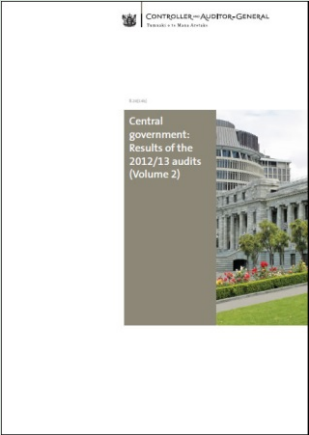




April 2014

Audit New Zealand
Client update
seminar

Central Government: Results of the 2012/13 audits



Henry Broughton, Sector Manager, Parliamentary Group





■ Operating context – a focus on reform & stewardship

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- Financial constraint
- Mergers and transformational change
- Stronger guidance from the centre – ICT, procurement, property
- Collaboration and sector leadership
- Greater citizen focus in service delivery

Canterbury Earthquake Authority
(restructure)

Callaghan Innovation
(new strategic approach
and structure)

SSC (new structure, portfolio
approach)

MFAT (change programme)

Crown Law
(organisational change)

Statistics New Zealand
(Stat 2020)

Defence
(civilianisation)

Justice (courts
modernisation and
other reforms)

MBIE (new department)

MPI (new department)

Careers New Zealand
(new approach to client
facing services)

Corrections
(restructure of national
office)

DPMC (sharing back office
functions with Treasury and
SSC)

DIA (mergers)

Health Promotion
Agency (new entity)

TPK (re-focus review and
implementation)

Treasury (new structure,
commercial operations branch)

Civil Aviation Authority and
Aviation Security Service –
“One Organisation”

Ministry of Pacific
Island Affairs

DoC (ongoing change
to operating model)



■ Overall, entities are responding to change appropriately.

4

Key areas of audit focus:

- Risk identification, management & reporting
- Delegations through the transition periods
- Severance and redundancy and retention payments
- Treatment of change programmes in financial statements (e.g. redundancy provisions)



■ Common themes for improvement

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- **Governance and accountability:** risk management, clarity in objectives in change programmes
- **Information security:** weaknesses in password settings & user access policies
- **Asset management:** information, planning, and timely reporting
- **Procurement:** quality of practice varies, but improving



Positive trends in the control environment:

ESCO Grades graphs for MCE and FISC – Government departments

Figure 1: Management control environment – grades for the departments assessed from 2006/07 to 2012/13

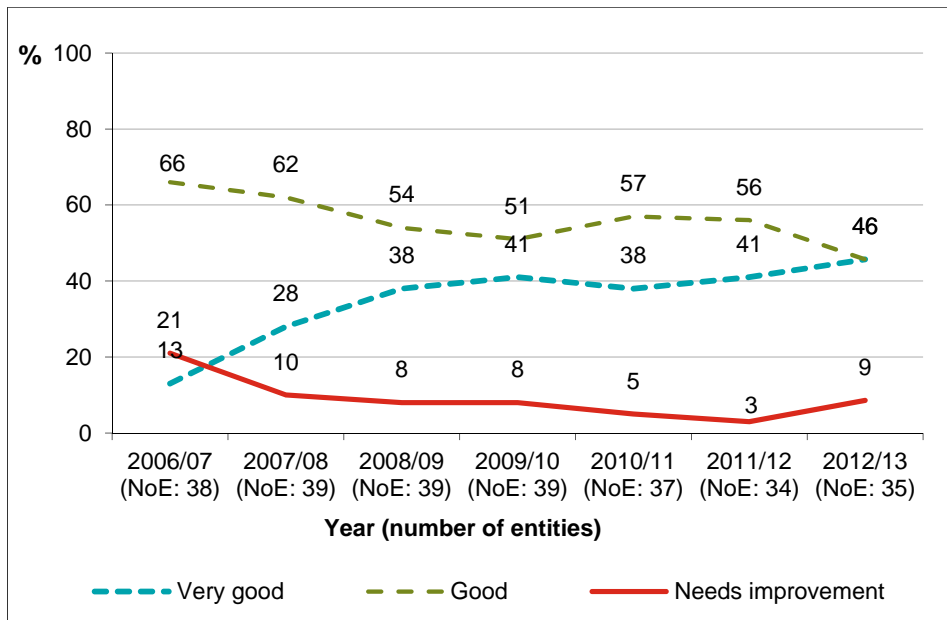
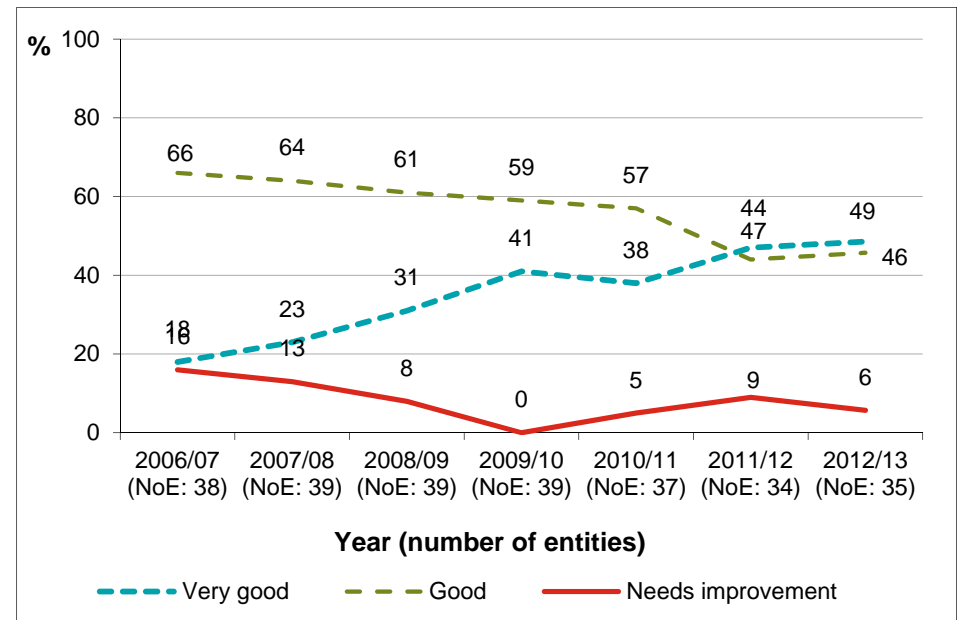


Figure 2: Financial information systems and controls – grades for the departments assessed from 2006/07 to 2012/13





ESCO Grades graphs for MCE and FISC – Crown entities

Figure 3: Management control environment – grades for the Crown entities assessed from 2006/07 to 2012/13

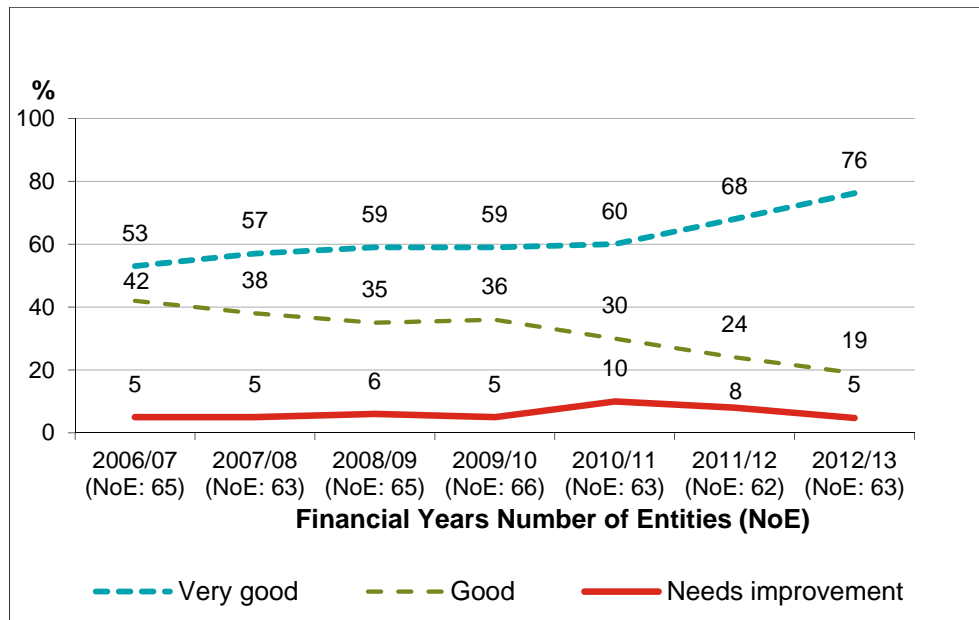
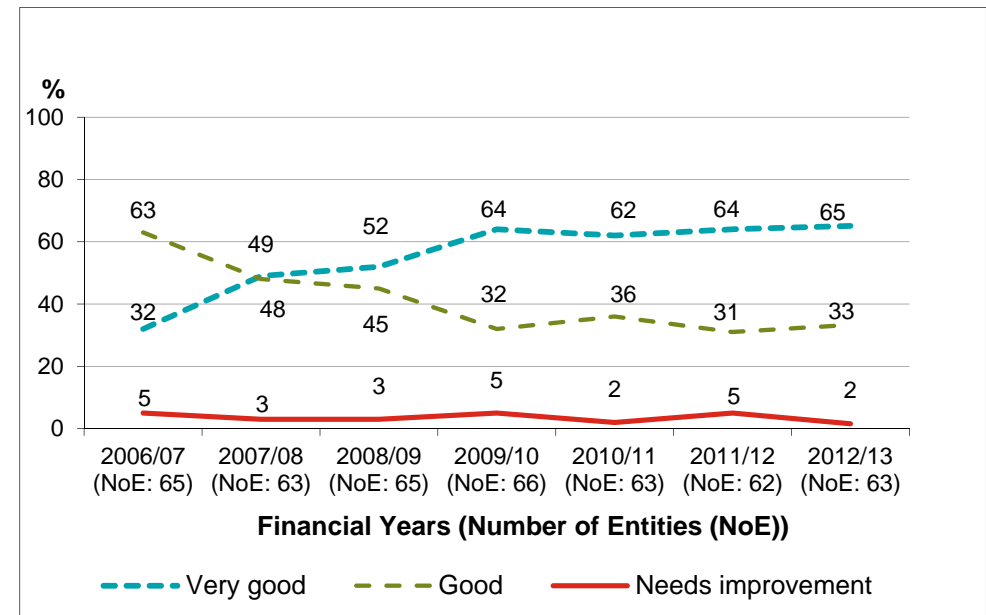


Figure 4: Financial information systems and controls – grades for the Crown entities assessed from 2006/07 to 2012/13





Service performance information and associated systems and controls

Figure 5: Service performance information and associated systems and controls – grades for the departments assessed from 2008/09 to 2012/13

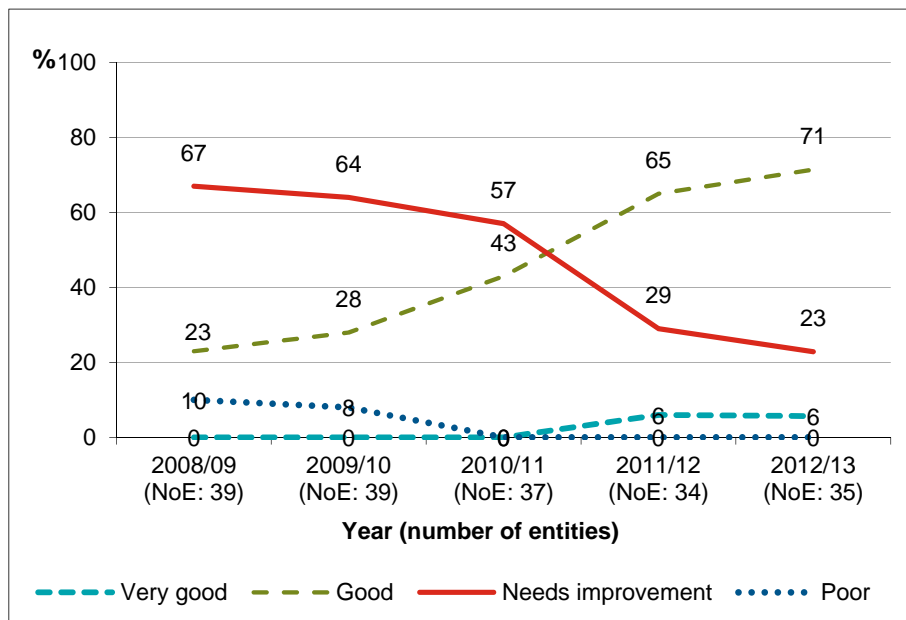
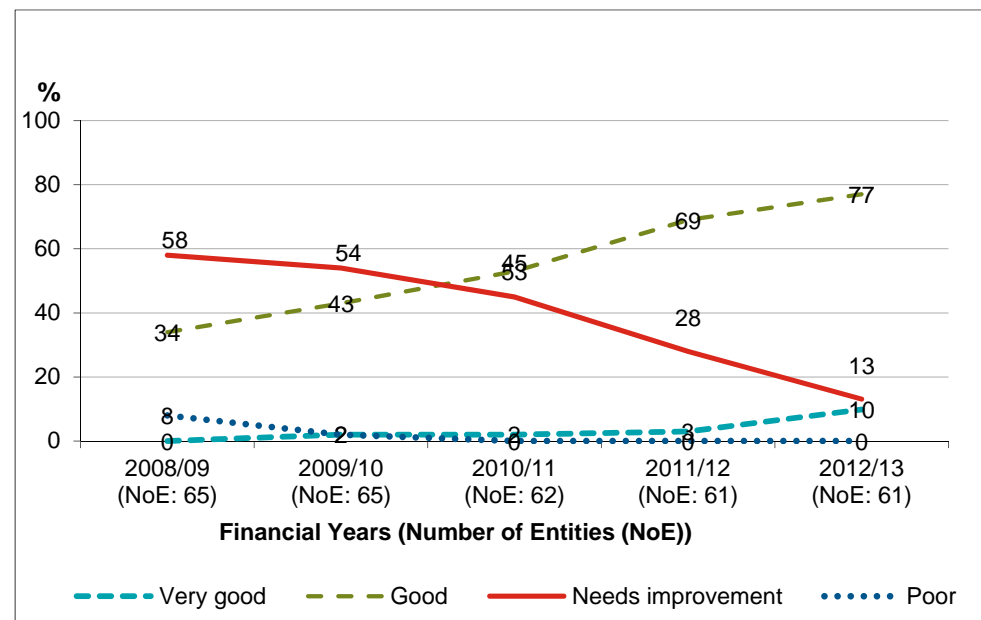


Figure 6: Service performance information and associated systems and controls – grades for the Crown entities assessed from 2008/09 to 2012/13





■ Conclusion

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- A challenging environment – change, fiscal constraint & models.
- Overall, departments & Crown entities are responding with appropriate systems and controls;
- but some common areas of improvement.
- Governance and accountability will be our focus in 2014 audits.