

# Changes to the *Audit Act 1994*



New 'follow-the-dollar' powers for VAGO performance audits to collect information and report on performance of services delivered on behalf of the public sector

**Why?**

Increasing proportion of public services delivered via contract...were 'off radar' for public sector audit

# What are 'follow-the-dollar' audits?

Performance audits  
of services or functions  
provided by 'associated  
entities'

-**for** / on **behalf** of public  
sector

- using **public funds**

## Scope

Can **only** audit AE's public  
sector activity

Must include the authority

## Process

Same as all PAs except

- discretion to consult on  
audit specification
- recommendations **only** to  
public sector

# What are 'associated entities' ?

Any person or body that

- Provides services/performs functions on behalf of an authority/State for which an authority/State is responsible
- Using/receiving public funds

Includes

- Contractors and sub contractors
- Third party contractors (chain of contracts)
- Joint ventures, trustees, delegates or agents

## Why use FTD?

Authorities remain accountable for all public sector services.

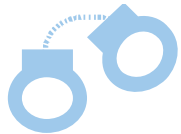
Triggers to scope AEs in might include:

- Weaknesses in control framework over contracted activity (oversight)
- Evidence must be sourced directly from AE (e.g. observation, testing) or AE needs to verify
- AE may wish to be included (e.g. procedural fairness)

However...choice to use FTD remains at discretion of the A-G

# Proposed follow-the-dollar audits

Five reports were flagged in VAGO's *Annual Plan 2017–18* that might use follow-the-dollar powers



**Managing  
private  
prisons**



**Meeting  
future  
water  
security  
challenges**



**ICT  
disaster  
recovery  
planning**



**Community-  
based youth  
services**



**Community  
health  
services**

# Key messages

**Follow-the-dollar audits provide accountability to Parliament and community for government services delivered through contracts**

**VAGO's primary focus will remain the public sector authorities – using FTD will be the exception**

**VAGO will try to avoid duplicating requests for information that associated entities have already provided to government**

**Throughout our audits - VAGO consults early and often – a 'no surprises' approach. Legislation also requires us to provide advance notice**

**The *Audit Act 1994* provides safeguards to offer associated entities procedural fairness and preserve confidentiality of your information**