

Performance Audit and Management: Sharing Lessons Learned

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Outline of the Presentation

- Context and The Management of Government Performance
- The Performance Audit Landscape
- The UK Supreme Audit Institution (SAI) – The National Audit Office
- Continuing the dialogue.....

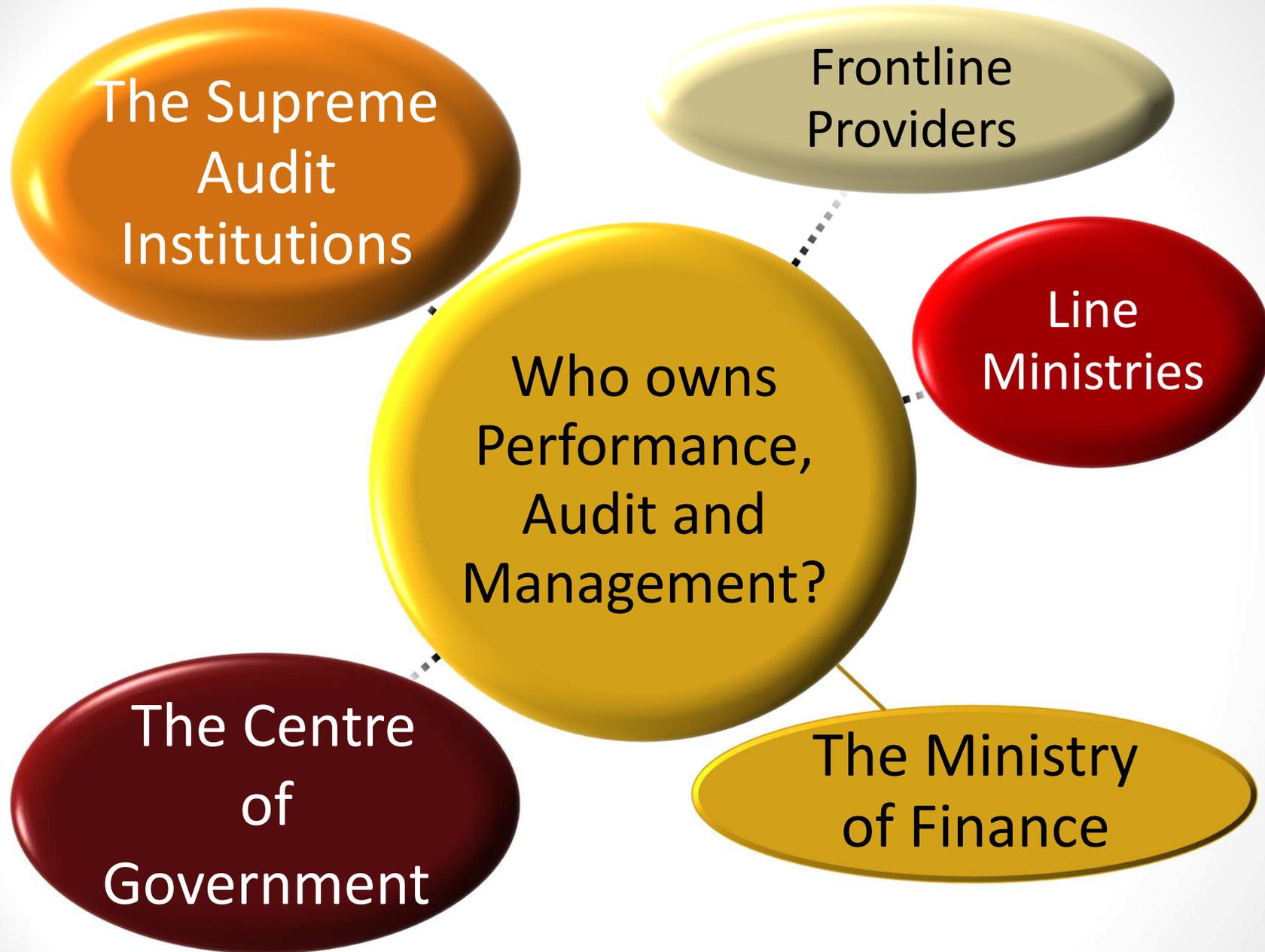
CONTEXT AND THE MANAGEMENT OF GOVERNMENT PERFORMANCE

What are governments about.....

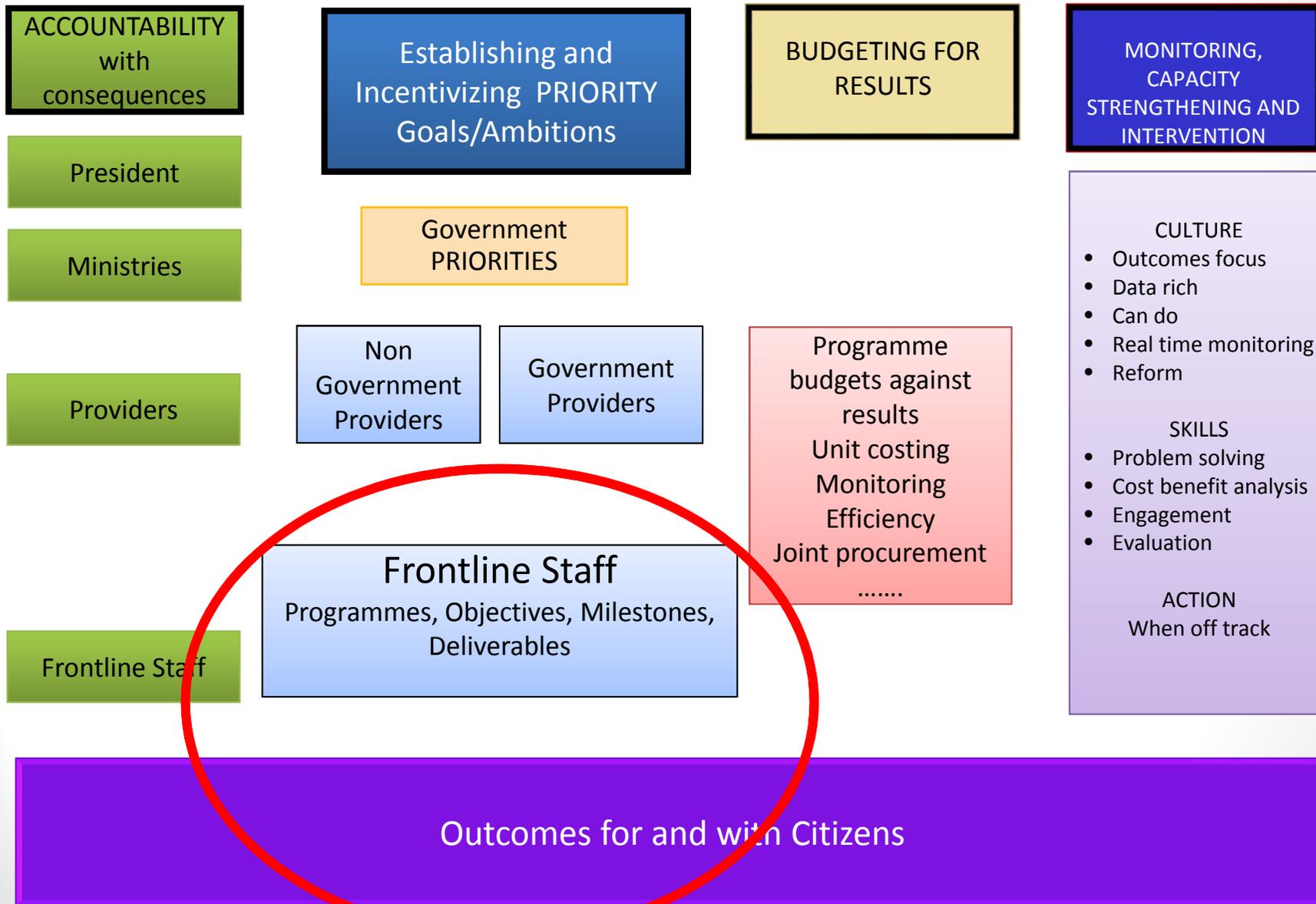


...and who makes the biggest difference?

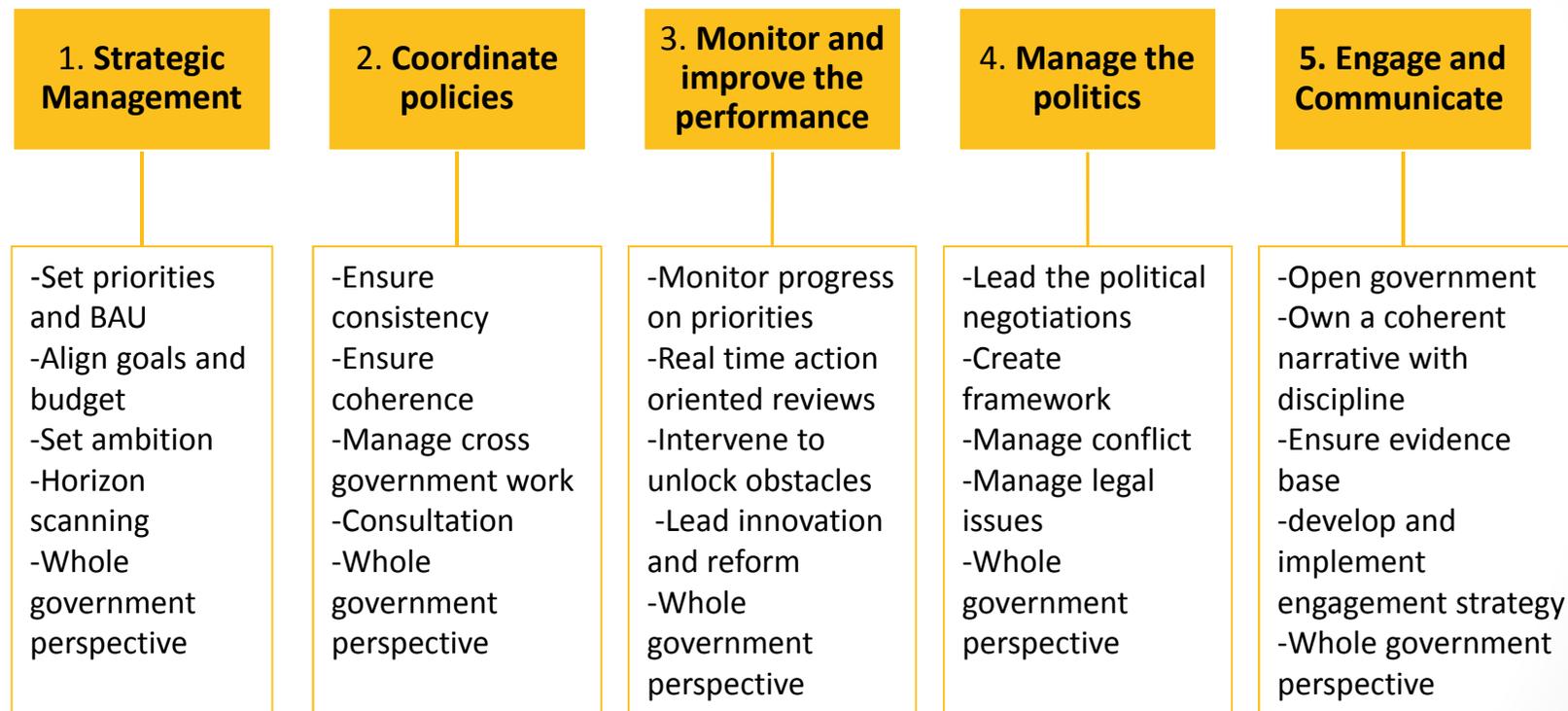




Performance Frameworks....A System

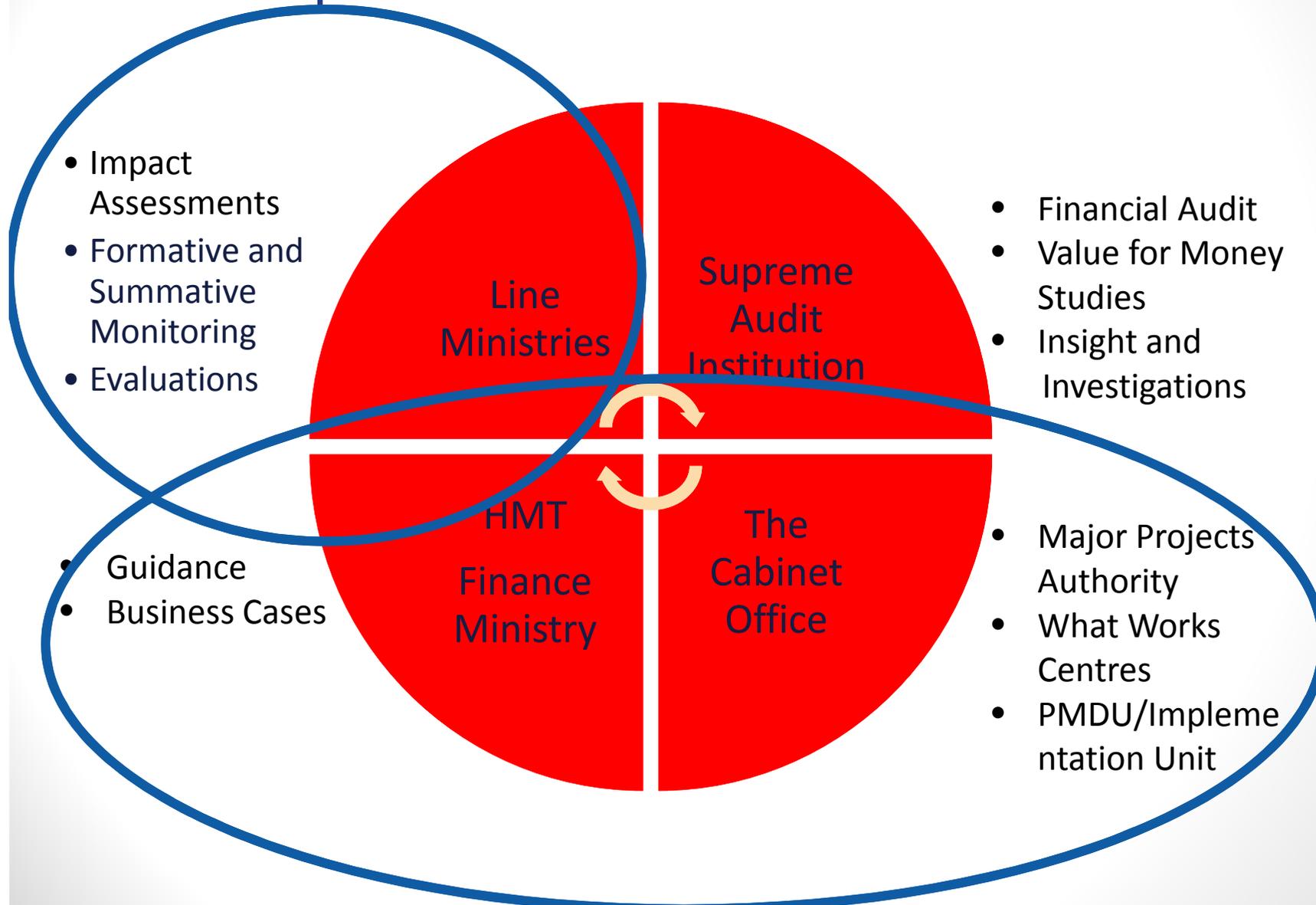


Leadership and Management from the Centre of Government



Government Performance Audit Landscape

An Example of UK

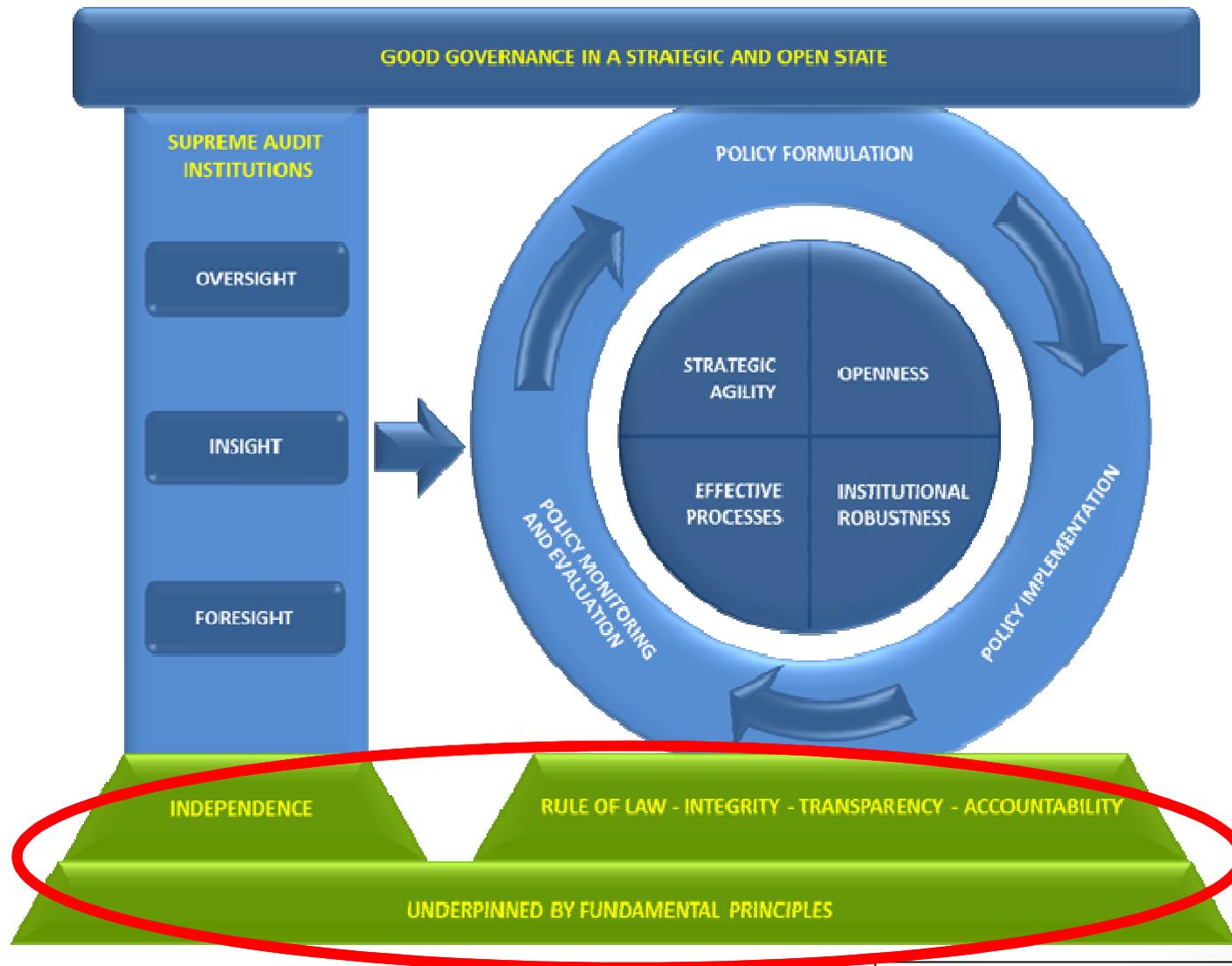


Some Observations on Managing for Performance and Performance Frameworks

- Implicit or explicit in the way government does its business
- Focuses on outcomes for citizens – not just actions
- Establishes the culture with a clear focus on results
- Enables the government to spend money wisely
- Involvement of all the stakeholders in the delivery system
- Facilitates cross agency working
- Creates a 'can do' approach to problem solving and value for money
- Establishes accountability to taxpayers

THE PERFORMANCE AUDIT LANDSCAPE

Good Governance – ‘When SAI’s are professional and independent they strengthen the accountability chain’



Mapping the Role of SAI; OECD; 2014

The Value and Benefits of SAI: Making A Difference to the Lives of Citizens

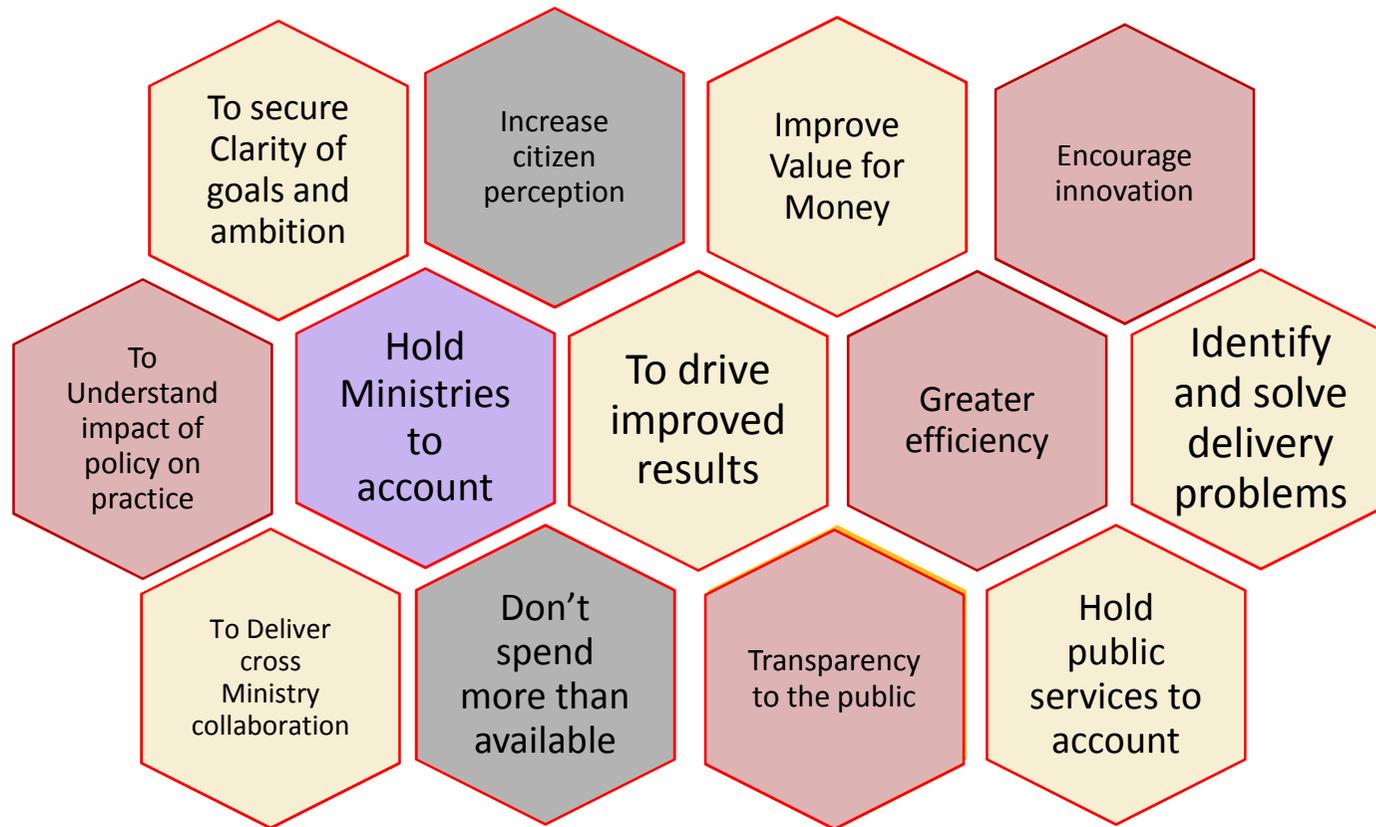
SAI should in accordance with their mandates and applicable professional standards, conduct any or all of the following

- Financial Audits
- Performance Audits
- Audits of Compliance

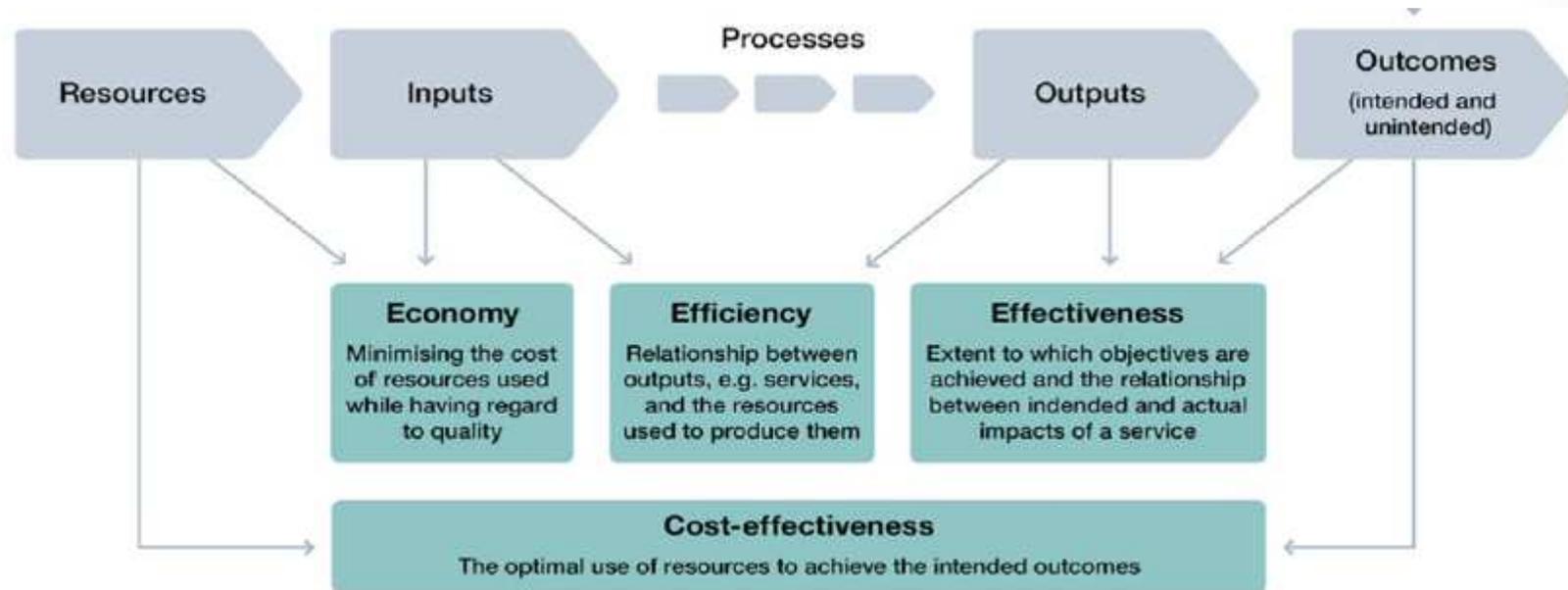


INTOSAI; ISSAI 12; 2013

Why Performance Audit



Economy, Efficiency and Effectiveness



Economy: the cost of resources used or required (*spending less*)

Efficiency: the relationship between the output from goods or services and the resources used to produce them (*spending well*)

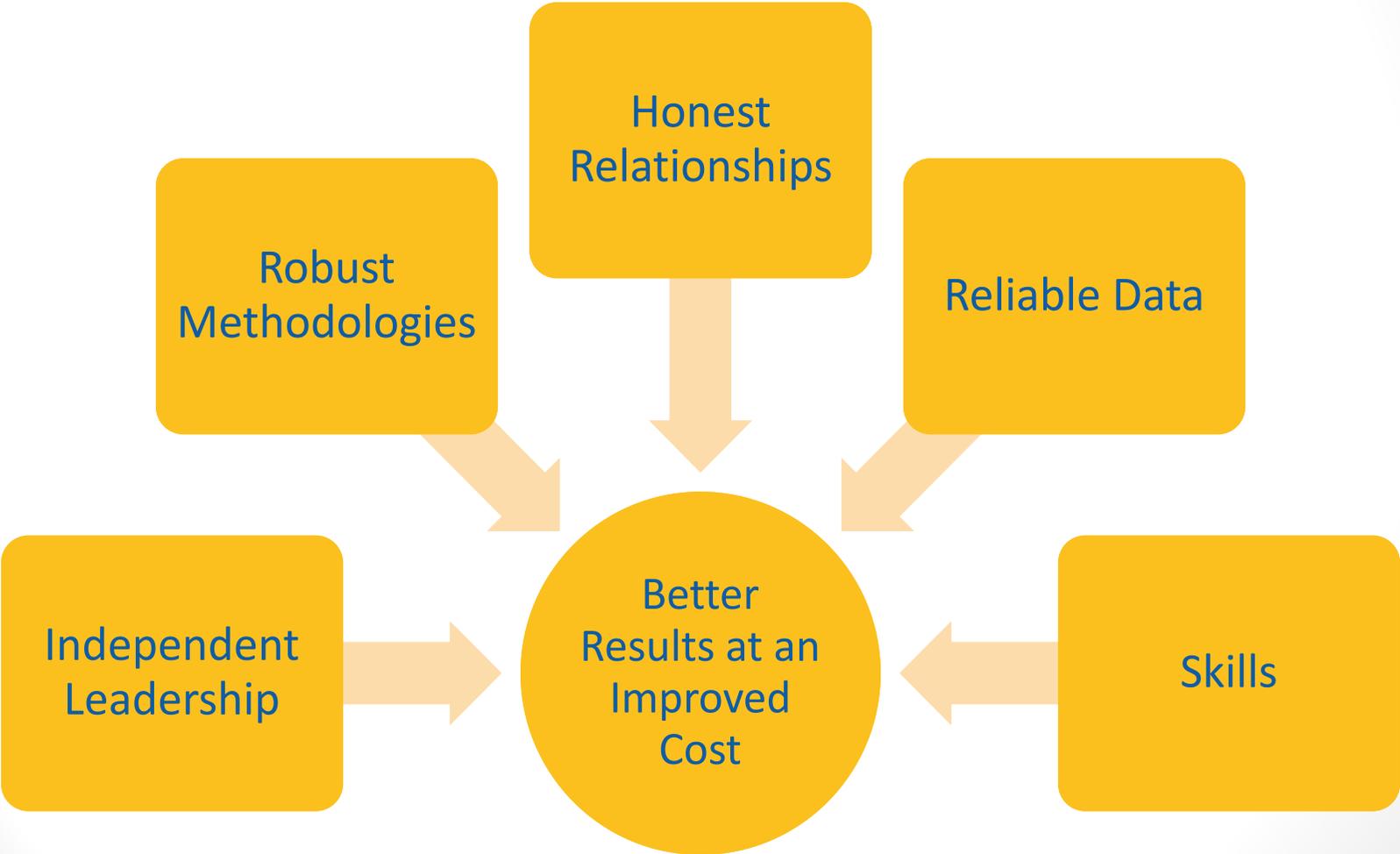
Effectiveness: the difference between intended and actual results of spending (*spending wisely*)

Public Sector Auditing

- **Enhancing accountability, transparency and encouraging continuous improvement** in the use of public funds, assets and of public administration performance.
- **Facilitating the functions** of general oversight and corrective action those responsible for the management of publicly funded activities.
- **Providing independent, objective and reliable information, conclusions or opinions** based on evidence
- **Creating incentives for change** by providing new knowledge, comprehensive analysis and well founded recommendations for improvement.

INTOSAI 100; Fundamental Principles of Public Sector Auditing; 2013

Enablers



Some Observations on Performance Audit

- All SAI are on a journey
- Focusing on results from expenditure of public money – value for money judgements
- Advantage of independence
- Ensure clear standards and principles
- Establish criteria for good public administration – what ‘good’ looks like
- Develop a true and fair account – from evidence
- Use international benchmarks
- Judge impact

UK PERFORMANCE AUDIT

The Journey to the NAO

1314 Auditor of the Exchequer

1356 Richard Chesterfield

1559 Auditors of the Imprest

1780 Commissioners for Auditing the Public Accounts

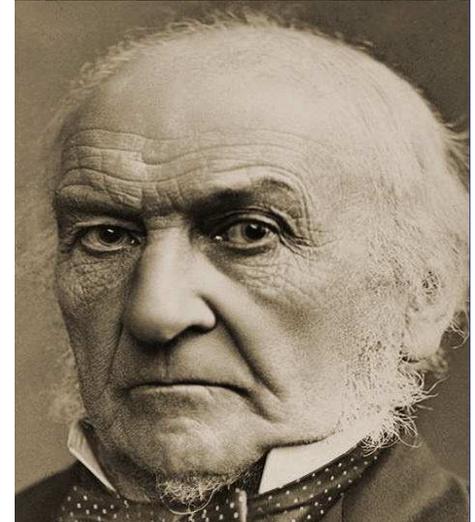
1861 Committee of Public Accounts

Exchequer and Audit Departments Act 1866

Exchequer and Audit Departments Act 1821

National Audit Act 1983

Budget Responsibility and National Audit Act 2011



The NAO Role: To Help the Nation Spend Wisely

Scrutinises public spending for Parliament

Help to **hold government departments** and the bodies we audit **to account** for how they use public money

Helps public service managers to **improve performance and service delivery**, nationally and locally

INPUTS

822 Staff

£63
Million

OUTPUTS

427 Accounts Certified

60 Reports to Parliament

Improvement and
Benchmarking Advice

Detailed Recommendations

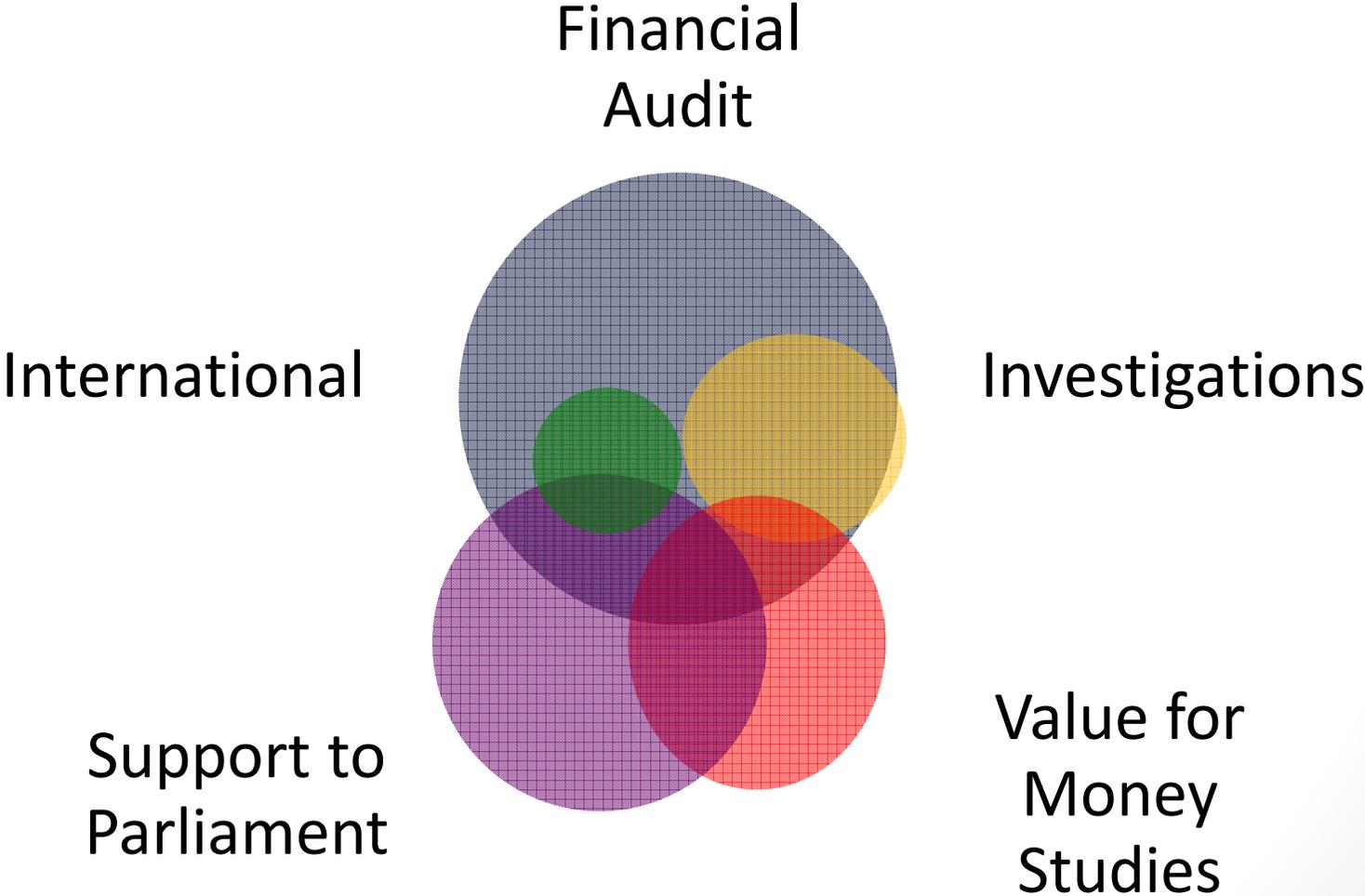
OUTCOMES

Accountability to
Parliament

Improved Public
Services

£1.1 Billion savings

Five Dimensions.....



The Audiences for NAO Work

- The Committee of Public Accounts (PAC)
- Other select committees, including the Public Administration Select Committee, Environment, Health, Transport, etc.
- All MPs and peers
- Senior officials in government departments
- Members of the public and groups interested in aspects of our work

Report
by the Comptroller
and Auditor General

Ministry of Defence

**Major Projects Report 2014
and the Equipment Plan
2014 to 2024**

Briefing
for the House of Commons
Treasury Select Committee

**Review of the VFM
assessment process for PFI**

Department for Work & Pensions

Housing Benefit fraud and error

Department of Health and Public Health England

**Public Health England's
grant to local authorities**

Department for Education

**Academies and maintained schools:
Oversight and intervention**

BBC | Trust

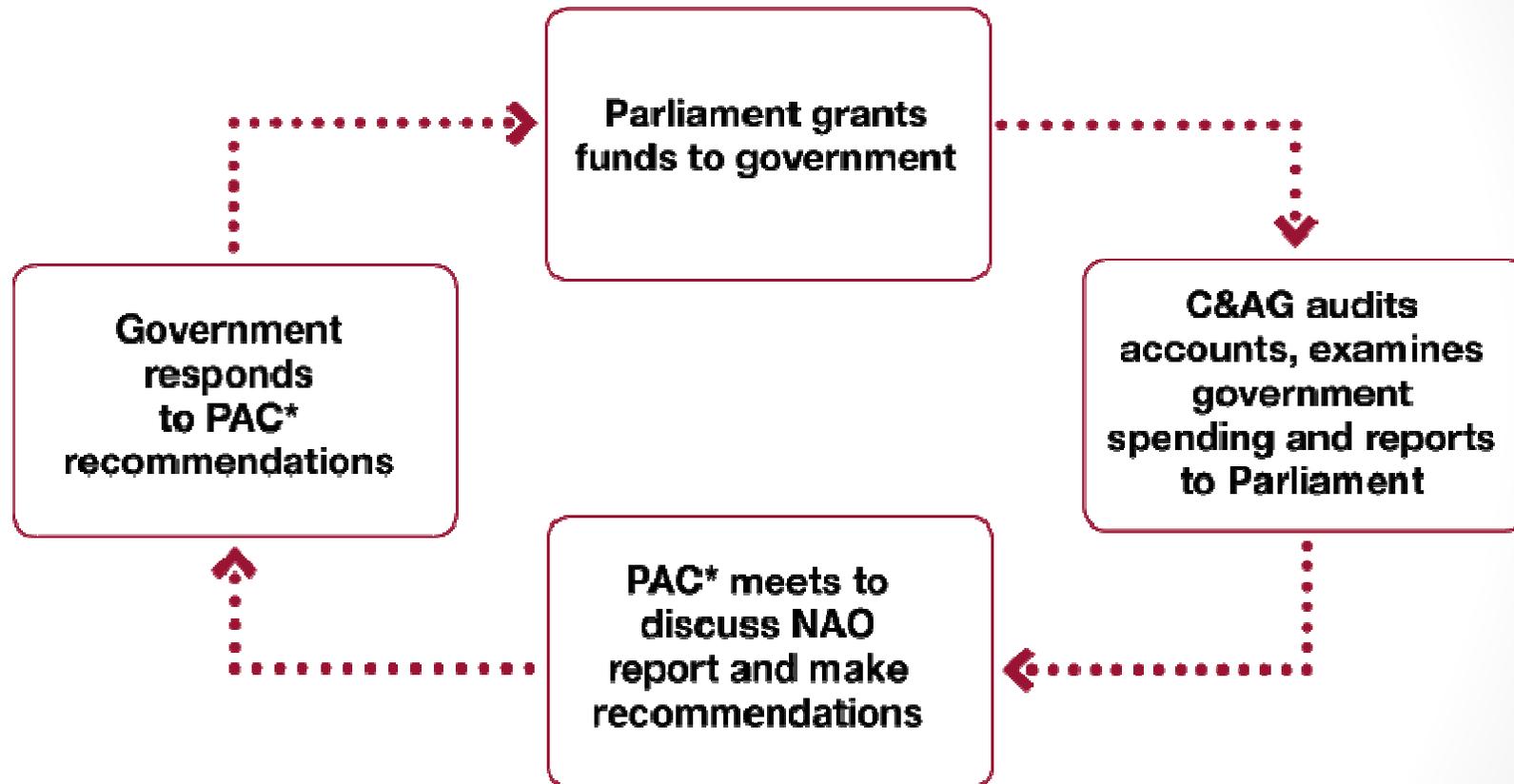


The BBC's efficiency programme

Report by the Comptroller and Auditor General
Presented to the BBC Trust's Finance and Compliance
Committee, 8 September 2011



The Accountability Process



* Committee of Public Accounts

Roles

NAO

Provides Parliament with C&AG Reports

C&AG and NAO Staff attend PAC

Supports PAC with further information

Discusses forward PAC programme and esponds

Committee of Public Accounts (PAC)

Meets about 50 times a year

Takes evidence from Accounting Officers

Reports findings to House of Commons and makes recommendations

Sets programme of hearings and studies

Government Audited Body

Accounting Officers appears before PAC

Treasury Officer of Accounts is also in attendance

Government responds to all PAC recommendations in Treasury Minute

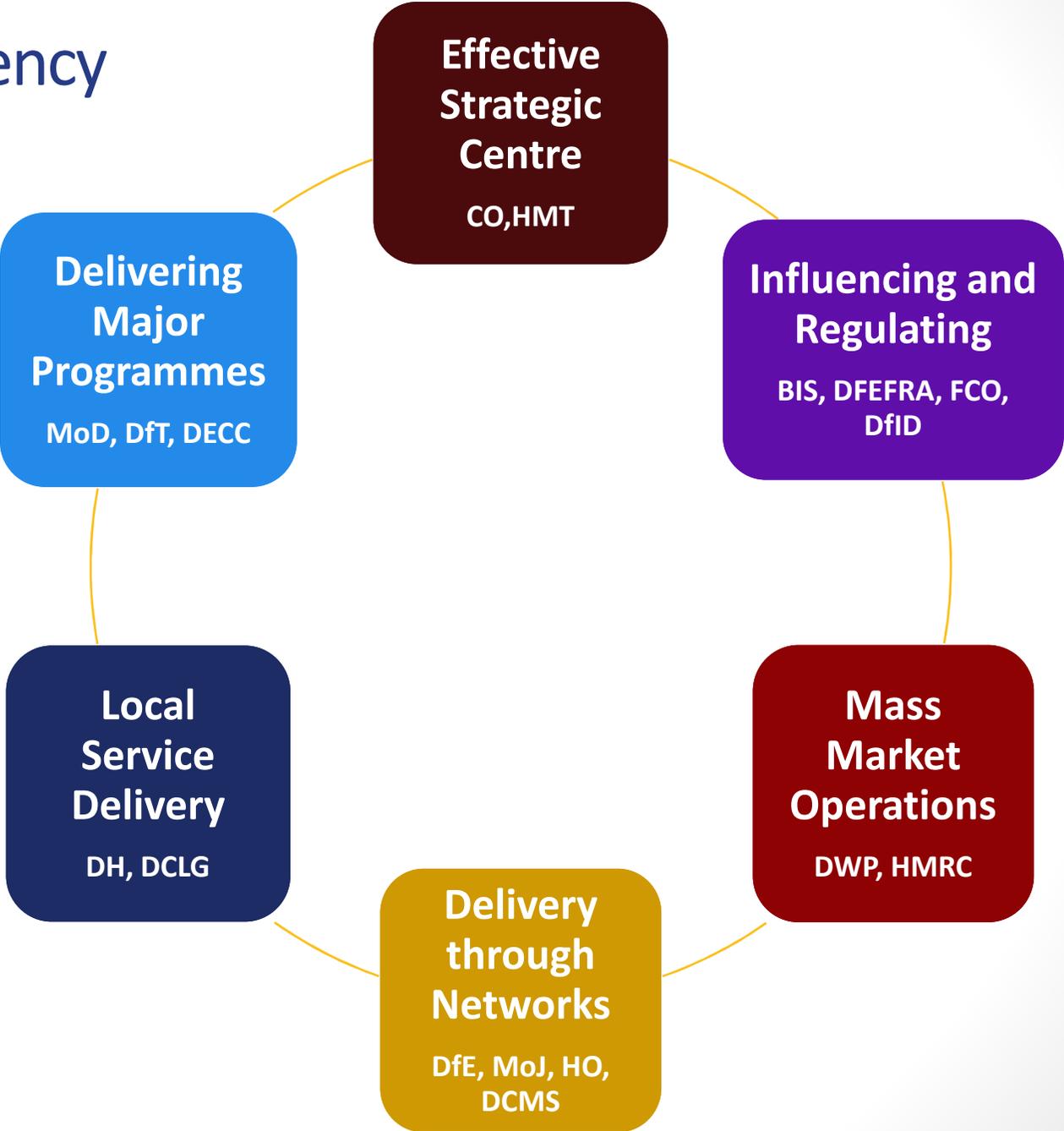
Government replies to the annual PAC debate

Committee of Public Accounts 2010 -2015

- NAO Independent View
 - 276 Evidence Sessions
 - 1338 Recommendations (88% Accepted)
 - 967 Witnessess
 - Accounting Officers
 - SRO and Private Companies
 - Local and International Visits
- Follow the Taxpayers Pound – wherever spent
 - Strengthen accountability
 - Increased transparency
 - Develop skills in government
 - Strong centre of government
 - Better financial management
 - Better services

The Work of the Committee of Public Accounts; HC1141; 2015

Consistency



The NAO Approach to Performance Audit?

A study of how government programmes, projects and initiatives are implemented and if they are the optimal use of resources to achieve the intended outcomes



- Support to business during a recession
- Reorganising central government
- Tackling problem drug use
- Increasing the collection of tax
- Early Action

Quality



Some Final Observations

- SAIs have a significant contribution to make to supporting government efforts in managing for results
- The use of public money is a key element of any performance management framework
- SAIs are on a journey to enhance the impact of performance audit work
- Building robust approaches to performance audit will serve citizens well
- We can all learn from each other



Continuing the dialogue.....

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