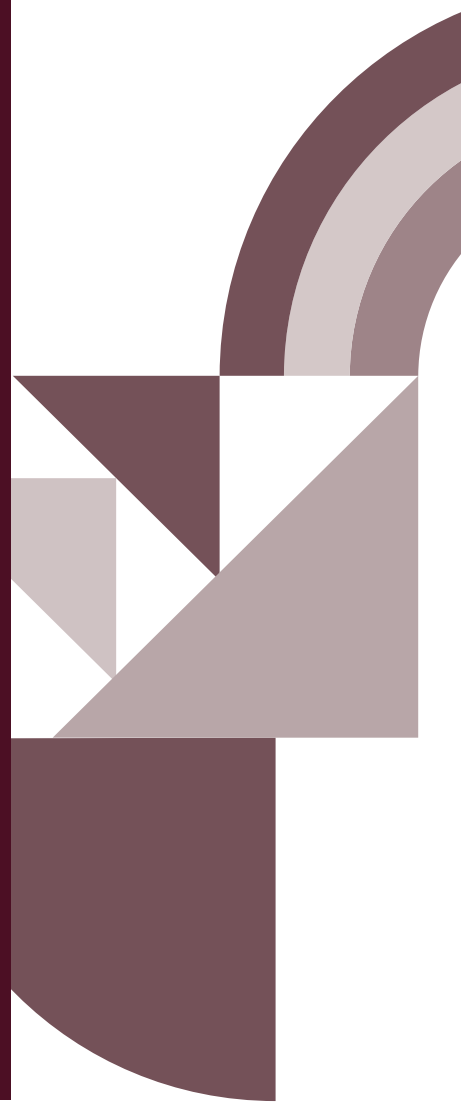
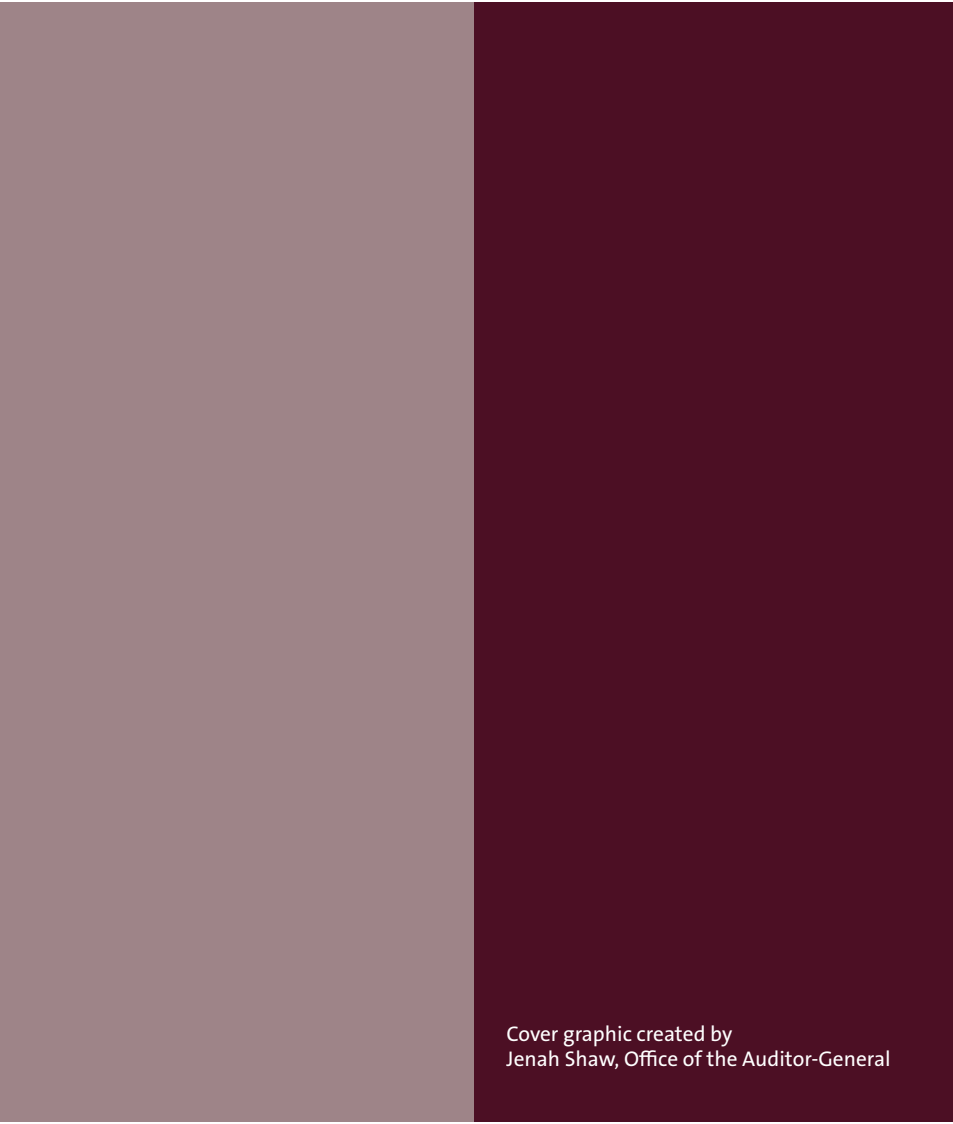




B.28 SOI (23)

The Auditor- General's strategic intentions to 2028





Cover graphic created by
Jenah Shaw, Office of the Auditor-General

The Auditor-General's strategic intentions to 2028

Prepared under Part 4
of the Public Finance Act 1989.

March 2023

Statement of responsibility

I acknowledge that I am responsible for the information in *The Auditor-General's strategic intentions to 2028*. This information has been prepared in accordance with sections 38 and 40 of the Public Finance Act 1989.

A handwritten signature in black ink, appearing to read 'JMR Ryan', with a stylized flourish at the end.

John Ryan
Controller and Auditor-General | Tumuaki o te Mana Arotake

9 March 2023

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Auditor-General's overview

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

I am pleased to present the strategic intentions of the Controller and Auditor-General (the Auditor-General) for 2023/24 to 2027/28.

The long-term outcomes that my Office seeks are a high-performing and accountable public sector that Parliament and New Zealanders have trust and confidence in. The strategic intentions set my focus for the next five years and build on the *Auditor-General's strategic intentions to 2025*.

Under the previous strategy, we:

- improved our reporting to Parliament and the public;
- increased our focus on topics that matter to New Zealanders;
- delivered more discretionary work at a time when it could have the most impact;
- increased our reporting from the Controller function;
- updated and expanded our good practice resources for public organisations;
- increased our engagement activities and influence with Parliament and with those who lead and govern public organisations; and
- enhanced the capability of our organisation.

These are solid foundations, but there is more work for my Office to do to increase our impact.

The mandatory audit of the annual financial statements and performance reports of public organisations is the foundation of the work that my Office carries out. My immediate priority is to strengthen this core assurance role to ensure that the public sector audit system remains sustainable over the longer term. Many issues affect the future of the auditing profession, in both the public and private sectors, and we must respond to these issues to ensure that our audit work continues to strengthen New Zealand's public financial management system. In addition, there are still some audits to complete that were deferred as a result of the Covid-19 pandemic, which affected both auditors and public organisations. This must be addressed to ensure that we can normalise public accountability arrangements as quickly as possible.

Although strengthening our core assurance role is my first priority, there are other priorities to address through this strategy. We must continue to be seen as an active "watchdog" on the use of public resources. We must remain focused on matters that are important to the public and to the accountability of government for the taxpayer and ratepayer money that they spend.

The public's trust in the public sector is largely based on the perceived competency, reliability, and honesty of the government. We know that the largest impact on trust is whether the public believes that the public sector is honest and operates with integrity. Government should be able to fully account to the public for the money it spends, show what has been delivered for that spending, and say whether that is making a difference to the lives of New Zealanders.

We will continue to focus on how well public organisations are meeting the standards of integrity that the public expects, as well as on the quality of reporting that government does on its activities, whether public organisations can evidence good value for money, and whether they are considering the longer term in their planning and decision-making.

To deliver on our priorities in this strategy, we must continue to build our internal capability and the relationships we have with Parliament, with public organisations, and with the public. Our te ao Māori strategy will be an important part of our capability development, and will also help to ensure that we continue to be trusted by all New Zealanders.

These strategic intentions will require us to continue to modernise the way we work and invest in our people, processes, and tools.

The strategic intentions are made up of four parts, which are covered in this document in separate sections. Each section outlines the change I want to see over the next five years. We will develop specific performance measures aligned to these strategic intentions to allow Parliament and the public to monitor our Office's progress.

Finally, I again thank Parliament for its continuing support of the Office and interest in the work that we do.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'J. Ryan', with a stylized flourish at the end.

John Ryan
Controller and Auditor-General | Tumuaki o te Mana Arotake

9 March 2023

Our role, purpose, and values

Our role

The Auditor-General is an Officer of Parliament and is appointed by the Governor-General on the recommendation of Parliament. The Auditor-General is responsible to Parliament and is independent of both central and local government. The Deputy Auditor-General is appointed in the same way and has the same powers and responsibilities.

The Auditor-General's role covers the accountability of public organisations for both their use of public resources and how they carry out their work.

*Improving trust,
promoting value*

Our purpose

Our purpose is *improving trust* and *promoting value* in the public sector. We do this by influencing improvements in public sector performance and accountability. We aim for our work to be relevant, make a positive difference to the way the public sector operates, and help Parliament and New Zealanders to have trust and confidence in public organisations.

What we stand for

To effectively carry out our role we must be seen as independent, reliable, and trustworthy.

The values that we stand for are:

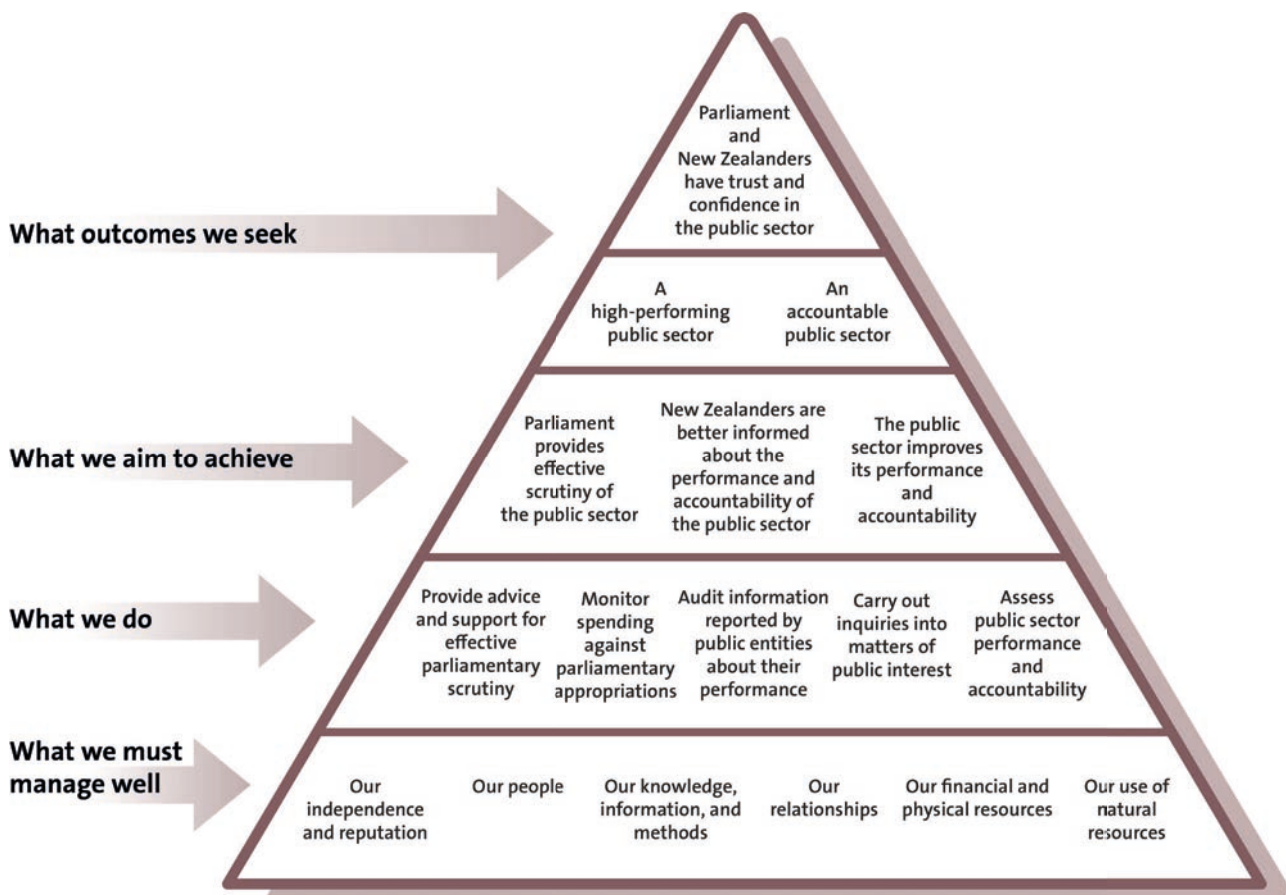
- People matter.
- Our independence is critical.
- We act with integrity and courage.
- We're here to make a difference.



Outcomes and activities

The outcomes we seek

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 needs to perform well and provide reliable, meaningful, and timely information so that public organisations can be held to account for their spending and performance.



What we do

*We have five
core activities*



Provide advice
and support for
effective
parliamentary
scrutiny

Monitor
spending
against
parliamentary
appropriations

Audit information
reported by
public entities
about their
performance

Carry out
inquiries into
matters of
public interest

Assess
public sector
performance
and
accountability

Providing advice and support for effective parliamentary scrutiny

We use the information we gather from our work to provide advice and support to Parliament and select committees, including through our annual reviews of public organisations and Estimates examinations after the Government announces its budget each year.

Monitoring spending against parliamentary appropriations (our Controller function)

In conjunction with our annual audits, we carry out appropriation audits of government departments. Appropriation audits are designed to provide assurance that spending by government departments and Offices of Parliament is lawful and within the scope, amount, and period of each appropriation or other authority. It supports the important constitutional principle that the Government cannot spend, borrow, or impose a tax without Parliament's approval.

Auditing information reported by public organisations about their performance

We provide assurance on the information public organisations report about their performance. We do this through our annual audits and other assurance services.

Annual audits of public organisations are the core work of our organisation, accounting for about 85% of our resources. These result in our appointed auditors issuing more than 3300 audit reports each year. We also issue reports to governors of public organisations about how an entity's control environment, performance, or reporting could be improved. The annual audit work is carried out by either Audit New Zealand (the Auditor-General's in-house audit service provider) or private sector audit service providers.

We also audit councils' long-term plans, which are prepared every three years, and conduct other audit activities required by legislation (such as auditing the New Zealand Health Plan).

Audit New Zealand carries out other assurance work on behalf of the Auditor-General that is reasonable and appropriate for an auditor to perform. This includes reviewing procurement and contract management, project management, asset management, risk management, governance arrangements, and conflict of interest practices.

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

The Auditor General can inquire into any matter related to a public organisation's use of resources. These inquiries can be initiated by the Auditor-General, or at the request of a member of Parliament or a public organisation, or following concerns raised by the public. We decide whether an issue warrants investigation as matters of concern arise.

Assessing public sector performance and accountability

We assess public sector performance and accountability through performance audits and special studies. Performance audits and special studies enable us to look more deeply into particular matters than we are able to in our annual audits, and to make recommendations for improving public sector performance. We also monitor public organisations' progress in implementing the recommendations from our previous performance audits.

We have a responsibility under the Local Government (Auckland Council) Act 2009 to review and report on the service performance of Auckland Council and its subsidiaries. We also carry out the primary statutory functions under the Local Authorities (Members' Interests) Act 1968.

As well as assessing public organisations' performance and accountability, we carry out research to understand the challenges that the public sector faces. We also publish good practice guidance to share our insights into what good practice looks like and to help public organisations make improvements.

The extent of the Auditor-General's mandate

The Auditor-General's mandate covers over 3300 public organisations. These include:

- government departments;
- Crown entities;
- city, district, and regional councils and their subsidiaries;
- state-owned enterprises;
- ports and airports;
- schools;
- tertiary education institutions; and
- Crown research institutes.

Collectively, these organisations spend more than \$170 billion of public money annually (that comes from the taxes and rates that New Zealanders pay).

The Auditor-General is also the Auditor-General for the governments of Niue and Tokelau.



How we are organised and funded

Our structure

The Auditor-General’s work is carried out by two business units – the Office of the Auditor-General and Audit New Zealand – supported by our shared Corporate Services Group. There are approximately 480 positions across the organisation. We also contract audit service providers from the private sector to carry out audits on the Auditor-General’s behalf.



Our funding

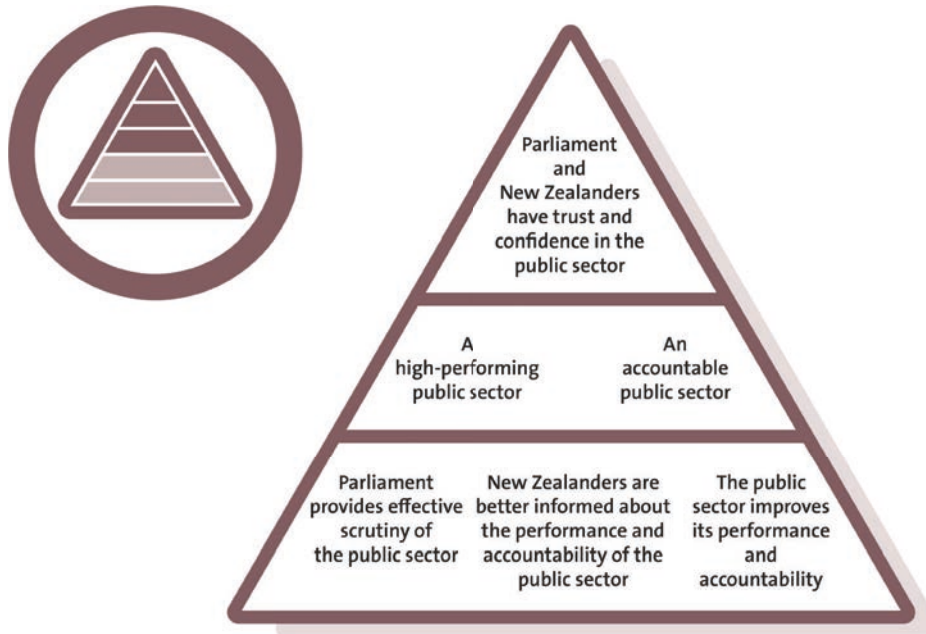
Our work is funded through Vote Audit, which has two output appropriations: *Statutory Auditor Function* and *Audit and Assurance Services*. The remuneration of the Auditor-General and the Deputy Auditor-General are authorised through a separate appropriation and are Crown-funded.

The appropriation for our *Statutory Auditor Function* is largely Crown-funded and includes two classes of outputs: *Performance Audits and Inquiries* and *Supporting Accountability to Parliament*. These outputs are carried out by the Office of the Auditor-General as well as by our shared Corporate Services Group.

The *Audit and Assurance Services* appropriation is for carrying out audits and related assurance services as required or authorised by different laws. This appropriation is largely funded by audit fees collected directly from public organisations and funds the functions carried out by Audit New Zealand, a portion of the Office of the Auditor-General and our shared Corporate Services Group, and the audits carried out by contracted audit service providers.

Our strategy

The long-term outcomes we seek and what we aim to achieve are shown in the top section of our performance framework.



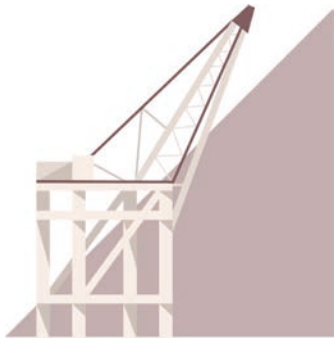
Our strategic intentions describe what we will focus on in the next five years to achieve our long-term outcomes and how we will manage our functions and operations to do that.

Over the next five years, we will prioritise:

- strengthening our core assurance role;
- increasing our impact with public organisations;
- enhancing our impact in te ao Māori; and
- building on our reputation as a source of trusted information.

To achieve our strategic intentions, we will continue to invest in our organisation's capability – our people, our relationships, and the tools, processes, and technologies that support our work.

The next sections provide more information about each of our priorities, why they are important, and what we intend to do to achieve them.



Strengthening our core assurance role

What we want to achieve

We want to ensure that the public audit system is sustainable in the long term, that we can continue to deliver our mandatory audit and assurance services, and that we are able to modernise our audit function and respond to changes affecting the audit profession.

Why this is important

The public audit system supports public organisations to report relevant and reliable information about their finances and performance. Transparent reporting allows organisations to identify what and how they can improve. In turn, both Parliament and the public can have trust and confidence in the public sector because they can see how public money is being spent and what is being achieved with that money.

Many issues are affecting the long-term sustainability of the public audit system. There are pressures caused by a global auditor shortage (and fewer people studying accountancy-related subjects in New Zealand universities), ongoing challenges resulting from the Covid-19 pandemic, and increasing expectations on auditors (such as quality management expectations).

Changes to the wider operating environment are also adding pressure for both public organisations and our auditors. These changes include the new climate and emissions reporting requirements, increasing use of difficult-to-audit technologies such as artificial intelligence, and various public sector reforms that will have accountability, reporting, and assurance implications.



The change we want to see after five years

The public audit system will:

- have optimised the allocation of the audit portfolio with audits well matched to audit service providers' capacity and capability;
- have an efficient and sustainable model for schools reporting and auditing;
- have recovered from the delivery pressures caused by Covid-19 and returned public sector audits to pre-Covid-19 reporting timeframes, while maintaining audit quality; and
- meet new responsibilities for public sector audits (such as auditing the New Zealand Health plan), including having the necessary methodologies and systems in place.

Audit New Zealand will:

- be an attractive career choice for future audit professionals;
- have a sustainable workforce, audit portfolio, revenue, and memorandum account; and
- have the systems and tools to deliver high-quality audits efficiently and on time.



What we will do

Strengthen the public audit system

We will work to strengthen the public audit system by:

- influencing and supporting professional bodies to build the attractiveness of auditing as a career and to strengthen the pipeline of professionals interested in public sector auditing;
- actively managing audit allocations to match audit capacity and capability and to complete quality public sector audits in a timely manner;
- influencing and supporting education sector stakeholders to ensure that there is an effective and efficient audit process for schools;
- enhancing our quality management processes to ensure that the quality of audits is maintained across all audit service providers;
- providing guidance and support to audit service providers, including new assurance providers, to ensure that they can meet growing expectations and market demands (such as assurance about climate and emissions reporting) and develop methodologies for new types of audits (such as auditing the New Zealand Health Plan);
- working closely with audit service providers of the more significant public sector organisations to increase the impact of public sector audits and continue to enhance the value of the audit;
- carrying out detailed analyses to ensure that audit fees are reasonable and reflect the full scope of a public sector audit, covering the current operating costs and future investment requirements of audit service providers;
- implementing new tools, systems, and processes that support the public audit system to be effective and efficient, and to improve how insights from public sector audits are developed and used; and
- encouraging innovation and ensuring that appropriate opportunities are taken.

Positioning Audit New Zealand for the future

To ensure that Audit New Zealand is positioned well for the future, we will:

- complete our planned deployment and integration of new audit software;
- develop and implement other new tools, systems, and processes that respond to current pressures;
- complete a practice management review of Audit New Zealand and implement recommendations;
- increase capacity by implementing our recruitment and retention strategies, including creating an international career pathway with other Audit Offices; and
- develop our people with the skills they need to support achievement of our other strategic intentions.



Increasing our impact with public organisations

What we want to achieve

We want to increase our impact with public organisations by influencing positive change in their performance and accountability practices.

Why this is important

Effective performance and accountability are vital to maintaining the trust and confidence that Parliament and the public have in the public sector. As the auditor of every public organisation, the Auditor-General has a unique position from which to influence improvements in performance and accountability practices across the public sector. This includes our role in promoting examples of good practice in the public sector that other public organisations can learn from.

Influencing positive change in the accountability practices of public organisations will help support Parliament in its scrutiny role.

What we will do

We will increase our impact – and our support for Parliament in its scrutiny role – by increasing our focus on topics that are important to public accountability. We aim to:

1. influence more meaningful and useful performance reporting to improve the performance and accountability of the public sector;
2. increase the focus the public sector has on value for money;
3. promote a long-term view in public organisations' planning and decision-making to strengthen the public sector's response to long-term challenges facing New Zealand; and
4. support strong organisational integrity practices.

There are key stakeholders in the public accountability system who can influence change. We will consider how we continue to engage with, support, and build relationships with these stakeholders to maximise the impact of our work.



1 Influencing more meaningful and useful performance reporting

What we want to achieve

We want to improve the relevance and transparency of performance information and how public organisations report on their performance.

Why this is important

New Zealanders want to know what has been achieved with the taxes and rates they pay. For reporting to be meaningful, New Zealanders need to be able to understand what services are being delivered at what cost, and the difference that is being made.



The change we want to see after five years

New Zealanders and Parliament will have:

- a clearer understanding about how the public sector is performing and the value that is being achieved from the spending of public money; and
- improved assurance and advice from us to effectively hold public organisations to account for their performance.

The public sector will have improved how it reports on its performance by:

- providing more meaningful, relevant, and balanced accounts of its services and the difference those services are making for New Zealanders; and
- implementing any changes to system settings (for example, legislative requirements, accounting standards, and guidance).

We will have:

- improved how we provide assurance and advice to Parliament, New Zealanders, and public organisations on the quality of performance reporting and how to improve it; and
- improved our own performance reporting.



What we will do

Influence improved performance reporting

Where appropriate, we will influence any proposed legislative amendments or standards to change the system settings for performance reporting.

We will influence improvement in public organisations' performance reporting by providing regular guidance on good practice. This includes modelling good practice in our own performance reporting.

Improve how performance information is audited

We will improve how we audit performance information. We will review and revise the Auditor-General's auditing standards and our guidance, training materials, resources, and tools to ensure that they continue to be fit for purpose.

Improving Parliamentary and public scrutiny

We will support Parliament and the public to hold public organisations to account by improving how we advise select committees about both the performance reporting of significant public organisations and performance reporting at a sector level. To support developing sector-level advice, we will invest in our data analytics capability and develop tools for compiling and aggregating performance information to support analysis across sectors and between different public organisations.

We will publish the performance data of public organisations in sectors undergoing major reform so that Parliament and the public can assess how services are affected by the reforms. We will also comment on this performance information.



2 Increasing the focus on value for money

What we want to achieve

We want to increase the focus the public sector has on the value for money of public spending.

Why this is important

Central and local government spend more than \$170 billion of taxpayer and ratepayer money each year. The public expects value for money and needs meaningful information to hold government to account for its spending.



The change we want to see after five years

Parliament and the public will be able to form a view on value for money by having:

- access to meaningful and transparent information about the total spend across government and what is being achieved with it;
- access to meaningful information about how the public sector is improving efficiency, effectiveness, and cost-effectiveness over time;
- stronger links between the financial and non-financial performance information that public sector organisations report;
- more – and more transparent – evaluation of significant investments; and
- more explicit comment about value for money in our published reports.

The public sector will have improved systems and processes to support decision-making through:

- improvement in the availability and quality of data needed to assess value and understand efficiency and cost-effectiveness;
- better and more meaningful monitoring of significant spending, and efficiency and cost-effectiveness over time; and
- improvements in the quality of business cases for significant investments, and better-quality cost/benefit assessments in other decision-making.



What we will do

Influence improvement

We will continue to push for more transparency about public sector spending, for more reporting about what is achieved with that spending (particularly when a significant amount of public money is involved), and for changes to the system to enable better transparency at whole-of-government, cross-sector, and organisational levels.

We will highlight good examples of cost/benefit assessments and encourage public organisations to improve how they assess and report on value for money.

Provide assurance and supporting scrutiny

We will report on the quality of information to support decision-making processes (including business cases) where significant amounts of public money are being spent and consider how

public organisations are planning for and assessing whether these investments are achieving the desired outcomes.

We will comment specifically about value for money in our work where possible and appropriate – including to highlight where a lack of quality data held by public organisations affects how they can demonstrate value for money.

We will report what we know about performance and expenditure, and how those have trended over time, by drawing on audited performance information.

We will focus on reforms and whether the public organisations affected are reporting that improved value for money is being achieved over time.

We will also, as part of our briefings to select committees, suggest questions for members of Parliament to ask to get better information from public organisations about value for money.

3 Promoting a long-term view

What we want to achieve

Many of the challenges facing New Zealand and the public sector require a continued focus over a long period of time. We want to promote long-term planning in the public sector by encouraging public organisations to use quality data and information to make decisions that will have better long-term outcomes for New Zealanders. This includes promoting integrated planning across the public sector where this might be required.

Why this is important

New Zealand faces a range of long-term challenges (for example, those brought about by climate change). Planning and decision-making will need to take a long-term view and will require co-ordination across government – as well as quality information and reporting about progress – to respond to and address these challenges.



The change we want to see after five years

Public organisations will be:

- co-ordinating across government when developing long-term plans and strategies for achieving their long-term goals; and
- providing quality information about their performance, including their progress towards achieving their long-term goals.

Select committees, central agencies, and communities will have the information they need to be able to hold public organisations to account for their stewardship responsibilities.



What we will do

We will continue to build on what we learn from our audits of planning documents, including councils' long-term plans, and promote continued improvement for local government as well as the wider public sector.

This will help us to:

- provide good practice guidance for public organisations to use when considering their long-term planning and decision-making processes;
- examine specific long-term goals and challenges that the Government has committed to addressing and assess how well the relevant public organisations are tracking against them; and
- actively promote a long-term view for the public sector.

Provide guidance

We will develop good practice guidance and highlight public organisations that have a long-term view in their planning and decision-making. We will work with other agencies, bodies, and key individuals with an interest in long-term planning to promote this guidance, and we will bring more of a long-term view into our discussions with public organisations.


We will also identify public organisations that are examples of good practice in how they use information and report about their progress towards achieving their long-term goals. We will develop guidance and promote good practice based on those examples.

We will provide specific guidance to public sector audit and risk committees about long-term planning, risk management, and reporting on progress towards long-term goals.

Influence processes

We will work with central agencies and other stakeholders to influence improvements to processes and tools for long-term planning and decision-making and to encourage integrated planning across entities, where appropriate. We will also work with Parliamentary select committees to support better scrutiny over long-term planning and decision-making by public organisations. We will continue to influence public accountability settings to include a long-term view, particularly for new entities that have multi-agency roles.

We will identify how public organisations can improve the information and reporting they provide to assess their progress in addressing long-term challenges. In particular, we will focus on initiatives addressing long-term challenges that require co-ordination and integrated planning across multiple organisations.



4 Supporting strong organisational integrity practices

What we want to achieve

We want to support the governors of public organisations to meet their stewardship responsibilities to uphold the integrity of New Zealand's public sector.

Why this is important

Public trust and confidence provide public organisations with the social licence to operate. Operating with integrity is fundamental to maintaining that trust and confidence. We want to help maintain New Zealand's international reputation as having a public sector that operates with integrity.



The change we want to see after five years

Public sector leaders will:

- be taking a system approach to integrity issues and developing strong organisational practices, including reporting;
- have an understanding of te ao Māori perspectives on integrity and what this means for public organisations; and
- be holding themselves and others to account for ethical leadership.

We will be:

- influencing and supporting strong organisational integrity practices among public organisations; and
- a role model for strong integrity practices.



What we will do

Developing and promoting integrity resources

We have published an integrity framework to support public sector leaders and governors to take a whole-of-organisation approach to building a culture of integrity. We will develop additional integrity resources to support use of the framework, including resources on how to measure, monitor, and report on integrity practices.

We will also consider te ao Māori perspectives on integrity and whether our resources need to be amended or extended to include these perspectives.

Regular monitoring of integrity practices

We will regularly monitor the integrity practices of public organisations by:

- developing a performance audit methodology based on the integrity framework to assess the integrity culture of public organisations and conducting integrity-related performance audits;
- considering the emerging role of auditors in relation to integrity within the organisations they audit, including making amendments to the Auditor-General's auditing standards to ensure that annual audits have a stronger focus on integrity;

- carrying out more self-initiated inquiries into integrity matters; and
- supporting Pacific Association of Supreme Audit Institutions (PASAI) members to carry out International Organisation of Supreme Audit Institutions' Self-Assessment of Integrity (IntoSAINT).

Improving our own integrity practices

We will embed the integrity framework into our own organisation, including our leadership, governance, and reporting. This will include developing integrity resources for staff, refining processes, and developing an integrity measurement framework to track our progress.



Enhancing our impact in te ao Māori

What we want to achieve

Our role is to help Parliament and the public hold public organisations to account in a way that iwi, hapū, and whānau Māori, as well as Parliament and the wider public, have trust and confidence in.

We want to continue to build trust and confidence among Māori in our role, and for our work to have increased relevance to, and impact for, Māori. We also want to influence the public sector to improve the public accountability system to reflect the uniqueness of New Zealand.

Why this is important

As a statutory body performing a public function, our work should be carried out in a way that upholds te Tiriti o Waitangi/the Treaty of Waitangi (the Treaty). We recognise that policies, programmes, and services that produce quality outcomes for iwi, hapū, and whānau Māori will ultimately benefit all New Zealanders.



The change we want to see after five years

In our organisation:

- our staff will have an understanding of the Treaty, our history as an Office, and the role we have played in the Treaty relationship;
- we will have expanded views on public accountability through a deeper understanding of, and engagement with, te ao Māori and Māori concepts and traditions;
- we will understand the value that Māori perspectives bring to our work, and our work programme will routinely incorporate those perspectives;
- our staff will be more confident engaging with Māori;
- there will be wider use of te reo Māori and recognition of tikanga in our organisation, evident in the way we communicate and the look and feel of our work environments;
- we can relate Māori values to our “what we stand for” statements, both of which underpin the way we work; and
- we will have more Māori staff, who will feel supported to realise their aspirations in the organisation.

After five years:

- we will be working with a well-established external rūpū Māori;
- we will have stronger relationships with Māori, greater coverage in Māori media, and more awareness among Māori about our role;
- Māori will see our work as useful and relevant to their aspirations; and
- public organisations will be more accountable for improving outcomes for Māori.



What we will do

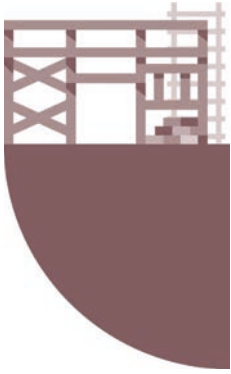
We have outlined our position in respect of the Treaty for our staff, and are also developing a te ao Māori strategy to help us to continue to build our capacity and capability as an organisation.

We will advance our aspirations and implement our te ao Māori strategy. This includes work to:

- understand and document the history of our organisation in relation to Māori;
- enhance our organisational competency framework to include competencies in te ao Māori tailored to different roles within our organisation;
- develop learning pathways in te reo Māori, tikanga, matauranga Māori, and understanding of the Treaty, tailored to the different needs of our staff. This will include a mix of training, self-directed learning, and experiential activities; and
- adapt our working styles and practices to enable effective and respectful engagement on matters of importance to iwi, hapū, and whānau Māori.

We will also work to:

- build meaningful relationships with iwi, Māori organisations, and individuals, including through the establishment of an external rōpū Māori;
- actively seek Māori perspectives on public accountability and input from Māori into our annual work programme planning; and
- integrate Māori perspectives into how we work and what we focus on.



Building on our reputation as a source of trusted information

What we want to achieve

We want to build on our reputation as a source of trusted information about public sector performance and accountability, which the public and Parliament can use to help hold public organisations to account.

Why this is important

An independent, authoritative, and balanced voice is a counter to misinformation. We need to do more to communicate our work to target audiences to ensure that it has impact, and for us to be seen more widely as an independent source of truth on matters of public sector performance and accountability.



The change we want to see after five years

Our target audiences will:

- see us as a source of truth and trusted information; and
- regularly use the information we have to help hold public organisations to account.

We will be:

- working to increase our target audiences' understanding of our role and what we stand for;
- seeking the perspectives of New Zealanders and communities of interest, and using these to inform our work and what we focus on;
- using a wider range of channels and tailored approaches to communicate the findings of our work;
- presenting our work and data about public sector performance in ways that are more useful to those interested in public sector performance; and
- maintaining stronger relationships with communities with a mutual interest in aspects of public sector performance and accountability.



What we will do

Raising our profile

Being a trusted voice does not mean we need a high public profile. However, we do need to increase understanding of our role and what we stand for among our target audiences to earn and maintain their trust.

To achieve this, we will be intentional in how we communicate our work, including:

- identifying our target audiences and communicating with them through a wider range of channels and approaches;
- more clearly explaining the roles of the Auditor-General and Deputy Auditor-General as independent Officers of Parliament and increasing, where appropriate, their public profile;
- more actively targeting our engagement with the media and other influential stakeholders; and
- publishing more data and information that will be useful for people interested in public sector performance and accountability.

Communications and engagement capability

To support a more strategic approach to communicating to, and engaging with, our target audiences, we will need to strengthen our capability as an organisation. This includes providing staff with tools to support effective engagement. We will also focus on building and maintaining relationships with our target audiences to raise awareness about our work and to learn from their perspectives on public sector performance and accountability.

Our resources

The base of our performance framework shows what functions and operations we must manage well to be able to deliver our services and achieve our long-term outcomes.



Our independence and reputation

Why this is important to us

Protecting our independence (both real and perceived) allows us to carry out and report on our work without any perception of bias or constraint. Our independence and reputation are critical to maintaining the trust and confidence that Parliament and the public have in our work. This is important for maintaining our position as one of the pillars in New Zealand's national integrity system.¹

Our independence and strong mandate that underpin all our work and activities

What we will do

Managing our independence and reputation is an ongoing focus. To support the implementation of our strategic intentions, we will review our strategic risks and ensure that they reflect the risks arising from each of our strategic priorities.

We will improve the technology that supports our independence declarations and monitoring processes to make it easier to manage.

We will also continue to:

- actively monitor and manage potential conflicts of interest for our staff and for the audit service providers appointed to carry out audits on behalf of the Auditor-General;
- actively manage and mitigate the risks to our independence and reputation included in our strategic risk register;
- uphold the organisation's policies and standards on independence and conflicts of interest; and
- improve our own integrity practices, including developing integrity resources for staff, refining processes, and developing an integrity measurement framework to track progress.

¹ See "Impact through independence – Supreme Audit Institutions", at www.transparency.org.nz.

Our people

Why this is important to us

A positive culture with strong staff engagement helps our people to work at their best. The reputation of the organisation relies on our ability to attract and retain capable, committed, and highly skilled staff.

Our culture and engagement, skills, and capability that enable us to deliver high-quality professional work

What we will do

In 2023/24 we will refresh our People Strategy. Our People Strategy outlines our key priorities for recruiting, retaining, and investing in our people, and creating a positive organisational culture. Refreshing our People Strategy will support our strategic priorities and help maintain our overall organisational health.

We will continue to recruit for highly skilled candidates both domestically and internationally – including through secondments from other audit offices – to ensure that we are able to deliver our core audit work. We will also continue our work on Audit New Zealand’s retention strategy and its implementation, including considering the processes, approach, and offerings used to increase employee engagement throughout their employee lifecycle.

We will ensure that our remuneration, terms of employment, and work environment remain attractive and competitive, taking into account market and retention drivers. We will also make changes to address gender pay gaps arising from vertical segregation (where there are more men than women in senior positions) and occupational drivers (where traditionally higher-paid roles are held by men).

In 2021/22 we successfully rolled out our new competency framework. Our next step is to ensure that it is embedded across the organisation and considered throughout the employee lifecycle. We will also enhance the framework to include competencies in te ao Māori tailored to roles where appropriate.

We will continue to develop our people, both in core capabilities and in leadership and management skills. We will continue to improve our learning and development plan to ensure that it aligns with our strategic intentions and to ensure that our strategic priorities are supported by targeted capability building.

Our knowledge, information, and methods

Why this is important to us

We have invested in modernising our technology environment since 2019 to ensure that it can meet service demand and complexity – and continue to do so in the future. We are continuing to invest in digital security to protect against cyber-attacks and to continue to ensure that our systems are secure, resilient, and fit for purpose. We have also been investing in increased data and analytics capability to better use the information that we hold to support our work planning and core services with more targeted insights.

Our collective knowledge and expertise about the public sector, and the processes we use to do our work

We want to make sure that our staff are equipped to do their jobs by providing them with a modern work environment and the tools they need. We also want our staff to be empowered to use data to support their decision-making and advice.

What we will do

We will continue to implement our Information Systems Strategic Plan to modernise our technology environment to enable the transformation of our data, information, and knowledge capabilities and services.

This includes:

- modernising all key services by replacing them with Cloud-based technologies to ensure that they remain secure, resilient, and fit for purpose;
- implementing a replacement system to enable better management and monitoring of the audit portfolio;
- implementing new systems to support Audit New Zealand to increase the resilience, effectiveness, and efficiency of the audit process (including completing the planned deployment of new audit software);
- deploying a new analytical data platform that includes modern data governance and analytic technologies to better leverage and govern our data, information, and knowledge, as well as changing the management of core system data to both improve its accessibility and usability and to support analytical work and insight generation;
- using new document management services to increase the accessibility and collaboration in document creation and use; and
- modernising our financial and human resources systems.

We will refresh our data strategy, which will include further developing our data and analytics approach. We will also develop a modern and integrated central repository of our data, information, and knowledge to support analytical work. Modern analytical tools, strong data management, and governance will enable better and more targeted insights.

Our approach will incorporate data governance principles and ensure that the data, information, and knowledge we hold is more visible, transparent, and accessible to staff, Parliament, and the public. Building channels for better interaction and investing in data literacy capabilities will mean we will be more responsive to the evolving needs of Parliamentary scrutiny and public accountability.

We will also review and improve our processes to support achievement of our strategic priorities, including:

- enhancing our audit quality management processes;
- developing new systems and processes that manage audit capacity and delivery;
- refining our integrity processes; and
- adapting our working practices to enable effective engagement with iwi, hapū, and whānau Māori.

Our relationships

Why this is important to us

We are not the only organisation seeking a high-performing and accountable public sector – others carry out work that directly or indirectly supports these outcomes. Managing our relationships with these stakeholders is important to our ability to influence the public sector, to make a positive difference for New Zealanders, and to contribute to Parliament's and New Zealanders' trust and confidence in the public sector.

Our mutually productive and respectful relationships with all our stakeholders

Understanding what Parliament and our other stakeholders care about and the risks they are identifying and managing can help inform our work. It also allows us to target our work with public organisations and shape how we communicate to influence improvements.

Our relationships with the Pacific also influence the work we do. As Secretary-General of the Pacific Association of Supreme Audit Institutions (PASAI) and as Auditor-General of Niue and Tokelau, our Office plays an active role in the Pacific region to support good governance of public sector resources. We also have strong relationships outside of the Pacific region and are an active member of the international auditing community.

What we will do

In 2023/24, we will develop our Communications, Engagement, and Relationships Strategy to support our strategic intentions.

The Communications, Engagement, and Relationships Strategy will set out:

- what and how we will communicate to inform different audiences;
- the sorts of engagement we need to carry out (for the work that needs to involve others); and
- the relationships we need to manage well for the individuals or agencies that we need to include.

We will continue to build meaningful relationships with Māori and we will establish an external rōpū Māori to advise and guide us.

We will also continue to actively seek feedback about our work and where we should focus, including seeking input from the public on our annual work programme planning.

We will continue to support Parliament in holding public organisations to account through maintaining our strong relationships with the Speaker of the House of Representatives and with select committee chairpersons and members.

We will continue to support the sharing of good practice, including through chairing our audit and risk committee chairperson forums and good practice seminars.

Internationally, we will continue strengthening our relationships with Supreme Audit Institutions in the Pacific and support them to build their capability and capacity.

Through the Auditor-General's role as Auditor-General of Niue and Tokelau, we will support these nations to bring their annual reporting and audits up to date and to maintain timely annual reporting. We will also work with them to make system and process improvements to improve transparency and accountability.

We will continue to build our relationships with Supreme Audit Institutions outside of the Pacific region where there is mutual benefit to do so.

We will support our people to deliver on this work with tools and training where needed.

Our financial and physical resources

Why this is important to us

We are mostly funded through audit fees that are collected directly from the public organisations that we audit. We also receive Crown funding for other aspects of our work, such as undertaking performance audits and inquiries, advising select committees, and reporting to Parliament and the public on the results of annual audits.

Covid-19 has significantly affected the fee-funded functions of our Office, particularly Audit New Zealand. This, along with planned investment in essential technology upgrades, remuneration increases to support recruitment and retention of skilled staff, and other initiatives to support further enhancements to audit quality and efficiency, has led to forecast deficits in the Audit and Assurance Services memorandum account in 2023/24 and beyond.

Our use of financial and physical resources to support our work

In 2022/23, we completed a review of Audit New Zealand, looking at opportunities to improve the sustainability of its operating model and maximise the benefits of our investment in new technology for audit delivery and practice management.

What we will do

To manage our forecast deficits, we will continue to maintain tight financial controls and carefully monitor spending.

We will seek to increase audit fees (and additional fee recoveries), where appropriate, to cover current operating costs and future investment requirements. We will do this as contracts are reviewed and audit fees are renegotiated.

We will invest in our organisation to support the delivery of our strategic priorities, including by increasing capacity where needed and implementing new tools.

We will continue to manage our physical assets and ensure that our employees have the necessary hardware and equipment to carry out their work remotely or from one of our offices.

Our use of natural resources

Why this is important to us

Public organisations need to use their resources wisely, including the natural resources they consume, and minimise their impact on the environment.

Our use of natural resources and managing the environmental impact of our activities

In 2021/22, we benchmarked our greenhouse gas emissions using the 2018/19 year (pre-Covid-19) as our baseline and began reporting our results. Our reporting does not yet cover all emission sources, such as the emissions incurred by our employees by commuting to and from work.

What we will do

We will report our emissions annually. We will expand our reporting on emissions to cover more data sources and more accurately measure our carbon footprint.

We will continue to look for opportunities to reduce or mitigate the environmental impact of our activities and will develop an emissions reduction plan. This plan will include targets to reduce our emissions by 2025 and 2030. It will also outline emissions sources we intend to review to reduce our emissions, such as travel and the energy efficiency of our property portfolio.



Reporting against our outcomes

For each of our priorities, we have outlined the change we want to see after five years as a result of implementing our strategic intentions. We are refreshing our suite of performance measures and as part of that process we will align specific measures to our priorities. These measures will be reported publicly in our annual report each year from 2023/24 onwards.

About our publications

All available on our website

The Auditor-General's reports are available in HTML and PDF format, and often as an epub, on our website – oag.parliament.nz. We also group reports (for example, by sector, by topic, and by year) to make it easier for you to find content of interest to you.

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Processes for manufacture include use of vegetable-based inks and water-based sealants, with disposal and/or recycling of waste materials according to best business practices.

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