

AFAANZ 2017-2018 Final Grant Report

Researchers details	<p>Dr Esin Ozdil (Developing researcher) Lecturer, La Trobe University. 1 Kingsbury Drive, Bundoora, Victoria 3086. E.Ozdil@latrobe.edu.au (03) 9479 5178</p> <p>Professor Zahirul Hoque (Established researcher) Professor, La Trobe University. 1 Kingsbury Drive, Bundoora, Victoria 3086. Z.Hoque@latrobe.edu.au (03) 9479 3433</p>
Project title	The Role of Performance Audits in Ensuring Stewardship and Accountability in Australian Government Entities.
Project summary	<p>The purpose of this pilot project was to examine the role of performance audits in ensuring stewardship and accountability in Australian government entities. Australian government entities are expected to be good stewards of the public trust and use organisational resources efficiently and effectively. The Australian National Audit Office conducts performance audits of government entities and programs to ensure improved public sector administration, service delivery and accountability. These audits are objective assessments that help identify areas in need of improvement. Although performance audits are widely used in public administration, little empirical evidence exists on its contribution to promoting stewardship and accountability. To address this, we undertook a pilot study in this project and used publicly available performance audit reports of various Australian government entities and programs available from the Australian National Audit Office (ANAO) website. The performance audit reports were collected manually from the website. We collected a sample of 509 performance audit reports and 390-government entity letter of responses for the years 2008 to 2018. As part of our data analysis, we searched for evidence demonstrating government entities response to the performance audit recommendations, and the extent to which they agreed or disagreed to all recommendations in their letter of response. At the conclusion of our analysis, we found majority of the recommendations were agreed to by the government entities, as articulated in their responses. However, there were cases of certain entities expressing their inability to meet certain recommendations. From our sample, we only detected 13 cases of government entities disagreement or inability to accept the recommendations. In such cases, we examined the rationales for the entities inability to respond to the relative recommendation(s). We found that the recommendations could not be honoured due to the complexity or long-term implications of the events/situations leading to the recommendation(s). Overall, our findings provide evidence about the extent to which performance audit recommendations are accepted or implemented and the manner in which the audits promote stewardship and accountability in government entities.</p>
Funds granted	\$3,000.00

Expenditure	<p>\$2991.55 - Casual research assistant who undertook literature search and downloaded the performance audit reports and government entities' letter of response.</p> <p>There were no variations to our expenditure items.</p>
Project outcomes	<p>Currently, we are drafting a working paper. Once the draft is completed, we will present our first draft paper at local and international conferences and seminars (i.e. 2019 AFAANZ conference and Accounting departmental seminars) for feedback, and submit the final revised version to a journal, targeting the Accounting & Finance journal or Public Money and Management journal's special issue.</p>
Future intentions	<p>We intend to extend this pilot project to a large-scale project involving interviews with members of ANAO and several government entities. We will apply for an external grant to fund the larger project.</p>
Summary of outcomes and benefits	<p>It is important for us to determine the contribution of performance audits in ensuring stewardship and accountability in Australian government entities because firstly, these audits are ultimately performed to ensure the effective and efficient use of resources and service delivery by government entities. Secondly, the Australian National Audit Office spends a lot of time and resources in performing these audits. Therefore, it is important to determine whether these audits are worthwhile and how effective they are in achieving the government and public's expectation of stewardship and accountability.</p> <p>Our findings show confidence in performance audits ability to bring about accountability and stewardship in government entities. This is important as significant time, resources and efforts are invested by the ANAO to undertake these audits. Thereon, we provide evidence demonstrating the extent to which performance audit recommendations are accepted, implemented or rejected by government entities and the manner in which this process and mechanism contributes to greater stewardship and accountability in government entities. We find significant cases, whereby majority of government entities agreed to the recommendation(s) detailed in their performance audit. Our findings demonstrate how the performance audit function extends that of just ensuring economy, efficiency and effectiveness in government entities. The performance audits way of raising areas of concern and the requirement for entities to respond to the identified concerns ensures that the audits are not just a box ticking activity. Rather, it serves as a formal mechanism/control that makes government entities accountable for their decisions, performance, and shortfalls such as the issues or problems identified during the performance audit.</p>