

## **PERFORMANCE MEASURES AND ACCOUNTABILITY OF OVERSIGHT AGENCIES**

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The Honourable Catherine Cusack MLC  
Chair  
Committee on the Ombudsman, the Police Integrity  
Commission and the Crime Commission  
Legislative Assembly Committees  
Parliament of New South Wales  
Macquarie Street  
SYDNEY NSW 2000

Dear Ms Cusack

### **Inquiry into the performance measures and reporting by integrity organisations**

Thank you for the Committee's letter of 10 December requesting a submission from the Australian National Audit Office (ANAO) to your enquiry into performance management and reporting by New South Wales integrity organisations.

As you will be aware, consistent, clear reports of performance provide an important record of an entity's progress towards meeting government policy objectives, public expectations, on how well public money is being spent and on whether planned achievements are on track. Determining key performance indicators (KPIs) and subsequently measuring and reporting against them are fundamental mechanisms through which an agency assesses its own performance and communicates with Parliament regarding the efficiency, effectiveness and economy with which they manage the resources they administer. This process should provide sufficient information and analysis for the Parliament to make fully informed judgements on agency performance.

In advice to agencies on developing KPIs, the Australian Government's Department of Finance and Deregulation has advised that entities should focus on developing a strategic and meaningful set of performance indicators, demonstrating the link between the KPIs and outcomes. It suggests that it is better to have fewer succinct, strategic KPIs (as appropriate), than a large number of less meaningful indicators that cannot be reliably and effectively assessed.

The ANAO has published two Better Practice Guides related to this topic:

- *Better Practice Guide—Annual Performance Reporting*, April 2004 (prepared jointly with The Department of Finance and Deregulation); and
- *Better Practice Guide—Performance Information in Portfolio Budget Statements*, May 2002.

Given the importance of performance reporting regimes, a review of these is commonly a key aspect of ANAO audits. When auditing a program, function or organisation, the ANAO will often assess how effectively entities have developed, implemented and measured against KPIs to support stated program objectives.

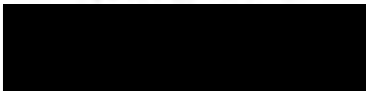
The ANAO has published four previous audits which relate specifically to performance information and reporting:

- Audit Report No.5 2011-12 *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*.
- Audit Report No.23 2006-07 *Application of the Outcomes and Outputs Framework*;
- Audit Report No.11 2003-04 *Annual Performance Reporting*; and
- Audit Report No.18 2001-02 *Performance Information in Portfolio Budget Statements*.

A recent example of an assessment of an integrity organisation's KPIs can be found in *Audit Report 13 2012-13: The Provision of Policing Services to the Australian Capital Territory* (particularly chapter five).

ANAO publications are available on our website [www.anao.gov.au](http://www.anao.gov.au). The advice provided by Department of Finance and Deregulation can be found in their publication *Guidance for the Preparation of the 2012-13 Portfolio Budget Statements 2012*, p. 37 also available on their website [www.finance.gov.au](http://www.finance.gov.au).

Yours sincerely,

  
Ian McPhee  
Auditor General