

Vote Audit

APPROPRIATION MINISTER(S): Speaker of the House of Representatives (M78)

APPROPRIATION ADMINISTRATOR: Controller and Auditor-General

RESPONSIBLE MINISTER FOR CONTROLLER AND AUDITOR-GENERAL: Speaker of the House of Representatives

Overview of the Vote

The Speaker of the House of Representatives is responsible for appropriations in the Vote for the 2017/18 financial year covering the following:

- A total of \$9.841 million for the Controller and Auditor-General supporting Parliament in ensuring accountability for the use of public resources. This includes providing advice to select committees and other stakeholders, carrying out the Controller function, and carrying out and reporting on performance audits and inquiries relating to public entities.
- A total of \$83.312 million for providing audit services to public entities, and other audit-related assurance services. This is largely funded by fee revenue, but includes \$150,000 funded by revenue from the Crown for audits of smaller entities such as cemetery trusts and reserve boards.
- A total of \$1.052 million for remuneration expenses for both the Auditor-General and the Deputy Auditor-General.
- A total of \$1.231 million for the purchase or development of assets for the use of the Controller and Auditor-General.

Details of these appropriations are set out in Parts 2-4.

Details of Appropriations and Capital Injections

Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Audit and Assurance Services RDA (M78) This appropriation is limited to audit and related assurance services as required or authorised by statute.	75,774	75,774	83,162
Audit and Assurance Services (M78) This appropriation is limited to the performance of audit and related assurance services as required or authorised by statute.	3,192	3,192	150
Total Departmental Output Expenses	78,966	78,966	83,312
Departmental Other Expenses			
Remuneration of Auditor-General and Deputy Auditor-General PLA (M78) This appropriation is limited to remuneration expenses for both the Auditor-General and the Deputy Auditor-General as authorised by clause 5 of the Third Schedule of the Public Audit Act 2001.	1,052	1,052	1,052
Total Departmental Other Expenses	1,052	1,052	1,052
Departmental Capital Expenditure			
Controller and Auditor-General - Capital Expenditure PLA (M78) This appropriation is limited to the purchase or development of assets by and for the use of the Controller and Auditor-General, as authorised by section 24(1) of the Public Finance Act 1989.	1,388	1,388	1,231
Total Departmental Capital Expenditure	1,388	1,388	1,231
Multi-Category Expenses and Capital Expenditure			
Statutory Auditor Function MCA (M78) The overarching purpose of this appropriation is to support Parliament in ensuring accountability for the use of public resources.	9,845	9,702	9,841
<i>Departmental Output Expenses</i>			
<i>Performance Audits and Inquiries</i> This category is limited to undertaking and reporting on performance audits and inquiries relating to public entities under the Public Audit Act 2001 and responding to requests for approvals in relation to pecuniary interest questions regulated by the Local Authorities (Members' Interests) Act 1968.	6,578	6,512	6,576
<i>Supporting Accountability to Parliament</i> This category is limited to reporting to Parliament and others as appropriate on matters arising from audits and inquiries, reporting to and advising select committees, and advising other agencies in New Zealand and abroad to support Parliament and governing bodies in holding their executives to account for the use of public resources.	3,267	3,190	3,265
Total Multi-Category Expenses and Capital Expenditure	9,845	9,702	9,841
Total Annual and Permanent Appropriations	91,251	91,108	95,436

Capital Injection Authorisations

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Controller and Auditor-General - Capital Injection (M78)	-	-	-

Supporting Information

Part 1 - Vote as a Whole

This part provides trend information for the vote.

1.2 - Trends in the Vote

Summary of Financial Activity

	2012/13	2013/14	2014/15	2015/16	2016/17		2017/18			2018/19	2019/20	2020/21
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	69,448	71,756	76,503	77,856	78,966	78,966	83,312	-	83,312	81,942	82,901	88,895
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	883	923	950	972	1,052	1,052	1,052	-	1,052	1,052	1,052	1,052
Capital Expenditure	3,801	1,028	974	1,100	1,388	1,388	1,231	-	1,231	1,513	866	828
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	9,065	8,800	9,012	9,758	9,845	9,702	9,841	-	9,841	9,841	9,841	9,841
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	83,197	82,507	87,439	89,686	91,251	91,108	95,436	-	95,436	94,348	94,660	100,616
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

1.3 - Analysis of Significant Trends

Output expenses in the financial years ended June 2015, 2018 and 2021 are higher as these years include the triennial audits of Local Authorities' long-term plans. Higher capital expenditure during 2012/13 reflects the fit-out of Wellington premises for the Controller and Auditor-General.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Audit and Assurance Services RDA (M78)

Scope of Appropriation

This appropriation is limited to audit and related assurance services as required or authorised by statute.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	75,774	75,774	83,162
Revenue from the Crown	-	-	-
Revenue from Others	75,774	75,774	83,162

What is Intended to be Achieved with this Appropriation

This appropriation is intended to deliver audit services to all public entities, and other audit-related assurance services to enable Parliament to have independent assurance that public entities are accountable for their performance in the way that Parliament intended.

How Performance will be Assessed and End of Year Reporting Requirements

Performance for this Appropriation will be assessed by the performance measures listed below. These measures need to be considered in the context of the high level outcomes outlined in the Auditor-General's strategic intentions 2014/15 to 2017/18 and in the context of the Auditor-General's Annual Plan 2017/18.

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of key recommendations our auditors include in management reports that are accepted, and acted on.	At least 70%	At least 70%	At least 70%
Percentage of public entities' audited reports that are signed within the statutory time frame.	At least 75%	At least 75%	At least 75%
Percentage of audit reports not signed within the statutory time frame that are because of inaction on our part.	Less than 30%	Less than 30%	Less than 30%
Percentage of management reports issued within six weeks of issuing the audit report.	100%	93%	100%
Percentage of long-term plan audit opinions signed by 30 June (unless held up by the local authority).	N/A	N/A	100%
Percentage of long-term plan management reports that have been provided to local authorities.	N/A	N/A	100%

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Annual independent review confirms the probity and objectivity of the methods and processes we use to allocate and tender audits, and monitor the reasonableness of audit fees.	Confirmation by annual independent review	Confirmation by annual independent review	Confirmation by annual independent review
Percentage of respondents from our satisfaction survey of public entities who are satisfied with their audit (including the expertise of audit staff and the public entity's relationship with those staff).	At least 85%	At least 75%	At least 85%
Percentage of appointed auditors who have a quality assurance grade of at least "satisfactory", based on our most recent quality assurance review.	100%	95%	100%

End of Year Performance Reporting

Performance information for this appropriation will be reported in the Auditor-General's 2017/18 Annual Report.

Reasons for Change in Appropriation

This appropriation increased by \$7.388 million to \$83.162 million for 2017/18, because the triennial audits of Local Authorities long term plans are due to be completed in this year.

Memorandum Account

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Audit and assurance services			
Opening Balance at 1 July	3,243	3,243	701
Revenue	75,774	75,774	83,162
Expenses	78,316	78,316	81,078
Transfers and Adjustments	-	-	-
Closing Balance at 30 June	701	701	2,786

Audit and Assurance Services (M78)

Scope of Appropriation

This appropriation is limited to the performance of audit and related assurance services as required or authorised by statute.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,192	3,192	150
Revenue from the Crown	150	150	150
Revenue from Others	-	-	-

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for audit and related assurance services. Audits of smaller entities such as cemetery trusts and reserve boards are funded by the Crown.

How Performance will be Assessed and End of Year Reporting Requirements

Performance for this appropriation will be assessed through the performance measures listed under Audit and Assurance Services RDA on pages 8 and 9.

End of Year Performance Reporting

Performance information for this appropriation will be reported in the Auditor-General's 2017/18 Annual Report.

Reasons for Change in Appropriation

This appropriation will decrease by \$3.042 million to \$150,000, because the forecast in the Audit and Assurance Services revenue dependent appropriation is for a surplus in 2017/18. The additional appropriation is required to use memorandum account funds in deficit years.

2.2 - Departmental Other Expenses

Remuneration of Auditor-General and Deputy Auditor-General PLA (M78)

Scope of Appropriation

This appropriation is limited to remuneration expenses for both the Auditor-General and the Deputy Auditor-General as authorised by clause 5 of the Third Schedule of the Public Audit Act 2001.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,052	1,052	1,052

What is Intended to be Achieved with this Appropriation

This permanent appropriation provides payment to the Auditor-General and Deputy Auditor-General as determined by the Remuneration Authority.

How Performance will be Assessed and End of Year Reporting Requirements

The Auditor-General and Deputy Auditor-General lead the performance of the Office. The performance of the Office's activities, including the above payment, is reflected in the information for departmental output and multi-category appropriations.

End of Year Performance Reporting

Performance information for the Office will be reported in the Auditor-General's 2017/18 Annual Report.

2.3 - Departmental Capital Expenditure and Capital Injections

Controller and Auditor-General - Capital Expenditure PLA (M78)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Controller and Auditor-General, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	362	362	191
Intangibles	669	669	670
Other	357	357	370
Total Appropriation	1,388	1,388	1,231

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the renewal of assets that support the delivery of the Controller and Auditor-General's operations.

How Performance will be Assessed and End of Year Reporting Requirements

Expenditure is in accordance with the Controller and Auditor-General's capital asset management plan.

End of Year Performance Reporting

Performance information for this appropriation will be reported in the Auditor-General's 2017/18 Annual Report.

Capital Injections and Movements in Departmental Net Assets

Controller and Auditor-General

Details of Net Asset Schedule	2016/17 Estimated Actual \$000	2017/18 Projected \$000	Explanation of Projected Movements in 2017/18
Opening Balance	9,465	6,923	
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(2,542)	2,084	The surplus to be retained or deficit incurred reflects amounts that will be held in or used from the Audit and Assurance Services Memorandum Account
Other Movements	-	-	
Closing Balance	6,923	9,007	

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

Multi-Category Expenses and Capital Expenditure

Statutory Auditor Function (M78)

Overarching Purpose Statement

The overarching purpose of this appropriation is to support Parliament in ensuring accountability for the use of public resources.

Scope of Appropriation

Departmental Output Expenses

Performance Audits and Inquiries

This category is limited to undertaking and reporting on performance audits and inquiries relating to public entities under the Public Audit Act 2001 and responding to requests for approvals in relation to pecuniary interest questions regulated by the Local Authorities (Members' Interests) Act 1968.

Supporting Accountability to Parliament

This category is limited to reporting to Parliament and others as appropriate on matters arising from audits and inquiries, reporting to and advising select committees, and advising other agencies in New Zealand and abroad to support Parliament and governing bodies in holding their executives to account for the use of public resources.

Expenses, Revenue and Capital Expenditure

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,845	9,702	9,841
Departmental Output Expenses			
Performance Audits and Inquiries	6,578	6,512	6,576
Supporting Accountability to Parliament	3,267	3,190	3,265
Funding for Departmental Output Expenses			
Revenue from the Crown	9,615	9,615	9,611
Performance Audits and Inquiries	6,578	6,578	6,576
Supporting Accountability to Parliament	3,037	3,037	3,035
Revenue from Others	230	213	230
Supporting Accountability to Parliament	230	213	230

What is Intended to be Achieved with this Appropriation

This appropriation is intended to support Parliament in ensuring accountability for the use of public resources through:

- Services to Parliament - assistance and assurance to select committees and other stakeholders.
- Controller function - assurance to Parliament that spending has been properly incurred within appropriation.
- Reports, Studies and Inquiries - reporting on the results of annual audits, performance audits and other studies and inquiring into a public entity's use of resources.

How Performance will be Assessed for this Appropriation

Performance for this Appropriation will be assessed through the performance measures listed below. These measures need to be considered in the context of the Auditor-General's strategic intentions 2014/15 to 2017/18, and the Auditor-General's Annual Plan 2017/18.

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Quality standards are consistently met: stakeholders surveyed who confirm relevance of our work to users and reports independently reviewed that are assessed as high quality.	At least 85% for stakeholders and 100% for reports	At least 85% for stakeholders and 100% for reports	At least 85% for stakeholders and 100% for reports
Process standards are consistently met: external review and internal quality assurance review confirm our performance audit process standards are consistently complied with and our policies and procedures for statutory auditor functions meet relevant standards.	Confirmation by external and internal review	Confirmation by external and internal review	Confirmation by external and internal review

What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Departmental Output Expenses			
Performance Audits and Inquiries			
This category is intended to provide Parliament with assurance about how well public entities use resources and manage a range of matters and programmes, making recommendations where we consider improvements can be made.			
Entities accept the key recommendations made in our reports, and the recommendations influence improvement.	As assessed in follow up reports	As assessed in follow up reports	As assessed in follow up reports
Findings on inquiries reported to the relevant parties within three months for routine inquiries, six months for significant inquiries and 12 months for major inquiries.	At least 80%	80%	At least 80%
Local Authorities (Members' Interests) Act 1968 (LAMIA) matters that are completed within 30 working days.	At least 80%	80%	At least 80%

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Supporting Accountability to Parliament			
This category is intended to provide advice and assistance to Parliament and our other stakeholders to assist them in their work to improve the performance and accountability of public entities. Our Controller function provides independent assurance to Parliament that public money has been spent appropriately and lawfully.			
Percentage of stakeholders we survey who confirm that our advice assists them.	At least 85%	At least 85%	At least 85%
Select committees and other stakeholders are satisfied with the proposed work programme (as indicated by feedback on our draft annual work programme).	Stakeholders are satisfied	Stakeholders are satisfied	Stakeholders are satisfied
Percentage of projects in the programme of work under this output class that are delivered within their planned time frames.	At least 75%	Less than 75%	At least 75%
Percentage of briefings given to select committees at least two days before an examination, unless otherwise agreed.	100%	100%	100%
Controller function: monthly statements provided by the Treasury are reviewed for the period September to June inclusive. Advice of issues arising and action to be taken is provided to the Treasury and appointed auditors within five working days of receipt of the statement.	Procedures followed and agreed timeframes met	Procedures followed and agreed timeframes met	Procedures followed and agreed timeframes met

End of Year Performance Reporting

Performance information for this Appropriation will be reported in the Auditor-General's 2017/18 Annual Report.