



Summary

Central government: Results of the 2019/20 audits

It has been an extraordinary year. However, despite the disruption and uncertainty caused by Covid-19, New Zealand's public financial management system, including transparent reporting by government, performed well.

It is critical, now more than ever, that there is independent assurance over New Zealand's public financial management system. In times of great uncertainty, Parliament and the public need assurance about how public money is being spent.

The Government's financial statements and reporting to Parliament

There was considerable challenge in preparing and auditing the Government's financial statements. However, despite these challenges, they provide clear information about the state of the Government's finances as at 30 June 2020. This is a significant achievement in the context of the Covid-19 pandemic.

The Government spent substantially more than it received as it managed the Covid-19 response. This resulted in a significant level of debt, much of which

is expected to be paid back by future generations. This, coupled with increases in forecast expenditure, increases the expectation that the Government improves its reporting to Parliament and the public about the effectiveness of government programmes and expenditure more generally.

Performance reporting needs to improve

It is time for ongoing reporting on all-of-government performance to improve. The public expects more than just robust financial reporting by government. There needs to be more focus on reporting to the public on what was achieved for the money spent.

Currently, reporting focuses too heavily on reporting plans, activities, and services without sufficient focus on how those activities result in value for money and make a difference to the lives of New Zealanders. As well as maintaining its strengths in financial reporting and accountability, the public sector needs to improve how it reports its performance. This presents both an enormous challenge and opportunity.

