.

25 Explanatory Memorandum, *Public Governance, Performance and Accountability Bill 2013*, p. 31; [Internet], available at <http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r5058_ems_5771fa39-4fac-45d7-9699-75920976ba70/upload_pdf/380781-2.pdf;fileType=application%2Fpdf> [accessed May 2017]; Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, July 2016, p. 8; [Internet]; and Department of Finance, *Resource Management Guide No. 133: Corporate plans for Commonwealth companies*, January 2017, p. 3; [Internet].

26 Department of Finance, *Resource Management Guide No. 130: Overview of the Enhanced Commonwealth Performance Framework*, April 2015, p. 6. [Internet], available at <<https://finance.gov.au/sites/default/files/RMG%20130%20Overview%20of%20the%20enhanced%20Commonwealth%20performance%20framework.pdf>> [accessed May 2017].

Figure 2.1: Assessment of whether corporate plans were positioned as the entities' primary planning document (2016–17 planning cycle)

				
Entities had positioned the corporate plan as the primary planning document				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
 The corporate plan has not been established as the entity's primary planning document.	 The corporate plan has not been fully established as the entity's primary planning document.			
 The entity is working to fully establish its corporate plan as its primary planning document.	 The corporate plan is established as the entity's primary planning document and used in managing the business.			

Source: ANAO analysis.

2.6 Comcare had established its corporate plan as its primary planning document and was using it to manage its business. Comcare had fully integrated the corporate plan with other business planning and was monitoring its performance against the performance measures and other commitments included in the corporate plan.

2.7 The NLA was working to fully establish its corporate plan as its primary planning document and had revised its reporting to senior management and the governing Council²⁷ to reflect the strategic priorities outlined in the corporate plan, and used its corporate plan to progressively enhance its performance measurement.

2.8 The corporate plan had not been fully established as the entity's primary planning document in Education and PM&C. There was scope to further enhance systems and processes for monitoring performance against the performance measures and other commitments included in the corporate plan.²⁸ Monitoring and reporting continued to be against performance measures included in other planning documents and those measures did not fully align with the measures included in the entity's corporate plan. Both entities have advised the ANAO that they recognise that there needs to be stronger alignment between the corporate plan and business planning.

27 The *National Library Act 1960* provides that a Council shall conduct the affairs of the Library. The Council is the NLA's Accountable Authority and consists of 12 members including the Director-General, one Senator elected by the Senate and one member of the House of Representatives elected by that House.

28 As discussed in paragraph 2.64, work has commenced in Education and PM&C to do so.

Did entities have sound systems and processes for developing their corporate plan?

The quality and implementation of relevant entity systems and processes was variable. There remains scope for the selected entities to strengthen the systems and processes used for developing their corporate plans. A more structured approach would involve:









- implementation of a documented process and schedule for development of the corporate plan (all entities);
- better integration within the entity's broader planning framework (all entities);
- clearer definition of roles, responsibilities and accountabilities and the operation, as intended, of defined roles, responsibilities and accountabilities (all entities);
- development of strategies for more systematic engagement of stakeholders (all entities); and
- earlier and more systematic involvement of the entity's executive management in the corporate planning process (Education and PM&C).

2.9 In reviewing the systems and processes of the selected entities in developing their corporate plan, the ANAO considered whether entities:

- established structured approaches to support the development of their plans;
- clearly defined roles, responsibilities and accountabilities;
- consulted internal and external stakeholders; and
- had fully engaged their senior management and/or Board.

2.10 The ANAO's overall assessment of the maturity of the systems and processes adopted by the selected entities to develop their corporate plan (prepared for the 2016–17 planning cycle) is presented in Figure 2.2.

Figure 2.2: Assessment of the maturity of entities' systems and processes to support the development of corporate plans (2016–17 planning cycle)

				
Systems and processes have been developed to support the development of the corporate plan.				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
 Process for developing the plan lacked key elements.	 Some key elements in the development process were evident.			
 Most key elements in the development process were evident.	 All key elements in the development process were evident and operating as intended.			

Source: ANAO analysis.

2.11 There was no clearly documented process supporting the development of the corporate plan in Comcare, NLA and PM&C. Where a documented process and schedule were in place at Education it was, for a number of reasons, not followed.

2.12 The corporate plan requirement was driving changes to entity planning arrangements and processes in each entity but more so in Comcare and the NLA. In all four entities there was scope to further integrate the development of the corporate plan into the entities' planning framework. In addition, not all roles, responsibilities and accountabilities were documented or were fully operating as intended in the four entities.

2.13 Across the four entities there was either no or limited consultation with external stakeholders to assist in shaping the content of the corporate plans, and no formal arrangements in place for this to occur. In Education and PM&C there was scope to engage senior management earlier and more systematically to better direct the development process.

Opportunities for improvement in relation to developing corporate plans

2.14 There remains scope for the selected entities to strengthen the systems and processes used for developing their corporate plans. A more structured approach would involve:

- implementation of a documented process and schedule for development of the corporate plan;
- better integration within the entity's broader planning framework;
- clearer definition of roles, responsibilities and accountabilities and the operation, as intended, of defined roles, responsibilities and accountabilities; and
- development of strategies for more systematic engagement of stakeholders and executive management in the corporate planning process.

Did entities' corporate plans meet the requirements of the PGPA Rule?

Each of the selected entities met the minimum requirements for the publication of their corporate plans prepared for the 2016–17 planning cycle. Entity plans were provided to responsible Ministers and the Finance Minister as required, and placed on entity websites by 31 August 2016.

The selected entities included the six specific matters required by the PGPA Rule. These are an introduction and matters relating to the entity's purposes, environment, performance, capability, and risk oversight and management. There is scope for entities (Comcare, Education and PM&C) to add additional value to the corporate planning process by providing a summary of the risk oversight and management systems of the entity which also addresses the interaction of key system elements.

The content, interpretation and application of one mandatory process requirement—that four of the six minimum content requirements are required to cover the four reporting periods of the corporate plan—remains an issue for entities, notwithstanding the release of revised Finance guidance in July 2016. The clarity of current requirements should be considered as part of the review of the operations of the PGPA Act and the PGPA Rule to be conducted after 1 July 2017.

2.15 The PGPA Act (section 35) requires the Accountable Authority of a Commonwealth entity to prepare and publish a corporate plan each year in accordance with any requirements prescribed by the PGPA Rule. There is a similar requirement (section 95) for the directors of a Commonwealth company. The PGPA Rule (section 16E) outlines the minimum content and publishing requirements for all corporate plans (see Appendix 2).²⁹

2.16 All of the selected entities met the minimum requirements for the publication of their corporate plans for the 2016–17 planning cycle. These requirements are to provide their corporate plan to the relevant Minister and the Minister for Finance prior to publishing the plan on the entity's website by 31 August 2016.³⁰

2.17 The PGPA Rule also requires that six specific matters be included in entity corporate plans. These matters are: an introduction, and matters relating to the entity's purposes, environment, performance, capability, and risk oversight and management. All entities included the six matters in their corporate plans.³¹ Two specific issues identified in the course of the audit are discussed below.

Risk oversight and management

2.18 The PGPA Rule requires entities to include in their corporate plan a summary of the risk oversight and management systems of the entity for each reporting period covered by the plan, including any measures that will be implemented to ensure compliance with finance law.

2.19 While each of the selected entities included some descriptive information about their risk management processes, the NLA also addressed the interaction of key system elements. This approach adds additional value to the corporate planning process by providing the Parliament and stakeholders with specific information and enhanced assurance about the way an entity is managing its risks.

2.20 Example 2.1 illustrates how the NLA's summary addressed the interaction of key system elements.

29 The PGPA Rule 2014 requires that entities publish their corporate plan on their website by 31 August each year (or the end of February for entities that operate on a calendar year basis), unless another date is specified for an entity in its enabling legislation. The Rule also requires entities to set out the purposes and activities that the entity will pursue and the results it expects to achieve, including explaining the environment and context in which it operates, and its planned performance measures, risk profile and capabilities to cover a minimum of four reporting periods.

30 Subsection 16E(5) of the PGPA Rule 2014 requires that the corporate plan be given to the responsible Minister and the Finance Minister: (a) as soon as practicable after the plan is prepared; and (b) before the plan is published on the entity's website.

31 The PGPA Rule includes a process requirement that the introduction to the corporate plan include the reporting period for which the plan was prepared (for example 2016–17). Two entities (Education and the NLA) did not specifically refer to the reporting period in the introduction to their plan.

Example 2.1: Summary of NLA risk oversight and management systems

The relevant section of the corporate plan identifies that:

- The NLA's Corporate Management Group is responsible for identifying and managing risks associated with collecting, storing and making available the NLA's collections; and reports regularly to the NLA Council through the Audit Committee.
- The Audit Committee considers the appropriateness, adequacy, efficiency and effectiveness of the NLA's internal control system and procedures for risk oversight and management, and oversees compliance with those systems and processes.
- The principal risk and mitigation strategies are managed through the NLA's Emergency Planning Committee, which is guided by the NLA's Risk Management Framework.
- The Emergency Planning Committee and Corporate Management Group are responsible for: determining the NLA's appetite for risk; and developing and reviewing annually the NLA's Risk Management Register and the procedures and plans for significant business risks.^a

Note a: These include the Collection Disaster Plan, the Information Technology Disaster Recovery Plan, the Business Contingency Plan for Critical Building Systems, the Business Continuity Framework and the Work Health and Safety Framework.

Source: ANAO summary of NLA corporate plan risk oversight and management.

Four year time horizon

2.21 The PGPA Rule also requires that information relating to four of the six matters is to be provided for each reporting period covered by the plan. Finance's review of the first cycle of corporate plans (2015–16 planning cycle) identified this area as one in which entities consistently did not meet the mandatory requirements. The ANAO's previous performance audit of the corporate planning requirements commented that Finance should clarify, in future guidance, the requirements relating to reporting on each period covered by the corporate plan.³² Finance released revised guidance in July 2016 which stated that:

All six of the minimum requirements under subsection 16E (2) of the PGPA Rule are required to cover the four reporting periods of the corporate plan.³³

2.22 However, Finance's guidance went on to advise that entities could adjust their approach somewhat, depending on the requirement:³⁴

It is expected that issues under the **Environment, Capability, and Risk Oversight and Management** requirements are discussed for the whole period covered by the corporate plan (four years).

32 ANAO, Audit Report No. 6 2016–17: *Corporate Planning in the Australian Public Sector*, p. 13 and pp. 44–45; [Internet], available at <<https://www.anao.gov.au/work/performance-audit/corporate-planning-australian-public-sector-2015-16>>. The issues were brought to Finance's attention in the course of the audit.

33 Department of Finance, *Resource Management Guide No. 132: Corporate Plans for Commonwealth entities*, July 2016, para 33, p. 11; [Internet], available at <http://www.finance.gov.au/sites/default/files/rmg-132-corporate-plans-for-commonwealth-entities_0.pdf> [accessed May 2017]. ANAO comment: Section 16E of the PGPA Rule specifies that information for each reporting period be included for four of the six matters, specifically: environment, performance, capability and risk oversight and management.

34 *ibid.*

For the **Performance** requirement, an entity must specifically cover the four reporting periods of its corporate plan.³⁵

2.23 In addition to issuing guidance, Finance raised this matter in its Community of Practice sessions with entities and in its January 2017 lessons learned paper on 2016–17 corporate plans.

2.24 The content, interpretation and application of the requirement and revised guidance (discussed at paragraphs 2.21 to 2.22) remains an issue for the entities examined in this audit and should be considered as part of the review of the operations of the PGPA Act and the PGPA Rule to be conducted after 1 July 2017 (in accordance with section 112 of the PGPA Act). The entities selected for this audit did not report, in a manner that specifically addressed the four reporting periods, for each of the four mandatory sections of the plan.

- Comcare, Education, and PM&C did not clearly address each of the four reporting periods covered by their corporate plan in the environment, capability and risk sections of their plans. The NLA did not clearly address each of the four reporting periods covered by its corporate plan in the capability and risk sections of its plan.

Opportunities for improvement in relation to meeting the requirements of the PGPA Rule

2.25 Subsection 35(2) of the PGPA Act provides that the corporate plan must comply with any requirements prescribed by the PGPA Rule. There is scope for entities to improve compliance with the mandatory requirements relating to the content of corporate plans by providing a summary of the risk oversight and management systems of the entity which captures the interaction of key system elements (Comcare, Education and PM&C).

2.26 As noted in paragraphs 2.21 to 2.24, one mandatory process requirement—that four of the six of the minimum requirements under subsection 16E(2) of the PGPA Rule are required to cover the four reporting periods of the corporate plan—remains an issue for the entities. The clarity of current requirements should be considered as part of the review of the operations of the PGPA Act and the PGPA Rule to be conducted after 1 July 2017.

35 *ibid.*

Did the corporate plans outline how entities intended to achieve their purposes over the period of the plan?

The ANAO's assessment of the maturity of each key mandatory section of the selected entities' corporate plans—relating to purposes, environment, performance, capability, and risk oversight and management—indicates that there is scope for improvement in respect to:

- Purposes—by making purposes more readily identifiable (Education), and by providing a clearer statement of the intended outcome (NLA and PM&C).
- Environment—by better outlining the main factors that are both in control and beyond the control of the entity that are expected to impact the achievement of an entity's purposes (all entities except NLA).
- Performance—by more clearly outlining how the entity intends to measure and assess its performance in achieving its purposes over the life of the plan (all entities except Comcare).
- Capability—by more clearly outlining the strategies to be followed in achieving the entity's purposes over the life of the plan (all entities).
- Risk management and oversight—by outlining the key risks that impact the achievement of an entity's purposes and explaining how its approach to managing risk will support the achievement of entity purposes (all entities).

2.27 Good performance is likely to result when the purposes of an entity are clear and senior leaders are able to organise resources and activities to deliver on these purposes.³⁶ Finance guidance recognises that an entity's Accountable Authority is responsible for developing and tailoring the corporate plan to suit the entity's particular circumstances.

2.28 In addition to assessing compliance with the PGPA Rule, the ANAO assessed the maturity of each key mandatory section of the selected entities' corporate plans, relating to: purposes, environment, performance, capability, and risk oversight and management.³⁷ The material in these sections of the corporate plan should enable a reader to assess how an entity intends to achieve its purposes over the period of the plan.

Purposes

2.29 The PGPA Rule requires that the corporate plan include the purposes of the entity.³⁸ The purposes of a Commonwealth entity are the strategic objectives that the entity intends to pursue over the reporting period. The aim of the purposes is to give context to the significant activities that the entity will pursue over the period covered by the plan.³⁹ Clearly and concisely presenting purposes in entity corporate plans better allows a clear read through to results reported at the

36 Department of Finance, *Resource Management Guide No. 130: Overview of the Enhanced Commonwealth Performance Framework*, July 2016, p. 6; [Internet].

37 The ANAO's review was based on the assessment matrix provided at Appendix 3.

38 See Appendix 2 PGPA Rule 2014, subsection 16E(2).

39 Department of Finance, *Resource Management Guide No. 132: Corporate Plans for Commonwealth entities*, July 2016, p. 14; [Internet].

end of the reporting period through annual performance statements.⁴⁰ The description of purposes and activities in the corporate plan forms the foundation on which to develop performance information and tell a meaningful performance story.⁴¹ Meaningful performance information depends on having a clear understanding of the purpose to be fulfilled, and expressing that understanding in a way that is measurable.⁴² A well-expressed purpose states the outcome that an entity seeks to achieve for clients, stakeholders and the public.⁴³

2.30 Finance provides guidance to entities on the wording of purposes and also provides tips for developing a common understanding of purpose as outlined in Table 2.1 and Example 2.2 respectively.

Table 2.1: Example of entity purpose in Finance guidance

Poorly worded purpose	Better worded purpose
Provide support to regional industry	Encourage further investment in regional areas that leads to generation of new jobs
Defending Australia	Develop and sustain military capability that meets the government's strategic and operational needs
Improve health services for people with serious and life-threatening illnesses	Reduce mortality rates for people with serious and life-threatening illnesses

Source: Department of Finance, *Resource Management Guide No. 131 Developing good performance information*, April 2015, p. 15.

Example 2.2: Tips for developing a common understanding of purpose

Discussing the following questions extensively internally as well as with delivery partners and key external stakeholders, will assist in establishing a clear and coherent understanding of the purpose (or purposes) to be fulfilled:

- What need is being met? What is the government’s role in meeting that need?
- How will things be different when the need is met, and for whom?
- Who should be involved in making this difference? How long will it take?
- How can this difference be achieved effectively at the lowest cost?
- When will stakeholders know a significant difference has been made? What will be observed to have changed?

Source: Department of Finance, *Resource Management Guide No. 131, Developing good performance information* April 2015, p. 16.

40 *ibid.*









41 Department of Finance, *Resource Management Guide No.131: Developing good performance information*, April 2015, p. 10. [Internet], available at <https://www.finance.gov.au/sites/default/files/RMG%20131%20Developing%20good%20performance%20information.pdf> [accessed May 2017].

42 *ibid.*, p. 15.

43 *ibid.*

2.31 The ANAO's assessment of the maturity of the purposes section of the selected entities' corporate plans (2016–17 planning cycle) is presented in Figure 2.3.

Figure 2.3: Assessment of the maturity of the purposes section of corporate plans (2016–17 planning cycle)

				
Maturity of purposes section				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
<div>  The purposes section does not express the strategic objectives of the entity. </div> <div>  The purposes section expresses the strategic objectives of the entity but the purposes are not readily identifiable or expressed in a manner that provides a clear statement of the intended outcome. </div> <div>  The purposes section expresses the strategic objectives of the entity, the purposes are readily identifiable and expressed in a manner that provides some indication of the intended outcome. </div> <div>  The purposes section expresses the strategic objectives of the entity, the purposes are readily identifiable and expressed in a manner that provides a clear statement of the intended outcome. </div>				

Source: ANAO analysis.

2.32 Each of the selected entities expressed their strategic objectives in the purposes section of their 2016–17 corporate plan and provided context for the entity's activities.

2.33 Comcare clearly and concisely identified its four purposes in its corporate plan and the outcome to be achieved when the purposes are fulfilled.

2.34 In Education's corporate plan the section headed 'Purpose' presents the department's vision, mission, outcomes, goals, values and culture, discusses that Indigenous business is everyone's business, and includes a diagram titled 'why are we here?' Collectively this information provides readers with information regarding the strategic objectives of the department. Education's purpose is not readily identifiable leaving it to the reader to interpret what the purposes are. The absence of a readily identifiable purpose makes it more difficult for Education to develop performance criteria that will demonstrate that it has made progress towards fulfilling its purpose.

2.35 The NLA's purpose is readily identifiable and gives some indication of the intended outcome. The purpose could be expressed in a manner that more clearly states the outcome to be achieved when the purposes are fulfilled.

2.36 PM&C's corporate plan identifies three key purposes: supporting the Prime Minister as the head of the Australian Government and the Chair of Cabinet; providing advice on major domestic policy and national security matters; and improving the lives of Indigenous Australians. The first two purposes are expressed as actions or activities rather than as an outcome or result to be achieved. It is also not clear what change will occur as a result of activities undertaken by the









department. PM&C's third purpose gives some indication of the desired outcome (improvement in the lives of Indigenous Australians). The reader's understanding of the link between PM&C's purposes and intended outcomes is improved by reading the purposes together with the Secretary's covering statement.

Environment

2.37 The PGPA Rule (section 16E) requires the corporate plan to describe the environment in which the entity will operate for each reporting period covered by the plan. The environment section may provide an explanation of the nature and intricacies of the environment in which the entity operates. This could include demographic, geographic or temporal factors that affect the entity and its work, and the regulatory or competitive environment in which it operates.⁴⁴

2.38 The ANAO's assessment of the maturity of the environment section of the selected entities' corporate plans (2016–17 planning cycle) is presented in Figure 2.4.

Figure 2.4: Assessment of the maturity of the environment section of corporate plans (2016–17 planning cycle)

				
Maturity of environment section				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
<div>  The discussion of the operating environment is limited and does not outline the factors in the entity's operating environment that impact the achievement of the entity's purposes. </div> <div>  The discussion of the operating environment covers the period of the plan but the factors in the entity's operating environment that are expected to impact the achievement of the entity's purposes are unclear. </div> <div>  The discussion of the operating environment covers the period of the plan, and outlines the main factors in the entity's operating environment that are expected to impact the achievement of the entity's purposes. </div> <div>  The discussion of the operating environment covers the period of the plan; is linked to the entity's purposes; and outlines the main factors that are both in control and beyond the control of the entity that are expected to impact the achievement of an entity's purposes. </div>				

Source: ANAO analysis.

2.39 In most cases, entities' description of the environment in which they will operate for each reporting period covered by the plan lacked specificity. Entities referred to factors such as global, national, social and economic factors, changes in technology or other challenges, many of which are common to the operating environment of most entities in the Australian public sector. The

44 Department of Finance, *Resource Management Guide No. 132: Corporate Plans for Commonwealth entities*, July 2016, p. 17; [Internet].

breadth of these environmental factors limited entities' capacity to describe how specific changes in their operating environment may impact the entity's achievement of its purposes.

2.40 Specifying how environmental factors, both within and outside the control of the entity, are likely to impact on an entity's capacity to achieve its purposes would strengthen this section of entities' corporate plans. Finance guidance also suggests where environmental factors relate to the risks faced by entities, identification of these factors makes for a 'clear read' between the environment, capability and the risk oversight and management sections of entity corporate plans and is encouraged.

2.41 The NLA's environment section provides an explanation of the nature and intricacies of the entity's operating environment and outlines the main factors in the entity's operating environment that are expected to impact the achievement of the entity's purposes.

Example 2.3: Environment—National Library of Australia

The environment section of the NLA's 2016–20 corporate plan provides a description of the environment in which it operates, how the environment is changing, and how the environment impacts the Library's capacity to achieve its purposes.

In particular, the corporate plan discusses the changing needs and demands of the NLA's client base, including the growing demand for digital access to the collection, the decline in hard copy publishing and increase in digital publishing, and systems and processes put in place to meet this emerging and growing demand.

Resourcing is discussed and the plan provides an example of where resourcing will require the NLA to focus on critical, very high impact projects only.

The 'Our Partners' subsection provides an understanding of how and why the NLA collaborates with its equivalents in the states and territories, and other cultural, community and philanthropic partners.

The 'Government Framework' subsection discusses opportunities and challenges inherent in the broader government framework and how the NLA will engage with, contribute to, and become embedded in this framework.

Source: ANAO summary of NLA corporate plan environment section.

Performance

2.42 The PGPA Rule (section 16E) requires that for each reporting period covered by the corporate plan, the entity must provide a summary of how the entity will achieve its purposes, and how the entity's performance will be measured and assessed. The summary must include any measures, targets and assessments that will subsequently be used to measure and assess the entity's performance in the entity's annual performance statements prepared under section 16F of the PGPA Rule.⁴⁵ Finance has advised entities that performance information should convey a coherent message and tell a rich and meaningful story about what will be achieved over the periods of the plan.









45 See Appendix 2 PGPA Rule 2014 subsection 16E(4).

A good performance story answers the following questions: **What did we do and how much? How well did we do it? Who was better off and why?**⁴⁶

2.43 Finance has further advised that a small set of relevant and high-quality performance measures that generate information, and tell a coherent story about the achievements of activities directed at satisfying a specific purpose, will always be preferred over larger amounts of poorly focused and messaged performance information.⁴⁷

2.44 The ANAO's assessment of the maturity of the performance section of the selected entities' corporate plans (2016–17 planning cycle) is presented in Figure 2.5.

Figure 2.5: Assessment of the maturity of the performance section of corporate plans (2016–17 planning cycle)

				
Maturity of performance section				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
<div>  The plan does not outline how the entity's performance will be measured and assessed in achieving its purposes. </div> <div>  The plan partially outlines how the entity intends to measure and assess its performance in achieving its purposes. </div> <div>  The plan partially outlines how the entity intends to measure and assess its performance in achieving its purposes. The entity has committed to enhancing its approach to measuring and assessing its performance in developing future plans. </div> <div>  The plan outlines a mature approach to how the entity intends to measure and assess its performance in achieving its purposes over the life of the plan. </div>				

Note: The audit did not include a detailed assessment of the appropriateness of the performance measures included in entity plans.

Source: ANAO analysis.

2.45 Three of the selected entities included performance measures in their corporate plans. The measures were predominantly quantitative, output based, and simple in nature. Outcome measures and targets were infrequently specified.

2.46 The NLA's corporate plan did not indicate how the entity intended to measure and assess its performance in achieving its purposes.⁴⁸ During 2015–16, the NLA completed a major review of its performance indicators and commenced work on developing a new reporting framework to

46 Department of Finance, *Resource Management Guide 132: Corporate Plans for Commonwealth entities*, July 2016, p. 19; [Internet].

47 Department of Finance, *Resource Management Guide No. 131: Developing good performance information*, April 2015, p. 41; [Internet].

48 The performance section of the NLA's corporate plan groups 'aspirations' under one of three strategic priorities, and describes actions for each aspiration. While this format clearly links aspirations and actions, including priority actions for 2016–17, there are no corresponding measures to assess performance.

better position itself to meet the requirements of the PGPA Act. The NLA has now endorsed ten entity level performance measures and the NLA advised the ANAO that these will be incorporated in the next corporate plan (2017–18 planning cycle).

2.47 Each of the selected entities recognised that there is scope for improvement in relation to the presentation of performance information, and all have taken steps to improve performance measurement since the publication of their last corporate plan in August 2016. Key areas of focus should include:

- Progressively implementing more sophisticated performance measures to assess performance in achieving entity purposes. This includes transitioning from the measures currently in place, that largely tell a performance story of what was delivered, to measures that also provide information on effectiveness in achieving purposes.
- The inclusion of material that enhances the overall performance story, such as qualitative measures, case studies and other narrative material.
- The inclusion of information on how performance will be assessed, including how often performance information is collected.

Capability









2.48 The PGPA Rule states that the corporate plan must include the key strategies and plans that the entity will implement in each reporting period covered by the plan to achieve the purposes of the entity.⁴⁹ Entities may describe their current capability and assess how their capability needs may change over the term of the corporate plan. They may also outline the strategies they will put in place to build the capability they need in areas such as (but not limited to) staffing, capital investment or ICT.⁵⁰

2.49 The ANAO's assessment of the maturity of the capability section of the selected entities' corporate plans (2016–17 planning cycle) is presented in Figure 2.6.

49 See Appendix 2 PGPA Rule 2014, subsection 16E(5).

50 Department of Finance, *Resource Management Guide No. 132: Corporate Plans for Commonwealth entities*, July 2016, p. 26; [Internet].

Figure 2.6: Assessment of the maturity of the capability section of corporate plans (2016–17 planning cycle)

				
Maturity of capability section				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
<div>  The discussion of capability is not consistent with the entity's resource planning framework and/or does not address the key strategies to be followed in achieving the entity's purposes over the life of the plan. </div> <div>  The discussion of capability is consistent with the entity's resource planning framework but does not address the key strategies to be followed in achieving the entity's purposes over the life of the plan. </div> <div>  The discussion of capability is consistent with the entity's resource planning framework but does not clearly outline the key strategies to be followed in achieving the entity's purposes over the life of the plan. </div> <div>  The discussion of capability is consistent with the entity's resource planning framework and clearly outlines the key strategies to be followed in achieving the entity's purposes over the life of the plan. </div>				

Source: ANAO analysis.

2.50 None of the selected entities addressed the key strategies and plans to be implemented to achieve the entity's purposes. Much of the discussion on capability in entities' corporate plans was expressed in generic terms that could apply to most entities in the Australian public sector. For example, entities outlined the need for relevant skills (such as leadership and policy analysis) and/or ICT capability (such as data analytics and the management of digital transformation). The plans did not clearly identify the specific capabilities required by entities to achieve their purposes and the key strategies the entity will implement to obtain those capabilities.

2.51 The capability sections of corporate plans would be enhanced if entities included:

- details of existing and future capability requirements;
- how capability requirements might change over time; and
- how entities plan to obtain or build the necessary capabilities to enable them to achieve their purposes.

Risk oversight and management















2.52 The PGPA Rule requires corporate plans to include a summary of the risk oversight and management systems of the entity for each reporting period covered by the plan (including any measures that will be implemented to ensure compliance with the finance law).⁵¹ The applicable Finance guidance noted that:

⁵¹ See Appendix 2 PGPA Rule 2014 subsection 16E(6).

As a strategic planning document, the corporate plan needs to demonstrate that effective systems of risk oversight and management have been implemented. Entities should explain how their approach to managing risk will support the achievement of their purposes.⁵²

2.53 The ANAO's assessment of the maturity of the risk oversight and management section of the selected entities' corporate plans (2016–17 planning cycle) is presented in Figure 2.7.

Figure 2.7: Assessment of the maturity of the risk oversight and management section of corporate plans (2016–17 planning cycle)

				
Maturity of risk oversight and management section				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
 The discussion of risk does not address how the entity's approach to managing risk will support the achievement of the entity's purposes.	 The discussion of risk does not clearly address how the entity's approach to managing risk will support the achievement of the entity's purposes.			
 The discussion of risk is linked to the achievement of an entity's purposes but does not outline the sources of risk or the key risks that impact the achievement of an entity's purposes.	 The discussion of risk is linked to the achievement of an entity's purposes and outlines the sources of risk or the key risks that impact the achievement of an entity's purposes.			

Note: The audit did not include a detailed assessment of entities' approach to managing risk.

Source: ANAO analysis.

2.54 The risk oversight and management section of the selected entities' corporate plans did not identify risks specific to the delivery of the entities' purposes. The risk discussion was generic and at a high level. Two of the selected entities (Comcare and Education) did not address how the entity's approach to managing risk supported the achievement of the entity's purposes.

2.55 Finance's July 2016 guidance indicated that a mature approach to addressing risk in the corporate plan may include a discussion of:

... how the key sources of risk to an entity's purposes are being managed in the context in which the entity operates, the activities undertaken and the purposes the entity seeks to achieve.

... the capability and environment components of the corporate plan, and how those components impact the risk profile of the entity.

... key sources of emerging risks that may impact its ability to achieve its purposes in the future.

... the risks an entity faces into the context in which the entity operates, the activities undertaken and the purposes it seeks to achieve.⁵³

52 Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, July 2016, p. 25: [Internet].

Did entities develop sound systems and processes for monitoring achievements against their corporate plan?

The systems and processes established by entities for monitoring and reporting on achievements against corporate plans were at different levels of maturity. Comcare and the NLA had developed systems and processes to monitor the plan and report periodically to their senior management and Accountable Authority. In Education and PM&C work has commenced to enhance the systems and processes used to monitor implementation of the plan and report on progress to the executive.

Roles, responsibilities and accountabilities for monitoring and reporting on the corporate plan were not clearly defined by the selected entities.

There is scope for improvement in respect to:

- the frequency of monitoring and reporting against the corporate plan, to establish it as the primary planning document and more effectively support senior management (Education and PM&C); and
- clarity of roles, responsibilities and accountabilities for monitoring and reporting (all entities).









2.56 The corporate plan is intended to be the primary planning document of an entity and represents the beginning of the annual performance cycle. An annual performance statement closes the performance cycle and is intended to provide an assessment of the extent to which an entity has succeeded in achieving its purposes, as outlined in its corporate plan. It is therefore important that entities establish arrangements for monitoring and reporting on progress in achieving the measures and other commitments included in the corporate plan.

2.57 In reviewing the arrangements adopted by entities to monitor the implementation of their corporate plans, the ANAO considered whether entities:

- developed systems and processes to monitor their plans, particularly in relation to performance;
- established clearly defined roles, responsibilities and accountabilities; and
- had fully engaged their senior management and/or Board.

2.58 The ANAO's overall assessment of the maturity of the systems and processes adopted by the selected entities to monitor achievements against their corporate plans (2016–17 planning cycle) is presented in Figure 2.8.

Figure 2.8: Assessment of the maturity of entity systems and processes to support the monitoring of corporate plans (2016–17 planning cycle)

				
Systems and processes have been developed to support monitoring of the implementation of its corporate plan.				
Comcare				
Department of Education and Training				
Department of the Prime Minister and Cabinet				
National Library of Australia				
 No systems and processes for monitoring the plan were in place.	 Some systems and processes for monitoring the plan were in place.			
 Systems and processes for monitoring the plan were in place but not fully operating	 Systems and processes for monitoring the plan were in place and fully operating			

Source: ANAO analysis.

2.59 The ANAO's assessment indicates that the systems and processes established by entities for monitoring and reporting on achievements against corporate plans were at different levels of maturity.

2.60 Comcare and the NLA had developed systems and processes to monitor the plan, particularly in relation to performance. Comcare's arrangements were fully operating for the duration of the plan, while NLA's were fully operating from January 2017.

2.61 Roles, responsibilities and accountabilities for monitoring and reporting on the corporate plan were not clearly defined by each of the selected entities.

2.62 Periodic reporting to senior management and the board, where relevant, of progress in achieving the measures and other commitments outlined in the entity's corporate plan is a demonstration of an entity's commitment to positioning the corporate plan as the entity's primary planning document.

2.63 Comcare reports to its senior executive, while the NLA reports to its Director-General and Council on progress against indicators outlined in the corporate plan.

2.64 In Education and PM&C work has commenced to enhance the systems and processes used to monitor implementation of the plan and report on progress to the executive.

Example of good practice

2.65 The following example of good practice was observed during the ANAO's review of entity processes for monitoring achievements against the corporate plan.

Reporting to the senior executive

Example 2.4: Comcare—reporting to the senior executive

Comcare provides a quarterly non-financial performance report to its senior executive that lists each of the performance indicators in the corporate plan and reports results against them by quarter.^a The report also identifies the target that was included in the corporate plan and indicates whether operational plan delivery strategies^b are on track, at risk (minor issues), have major issues, are on hold or complete.

Note a: In some cases no results are provided as the results are not yet available or data was not collected every quarter.

Note b: Comcare's Operational Plan is a subsidiary document closely aligned to the corporate plan.

Source: Comcare documentation.

Opportunities for improvement in relation to monitoring achievements against the plan

2.66 There remains scope for entities to strengthen the systems and processes used to monitor achievements against the plan. This includes:

- developing systems and processes to monitor the plan particularly in relation to performance, and ensure these systems and processes are operating as intended;
- clearly defining roles, responsibilities and accountabilities for monitoring the implementation of the plan; and
- fully engaging senior management in directing the monitoring and evaluation process.



Rona Mellor PSM
Acting Auditor-General

Canberra ACT
1 June 2017

Appendices

Appendix 1 Entity responses

Comcare



Australian Government

Comcare

CHIEF EXECUTIVE OFFICER
P 02 6275 0001

1 May 2017

Dr T Ioannou
Group Executive Director
Performance Audit
Australian National Audit Office
19 National Circuit
BARTON ACT 2600

Dear Dr Ioannou

Re: Performance Audit: Corporate Planning in the APS 2016-17

Thank you for the opportunity to participate in the Australian National Audit Office (ANAO) Performance Audit titled 'Corporate Planning in the APS 2016-17'. Comcare views such participation as a valuable exercise in search of improvement and continuity throughout the Commonwealth. Comcare is pleased with the depth and breadth of the audit.

The ANAO's assessment has confirmed Comcare's approach of four separate purposes to provide a unique method that concisely identifies the internal structures supporting the outcome statement. Comcare is also acknowledged as meeting requirements for the entities primary planning document and the maturity of entity systems and processes to support the Corporate Plan.

Comcare considers that the commentary referencing, the development of the plan, environment, performance, capability, risk oversight and management, and roles and responsibilities are accurate reflections of the Comcare 2016-17 Corporate Plan. These areas will be further strengthened in 2017-18 and the lessons learned have been incorporated into the planning framework for the 2018-19 Corporate Plan.

This action will ensure and provide additional clarity for the planning process, including consultation requirements and role responsibilities.

Once again on behalf of Comcare I thank you for the opportunity to comment.

Yours sincerely

Jennifer Taylor

GPO BOX 9905
CANBERRA ACT 2601
P 1300 366 979

COMCARE.GOV.AU

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Department of Education and Training



Australian Government
Department of Education and Training

Secretary
Dr Michele Bruniges AM

Dr Tom Ioannou
Group Executive Director
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Dr ^{Tom}Ioannou

ANAO Section 19 Report: Corporate Planning in the Australian Public Sector 2016–17

Thank you for your email of 18 April 2017 providing an opportunity to respond to the proposed report on Corporate Planning in the Australian Public Sector 2016–17.

The department's response for noting in the report summary is:

The Department of Education and Training acknowledges the Australian National Audit Office's (ANAO) report on Corporate Planning in the Australian Public Service 2016–17.

The findings highlighted in the ANAO audit will help contribute to strengthening the department's preparation of our 2017–18 Corporate Plan and our approach to corporate planning in the future. In particular, the department is already engaging with the senior leadership team and other stakeholders to better define our purpose statement and to fully establish the corporate plan as our primary planning document in 2017–18.

If you would like further information on the department's response, please contact Marcus Markovic, Group Manager, Finance, Technology and Business Services.

Yours sincerely

Michele Bruniges

Dr Michele Bruniges AM

5 May 2017

Opportunity through learning

50 Marcus Clarke Street, Canberra ACT 2601
GPO Box 9880, Canberra ACT 2601 | Phone (02) 6121 6000

Department of the Prime Minister and Cabinet



Australian Government
Department of the Prime Minister and Cabinet

SECRETARY
DR MARTIN PARKINSON AC PSM

Ref: EC17-000664

Mr Grant Hehir
Australian National Audit Office
19 National Circuit
BARTON ACT 2601

Dear ~~Mr~~ ^{Grant} Hehir

Thank you for the opportunity to review and comment on the Australian National Audit Office's (ANAO) draft performance audit report on Corporate Planning in the Australian Public Sector 2016-17, provided pursuant to section 19 of the *Auditor-General Act 1997*.

The Department of the Prime Minister and Cabinet (PM&C) supports the findings of the audit, including the ANAO's assessment that PM&C met the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013* for publication of the 2016-20 Corporate Plan.

PM&C will more formally establish the Corporate Plan as the primary planning document.

I would like to express my thanks for the professional and collaborative approach taken by the ANAO's audit team on this audit.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Martin Parkinson'.

11 May 2017

Postal Address: PO BOX 6500, CANBERRA ACT 2600
Telephone: +61 2 6271 5111 Fax: +61 2 6271 5414 www.pmc.gov.au ABN: 18 108 001 191

N A T I O N A L L I B R A R Y O F A U S T R A L I A

FROM THE OFFICE OF THE DIRECTOR-GENERAL

11 May 2017

Ref: NLA17/1022

Dr Tom Ioannou
Group Executive Director, Performance Audit
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

BY EMAIL: tom.ioannou@anao.gov.au

Dear Dr Ioannou

Australian National Audit Office (ANAO) audit: Corporate Planning in the Australian Public Sector 2016-17.

Thank you for the opportunity to review and comment on the Australian National Audit Office's (ANAO) draft performance audit report on Corporate Planning in the Australian Public Sector 2016-17.

The National Library of Australia (NLA) acknowledges the supported findings and recommendations outlined in the report and believes they represent an accurate assessment of the NLA's maturity in implementing corporate planning requirements in 2016-17.

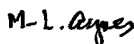
The NLA is making good progress to fully establish its corporate plan as the primary planning document. The Library is committed to continuous improvement in its corporate planning processes and the outcomes of this review have informed preparation of the 2017-2021 Corporate Plan and will inform future plans, specifically to:

- strengthen the systems and processes for developing the corporate plan;
- improve the content of mandatory sections of the plan, including inclusion of performance measures in future plans; and
- strengthen processes for monitoring and reporting on the implementation of the plan.

The NLA will continue active participation in the Community of Practice and other support mechanisms provided by the Department of Finance to meet corporate planning requirements.

I would like to acknowledge the professional and constructive approach taken by the ANAO's audit team in conducting this audit.

Yours sincerely



Dr Marie-Louise Ayres



Canberra ACT 2600
T +61 2 6262 1390
marie-louise.ayres@nla.gov.au
nla.gov.au
ABN 28 348 888 075

Department of Finance



Australian Government **Department of Finance**

Rosemary Huxtable PSM
Secretary

Our Ref: SEC0014453

Ms Rona Mellor PSM
Acting Auditor-General
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Dear Ms Mellor

Rona

Thank you for the Australian National Audit Office's (ANAO) email of 18 April 2017 regarding the Section 19 proposed Audit Report on *Corporate Planning in the Australian Public Sector 2016-17* and seeking the Department of Finance's response.

The Department of Finance thanks the ANAO for the opportunity to respond to the matters raised in the proposed report. Our response is: "The Department of Finance supports the findings of the report".

I am keen to ensure that we continue to work closely with the ANAO and the Joint Committee of Public Accounts and Audit over the coming years to help improve the quality of planning and reporting, and the quality of performance information. The audit's findings will be an important input into this process.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'R. Huxtable', with a long horizontal flourish extending to the right.

Rosemary Huxtable
Secretary

9 May 2017

Appendix 2 Public Governance, Performance and Accountability Rule 2014 sections 16E and 27A

16E Corporate plan for Commonwealth entities

Guide to this section

The purpose of this section is to set out matters that the accountable authority of a Commonwealth entity must include in the entity's corporate plan.

The corporate plan may also include other matters and, for some Commonwealth entities, the Act (see subsections 35(3) and (5)) or the entity's enabling legislation may require that other matters be included in the plan.

A corporate plan is prepared for a single reporting period for a Commonwealth entity. However, each plan must cover at least 4 reporting periods: the reporting period for which the plan is prepared and at least the following 3 reporting periods.

This section is made for subsections 35(1) and (2) of the Act.

Period corporate plan must cover

- (1) The corporate plan for a Commonwealth entity must cover a period of at least 4 reporting periods for the entity, starting on the first day of the reporting period for which the plan is prepared under paragraph 35(1)(a) of the Act.

Matters that must be included in corporate plan

- (2) The following table sets out the matters that must be included in the corporate plan:

Matters to be included in a Commonwealth entity's corporate plan		
Item	Topic	Matters to be included
1	Introduction	The following: (a) a statement that the plan is prepared for paragraph 35(1)(b) of the Act; (b) the reporting period for which the plan is prepared; (c) the reporting periods covered by the plan.
2	Purposes	The purposes of the entity.
3	Environment	The environment in which the entity will operate for each reporting period covered by the plan.
4	Performance	For each reporting period covered by the plan, a summary of: (a) how the entity will achieve the entity's purposes; and (b) how any subsidiary of the entity will contribute to achieving the entity's purposes; and (c) how the entity's performance will be measured and assessed in achieving the entity's purposes, including any measures, targets and assessments that will be used to measure and assess the entity's performance for the purposes of preparing the entity's annual performance statements under section 16F.
5	Capability	The key strategies and plans that the entity will implement in each reporting period covered by the plan to achieve the entity's purposes.

Matters to be included in a Commonwealth entity's corporate plan		
Item	Topic	Matters to be included
6	Risk oversight and management	A summary of the risk oversight and management systems of the entity for each reporting period covered by the plan (including any measures that will be implemented to ensure compliance with the finance law).

Corporate plan must be published

- (3) The corporate plan must be published on the entity's website by the last day of the second month of the reporting period for which the plan is prepared.
- (4) However, if the accountable authority considers that the corporate plan contains information that:
 - (a) is confidential or commercially sensitive; or
 - (b) could prejudice national security;
 then only so much of the corporate plan that does not contain that information must be published under subsection (3).

Corporate plan must be given to Ministers

- (5) The corporate plan, and any version of the plan referred to in subsection (4), must be given to the responsible Minister and the Finance Minister:
 - (a) as soon as practicable after the plan is prepared; and
 - (b) before the plan, or the version, is published under subsection (3).

Variation of corporate plan

- (6) If the corporate plan is varied during the reporting period for which the plan is prepared and the accountable authority of the entity considers that the variation is significant, then:
 - (a) this section applies to the plan as varied; and
 - (b) subsection (3) applies as if it requires the plan to be published as soon as practicable after the plan is prepared (instead of it requiring the plan to be published by the last day of the second month of the reporting period for which the plan is prepared).

Corporate plan for new entity

- (7) If the entity is established at the start of, or during, the reporting period for which the plan is prepared, then subsection (3) applies as if it requires the plan to be published as soon as practicable after the plan is prepared (instead of it requiring the plan to be published by the last day of the second month of the reporting period for which the plan is prepared).

27A Corporate plan for Commonwealth companies

Guide to this section

The purpose of this section is to provide that the requirements in section 16E of this rule relating to corporate plans for Commonwealth entities also apply to corporate plans for Commonwealth companies.





This section is made for section 95 of the Act.

- (1) Section 16E of this rule (which is about corporate plans for Commonwealth entities) applies to a Commonwealth company in the same way as it applies to a Commonwealth entity.
- (2) For the purposes of subsection (1):
 - (a) a reference in section 16E to the accountable authority of the entity is taken to be a reference to the governing body of the company; and
 - (b) a reference in paragraph (c) of item 4 of the table in subsection 16E(2) to the entity's annual performance statements for each reporting period covered by the plan is taken to be a reference to the company's annual report for each reporting period covered by the plan.





Source: *Public Governance, Performance and Accountability Act 2013* available at <<https://www.legislation.gov.au/Details/F2017C00255>> Sections 16E and 27A.





Appendix 3 ANAO assessment matrix

Criteria to assess entities' positioning of their corporate plans as their primary planning document





Entities had positioned the corporate plan as the primary planning document				
				
Primary planning document	The corporate plan has not been established as the entity's primary planning document.	The corporate plan has not been fully established as the entity's primary planning document.	The entity is working to fully establish its corporate plan as its primary planning document.	The corporate plan is established as the entity's primary planning document and is used in managing the business.

Criteria to assess entities' corporate planning—development of entity corporate plans

Sub-criteria: Did entities have sound systems and processes for developing their corporate plans?				
Category				
Approach to development	The entity has not established a structured approach for the development of its corporate plan.	The entity has established elements of a structured approach to support development of its corporate plan, but these are not integrated into a broader planning framework.	The entity has established a structured approach for the development of its corporate plan which is not fully integrated into a broader planning framework.	The entity has established a structured approach to support the development of its plan which is fully integrated within a broader planning framework.
Roles and responsibilities	Roles, responsibilities and accountabilities are not defined.	Roles, responsibilities and accountabilities were partially defined.	Roles, responsibilities and accountabilities were clearly defined.	Roles, responsibilities and accountabilities were clearly defined and are operating as intended.
Stakeholder consultation	Stakeholders have not been consulted.	There was limited stakeholder consultation.	Relevant stakeholders were consulted.	Relevant internal and external stakeholders were consulted.









Sub-criteria: Did entities have sound systems and processes for developing their corporate plans?				
Board / management engagement	Board/entity management engagement was limited.	The level of Board/entity management engagement was inconsistent during the development of the plan.	Board/entity management were not always fully engaged throughout the development process.	Board/entity management were fully engaged and directed the development process.
	 Process for developing the plan lacked key elements.	 Some key elements in the development process were evident.	 Most key elements in the development process were evident.	 All key elements in the development process were evident and operating as intended.

Criteria to assess entities' corporate planning—corporate plans

Sub-criteria: Do entities' plans outline how entities intend to achieve their purposes over the period of the plans?				
Category				
Purposes	The purposes section does not express the strategic objectives of the entity.	The purposes section expresses the strategic objectives of the entity but the purposes are not readily identifiable or expressed in a manner that provides a clear statement of the intended outcome.	The purposes section expresses the strategic objectives of the entity, the purposes are readily identifiable and expressed in a manner that provides some indication of the intended outcome.	The purposes section expresses the strategic objectives of the entity, the purposes are readily identifiable and expressed in a manner that provides a clear statement of the intended outcome.
Environment	The discussion of the operating environment is limited and does not outline the factors in the entity's operating environment that impact the achievement of the entity's purposes.	The discussion of the operating environment covers the period of the plan but the factors in the entity's operating environment that are expected to impact the achievement of the entity's purposes are unclear.	The discussion of the operating environment covers the period of the plan, and outlines the main factors in the entity's operating environment that are expected to impact the achievement of the entity's purposes.	The discussion of the operating environment covers the period of the plan; is linked to the entity's purposes; and outlines the main factors that are both in control and beyond the control of the entity that are expected to impact the achievement of an entity's purposes.

Sub-criteria: Do entities' plans outline how entities intend to achieve their purposes over the period of the plans?				
Performance	The plan does not outline how the entity's performance will be measured and assessed in achieving its purposes.	The plan partially outlines how the entity intends to measure and assess its performance in achieving its purposes.	The plan partially outlines how the entity intends to measure and assess its performance in achieving its purposes. The entity has committed to enhancing its approach to measuring and assessing its performance in developing future plans.	The plan outlines a mature approach to how the entity intends to measure and assess its performance in achieving its purposes over the life of the plan.
Capability	The discussion of capability is not consistent with the entity's resource planning framework and/or does not address the key strategies to be followed in achieving the entity's purposes over the life of the plan.	The discussion of capability is consistent with the entity's resource planning framework but does not address the key strategies to be followed in achieving the entity's purposes over the life of the plan.	The discussion of capability is consistent with the entity's resource planning framework but does not clearly address the key strategies to be followed in achieving the entity's purposes over the life of the plan.	The discussion of capability is consistent with the entity's resource planning framework and clearly outlines the key strategies to be followed in achieving the entity's purposes over the life of the plan.
Risk oversight and management	The discussion of risk does not address how the entity's approach to managing risk will support the achievement of the entity's purposes.	The discussion of risk does not clearly address how the entity's approach to managing risk will support the achievement of the entity's purposes.	The discussion of risk is linked to the achievement of an entity's purposes but does not outline the sources of risk or the key risks that impact the achievement of an entity's purposes.	The discussion of risk is linked to the achievement of an entity's purposes and outlines the sources of risk or the key risks that impact the achievement of an entity's purposes.

Criteria to assess entities' corporate planning—monitoring achievements against entity corporate plans

Sub-criteria: Have entities sound systems and processes to monitor achievements against their corporate plans?				
Category				
Systems and processes	Systems and processes for monitoring the plan, particularly in relation to performance, have not been developed.	Work has commenced to establish systems and processes to monitor to plan particularly in relation to performance.	There are established systems and processes to monitor the plan, particularly in relation to performance. These systems and processes are not yet fully operating.	Systems and processes to monitor the plan, particularly in relation to performance, have been developed and are fully operating.
Roles and responsibilities	Roles, responsibilities and accountabilities are not defined.	Roles, responsibilities and accountabilities are partially defined.	Roles, responsibilities and accountabilities are clearly defined.	Roles, responsibilities and accountabilities are clearly defined and are operating as intended.
Board/management engagement	Board/entity management engagement was limited.	The level of Board/entity management engagement was inconsistent.	Board/entity management were not always fully engaged.	Board/entity management were fully engaged and directed the monitoring and evaluation processes.
	 No systems and processes for monitoring the plan were in place.	 Some systems and processes for monitoring the plan were in place.	 Systems and processes for monitoring the plan were in place but not fully operating.	 Systems and processes for monitoring the plan were in place and fully operating.

Source: ANAO.