

STATEMENT **OF STRATEGY** **2016-2020**

Independent

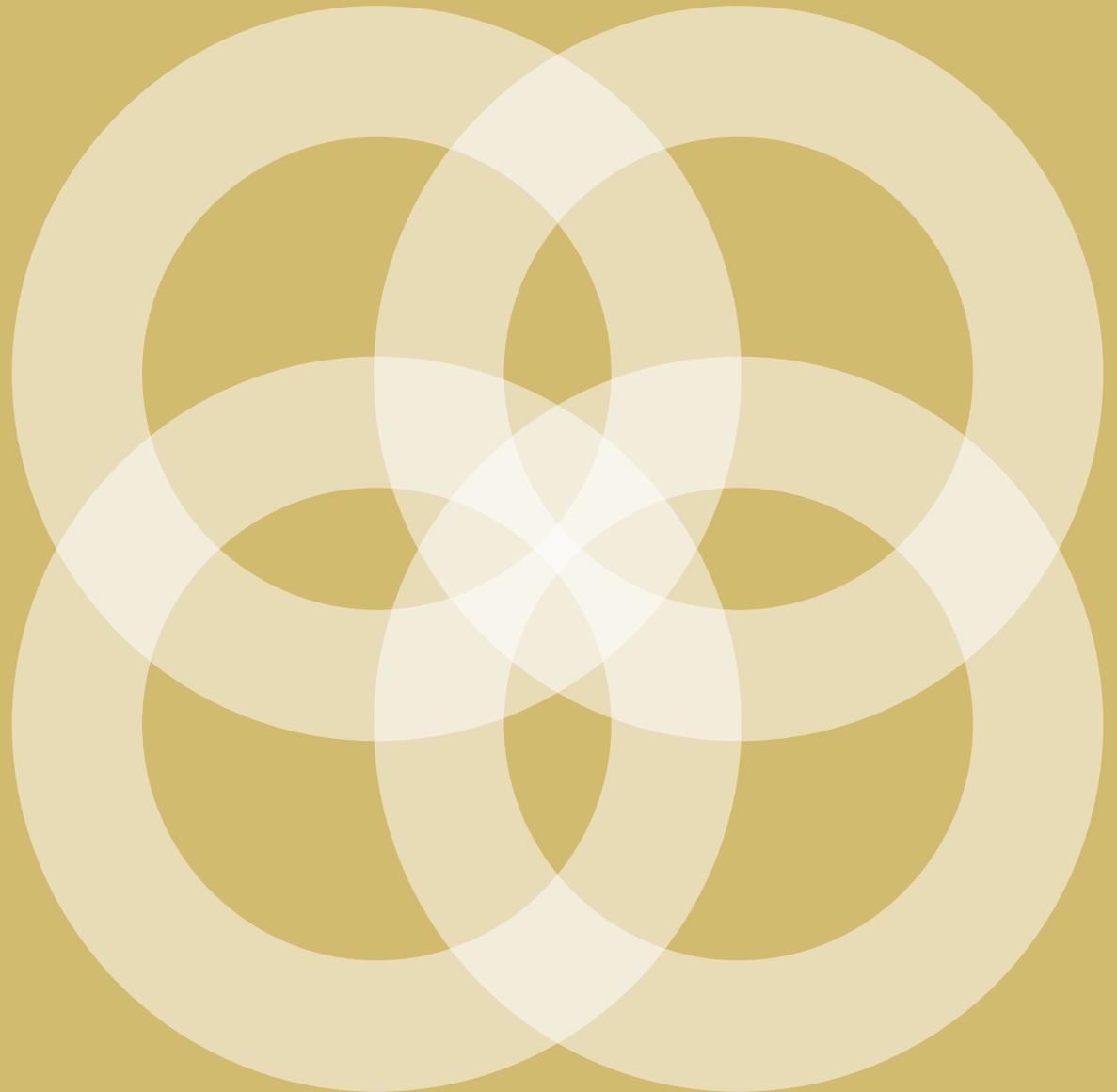
Objective

Constructive

Committed to Excellence



Office of the Comptroller and Auditor General
Oifig an Ard-Reachtair Cuntas agus Ciste



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FOREWORD FROM THE C&AG

I am pleased to present this statement of strategy for the Office of the Comptroller and Auditor General, covering the period 2016 to 2020. The strategy is intended to provide a roadmap for the development of the Office over the coming years, for the benefit of the general public, the Oireachtas, the bodies we audit and our staff.

The strategy emerges at an important time of change for the Irish public sector. Reform of Ireland's budgetary and public accountability processes is under way, with increasing emphasis on accountability for performance. This is happening at a time of much structural change in the public sector including the rationalisation of state agencies. After many challenging years, the economy has begun to grow, boosting state revenues and generating increased citizen expectations about enhanced public service expenditure and delivery.

In this context, our strategy is designed to ensure that the Office remains well positioned to deliver a quality and effective audit service to public bodies on a sustained basis and to be a service which provides clear assurance to the public about how public money is used and that facilitates parliamentary accountability.

The values which underpin the work of this Office are independence, objectivity, a commitment to excellence and constructive engagement with the bodies we audit. These are at the core of our work and permeate this strategy. Based on those values, the priorities that shape this strategy and that will drive our development are

- delivering high quality, professional audit services
- making a difference to the bodies we audit, the Oireachtas and public, and
- strengthening our organisation.

Separate from these strategic considerations, I believe that it is time to re-examine the role of the Office in the light of the many changes that have taken place in the public service since the role was last reviewed in 1992. That review preceded the enactment of the Comptroller and Auditor General (Amendment) Act 1993 under which we currently operate. I would see a new review examining the extent to which the Comptroller and Auditor General's legislative mandate and resourcing level meets the public audit and accountability requirements of a modern democratic State.

I would like to thank everyone who responded to the consultation and contributed to the development of this statement. A separate report summarising the findings from our consultation is published on the Office's website at www.audgen.gov.ie.

Seamus McCarthy

Comptroller and Auditor General

26 May 2016

OVERVIEW OF OUR WORK

Our mission is to add as much value as we can to public service in Ireland through the provision of high-quality audit services, focused on improving the use of public money and resources, and strengthening public accountability.

Every year, to discharge our mission, we audit



39 Central Government appropriation accounts and **27** departmental funds



28 health sector bodies, including the HSE



26 universities and other third-level colleges



170 other public sector agencies, ranging in size and scale



Total **290** audits of financial statements and accounts

AND

we produce an overview report each year on the accounts of the public services

we publish a number of special reports dealing with aspects of public service delivery and the use of public resources

we identify opportunities for improved performance and communicate these to the relevant public bodies

we support the work of the Committee of Public Accounts in scrutinising public expenditure and holding public bodies to account

we spend approximately **€12.5m** in delivering our services

and we employ **145** whole-time equivalent staff.



WHO WE ARE AND WHAT WE DO

The Comptroller and Auditor General (C&AG) is an independent, constitutional officer, appointed by the President on the nomination of Dáil Éireann. The current office holder is Seamus McCarthy. He holds office under Article 33 of the Constitution of Ireland. The C&AG is responsible for controlling the release of funds for public services as approved by Dáil Éireann, auditing public accounts, undertaking independent examinations on the management and use of public resources, and reporting the results of the work to Dáil Éireann. In this way, the C&AG supports the parliamentary control and accountability process. The reports of the C&AG are the basis upon which public bodies are called to account before the Public Accounts Committee. The Office of the C&AG assists the C&AG in his statutory functions and is staffed by civil servants.

Our public audit role covers 290 sets of financial statements and accounts produced by public bodies. Together, those bodies have financial transactions that total over **€200 billion** of public money each year.

Our core focus is to support the process whereby public bodies and decision-makers are held to account in respect of the use of public resources by providing independent assurance in relation to financial management, financial performance, governance and propriety in the conduct of public business, and value for money within public services. We also seek to add value to the organisations we audit through the provision of analysis and recommendations backed by clear evidence, not just in respect of their individual performance but also with regard to identifying cross-cutting themes and good practice in the use of resources across the public service.

THE ROLE OF THE C&AG AND PARLIAMENTARY ACCOUNTABILITY



LISTENING TO OUR STAKEHOLDERS

In developing our statement of strategy, we commissioned Crowe Horwath to carry out an independent survey of stakeholder opinion. They undertook independent engagement with

- the Chairman and members of the Public Accounts Committee and
- a representative sample of twenty one bodies which we audit, including direct engagement with each Accounting Officer and the chairpersons of the bodies' audit committees.

They also engaged with public audit bodies in Northern Ireland, Scotland, Finland and New Zealand.

STAFF CONSULTATIONS

We also consulted with our staff and fed back the results into the development of strategic actions.

STAKEHOLDERS CONSULTED



The results of the survey, and the influence on our future priorities, are summarised below. More detail on the consultation process is published on the Office's website at www.audgen.gov.ie, in the 'Office Publications' section.

 We asked	 You said	 We will
What is your view on the independence of the Office of the C&AG?	<ul style="list-style-type: none"> - Definitely independent of the public bodies it audits and of wider government - Resists following political leads and should continue to do so 	<ul style="list-style-type: none"> - Continue to uphold and cherish our independence - Adhere to the core principles of objectivity, rigour and fairness in all of our work - Focus our work on areas of public interest that have potential to add value
What is your view on how the Office of the C&AG is performing its role?	<ul style="list-style-type: none"> - Provides important assurance to the Accounting Officer and audit committee and comfort on governance and compliance - It would be helpful to see more focus on common, cross-cutting themes across a number of public bodies - There is an appetite for an increased number of examinations - It would be helpful if the Office reviewed the "one size fits all" approach to propriety audit and reporting - The Office should ensure outsourced service providers more fully understand government accounting procedures - The Office should be more timely in its outputs 	<ul style="list-style-type: none"> - Maintain financial audit as the core of our work - Undertake an increasing number of value for money audits and cross-cutting examinations - Scale our approach to propriety matters to fit better with the scale of the bodies we audit - Work with the bodies we audit to bring forward the audit cycle - Continue to outsource audits where it is safe to do so, to assist with timely accounts presentation
What is your view on how the Office of the C&AG communicates the results of its work, and on how it communicates with stakeholders in general?	<ul style="list-style-type: none"> - More presentations/briefing events would be beneficial - It could provide information / guidance on performance between organisations of a similar size or type - More engagement between senior audit staff and audit committees would be welcome - Reports could make greater use of info-graphics and illustrations 	<ul style="list-style-type: none"> - Engage regularly with public bodies and stakeholders - Increase briefing events, shared learning, and other communication methods - Revamp the Office's on-line presence and presentation
What is your overall experience of the quality of service delivered by the Office of the C&AG?	<ul style="list-style-type: none"> - High level of professionalism - Very insistent and persistent - Very responsive - Experienced staff - Good understanding of our organisation and context 	<ul style="list-style-type: none"> - Continue to strengthen and develop our organisation in line with best international practice through investment in our people, work processes, and systems

STRATEGIC PRIORITIES

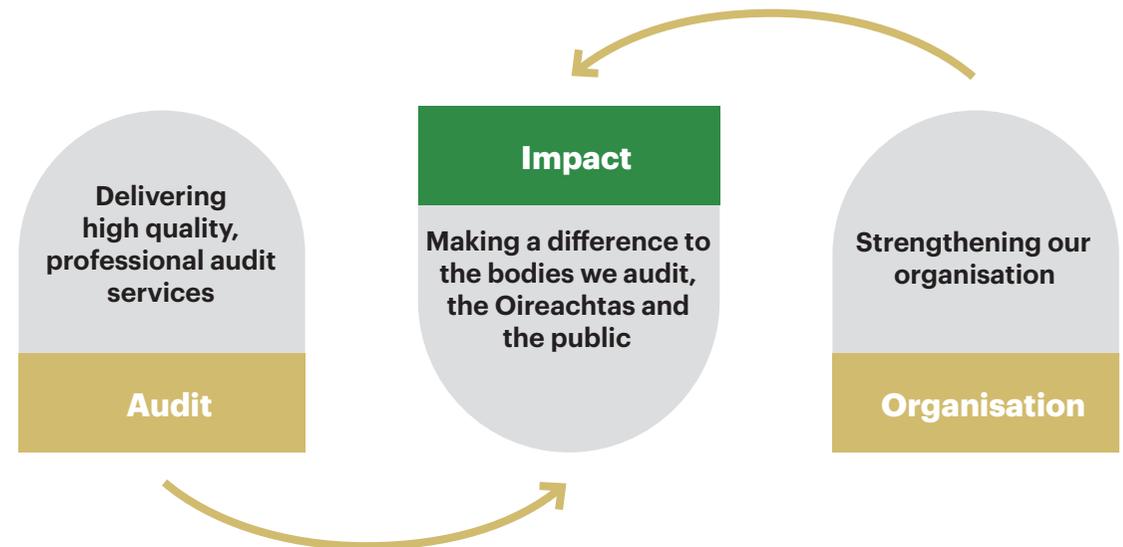
2016 – 2020

The gathering of stakeholder feedback during 2015 greatly assisted our strategic review, and alongside engagement with our staff, has helped shape the strategic priorities for the years ahead. We have three main priorities which will be reflected in all aspects of our work:

- Delivering high quality, professional audit services
- Making a difference to the bodies we audit, the Oireachtas and the public
- Strengthening our organisation.

These strategic priorities form the basis of our statement of strategy. They also inform the development of our detailed annual operational plans, and we will be reporting on our progress against these priorities annually.

STRATEGIC PRIORITIES 2016 TO 2020



PRIORITY 1:

DELIVERING HIGH QUALITY,

PROFESSIONAL AUDIT SERVICES

Our objective is to deliver high-quality professional audit services for public bodies, and to do so efficiently, in a timely manner, and in accordance with the International Standards on Auditing for the UK and Ireland.

The delivery of effective and timely audit of public bodies' financial statements is central to what we do. This entails a significant amount of engagement with the bodies in question, including senior management and audit committees. The outputs of this work are public reports on the financial statements we audit, and individual management letters and reports to audit committees about matters relating to any concerns we have around financial control, financial management and corporate governance.

KEY OUTPUTS OF THE OFFICE

Reports on the financial statements of public bodies

- Opinion on whether the accounts present a true and fair picture of the bodies' financial position
- Report if public money has not been applied for the intended purposes
- Report any significant matters about how public money has been spent
- Report any significant failures of the public bodies' systems of internal financial control.

Management letter/report to audit committee

- Findings from the audit which require remedial action by the public body
- Examples:
 - Financial control issue
 - Corporate governance issue

Our audit work is guided by a number of important principles:

- **Independence and objectivity:** we understand and appreciate the environment and policy framework within which public bodies operate, but remain firmly independent and objective in our work.
- **Open and engaging:** we are clear about the basis for our audit, our approach and requirements. We seek to engage with management and audit committees prior to, during and post-audit, while seeking to improve the clarity of the content of our outputs.
- **Constructive:** we approach our audit on the basis that findings should be constructive, focused on important matters and add real value to the public bodies we audit.
- **Timeliness:** we work to complete our audits in a timely manner, bearing in mind the obligations on public bodies to present their annual reports and accounts, while also allowing public bodies sufficient time to provide observations on our draft outputs.
- **Quality:** we work to professional and ethical standards, seeking to ensure the delivery of high quality audit work, and assisting public bodies to present high quality accounts.

Engagement

Timeliness

Focus

Quality

Outsourced audit

In 2016-17, we will:

- Improve our availability to, and engagement with, public bodies, including more regular engagement with audit committees, using agreed engagement plans.
- Improve the content of our outputs including management letters and reports to audit committees.

- Work with the audited bodies to advance the timeliness of accounts publication

- Tailor our approach to propriety testing by focusing on key risks, taking on board the views of audit committees

- Continue to commission independent reviews of the quality of our audits

- Undertake a review of the approach to outsourced audits to ensure strong relationships are maintained between the Office and the audited body where the audit is outsourced

Over the period to 2020, we will:

- Undertake periodic satisfaction surveys to assess the extent to which the bodies we audit are satisfied with engagement levels and the clarity of our outputs

- Publish an annual report on timeliness of financial reporting by public bodies

- Review the effectiveness of the propriety testing programme

- Embed lessons learned from reviews

- Engage with the audited bodies regarding their satisfaction with outsourced audits

PRIORITY 2:

MAKING A DIFFERENCE TO

THE BODIES WE AUDIT, THE

OIREACTHAS AND THE PUBLIC

Our objective is for our work to make a real and tangible difference, through providing assurance to the public on the proper use of public money, through facilitating the accountability of public bodies to the Oireachtas, and through improving public administration.

Our reporting work is important

- to the public in reporting where we find that public bodies have not spent public money well or with the highest levels of probity
- to the Oireachtas and the Committee of Public Accounts (PAC) in facilitating parliamentary accountability
- to audited public bodies, and respective accounting officers, in providing independent assurance on their accounts and constructive findings for further improvements.

To succeed in this, our reports must be independent and authoritative, and must be sufficient in number to cover all key areas over time.

KEY OUTPUTS OF THE OFFICE

Report on the Accounts of the Public Services

- Annual appropriation accounts for each Government department and office
- Reporting on selected areas of expenditure and issues arising from audits.

Special Reports

- Reports on value for money examinations, or areas chosen by the C&AG
- 'General matter' reports involving in-depth scrutiny of specific issues or matters arising from audits or inspections carried out by the C&AG

Appearances before the Committee of Public Accounts

- C&AG attends all meetings of the Committee of Public Accounts where reports from his Office are being discussed, and provides an overview on his work and findings.

In seeking to make a difference, we are guided by the following important principles:

- **Clarity, impact and improvement:** will seek to maximise the impact and value of our work by making practical and clear recommendations, and following-up on implementation.
- **Sharing good practice:** we identify and share good practices.

	In 2016-17, we will:	Over the period to 2020, we will:
Public reports	<ul style="list-style-type: none"> - Allocate additional resources to increase the number of examinations and reports 	<ul style="list-style-type: none"> - Aim to publish 10 special reports each year
Cross-cutting reports	<ul style="list-style-type: none"> - Use more resources to increase the number of cross-cutting reports 	<ul style="list-style-type: none"> - Focus at least 20% of our reports on cross-cutting themes
Clarity and quality	<ul style="list-style-type: none"> - Formally adopt international standards for reporting work - Improve the 'readability' of our reports, through increased use of illustrations and graphics, and less technical and complex text - Redesign the website to assist external users 	<ul style="list-style-type: none"> - Undertake periodic satisfaction surveys to assess the extent to which the bodies we audit and stakeholders are satisfied with the clarity of our outputs and website
Sharing good practice	<ul style="list-style-type: none"> - Support more good practice events 	<ul style="list-style-type: none"> - Undertake annual good practice event
Committee of Public Accounts	<ul style="list-style-type: none"> - Strengthen engagement with PAC members through briefings 	<ul style="list-style-type: none"> - Continue to support the work of the PAC, in line with our statutory requirements
Implementation review	<ul style="list-style-type: none"> - Formally follow up on the implementation, by public bodies, of published recommendations 	<ul style="list-style-type: none"> - Report each year on the level of implementation of recommendations, by selected public bodies

PRIORITY 3:

STRENGTHENING OUR ORGANISATION

Our objective is for the Office to be an exemplar public sector organisation, well equipped to deliver on its objectives, and with motivated staff. Our people are our most valuable resource as we rely on our highly qualified and professional skills and experience to carry out public audit. We want to be an employer of choice for those who wish to pursue a career in audit and to make a difference to the delivery of public services.

The successful realisation of our mission and the achievement of our objectives are entirely dependent upon our capacity to recruit and retain a highly motivated, experienced and skilled team of staff. We want to encourage innovation, flexibility and collaboration across our teams. We recognise the need to support and invest in the development of our staff as individuals and we want work experience with the Office to be personally fulfilling and career enhancing. And we recognise that a strong organisation is well designed and focused on performance.

We will be guided by the following key principles:

- **Valuing our staff:** we will support our staff to be engaged, highly skilled and strong performers. We will do this through effective recruitment procedures and investing in their professional development and supporting diversity and work/life balance.
- **Value for money:** we will lead by example, and ensure that we maximise the efficiency and effectiveness of all of our resources. We will do this through closely monitoring our performance and costs, and ensuring that our work processes are streamlined.

Recruitment and retention

Professional development

Efficiency and effectiveness

Governance

In 2016-17, we will:

- Review our approach to recruitment in order to fill vacancies in a more timely and effective way
- Work to increase the number of applicants for positions in the Office
- Implement appropriate staff well-being initiatives

- Continue to support audit staff in attaining professional accounting qualifications
- Deliver appropriate education and learning to staff based on a structured staff development plan
- Develop leadership and management skills, through appropriate training programmes

- Extend delegation levels for audit sign-off
- Benchmark our support services to ensure that we maximise efficiency

- Review our governance arrangements to ensure we are in line with best practice

Over the period to 2020, we will:

- Continue to support balanced recruitment and promotion measures, through periodic review of the effectiveness of our recruitment and promotion processes
- Agree individual career development plans for all staff

- Increase capacity in evaluation by supporting the achievement of relevant qualifications and skills
- Invest further in professional learning to enhance our specialist skills
- Develop a formal mentoring programme

- Establish a Business Improvement Unit to enhance audit methodologies
- Commission and publish a peer review of the Office's operations

- Undertake reviews of our governance arrangements, with external assistance, at least every three years

OUR GOVERNANCE AND REPORTING

We are committed to operating to the highest professional standards. Just as we expect this of the public bodies we audit, we must demand it of ourselves. This includes having high-quality governance arrangements in place to effectively manage the organisation and its performance.

The Secretary and Director of Audit is the **Accounting Officer** for the Office, and is responsible for the administration of funds and the system of internal financial control. The Accounting Officer is accountable to Dáil Éireann for the proper expenditure of funds by the Office, and must appear, when called upon, before the Public Accounts Committee to answer questions arising from his/her responsibilities.

The Office is organised into directorates headed by the three Directors of Audit broadly based on audit and reporting work programmes. Within each directorate, a number of divisions are assigned portfolios of work based broadly on sectors operating within the public service.

The business of the Office is managed by:

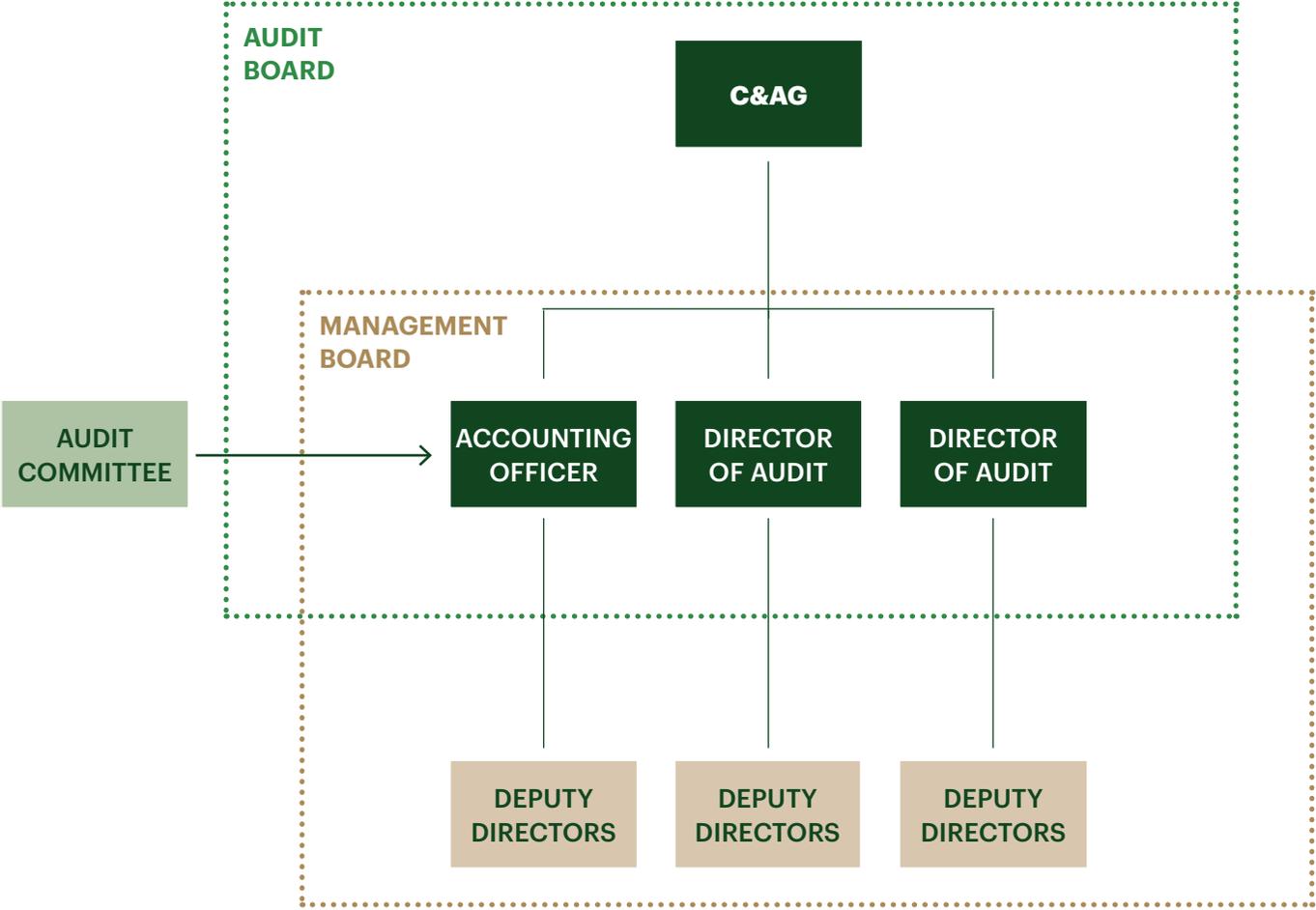
- an **Audit Board** – comprising the Comptroller and Auditor General, the Secretary and the Directors of Audit. The Audit Board oversees the development and implementation of audit policy and strategy for the Office, and reviews operational performance.
- a **Management Board** – comprising the Directors and Deputy Directors of Audit which co-ordinates the management and operation of the Office.

As Accounting Officer, the Secretary and Director of Audit is supported and advised by an **Audit Committee**, comprised of four external members, and a **Risk Management Committee**, comprised of the three Directors of Audit.

The annual accounts of the Office are audited by an external firm of auditors appointed under Section 13 of the Comptroller and Auditor General (Amendment) Act 1993, and are published on the Office's website (www.audgen.gov.ie).

Performance information will be published annually.

GOVERNANCE STRUCTURE





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