

# **Corporate Planning in the Australian Public Sector**

[Across Entities](#)

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Canberra ACT  
31 August 2016

Dear President and Speaker

The Australian National Audit Office has undertaken an independent performance audit across entities titled *Corporate Planning in the Australian Public Sector*. 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



Grant Hehir  
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.

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## Auditor-General's foreword

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Performance measurement and reporting regimes have been in place in the Australian public sector since the mid-1980s. At that time, 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. The arrangements were also introduced to make the public sector more accountable for the use of public funds.

A key element of recent reforms has been the establishment of a new performance framework under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and related PGPA Rule 2014. This framework strengthens the accountabilities of Accountable Authorities of Commonwealth entities and companies for measuring and reporting on their performance and introduced system-wide planning and performance reporting requirements for the first time.

Under the performance framework, entities are required to include summary performance information in their Portfolio Budget Statements, publish a corporate plan each year and include in their annual report a performance statement that reports on their performance. Existing arrangements provide for Portfolio Budget Statements to be tabled in Parliament with other budget documents (usually in early May), annual reports to be tabled in the Parliament by 15 October (over three months after the end of the financial year), while corporate plans are to be published on entity websites by 31 August (two months after the commencement of the year to which they relate). There is scope for the publication of corporate plans and annual reports to be more timely.

The implementation of the new resource management framework will be a focus in future ANAO audit work programs. Audit coverage will include corporate plans, performance statements and risk management regimes. These audits have been identified by the Joint Committee of Public Accounts and Audit as priorities of the Parliament and will assist in informing the Parliament, government and community about the extent to which the framework is achieving its objectives.

This audit of corporate planning by Commonwealth entities and companies has been undertaken to provide the Parliament with early assurance about the implementation of the corporate plan requirement of the performance framework. This includes progress by entities in achieving the policy intent that corporate plans be positioned as an entity's primary planning document. The inclusion in this report of good practices and key learnings from entities' experiences in developing their first PGPA corporate plan is intended to assist all entities in the preparation of future plans.





# Summary

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## 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.<sup>1</sup> Appropriate and timely performance information strengthens accountability by informing the Parliament, government and the community about the impact of policy measures. It also assists entities in managing programs and activities for which they are responsible, and provides a basis for advice to government on the implementation and adjustment of policy directions.
2. There have been a number of initiatives focussed on improving public sector performance measurement and reporting over many years, but there is general agreement that this aspect of public administration continues to require considerable improvement. In December 2010, a multi-phased reform program commenced—the Public Management Reform Agenda—which was intended to improve performance, accountability and risk management across the public sector.<sup>2</sup>
3. A key element of the reform program was the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which took full effect from 1 July 2014. Among other things, the PGPA Act underpins the implementation of an Enhanced Commonwealth Performance Framework (performance framework).
4. The performance framework requires Accountable Authorities<sup>3</sup> 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 companies 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. The first corporate plans were required to be published by 31 August 2015 and the first performance statements that report on the performance of entities in 2015–16, are required to be included in entities' 2015–16 annual reports.
5. Accountable Authorities are responsible for the implementation of the performance framework, including the corporate planning requirement, while 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 the framework, Finance provides guidance and advice to entities on their obligations, as well as tools and training to assist their awareness and compliance.

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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 Department of Finance, *Is Less more? Towards Better Commonwealth Performance: Commonwealth Financial Accountability Review*, March 2012, Foreword.

3 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. Sub-section 12(2) of the PGPA Act sets out the person(s) or body that is the Accountable Authority of a Commonwealth entity.

## Audit objective and criteria

6. The objective of the audit was to assess progress in implementing the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013*.

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

- the selected entities' corporate plans were established as their primary planning documents and their supporting systems and processes for developing and monitoring achievements against their corporate plans were mature;
- the selected entities' corporate plans met the requirements of PGPA Rule 2014<sup>4</sup>;
- Finance effectively supported entities in meeting their corporate plan responsibilities; and
- Finance established sound project management arrangements for the implementation of the performance framework, including the corporate plan requirement.

8. The ANAO reviewed the corporate plans and supporting systems and processes of the following nine entities: Australian Federal Police; Australian Securities and Investments Commission; Australian Sports Foundation Ltd; Australian War Memorial; Bureau of Meteorology; Civil Aviation Safety Authority; Commonwealth Superannuation Corporation; Department of Foreign Affairs and Trade; and Director of National Parks.<sup>5</sup> The ANAO also reviewed Finance's whole-of-government administration of the corporate planning requirement, and surveyed 164 Commonwealth entities and companies to gauge satisfaction with the support provided by Finance. The ANAO also sought self-assessments from entities regarding the extent to which their corporate plans outline how they intend to measure and assess their performance in meeting their purposes.

## Conclusion

9. The nine entities involved in the audit have made a solid start in implementing the corporate plan requirements, with further work required to fully embed the requirements into future plans. In line with the policy intent of the new performance framework, five entities had positioned their first PGPA corporate plan as their primary planning document or had demonstrated a commitment to do this in future plans. Four entities did not fully meet the policy intent.

10. The majority of entities had sound processes for developing their first PGPA corporate plan. In contrast, the arrangements for monitoring the implementation of corporate plans were less mature. These findings could be expected in view of the early stage of implementation of the corporate plan requirement.

11. Finance undertook a number of activities which usefully informed entities' implementation of the corporate plan requirement but did not have a monitoring and

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4 Sections 16E and 27A that outline the corporate plan requirements are reproduced at Appendix 2.

5 The nine selected entities represent a cross-section of entities in terms of size, the nature of their responsibilities and geographical location. Of the nine entities, four are corporate Commonwealth entities, four are non-corporate Commonwealth entities and one is a Commonwealth company.

evaluation program to inform the ongoing implementation of the performance framework. The Joint Committee of Public Accounts recommended that it do so.

12. The support provided to entities by Finance was effective and 84 per cent of entities indicated in survey responses to the ANAO that they were satisfied or very satisfied with the support received. There were weaknesses in Finance's project management arrangements for the performance framework in its early stages.

## Supporting findings

### Corporate plans of entities

13. Five of the nine entities involved in the audit had positioned their first PGPA corporate plan as their primary planning document or were working to achieve this in future planning periods, in line with the policy intent of the new performance framework. Four of the nine entities did not position their first corporate plan as the primary planning document and continued to use pre-existing planning frameworks.

14. In developing their first PGPA corporate plans, entities made good use of existing planning frameworks and there was appropriate consultation with senior management and the entity's board, where relevant. In contrast, the level of consultation with external stakeholders to assist in shaping the content of plans was limited. Three entities consulted the relevant portfolio department and other entities. Two entities consulted stakeholders outside the public sector.

15. Roles and responsibilities for developing corporate plans were clear and were tailored to suit entities' planning arrangements in six entities. In three entities there was scope to better define roles and responsibilities for the development of future plans.

16. The PGPA Rule 2014 provides for six specific matters to be included in entity corporate plans with the nine selected entities meeting the minimum content requirements of the rule. In relation to the presentation of content in corporate plans, the PGPA Rule states that information is to be provided in respect to the entity's operating environment, performance, capability and risk oversight and management systems for each reporting period (each year) covered by the plan. This requirement could be interpreted as requiring corporate plans to provide discrete information for each of the four years of the plan. Entities rarely presented information for each year and it may not always be sensible to do so. Finance should clarify the requirement.

17. Eight entities met the mandatory publication requirements. The Australian Sports Foundation Ltd provided its plan to the Minister for Sport and the Finance Minister after it published its plan on its website, contrary to sub-section 16E(5) of the PGPA Rule 2014.

18. Two of the nine entities assessed their corporate plans as outlining a mature approach to how the entity intends to measure and assess its performance in achieving its purposes. The remaining seven entities indicated that their plans partially outline how the entity intends to measure and assess its performance in achieving its purposes and are committed to enhancing the entity's approach when developing future plans.

19. Entity systems and processes for monitoring achievements against their corporate plans were at different levels of maturity. Six entities had made good progress in developing arrangements for monitoring and reporting on progress in achieving the measures and other

commitments included in their plans. The remaining three entities continued to monitor and report against strategic or operational plans. The performance measures included in these plans did not fully align with the measures included in the entity's corporate plan.

### **Monitoring and review of the performance framework**

20. The absence of a structured and endorsed program of monitoring and evaluation activities makes it difficult for Finance to demonstrate whether the activities that it is undertaking are effectively informing ongoing implementation of the performance framework. To date, Finance has undertaken a number of activities to assess the implementation of the corporate plan requirement, including consulting entities through Communities of Practice and the publication of a lessons learned paper. The establishment of a program of monitoring and evaluation activities early in the implementation process would have better informed Finance's decisions on the breadth and timing of activities required. The importance of monitoring and evaluating implementation was also identified by the Joint Committee of Public Accounts and Audit (JCPAA), with its Report 453 (which was tabled in December 2015) including a recommendation that Finance commit to an ongoing monitoring, reporting and evaluation initiative for the performance framework.

21. The ANAO's review of entity corporate plans identified aspects relating to the design of the performance framework that have contributed to inconsistencies in the interpretation and application of the corporate plan requirements. A review of matters relating to the inclusion of resourcing information and key entity risks in corporate plans should be undertaken as part of the independent review of the operations of the PGPA Act and rules (which is to be conducted after 1 July 2017 in accordance with section 112 of this Act). Further, Finance guidance should clarify the requirements relating to an entity's purposes and reporting on each period covered by the plan.

### **Department of Finance support to entities and internal project management arrangements**

22. Finance provided effective support to entities through a variety of relevant and helpful engagement activities. These activities utilised a number of mediums such as newsletters, web sites, Communities of Practice and workshops. Eighty-four per cent of entities surveyed by the ANAO indicated that, overall, they were either 'satisfied' or 'very satisfied' with the support that they had received from Finance.

23. In its early stages, there were weaknesses in the project management arrangements established by Finance for the implementation of the corporate plan requirement, particularly in relation to the establishment and monitoring of a fit-for-purpose implementation plan and risk assessment. During 2014, timeframes for the development of the rules and guidance for the performance framework project slipped by five months against the original timetable established by Finance for the project. Project management improved from August 2014. The timetable was revised in November 2014, and the revised milestones were met.

## Key learnings

24. The audit identified key learnings of relevance to all Commonwealth entities and companies in the development of future corporate plans (see Box 1).

### Box 1 Key learnings for all entities

Corporate plans are intended to be the primary planning documents of Commonwealth entities and companies. They offer an opportunity for entities that prepare multiple planning documents to streamline their planning processes by:

- integrating into future corporate plans other statutory and/or regulatory requirements;
- better aligning the content of planning documents, particularly the measures to be used to assess entity performance; and
- developing arrangements to periodically monitor and report directly against their corporate plans.

Entities should also consider the benefits of broadening consultation with external stakeholders, taking into account the particular circumstances of the entity.

The quality and value of corporate plans is improved where entities transparently present key information. In particular, corporate plans add additional value where entities outline the challenges and risks that impact the successful achievement of the entity's purposes; and address the operations of the entity over the four years of the plan. The Parliament and other stakeholders are better informed about the operations of the entity if such information is made available.

## Opportunities for improvement

25. The following issues should be reviewed as part of the independent review of the PGPA Act or as part of Finance's periodic review of guidance material (see Box 2).

### Box 2 Performance framework design issues

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 period covered by the corporate plan.

26. The audit also identified opportunities for Finance to strengthen its internal project management of the progressive implementation of the performance framework, to avoid delays of the sort discussed at paragraph 22 (see Box 3).

### Box 3 Opportunity for improvement

Finance should strengthen project management arrangements for the implementation of the performance framework to support the timely release of future legislative requirements and related guidance.

## Summary of entity responses

27. The proposed audit report issued under section 19 of the *Auditor-General Act 1997* was provided to the ten entities involved in the audit. Summary responses to the report are provided below, while entities' full responses where provided are at Appendix 1.<sup>6</sup>

### Australian Federal Police

The AFP acknowledges the ratings provided on the maturity level for the development of and monitoring against the corporate plan, and the key learnings and opportunities for improvement listed in the report.

The AFP will continue to streamline and centralise its strategic planning processes around the corporate plan. The AFP is also committed to further develop its performance measurement in line with the flexibility provided in the Enhanced Commonwealth Performance Framework.

The AFP will also continue active participation in the Department of Finance community of practice and maintain a localised law enforcement group to stay abreast of further reforms and assess the impact on future plans.

### Australian Securities and Investments Commission

The Australian Securities and Investments Commission (ASIC) agrees with the conclusions and supporting findings that this report sets out. In particular, ASIC believes that the report reflects an accurate assessment of its own state in implementing corporate planning requirements for the period 2015–16 to 2018–19.

ASIC welcomes the key learnings that this report articulates. ASIC will consider these in developing our future corporate plans, and improving the processes we use to do so.

ASIC will also embrace further opportunities for improvements to the Enhanced Commonwealth Performance Framework that this report identifies.

### Australian Sports Foundation Ltd

In relation to the audit findings at paragraph 17 of the Summary and paragraph 2.18 of this report, the ASF considers the guidance notes were ambiguous and as a result believed it was complying fully with the publication requirements.

### Australian War Memorial

The Memorial has well established business planning processes and produced corporate plans for many years prior to the introduction of the *Public Governance, Performance and Accountability Act 2013* which is reflected in the audit report.

The Memorial's corporate plan is a significant document, and provides the strategic direction for the development of the annual business plan, which is regularly monitored and assessed during the

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<sup>6</sup> A full response was not provided by the Australian Sports Foundation Ltd.

year. However, I acknowledge that there is scope to better align existing reporting arrangements with the measures identified in the corporate plan to position it as the primary planning document.

### **Bureau of Meteorology**

The Bureau is committed to continually improving its performance across all areas of its operations. The information from this review will be used to improve monitoring of achievements against the corporate plan by more direct assessments of enterprise level key performance indicators. The Bureau will also ensure that future corporate plans continue to maintain a complementary relationship with the Bureau's 2015–2020 Strategic Plan.

### **Civil Aviation Safety Authority**

The Civil Aviation Safety Authority (CASA) is pleased to see that its performance in three of the four corporate planning categories examined by the ANAO have been recognised as fully mature. In addition, CASA is confident that its continuous improvement focus over the next 12 months will further advance its aim of achieving full maturity against the category of 'maturity of entities' monitoring arrangements'.

Overall, CASA accepts the ANAO findings and continues to take appropriate steps to further enhance the performance measurement aspect of its corporate planning process. CASA thanks the ANAO for their professional conduct during the fieldwork and their ongoing consultation with CASA's management team throughout the process.

### **Commonwealth Superannuation Corporation**

CSC took a compliance approach to developing its 2015–16 Corporate Plan so as to meet the requirements under the PGPA Act by the required deadline of 31 August 2015. This was primarily due to CSC's focus on the merger of ComSuper into CSC on 1 July 2015, legislation for which only passed in late June 2015.

Given the Department of Finance's policy expectations that the PGPA plan is the primary planning document, the CSC Board agreed at its 12 May 2016 meeting that the 2016–17 PGPA corporate plan be regarded as the principal planning document for delivering on CSC's purpose, and will contain performance criteria and targets that indicate achievement of that purpose.

### **Department of Foreign Affairs and Trade**

The Department of Foreign Affairs and Trade (DFAT) supports the findings of the audit, including the ANAO's assessment of DFAT's efforts to implement the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013*. DFAT will incorporate the performance audit's findings with the aim of fully-embedding the Corporate Plan as the department's primary planning document.

### **Director of National Parks**

I acknowledge the conclusion, findings and key learnings of the report as it relates to the Director of National Parks Corporate Plan 2015–2019.

I welcome the audit's finding that the Director of National Parks has made a solid start in implementing the corporate plan requirements under the Public Governance, Performance and Accountability Act and Rule.

I am committed to the continual improvement of our corporate plans, and this report is particularly useful early feedback for us as we commence drafting our next corporate plan for 2016–2020.

### **Department of Finance**

The Department of Finance supports the findings of the report.





## **Audit Findings**



# 1. Background

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## 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.<sup>7</sup>

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.<sup>8</sup> 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.<sup>9</sup> 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.<sup>10</sup>

## Public Management Reform Agenda

1.4 The Public Management Reform Agenda (PMRA) aims to improve performance, accountability and risk management across government through a single framework. The *Public Governance, Performance and Accountability Act 2013* (PGPA Act), that underpins the reform agenda, was founded on the following guiding principles:

- government should operate as a coherent whole;
- public resources are public resources and a common 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; and

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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.

- 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.<sup>11</sup>

1.5 The PMRA comprises three stages, as outlined in Table 1.1.

**Table 1.1: Public Management Reform Agenda stages**

Stage	Time frame	Purpose
Stage 1	2010 to July 2014	<p>Establish a base from which the reform objectives of the PMRA can be advanced.</p> <p>Develop a single resource management framework incorporating rules, instruments and guidance, within which entities have the flexibility to adopt appropriate business processes and systems.</p> <p>The <i>Public Governance, Performance and Accountability Act 2013</i> took full effect on 1 July 2014.</p>
Stage 2 <sup>a</sup>	July 2014 to January 2016	<p>Improve the quality of planning, performance information and evaluation within government to improve accountability to ministers, the Parliament and the public.</p> <p>Priority areas include: an enhanced performance measurement and reporting regime; a differential approach to regulation based on entity risk; and streamlining financial reporting requirements.</p>
Stage 3	Post January 2016	<p>Improve how the Commonwealth joins up with external parties from all sectors of the economy to deliver its public policy outcomes—through commercial partnerships, grants and joint projects.</p>

Note a: The Department of Finance advised the ANAO that the cost to the department of implementing elements of the performance framework from March 2014 to end February 2016 was \$2.6 million.

Source: Adapted from *About the PMRA* [Internet], available from <<http://www.pmr.a.gov.au/about/>> [accessed 23 June 2016].

### *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, which is established by the PGPA Act and relevant sections of the PGPA Rule 2014<sup>12</sup>, 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

11 *About the PMRA* [Internet], available from <<http://www.pmr.a.gov.au/about/>> [accessed 5 April 2016].

12 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 sets out the matters that the Accountable Authority must include in the entity's corporate plan, available from <<https://www.legislation.gov.au/Details/F2014L00911>> [accessed 14 June 2016].

entity's annual report that measures the achievement of the entity's purposes.<sup>13</sup> The preparation of a corporate plan is in addition to the existing requirement for an entity to prepare Portfolio Budget Statements (PBS) each year.<sup>14</sup> The linkages between entities' corporate plans and their PBS are discussed in Box 4.

#### **Box 4 Linkages between Portfolio Budget Statements and corporate plans**

Commonwealth entities' corporate plans are linked to their PBS, as illustrated later at Figure 1.1. PBSs are ministerial documents that provide explanations of the Appropriation Bills presented by government to the Parliament at the time of the Budget. Corporate plans are one of the 'book-ends' of the performance framework that are required to be published on entity websites by 31 August each year. The other 'book end' is the entity's annual report.

An inquiry into the development of the Enhanced Commonwealth Performance Framework undertaken by the Joint Committee of Public Accounts and Audit (JCPAA)<sup>a</sup> explored the relationship between PBSs and corporate plans and options for ensuring the Parliament has up-to-date information available at the time of its consideration of the Appropriation Bills and at hearings of Senate Legislation (Estimates) Committees. In this respect, the Committee's Report 453: *Development of the Commonwealth Performance Framework* (tabled in December 2015) recommended:

That the Department of Finance Direction issuing requirements for performance information in Portfolio Budget Statements include a minimum requirement that the most recent Annual Performance Statement for an entity must be included in the entity's Portfolio Budget Statement, and that related guidance continue to request entities to include more up to date performance information in the PBSs wherever practicable. (Recommendation 5)

That the Department of Finance consider amending the Direction issuing requirements for performance information in Portfolio Budget Statements to include a minimum requirement or explicit statement that entities must update their corporate plans as soon as practicable following relevant appropriations being approved by Parliament. (Recommendation 6)

In response to the JCPAA's recommendation, a Finance Secretary Direction under sub-section 36(3) of the PGPA Act was issued on 24 February 2016. The requirements outlined in that direction were subsequently incorporated into guidance on the preparation of the 2016–17 PBSs issued by the Department of Finance. The Direction includes a requirement that PBSs include a copy of the most recent annual performance statement.

Note a: Commonwealth Parliament, Joint Committee of Public Accounts and Audit, Inquiry into Development of Commonwealth Performance Framework, available from <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Public\\_Accounts\\_and\\_Audit/Performance\\_Framework](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Performance_Framework)> [accessed 13 April 2016].

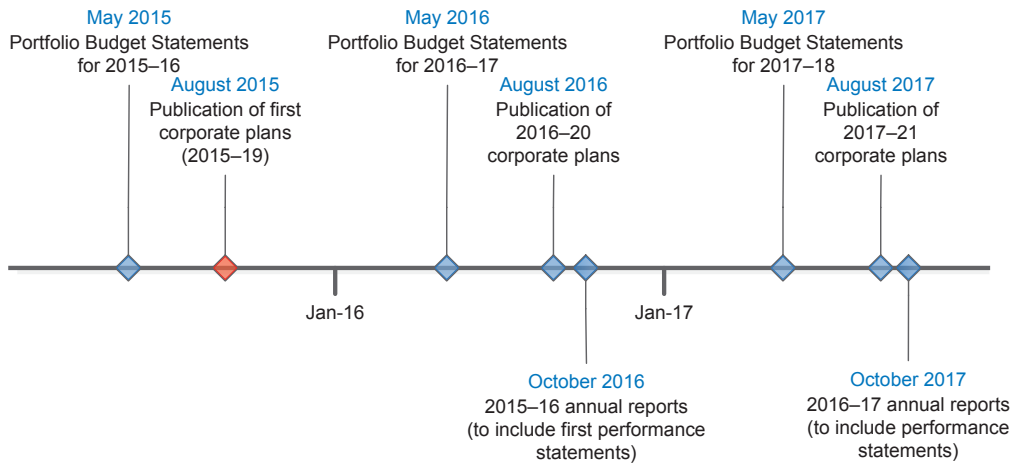
Source: ANAO presentation based on published information.

13 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.

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

1.7 A timeline of the key deliverables of the performance framework relating to 2015–16 and 2016–17 is provided at Figure 1.1.

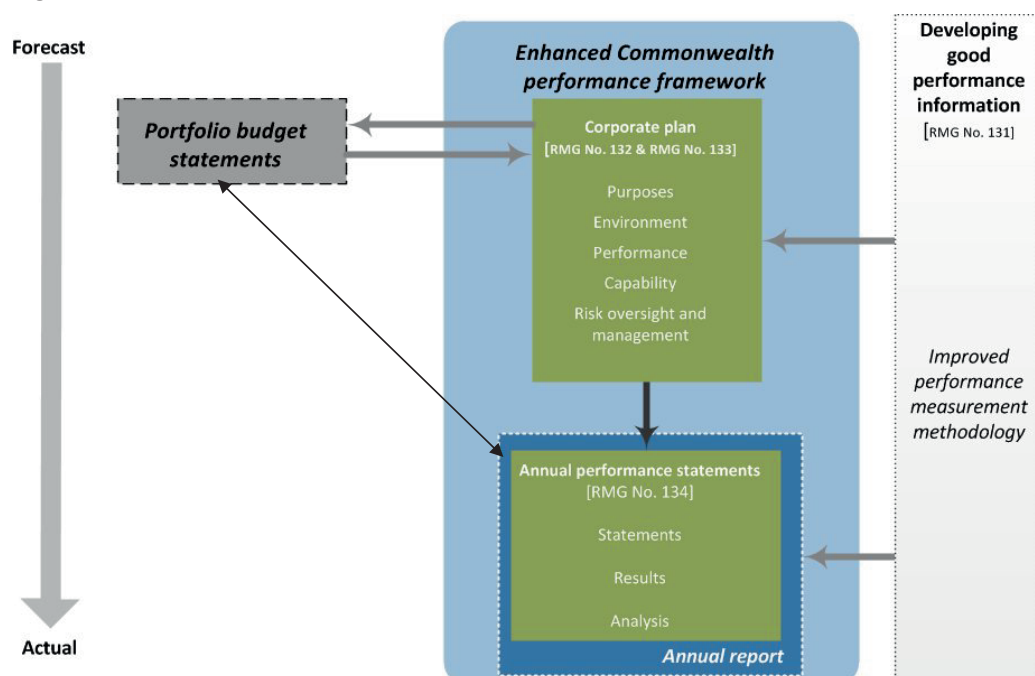
**Figure 1.1: Timeline of key deliverables of the performance framework, 2015–16 and 2016–17**



Source: ANAO presentation of framework information.

1.8 The performance framework is intended to accommodate the diverse nature and scale of activities undertaken by Commonwealth entities and companies, while providing for consistent performance management arrangements. The aim is to create a complete and integrated suite of performance information that tells a ‘rich story’ over time and that allows like activities to be compared across organisational and program boundaries.<sup>15</sup> A diagrammatical representation of the performance framework is presented in Figure 1.2.

<sup>15</sup> Department of Finance, *Resource Management Guide No. 130: Overview of the Enhanced Commonwealth Performance Framework*, April 2015, p. 9.

**Figure 1.2: Enhanced Commonwealth Performance Framework**

Note: Resource Management Guides are issued by the Department of Finance to advise entities on the implementation of key elements of the resource management framework.

Source: Department of Finance, 'Resource Management Guide' (RMG) No. 130, p. 5.

## Corporate Plans

1.9 Corporate plans are intended to be the primary planning documents of Commonwealth entities and companies<sup>16</sup> and represent the beginning of a performance cycle. The first plans were required to be published by 31 August 2015. The annual performance statement closes the annual 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. The first performance statements that report on entities' performance for 2015–16, are required to be included in entities' 2015–16 annual reports.

1.10 The Department of Finance (Finance) has advised the JCPAA 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.<sup>17</sup>

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*, April 2015, p. 6; Department of Finance, *Resource Management Guide No. 133: Corporate plans for Commonwealth companies*, April 2015, p. 3.

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

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

## Audit approach

1.12 The objective of the audit was to assess progress in implementing the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013*.

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

- the selected entities' corporate plans were established as their primary planning documents and their supporting systems and processes for developing and monitoring achievements against their corporate plans were mature;
- the selected entities' corporate plans met the requirements of PGPA Rule 2014<sup>18</sup>;
- Finance effectively supported entities in meeting their corporate plan responsibilities; and
- Finance established sound internal project management arrangements for the implementation of the performance framework, including the corporate plan requirement.

1.14 The audit involved:

- reviewing the corporate plans and supporting systems and processes of the following nine entities: Australian Federal Police; Australian Securities and Investments Commission; Australian Sports Foundation Ltd; Australian War Memorial; Bureau of Meteorology; Civil Aviation Safety Authority; Commonwealth Superannuation Corporation; Department of Foreign Affairs and Trade; and Director of National Parks;
- interviewing staff and reviewing records in the nine selected entities; and
- surveying 164 Commonwealth entities and companies, interviewing Finance staff and reviewing Finance records.<sup>19</sup>

1.15 The ANAO took into account the early stage of the Enhanced Commonwealth Performance Framework initiative in its review of entity corporate plans. In some cases, entities were developing corporate plans for the first time or utilised existing arrangements to meet the new corporate plan requirement. A number of entities indicated that they intended to strengthen their approach to the preparation of future corporate plans, building on the knowledge gained from the development of their first plan under the PGPA Act.

1.16 It is recognised that the optimum or desirable maturity level for individual entities will depend on the entity's particular circumstances. The level of maturity of systems and processes and the corporate plan itself is a decision to be made by the Accountable Authority.

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18 Sections 16E and 27A that outline the corporate plan requirements are reproduced at Appendix 2.

19 The ANAO received 120 responses to its survey.



1.17 The scope of the audit did not include a detailed assessment of: the individual elements of the corporate plans of the nine audited entities; or the appropriateness of the performance measures included in entity plans. The ANAO sought representations from each entity about the extent to which their corporate plan reflects the policy intent of the corporate plan requirement—that is, that the entity’s corporate plan outlines how the entity intends to measure and assess its performance in meeting its purposes.<sup>20</sup>

1.18 The ANAO also 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.

1.19 The audit was conducted in accordance with the ANAO Auditing Standards at a cost to the ANAO of approximately \$646 800.

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20 This is an area that will be addressed in future audit coverage of the implementation of the corporate plan requirements and entity performance statements.

## 2. Corporate plans of Commonwealth entities and companies

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### Areas examined

The ANAO examined whether the corporate plans of the nine 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 nine entities for the development of their first corporate plan and the subsequent monitoring of achievements against these plans. The audit report includes examples of good practice and key learnings to assist in improving future plans.

### Conclusion

The nine entities involved in the audit have made a solid start in implementing the corporate plan requirements, with further work required to fully embed the requirements into future plans. In line with the policy intent of the new performance framework, five entities had positioned their first PGPA corporate plan as their primary planning document or had demonstrated a commitment to do this in future plans. Four entities did not fully meet the policy intent.

The majority of entities had sound processes for developing their first PGPA corporate plan. In contrast, the arrangements for monitoring the implementation of corporate plans were less mature. These findings could be expected in view of the early stage of the implementation of the corporate plan requirement.

### Key learnings

Corporate plans are intended to be the primary planning documents of Commonwealth entities and companies. They offer an opportunity for entities that prepare multiple planning documents to streamline their planning processes by:

- integrating into future corporate plans other statutory and/or regulatory requirements;
- better aligning the content of planning documents, particularly the measures to be used to assess entity performance; and
- developing arrangements to periodically monitor and report directly against their corporate plans.

Entities should consider the benefits of broadening consultation with external stakeholders, taking into account the particular circumstances of the entity.

The quality and value of corporate plans is improved where entities transparently present key information. In particular, corporate plans add additional value where entities outline the challenges and risks that impact the successful achievement of the entity's purposes; and address the operations of the entity over the four years of the plan. The Parliament and other stakeholders are better informed about the operations of the entity if such information is made available.

## Introduction

2.1 The nine selected entities represent a cross-section of entities in terms of size, the nature of their responsibilities and geographical location. Of the nine entities, four are corporate Commonwealth entities, four are non-corporate Commonwealth entities and one is a Commonwealth company. The entities are:

- Australian Federal Police;
- Australian Securities and Investments Commission;
- Australian Sports Foundation Ltd;
- Australian War Memorial;
- Bureau of Meteorology;
- Civil Aviation Safety Authority;
- Commonwealth Superannuation Corporation;
- Department of Foreign Affairs and Trade; and
- Director of National Parks.

2.2 To assist in the conduct of the audit, 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;
- whether the corporate plan meets mandatory requirements; and
- the maturity of the processes followed by entities in developing their first corporate plans under the PGPA Act and their monitoring of the implementation of these plans.

2.3 The ANAO's review took into account that this initiative is in the early stage of implementation and it could 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. 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.

2.4 The ANAO also requested a self-assessment from each of the nine selected entities on the extent to which their approach to performance measurement reflects the policy intent of the corporate plan requirement—that is, that the entity's corporate plan outlines how the entity intends to measure and assess its performance in meeting its purposes.<sup>21</sup>

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21 This is an area that will be addressed in future audit coverage of the implementation of the corporate plan requirements and entity performance statements.

## Were corporate plans positioned as entities' primary planning documents?

Five of the nine entities involved in the audit had positioned their first PGPA corporate plan as their primary planning document or were working to achieve this in future planning periods, in line with the policy intent of the performance framework. Four of the nine entities did not position their first corporate plan as the primary planning document and continued to use pre-existing planning frameworks.

2.5 Under the Enhanced Commonwealth Performance Framework, the corporate plan is intended to be an entity's primary planning document.<sup>22</sup> It is required 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 the entity operates, and its planned performance measures, risk profile and capabilities over a minimum of four reporting periods.<sup>23</sup>

2.6 To assess whether entities had positioned their corporate plans as their primary planning documents, 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.









2.7 The ANAO's overall assessment of whether entities' corporate plans are positioned as entities' primary planning documents is presented in Figure 2.1.

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22 Explanatory Memorandum, Public Governance, Performance and Accountability Bill 2013, p. 31; Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, April 2015, p. 6; Department of Finance, *Resource Management Guide No. 133: Corporate plans for Commonwealth companies*, April 2015, p. 3.

23 *Resource Management Guide No. 130*, paragraph 14.

**Figure 2.1: Assessment of corporate plans as an entity's primary planning document**

Entity	Level of maturity			
				
Australian Federal Police				
Australian Securities and Investments Commission				
Australian Sports Foundation Ltd				
Australian War Memorial				
Bureau of Meteorology				
Civil Aviation Safety Authority				
Commonwealth Superannuation Corporation				
Department of Foreign Affairs and Trade				
Director of National Parks				
<b>KEY:</b> <div style="display: flex; justify-content: space-between;"> <div>  The corporate plan has not been established as the entity's primary planning document.   The entity is working to fully establish its corporate plan as its primary planning document. </div> <div>  The corporate plan has not been fully established as the entity's primary planning document.   The corporate plan is established as the entity's primary planning document and is used in managing the business. </div> </div>				

Source: ANAO analysis.

2.8 Two of the nine entities had fully integrated the PGPA corporate plan into their existing planning frameworks and were monitoring their performance against the performance measures and other commitments included in these plans. Three entities were working towards fully establishing their plans as their primary planning document. In the remaining four entities it was not evident that the corporate plan was positioned as the entity's primary planning document. The four entities had continued to monitor and report 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.

2.9 Key factors that influenced those entities that had not positioned their first PGPA corporate plan as their primary planning document were:

- the timing of an entity's planning cycle—for two entities this cycle occurred before the release of the PGPA Rule;
- other priorities of the entity at the time the corporate plan was being prepared—such as significant organisational changes; and
- the maturity of existing planning processes and the extent to which these processes were revised—four entities continued to maintain and report against other planning documents.

2.10 Those entities at the third and fourth maturity levels had to varying degrees:

- used their planning processes and the plan itself to meet other statutory and/or regulatory obligations<sup>24</sup>; and
- used the development of their corporate plans to reflect on their capabilities, performance measures and risks to assist in meeting their purposes and supporting business objectives.

### **Did entities have sound systems and processes for developing their corporate plans?**

In developing their first PGPA corporate plans, entities made good use of existing planning frameworks and there was appropriate consultation with senior management and the entity's board, where relevant. In contrast, the level of consultation with external stakeholders to assist in shaping the content of plans was limited. Three entities consulted the relevant portfolio department and other entities. Two entities consulted stakeholders outside the public sector.

Roles and responsibilities for developing corporate plans were clear and were tailored to suit entities' planning arrangements in six entities. In three entities there was scope to better define roles and responsibilities for the development of future plans.

2.11 In reviewing the systems and processes of entities in developing their first PGPA 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 management and/or Board.

2.12 The ANAO's overall assessment of the maturity of the systems and processes adopted by entities to develop their first PGPA corporate plan is presented in Figure 2.2.

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24 These included requirements contained in enabling legislation, the Australian Government's Regulator Performance Framework and the regulatory requirements of the Australian Prudential Regulation Authority.

**Figure 2.2: Assessment of entities' development processes**

Entity	Level of maturity			
				
Australian Federal Police				
Australian Securities and Investments Commission				
Australian Sports Foundation Ltd				
Australian War Memorial				
Bureau of Meteorology				
Civil Aviation Safety Authority				
Commonwealth Superannuation Corporation				
Department of Foreign Affairs and Trade				
Director of National Parks				
<b>KEY:</b>  Process for developing the plan lacked key elements.  Most key elements in the development process were evident.  Some key elements in the development process were evident.  All key elements in the development process were evident and operating as intended.				

Source: ANAO analysis.

2.13 Prior to the introduction of the requirement for all Commonwealth entities and companies to prepare a corporate plan in accordance with the PGPA Act, all nine entities had existing planning frameworks that were used to meet statutory and/or regulatory obligations, and to assist entity management in meeting the entity's business objectives.

2.14 Those entities at the third and fourth maturity levels had:

- made good use of existing planning frameworks to develop their first PGPA corporate plans;
- consulted appropriately with senior management and the entity's board, where relevant; and
- clearly outlined the roles and responsibilities for developing corporate plans and these responsibilities were tailored to suit entities' planning arrangements.

2.15 Across the nine entities there was limited consultation with external stakeholders to assist in shaping the content of corporate plans. Three entities consulted the relevant portfolio department and other entities. Two entities consulted stakeholders outside the public sector such as advisory boards, industry bodies and community groups.

### Examples of good practice

2.16 The ANAO's review of entities' processes for the development of corporate plans identified a number of examples of good practice.

#### **Example 2.1: Planning processes: Australian Securities and Investments Commission and the Director of National Parks**

The Australian Securities and Investments Commission and the Director of National Parks prepare an annual planning schedule to support their strategic and business planning cycles. These schedules outline planning activities, timeframes and roles and responsibilities for key deliverables.

#### **Example 2.2: Consultation arrangements: Australian Federal Police**

The Australian Federal Police (AFP) consulted extensively with a range of internal and external stakeholders in developing its first PGPA corporate plan, including:

- meetings and workshops with AFP National Managers;
- workshops with external stakeholders, including the Australian Institute of Police Management and the AFP's External Advisory Board;
- the Audit Committee; and
- participation in Finance's Community of Practice.

Subsequent to the 2015–16 planning cycle, the AFP joined a cross-entity peer group of other law enforcement and regulatory entities to discuss the development of Portfolio Budget Statements, corporate plans and performance measurement.

### **Did entity corporate plans meet the requirements of PGPA Rule 2014?**

The PGPA Rule 2014 provides for six specific matters to be included in entity corporate plans, with the nine selected entities meeting the minimum content requirements of the rule. In relation to the presentation of content in corporate plans, the PGPA Rule states that information is to be provided in respect to the entity's operating environment, performance, capability and risk oversight and management systems for each reporting period (each year) covered by the plan. This requirement could be interpreted as requiring corporate plans to provide discrete information for each of the four years of the plan. Entities rarely presented information for each year and it may not always be sensible to do so. Finance should clarify the requirement.

Eight entities met the mandatory publication requirements. The Australian Sports Foundation Ltd provided its plan to the Minister for Sport and the Finance Minister after it published its plan on its website, contrary to sub-section 16E(5) of the PGPA Rule 2014.

Two of the nine entities assessed their corporate plans as outlining a mature approach to how the entity intends to measure and assess its performance in achieving its purposes. The remaining seven entities indicated that their plans partially outline how the entity intends to measure and assess its performance in achieving its purposes and are committed to enhancing the entity's approach when developing future plans.

2.17 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 Rules. There is a similar requirement (section 95) for the directors of a



Commonwealth company. The PGPA Rule 2014 (section 16E) outlines the minimum content and publication requirements for all corporate plans.<sup>25</sup>

2.18 Eight of the nine selected entities met the minimum requirements for the publication of their corporate plans.<sup>26</sup> The Australian Sports Foundation Ltd provided its plan to the Minister for Sport and the Finance Minister after it had published its plan on its website, contrary to sub-section 16E(5) of the rule that requires the plan to be given to the responsible Minister and the Finance Minister before the plan is published on the entity's website.

2.19 The PGPA Rule 2014 provides that six specific matters be included in entity corporate plans.<sup>27</sup> All selected entities met the minimum content requirements of the rule. The information included in the plans relating to an entity's: environment, performance, capability, and risk oversight and management systems, is to be presented for each reporting period (each year) covered by the plan. This requirement could be interpreted as requiring corporate plans to provide discrete information for each of the four years covered. Entities rarely presented information in their corporate plans on this basis.<sup>28</sup> The requirement should be clarified in future Finance guidance material.

### Examples of good practice

2.20 The ANAO's review of entity plans identified a number of examples of good practice relating to the presentation of mandated matters in corporate plans.

#### Purposes

2.21 The aim of the purposes statement is to give context to the significant activities that the entity will pursue over the period covered by the plan.<sup>29</sup>

#### Example 2.3: Civil Aviation Safety Authority and Department of Foreign Affairs and Trade

The Civil Aviation Safety Authority (CASA) and the Department of Foreign Affairs and Trade (DFAT) corporate plans included clear and concise purpose statements focussed on outcomes:

- CASA's purpose statement is supported by key goals, key performance areas and key performance indicators. In addition, the plan clearly outlined how the Authority will measure its performance against its purpose; and
- DFAT's purpose statement outlined its purpose in terms of impact. The department's purpose is supported by nine key activities to be undertaken over the life of the plan. The plan also provides a direct link between purpose, activities and performance.

25 The PGPA Rule 2014 requires entities to 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.

26 The ANAO also reviewed a number of entity corporate plans as part of its background research, in addition to those of the selected entities. This review identified three plans that did not include a risk oversight and management section, which is required by the PGPA Rule 2014.

27 These matters are an Introduction and the Purposes, Environment, Performance, Capability, and Risk oversight and management of the entity.

28 This issue is discussed further at paragraphs 3.21 to 3.23 of this report.

29 Department of Finance, *Resource Management Guide No. 132*, paragraph 27.

## Environment

2.22 The environment statement should provide an explanation of the nature and intricacies of the environment in which the entity operates.<sup>30</sup>

### Example 2.4: Australian Sports Foundation

The coverage of the Foundation's environment in its corporate plan is clearly aligned to its purpose and performance statement, providing the reader with useful information about the environmental factors that have the potential to impact the Foundation's ability to achieve its purpose and performance goals.

### Example 2.5: Civil Aviation Safety Authority

The Civil Aviation Safety Authority's environment statement includes:

- a summary of expected environmental changes over the life of the plan;
- key resource and budget information from the Authority's Portfolio Budget Statements for 2014–15, 2015–16 and the three forward years; and
- details of the Authority's capital investment strategy and major projects over the life of the plan.

### Example 2.6: Department of Foreign Affairs and Trade

The department's environment statement provides an informative summary of the operating environment over the life of the plan. The statement succinctly captures the complexities of the global environment in which the department operates.

### Example 2.7: Director of National Parks

The Director's corporate plan includes an informative summary of the operating environment over the life of the plan, capturing both internal and external environmental factors that affect the entity's operations.

## Performance

2.23 The corporate plan must provide a summary of how the entity intends to fulfil its purposes over the period covered by the plan. This detail must also include the planned performance measures, targets and assessments that the entity will use to assess its performance in achieving its purposes.<sup>31</sup>

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30 *ibid*, paragraph 32.

31 Finance, *op cit.*, paragraph 35.

**Example 2.8: Australian Sports Foundation**

The Foundation's corporate plan outlined performance targets for each reporting period covered by the plan. The plan indicates that, over its four year period, the Foundation is seeking to improve its performance, demonstrated through year-on-year increases in its performance targets.

**Example 2.9: Civil Aviation Safety Authority**

The Authority's corporate plan integrated the requirements of the Regulator Performance Framework with the requirements of the PGPA Rule by including the six mandatory key performance indicators from the framework in its corporate plan. The inclusion of these requirements is consistent with the Independent Review of Whole-of-Government Internal Regulation, which recommended a review into whether these requirements could be merged.

**Example 2.10: Director of National Parks**

The Director's corporate plan outlines the goal, indicator, baseline, data source and business owners for each performance indicator. The plan also includes a commitment to review the current suite of performance information over the life of the corporate plan.

*Capability*

2.24 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. The plan may outline the strategies the entity will put in place to build capability in areas such as (but not limited to) staffing, capital investment or ICT.<sup>32</sup>

**Example 2.11: Bureau of Meteorology**

The Bureau's capability statement summarised its existing capabilities and identified enhancements or changes planned for 2015–16 in seven key areas:

- people;
- ICT, data and information;
- asset management;
- sustainability of forecast service delivery;
- business development;
- research and development; and
- observations.

The capability statement also outlined the challenges faced by the Bureau and capability development areas for 2015–16, and discussed the capability outlook for the three years (2016–17 to 2018–19).

32 PGPA Rule 2014 section 16E, Item 5, and *Resource Management Guide No. 132*, paragraph 62.

## *Risk oversight and management*

2.25 The plan must 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).<sup>33</sup>

### **Example 2.12: Australian Federal Police**

The risk oversight and management section of the Australian Federal Police corporate plan outlined how the entity manages risk to support the organisation's operations; and key strategic enterprise risk categories and their management.

### **Example 2.13: Australian Maritime Safety Authority**

The risk oversight and management section of the Authority's<sup>34</sup> corporate plan included details of the Authority's strategic risks, the inherent and residual risk rating and control strategies in place for each risk.

## *Resourcing information*

2.26 *Resource Management Guide No.132* states that entities may consider including resourcing information in corporate plans to demonstrate how public resources have been applied to achieving an entity's purposes.

### **Example 2.14: Australian Federal Police and Bureau of Meteorology**

The Australian Federal Police structured performance information around the entity's outcomes and programs, which were aligned with its Portfolio Budget Statements. The corporate plan also included budget information in relation to its two programs.

The Bureau of Meteorology also included budget and resourcing information in its corporate plan, which provided a useful link to its Portfolio Budget Statements.

## **Entity self-assessments**

2.27 The Australian Government expects the new performance framework to improve public sector performance information. As a first step, entity corporate plans are required to outline how the entity intends to measure and assess its performance. Entities are then required to report progress in achieving their purposes in a performance statement to be included in the entity's annual report.

2.28 The scope of this audit did not include an assessment of the appropriateness of entities' performance measures included in their corporate plans. The ANAO sought representations from each entity about the extent to which the entity's corporate plan outlines how the entity intends









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33 *ibid*, Item 6.

34 The Australian Maritime Safety Authority was not included in the audit, but its corporate plan was reviewed as part of the ANAO's background research.

to measure and assess its performance in meeting its purposes. Entity self-assessments are presented in Figure 2.3.

**Figure 2.3: Entity self-assessments**

Entity	Level of maturity			
				
Australian Federal Police				
Australian Securities and Investments Commission				
Australian Sports Foundation Ltd				
Australian War Memorial				
Bureau of Meteorology				
Civil Aviation Safety Authority				
Commonwealth Superannuation Corporation				
Department of Foreign Affairs and Trade				
Director of National Parks				
<p>KEY:</p> <div>  The corporate plan does not outline a comprehensive approach to how the entity intends to measure and assess its performance in achieving its purposes.         </div> <div>  The corporate plan partially outlines its approach to 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 the entity's 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.         </div>				

Source: Entity self-assessments.

2.29 Entity comments that accompanied their self-assessments included a commitment to:

- enhance performance measures to more directly measure performance against their purposes, and broadening performance measures to better measure outcomes, not just outputs;
- progressively implement a complete and comprehensive set of performance measures; and
- establish the corporate plan as the entity's primary planning document.

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









Entity systems and processes for monitoring achievements against their corporate plans were at different levels of maturity. Six entities had made good progress in developing arrangements for monitoring and reporting on progress in achieving the measures and other commitments included in their plans. The remaining three entities continued to monitor and report against strategic or operational plans. The performance measures included in these plans did not fully align with the measures included in the entity's corporate plan.

2.30 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 management and/or Board.

2.31 The ANAO's assessment of systems and processes adopted by the selected entities to monitor achievements against their first PGPA corporate plan is presented in Figure 2.4.

**Figure 2.4: Maturity of entities' monitoring arrangements**

Entity	Level of maturity			
				
Australian Federal Police				
Australian Securities and Investments Commission				
Australian Sports Foundation Ltd				
Australian War Memorial				
Bureau of Meteorology				
Civil Aviation Safety Authority				
Commonwealth Superannuation Corporation				
Department of Foreign Affairs and Trade				
Director of National Parks				
<b>KEY:</b> <div>  No systems and processes for monitoring the plan were in place.          Some systems and processes for monitoring the plan were in place.       </div> <div>  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.       </div>				

Source: ANAO analysis.

2.32 The ANAO's review indicates that the systems and processes established by entities for monitoring achievements against corporate plans were at different levels of maturity. As the

arrangements reviewed related to the first PGPA corporate planning round, some variability could be expected.

2.33 Those entities at the third maturity level had mature arrangements in place or were progressively implementing monitoring arrangements to periodically report on progress in achieving the measures and other commitments included in their corporate plans.

2.34 The remaining three entities had reporting arrangements relating to strategic, business or operational plans that did not involve direct reporting against their corporate plans. In these three entities, the measures reported against did not fully align with the performance measures included in the entity's corporate plan.

2.35 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.

### Examples of good practice

2.36 The following examples of good practice were observed during the ANAO's review of entity processes for monitoring achievements against their corporate plan.

#### *Data collection for performance measurement*

##### **Example 2.15: Australian Federal Police**

The AFP has implemented a structured approach to the measurement of its performance as outlined in its corporate plan. The approach includes the preparation of a business rulebook that outlines a number of considerations for each performance indicator including: performance targets; data source; reporting frequency; data owner; and issues impacting data quality. The series of annual rulebooks provides a history of changes to the entity's performance framework and is used to train staff to extract data in a consistent manner. The rulebook is also to be used to support the development of the annual performance statement.

##### **Example 2.16: Civil Aviation Safety Authority**

The Authority has mature arrangements for measuring its performance, involving a traffic light system for each performance measure that is reported quarterly to senior management and the board. Progress against the corporate plan is also reported to the responsible Minister on a quarterly basis. The Authority's management reports also include reporting against the organisation's capability.

##### **Example 2.17: Director of National Parks**

The Director established monitoring and reporting arrangements involving the preparation of a biannual performance report against performance indicators included in its corporate plan. Roles and responsibilities for each performance indicator were also clearly defined.

### 3. Monitoring and review of the performance framework

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#### Areas examined

The ANAO examined the arrangements established by the Department of Finance (Finance) to monitor and evaluate the implementation by entities of the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The ANAO also reviewed entities' experiences in preparing their first PGPA corporate plans to identify any issues relating to the design of the performance framework that would benefit from review.

#### Conclusion

Finance undertook a number of activities which usefully informed entities' implementation of the corporate plan requirement but did not have a monitoring and evaluation program to inform the ongoing implementation of the performance framework. The Joint Committee of Public Accounts and Audit (JCPAA) recommended that it do so.

#### Opportunities for improvement

To improve the utility of corporate plans in driving business performance and better informing stakeholders about the operations of entities:

- the scheduled statutory review in 2017<sup>35</sup> should consider the benefit of requiring the inclusion of resourcing information and key entity risks in future plans; and
- Finance should clarify the requirements relating to both the statement of an entity's purposes and reporting for each of the four years covered by each corporate plan.

The JCPAA has recommended that Finance commit to an ongoing monitoring, reporting and evaluation initiative for the performance framework.

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35 An independent review of the PGPA Act and rules is required under section 112 of the Act.



## Did Finance establish effective monitoring and evaluation arrangements to inform the ongoing implementation of the performance framework?

The absence of a structured and endorsed program of monitoring and evaluation activities makes it difficult for Finance to demonstrate whether the activities that it is undertaking are effectively informing ongoing implementation of the performance framework. To date, Finance has undertaken a number of activities to assess the implementation of the corporate plan requirement, including consulting entities through Communities of Practice and the publication of a lessons learned paper. The establishment of a program of monitoring and evaluation activities early in the implementation process would have better informed Finance's decisions on the breadth and timing of activities required. The importance of monitoring and evaluating implementation was also identified by the Joint Committee of Public Accounts and Audit, with its Report 453 (which was tabled in December 2015) including a recommendation that Finance commit to an ongoing monitoring, reporting and evaluation initiative for the performance framework.

3.1 Finance has undertaken a number of activities to assess entities' implementation of the corporate plan requirement. For example, following the publication of entities' first corporate plans on 31 August 2015, Finance reviewed 71 plans to determine strengths, weaknesses and areas of better practice. Based on this review, Finance developed a lessons learned document that was released in February 2016.<sup>36</sup>

3.2 In addition, Finance advised the JCPAA that research work being undertaken by the University of Sydney would inform its work on corporate plans on an ongoing basis. This research project includes an examination of a sample of 2015–19 corporate plans to generate 'insights into how entity plans, strategies and performance information acknowledge and leverage cooperation and collaboration opportunities'.

3.3 Finance also released a performance maturity model intended to support entities in self-assessing and improving their performance framework in June 2016.<sup>37</sup>

3.4 These activities have provided Finance, entities and stakeholders with useful insights into the corporate planning initiative. That said, Finance has not developed a program of activities to monitor and evaluate the implementation of the performance framework over time. The establishment of a program of monitoring and evaluation activities early in the implementation process would have better informed Finance's decisions on the breadth and timing of activities required.

3.5 The JCPAA has commented on the importance of sound performance monitoring and reporting in relation to initiatives under the PGPA Act. In its *Report 453: Development of the Commonwealth Performance Framework*, tabled in December 2015, the JCPAA stated:

36 Department of Finance, *Corporate plans 2015–16: Lessons learned*, February 2016. Available from <<https://cfa.govspace.gov.au/files/2012/11/2015-16-Corporate-Plan-Lessons-Learned-Final.pdf>> [accessed 14 April 2016].

37 Available from <<https://cfa.govspace.gov.au/files/2013/10/Performance-Maturity-Model-June-2016.pdf>> [accessed 30 June 2016].

It is essential that the new performance framework helps entities improve what they do at the same time as improving accountability. The Committee contends that, if done well, monitoring, reporting and evaluation is essential to achieving these goals ... [a]n active central monitoring, reporting and evaluation initiative across entities could allow both specific and systemic issues to be identified and addressed. ... [this] would also provide critical information to inform the independent review of the PGPA Act<sup>38</sup>, due in 2017 and assist the Committee in its ongoing scrutiny of the reforms.<sup>39</sup>

3.6 The JCPAA recommended that:

The Department of Finance commit to an ongoing monitoring, reporting and evaluation initiative for the performance framework, performance information in Portfolio Budget Statements and the broader Public Management Reform Agenda. Summary results from this initiative should be publicly reported and submitted to the Committee.

Further, the committee requests that the Department of Finance consider how it might implement this initiative—including providing details on what may be monitored and included or excluded from summary reports—inform the Committee of its preferred approach in time for its next meeting with the committee in February 2016. (Recommendation 3)<sup>40</sup>

3.7 In its February 2016 submission to the JCPAA, Finance outlined its initial response to the recommendations in Report 453. The department indicated that ‘it would continue to perform this function by undertaking the following activities:

- continuing and building the Communities of Practice forums;
- engaging with academia (academic symposium and continuing its current co-operation with the University of Sydney Business School);
- producing lessons learned papers;
- continuing broad and meaningful consultations; and
- continuing to refine practice and guidance based on feedback and lessons learned’.<sup>41</sup>

3.8 The Government’s response to the recommendations in Report 453 had not been provided at the date of preparing this audit report.

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38 ANAO comment: The independent review is required by section 112 of the *Public Governance, Performance and Accountability Act 2013*. The effect of section 112 is to require the Finance Minister, in consultation with the JCPAA, to conduct an independent review of the PGPA Act and the PGPA Rules as soon as practicable after 1 July 2017.

39 Joint Committee of Public Accounts and Audit, Report 453 *Development of the Commonwealth Performance Framework*. December 2015, p. 59.

40 *ibid.*, pp. 58–59.

41 Department of Finance, Submission 1, Joint Committee of Public Accounts and Audit, *Inquiry into Development of the Commonwealth Performance Framework—2016*, February 2016, p. 4.

## Do aspects of the design of the performance framework warrant review?

The ANAO's review of entity corporate plans identified aspects relating to the design of the performance framework that have contributed to inconsistencies in the interpretation and application of the corporate plan requirements. A review of matters relating to the inclusion of resourcing information and key entity risks in corporate plans should be undertaken as part of the independent review of the operations of the PGPA Act (which is to be conducted after 1 July 2017 in accordance with section 112 of this Act). Further, Finance guidance should clarify the requirements relating to an entity's purposes and reporting on each period covered by the plan.

3.9 In line with the principles-based design of the new resource management framework, the performance framework requirements, including in relation to corporate plans, are expressed at a high level and are supported by guidance material issued by Finance. In this context, Finance guidance recognises that Accountable Authorities are responsible for tailoring their corporate plans to suit their entity's particular circumstances.<sup>42</sup> Nevertheless, clearly expressed and well-understood overarching legislative requirements and supporting guidance are particularly important in a principles-based framework.

### Review of requirements

3.10 The manner in which a number of the corporate plan requirements have been interpreted and applied by entities in preparing their first PGPA corporate plan suggests that a review is warranted of the requirements relating to the inclusion in corporate plans of:

- resourcing information; and
- key entity risks.

### Resourcing information

3.11 A number of corporate plans reviewed by the ANAO included resourcing information, including details of estimated expenditure as reflected in an entity's Portfolio Budget Statements. A small number of plans also included information on the entity's proposed capital investment over the period of the plan. One entity included staffing numbers and a break-down of staff in geographical locations.

3.12 The PGPA Rule 2014 does not require the inclusion of resourcing information in an entity's corporate plan, but Finance guidance indicates that entities may consider including such information in their plans.<sup>43</sup> The inclusion of resourcing information in corporate plans is consistent with the focus of the new performance framework<sup>44</sup> and enables an entity to:

42 Department of Finance, *Resource Management Guide No. 132 Corporate plans for Commonwealth entities*, p. 3.

43 Ibid., paragraphs 52 to 54.

44 Resource Management Guide 130 *Overview of the Enhanced Commonwealth Performance Framework* p. 4 states that a key focus of the enhanced performance framework is ensuring that programme managers, Accountable Authorities, ministers, the parliament and the public are able to use performance information to draw clear links between the use of public resources and the results achieved.

- provide the Parliament and other stakeholders with a more complete picture of their operations; and
- provide a useful link between its corporate plan and Portfolio Budget Statements.<sup>45</sup>

### *Key entity risks*

3.13 The new resource management framework has embedded risk management as a core duty of Accountable Authorities<sup>46</sup> and the PGPA Rule 2014 requires corporate plans to include a summary of the risk oversight and management systems of the entity. Finance guidance indicates that ‘As a strategic planning document, the corporate plan should demonstrate that effective risk management priorities have been considered and implemented’.<sup>47</sup>

3.14 The corporate plans of the nine selected entities and the plans reviewed as part of the ANAO’s background research for this audit generally presented information that described the entities systems and processes for managing its risks, including the role of committees such as the audit committee.

3.15 A small number of entities went further and included specific information on their key risks and the mitigation arrangements in place to effectively manage these risks. As highlighted in this report, this approach reflects good practice that adds additional value to the corporate planning process by providing:

- a basis for linking the risks that an entity identifies in the risk oversight and management section of the corporate plan with the risks outlined in other sections of the plan; and
- the Parliament and other stakeholders with specific information and enhanced assurance about the way an entity is managing its risks.

3.16 The independent review of the PGPA Act, which is to be conducted as soon as practicable after 1 July 2017<sup>48</sup>, provides an opportunity for a review of these two matters to be undertaken.

### **Clarification of requirements**

3.17 The ANAO’s review of corporate plans indicates that future Finance guidance should also clarify the requirements relating to the presentation of the purposes of an entity and reporting on each reporting period covered by the corporate plan.

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45 A small number of corporate Commonwealth entities are not required to prepare Portfolio Budget Statements as they do not receive appropriations.

46 PGPA Act, section 16(a). There is also a Commonwealth Risk Management Policy that must be complied with by non-corporate Commonwealth entities. Corporate Commonwealth entities are not required to comply with this policy, but should review and align their risk management frameworks and systems with the policy as a matter of good practice.

47 Department of Finance, *Resource Management Guide No. 132 Corporate plans for Commonwealth entities*, paragraph 64.

48 Op cit. (refer earlier footnote 36).

### *Purposes of an entity*

3.18 An entity's corporate plans must include the purposes of the entity.<sup>49</sup> The aim of the purposes statement is to give context to the significant activities that the entity will pursue over the period of the plan.<sup>50</sup>

3.19 The purposes statements in entities' first PGPA corporate plans were not always expressed clearly and concisely making it difficult for a reader to understand the objectives and outcomes that an entity seeks to achieve.<sup>51</sup> A clear and precise purposes statement, expressed in terms of outcomes rather than the activities that an entity undertakes, can provide a solid foundation on which to develop the corporate plan. It can also assist an entity to demonstrate how the other elements of the plan contribute to achieving the entity's purposes, and underpin the reporting on outcomes.

### *Reporting on each period covered by the plan*

3.20 As discussed in Chapter 2, corporate plans are required to include a statement about an entity's environment, performance, capability and risk oversight and management for each reporting period covered by the plan.<sup>52</sup> In this way, corporate plans are intended to present planning information over the term of the plan.<sup>53</sup>

3.21 This requirement could be interpreted as requiring corporate plans to present discrete information for each of the four years. The corporate plans of the nine selected entities and the plans reviewed as part of the ANAO's background research for this audit rarely presented information for each reporting period. It may not always be sensible to do this.

3.22 During the course of the audit the ANAO provided feedback to Finance on these matters, to enable them to be taken into account in the preparation of any revised guidance the department intended to release to entities in the development of their corporate plans for 2016–19 to 2019–20. These corporate plans are due by 31 August 2016.

49 The PGPA Act section 8 defines 'purposes' as including the objectives, functions or role of the entity or company.

50 Finance *Resource Management Guide No. 132* paragraph 27.

51 This is consistent with the results of an independent research project led by Professor Suresh Cuganesan, University of Sydney Business School, referred to in Finance's submission to the JCPAA's inquiry into the Commonwealth Performance Framework, February 2016.

52 For entities' first PGPA plan, this period is the four financial years 2015–16 to 2018–19.

53 Finance, *Resource Management Guide No. 132*, paragraph 8.

## 4. Department of Finance's support to entities and its internal project management arrangements

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### Areas examined

The ANAO examined the support provided to entities by the Department of Finance (Finance) to assist entities to meet the corporate plan responsibilities of Accountable Authorities under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The ANAO also reviewed Finance's arrangements for project managing the whole-of-government implementation of the Enhanced Commonwealth Performance Framework (performance framework), including the corporate plan requirement.

### Conclusion

The support provided to entities by Finance was effective and 84 per cent of entities indicated in survey responses to the ANAO that they were satisfied or very satisfied with the support received. There were weaknesses in Finance's project management arrangements for the performance framework in its early stages.

### Areas for improvement

Finance should strengthen project management arrangements for the implementation of the performance framework to support the timely release of future legislative requirements and related guidance.

### Did Finance effectively support entities to assist them to meet their corporate plan responsibilities?

Finance provided effective support to entities through a variety of relevant and helpful engagement activities. These activities utilised a number of mediums such as newsletters, websites, Communities of Practice and workshops. Eighty-four per cent of entities surveyed by the ANAO indicated that, overall, they were either 'satisfied' or 'very satisfied' with the support that they had received from Finance.

### Finance support to entities

4.1 To inform and guide its delivery of support to entities, Finance settled a communications strategy for Stage 1 of the Public Management Reform Agenda (PMRA) in September 2013. This strategy was revised and updated for Stage 2 in September 2014.<sup>54</sup>

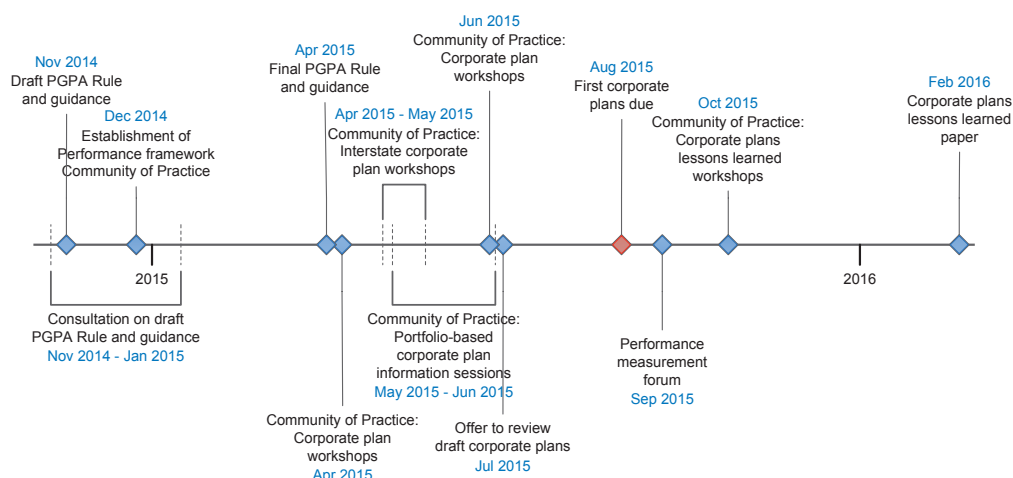
4.2 In April 2014, Finance developed a consultation strategy for the performance framework project. This strategy was intended to support the achievement of a range of deliverables under the project, including work associated with implementing the corporate plan requirement. Consistent with these strategies, Finance developed a range of activities to support entities.

4.3 A timeline of key support activities is presented at Figure 4.1.

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54 The three stages of the PMRA were summarised earlier in Chapter 1 (Table 1.1).

**Figure 4.1: Timeline of Finance's key support activities**



Source: ANAO presentation of Finance information.

4.4 Finance undertook a variety of relevant and helpful engagement activities, utilising a number of mediums. Finance facilitated over 20 Community of Practice workshops<sup>55</sup> and information sessions in Canberra and interstate that gave entities the opportunity to raise issues and share experiences regarding the development of their first PGPA corporate plans.

4.5 Finance also published fortnightly PMRA newsletters that included regular and comprehensive updates on the implementation of the corporate plan requirement and information on the avenues of entity support available. Finance's reviews of entity draft corporate plans provided specific and helpful advice to entities on ways to improve individual plans. Following the publication of corporate plans, Finance also conducted lessons learned workshops in Canberra, Sydney and Melbourne and released a lessons learned paper.

4.6 These activities and other forms of communication, including the use of GovDex<sup>56</sup>, provided Finance and entities with opportunities to discuss issues and concerns relating to the performance framework.

## Entity satisfaction with Finance's support

4.7 To gauge satisfaction with the support provided by Finance in relation to the corporate plan requirement, the ANAO surveyed 164 Commonwealth entities and companies in late 2015. A total of 120 responses were received (73 per cent response rate).<sup>57</sup>

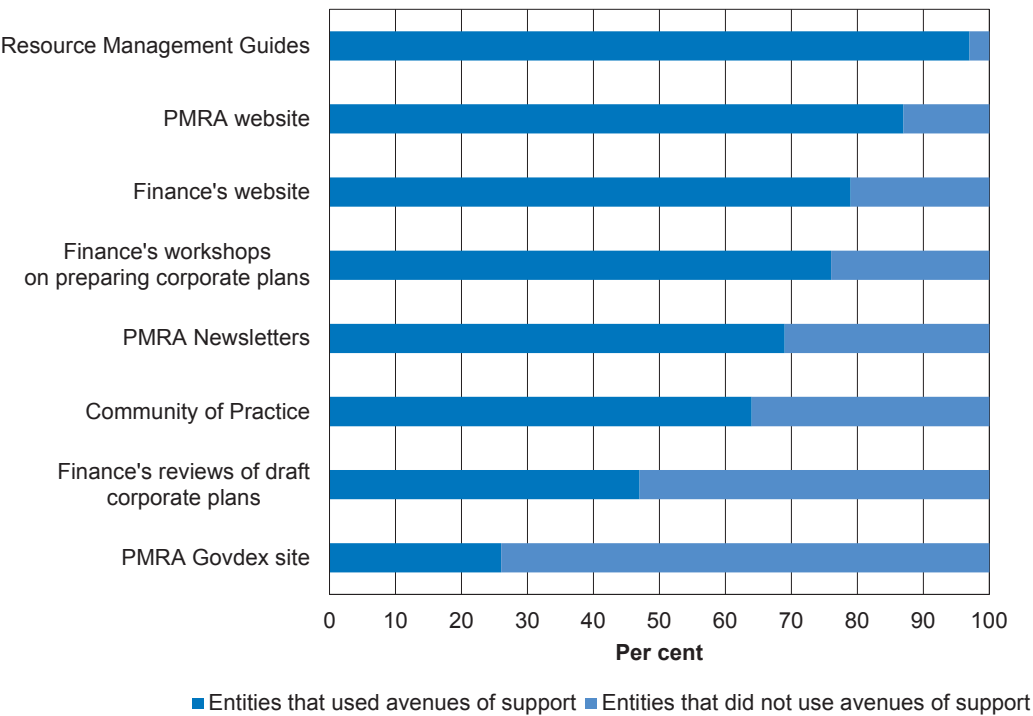
55 These are forums for entities established to discuss aspects of performance planning, measurement and reporting.

56 Available from <[www.govdex.gov.au](http://www.govdex.gov.au)>. Govdex is a web portal open to officials of all Commonwealth entities and companies designed to allow officials to share information and knowledge relating to the PMRA.

57 The survey was conducted between 17 November and 11 December 2015. For a 95 per cent confidence interval, this sample size provides results accurate to within a +/-4.7 per cent margin of error.

4.8 The extent to which entities used the various forms of support is presented in Figure 4.2.

**Figure 4.2: Entity use of Finance support**



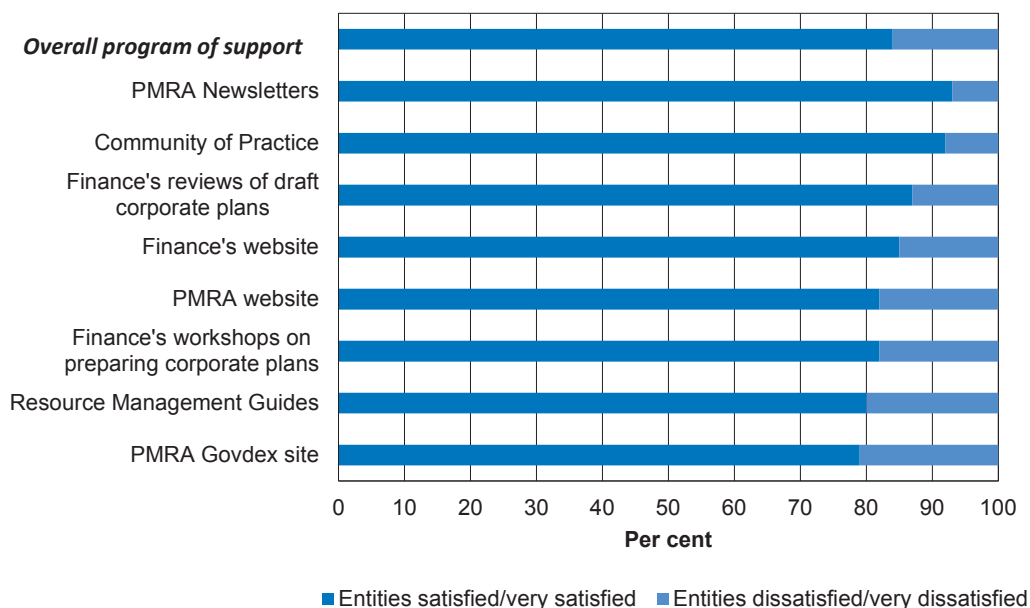
Source: ANAO analysis of survey results.

4.9 Ninety-seven per cent of entities responding to the survey indicated that they used Finance’s Resource Management Guides, 87 per cent of entities reported using the PMRA website and 79 per cent had used Finance’s website. The least used avenue of support was the PMRA Govdex site, which was used by 26 per cent of entities.



4.10 Entity satisfaction with the various support activities is presented in Figure 4.3.

**Figure 4.3: Entity satisfaction with Finance support <sup>(a)</sup>**



Note a: Satisfaction ratings were based on the views of entities that indicated they had used that particular avenue of support.

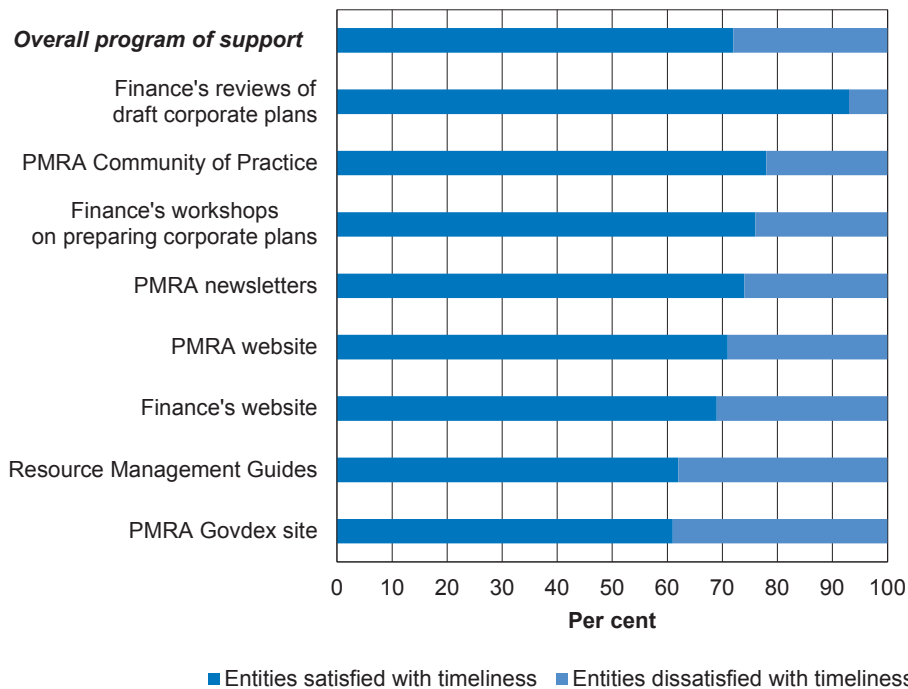
Source: ANAO analysis of survey results.

4.11 Eighty-four per cent of entities responding to the survey indicated that they were either satisfied or very satisfied overall with the support they received from Finance. Ninety-two per cent of entities were satisfied or very satisfied with the Communities of Practice and 93 per cent were satisfied or very satisfied with the PMRA newsletters. Seventy-nine per cent of entities that used the PMRA GovDex site indicated they were satisfied or very satisfied. A number of entities indicated in their survey responses that, in the future, priority should be given to face-to-face feedback and consultation through workshops and Communities of Practice.

#### *Timeliness of support*

4.12 Seventy-two per cent of entities responding to the survey were satisfied or very satisfied, overall, with the timeliness of Finance's support. Sixty-two per cent of entities indicated that the Resource Management Guides were provided in a timely manner and 61 per cent were satisfied with the timeliness of information provided on the PMRA Govdex site. Entity satisfaction rates with the timeliness of the various avenues of support provided by Finance are presented in Figure 4.4.

**Figure 4.4: Entity satisfaction with the timeliness of Finance support<sup>(a)</sup>**



Note a: Satisfaction ratings were based on the views of entities that had indicated they had used that particular avenue of support.

Source: ANAO analysis of survey results.

4.13 Eighty per cent of surveyed entities indicated that Finance had consulted them during the development of its program of support. Forty-five per cent reported that they had raised their entity’s specific challenges with Finance as part of that consultation process, and 57 per cent of those entities reported that the challenges they raised were reflected in Finance’s program of support.

**Did Finance have sound project management arrangements for the timely development and implementation of the corporate plan requirement?**

In its early stages, there were weaknesses in the project management arrangements established by Finance for the implementation of the corporate plan requirement, particularly in relation to the establishment and monitoring of a fit-for-purpose implementation plan and risk assessment. During 2014, timeframes for the development of the rules and guidance for the performance framework project slipped by five months against the original timetable established by Finance for the project. Project management improved from August 2014. The timetable was revised in November 2014, and the revised milestones were met.

4.14 In reviewing Finance’s project management arrangements, the ANAO focussed on the planning and risk management elements established for the implementation of the performance

framework. The ANAO also reviewed whether these elements were aligned with the broader project management arrangements established for the Public Management Reform Agenda.

### **Project management arrangements for the Public Management Reform Agenda**

4.15 Project management arrangements were established by Finance in September 2013 to assist in the implementation of Stage 1 of the PMRA. These arrangements were informed by a Project Management Plan that outlined the roles and responsibilities of a Project Board and steering committees established to oversight discrete elements of the PMRA. A Communications Strategy was developed at this time, as well as a Risk Management Plan. These documents included brief references to the performance framework.

4.16 These arrangements were in place until March 2015, when revised arrangements were finalised for Stage 2 of the PMRA. The key focus of Stage 2 was the development and implementation of a performance framework. A similar suite of documentation was prepared for Stage 2 as was prepared for Stage 1.<sup>58</sup>

### **Project management arrangements for the performance framework project**

4.17 In early 2014, organisational arrangements were established in Finance to develop and implement the performance framework, which included the corporate plan requirement. The department decided to manage this project separately from other aspects of the broader PMRA project.<sup>59</sup> A Consultation Strategy that incorporated a project plan for the performance framework project was developed. The plan outlined a timetable for the implementation of the project, which envisaged that it would be finalised and launched by December 2014. The plan did not include scheduled review points or specify responsibilities to assist Finance to periodically monitor and evaluate the key deliverables of the project, including whether the framework would be in place by December 2014.

4.18 The project plan for the performance framework project included a brief reference to the delivery of the activities required to implement the corporate plan project. Finance did not develop a specific plan for the implementation of the corporate plan project.

4.19 A draft Risk Assessment for the performance framework project was also developed in May 2014. It was not finalised or approved. The draft did not comply with Finance's internal requirements relating to the development of risk management plans. A separate risk assessment or risk management plan for the corporate plan project was not prepared.

4.20 During 2014, timeframes for the delivery of the performance framework project slipped by five months. In this respect, Finance:

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58 In January 2016, Finance advised the ANAO that it was developing project management documentation for Stage 3 of the PMRA. This included a Project Plan and a Communication Plan for the overall initiative, as well as plans relating to the corporate plan and annual report projects. Finance provided the ANAO with draft project management documentation for Stage 3 of the PMRA in April 2016.

59 Finance advised the ANAO that, following a period where implementation of the performance framework project had slipped significantly, responsibility for the project was transferred to the area with responsibility for the PMRA in August 2014 (the PMRA Taskforce). Finance also advised that the high level project management documentation relating to Stage 2 of the PMRA was then used to manage the implementation of the performance framework, including the corporate plan requirement.

- advised the JCPAA in February 2014 that a Discussion Paper on the performance elements of the PGPA Act would be released in May 2014. The Discussion Paper was not released until 28 August 2014; and
- planned for substantive drafts of the performance framework, as well as guidance material for corporate plans and annual performance statements, to be released in June-July 2014. These were not released until November 2014.<sup>60</sup>

4.21 Finance subsequently revised the original timetable. The framework's key components were scheduled for launch between February and June 2015. This revised delivery timetable was met, with the rule and guidance issued as planned in April 2015.

4.22 It was not evident that the original project timetable or the risks associated with the implementation of the framework were actively managed over the course of the project. Management of the project, including the identification and reporting of risks, improved from August 2014. The improvements included regular briefings to the Finance Executive. More consistent monitoring of actual progress against planned progress and any changes in implementation risks would have better positioned Finance to identify and respond early to project slippages.

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Grant Hehir  
Auditor-General

Canberra ACT  
31 August 2016

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60 Department of Finance, Enhanced Commonwealth Performance Framework: Submission by the Department of Finance to the JCPAA inquiry *Development of the Enhanced Performance Framework*, November 2014.

# Appendices



## Appendix 1 Entity responses

### Australian Federal Police



**AFP**  
AUSTRALIAN FEDERAL POLICE

COMMISSIONER

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ABN 17 861 931 143

Our Reference: CMS 2016/8736

7 July 2016

Dr Tom Ioannou  
Group Executive Director, Performance Audit  
Australian National Audit Office  
19 National Circuit  
BARTON ACT 2601

Dear Dr Ioannou

I refer to correspondence from the Australian National Audit Office of 8 July 2016 which provided the Australian Federal Police (AFP) with the proposed audit report on *Corporate Planning in the Australian Public Sector*.

The AFP acknowledges the ratings provided on the maturity level for the development of and monitoring against the corporate plan, and the key learnings and opportunities for improvement listed in the report.

The AFP will continue to streamline and centralise its strategic planning processes around the corporate plan. The AFP is also committed to further develop its performance measurement in line with the flexibility provided in the Enhanced Commonwealth Performance Framework.

The AFP will continue active participation in the Department of Finance community of practice and maintain a localised law enforcement group to stay abreast of further reforms and assess the impact on future plans.

Yours sincerely

Andrew Colvin  
Commissioner

## Australian Securities and Investments Commission



4 August 2016

Level 5, 100 Market Street,  
Sydney NSW 2000  
GPO Box 9827, Sydney NSW 2001  
DX 653 Sydney

Dr Tom Ioannou  
Group Executive Director  
Performance Audit  
Australian National Audit Office  
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www.asic.gov.au

**BY EMAIL: [Tom.Ioannou@anao.gov.au](mailto:Tom.Ioannou@anao.gov.au)**

Dear Dr Ioannou,

**Australian National Audit Office (ANAO) audit: Implementation of the corporate plan requirement of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)**

Thank you for your email to our Chairman of 8 July 2016, which affords us the opportunity to provide comments on your proposed audit report on Corporate Planning in the Australian Public Sector.

We agree with the conclusions and supporting findings outlined in the report. We believe that they reflect an accurate assessment of our own state in implementing corporate planning requirements for the first time for the period 2015—16 to 2018—19. In addition, we think that they articulate a balanced reflection on the current status of corporate planning across the Commonwealth more broadly.

We welcome the key learnings that the ANAO articulates, and will consider them in developing our future corporate plans and improving and streamlining the processes we use to do so.

Subsequent to the publication of our first corporate plan, we have already taken on board lessons learned from our own experience. We have specifically focused on enhancing:

- our approach to measuring and assessing our performance to monitor how we are achieving our strategic priorities and purposes
- public consultation in our strategy-setting process—for example, we consulted with our External Advisory Panel and Consumer Advisory Panel on potential 2016—17 strategic risks to better inform the strategic decisions we make on priorities and resource allocation, and
- our project governance and resourcing to ensure the timely delivery of future corporate plans and associated periodic monitoring and reporting requirements against those plans.

We will also embrace further opportunities for improvements to the Enhanced Commonwealth Performance Framework like those that the ANAO has identified in the report.



Our summary comments for the audit report are:

**Australian Securities and Investments Commission (ASIC)**

ASIC agrees with the conclusions and supporting findings that this report sets out. In particular, ASIC believes that the report reflects an accurate assessment of its own state in implementing corporate planning requirements for the period 2015—16 to 2018—19.

ASIC welcomes the key learnings that this report articulates. ASIC will consider these in developing our future corporate plans, and improving the processes we use to do so.

ASIC will also embrace further opportunities for improvements to the Enhanced Commonwealth Performance Framework that this report identifies.

We are grateful to your team's collaboration throughout this process, and trust that these comments will assist you and your team in finalising the audit report.

Please feel free to contact me on 02 9911 2073, or Elizabeth Hristoforidis, Delivery Sponsor, Regulatory Transformation (FAST 2) Program on 02 9911 2486, if you need anything further.

Yours sincerely,



**Greg Kirk**  
Senior Executive Leader, Strategy Group

## Australian War Memorial

**Dr Brendan Nelson**  
Director



4 August 2016

Mr Grant Hehir  
Auditor General  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601

Dear Mr Hehir

Thank you for the opportunity for the Memorial to participate in the ANAO's review of corporate planning in the public sector.

The Memorial has well established business planning processes and produced corporate plans for many years prior to the introduction of the *Public Governance, Performance, and Accountability* (PGPA) 2013 Act, which is reflected in the audit report.

The Memorial's corporate plan is a significant document, and provides the strategic direction for the development of the annual business plan, which is regularly monitored and assessed during the year. However, I acknowledge that there is scope to better align existing reporting arrangements with the measures identified in the corporate plan to position it as the primary planning document.

Independently of the ANAO audit observations, the 2016 – 2020 corporate plan was revised to improve the content and performance measures, and the document will continue to be reviewed and refined as part of the annual plan review and development. Quarterly reporting has been revised to incorporate, specific measures identified in the corporate plan, to meet the PGPA Rule's specific monitoring requirement.

The Memorial is committed to continuing to refine and enhance its strategic performance measures, targets and assessment processes to provide meaningful information on how it will achieve its purpose.

Yours sincerely

Brendan Nelson

*Here is their spirit, in the heart of the land they loved; and here we guard the record which they themselves made.* C.E.W. Bean

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## Bureau of Meteorology



**Australian Government**  
**Bureau of Meteorology**

**Office of the Director of Meteorology and CEO**  
Bureau of Meteorology  
GPO Box 2334 Canberra ACT 2601 Australia

In reply please quote

DIR 16 0476

Mr Grant Hehir  
Commonwealth Auditor-General  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601  
AUSTRALIA

Dear Mr Hehir

The Bureau of Meteorology (the Bureau) appreciates the opportunity to participate in the Review of Corporate Planning in the Australian Public Sector by the Australian National Audit Office (ANAO).

The ANAO review of the Bureau's first corporate plan under the Public Governance Performance and Accountability Act 2013 (PGPA Act) and supporting systems and structures will assist the Bureau in the preparation of future plans.

The Bureau is committed to continually improving its performance across all areas of its operations. The information from this review will be used to improve monitoring of achievements against the corporate plan by more direct assessments of enterprise level key performance indicators. The Bureau will also ensure that future Corporate Plans continue to maintain a complementary relationship with the Bureau's 2015-2020 Strategic Plan.

The Bureau looks forward to future engagement with the ANAO.

Yours sincerely

**VICKI MIDDLETON**  
Acting Director of Meteorology and CEO

3 August 2016

**Australia's National Meteorological Service**

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## Civil Aviation Safety Authority



**Australian Government**  
**Civil Aviation Safety Authority**

OFFICE OF THE DIRECTOR OF AVIATION SAFETY

Trim Ref: G116/580

20 July 2016

Dr Tom Ioannou  
Group Executive Director  
Performance Audit  
Australian National Audit Office  
19 National Circuit  
BARTON ACT 2601

Dear Dr Ioannou,

**Australian National Audit Office Corporate Planning in the Australian Public Sector audit**

Thank you for your letter dated 8 July 2016 inviting the Civil Aviation Safety Authority (CASA) to respond to the ANAO proposed cross-agency report on Corporate Planning in the Australian Public Sector. I am pleased to provide the following formal response on behalf of CASA:

Formal response

CASA welcomes the ANAO's Corporate Planning audit report on a cross section of nine entities and supports the conclusions contained therein.

It is pleasing to see that CASA's performance has been recognised as fully mature in three of the four corporate planning categories examined by the ANAO. In relation to the maturity of entities' monitoring arrangement, I am confident that CASA will be further advanced towards full maturity in this category in the next 12 months.

In addition, the inclusion of CASA in a number of examples of better practice is a welcome endorsement of the work undertaken by the organisation to date.

The CASA corporate plan has allowed for a period of three further years to progressively implement its complete and comprehensive set of performance measures and indicators across its five key performance areas. An external performance validation panel has been set up by CASA, consisting of a representative from the Department of Infrastructure and Regional Development, one representative from a comparable regulator, and two representatives from the aviation industry. The purpose of this panel will be to review CASA's performance measures to ensure that they are appropriate and fit-for-purpose and that the supporting evidence is sufficient to enable an accurate assessment of CASA's annual performance.

GPO Box 2005 Canberra ACT 2601 Telephone: (02) 6217 1001 Facsimile: (02) 6217 1555

2

I would like to express my appreciation for the professional conduct of your team during the fieldwork and their willingness to consult with my management team throughout the process.

Should you require further information on this matter, please contact Lisa Harvey, Team Leader, Strategic and Organisational Planning, Office of the Director of Aviation Safety on (02) 6217 1155.

Yours sincerely



Mark Skidmore  
Director of Aviation Safety

Attachments:

- A. CASA summary response to the report
- B. CASA additional editorial commentary

# Commonwealth Superannuation Corporation



Australian Government  
Commonwealth Superannuation Corporation

8 August 2016

Dr Tom Ioannou  
Group Executive Director  
Performance Audit  
Australian National Audit Office  
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Phone +61 2 9240 4888

[www.csc.gov.au](http://www.csc.gov.au)

Dear Dr Ioannou,

## ANAO Performance Audit: Corporate Planning in the Australian Public Sector

Thank you for your email of 8 July containing the proposed report on the above audit and your request for a formal letter of reply from Commonwealth Superannuation Corporation (CSC).

As discussed with the ANAO staff during the audit, CSC took a compliance approach to developing its 2015-16 Corporate Plan so as to meet the requirements under the Public Governance, Performance and Accountability (PGPA) Act 2013 by the required deadline of 31 August 2015. This was primarily due to CSC's focus on the merger of ComSuper into CSC on 1 July 2015, legislation for which only passed in late June 2015. CSC also notes that Resource Management Guide No.132 setting out the Department of Finance's expectations for corporate plans was only published in April 2015; after CSC's annual strategic planning day was held in March 2015.

Given the Department of Finance's policy expectations that the PGPA plan is the primary planning document, the CSC Board agreed at its 12 May 2016 meeting that for 2016-17:

- The PGPA corporate plan be regarded as the principal planning document for delivering on CSC's purpose of growing the wealth of Australian Government employees and members of the Australian Defence Force for their retirement, and will contain performance criteria and targets that indicate achievement of that purpose;

Your Government Super at Work

CSC  
ABN 228009  
RSE 10001397  
ABN 48 882 817 243

CSS  
RSE R1006497  
ABN 19 415 776 361

MSBS  
RSE R1000106  
ABN 50 925 523 120

PSS  
RSE R1004055  
ABN 74 172 177 893

PSSap  
RSE R1004001  
ABN 65 127 917 725

1922  
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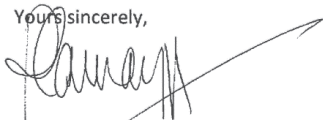
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- The CSC strategic plan will outline specific strategic milestones and outcomes that will assist in delivering on this purpose, and the links between the strategic milestones and performance criteria/targets will be documented separately; and
- Quarterly reporting will be provided to the Board on the performance criteria and targets in the 2016-17 PGPA corporate plan, the strategic milestones and other key operational objectives.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Carrigy-Ryan', with a long, sweeping horizontal stroke extending to the right.

Peter Carrigy-Ryan  
Chief Executive Officer

## Department of Foreign Affairs and Trade



**Australian Government**  
**Department of Foreign Affairs and Trade**

**Acting Secretary**

**Telephone: 02 62611459**  
**Facsimile: 02 62732081**

26 July 2016

Dr Tom Ioannau  
Group Executive Director  
Performance Audit Services Group  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601

Dear Dr Ioannau

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.

The Department of Foreign Affairs and Trade (DFAT) supports the findings of the audit, including the ANAO's assessment of DFAT's efforts to implement the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013*.

DFAT will incorporate the performance audit's findings with the aim of fully-embedding the Corporate Plan as the department's primary planning document. This includes: entrenching the Corporate Plan in departmental business planning; making sure sound systems and processes are in place for preparing the Corporate Plan; and ensuring governance mechanisms are available to monitor achievements against the Corporate Plan.

I would like to express my thanks for the professional and collaborative approach taken by the ANAO's audit team. If you would like to discuss DFAT's response, please contact Ms Kate Logan, Assistant Secretary, Executive Branch, on 02 6261 2377.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Ric Wells'.

Ric Wells

R G Casey Building, Barton ACT 0221 [www.dfat.gov.au](http://www.dfat.gov.au)



## Director of National Parks



**Australian Government**  
**Director of National Parks**

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

Dear Dr Ioannou

Thank you for your email of 8 July 2016 providing a copy of the ANAO's proposed audit report on Corporate Planning in the Australian Public Sector issued under section 19 of the *Auditor-General Act 1997*.

I acknowledge the conclusion, findings and key learnings of the report as it relates to the *Director of National Parks Corporate Plan 2015-2019*.

I welcome the audit's finding that the Director of National Parks has made a solid start in implementing the corporate plan requirements under the Public Governance, Performance and Accountability Act and Rule.

I am committed to the continual improvement of our corporate plans, and this report is particularly useful early feedback for us as we commence drafting our next corporate plan for 2016-2020.

If you would like further information, please have your officers contact Ben Phillips, Director, Protected Area Policy and Planning Section on 02 6274 2528.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Sally Barnes'.

Sally Barnes  
Director of National Parks

8 August 2016

GPO Box 787 Canberra ACT 2601 Ph 02 6274 2220 Fax 02 6274 2349  
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**Australian Government**  
**Department of Finance**

Jane Halton AO PSM  
Secretary

Our Ref: SEC0013649

Dr Tom Ioannou  
Group Executive Director  
Performance Audit Service Group  
Australian National Audit Office  
CANBERRA ACT 2601

Dear Dr Ioannou

Thank you for your e-mail of 8 July 2016, and subsequent e-mail of 22 July 2016, regarding the Australian National Audit Office (ANAO) Section 19 proposed Audit Report on Corporate Planning in the Australian Public Sector and seeking Finance's response.

The Department of Finance is pleased to receive the Section 19 report and thanks the ANAO for the opportunity to respond to the matters raised. Our response is: "The Department of Finance supports the findings of the report".

I appreciate the ANAO's preparedness to re-consider some of the wording associated with the report's findings that relate to Finance's internal project management arrangements. I recognise that there were some early delays and issues in initiating these arrangements, however, the project was ultimately delivered successfully with a high degree of user satisfaction.

I am keen to ensure that we work closely with the ANAO and the Joint Committee of Public Accounts and Audit over 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.

I appreciate the constructive approach the ANAO has taken in the proposed report, noting that it is the first year of operation of the new enhanced Commonwealth performance framework.

Yours sincerely

A stylized, handwritten signature in black ink, appearing to read 'J Halton'.

Jane Halton  
Secretary

| August 2016

## 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.

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
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.

### Appendix 3 ANAO assessment matrix









The assessment matrix has been used to assist the ANAO in its review of:

- whether the corporate plan was positioned as the entity’s primary planning document;
- whether the corporate plan meets mandatory requirements; and
- the maturity of the processes followed by entities in: developing their first PGPA Act corporate plans and monitoring achievements against these plans.




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

Have entities established their corporate plans as their primary planning documents to assist them in managing their business?				
				
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-criterion: 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 stakeholders were consulted.
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.
Key	 Process for developing the plan lacked key elements.  Some key elements in the development process were evident.  Most of the 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-criterion: Did entities meet mandatory requirements for preparing and publishing corporate plans?			
			
Mandatory requirements	The corporate plan does not meet any of the mandatory requirements of the PGPA Rule.	The corporate plan meets some of the mandatory requirements of the PGPA Rule.	The corporate plan meets all of the mandatory requirements of the PGPA Rule.

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

Sub-criterion: Have entities developed 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 the 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 monitoring processes.
Key	 No systems and processes for monitoring the plan were in place.  Some systems 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.			