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# Annual plan 2020/21



Photo acknowledgement:  
Ginny Dunn, Office of the Auditor-General

# Annual plan 2020/21

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# Contents

Auditor-General's overview	3
Part 1 – About the Office of the Auditor-General	5
Who we are	5
About our work	5
What we do	6
Part 2 – Our strategic context	11
Our strategic direction	11
Our strategy	12
Part 3 – How we plan our multi-year work programme	13
Planning our work programme	13
Managing risks to achieving our work programme	14
Considering our operating environment	14
Part 4 – Our multi-year work programme	19
How well is the public sector improving the lives of New Zealanders?	22
How well is the public accountability system working as a whole?	36
Keeping New Zealanders informed about public sector performance and accountability	49
Sharing insights about what "good" looks like	52
Providing assurance to Parliament and the public on the Covid-19 pandemic response and recovery	54
Appendix 1 – Summary of the public organisations we audit, as at June 2020	59
Appendix 2 – Summary of our <i>Annual Plan 2020/21</i> multi-year work programme	60
Appendix 3 – Summary of work we intend to complete in 2020/21	64
Figures	
1 – Our performance framework	11
2 – The four strategic shifts we aim to make	12

# Auditor-General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

I am pleased to present my Office's *Annual plan 2020/21*. This plan sets out the work that we intend to carry out in 2020/21 and the work that we are considering for the following two years.

Our purpose is improving trust and promoting value in the public sector. Ensuring trust and confidence in the public sector has never been more critical than now, as New Zealand responds to the Covid-19 pandemic, with much of this response being led by the public sector.

We prepared our *Draft annual plan 2020/21* at the same time as the pandemic was emerging. In our draft plan, we indicated that, for the next few years, our work would have a key focus on examining the public sector's response to, and recovery from, the effects of the Covid-19 pandemic.

We presented our *Draft annual plan 2020/21* for consultation with members of Parliament at the end of April. We also actively sought feedback from a range of other stakeholders.

Overall, there was strong support for our work, while acknowledging that the plan overall was ambitious. We have had helpful feedback from Parliament, public organisations, and the broader public. As we anticipated, there were many suggestions about work that we could do to support the public sector in the recovery from the Covid-19 pandemic.

I thank all those who took the time to consider our draft plan and send feedback, while also dealing with the disruption caused by the pandemic. We have carefully considered all the feedback we received. It has helped us to refine our work programme, and we will also use it as we carry out more detailed scoping of particular topics.

My Office has a range of functions that help Parliament and the public hold public organisations to account for their use of public money. Annual audits of public organisations are our core work, accounting for nearly 85% of our resources. We report information from our annual audits to help Parliament and the public scrutinise the effectiveness, efficiency, and accountability of public organisations.

We use the balance of our resources to provide advice and support to select committees for their effective scrutiny of public organisations, to monitor expenditure against parliamentary appropriations (our Controller function), to carry out inquiries (where we consider the appropriateness of the behaviour of public organisations and their use of resources), and to conduct performance

audits (where we look at the effectiveness of spending by public organisations) and special studies (where we seek to research and publish information that will benefit public sector performance and accountability).

We intend to use all our core functions to inform our work and, in particular, our assessment of the Covid-19 response and recovery effort. For example, the information that auditors gather from their work in 2020/21 will help us to understand the common issues and additional risks that public organisations faced during the response to and recovery from the Covid-19 pandemic.

While Covid-19 matters will be an important focus of our work, other key work programmes will also continue. These include:

- strengthening integrity systems in the public sector;
- assessing how well the public sector is delivering on outcomes for New Zealanders;
- developing further good practice guidance;
- progressing our multi-year programmes on procurement, public accountability, and well-being; and
- our regular work and reporting on sector performance, Controller activities, audit follow-up, and supporting audit and risk committees.

The pages that follow describe all our work in more detail. Our *Annual plan 2020/21* forms part of a multi-year work programme that we refresh every year. Although we have a planned programme of work, we will regularly review our proposed work so that it remains relevant and responsive. This is particularly important given the dynamic and uncertain operating environment we are all functioning in. We will publicly report any substantial changes to our plan.

I thank everyone who has contributed to this plan. I am confident that our work programme will help to positively influence the trust and confidence that Parliament and New Zealanders have in the public sector. I look forward to reporting the results of our work during the coming year.

Nāku noa, nā



John Ryan  
Controller and Auditor-General

25 June 2020

# About the Office of the Auditor-General

# 1

## Who we are

The Controller and Auditor-General (the Auditor-General) is responsible for auditing all of New Zealand's public organisations. The Office of the Auditor-General (our Office) is an important pillar of the national integrity system that helps ensure that Parliament and New Zealanders can have trust and confidence in the public sector and in government.

## Why is there an Auditor-General?

Parliament authorises all government expenditure and gives statutory powers to public organisations. Public organisations are accountable to Parliament (and their communities in the case of local government) for how they use the resources and powers that Parliament gives them. Parliament seeks independent assurance from the Auditor-General that public organisations are using these resources and powers, and are accountable for their performance, in the way Parliament intended.

The Auditor-General's role is to help Parliament in its scrutiny of executive government, to ensure that public organisations are effective, efficient, and accountable. To be effective and credible in this role, the Auditor-General is independent of the Government and operates in an apolitical manner. The Auditor-General is an Officer of Parliament and does not comment on the policies of the Government or of local authorities.

The Auditor-General reports findings and makes recommendations so that those responsible for making improvements can take action. The Auditor-General does not have the power to enforce his recommendations. Rather, the Auditor-General influences improvement through the independent and objective nature of the work, the scrutiny by Parliament that it supports, and effective working relationships between our Office and public organisations.

## About our work

Our purpose is *improving trust and promoting value* in the public sector. We play an important role in influencing lasting improvements in public sector performance and accountability. To do this, our Office must be seen as independent, reliable, and trustworthy.

The values that we uphold and that underpin everything we do are:

- People matter.
- Our independence is critical.
- We act with integrity and courage.
- We're here to make a difference.

## **What we do**

### **Providing advice and support for effective parliamentary scrutiny**

Parliamentary scrutiny of the performance and accountability of the public sector is primarily carried out through select committees. We work closely with select committee chairpersons and clerks to provide advice and support that meets committees' needs.

Our services to Parliament are informed by our annual audits, performance audits, and inquiry work. We use our information to advise and inform Parliament about issues and risks in the public sector. We provide reports and advice to select committees to help their annual reviews of public organisations and their examination of the Estimates of Appropriations.

Our advice is primarily based on analysis of public organisations' accountability documents and Budget information. In 2020/21, we will pay particular attention to how organisations report on the effect of the Covid-19 pandemic on their operations and advise committees accordingly.

We also publish reports on the results of our annual audits, performance audits, major inquiries, and other work. We use this information to advise select committees in their work holding public organisations to account as part of Parliament's scrutiny of executive government.

### **Monitoring expenditure against parliamentary appropriations (our Controller function)**

Our Controller function provides independent assurance to Parliament that expenditure by government departments and Offices of Parliament is lawful and within the scope, amount, and period of the appropriation or other authority.

Our Controller function is a core part of the Auditor-General's role as "public watchdog". It supports the important constitutional principle that the Government cannot spend, borrow, or impose a tax without Parliament's approval.

Normally, we publish six-monthly reports on our Controller function work. In response to the Covid-19 pandemic, we have been reporting monthly. We will look at the funding that has been approved for the response to, and recovery from, the Covid-19 pandemic, and determine whether the expenditure has been incurred in line with those approvals. We provide more information about this work in Part 4.



## **Annual audits of information reported by public organisations about their performance**

Annual audits of public organisations are the Office’s core work, accounting for nearly 85% of our resources. These result in the issuing of about 3400 audit reports each year, as well as reports to those charged with governance on how their organisations could improve their control environments and reporting. Our annual audits fundamentally support the integrity of the financial and performance reporting of public organisations. All our work is built on this solid foundation.

Our annual audits give us direct interaction with, and insight into, every public organisation in New Zealand. Through our audits, we gather intelligence on how the public sector is operating and the main challenges, effects, and emerging issues affecting the public sector. We use this information to help Parliament scrutinise public organisations’ performance. We also use this information, along with other intelligence-gathering activities, to inform our work programme.

We intend to provide independent information to Parliament and the public about the Government’s response to the pandemic. The information that auditors gather from their work in 2020/21 will help us to understand the common issues and additional risks that public organisations faced during the Covid-19 pandemic and what lessons there are for the future.

We will also use this information to help Parliament scrutinise public organisations’ performance and to share insights that will enable public organisations to plan for future “shocks” more effectively. We provide more details about our annual audit work in response to the Covid-19 pandemic in Part 4.

Every three years, our auditors carry out the audits of the long-term plans (LTPs) of local authorities. A council’s LTP outlines how it will use its resources and provides a basis for accountability to its community over the long term. As councils plan for significant issues such as water quality, climate change, and their communities’ recovery from the Covid-19 pandemic, long-term planning has never been more important. Our work supports stronger council accountability to, and scrutiny from, local communities.

Appendix 1 provides a summary of the number and type of public organisations in the Auditor-General’s audit portfolio as at June 2020.

As the Auditor-General is also the Auditor-General of Niue and Tokelau, we carry out audits of the financial statements of the Government of Niue (and its subsidiaries and other associated organisations), the Government of Tokelau (and related organisations), and also other organisations the Auditor-General has agreed to audit under section 19 of the Public Audit Act 2001.

All our audit work is carried out by either the Auditor-General's in-house audit service provider, Audit New Zealand, or audit service providers from the private sector. Our audit work is funded by fees charged to each audited organisation, which are agreed after consultation with the organisation.

The quality of the audit work carried out on behalf of the Auditor-General is paramount. Quality assurance reviews of appointed auditors are carried out to ensure that they have complied with *The Auditor-General's Auditing Standards*. We are continuing to develop those standards to ensure that they remain fit for purpose, and we are further building our work on improving performance reporting throughout the public sector.

Maintaining our independence is critical. The credibility of our work relies on our being free of influence (real or perceived) so that we can carry out our work and report without constraint. We have high standards of independence, which we have enhanced further during the last year, and we closely monitor compliance with those standards.

Our independence and reputation are also critical to maintaining Parliament's and the public's trust and confidence in our work and enable us to maintain our position as one of the strongest "pillars" in New Zealand's national integrity system.<sup>1</sup>

### **Other assurance work**

Audit New Zealand also carries out other assurance work on behalf of the Auditor-General. This work generally focuses on reviewing procurement and contract management, project management, asset management, risk management, governance arrangements, and conflicts of interest. It can include any services of a kind that it is reasonable and appropriate for an auditor to perform.

Assurance is typically provided to senior managers and governors of public organisations. By extension, such assurance work supports private and voluntary sector stakeholders' trust and confidence in public organisations. It promotes value by helping public organisations comply with rules and guidelines, and adopt good practice.

Audit New Zealand and other audit service providers also carry out other assurance engagements that are prescribed in legislation other than the Public Audit Act 2001. These assurance engagements include, for example, work to support disclosure regimes required by the Commerce Commission.

## **Carrying out inquiries into matters related to the use of public resources**

The Public Audit Act 2001 allows the Auditor-General to carry out an inquiry into any matter concerning a public organisation's use of resources. Our inquiries function is an important mechanism for maintaining and improving Parliament's and New Zealanders' trust and confidence in the public sector.

Inquiries can arise from our audit or other work, requests from members of Parliament or a public organisation, or concerns raised by the public. We consider many issues and receive many requests for inquiries, and the number of requests increases each year. We decide whether issues warrant investigation when those issues arise. We anticipate receiving an increased number of requests for inquiries related to the Covid-19 pandemic.

## **Assessing public sector performance and accountability (through performance audits and special studies)**

The Public Audit Act 2001 empowers the Auditor-General to assess the performance and accountability of public organisations, particular sectors, and the public sector as a whole. Every year, we carry out a wide range of work to assess public sector performance and accountability.

We identify and prioritise work that we consider will best contribute to the changes we want to bring about, as described in our medium-term strategy, and to achieving our ultimate outcome – that Parliament and New Zealanders have trust and confidence in the public sector.

Performance audits and special studies are an important part of our work programme. They enable us to delve more deeply into particular areas of performance than our annual audits can. Their purpose is to influence the public sector to improve its performance and provide assurance to Parliament and the public that public organisations are delivering what they have been set up and funded to do.

Over the next three years, our programme of performance audits and special studies will also include a specific focus on understanding the Government's response to, and recovery from, the Covid-19 pandemic.

Each year, to assess the progress public organisations make in acting on our recommendations, we review a selection of our previous performance audits.

We describe our multi-year work programme, including follow-up work, in more detail in Part 4.

## **Our international contribution**

Each year, we contribute to the international auditing community, particularly in the Pacific region. We aim to strengthen public sector accountability and promote good governance by sharing our skills, knowledge, and expertise with other audit bodies throughout the world.

We take part in international efforts to develop accounting and auditing guidance and standards, and we are active members of the International Organisation of Supreme Audit Institutions (INTOSAI) and the Global Audit Leadership Forum (GALF). A senior member of our staff represents New Zealand on the International Public Sector Accounting Standards Board (IPSASB).

Our largest time and resource commitments are to the Pacific Association of Supreme Audit Institutions (PASAI), which is the regional body of INTOSAI focused on the Pacific. The Auditor-General of New Zealand is the Secretary-General of PASAI.

Through our commitment to PASAI, we support accountability, transparency, and good governance in the Pacific, which in turn helps to ensure stability in the Pacific and accountability for the resources that New Zealand invests in the region. A contract with the Ministry of Foreign Affairs and Trade funds our work with PASAI.

The effect of the Covid-19 pandemic in the Pacific is changing the way that the PASAI work programme is delivered. Travel restrictions mean that there is more reliance on technology to communicate. This is challenging in a region where electronic connectivity is less developed than in other parts of the world. We are assisting PASAI to support Auditors-General in the Pacific as they address the new public financial and governance challenges arising from the effect of the pandemic.

As part of our PASAI work, we are also privileged to have twinning relationships with the Audit Office of Samoa and the Cook Islands Audit Office. These relationships provide specific support and development opportunities for staff in these offices to work closely with our staff, both in New Zealand and in their home countries.

## Our strategic context

### Our strategic direction

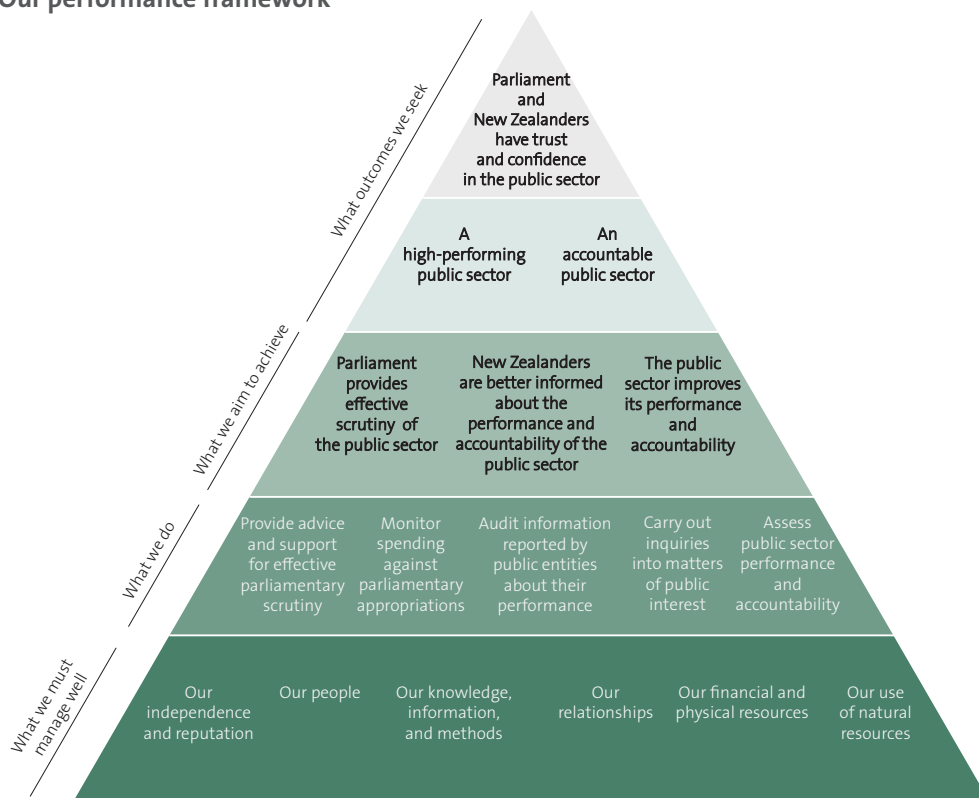
*The Auditor-General's strategic intentions to 2025* is our long-term strategic planning document. It sets out the enduring outcomes and impacts we seek from our work and provides the strategic context for our annual work programme.

The ultimate outcome we seek is that Parliament and New Zealanders have trust and confidence in the public sector. For this to happen, the public sector has to perform well and provide reliable, meaningful, and timely information so it can be held accountable. Everything we do is directed to achieving these outcomes. To contribute to this, we aim to influence the following:

- Parliament provides effective scrutiny of the sector.
- New Zealanders are better informed about the performance and accountability of the public sector.
- The public sector improves its performance and accountability.

Figure 1 sets out our performance framework.

**Figure 1**  
**Our performance framework**



As the auditor of every public entity, we have a role with each organisation – and we can also see the overall performance and accountability of the entire public sector. This gives us a unique position from which to influence a high-performing and accountable public sector that has the trust and confidence of Parliament and New Zealanders.

## Our strategy

We have a medium-term strategy (our strategy), which describes how we will build on our core functions and what we will do differently to generate the impacts we need to achieve our outcomes. We regularly review our progress against our strategy in the context of our changing operating environment. This enables us to focus our work on where we can make the most difference in influencing our outcomes.

Our strategy is organised around four strategic shifts that we need to make to respond to the changing operating context in which we work and to enhance the impact of our activities (see Figure 2).

**Figure 2**  
**The four strategic shifts we aim to make**

Strategic shift 1	Strategic shift 2	Strategic shift 3	Strategic shift 4
Focus more on examining how well the public sector achieves positive change for New Zealanders	Help New Zealanders become better informed about public sector performance and accountability	Be more active in sharing insights about what “good” looks like	Help improve the public sector accountability system

The work programme in this annual plan is organised around four broad areas of work that align to our strategic shifts:

- How well is the public sector improving the lives of New Zealanders? (Strategic shift 1);
- How well is the public accountability system working as a whole? (Strategic shift 4);
- Keeping New Zealanders informed about public sector performance and accountability (Strategic shift 2); and
- Sharing insights about what "good" looks like (Strategic shift 3).

In addition, we have planned for a specific area of work that aligns to all our strategic shifts:

- Providing assurance to Parliament and the public after the Covid-19 pandemic. We provide more information in Part 4 about these areas and the work we intend to carry out under each.

# How we plan our multi-year work programme

# 3

## Planning our work programme

The processes we use to plan our work programme enable us to identify and prioritise work that we consider will best contribute to achieving the outcomes we seek.

We carry out regular environmental scanning to identify and assess issues, risks, and opportunities affecting the public sector. This helps us to prepare a work programme that is responsive to current and emerging risks, and anticipates future risks.

Our ability to prepare a responsive work programme has never been so important. We have carefully considered our work to assess where we can best influence the public sector's recovery from the effects of the Covid-19 pandemic. We provide more details about this in Part 4. All the work described in this work programme is planned to be achieved based on what we know at present. If new information or risks come to light, we might decide to change some of our planned work.

We draw on a range of sources to assess our environmental context and to help generate potential areas of interest. These sources include the information our auditors and sector managers continually gather, our ongoing monitoring of risks, and our independent analysis of public sector performance and issues. We also draw on our previous work and knowledge – reports we have published (including inquiries, research reports, and the results of recent audits) and follow-up reports on how public organisations have implemented our recommendations.

Our central and local government advisory groups help us to better understand the common themes and issues in their respective sectors. Our discussions with select committees and the public organisations we audit are another source of information that we draw on.

Improving outcomes for Māori is an important consideration in planning our work programme. We work with public organisations such as the Office for Māori Crown Relations: Te Arawhiti and Te Puni Kōkiri to help us identify where we can best focus our work to influence the effectiveness of the public sector in improving outcomes for Māori.

Matters raised by members of the public and input from interest groups that we work with, such as Transparency International New Zealand, and academics also inform our planning.

## Managing risks to achieving our work programme

We recognise there are risks to achieving our work programme, including that:

- we do not have sufficient capacity or capability to do the work;
- we do not achieve the right balance in quality, timeliness, and cost of our work;
- we do not achieve the impacts we are aiming for; and
- some unforeseen event disrupts our work.

Our planning helps to mitigate these risks. We have increased the level of resources into key delivery areas, and this, combined with robust business planning processes, ensures that we are in the best possible position to complete our work. External quality review of our work helps to ensure that our work meets required standards. Our business continuity planning minimises the disruption unforeseen events have on our work.

## Considering our operating environment

New Zealand's public sector is largely in good shape. Key indicators show that trust and confidence in the public sector remains high. New Zealand is seen as generally free of corruption and enjoys strong governance and accountability arrangements. Most New Zealanders have access to good quality public services that are, for the most part, reliable and well managed.

We operate in a challenging and changing environment. Changes in technology and our environment, and increasing social and cultural diversity, mean the public's expectations of government are increasing. The Covid-19 pandemic creates new types of risks and issues that must be addressed.

We describe below some of the main factors that will test our public services and that provide context for our work.

### **Several persistent and interconnected social issues are adversely affecting the lives of New Zealanders and imposing significant costs on society**

New Zealand's high rates of family and sexual violence have significant economic, cultural, and social costs. Rates of violence are highest among some of our most vulnerable communities.

Family violence is widely recognised as a complex problem. It persists despite the efforts of successive governments, many government agencies, and the numerous community organisations working with those who are either harmed by, or perpetrators of, violence.



Harmful use of alcohol and drugs is a significant factor in criminal offending in our communities. About 60% of community-based offenders have an identified alcohol or drug problem, and 87% of prisoners have experienced an alcohol or drug problem during their lifetime.<sup>2</sup> There are also strong links between those who struggle with addiction and those who struggle with mental health.

About one in five New Zealanders experience some form of mental illness or distress each year.<sup>3</sup> The social and economic costs are significant. The annual cost of serious mental illness, including addiction, is an estimated \$12 billion each year.<sup>4</sup> Suicide rates continue to increase, and our suicide rate for young people remains among the worst in member countries of the Organisation for Economic Co-operation and Development (OECD).

About a quarter of New Zealand's children currently live in poverty and are deprived of proper nutrition, a warm home, and the normal childhood experiences that others enjoy. The effects of poverty are far-reaching. Children who live in poverty have worse health and educational outcomes, and the economic costs of poverty are estimated to be in the range of \$6-\$8 billion per year.<sup>5</sup>

Although we remain above the OECD average, New Zealand's levels of achievement in education are declining in some aspects. The latest Programme for International Student Assessment (PISA) report suggests that the main reasons for this include disproportionate rates of bullying, poor learning environments, truancy, deteriorating attitudes towards reading, and negative attitudes towards school.

By the time some young people get to the age to leave secondary school, they do not have the general education, skills, or qualifications for direct entry into the workforce or to successfully engage in tertiary education.

In recent years, district health boards (DHBs) have been under increasing pressure to deliver services and results, and their financial results have deteriorated significantly. Demand for specialist health services and procedures continues to increase. Some New Zealanders experience inequities of access to health services, with a range of underlying socio-economic factors contributing to this.

Health expenditure is an increasingly significant factor in government financial sustainability, both in the short and longer term. It remains an ongoing challenge

2 *He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction* (December 2018), available at [mentalhealth.inquiry.govt.nz](http://mentalhealth.inquiry.govt.nz).

3 *He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction* (December 2018), available at [mentalhealth.inquiry.govt.nz](http://mentalhealth.inquiry.govt.nz).

4 *He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction* (December 2018), available at [mentalhealth.inquiry.govt.nz](http://mentalhealth.inquiry.govt.nz).

5 Children's Commissioner's Expert Advisory Group on Solutions to Child Poverty (December 2012), *Solutions to Child Poverty in New Zealand: Evidence for Action*, available at [www.occ.org.nz](http://www.occ.org.nz).

for DHBs to invest in health staff, services, infrastructure, and technology to meet New Zealand’s current and future health care needs, while ensuring their continued financial sustainability.

New Zealand’s housing and urban development system faces significant challenges with access to housing and its affordability. Several factors affect the supply of housing, but one of the most important is the supply of land and the planning rules for that.

Local government plays a particular role in this, including providing infrastructure and considering consent applications. However, there has been some criticism directed at councils’ response to demand for housing, particularly in regions with significant population growth.<sup>6</sup>

New Zealanders most at risk of disadvantage are more severely affected by the lack of affordable housing. In the most extreme cases, this has resulted in people becoming homeless. People’s lack of a safe and secure place to live is also often coupled with their having multiple other social needs that are also vital to their well-being. Problems associated with lower quality housing in New Zealand, including mould problems, have been linked to poor health outcomes (especially for children) and wider socio-economic outcomes.

### **There are also system-wide issues that the public sector needs to address**

Māori continue to experience disparities of outcomes relative to other New Zealanders in housing, health, and education. In the “post-Treaty settlement” environment, the public sector faces widespread challenges in terms of resourcing and delivering on the Crown’s obligations and commitments made in Treaty settlement Acts.

If the Public Service Legislation Bill is passed into law, the public sector will also need to meet new requirements for organisations in the public service to strengthen capability to engage and work in partnership with Māori.

New Zealanders in the regions experience inequities in the delivery of services, and a growing, ageing, and changing population in our regional communities is expected to increase the demand for services during the coming years – particularly in the northern region.

Pressure on local infrastructure – roading, transport, drinking water, wastewater, and storm water – is also increasing. Replacing and upgrading critical infrastructure will be costly for ratepayers. Small and remote communities will face particular challenges with ageing infrastructure and declining populations.

<sup>6</sup> Productivity Commission (19 February 2020), *Insights into Local Government*, available at [www.productivity.govt.nz](http://www.productivity.govt.nz).

Some local authorities have a small rate-payer base to fund these investments with. Adding to affordability problems, the populations of many small and rural communities also have lower than average incomes and higher levels of social deprivation.<sup>7</sup> The consequences of the Covid-19 pandemic could exacerbate this.

Climate change presents particular challenges for our infrastructure. Local authorities will need to make some difficult decisions to determine how to respond. Significant action is needed, but the path remains uncertain, and it is unclear who will bear the costs.

### **Against this backdrop, the public sector faces several significant pressures**

Like other parts of the world, New Zealand has been significantly affected by the Covid-19 pandemic. The pandemic will have an unprecedented effect on our economy, and the public sector will be managing this for many years to come.

The public is increasingly sensitive to the risks that the nation faces from significant health-related events, economic shocks, biosecurity threats, and natural hazards, as well as threats to our national security. The public sector will need to provide greater assurance to the public about what it is doing to prepare for, and respond to, these types of risks.

As the Government develops its strategy to stimulate economic recovery, in part through significant investment in infrastructure projects and various business support packages, sound financial management, governance, and accountability in public organisations is more important than ever.

Significant reforms in many parts of the public sector, such as in health and education, are proposed or are under way. As the public sector attempts to work across agency boundaries to tackle some of the more complex problems facing society, it is exploring new organisational forms and models of governance – such as joint ventures.

There are significant expectations on the public sector to take co-ordinated action to deliver on the Government's well-being aspirations and to meet New Zealand's international obligations for the United Nations' 17 sustainable development goals.

<sup>7</sup> Productivity Commission (19 February 2020), *Insights into Local Government*, available at [www.productivity.govt.nz](http://www.productivity.govt.nz).

**All of this provides context for our work programme as set out in this year's annual plan**

We continue to prioritise where to focus our work. We want to influence the shape and direction of public sector reform so we have aimed to find a balance between an increased emphasis on examining issues in the social sector (given the Government's significant investment in, and focus on, well-being) with work that examines the fundamentals of good organisational and financial management and governance.

In addition to these considerations, we have sought to prioritise the areas where we consider we can best use our resources to provide assurance to Parliament and the public after the Covid-19 pandemic.

# Our multi-year work programme

Appendix 2 provides an overview of our multi-year work programme, and Appendix 3 summarises the work we plan to complete in 2020/21. We describe below the areas that make up the organising framework for our multi-year work programme.

## **1. How well is the public sector improving the lives of New Zealanders?**

Spending public money is meant to achieve improved outcomes for New Zealanders – by providing support and services that make a positive difference to our lives.

In our last annual plan, we began a new theme: “improving the lives of New Zealanders”. This included looking at how the public sector is achieving reductions in family violence. That theme has evolved into a significant emphasis for our work during the next year and beyond.

We intend to carry out work in areas where New Zealanders will want confidence that the Government is improving the lives of New Zealanders. This includes building on our family violence work programme and also looking at housing, health, education, and improving outcomes for Māori.

## **2. How well is the public accountability system working as a whole?**

In a more diverse and connected world, the public demands more from our public accountability system. An effective accountability system is critical to New Zealanders’ trust and confidence in the public sector and in government. We have an important role in influencing the shape of the public accountability system to meet the expectations of New Zealanders today and in the future.

In 2019/20, we worked closely with the Treasury, the State Services Commission, and others to influence thinking about changes to the public accountability system. We made submissions on public sector reforms and published these on our website. We carried out research into the state of the public accountability system as a whole and intend to publish our thoughts on particular aspects of the system, such as the quality of performance reporting throughout the public sector.

This year, our work programme maintains a focus on the fundamentals, such as the integrity of public sector organisations, that organisations manage procurement well, and that they plan for the future effectively. We will also continue with our work at a system level: implementing the well-being

agenda, contributing to the sustainable development goals, looking at how the public accountability system is working for Māori as well as communities in general, and influencing the direction of public sector reform to strengthen accountability to Parliament and the public.

### **3. Keeping New Zealanders informed about public sector performance and accountability**

We have an important role to play in the public's trust and confidence in the public sector. To have that trust and confidence, New Zealanders need to be informed about the issues that matter to them in ways that are meaningful.

Our regular reporting is the main way we keep New Zealanders informed about how the public sector is performing, but during the next few years we are also planning some specific work to understand the issues that are important to communities so we can make relevant information more readily available.

We will begin by looking specifically at how the public sector is accountable to communities. Part of this will include seeking views from specific communities about what is important to them about the services they receive. We also want to expand the information that we provide about public sector performance and explore ways we can make it more relevant to individual communities.

### **4. Sharing insights about what “good” looks like**

We are in a unique position to identify and share examples of good practice to support entities to improve. We also have an important and influential role as an information broker, connecting organisations to share experiences about what works.

In 2019/20, we launched an Audit and Risk Committee Chairs' forum for chairpersons in Christchurch and Auckland (as well as the ongoing Wellington forum), and we encouraged local authorities to appoint independent chairpersons for their audit and risk committees. We see independent audit and risk committees as a vital partner in supporting public organisations in this way.

In 2020/21, we will consider how we best support and strengthen these relationships, to influence improved performance and accountability. We also want to better understand the challenges public organisations are facing. We want to provide more targeted information, giving the right support at the right time.

We continue to update our suite of good practice guides, but we are also looking at other ways we can encourage public organisations to share their experience with each other, including running more forums where members of the public sector can share experiences, make connections, and access resources to help them implement improvements in their own organisations.

## **5. Providing assurance to Parliament and the public on the Covid-19 pandemic response and recovery**

To help maximise our resources, we have decided to take several approaches to our work providing assurance to Parliament and the public concerning our response to and recovery from the Covid-19 pandemic. We have also enhanced areas of work within some of our core functions – for example, annual audits and our Controller function.

Some of our work already included examining the extraordinary events that New Zealand has seen in the past few months. For example, we had already planned work to look at the resilience of the public sector and how it plans for significant events or “shocks”. This included completing our work on the review of Auckland Council’s disaster resilience and preparedness, and work on preparedness for response and planning for recovery in central and local government.

We have also looked at how we could leverage work that we already had planned and where we could incorporate a focus on the pandemic response within the scope of existing work (for example, our work on family violence).

Our work on the Covid-19 pandemic concentrates on three key areas, focusing on what happened, evaluating the response, and recovery planning. The pages that follow describe the work we intend to carry out in each of these areas in more detail.

## How well is the public sector improving the lives of New Zealanders?

The work we will carry out in 2020/21 (and the following two years) that is aimed at better understanding how well the public sector is improving the lives of New Zealanders is focused on five priority areas:

1. achieving reductions in family violence;
2. improving housing outcomes;
3. improving health outcomes;
4. improving education outcomes; and
5. improving outcomes for Māori.

### 1. Achieving reductions in family violence

The Government has identified preventing and eliminating family violence as a priority in the wider effort to improve the well-being of New Zealanders. Until recently, efforts to effectively address family violence through an all-of-government response have relied on voluntary co-ordination.

In 2018, a cross-government joint venture was set up to work in new ways to reduce “family violence, sexual violence and violence within families/whānau”. The role of the joint venture is to help co-ordinate efforts and to lead a whole-of-government, integrated response to family violence (and sexual violence in the context of family violence).

In 2019/20, we started a multi-year programme of work aimed at examining public organisations’ performance in achieving reductions in family violence. During the next three years, our aim is to examine how well the joint venture has been set up to deliver reductions in family violence.

We will also continue to increase our understanding of the overall family violence problem, its costs to society, and whether the system responds effectively in ways that will lead to significant and sustained reductions in family violence. We plan to continue to report at different stages of our work.



Planned work for 2020/21	
<p><b>Joint venture: Governance and building our understanding of the family violence system</b></p>	<p>In 2020/21, we plan to carry out a performance audit to examine how well the joint venture has been set up to deliver reductions in family violence. This provides us with an opportunity to engage early to support improvements in this work and on a new approach to delivering improved outcomes in complex problem areas.</p> <p>We understand that, during the Covid-19 pandemic lockdown, the joint venture assisted the Government to think about additional steps it should take to deal with the increased risk of family violence. We intend that our planned audit will explore what role the joint venture played and how well this worked.</p> <p>The Public Service Legislation Bill proposes changes to current state service arrangements that will make joint ventures a more common feature of how government operates. There might be useful insights from this joint venture that future joint ventures could learn from.</p> <p>In 2020/21, we will also continue to increase our understanding of the overall family violence problem, its costs to society, and how effectively the system responds. This will include looking at the roles of organisations involved in the family violence system, looking at the data and measures used to report outcomes, and increasing our understanding of the effectiveness of interventions for those who interact with the system.</p> <p><b>Proposed agencies:</b> The State Services Commission, the Department of the Prime Minister and Cabinet, the Ministry of Justice, the Department of Corrections, Te Puni Kōkiri, New Zealand Police, Oranga Tamariki, the Ministry of Social Development, the Ministry of Health, the Ministry of Education, Accident Compensation Corporation.</p>
Planned work for 2021/22 (indicative)	
<p><b>Joint venture: How well are agencies working together on policy and intervention design?</b></p>	<p>In 2021/22, we will continue our multi-year programme of work, with a view to examining how well the 10 organisations that make up the joint venture are working together to design interventions aimed at reducing family violence and sexual violence in New Zealand. Although we will not comment on policy design, we will examine how agencies are working together and, in particular, how lines of accountability for the whole-of-government response are considered and managed.</p> <p>We also expect to look at how public organisations are partnering with Māori when developing work and how the organisations are developing their capability to engage with Māori and understand Māori perspectives in their work.</p> <p>We envisage that this work will include looking at the effectiveness of intervention design from the perspective of population groups that find accessing family violence and sexual violence services difficult (for example, people with disabilities, Māori, Pasifika).</p> <p>We expect to use a combination of approaches in carrying out this work. This will likely involve a mix of performance audit, data analysis, and research.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

Planned work for 2022/23 (indicative)	
<p><b>Joint venture: How well are interventions being implemented, and what is the performance of service delivery more generally</b></p>	<p>In 2022/23, we will continue our multi-year programme of work, which will likely include examining the delivery of family violence and sexual violence services to communities. We expect to look at how effective the joint venture has been in ensuring that interventions and programmes are delivered in an integrated way and that they are achieving outcomes.</p> <p>We also expect to examine the effectiveness of monitoring and public reporting on family violence and sexual violence outcomes in the context of the joint venture framework.</p> <p>As in previous years, we expect to use a combination of approaches in carrying out this work. This will likely involve a mix of performance audit, data analysis, and research.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

## 2. Improving housing outcomes

Adequate and affordable housing is crucial for social and economic well-being. The Ministry of Housing and Urban Development (HUD) has assumed the new role of system leader for housing. It has also embarked on a new “place-based” approach of targeting interventions more closely to regional and local needs. For this to work in practice, central and local government will need to co-operate closely.

Through our work, we want to gain assurance that HUD is overseeing the housing system effectively. This will involve looking at how it uses data and analysis for decision-making and planning. We will also look at how central and local government agencies are working together to ensure that planning, funding, and implementation of housing and infrastructure projects are well aligned and well placed to deliver positive housing and community outcomes, including for groups at greater risk of poor outcomes.

For 2020/21, our focus will be on:

- an initial landscape piece outlining how the housing system operates, the main challenges it faces, and the main questions that need to be addressed to achieve positive outcomes; and
- extended annual audit work on KiwiBuild.

In 2021/22, we will continue our work on the housing system by conducting a performance audit on housing system leadership. We also expect to explore issues with homelessness. This will include looking at how well the Aotearoa New Zealand Homelessness Action Plan (2020-2023) is being implemented in practice. We will also look at the planning of significant housing and urban development projects and healthy homes.

We intend to complete a performance audit to consider system-level oversight, and the planning and implementation of specific housing and urban development projects. These will focus on HUD and Kāinga Ora – Homes and Communities, as well as other local and central government agencies involved in planning or funding core and social infrastructure.

In 2022/23, we intend to examine how well the Government is implementing its healthy homes standards.

Given the housing disparities that Māori and Pasifika experience, we will consider how the housing system is working for these communities in each topic of this programme of work.

Planned work for 2020/21	
<b>Overview of the housing system</b>	<p>In 2020/21, we will complete a landscape piece that provides an overview of the housing system and how it operates, and the main challenges it faces.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Extended annual audit work on KiwiBuild</b>	<p>The KiwiBuild initiative has been a matter of significant public interest. We want to give the public confidence that the processes being followed and valuations underpinning the sales of properties are reasonable.</p> <p>We intend to carry out extended annual audit work looking at the processes for selling KiwiBuild homes. Our aim is to gain assurance that sales and underlying valuations of KiwiBuild homes rely on a reasonable process and preserve value for the Crown and that their accounting is appropriate and transparent.</p> <p><b>Proposed agencies:</b> Kāinga Ora and HUD (where appropriate).</p>
Planned work for 2021/22 (indicative)	
<b>Homelessness</b>	<p>We expect to examine, through a performance audit and supporting data and analytics work, how effectively organisations identify people at risk, prevent homelessness, and integrate housing and other social services to achieve better outcomes for homeless New Zealanders. We might also look at how the Government supported people who were homeless during the Covid-19 pandemic lockdown, how effective this was, and whether there are implications or lessons for the wider management of homelessness.</p> <p>To do this, we will have a strong focus on examining implementation of the Aotearoa New Zealand Homelessness Action Plan (2020-2023), which was developed to prevent and reduce homelessness. An important aspect of this work will be on responsiveness to needs and how effectively agencies provide support for families/whānau in general, particularly to Māori and Pasifika.</p> <p><b>Proposed agencies:</b> Ministry of Social Development, HUD, and others as appropriate.</p>

<p><b>Housing system oversight</b></p>	<p>In 2021/22, we will follow up on our initial work on the housing system with a more in-depth performance audit. It will examine how HUD is exercising system leadership and helps enable positive outcomes. HUD does this by ensuring that planning by government agencies is well informed, integrated, and focused on addressing housing supply challenges and improving housing outcomes, including for Māori and Pasifika.</p> <p>We expect to examine existing data and consider whether HUD is making the most of that data to make decisions. This will include looking at data and trend information for different groups at risk of poor outcomes – in particular, Māori, Pasifika, and families/whānau with children.</p> <p>We expect to examine governance arrangements to examine how, and how well, HUD is working with important partners (including iwi and other Māori organisations), and how central government and councils are working together.</p> <p>We also expect to look at HUD’s approach to planning to ascertain how well it links, and gets commitment from, the various components of the housing system and how well it aligns funding and long-term plans.</p> <p>For this work, we want to get a community perspective (including the perspective of particular population groups, such as Māori) to gain an understanding of their housing concerns and whether the Government has considered them.</p> <p>To carry out this work, we expect to use an approach that combines research, a performance audit on housing system leadership, and a survey of community views. We might decide to focus on specific aspects of HUD’s leadership.</p> <p><b>Proposed agencies:</b> HUD and other selected central and local government organisations.</p>
<p><b>Planning of significant housing and urban development projects</b></p>	<p>We will carry out a performance audit looking at how Kāinga Ora works with other organisations to plan and implement significant housing and urban development projects.</p> <p>We are particularly interested in how effectively central and local government interact on infrastructure planning and implementation, and whether consenting processes adequately facilitate the progress of projects. Another area of interest is whether local iwi and other Māori organisations are appropriately involved in the planning process.</p> <p>To complement our proposed work on the housing system, we will look at a specific example (for example, the Mt Roskill development in Auckland that is aiming to build 4000 houses) to examine whether building and infrastructure development is co-ordinated to support the objective of having thriving communities. An important component of our proposed work will be looking at whether funding is planned for, and made available, in an integrated way.</p> <p><b>Proposed agencies:</b> Kāinga Ora.</p>

Planned work for 2022/23 (indicative)	
<b>Healthy homes</b>	<p>We plan to examine whether the Government is effectively implementing its healthy homes standards. This will likely involve looking at what information is used, how outcomes are measured, and whether actions taken to enforce healthy homes standards are effective. This work would help establish any disparities in outcomes – for example, for Māori.</p> <p><b>Proposed agencies:</b> HUD and Ministry of Business, Innovation and Employment.</p>

### 3. Improving health outcomes

Vote Health is the second-largest item of government expenditure (after Vote Social Development) and the largest in terms of service delivery. All New Zealanders interact with the health system at multiple points in their lives. The effects of the Covid-19 pandemic on the health and disability sector place immense pressure on a sector already challenged by significant financial pressures – in particular, DHBs, inequalities in access and outcomes for particular populations, and significant reform.

In 2020/21, we propose to look at how the Government responded to the *New Zealand Health and Disability System Review* report and, if appropriate, comment on the proposed direction of reforms. This is the most broad-ranging review of the health and disability system in New Zealand in a generation.

In 2020/21, we will also look at how well the Ministry of Health supports DHBs to deal with challenges with financial performance and, in particular, how the Ministry of Health and the Treasury are working together to support the financial sustainability of the overall system. Through Budget 2020, the Government is investing a significant amount of new funding in DHBs and primary care, as well as the Ministry of Health.

Depending on how the Government responds to the review report and whether it initiates any further inquiry into the pandemic response, we might wish to expand our work on sustainability. We might look at overall system leadership and/or pick up any specific lines of inquiry that we identified from our work on personal protective equipment.

We audit all public entities in the health and disability sector, from the Ministry of Health to every DHB and Crown entity, and report independently on what we find. This gives us a unique perspective to comment on any proposed changes to the sector. It allows us to inform those making final decisions on changes to the sector about benefits and risks, and how those risks can be managed. If new legislation is proposed to implement changes, we might make a submission to Parliament on the draft legislation.

Given that the health and disability sector will be recovering for some time from responding to the pandemic, and that the Government might initiate its own reviews of the health system's response to the pandemic, we would want to ensure that we did not duplicate any work. However, we will include commentary on the sector's response in our reports on the audit results for DHBs in 2019/20 and 2020/21.

In 2021/22, we had planned a topic looking at equity of access to specialist health services and procedures. There has been media coverage indicating that health equity for Māori and Pasifika communities is likely to deteriorate further as a result of the pandemic. We have included this additional focus to our planned topic.

We had also planned a topic to look at how well the Ministry of Health and DHBs understand their future information and communications technology (ICT) needs and/or are procuring ICT to ensure that it is fit for purpose – both of these topics could also touch on matters related to the Covid-19 pandemic – for example, how well the technology supported the response to the pandemic (tracing system, remote working, real-time data availability).

Planned work for 2020/21	
<b>Health and disability sector reform</b>	<p>We will respond as appropriate to the <i>New Zealand Health and Disability System Review</i> report. If new legislation is needed to implement the changes, we might make a submission to Parliament on the draft legislation.</p> <p>This might provide an opportunity for us to comment on proposals and their potential effect on:</p> <ul style="list-style-type: none"><li>• accountability and transparency;</li><li>• governance effectiveness;</li><li>• how the sector is led and delivery is co-ordinated; and</li><li>• leadership and the sustainability of the sector.</li></ul> <p>We will also be interested in:</p> <ul style="list-style-type: none"><li>• how changes will be managed and governed;</li><li>• risks and mitigations; and</li><li>• the implications for audits.</li></ul>

<p><b>Health and disability sector leadership and sustainability</b></p>	<p>In recent years, DHBs have been under increasing pressure to deliver services and results, and their financial results have deteriorated sharply. Our ageing population means that these pressures will increase. DHBs will need to find different ways of ensuring that people receive the health services they need and that health outcomes improve.</p> <p>We intend to do some focused sector engagement work to understand how well the Ministry of Health both leads and supports DHBs to deal with these challenges and, in particular, how the Ministry of Health and the Treasury are working together to support the financial sustainability of the overall system. Using the information we gather in 2020/21, we will consider doing a performance audit on this topic in 2021/22.</p> <p><b>Proposed agencies:</b> Ministry of Health, DHBs, and the Treasury.</p>
<p><b>Planned work for 2021/22 (indicative)</b></p>	
<p><b>Access to health services</b></p>	<p>Equitable access to health services is of considerable interest to New Zealanders, but the challenges and barriers to achieving this are not well understood.</p> <p>As part of this work, we will also look at health equity for Māori and Pacific communities. Media coverage throughout the Covid-19 pandemic has signalled that this is likely to deteriorate further as a result of the pandemic.</p> <p>We intend to carry out research to understand the socio-economic factors that affect equity of access to specialist health services and procedures. We also want to know what mitigations are being put in place to address these inequities and improve access to health services. Once we complete our research, we will report on our findings.</p>
<p><b>Information and communications technology (ICT) systems and services</b></p>	<p>Providing health care to New Zealanders will continue to change and evolve. It is important that the technology the health sector uses keeps pace and is aligned with the direction and planned future state of care provision. Planning for the technology needed to support that change will need to focus on the future and be both agile and innovative.</p> <p>ICT is an area where better collaboration could bring considerable savings and efficiencies.</p> <p>We intend to review how well the Ministry of Health and DHBs understand their future ICT needs and/or are procuring ICT to ensure that it is fit for purpose.</p> <p><b>Proposed agencies:</b> Ministry of Health and DHBs.</p>

Planned work for 2022/23 (indicative)	
<b>Monitoring and managing the delivery of health services</b>	<p>How well DHBs and the Ministry of Health are monitoring and managing service delivery is of significant interest to service users.</p> <p>In 2022/23, we will examine how well DHBs and the Ministry of Health are monitoring and managing the delivery of health services. Our work might focus on examining the delivery and outcomes achieved by one (or more) of the national screening programmes and/or pre-school checks.</p> <p>We intend to examine how well services are delivered and whether the aims for those services are achieved. We also intend to examine access to the services, including what is being done about reducing barriers to access.</p>

#### 4. Improving education outcomes

New Zealand needs its education system to deliver, among other outcomes, workers with the skills that employers need, researchers who bring innovation, and people who contribute to a diverse artistic and cultural society. To be successful, New Zealand needs a stable and strong education system that keeps all children engaged in education.

Many government-funded strategies, projects, and initiatives aim to address barriers to access. Despite this effort, the level of education reached by 25-35 year olds in New Zealand is only at the average for OECD countries. Other data shows that some educational outcomes are comparatively worse than similar countries.

We propose to look at two aspects of public sector performance in improving education outcomes for New Zealanders.

##### ***Helping children at risk of disadvantage or disengagement to succeed in their education***

Some young people do not, or cannot, engage with education. This has an effect on their adult lives and on New Zealand overall. The reasons for this are complicated, and the solutions are not just in the hands of the education agencies.

Beginning in 2021/22, we plan to look at the effectiveness of interventions aimed at improving educational outcomes. School attendance rates are declining, and there are long waits for learning support, particularly early intervention.

Some outcomes for Māori and Pasifika learners are worse. For example, more Māori young men are excluded from school than other ethnicities. In tertiary education,



there is a significant gap between the participation and completion patterns of Māori and Pasifika learners and that of non-Māori and non-Pasifika learners.

Our work will look at how the education agencies and other public organisations partner with Māori to develop programmes and interventions intended to improve outcomes for Māori learners.

In 2020/21, we will prioritise the interventions we will look at, based on New Zealand's performance compared with similar countries where possible. We will also factor in, where relevant, local performance data on results for learners in both English- and Māori-medium settings. We might publish this work if we consider that it has value in its own right.

#### ***Tertiary education sector performance***

Our initial focus will be on the underlying financial sustainability of New Zealand's tertiary education institutions (TEIs). New Zealand's TEIs were financially vulnerable to changes in participation rates by international students, even before Covid-19. We have previously raised concerns about the financial risks created by the dependency of TEIs on international students.

Until 2019, changes in participation by overseas students mostly affected the institutes of technology and polytechnics. However, the Covid-19 pandemic has had a sudden and significant effect on all public organisations with international students.

The pandemic has adversely affected international education participation in New Zealand. We are interested in understanding how the sector is planning to reduce its risks and exposure. Conversely, demand from domestic students is likely to increase, at least in the short-term, as a result of the economic downturn. The Government has responded by increasing funding for vocational education and training.

In 2020/21, alongside our regular audit work, we plan to increase our understanding of the tertiary education sector leadership's response to the uncertainties arising from the Covid-19 pandemic. We plan to include commentary on the sector's response in our reports on the audit results for tertiary education institutions for 2019 (which we will publish in 2020/21) and for 2020 (which we will publish in 2021/22).

Planned work for 2020/21	
<p><b>Helping children at risk of disadvantage or disengagement to succeed in their education: Overview</b></p>	<p>In our draft annual plan, we proposed work in the education sector in 2020/21. We now propose to defer that work given the significant operational challenges in managing the continuing implications of the Covid-19 pandemic.</p> <p>Instead, we will prepare for that work where doing so will not put undue demands on the sector. This will include preparing a landscape piece of work that will guide our prioritisation for 2021/22 and 2022/23. For that work, we plan to draw on OECD data and other respected comparative sources such as the Programme for International Student Assessment. We will also factor in, where relevant, local performance data on results for learners in both English- and Māori-medium settings.</p> <p>We want to understand where educational outcomes are significantly worse for children in New Zealand when compared internationally. We will use this understanding to prioritise future work, especially where there is a disparity of outcomes for particular groups of New Zealand children – for example, Māori tamariki and rangatahi.</p> <p>We might publish this work if we consider that it has value in its own right.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<p><b>Underlying financial sustainability of tertiary education institutions and international comparisons</b></p>	<p>Some TEIs have become more dependent on the revenue that they earn from providing education to international students on a full-fee basis. The tertiary education sector has also recognised that most of that dependency was on students from two major markets – China and India.</p> <p>We have previously raised concerns about the financial risks this dependency creates in some institutions. Until 2019, changes in participation by overseas students affected TEIs unequally, with downturns mostly affecting the institutes of technology and polytechnics. However, the Covid-19 pandemic has had a sudden and significant effect on all public organisations with international students.</p> <p>Given that the pandemic is likely to reduce international education participation in New Zealand, we are interested in understanding how the sector is planning to rebuild while reducing its risks and exposure.</p> <p>In 2020/21, alongside our regular audit work, we plan to increase our understanding of the tertiary education sector leadership’s response to rebuilding financial resilience. In response to the changed economic outlook, we will broaden our overview to include the likely effects of increased demand from domestic students.</p> <p>In 2020/21, we also want to investigate the availability of activity and financial data at lower levels of aggregation than the institution. For example, we might look at international student participation rates at a course level. We also plan to look at international comparators. We expect that this work will continue into 2021/22.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

Planned work for 2021/22 (indicative)	
<b>Helping children at risk of disadvantage or disengagement to succeed in their education</b>	<p>Based on the findings from our data analysis and feedback on the annual plan, we will review one or two sector interventions or initiatives that aim to improve outcomes for a group of children. We will review the value for money of that initiative – to check whether the investment is leading to the anticipated improvement in outcomes.</p> <p>From what we already know about performance, we anticipate that we might review:</p> <ul style="list-style-type: none"> <li>• the success of initiatives aimed at solving inequitable educational outcomes for Māori and Pasifika learners and learners generally; and</li> <li>• initiatives aimed at encouraging and securing improved engagement and attendance at school or in alternative learning environments.</li> </ul>
<b>Tertiary education sector performance</b>	<p>The work we do in 2021/22 will be informed by our work in 2020/21.</p> <p>We are also considering how our work on Regional Skills Leadership Groups will look at the (yet to be operational) Workforce Development Councils.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
Planned work for 2022/23 (indicative)	
<b>Helping children at risk of disadvantage or disengagement to succeed in their education</b>	<p>In 2022/23, we expect to select a further one or two interventions or initiatives for review, based on our preparatory work in 2020/21.</p> <p>Indicatively, this might include reviewing:</p> <ul style="list-style-type: none"> <li>• services for children who need learning support or specific help with reading; and</li> <li>• support for children, whānau, teachers, and schools in responding to behavioural concerns.</li> </ul> <p>We will adapt the coverage and length of this programme as necessary to fit within available resources (that is, by selecting fewer topics in each year but extending the programme over more years).</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Tertiary education sector performance</b>	<p>The work we do in 2022/23 (if any) will be informed by our work in 2021/22. In any event, we are considering a performance audit on the effectiveness of the Government's 2020 reforms of vocational education.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

## **5. Improving outcomes for Māori**

The public sector has an important role to play in building a successful and effective relationship between Māori and the Crown, and for improving outcomes for Māori. The Public Service Legislation Bill, if passed as proposed, will establish new requirements for agencies in the public service to strengthen capability to engage and work in partnership with Māori.

Other existing requirements are also targeted at enhancing public sector performance. For example, Te Ture Mō Te Reo Māori 2016 provides guidance for departments of state on the use of te reo Māori, and the Māori Language Strategy sets a vision for New Zealand that, by 2040, more New Zealanders will value, speak, and use te reo Māori.

The following three-year programme of work focuses on the public sector's effectiveness in improving outcomes for Māori. First, we plan to build on the wider work we have been doing about how the accountability system as a whole is working for New Zealanders, by carrying out some targeted research to find out what effective public accountability looks like for Māori.

In 2020/21, we will also begin a performance audit that will examine how effectively Whānau Ora is supporting whānau to improve their lives. This performance audit will build on our 2015 report about Whānau Ora. We are also interested in how well the public sector is delivering for Maori in such important areas as health, housing, and education, and this will be an explicit focus of our planned work on these topics.

In 2021/22, we will focus on how effectively public sector organisations are delivering the obligations agreed to in Treaty settlements. Since the Treaty settlement process began in the 1990s, the Crown has agreed to more than 7000 different obligations enshrined in Treaty settlements. These obligations are made up of legislation and Deeds of Settlement, and delivering on them will be fundamental to improving outcomes for Māori and for developing a positive and enduring relationship between the Crown and Māori.

In 2022/23, we will examine how the public service is building its capability and capacity to work within a Treaty framework and effectively engage and work in partnership with Māori.

Planned work for 2020/21	
<b>Whānau Ora</b>	<p>We plan to build on our 2015 performance audit of Whānau Ora. We will examine how effectively commissioning and delivery organisations are using the Whānau Ora approach to help whānau achieve positive changes to their lives. We will take a whānau perspective to understand how people are using Whānau Ora approaches to improve their lives.</p> <p><b>Proposed agencies:</b> Te Puni Kōkiri, whānau who are service users, Ministry of Health, Ministry of Social Development, service providers, Ministry of Education.</p>
<b>Māori perspectives on accountability</b>	<p>We propose further research that builds on what we have learned from our previous research into public accountability.</p> <p>We will explore some perspectives from Māori about what effective public accountability looks like. This might include comparing and contrasting Māori perspectives with other perspectives.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
Planned work for 2021/22 (indicative)	
<b>Are public organisations effectively planning and delivering the Treaty settlement obligations they are responsible for?</b>	<p>In 2021/22, we will carry out a research report or performance audit on how well local authorities are planning and delivering the Treaty settlement obligations that they are responsible for.</p> <p>More than 7000 obligations are enshrined in Treaty settlements. A wide range of public organisations are responsible for delivering these obligations. Notably, local authorities have an important role to play in delivering the Crown's obligations.</p> <p>We will need to consider the best way to do this work. One option could be to break down the work by looking at different sectors, such as local government. Local authorities are an important agent for delivering the Crown's commitments, and we are aware that some are struggling with the demands of Treaty settlement obligations and/or broader responsibilities arising from the Treaty. We would also engage with the iwi post-settlement governance organisation for its perspectives throughout our work.</p> <p>Other areas of focus could be the conservation sector and the heritage and culture sector.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

Planned work for 2022/23 (indicative)	
<b>To what extent is the public sector meeting its Treaty and other obligations to Māori, and developing and maintaining its capability to engage with Māori and understand Māori perspectives?</b>	<p>In 2022/23, we will carry out a research report or performance audit on how well central government entities are delivering on Treaty partnership responsibilities between Māori and the Crown that they are responsible for.</p> <p>If the proposed Public Service Legislation Bill is passed, we will expand the work to conduct research into how public organisations are delivering on their obligations to support the Crown's relationship with Māori, as set out in Part 3 of the Public Service Legislation Bill.</p> <p>We will need to consider the best way to do this work. We expect that this project will build on information gathered in the previous years' work and our research into Māori perspectives on public accountability.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

## How well is the public accountability system working as a whole?

The work we will carry out in 2020/21 (and the following two years) on how well the public accountability system is working as a whole is focused on the following five priority areas:

1. implementing a well-being focus;
2. resilience and climate change;
3. integrity in our public sector;
4. procurement; and
5. processes underpinning significant government investments.

### 1. Implementing a well-being focus

The notion of well-being is gaining increased emphasis throughout the public sector. Proposed new public sector reforms seek to support the management of a wider set of well-being outcomes.

If they are implemented, these reforms will require the Government to set well-being objectives and require the Treasury to report on the state of well-being at least every four years.

Recent amendments to the Local Government Act 2002 reinstate the purpose of local authorities to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

We intend to start a multi-year programme of work aimed at providing Parliament and the public with assurance about how well the public sector is planning to achieve its well-being objectives. Our work will assess how effectively central and local government are incorporating well-being objectives into their planning processes and frameworks. In 2022, we intend to examine the Treasury's reporting on the achievement of those well-being objectives.

Planned work for 2020/21	
<p><b>Progress towards implementing the United Nations' 17 sustainable development goals</b></p>	<p>In 2015, all United Nations members adopted the 2030 Agenda for Sustainable Development and its 17 sustainable development goals.</p> <p>The sustainable development goals are an important indicator of progress that countries have made towards significantly improving the well-being of their people. The areas the goals cover include poverty reduction, education, employment, and the environment.</p> <p>In July 2019, the Government published its first report on progress towards implementing the 17 sustainable development goals.</p> <p>We will continue our work on auditing how effectively agencies have co-ordinated activities towards implementing the 17 sustainable development goals by 2030. We expect our findings to promote:</p> <ul style="list-style-type: none"> <li>• improvements in how government agencies are measuring and reporting outcomes;</li> <li>• improved collaboration between government agencies in working towards implementation of the sustainable development goals; and</li> <li>• improved engagement with private organisations, academic institutions, non-government organisations, and communities in working towards implementation of the sustainable development goals.</li> </ul> <p><b>Proposed agencies:</b> To be confirmed.</p>
Planned work for 2021/22 (indicative)	
<p><b>Embedding well-being into public sector planning</b></p> <p><b>Part 1: Central government</b></p>	<p>We plan to carry out a performance audit to assess how well public organisations in central government are planning to achieve their well-being objectives.</p> <p>Our work will examine how well central government organisations have:</p> <ul style="list-style-type: none"> <li>• identified their well-being objectives;</li> <li>• developed measures of achieving those objectives for planning and reporting purposes; and</li> <li>• linked the well-being objectives to the services they deliver and to the objectives of other organisations operating in the same sector.</li> </ul> <p><b>Proposed agencies:</b> Might include government agencies that belong to a certain sector (for example, social, justice, education) or that are aligned with a particular well-being outcome.</p>

<p><b>Monitoring progress of public sector planning for well-being</b></p> <p><b>Part 2: Local government</b></p>	<p>In 2021/22, we will continue our work to assess how well public organisations are planning to achieve their well-being objectives, with a focus on local government organisations.</p> <p>We intend to examine the information in local authorities' LTPs, including how well local authorities have:</p> <ul style="list-style-type: none"> <li>• identified their well-being objectives;</li> <li>• developed measures of those objectives for planning and reporting purposes; and</li> <li>• aligned their well-being objectives and well-being indicators with the Government's well-being priority areas.</li> </ul> <p><b>Proposed agencies:</b> A sample of local authorities, including territorial authorities and regional councils.</p>
<p><b>Planned work for 2022/23 (indicative)</b></p>	
<p><b>Treasury well-being report and investment statement</b></p>	<p>If the Public Finance (Wellbeing) Amendment Bill is passed in its current form, the Treasury will be required to publish a well-being report at least once every four years. We anticipate that the Treasury's first well-being report and its next investment statement will be published some time in 2022/23 (timing to be confirmed). Once these reports are published, we intend to review both reports in terms of their objectives, the approach that the Treasury takes, and the links between the two reports and the Treasury's long-term fiscal statement.</p> <p>We want to support the Treasury in its work and assure Parliament and the public that these three important strategic perspectives meet their objectives and are aligned.</p> <p><b>Proposed agencies:</b> The Treasury.</p>

## 2. Resilience and climate change

We are experiencing many effects of climate change throughout New Zealand and the world, including the threat of rising sea levels and extreme weather events. In recent years, New Zealanders have also experienced successive and sometimes concurrent national risk events, such as the current Covid-19 pandemic. We have also had to respond to the Christchurch earthquakes, Christchurch mosque attacks, and to a more limited extent in the primary sector *Mycoplasma bovis*.

Resilience is an important requirement for success within the context of a complex and uncertain future environment. It is the ability to anticipate and resist disruptive events, minimise adverse effects, respond effectively, maintain or recover functionality, and adapt in a way that allows for learning and thriving. It's about the ability to remain effective in a range of future conditions.

We can readily identify many of the risks we face now and in the future. However, it is often difficult to assess levels of likelihood and potential consequences, such as those from natural disasters and climate change. Other risks, such as global pandemics and acts of terrorism, are also challenging to assess.



Both central and local government have a role to play in strengthening New Zealand’s resilience to a range of risks and potential adverse events. Significant public money is spent on managing risk and strengthening New Zealand’s resilience, whether that be responding to adverse events or recovering from them.

During the next three years, we will look at aspects of how well public organisations are planning for the long term and managing risk to strengthen New Zealand’s resilience to a range of potential adverse events. Through our work on resilience, we seek:

- to provide assurance to the public about the effectiveness of the Government’s risk and resilience planning, with a particular focus on preparedness for, and response to, emergencies and addressing the effects of a changing climate; and
- to provide assurance that public money is being spent prudently and effectively, and to support Parliament in holding public organisations to account for their delivery of this.

In 2020/21, a decade on from the Canterbury earthquakes, we intend to carry out a discrete piece of work examining what lessons have been learned from the public sector’s response to the Canterbury earthquakes.

In 2021/22, we plan to look at how well prepared central and local government are to recover from an emergency event (of any kind). We are interested in Civil Defence Emergency Management (CDEM) groups and how they work with the National Emergency Management Agency. We are also interested in how central and local government work together in an emergency. This work will draw on our findings from the previous year as well as other recent events – the Kaikōura earthquake, the Christchurch mosque shootings, the Whakaari White Island eruption, and now the Covid-19 pandemic.

Planned work for 2020/21	
<b>Resilience to climate change:</b> <b>Local government – Long-term plans</b>	As part of our audit of councils’ 2021-31 LTPs, we will consider what actions councils are planning for climate change (both adaptation and mitigation), including those councils that have declared climate change emergencies.  <b>Proposed agencies:</b> Selected local authorities.
<b>Local government risk management:</b> <b>Stocktake of approach and reporting results</b>	We will conclude our work examining the risk management practices of a sample of councils. We are interested in identifying examples of good practice to share with councils. We also want to identify what would support councils to improve their management of risk, including how to strengthen the operation of audit and risk committees where required.  <b>Proposed agencies:</b> Selected local authorities.

<p><b>Canterbury earthquakes: 10 years on, lessons learned</b></p>	<p>The Canterbury earthquakes of 2010 and 2011 killed 185 people, injured about 5800 people, damaged more than 100,000 homes, destroyed much of Christchurch’s central business district, and badly damaged infrastructure.</p> <p>A decade on, we intend to review what lessons have been learned from the public sector’s response to the earthquakes. This will help New Zealand prepare for future disasters. We intend to draw on the seven reports on the Canterbury earthquake recovery we have published, as well as the work of others.</p> <p>As part of our follow-up reporting, we are also going to review progress of the public sector in helping Canterbury recover (discussed on page 52).</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<p><b>Planned work for 2021/22 (indicative)</b></p>	
<p><b>Resilience to climate change: Local government – Long-term plans</b></p>	<p>Building on our work from 2020/21, we will analyse the 2021-31 LTPs (or a sample of them) to establish how well councils are factoring resilience to climate change risks and vulnerabilities into their long-term planning, the climate-related actions they plan to take, and any funding pressures or information gaps they have identified. We are also likely to expand our scope to ensure that our work specifically looks at risks associated with pandemic events. We expect to report our findings to Parliament.</p> <p><b>Proposed agencies:</b> Selected local authorities.</p>
<p><b>Preparedness for response and planning for recovery: Central and local government</b></p>	<p>We will look at how councils are strengthening resilience and preparing for a major emergency event of any kind. In particular, we will focus on whether councils are adequately prepared for, and able to respond to, an emergency and taking action to minimise its effects.</p> <p>We will also examine how well central and local government are prepared for recovery from an emergency event. In particular, we will look at CDEM groups, which have a specific responsibility to prepare for recovery. We will also look at how CDEM groups work with the National Emergency Management Agency and other central government agencies that might also have a recovery role. This work will include considering how well central and local government worked together in the recovery from the Kaikōura earthquake, the Christchurch mosque shootings in 2019, the Whakaari White Island eruption, and now the Covid-19 pandemic.</p> <p><b>Proposed agencies:</b> Selected local authorities and CDEM groups, National Emergency Management Agency.</p>

Planned work for 2022/23 (indicative)	
<p><b>Resilience to climate change:</b></p> <p><b>National leadership – Zero Carbon Act</b></p>	<p>We are interested in better understanding the Climate Change Response (Zero Carbon) Amendment Act 2019 and what role we could take in assessing the public sector’s performance in meeting the requirements set out in the Act.</p> <p>We expect to include a comparison to overseas examples, such as lessons learned from the review of the United Kingdom’s Climate Change Act 2008.</p> <p><b>Proposed agencies:</b> Climate Change Commission and Ministry for the Environment.</p>
<p><b>Risk and resilience planning:</b></p> <p><b>Central government</b></p>	<p>We will evaluate the effectiveness of the performance and accountability framework prepared to support the National Disaster Resilience Strategy, including how well that strategy is integrated with the wider National Security System.</p> <p>We will also evaluate the National Emergency Management Agency’s progress in implementing the strategy – including the degree to which it encompasses the risk of pandemics. We will now also pay particular attention to how the overarching framework aligns, integrates, and connects with emergency planning in other sectors likely to play a leadership role in major emergencies – not just the health sector for pandemics, but other sectors and types of emergencies (such as terrorism events or major biosecurity responses).</p> <p><b>Proposed agencies:</b> National Emergency Management Agency.</p>

### 3. Integrity in our public sector

For public organisations to operate effectively and achieve outcomes for New Zealanders, it is essential that they have the public’s trust and confidence. Unethical behaviour, dishonesty, or corruption can quickly erode that trust and confidence, undermine the ability of the public sector to provide effective and equitable services, and adversely affect New Zealand’s international reputation.

Parliament and the public are increasingly looking for confidence that the risks of fraud and misconduct, cybersecurity, data privacy, and environmental responsibility are being managed. Many of these risks have increased significantly as organisations focus on responding to the Covid-19 pandemic. The Auditor-General has a unique view of all public organisations and can help provide the confidence that Parliament and the public are looking for.

It is clear that a focus on integrity at a leadership or governance level, combined with having the right systems and processes, can reduce the risk of wrongdoing and promote ethical standards in public organisations. A strong ethical culture is not an end in itself – it can improve the quality of decision-making, increase efficiency and effectiveness, and positively affect staff engagement and turnover.

The risk of fraud or corruption increases in times of emergency when organisations are focused on operational responses to events and when significant amounts of funding flow into the sector. We might choose to refocus the integrity performance audit work we had planned in 2020/21 and 2021/22 to specifically look at organisations’ controls for managing these risks. We will also review the work we are doing in 2020/21 to develop tools and resources to support organisations with strengthening their integrity systems to ensure that they adequately consider this heightened risk.

We anticipate that our work will involve collaboration with other integrity agencies where appropriate – for example, the State Services Commission, the Office of the Ombudsman, Transparency International New Zealand, and the Serious Fraud Office. We will also engage with a wide range of individual organisations throughout the public sector to create further discussion and encourage good practice in this area.

Planned work for 2020/21	
<b>Performance audit work on integrity</b>	<p>We will carry out targeted performance audit work in the local government sector to look at a specific integrity issue. We might focus on appropriate controls for managing the risks of corruption or fraud in times of emergency.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Developing integrity tools and supporting resources</b>	<p>We intend to develop integrity tools and supporting resources for internal and external use. We propose two streams of work.</p> <p>The first will be publishing an integrity framework and guidance. Building on the framework, we will develop a self-assessment tool (or survey) to help public organisations assess how well they are performing on matters of integrity.</p> <p>The second will be internally focused and will involve developing internal resources (and training) for our auditors and sector managers to use to help guide their discussions with chief executives, governors, and audit and risk committees on matters of integrity.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Creating discussion and promoting good practice</b>	<p>This workstream is connected to the other workstream “Sharing good practice” (see page 52), which aims to promote good practice in the public sector by sharing good practice examples, guidance, resources, and follow-up reports.</p> <p>During the next three years, we intend to select two topics each year where we want to highlight specific lessons and improve practice. For each topic, we will carry out a suite of activities over six months. These activities could include a published special topics brief, a speaker series, published case studies, letters to senior leaders, and a blog series.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

Planned work for 2021/22 (indicative)	
<b>Performance audit work on integrity</b>	<p>In 2021/22, we plan to continue our multi-year performance audit work programme on integrity.</p> <p>We propose to carry out a performance audit of a central government agency to examine how well it is performing with integrity matters.</p> <p>We also propose to carry out a performance audit to look at how integrity agencies in the public sector are working together to provide leadership.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Developing integrity tools and supporting resources</b>	<p>In 2021/22, we will continue our multi-year work developing integrity tools and supporting resources. However, we will shift our focus to supporting and encouraging the public sector to adopt the integrity tools and resources we have developed. This will include providing training and guidance in the use of those tools.</p> <p>We also expect to carry out proactive inquiries or other review work to test or evaluate how organisations are applying the integrity framework.</p> <p>We will investigate how we can build in more regular ongoing monitoring throughout the public sector to ensure long-term accountability in this area. This will include looking at building standard integrity checks into our annual audit work.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Creating discussion and promoting good practice</b>	<p>In 2021/22, we will continue our multi-year programme of work to share good practice on integrity throughout the public sector.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
Planned work for 2022/23 (indicative)	
<b>Performance audit work on integrity</b>	<p>In 2022/23, we will continue our multi-year performance audit work programme on integrity. We propose conducting a performance audit focusing on central government and government-funded organisations.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Developing integrity tools and supporting resources</b>	<p>In 2022/23, we will continue our multi-year work developing integrity tools and supporting resources.</p> <p>We intend to continue our work supporting and encouraging the public sector to adopt the integrity tools and resources we have developed.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Creating discussion and promoting good practice</b>	<p>In 2022/23, we will continue our programme of work to share good practice on integrity throughout the public sector.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

## 4. Procurement

In 2018/19, we began a three-year programme of work on procurement. Our September 2018 report *Introducing our work on procurement* described our three-year focus on procurement and summarised what we saw as the main issues and opportunities for improving procurement practice in the public sector. As we outlined in our *Annual plan 2019/20*, procurement is particularly important in developing effective public services. However, as the public sector has moved increasingly towards contracting for outcomes, procurement has become more challenging.

In 2020/21 and 2021/22, we expect to conclude our procurement-related work programme with topics that focus on:

- partnerships with the private sector to deliver public sector outcomes;
- governance of the Auckland city rail link project;
- understanding and managing the risk of service disruption from the failure of strategic suppliers;
- a review of New Zealand Defence Force processes and capability for managing significant services contracts; and
- procurement of assets to support effective health care.

We will publish a report providing reflections on our procurement work.

Planned work for 2020/21	
<b>Partnerships with the private sector to deliver public sector outcomes</b>	<p>A range of collaborative procurement methods are used in New Zealand to deliver important infrastructure and other large-scale projects. One such method is public-private partnerships, which the transport, education, and justice sectors have used in recent years. We propose to investigate how public-private partnerships are being used, including their benefits and risks.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

<p><b>Governance of the Auckland city rail link project</b></p>	<p>City Rail Link Limited is a Crown entity jointly funded and owned by Auckland Council and the Government to deliver the city rail link project. The project consists of a 3.45km twin-tunnel underground rail link up to 42m below the city centre, changing the downtown Britomart Transport Centre into a two-way through station that better connects the Auckland rail network. It also includes building two new stations, redeveloping Mt Eden station, and various other work to maximise the benefits of the project and the efficiency of the rail network.</p> <p>The project is expected to be completed in 2024 at a cost of about \$4.4 billion. The expected benefits from completing the project include reduced travelling time and congestion, improved reliability, and wider economic benefits.</p> <p>Problems with procurement often stem from poor governance arrangements. We propose to focus on how well the project's governance arrangements are supporting its effective and efficient delivery. We are interested in City Rail Link Limited as an example of a collaboration between local and central government to deliver major infrastructure. We want to identify any lessons that could benefit similar projects in the future.</p> <p>In our 2019/20 annual plan, we signalled our intention to examine City Rail Link Limited's use of an alliance (called the Link Alliance) to deliver a major part of the project. An alliance is a specific form of contract. Our audit will include the governance of the Link Alliance.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<p><b>Understanding and managing the risk of service disruption from the failure of strategic suppliers*</b></p>	<p>Public organisations often rely on strategic suppliers to deliver services to New Zealanders. Sometimes, strategic suppliers provide services directly to the public. At other times, they provide behind-the-scenes support to public organisations that deliver services. In either case, continuity of service delivery is important.</p> <p>In 2020/21, we will look at how well public organisations, including central agencies, understand the risks of strategic suppliers failing and whether they have plans in place to respond. Our recent work on the Ministry of Health's management of personal protective equipment has underscored the importance of agencies understanding supply chain risks during major emergencies. We will ensure that this work looks at this aspect of supply-chain risk.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

\* Referred to in our *Annual plan 2019/20* as "Contracts for significant services".

Planned work for 2021/22 (indicative)	
<p><b>Review of New Zealand Defence Force processes and capability for managing significant services contracts</b></p>	<p>The New Zealand Defence Force (NZDF) is responsible for managing \$3.9 billion of significant services contracts (these contracts are significant because, if they were to fail or not be delivered properly, it would have a major effect on the NZDF's ability to deliver services).</p> <p>These services cover a wide range of activities, such as naval or air fleet maintenance and support, general maintenance and support services, fuel supply, and telecommunications. The Commercial Services Branch has stewardship of the commercial management system. It aims to achieve good value for money from what the NZDF spends on third-party services.</p> <p>We want to understand how well the NZDF is procuring and managing significant services contracts. We plan to carry out a performance audit focusing on the systems, processes, and expertise that the Commercial Services Branch uses to procure and manage significant services contracts and what governance arrangements are in place for these activities.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<p><b>Procurement of assets to support effective health care</b></p>	<p>New Zealand's health care system can be effective only with the right assets to support effective health care. DHBs currently own more than \$6 billion worth of assets, such as hospitals, clinical equipment, and information technology. The Ministry of Health estimates that these have a replacement value of about \$16 billion.</p> <p>Some DHBs will be unable to meet future service demand in some areas, and much of the current building portfolio will need updating or replacing in the near to medium term. We will examine how well the health sector plans to procure assets to support effective health care.</p> <p>We recognise recent developments in the health sector, including the Ministry of Health's new health infrastructure unit, the development of a National Asset Management Plan for the health sector, and establishment of the New Zealand Infrastructure Commission (Te Waihanga). Because of these developments and the Covid-19 pandemic, we will keep the focus, timing, and scope of our audit work under review.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<p><b>Reflections on our procurement work</b></p>	<p>We expect to complete our multi-year work programme on procurement by reporting back to Parliament and the wider public what we have learned since we began our procurement work in 2018/19.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>



## 5. Processes underpinning significant government investments

The quality of infrastructure investments in New Zealand is an area of ongoing interest for us.

We have incorporated work we intend to carry out in 2020/21 on planning and delivering infrastructure and on asset management into our proposed work on housing, health, and procurement.

Beginning in 2020/21, we intend to start a programme of work that focuses on government decisions about investment.

In 2020/21, we had planned to continue to progress our work on the Provincial Growth Fund (the Fund), which was launched in February 2018, and examine the Fund's effectiveness in achieving its objectives (especially by region) and the ongoing management of longer-term investments and re-investments. Because the Fund has been reset in response to the Covid-19 pandemic, we now intend to do the work on benefits realisation in 2021/22.

In 2020/21, we are going to look at recent changes to the management of the Fund in response to the Covid-19 pandemic. With most of the funding ring-fenced by 31 March 2020, the Provincial Development Unit (PDU) in the Ministry of Business, Innovation and Employment (MBIE) has been reprioritising Fund investments to focus on the recovery from the Covid-19 pandemic.

The Government has announced additional funding for this, to be administered by the PDU. We will carry out work to assess the soundness of the reprioritising process, the management of any additional funding, and the effect of this on achieving the Fund's objectives.

In 2021/22, we will look at how departments are assessing the benefits achieved by the Fund. The objectives of the Fund are to enhance regional development, create jobs, increase social inclusion and participation, enable Māori to realise their economic aspirations, improve resilience, and encourage environmental sustainability.

Effectively managing benefits is about giving investments the greatest possibility of realising and optimising the expected benefits while maintaining controls to avoid the loss of value. Some of the Fund's benefits will take years to be fully achieved. It is essential that there are plans to assess progress towards benefits from an early stage so that the necessary data can be collected. These plans were lacking in the early stages of the Fund but are being finalised now, and reporting to the public on the Fund's performance can now get under way.

We will look at the evaluation planning by MBIE, the Ministry of Transport, and the Ministry for Primary Industries, how they plan to assess progress towards achieving the Fund’s objectives, and how they plan to report on progress.

Planned work for 2020/21	
<p><b>Systems and processes underpinning government decisions on major infrastructure investment</b></p>	<p>In late 2019, the Government announced its \$12 billion New Zealand Upgrade Programme. More recently, the Government announced its intentions to also fund large infrastructure projects that will be ready to start as soon as the construction industry returns to normal after the Covid-19 pandemic.</p> <p>We had already planned to carry out work in 2021/22, examining the effectiveness of the systems and processes that support government decisions about major infrastructure investment. This work could now also encompass decision-making by the Government and the Infrastructure Industry Advisory group, which has been tasked with identifying “shovel-ready” projects to form part of the Government’s plan for economic recovery after the pandemic.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<p><b>Provincial Growth Fund: Reset of the Provincial Growth Fund and reprioritisation of investments</b></p>	<p>The PDU in MBIE has been reprioritising Fund investments to focus on the recovery from the Covid-19 pandemic. The PDU has now accelerated this work to give support to the recovery from the Covid-19 pandemic. Additional funding for this has been announced, to be administered by the PDU.</p> <p>We expect to complete some work and report on the reset in 2020/21. This will assess the soundness of the reprioritising process, the management of any additional funding, and the effect of this on achieving the Fund’s objectives. We are also scheduling enhanced annual audit work.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
Planned work for 2021/22 (indicative)	
<p><b>Provincial Growth Fund: Realising benefits</b></p>	<p>We are going to build on the work we have done previously on the soundness of MBIE’s, the Ministry of Transport’s, and the Ministry for Primary Industries’ systems and processes for managing the Fund. We expect our report to indicate further work on the Fund’s effectiveness in achieving its objectives (especially by region) and the ongoing management of longer-term investments and re-investments.</p> <p>We propose to look at how the three agencies are planning to:</p> <ul style="list-style-type: none"> <li>• assess progress towards achieving the Fund’s objectives; and</li> <li>• report on progress to the public and other stakeholders at a project, regional, and/or national level.</li> </ul> <p>We expect to complete a performance audit, resulting in a report to Parliament. We are also scheduling enhanced annual audit work.</p> <p><b>Proposed agencies:</b> MBIE, Ministry of Transport, and Ministry for Primary Industries.</p>

## Keeping New Zealanders informed about public sector performance and accountability

The work we will carry out in 2020/21 (and the following two years) on “Keeping New Zealanders informed about public sector performance and accountability” focuses on the following two priority areas:

1. public sector accountability to local and regional communities; and
2. our regular reporting.

### 1. Public sector accountability to local and regional communities

In 2020/21, we intend to begin a multi-year programme of work focused on public sector accountability to communities for delivering services to where New Zealanders live and work.

We are interested in whether information that enables New Zealanders to understand the performance of public services and, where necessary, hold those services to account is readily available.

Our September 2019 report *Public accountability: A matter of trust and confidence* observed that, although public officials and their agencies are primarily accountable to their Ministers and through them to Parliament, they must also maintain the trust and confidence of the public they serve. The report asked whether current public accountability processes are enough to meet the expectations of the public today and in the future.

Our initial focus will be on determining a methodology and a process for gathering and analysing data that will enable us to assess in future years how well the public sector is delivering essential services (such as housing, education, and health) from the perspective of the users of those services. In the first year of our work, we will also refine our definition of community – for example, a place-based community such as a region, a community of interest, or a particular demographic.

Our other main area of focus will be on how well government agencies are building the skills needed for economic well-being and development in the regions.

In future years, we intend to examine the progress and effectiveness of the MBIE-led Regional Skills Leadership Groups in building the skills needed for economic well-being and development in the regions. Under this new regional approach to skills planning, workforce, education, and immigration systems working together to better meet the differing skills needed throughout the country.

Planned work for 2020/21	
<b>Community accountability</b>	<p>After consulting with communities, we plan to develop information at a community level on the spending by and performance of national and local public services. We intend to publish this information online.</p> <p>It is likely that this work will combine a performance audit, research, data-driven analysis, and a new approach to community engagement for us.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
Planned work for 2021/22 (indicative)	
<b>Community accountability pilots</b>	<p>Subject to the work we will carry out in 2020/21 on its feasibility, we expect to test our community accountability approach in several pilot areas. This will include engaging with communities on the content of online accountability information for communities.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Regional economic development – Examination of MBIE’s progress with Regional Skills Leadership Groups</b>	<p>In 2021/22, we expect to examine the progress and effectiveness of the MBIE-led Regional Skills Leadership Groups in building the skills needed for economic well-being and development in the regions.</p> <p><b>Proposed agencies:</b> MBIE, Te Puni Kōkiri, Tertiary Education Commission, Workforce Development Councils.</p>
<b>Regional service delivery – Examination of a service/initiative in the Auckland region</b>	<p>In 2021/22, we will do work to better understand the specific challenges faced by people living in the Auckland region. This will form the basis for future work.</p> <p>We will also scope potential for a study on the progress and effectiveness of an initiative or service delivered in the Auckland region. We are yet to confirm the subject of this study.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
Planned work for 2022/23 (indicative)	
<b>Community accountability portal development</b>	<p>Based on our work in the previous two years, and subject to funding availability, we expect to have settled on an approach to community accountability in 2022/23.</p> <p>We will start adding more community accountability content online. We will most likely start with large and reliable data sets, especially those that can be disaggregated.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<b>Regional economic development/regional service delivery</b>	<p>We had planned to build on our earlier work and look at how effective the public sector’s regional economic development planning is in supporting communities to reach their economic potential. We might consider focusing this work more clearly on economic recovery from the Covid-19 pandemic. We will make this decision after we complete some of our other work.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>

## 2. Our regular reporting

Each year, we consolidate the results of our annual audits in central and local government, and other sectors. We publish the main findings in our regular suite of sector reports and letters. We use these products to advise select committees, to help keep New Zealanders informed, and to help plan our work programme. We also report on the results of our annual audit of the Financial Statements of the Government.

Covid-19 will present challenges for public organisations as they prepare their financial and non-financial information for annual reporting, particularly the judgements that they will need to make. The challenges might mean that there are changes to the audit reports we issue. For example, the audit reports might include a qualification of the audit opinion because of a lack of audit evidence or draw readers' attention to Covid-19 pandemic matters. As a consequence, our sector reports are likely to have a strong emphasis on the effects of the pandemic on public organisations' audit reports.

Along with our annual audits of government departments, we carry out appropriation audits. These are designed to ensure that government expenditure is within the authority provided by Parliament. We prepare regular reports on our Controller work (currently, monthly).

Other reports that we regularly publish include our follow-up reporting on public organisations' implementation of the recommendations from previous performance audit reports, our work on the review of Auckland Council's service performance, and our commentary on the Treasury's statement on New Zealand's long-term fiscal position.

### Planned work on regular reports in 2020/21

#### Sector-based reports

- In 2020/21, we plan to prepare the following sector reports:
- Results of the 2019/20 port company audits;
  - Central government: Results of the 2019/20 audits;
  - Summary of results of the 2019/20 central government audits for chief executives;
  - Results of the 2019 school audits;
  - Results of the 2019 audits of tertiary education institutions;
  - Results of the 2019/20 district health board audits; and
  - Local government: Results of the 2019/20 audits.

<p><b>Controller updates</b></p>	<p>Our Controller function is a core part of our role as “public watchdog”. It provides assurance to Parliament and New Zealanders that the Government has spent money in line with Parliament’s authority.</p> <p>In 2020/21, we will continue our regular six-monthly Controller updates, but, in addition to this, we will continue our new monthly Controller updates in response to the unprecedented expenditure related to the Covid-19 pandemic. This is to assist with providing assurance that the Government is accounting for, and reporting on, that expenditure appropriately.</p>
<p><b>Follow-up reporting on public entities’ implementation of the Auditor-General’s recommendations</b></p>	<p>As we discussed in earlier sections, we propose two areas of follow-up work for 2020/21:</p> <ul style="list-style-type: none"> <li>• We will report on the progress of public organisations in implementing the Auditor-General’s recommendations from our 2015 Whānau Ora report.</li> <li>• We will review progress of the public sector in helping Canterbury recover as part of our resilience work programme. A decade on from the Canterbury earthquakes, we intend to do some work on lessons learned (discussed on page 40). As part of this work, we will also revisit recommendations from our earlier audits to see whether these were implemented.</li> </ul>
<p><b>Auckland Council review of service performance</b></p>	<p>Under the Local Government (Auckland Council) Act 2009, we must review the service performance of the Council and each of its council-controlled organisations from time to time.</p> <p>As part of this, we are currently completing a review of Auckland Council’s disaster resilience and preparedness. We expect to finalise this work in 2020/21.</p> <p>We are not planning to start a specific review in 2020/21. We expect the Council’s focus to be on its response to, and recovery from, the Covid-19 pandemic.</p> <p>The Council will complete its 2021-31 LTP, which we audit, in 2020/21. This LTP will provide important information about how the Council will support its communities’ recovery from the Covid-19 pandemic.</p>
<p><b>Commentary on the Treasury’s statement on New Zealand’s long-term fiscal position</b></p>	<p>The Treasury had been due to publish its statement on New Zealand’s long-term fiscal position in March 2020. Because of the Covid-19 pandemic, the Treasury’s work has been postponed. We plan to publish our commentary soon after the statement is published.</p>

## Sharing insights about what "good" looks like

To improve their performance, public organisations need to understand what is expected of them. They also need good practice guidance that is relevant to the New Zealand context. As the auditor of every public organisation, we are well positioned to guide public organisations on what “good” looks like. Improving the performance of individual public organisations will improve the performance of the entire public sector.

We actively consider opportunities to share good practice in all our work. However, we intend to use this programme of work to take a more proactive and deliberate leadership role in sharing good practice throughout the public sector.

Building on our previous work, we intend to identify and develop more good practice resources on topics of interest to the public sector to supplement our existing good practice guidance. We plan to work more with other organisations who prepare good practice on similar topics to maximise our influence and help organisations improve. We also have an important and influential role as an information broker, pointing public organisations to comparable organisations that do similar activities well.

We plan to implement a range of approaches to share good practice more. For example, our work on public sector integrity and ethics might include bi-monthly blogs and a series of integrity discussions or workshops. We intend to use existing forums and other events to share our good practice and examples of activities being done well that others can learn from.

Planned work for 2020/21	
<b>Review of good practice guidance</b>	<p>We will review and update our good practice guidance:</p> <ul style="list-style-type: none"> <li>• <i>Procurement guidance for public entities;</i></li> <li>• <i>Public sector purchases, grants, and gifts: Managing funding arrangements with external parties;</i></li> <li>• <i>Charging fees for public sector goods and services; and</i></li> <li>• <i>Controlling sensitive expenditure: Guidelines for public entities.</i></li> </ul>
<b>Supporting audit and risk committees</b>	<p>We see independent audit and risk committees as a vital partner in supporting public organisations to share our good practice examples of activities being done well. In 2019/20, we launched an Audit and Risk Committee Chairs' forum for chairpersons in Christchurch and Auckland (as well as the ongoing Wellington forum), and we encouraged local authorities to appoint independent chairpersons for their audit and risk committees.</p> <p>In 2020/21, we want to support and strengthen these relationships, to influence improved performance and accountability.</p> <p>We also intend to review and update our good practice guidance for audit and risk committees. We will enhance the focus on the risk management functions of audit and risk committees in particular.</p> <p>We intend to expand our new Audit and Risk Committee Chair forums to include local government committee chairpersons. We will also consider how to better target these sessions.</p> <p>Our sector managers and appointed auditors will engage with audit and risk committee chairpersons more systematically and purposefully to share lessons learned from our inquiries and performance audits or provide other main messages.</p>

<p><b>Understanding performance and supporting the role of monitoring agencies</b></p>	<p>A wide range of monitoring agencies play an important role in ensuring that public sector organisations are fulfilling their obligations and are managed effectively. There is an opportunity to build a stronger community of practice between these agencies, and we consider that we could play a role in this.</p> <p>In 2020/21, we intend to examine the role and practices of monitoring agencies throughout central government. We will assess whether developing a good practice guide or facilitating other ways to share good practice among monitoring entities is appropriate.</p>
<p><b>Planned work for 2021/22 (Indicative)</b></p>	
<p><b>Good practice guidance and supplementary resources</b></p>	<p>In 2021/22, we will continue our ongoing programme of work to supplement our existing good practice guidance material by developing other good practice resources on topics of interest to the public sector.</p>
<p><b>Supporting audit and risk committees</b></p>	<p>In 2021/22, building on our work to update our good practice guidance for audit and risk committees, we will consider developing a broader induction package for new audit and risk committee chairpersons. We will also look at ways we can help expand the pool of suitable people to participate in audit and risk committees.</p>
<p><b>Planned work for 2022/23 (Indicative)</b></p>	
<p><b>Good practice guidance and supplementary resources</b></p>	<p>In 2022/23, we will continue our ongoing programme of work to supplement our good practice guidance material by developing other good practice resources on topics of interest to the public sector.</p>

## Providing assurance to Parliament and the public on the Covid-19 pandemic response and recovery

We developed a work plan for the next three years that is designed to provide clear and independent information to Parliament and the public about the effectiveness of the Government’s response to the Covid-19 pandemic.

This includes the steps the Government took to move the country into lockdown. It also includes how individual public entities responded and how they managed to continue to deliver services and keep staff working through a period of disruption.

We want to make sure we take the opportunity to provide an independent and balanced view – what went well and what didn’t, so the public sector can learn from one another’s experience.

Parliament has also given the Government a rare and considerable degree of flexibility to fund its response to the Covid-19 crisis. Incurring such a large amount of expenditure, along with the pace of the Government’s emergency response and



the extraordinary conditions the public sector has been operating under, mean that sound financial management, governance, and accountability are critical.

We consider that it is important to be able to provide the public and Parliament with clear and accessible information about how effectively the funding that is now allocated to support the country and mitigate the worst economic effects is being spent. In time, the public and Parliament will also want to know whether that funding has provided value for money.

When the pandemic emerged, we had already substantively drafted our annual plan. Therefore, in addition to developing some targeted work on the effectiveness of the Government's response to the Covid-19 pandemic (which is described in this section), we have also looked at our work programme to see where we might reprioritise and where we could leverage planned work to contribute to the assessment of the effort to respond to, and recover from, the Covid-19 pandemic.

The work we will carry out in 2020/21 (and the following two years) is aimed at understanding how well the public sector responded to the Covid-19 pandemic and how well it is positioned to support New Zealand to recover. Although we have developed a three-year programme of work, we will review this within six months, to ensure that the focus of our work remains relevant and responsive to future changes.

We will take the following approach to this work:

- Focusing on what happened – In 2020/21, we will document our understanding of the centralised response, including what has been and is being spent. We will also carry out a series of business continuity case studies looking at how effectively agencies were able to maintain service delivery through the lockdown and a targeted piece of work on the management of the wage subsidy scheme.
- Evaluating the response – In 2021/22, we will examine the overall strengths and weaknesses of the centralised response, look at specific aspects of the response in more depth, and review the value for money of significant areas of expenditure related to the Covid-19 pandemic.
- Recovery planning – In 2022/23, we will shift focus to look at the main aspects of the Government's recovery plan, the stimulus package, and the long-term fiscal strategy, drawing together the lessons learnt and potentially looking at how New Zealand has managed compared with other jurisdictions.

The work we intend to carry out under each of these areas is described in more detail in the pages that follow.

Planned work for 2020/21	
<p><b>Focus on what happened:</b> <b>Understanding the centralised response</b></p>	<p>In 2020/21, we plan to complete a piece of research or a special study that documents the centralised response to the pandemic. It will be based on interviews and document reviews.</p> <p>This work will seek to provide independent and factual clarity about the pandemic response that can be used as a strong foundation for future work (for example, if it identifies aspects of the centralised response that didn't work well) and create information for later work we might do to compare New Zealand's experience to other jurisdictions.</p> <p><b>Proposed agencies:</b> To be confirmed.</p>
<p><b>Focus on what happened:</b> <b>Case studies on public sector business continuity</b></p>	<p>In 2020/21, we plan to complete a series of case studies.</p> <p>This work would involve three areas of focus about how a sample of public organisations responded to the lockdown and subsequent reduction in alert levels:</p> <ol style="list-style-type: none"> <li>1. Responding to the lockdown.</li> <li>2. How well were public organisations able to continue to deliver?</li> <li>3. We then intend to take a more in-depth focus on a government agency (yet to be determined) and evaluate how well it managed the response. We will also look specifically at the effects of the lockdown on service continuity and the challenges this agency experienced.</li> </ol>
<p><b>Focus on what happened:</b> <b>Understand what has been spent</b></p>	<p>In 2020/21, we plan to complete a targeted piece of work that looks at the systems and controls set up to monitor and evaluate specific areas of expenditure related to the Covid-19 pandemic.</p> <p>Through the work we carry out as part of our Controller function, we have been tracking the additional expenditure approved by the Government in response to the Covid-19 pandemic, and we have been reporting monthly on new approvals and expenditure.</p> <p>We seek to provide assurance about whether the expenditure related to the Covid-19 pandemic has been correctly authorised. Through our annual audits, we will also be interested in how public entities are reporting the effect of the pandemic and the Government's response on their revenue and expenditure.</p> <p>There will also be strong links to our core work of supporting Parliament with Estimates examinations and annual reviews of public organisations.</p>
<p><b>Focus on what happened:</b> <b>The Wage Subsidy Scheme</b></p>	<p>The Government's Wage Subsidy Scheme is intended to support employers and their staff to maintain an employment connection and ensure an income for affected employees, even if the employee is unable to work any hours. The scheme was initially designed to support employees for up to 12 weeks, but the Government extended that by a further eight weeks.</p> <p>This work will focus on looking at how well the scheme is being managed, including the processes that have been put in place to check that the subsidy has been paid appropriately.</p>

<p><b>Focus on what happened:</b> <b>Annual audit work</b></p>	<p>From an annual audit perspective, we recognise that there will be many issues and effects from the Covid-19 pandemic common to most public organisations that public organisations will need to respond to and report on. As a consequence, we anticipate additional audit work to respond to additional risks and associated technical issues from these common issues and effects.</p> <p>Examples of issues that our auditors might need to consider include:</p> <ul style="list-style-type: none"> <li>• assessments of ongoing financial viability of some entities;</li> <li>• additional controls put in place for working remotely;</li> <li>• additional audit testing where controls cannot be relied on because people were working remotely;</li> <li>• assessments of the value of assets (such as land, buildings, and investments);</li> <li>• potentially onerous leases;</li> <li>• accounting estimates and, in particular, those affected by economic assumptions;</li> <li>• implications of tax policy changes and deferred tax assessments;</li> <li>• additional performance information;</li> <li>• implications for completeness of performance reporting; and</li> <li>• additional disclosures, such as commitments, contingencies, and subsequent events.</li> </ul>
<p><b>Planned work for 2021/22 (indicative)</b></p>	
<p><b>Evaluating the response:</b> <b>How well co-ordinated was the response?</b></p>	<p>In 2021/22, we plan to carry out a performance audit building on the work we have done in 2020/21 that seeks to evaluate how well the centralised response went and highlight both critical success factors and areas that we consider could be improved.</p> <p>This will look at the public health response (picking up any areas arising from our personal protective equipment review), the centralised task force that was established, and the roles of the Department of the Prime Minister and Cabinet, the National Emergency Management Agency, and the State Services Commission.</p> <p>We have scheduled this work for 2021/22 so that we can adjust our scope to avoid duplication if the Government announces any of its own reviews or inquiries over the next year.</p>
<p><b>Evaluating the response:</b> <b>Examining specific aspects of the response</b></p>	<p>In 2021/22, we plan to complete a mix of performance audits and special studies.</p> <p>The work will examine in more depth one or more particular aspects of the pandemic response that has specific effects for the well-being of New Zealanders. We will draw on the work we have done in 2020/21 to help identify the best topic.</p> <p>Topics that we consider might be of interest to Parliament and the public include (but might not be limited to) how well the Government worked with the most vulnerable, how it built trust and confidence with the public, and how well it worked with the private sector.</p>

<p><b>Evaluating the response:</b></p> <p><b>Value for money of significant areas of expenditure</b></p>	<p>In 2021/22, depending on how we scope the work, we intend to do a mix of specialist assurance and performance audit work.</p> <p>This work will build on what we know about where the Government has directed additional expenditure. This work will seek to evaluate whether the investments have delivered on their investment objectives, whether they delivered benefits to New Zealand, and whether those benefits represent value relative to the costs. For example, we might choose to look at the overall value for money of the Wage Subsidy Scheme.</p>
<p><b>Planned work for 2022/23 (indicative)</b></p>	
<p><b>Focus on recovery:</b></p> <p><b>Key aspects of the recovery plan</b></p>	<p>We intend to complete a performance audit or a series of performance audits in 2022/23, which will look at how well the Government has planned for recovery – including how the long-term economic effects of the pandemic have been factored into fiscal strategy. We might also look at specific programmes designed to aid economic recovery.</p> <p>We will seek to maintain a good information set about all aspects of the economic recovery package and how work is progressing, so we can use this to inform the focus and timing of specific audit work.</p> <p>This work will build on the earlier work about infrastructure and topics we have identified in both local and central government about investment in infrastructure and planning for the future. It will also have links to the work we have planned to review the long-term fiscal statement and any well-being reports that the Treasury might publish.</p>
<p><b>Focus on recovery:</b></p> <p><b>Drawing together lessons learned</b></p>	<p>In 2022/23, we intend to review the work we have done about the pandemic and draw together the main themes, insights, and lessons from the pandemic that our work has highlighted.</p>
<p><b>Focus on recovery:</b></p> <p><b>International comparisons</b></p>	<p>We are interested in carrying out some targeted comparative analysis in 2022/23 between New Zealand and other jurisdictions. This would draw on the work we have done and work that our counterparts might do to understand how the New Zealand public sector has managed compared to others and what we can learn for the future.</p>

# Appendix 1

## Summary of the public organisations we audit, as at June 2020

Organisation categories	Number of organisations
Local authorities	78
Airport companies (including related entities)	24
Energy companies (including related entities)	37
Port companies (including related entities)	20
Other council-controlled organisations <sup>1</sup>	153
Licensing and community trusts (including related entities)	30
Cemetery trustees	1
Other local government organisations <sup>2</sup>	69
<b>Total local government</b>	<b>412</b>
Financial statements of the Government	1
Government departments (including related entities)	57
State-owned enterprises and mixed-ownership companies (including related entities)	41
Crown research institutes (including related entities)	13
District health boards (including related entities)	41
Schools (including related entities)	2476
Tertiary education institutions (including related entities)	70
Other Crown entities <sup>3</sup>	88
Administering bodies <sup>4</sup>	36
Fish and game councils (including related entities) <sup>5</sup>	15
Other central government organisations <sup>6</sup>	123
Rural education activities programmes	14
<b>Total central government</b>	<b>2975</b>
Government of Niue (including related entities)	10
Government of Tokelau (including related entities)	2
Public Audit Act section 19 audits	2
<b>Total</b>	<b>3401</b>

1 These are council-controlled organisations as defined in the Local Government Act 2002 (other than those that are airport companies, energy companies, or port companies).

2 These are related to local authorities but are not council-controlled organisations – for example, organisations exempted from being council-controlled organisations under the Local Government Act 2002.

3 These are statutory Crown organisations (Crown agents, autonomous Crown organisations, and independent Crown organisations) listed in Schedule 1 of the Crown Entities Act 2004, and Crown entity companies listed in Schedule 2 of that Act.

4 These are administering bodies and reserves boards listed in Schedule 4 of the Public Finance Act 1989.

5 These are the New Zealand Fish and Game Council, 12 regional fish and game councils, the New Zealand Game Bird Habitat Trust Board, and the Game Animal Council, all listed in Schedule 4 of the Public Finance Act 1989.

6 These are other central government organisations that do not have their own specific category. The majority are statutory organisations established under specific legislation, as well as other organisations listed in Schedule 4 of the Public Finance Act 1989 that are not categorised as reserve boards or fish and game councils.

# Appendix 2

## Summary of our *Annual Plan* 2020/21 multi-year work programme

	Priority area	Work we intend to undertake in 2020/21	
How well is the public sector improving the lives of New Zealanders?	Achieving reductions in family violence	<ul style="list-style-type: none"> <li>Joint venture governance and building our understanding of the family violence system</li> </ul>	
	Improving housing outcomes	<ul style="list-style-type: none"> <li>Overview of the housing system</li> <li>Extended annual audit work on KiwiBuild</li> </ul>	
	Improving health outcomes	<ul style="list-style-type: none"> <li>Health and disability sector reform</li> <li>Health system leadership and sustainability</li> </ul>	
	Improving education outcomes	<ul style="list-style-type: none"> <li>Helping children at risk of disadvantage or disengagement to succeed in their education: Overview</li> <li>Underlying financial sustainability of tertiary education institutions and international comparisons</li> </ul>	
	Improving outcomes for Māori	<ul style="list-style-type: none"> <li>Whānau Ora*</li> <li>Māori perspectives on accountability</li> </ul>	
How well is the public accountability system working as a whole?	Implementing a well-being focus	<ul style="list-style-type: none"> <li>Progress towards implementing the United Nations' 17 sustainable development goals</li> </ul>	
	Resilience and climate change	<ul style="list-style-type: none"> <li>Resilience to climate change: Local government – Long-term plans</li> <li>Local government risk management: Stocktake of approach and reporting results</li> <li>Canterbury earthquakes: 10 years on, lessons learned*</li> </ul>	
	Integrity in our public sector	<ul style="list-style-type: none"> <li>Performance audit work on integrity:               <ul style="list-style-type: none"> <li>local government sector</li> </ul> </li> <li>Developing integrity tools and supporting resources:               <ul style="list-style-type: none"> <li>publish the integrity framework</li> <li>develop a self-assessment tool</li> <li>internal resources and training</li> </ul> </li> <li>Creating discussion and promoting good practice: Exploring different avenues to get the integrity message out*</li> </ul>	
	Procurement	<ul style="list-style-type: none"> <li>Partnerships with the private sector to deliver public sector outcomes*</li> <li>Governance of the Auckland city rail link project*</li> <li>Understanding and managing the risk of service disruption from the failure of strategic suppliers</li> </ul>	
	Processes underpinning significant government investments	<ul style="list-style-type: none"> <li>Systems and processes underpinning government decisions on major infrastructure investment</li> <li>Provincial Growth Fund: Reset of the Provincial Growth Fund and reprioritisation of investments</li> </ul>	

\* Work that will continue into 2021/22.

Work we propose for 2021/22	Work we propose for 2022/23
<ul style="list-style-type: none"> <li>• Joint venture: How well are agencies working together on policy and intervention design?</li> <li>• Homelessness</li> <li>• Housing system oversight</li> <li>• Planning of significant housing and urban development projects</li> <li>• Access to health services</li> <li>• Information and communications technology (ICT) systems and services</li> <li>• Helping children at risk of disadvantage or disengagement to succeed in their education: Review of one or two sector initiatives</li> <li>• Tertiary education system performance: Work will be informed by our work in 2020/21</li> <li>• Are public organisations effectively planning and delivering the Treaty settlement obligations they are responsible for?</li> </ul>	<ul style="list-style-type: none"> <li>• Joint venture: How well are interventions being implemented, and what is the performance of service delivery more generally?</li> <li>• Healthy homes</li> <li>• Monitoring and managing the delivery of health services</li> <li>• Helping children at risk of disadvantage or disengagement to succeed in their education: Review of further sector initiatives</li> <li>• Tertiary education system performance: Effectiveness of the Government's 2020 review of vocational education</li> <li>• To what extent is the public sector meeting its Treaty and other obligations to Māori, and developing and maintaining its capability to engage with Māori and understand Māori perspectives?</li> </ul>
<ul style="list-style-type: none"> <li>• Embedding well-being into public sector planning: Part 1: Central government</li> <li>• Monitoring progress of public sector planning for well-being: Part 2: Local government</li> <li>• Resilience to climate change: Local government – Long-term plans (complete analysis and report our findings)</li> <li>• Preparedness for response and planning for recovery: Central and local government</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury well-being report and investment statement</li> <li>• Resilience to climate change: National leadership – Zero Carbon Act</li> <li>• Risk and resilience planning: Central government</li> </ul>
<ul style="list-style-type: none"> <li>• Performance audit work on integrity: Central government agency leadership by integrity agencies in the public sector</li> <li>• Developing integrity tools and supporting resources: <ul style="list-style-type: none"> <li>- uptake of integrity tools and resources</li> <li>- proactive inquiries and other review work</li> <li>- build integrity checks into our annual audit work</li> </ul> </li> <li>• Creating discussion and promoting good practice: Building discussion on integrity using different platforms</li> </ul>	<ul style="list-style-type: none"> <li>• Performance audit work on integrity: <ul style="list-style-type: none"> <li>- central government and government-funded organisations</li> </ul> </li> <li>• Developing integrity tools and supporting resources: <ul style="list-style-type: none"> <li>- training and guidance on integrity tools</li> </ul> </li> <li>• Creating discussion and promoting good practice: Case studies of integrity progress</li> </ul>
<ul style="list-style-type: none"> <li>• Review of New Zealand Defence Force processes and capability for managing significant services contracts</li> <li>• Procurement of assets to support effective health care</li> <li>• Reflections on our procurement work</li> </ul>	
<ul style="list-style-type: none"> <li>• Provincial Growth Fund: Realising benefits</li> </ul>	

	Priority area	Work we intend to undertake in 2020/21	
Keeping New Zealanders informed about public sector performance and accountability	Public sector accountability to local and regional communities	<ul style="list-style-type: none"> <li>• Community accountability*</li> </ul>	
	Our regular reporting	<ul style="list-style-type: none"> <li>• Sector-based reports: <ul style="list-style-type: none"> <li>- Results of the 2019/20 port company audits</li> <li>- Central government: Results of the 2019/20 audits</li> <li>- Summary of results of the 2019/20 central government audits for chief executives</li> <li>- Results of the 2019 school audits</li> <li>- Results of the 2019 audits of tertiary education institutions</li> <li>- Results of the 2019/20 district health board audits</li> <li>- Local government: Results of the 2019/20 audits</li> </ul> </li> <li>• Other reports: <ul style="list-style-type: none"> <li>- Controller updates</li> <li>- Follow-up reporting on public entities' implementation of the Auditor-General's recommendations: Whānau Ora*, Canterbury recovery*</li> <li>- Auckland Council review of service performance: Disaster resilience and preparedness</li> <li>- Commentary on the Treasury's statement on New Zealand's long-term fiscal position</li> </ul> </li> </ul>	
Sharing insights about what "good" looks like	Sharing insights about what "good" looks like	<ul style="list-style-type: none"> <li>• Review of good practice guidance: <ul style="list-style-type: none"> <li>- Procurement guidance for public entities</li> <li>- Public sector purchases, grants, and gifts: Managing funding arrangements with external parties</li> <li>- Charging fees for public sector goods and services</li> <li>- Controlling sensitive expenditure: Guidelines for public entities</li> </ul> </li> <li>• Supporting audit and risk committees: <ul style="list-style-type: none"> <li>- good practice guidance for audit committees</li> <li>- expand Audit and Risk Committee Chair forums</li> <li>- engage with audit and risk committee chairpersons</li> </ul> </li> <li>• Understanding performance and supporting the role of monitoring agencies</li> </ul>	
Providing assurance to Parliament and the public on the Covid-19 pandemic response and recovery	Providing assurance to Parliament and the public on the Covid-19 pandemic response and recovery	<ul style="list-style-type: none"> <li>• Focus on what happened: <ul style="list-style-type: none"> <li>- Understanding the centralised response</li> <li>- Understanding what has been spent</li> <li>- Case studies on public sector business continuity*</li> <li>- The Wage Subsidy Scheme</li> <li>- Annual audit work</li> </ul> </li> </ul>	

\* Work that will continue into 2021/22



Work we propose for 2021/22	Work we propose for 2022/23
<ul style="list-style-type: none"> <li>• Community accountability pilots</li> <li>• Regional economic development – Examination of MBIE’s progress with Regional Skills Leadership Groups</li> <li>• Regional service delivery – Examination of a service/initiative in the Auckland region</li> </ul>	<ul style="list-style-type: none"> <li>• Community accountability portal development</li> <li>• Regional economic development/regional service delivery</li> </ul>
<ul style="list-style-type: none"> <li>• Sector-based reports: <ul style="list-style-type: none"> <li>- Central government: Results of the 2020/21 audits</li> <li>- Summary of results of the 2020/21 central government audits for chief executives</li> <li>- Results of the 2020 school audits</li> <li>- Results of the 2020 audits of tertiary education institutions</li> <li>- Results of the 2020/21 district health board audits</li> <li>- Local government: Results of the 2020/21 audits</li> <li>- Matters arising from our audits of the 2021-31 local authority long-term plans and consultation documents</li> </ul> </li> <li>• Other reports: <ul style="list-style-type: none"> <li>- Controller updates</li> <li>- Follow-up reporting on public entities' implementation of the Auditor-General’s recommendations (programme of work to be determined)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Sector-based reports: <ul style="list-style-type: none"> <li>- Central government: Results of the 2021/22 audits</li> <li>- Summary of results of the 2021/22 central government audits for chief executives</li> <li>- Results of the 2021 school audits</li> <li>- Results of the 2021 audits of tertiary education institutions</li> <li>- Results of the 2021/22 district health board audits</li> <li>- Local government: Results of the 2021/22 audits</li> </ul> </li> <li>• Other reports: <ul style="list-style-type: none"> <li>- Controller updates</li> <li>- Follow-up reporting on public entities' implementation of the Auditor-General’s recommendations (programme of work to be determined)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Good practice guidance and supplementary resources: <ul style="list-style-type: none"> <li>- develop other good practice resources</li> </ul> </li> <li>• Supporting audit and risk committees: <ul style="list-style-type: none"> <li>- develop a broader induction package for new audit and risk committee chairpersons</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Good practice guidance and supplementary resources: <ul style="list-style-type: none"> <li>- continue to develop good practice resources, and implement approaches for sharing insights about what "good" looks like</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Evaluating the response: <ul style="list-style-type: none"> <li>- How well co-ordinated was the response?</li> <li>- Examining specific aspects of the response</li> <li>- Value for money of significant areas of expenditure</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Focus on recovery: <ul style="list-style-type: none"> <li>- Key aspects of the recovery plan</li> <li>- Drawing together lessons learned</li> <li>- International comparisons</li> </ul> </li> </ul>

# Appendix 3

## Summary of work we intend to complete in 2020/21

In this Appendix, we summarise the work we intend to complete in 2020/21. This includes pieces of work carried over from our 2019/20 annual plan, as well as work from our 2020/21 annual plan, based on what we know at the time of publication.<sup>8</sup>

How well is the public sector improving the lives of New Zealanders?	
Achieving reductions in family violence	<ul style="list-style-type: none"> <li>• Performance in achieving reductions in family violence – Community voices research</li> <li>• Joint venture governance and building our understanding of the family violence system</li> </ul>
Improving housing outcomes	<ul style="list-style-type: none"> <li>• Overview of the housing system</li> <li>• Extended annual audit work on KiwiBuild</li> </ul>
Improving health outcomes	<ul style="list-style-type: none"> <li>• Health sector reform</li> <li>• Health system leadership and sustainability</li> </ul>
Improving education outcomes	<ul style="list-style-type: none"> <li>• Helping children at risk of disadvantage or disengagement to succeed in their education – overview</li> <li>• Underlying financial sustainability of tertiary education institutions and international comparisons</li> </ul>
Improving outcomes for Māori	<ul style="list-style-type: none"> <li>• Māori perspectives on accountability</li> </ul>
How well is the public accountability system working as a whole?	
Influencing improvement performance and accountability	<ul style="list-style-type: none"> <li>• Making performance reporting more effective</li> <li>• Landscape of the public accountability system: Second report</li> </ul>
Implementing a well-being focus	<ul style="list-style-type: none"> <li>• Progress towards implementing the United Nations' 17 sustainable development goals</li> </ul>
Resilience and climate change	<ul style="list-style-type: none"> <li>• Resilience to climate change: Local government – Long-term plans</li> <li>• Local government risk management: Stocktake of approach and reporting results</li> </ul>
Integrity in our public sector	<ul style="list-style-type: none"> <li>• Developing integrity tools and supporting resources:               <ul style="list-style-type: none"> <li>- publish the integrity framework</li> <li>- develop a self-assessment tool or survey</li> <li>- internal resources and training</li> </ul> </li> </ul>
Procurement	<ul style="list-style-type: none"> <li>• Effectiveness of panels of suppliers</li> <li>• Provincial Growth Fund: Management, monitoring, and evaluation of the Fund</li> <li>• NZTA: Maintaining safe and reliable state highways through network outcomes contracts</li> <li>• Review of <i>Defence Major Projects Report 2019</i></li> <li>• Understanding and managing the risk of service disruption from the failure of strategic suppliers</li> </ul>

<sup>8</sup> A complete summary of work we intend to carry out in 2020/21 arising from our 2020/21 annual plan (capturing both work we expect to complete and work we will start but will continue into 2021/22), is shown in Appendix 2 (along with new work we propose for 2021/22 and 2022/23).

Processes underpinning significant government investments	<ul style="list-style-type: none"> <li>• Inland Revenue Department: Benefits from the Business Transformation programme</li> <li>• Systems and processes underpinning government decisions on major infrastructure investment</li> <li>• Provincial Growth Fund: Reset of the Provincial Growth Fund and reprioritisation of investments</li> </ul>
<b>Keeping New Zealanders informed about public sector performance and accountability</b>	
Influencing improvement performance and accountability	<ul style="list-style-type: none"> <li>• Report on the progress of public entities in implementing the Auditor-General's recommendations from previous reports: <ul style="list-style-type: none"> <li>- Using information to improve social housing services</li> <li>- Accident Compensation Corporation: Using a case management approach to rehabilitation</li> </ul> </li> </ul>
Our regular reporting	<ul style="list-style-type: none"> <li>• Sector-based reports: <ul style="list-style-type: none"> <li>- Results of the 2019/20 port company audits</li> <li>- Central government: Results of the 2019/20 audits</li> <li>- Summary of results of the 2019/20 central government audits for chief executives</li> <li>- Results of the 2019 school audits</li> <li>- Results of the 2019 audits of tertiary education institutions</li> <li>- Results of the 2019/20 district health board audits</li> <li>- Local government: Results of the 2019/20 audits</li> </ul> </li> <li>• Other reports: <ul style="list-style-type: none"> <li>- Controller updates</li> <li>- Auckland Council review of service performance: Disaster resilience and preparedness</li> <li>- Commentary on the Treasury's statement on New Zealand's long-term fiscal position</li> </ul> </li> </ul>

Sharing insights about what "good" looks like	
	<ul style="list-style-type: none"> <li>• Review of good practice guidance:               <ul style="list-style-type: none"> <li>- <i>Procurement guidance for public entities</i></li> <li>- <i>Public sector purchases, grants, and gifts: Managing funding arrangements with external parties</i></li> <li>- <i>Charging fees for public sector goods and services</i></li> <li>- <i>Controlling sensitive expenditure: Guidelines for public entities</i></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Supporting audit and risk committees:               <ul style="list-style-type: none"> <li>- Review and update our good practice guidance for audit and risk committees</li> <li>- Expand our Audit and Risk Committee Chair forums</li> <li>- Engage more with audit and risk committee chairpersons</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Understanding performance and supporting the role of monitoring agencies</li> </ul>
Providing assurance to Parliament and the public after the Covid-19 pandemic	
	<ul style="list-style-type: none"> <li>• Focus on what happened:               <ul style="list-style-type: none"> <li>- Understanding the centralised response</li> <li>- Case studies on public sector business continuity</li> <li>- Understanding what has been spent</li> <li>- The wage subsidy scheme</li> <li>- Annual audit work</li> </ul> </li> </ul>

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