

Vote Audit

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

DEPARTMENT ADMINISTERING THE VOTE: Controller and Auditor-General (A1)

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 2024/25 covering the following:

- a total of just over \$134 million for providing audit services to public entities, and other audit-related assurance services. This includes \$150,000 funded by revenue from the Crown for audits of smaller entities such as cemetery trusts and reserve boards
- a total of just over \$22 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 just over \$5 million for the purchase or development of assets for the use by the Office of the Controller and Auditor-General, and
- a total of just over \$1 million for remuneration expenses for both the Auditor-General and the Deputy Auditor-General.

The Speaker of the House of Representatives is also responsible for a capital injection of just over \$7 million to the Controller of the Auditor-General.

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

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Audit and Assurance Services RDA (M78) (A1) This appropriation is limited to audit and related assurance services as required or authorised by statute.	123,563	123,563	122,491
Audit and Assurance Services (M78) (A1) This appropriation is limited to audit and related assurance services as required or authorised by statute.	13,983	13,983	11,960
Total Departmental Output Expenses	137,546	137,546	134,451
Departmental Other Expenses			
Remuneration of Auditor-General and Deputy Auditor-General PLA (M78) (A1) 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.	1,166	1,166	1,166
Total Departmental Other Expenses	1,166	1,166	1,166
Departmental Capital Expenditure			
Controller and Auditor-General - Capital Expenditure PLA (M78) (A1) 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.	4,585	4,585	5,030
Total Departmental Capital Expenditure	4,585	4,585	5,030
Multi-Category Expenses and Capital Expenditure			
Statutory Auditor Function MCA (M78) (A1) The single overarching purpose of this appropriation is to support Parliament in ensuring accountability for the use of public resources.	20,576	20,576	22,152
Departmental Output Expenses			
<i>Performance Audits, Inquiries, and other studies</i> This category is limited to undertaking and reporting on performance audits, inquiries, and other studies 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.	13,426	13,426	15,251
<i>Supporting Accountability to Parliament</i> This category is limited to reporting to Parliament and others as appropriate on matters arising from audits, inquiries, and other studies, reporting to and advising select committees, and advising other agencies in New Zealand and internationally to support Parliament and governing bodies in holding their executives to account for the use of public resources.	7,150	7,150	6,901
Total Multi-Category Expenses and Capital Expenditure	20,576	20,576	22,152
Total Annual Appropriations and Forecast Permanent Appropriations	163,873	163,873	162,799

Capital Injection Authorisations

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Controller and Auditor-General - Capital Injection (M78) (A1)	7,738	7,738	7,355

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

	2019/20	2020/21	2021/22	2022/23	2023/24		2024/25			2025/26	2026/27	2027/28
	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	85,353	95,161	98,546	116,350	137,546	137,546	134,451	-	134,451	137,036	145,009	145,876
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	1,099	1,011	1,099	1,099	1,166	1,166	1,166	-	1,166	1,166	1,166	1,166
Capital Expenditure	1,520	1,389	2,283	2,818	4,585	4,585	5,030	-	5,030	2,602	2,860	2,476
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	13,409	16,253	16,073	18,608	20,576	20,576	22,152	-	22,152	20,182	20,182	20,182
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	101,381	113,814	118,001	138,875	163,873	163,873	162,799	-	162,799	160,986	169,217	169,700
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 Annual Appropriations and Forecast Permanent Appropriations and Multi-Year 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

Forecast increases in capital expenditure and operating expenses reflect future investment in technology to support the Office's work. Costs also vary with fluctuations in the amount of audit work completed each year. The increase in total appropriations between 2021/22 and 2023/24 reflected increased audit delivery, which was cost recovered. The financial years ended June 2021, June 2024 and June 2027 include the triennial audits of Local Authorities' long-term plans, which drives higher costs and revenue.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Audit and Assurance Services RDA (M78) (A1)

Scope of Appropriation

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

Expenses and Revenue

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	123,563	123,563	122,491
Revenue from the Crown	-	-	-
Revenue from Others	123,563	123,563	122,491

What is Intended to be Achieved with this Appropriation

This appropriation is intended to deliver audit services and other audit-related services to all public entities to provide Parliament and the public with independent assurance that public entities are accounting for their performance, in keeping with Parliament's intentions.

How Performance will be Assessed and End of Year Reporting Requirements

	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of audit files subject to quality assurance review during the year that achieve a rating of at least 'satisfactory' (see Note 1)	100%	90%	100%
Percentage and number of appointed auditors with a quality assurance grade of at least 'satisfactory', based on the most recent quality assurance review (see Note 2)	100%	85%	100%
Number of audit reports withdrawn	No audit reports withdrawn	No audit reports withdrawn	No audit reports withdrawn
Percentage of public entities that are 'satisfied' with the overall quality of their audit service (as determined by responses to our satisfaction survey) (see Note 3)	At least 85%	Not estimated	At least 85%
Percentage of audit reports that are signed by the applicable statutory deadline	At least 80%	79%	At least 80%
Number of entities with audit reports in arrears as at 30 June (see Note 4)	Fewer than 495	710	Fewer than 495
Percentage of finalised reports to governors about the audit (which incorporate responses from management) that are provided within 6 weeks of signing the audit report (see Note 5)	100%	90%	100%

	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of Ministerial letters on annual audits that are issued to Ministers and Parliamentary select committees within the expected time period:	100%	65%	100%
<ul style="list-style-type: none"> where the audit report statutory deadline is 31 October, within 15 weeks of signing the audit report for all other audits, within 10 weeks of the signing of the audit report (see Note 5) 			
Annual independent review confirms the probity and objectivity of the methods and processes we use to allocate and tender audits and to monitor the reasonableness of audit fees	Confirmed	Confirmed	Confirmed

Note 1 - The Office sets a target of 100% of quality assurance reviews to achieve at least a grade of 'satisfactory' or higher, as it is the Office's expectation that audit files meet these quality standards. However, The Office does identify a number of audit files each year which do not meet a 'satisfactory' standard. The estimated actual reflects this.

Note 2 - The result of this measure is based on the most recent quality assurance grade for the appointed auditors. It is therefore cumulative of the results of last few years' quality review results. In 2022/23, the result decreased to 88%. The Office had targeted the quality assurance reviews on appointed auditors considered to be higher risk, new appointed auditors, and those for whom there was limited data about their quality of their files. This targeted approach reduced the number of appointed auditors on 'satisfactory' or higher. The Office anticipates this will continue to drive an overall result lower than target.

Note 3 - The satisfaction survey is yet to be finalised to generate the results for this Financial Year.

Note 4 - In setting a target of fewer than 495, the Office is conscious of the challenges small organisations face completing financial statements on time and the consequential challenges for auditors. It also notes the large number of school audits that need to be completed in a tight timeframe with statutory deadlines close to our financial year end of 30 June. Workforce challenges continue to affect the timely completion of the audits of small organisations including schools.

Note 5 - These results remain at risk from the effects of deferral of audits and capacity issues due to the impacts from COVID-19.

Performance for this appropriation will be assessed by the performance measures listed above. The measures need to be considered in the context of the high-level outcomes outlined in *The Auditor-General's Strategic Intentions to 2028*, and in the context of the *Auditor-General's Annual Plan 2023/24*.

End of Year Performance Reporting

Performance information for this appropriation will be reported in the *Auditor-General's Annual Report 2024/25*.

Reasons for Change in Appropriation

The decrease in this appropriation for 2024/25 is mainly due to the reduced number of audits of Local Authorities' long-term plans partly offset by the increased additional investment in technology and increased resources to support the Office's audit operations.

Audit and Assurance Services (M78) (A1)

Scope of Appropriation

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

Expenses and Revenue

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,983	13,983	11,960
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 the Audit and Assurance Services RDA.

End of Year Performance Reporting

Performance information for this appropriation will be reported in the *Auditor-General's Annual Report 2024/25*.

Reasons for Change in Appropriation

The decrease in this appropriation for 2024/25 is mainly due to the improved forecasted Audit and Assurance Services operating deficit in 2024/25 and the associated buffer to mitigate uncertainty in the timing of audit revenue and costs.

Memorandum Account

A non-repayable capital injection of \$16 million was approved by the Officers of Parliament Committee in March 2023 to address the increased time and non-recoverable costs of audits arising from COVID-19. \$2 million was drawn down and applied to the Audit and Assurance Services Memorandum Account in 2022/23, with the remainder to be received in equal instalments in 2023/24 and 2024/25.

	2023/24		2024/25
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Audit and Assurance Services			
Opening Balance at 1 July	2,017	2,017	5,435
Revenue	123,713	123,713	122,641
Expenses	127,145	127,145	129,613
Transfers and Adjustments	7,000	7,000	7,000
Closing Balance at 30 June	5,435	5,435	5,463

2.2 - Departmental Other Expenses

Remuneration of Auditor-General and Deputy Auditor-General PLA (M78) (A1)

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

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,166	1,166	1,166

What is Intended to be Achieved with this Appropriation

This permanent appropriation provides remuneration payments 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 this appropriation will be reported in the *Auditor-General's Annual Report 2024/25*.

2.3 - Departmental Capital Expenditure and Capital Injections

Controller and Auditor-General - Capital Expenditure PLA (M78) (A1)

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

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	2,856	2,856	1,759
Intangibles	1,729	1,729	3,271
Other	-	-	-
Total Appropriation	4,585	4,585	5,030

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the replacement and creation 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 Annual Report 2024/25*.

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is mainly due to the planned investment in technology to support the Office's work as part of the Information Systems Strategic Plan. The decrease in property, plant and equipment reflects reduced expenditure on the Office's property portfolio.

*Capital Injections and Movements in Departmental Net Assets***Controller and Auditor-General**

Details of Net Asset Schedule	2023/24 Estimated Actual \$000	2024/25 Projected \$000	Explanation of Projected Movements in 2024/25
Opening Balance	12,144	16,299	
Capital Injections	7,738	7,355	A non-repayable capital injection of \$16 million was approved in Budget 2023 to adjust the Audit and Assurance Memorandum Account and address the impacts of COVID-19 on the completion of audits in 2021/22 and 2022/23 undertaken by the Office's in-house audit provider, Audit New Zealand. \$7 million will be drawn down and applied to the Audit and Assurance Services Memorandum Account in 2024/25. An additional capital injection of \$355,000 will be drawn down in 2024/25 to fund planned investment in the Office's technology as part of the Information Systems Strategic Plan.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(3,583)	(6,973)	The deficit in 2024/25 reflects updated forecast for Audit and Assurance Services Memorandum Account.
Other Movements	-	-	
Closing Balance	16,299	16,681	

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

4 - Multi-Category Expenses and Capital Expenditure

Statutory Auditor Function (M78) (A1)

Overarching Purpose Statement

The single 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, Inquiries, and other studies

This category is limited to undertaking and reporting on performance audits, inquiries, and other studies 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, inquiries, and other studies, reporting to and advising select committees, and advising other agencies in New Zealand and internationally to support Parliament and governing bodies in holding their executives to account for the use of public resources.

Expenses, Revenue and Capital Expenditure

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	20,576	20,576	22,152
Departmental Output Expenses			
Performance Audits, Inquiries, and other studies	13,426	13,426	15,251
Supporting Accountability to Parliament	7,150	7,150	6,901
Funding for Departmental Output Expenses			
Revenue from the Crown	19,957	19,957	21,782
Performance Audits, Inquiries, and other studies	13,426	13,426	15,251
Supporting Accountability to Parliament	6,531	6,531	6,531
Revenue from Others	619	619	370
Supporting Accountability to Parliament	619	619	370

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 government spending has been properly authorised by Parliament.
- 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. The measures need to be considered in the context of *The Auditor-General's Strategic Intentions to 2028*, and the *Auditor-General's Annual Plan 2024/25*.

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

	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Departmental Output Expenses			
Performance Audits, Inquiries, and other studies			
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.			
Percentage of Parliamentary select committees that rate our reports on inquiries, performance audits, and other studies as at least 'satisfactory' (see Note 1)	100%	Not estimated	100%
Percentage of performance audits that substantially meet the Auditor-General's process and reporting quality criteria (as determined by quality assurance review)	100%	100%	100%
Percentage of audited entities that rate our performance audits as at least 'satisfactory'	At least 85%	100%	At least 85%
Percentage of performance audit work that was concluded and had findings reported within six months (see Note 2)	At least 10%	53.8%	At least 10%
Percentage of performance audit work that was concluded and had findings reported within ten months (see Note 2)	At least 70%	61.5%	At least 70%
Percentage of performance audit work that was concluded and had findings reported within twelve months (see Note 2)	100%	69.2%	100%
Percentage of other publications concluded and their findings reported within the expected time period (see Note 3)	At least 75%	59%	At least 75%
Percentage of inquiries that meet the Auditor-General's process and reporting quality criteria (as determined by quality assurance review)	100%	100%	100%
Percentage of requests for inquiries or self-initiated issues which are considered and a view is reached within 4 weeks	At least 90%	90%	At least 90%

Assessment of Performance	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of pieces of inquiry work (except major inquiries) that are concluded within 6 months	At least 90%	90%	At least 90%
Percentage of major inquiries that are concluded and their findings reported within the expected time period	At least 75%	100%	At least 75%
Percentage of requests under the Local Authorities (Members' Interests) Act 1968 for approval of contracts that are responded to within the expected time period	At least 90%	95%	At least 90%
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 within authority and lawfully.			
Percentage of Parliamentary select committees that rate our advice as at least 'satisfactory' (see Note 1)	100%	Not estimated	100%
Percentage of briefing papers that are submitted to select committees by the agreed deadline	100%	100%	100%
The monthly Controller reports (for the months of September to May) are provided to the Treasury within 5 working days of receiving the Treasury's monthly reports and statements	All 9 reports	All 9 reports	All 9 reports
We issue a report to Parliament on the Auditor-General's exercise of the Controller function for each financial year	At least annually	Achieved	At least annually
We issue reports to the public on the Auditor-General's exercise of the Controller function	Two per year	Three	Two per year

Note 1 - The biennial survey is yet to be undertaken to generate estimated results for this Financial Year.

Note 2 - Three audits have already been published that took longer than the targeted timeframes, and a further audit is due for publication in 23/24 that once complete will have taken longer than expected. There are a range of factors which impact timing of audits, including the complexity of the work, and decisions the Office made to reprioritise resources towards work responding to the COVID-19 pandemic. Entity response times which are relied on, continue to be a critical factor influencing the Office's ability to meet expected deadlines.

Note 3 - The Office is expecting 12 publications to be delivered this financial year. Out of these, 7 are expected to be delivered on schedule. It is anticipated that the remaining 5 will be delivered outside of the signalled period. Notably, 4 of these delayed publications were carried over from the previous financial year (2022/23). Last year's result was 62%, while 2021/22's result was 50% (the first time this measure was used), therefore the current estimate is consistent with the expected outcomes for this year.

End of Year Performance Reporting

Performance information for this appropriation will be reported in the *Auditor-General's 2024/25 Annual Report*.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Information Systems Strategy	2020/21	2,823	2,595	2,228	2,228	2,228

Reasons for Change in Appropriation

The increase in this appropriation is due to an expense transfer from 2022/23 to 2024/25 to reflect the profile and timing of operating expenditure related to the Information Systems Strategic Plan.

The initiative relating to investment in technology represents the Crown funded part of the Office's Information Systems Strategic Plan which will enable the implementation of systems and tools to support the work of the Office. The initiative commenced in 2020/21 and will continue over multiple years.