

Relevant strategic objectives

Reports and advice

Being authoritative and relevant

Parliament

Being highly regarded by Parliament

Audit clients

Fostering productive relationships with audit clients

Beyond providing assurance to Parliament, we aim to be a catalyst for change in the public sector, in line with our vision in our Strategic Plan. Our findings and recommendations can often facilitate improvements in audited agencies, and the public sector more broadly.

Specifically, we bring value to the public sector in several ways, such as by influencing proposed amendments to policies or processes, legislative changes or how government resources are allocated. In 2015–16, we continued to observe tangible impacts of our work within the Victorian community.



Technological improvements

- new ICT Digital Dashboard introduced by the Department of Premier & Cabinet
- government investment in an electronic traceability system for livestock
- development and implementation of a new wood supply modelling system by VicForests
- better traffic modelling by VicRoads, resulting in smoother traffic flows on 23 major Melbourne roads



Government policy, standards and legislative inputs

Legislative changes arising from audits

- Transparency in Government Bill 2015
- Children Legislation Amendment Bill 2016
- *Gambling Legislation Amendment Act 2015*

Strengthening accountability frameworks in Victoria: submissions to reviews and consultations

- *Integrity and Accountability Legislation Amendment (A Stronger System) Act 2016*
- Standing Directions of the Minister for Finance 2016
- Governance principles for boards of public sector agencies in Australia (Governance Institute of Australia)
- Victorian Protective Data Security Standards (Commissioner for Privacy and Data Protection)
- Vocational Education and Training Funding Review (Minister for Training and Skills)
- submissions to five parliamentary committee inquiries
- Parliament using more of our reports (285 Hansard references in 2015–16, compared to 263 in 2014–15)

Our impact achievements at a glance



Resources allocated

- \$25.6 million to livestock and horticulture industries
- \$22 million to catchment management authorities
- \$20 million to support and manage occupational health and safety (OH&S) issues
- more than \$53 million for family support services
- \$168 million to the *Roadmap for Reform* package for vulnerable children and families



Governance and oversight

- pilot programs to target OH&S, planned work inspections and greater public sector collaboration on OH&S
- greater focus on bullying and harassment
- dedicated flying squads to assess, educate and support organisations
- increased agency accountability and performance monitoring
- audit of organisational participation in workforce surveys
- establishing advisory committees to drive improvements
- establishing new services (a Domestic Building Resolution Service) and the centralising of regulatory powers with the Victorian Building Authority
- increased control and oversight of training provided by gaming authorities in relation to responsible gambling
- working group established for the independent review of the Caulfield Racecourse Reserve Trust which will implement our 2014 audit report recommendations
- consistent style and structure of our reports referenced as examples of best practice reporting by the Institute of Public Administration Australia
- commitment by the Department of Education & Training to review and strengthen its funding agreements for all state government grants, and to develop a targeted risk-based audit program by the end of 2016
- a new reform project, Roadmap for Reform (for vulnerable children and families), to shape long-term support services system for vulnerable children and families
- the conduct of self-assessments by some agencies, such as the Phillip Island Nature Park, against the issues identified in our Key Audit Themes



Top five audit reports most covered by media

- *East West Link Project* (December 2015)
- *Realising the Benefits of Smart Meters* (September 2015)
- *Unconventional Gas: Managing Risks and Impacts* (August 2015)
- *Hospital Performance: Length of Stay* (February 2016)
- *Follow up of Managing Major Projects* (August 2015)

Acceptance of recommendations



Our internal count of the number of recommendations accepted by agencies is based on agencies' formal submissions to our reports.

Our Performance Audit business unit made 145 recommendations in 2015–16, of which 139 were accepted (96 per cent). Our Financial Audit business unit made 44 recommendations, of which 43 were accepted (98 per cent). At an aggregate level, our total recommendation acceptance rate is 96 per cent. A similar acceptance rate in 2014–15 (96 per cent) is indicative of the influence our recommendations have in acting as a catalyst for change throughout the public sector.

Case studies

Technological improvements



New Information and Communications Technology Digital Dashboard delivering transparency

Following our April 2015 audit report *Digital Dashboard: Status Review of ICT Projects and Initiatives*, the Department of Premier & Cabinet's Enterprise Solutions team released its first ICT Digital Dashboard to track the cost of government ICT projects with values of more than \$1 million. It is anticipated that this increase in reporting transparency will bolster the delivery of public ICT systems going forward.



Improved traffic flows on major roads

Traffic is flowing more smoothly on 23 major Melbourne roads after VicRoads tweaked the traffic light sequences at hundreds of intersections, following our June 2014 report *Using ICT to Improve Traffic Management*. Major traffic routes where peak-hour travel times have been cut in recent months include Dandenong Road, Ringwood Bypass, Nepean Highway, Blackburn Road, Burke Road, Toorak Road and Springvale Road.

The changes, at 660 sets of lights, were part of a push by VicRoads to make better use of technology in traffic management after our audit found that the authority was doing too little to tackle growing congestion on arterial roads. VicRoads accepted our recommendation to review traffic signals more regularly, with a focus on roads that also function as important tram and bus routes.

Other notable gains to the public as a result of actions undertaken by VicRoads included:

- peak-hour queues being cut in half on the Ringwood Bypass, from one kilometre to 500 metres, saving four minutes in the morning and six minutes in the evening, by modifying just three sets of lights
- a seven-minute reduction in travel times in the morning along the Police Road/Centre Road arterial route between EastLink and the Nepean Highway, and five minutes in the evening
- on Plenty Road in Mill Park, a crucial link for Melbourne's booming northern suburbs, peak-hour journeys have improved 20 per cent in each direction between McKimmies Road and The Lakes Boulevard.

Governance and oversight



Tackling bullying and harassment to improve workplace culture

Our March 2016 report *Bullying and Harassment in the Health Sector* exposed a culture of bullying and harassment throughout Victoria's health system. Following the audit, the government developed a new strategy, *Our pathway to change: Eliminating bullying and harassment in healthcare*. As part of this new strategy, the government committed to:

- establishing an independent anti-bullying flying squad to identify and crack down on health services with poor workplace culture and elevated rates of bullying and harassment
- delivering education and support to health service boards, leaders and the workforce to prevent bullying and harassment as an occupational health and safety risk
- holding health services to account for reducing the risk and incidence of bullying through performance monitoring and, if necessary, ministerial direction
- auditing the health workforce through sector-wide participation in the 'People Matters Survey' to identify hot spots of bullying and harassment.

An advisory committee led by the former Victorian Equal Opportunity & Human Rights Commissioner and current chief executive of Oxfam Australia, Helen Szoke, will oversee how this strategy is put into effect. It will bring together hospitals, unions, colleges, Australian Medical Association Victoria, WorkSafe, the Victorian Public Sector Commission and other stakeholders to tackle the issues that we identified in our audit.

The Goulburn Valley Health chief executive Dale Fraser welcomed our report. At the time of its publication, Mr Fraser said: 'We have considered [the Auditor-General's] audit findings with the program that we have already established, and will use his recommendations to further enhance our approach.' He added: 'We applaud the work of the Auditor-General's Office to bring focus on this most disturbing issue.'

The Minister for Health, the Hon Jill Hennessy, also confirmed that many parts of the health sector workforce were subsequently identifying significant cultural changes that need to take place within the health system to deal with bullying and harassment. In particular, the Minister '... perceived that there was a significant issue in the health system on this issue, and the Auditor-General confirmed that'.

Following the tabling of this report, we received many requests to present to hospitals and health services on the findings and recommendations from our audit.



Working to improve the management of the Caulfield Racecourse Reserve

A new bipartisan working group was established in March 2016 to conduct an independent review of the Caulfield Racecourse Reserve Trust, following our 2014 report *Management and Oversight of the Caulfield Racecourse Reserve*, which found that the reserve trustees had not managed the reserve effectively. The report also found that there had been insufficient attention given to use of the reserve for recreational pursuits and as a public park.

The working group, which reported to the Minister for Environment, Climate Change and Water, was established after calls from Caulfield State Liberal MP David Southwick, to find an ‘agreed way forward on a new governance model for the Caulfield Racecourse Reserve’. The group would work with key stakeholders to ‘establish a more robust accountable model’, and provide independent advice on the long-term management of the Caulfield Racecourse Reserve.

Having completed its report in late August 2016, the bipartisan working group found that the current trustee structure was ‘unworkable’, and suggested that the government request the resignations of the trustees and establish a new independent body to manage the reserve, in order to accelerate implementation of required actions.

“ This historic issue has been languishing for far too long and requires decisive action. We must ensure there is a balance between the needs of the racing community and local residents.

—The Hon Lily D’Ambrosio, Minister for Energy, Environment and Climate Change



Corrective actions at alpine agencies

Our *Portfolio Departments and Associated Entities: Results of the 2013–14 Audits* report identified the following issues at Lake Mountain and Mount Baw Baw alpine resorts:

- lack of oversight of outsourcing arrangements
- noncompliance with legislation
- internal control environment deficiencies
- lack of preparedness for financial year end.

The relevant agencies took prompt and specific action to remedy these issues following the tabling of our report. We carried out a follow-up audit of these issues as part of our 2014–15 financial audits and found significant improvements, indicative of management’s commitment to taking corrective action to resolve the issues we identified. In addition, the boards responsible for managing Lake Mountain and Mount Baw Baw were merged in April 2016 to improve governance at the two respective resorts.



Increasing consumer protection for building construction

Our May 2015 report *Victoria’s Consumer Protection Framework for Building Construction* assessed the effectiveness of the consumer protection framework for domestic building construction. Our audit also examined the performance of the Victorian Building Authority (VBA), the Building Practitioners Board, Consumer Affairs Victoria and the Victorian Managed Insurance Authority, as the work of these bodies is critical to regulating domestic building and protecting consumers.

Following the audit, the government announced in March 2016 that it was establishing the Domestic Building Resolution Service, and replacing the Building Practitioners Board with the VBA. The VBA will be given new powers to direct builders to fix work that does not comply with regulations or is defective. Furthermore, Parliament passed the *Building Legislation Amendment (Consumer Protection) Act 2016*, which improved registration standards and allowed the VBA to attach conditions to registration, restricting the scope of work that a builder can perform.

“ The VAGO May 2015 report on Victoria’s Consumer Protection Framework for Building Construction has once again criticised the current system for providing inadequate protection to consumers. This bill responds to VAGO’s report, as well as earlier reports ...

—The Hon Richard Wynne, Minister for Planning

“ The government would like to acknowledge that there are longstanding flaws in the Victorian building system, as particularly identified by the Victorian Auditor-General in May last year. We need to act now to protect consumers as we know that when things go wrong the system is failing the community.

—The Hon Philip Dalidakis, Minister for Small Business, Innovation and Trade



Addressing Occupational Violence

Our May 2015 report *Occupational Violence Against Healthcare Workers* contained a number of recommendations aimed at facilitating better and healthier workplaces.

Following the audit, the government committed to addressing occupational violence, particularly in the healthcare industry. The government has subsequently delivered specific initiatives, including:

- funding 16 health services to pilot improved programs in their workplaces
- evaluating all WorkSafe guidance on occupational violence
- commissioning independent research to analyse all Victorian hospitals’ data on OHS incidents
- carrying out research support to improve the Department of Health & Human Services’ risk reporting
- developing a 10-year Mental Health Strategy
- establishing a dedicated health practice team in WorkSafe
- developing a customised strategy for Ambulance Victoria.

In September 2015, health services also became eligible to apply for funding to reduce and prevent violence, as part of the allocation of \$20 million to the Health Service Violence Prevention Fund, established by the government.

In addition, the government further committed to meeting all the state’s public health boards to discuss the health and safety of their organisations, and to consider additional strategies to mitigate key risks.

“ I was the lead facilitator at yesterday’s Corrections Victoria Occupational Violence summit, which was held at Melton. I sat in the audience and heard your [staff’s] presentation ... [the] presentation was fantastic, [your staff] spoke really well and more than anything, [the] messages came across terrifically well. By far, the consensus of all of the people I spoke with was [VAGO’s] session was the stand out for them ... congratulations, outstanding presentation, very impressive indeed.

—Paul Stevens, Manager Integrity Operations, Office of the Racing Integrity Commissioner



Increasing the transparency of the Environmental Contribution Levy

Our June 2014 report *Administration and Effectiveness of the Environmental Contribution Levy* found that the information published about the levy’s purpose, activities and outcomes was limited and, consequently, information about how the levy was used was not transparent.

Following this, the government developed a discussion paper that examined the effectiveness of environment contribution investments in waterway health. The Minister for Water, the Hon Lisa Neville, confirmed that ‘there were substantial improvements recommended in the transparency following this report’. The Minister also highlighted her confidence that: ‘we will be able to, at the end of this, have a water plan, an implementation plan, targets, budget measures against that and be able to report back to not just the Auditor-General but, most importantly, back to Victorians who are making the contribution.’



Government policy, standards and legislative inputs

Holding agencies to account—Transparency in Government Bill 2015

Our March 2015 report *Emergency Service Response Times* assessed the accountability of emergency service organisations, the Department of Health & Human Services, and the Department of Justice & Regulation for their response time performance. We found that while response time performance had largely been stable throughout the last three years, multiple problems with emergency response time measures, targets and data prevented Parliament and the public from holding agencies fully to account.

Following our report, the government developed the *Transparency in Government Bill 2015* (the Bill) which was presented to Parliament in April 2016. The Bill establishes a framework for the release of response times and performance data, by requiring the response times of ambulances and fire services in each local government area for prescribed emergency incidents to be published every three months.

What this bill attempts to do is address the need to improve the public reporting of emergency services response times, as outlined in the 2015 Victorian Auditor-General's Office *Emergency Service Response Times* report. The Victorian Auditor-General's Office noted that there is limited public reporting of the actual number of minutes it takes to respond to urgent calls to the public and that a focus on only reporting high-level state-wide data means that there is little understanding of how performance varies across Victoria. VAGO identified a need to report on response times in a way that government, Parliament and the public can understand, rely on and use.

—Frank McGuire, Member for Broadmeadows



Responding to the needs of vulnerable children and families—Children Legislation Amendment Bill 2016

Our March 2014 report *Residential Care Services for Children* found that the residential care system had insufficient capacity and capability to respond to the demand and growing complexity of children's needs. We also found that current staffing models did not provide sufficient quality and stability of care for children.

Following our May 2015 report *Early Intervention Services for Vulnerable Children and Families*, the government confirmed its commitment to improve services for vulnerable children and families, announcing a package of new measures that included:

- in-home support services for vulnerable families
- extra child protection workers
- more culturally sensitive support for Aboriginal children
- increasing the number of foster and kinship carers.

In its 2016–17 Budget, the government allocated an additional \$168 million to the Roadmap for Reform package for vulnerable children and families. Also, the *Children Legislation Amendment Bill 2016* was introduced to Parliament in March 2016.

Our 2016 follow-up audit *Residential Care Services for Children* found that the Department of Health & Human Services had initiated adequate action to address all of the recommendations and underlying issues in our 2014 report. Actions implemented to date have had a positive impact on reducing the number of children in residential care and have improved how the respective department oversees the performance of its service providers.

Resources allocated



Strengthening our biosecurity

The government announced an investment of \$25.6 million into the livestock and horticulture industries as part of its 2016–17 Budget, following our August 2015 report *Biosecurity: Livestock*, which found that Victoria's ability to respond to a livestock disease outbreak had been weakened by a decline in financial and staff resourcing for core biosecurity functions. The government also committed to acting on our recommendation to introduce a new electronic traceability system for sheep and goats, which will improve the traceability of livestock.

The Minister for Agriculture, the Hon Jaala Pulford further confirmed that we had exposed our industries to unacceptable risk, and that 'it has been a real priority for me to rebuild that capability, and we will need to continue to work to this end'.

In addition, our report informed a review by Australian agricultural ministers of the national biosecurity system, and underpinning *Intergovernmental Agreement on Biosecurity*. Representatives from our office were invited to discuss with the review panel the findings of our report, and the biosecurity challenges and opportunities the national review might address.



Increasing the effectiveness of our catchment management authorities

Our September 2014 report *Effectiveness of Catchment Management Authorities* found that catchment management authorities faced significant and escalating challenges if they were to maintain and enhance long-term land productivity, while also conserving the environment. The report also found that while existing catchment management approaches were delivering some gains, they were inadequate to meet these challenges.

Following the report, the government launched the first statewide strategy for integrated catchment management—*Our Catchments, Our Communities* (the Strategy). The Strategy confirms the government's commitment to managing our catchments to benefit our environment, and focuses on the management of the state's natural resources by ensuring catchment management partners work better together.

The Minister for Water, the Hon Lisa Neville highlighted that the Strategy will 'set that vision and framework for how [catchment management authorities] will work again in each community, backed up by the \$22 million in the Budget to help implement the recommendations out of VAGO'.



Improving the condition of our regional and rural schools

Our February 2013 report *Implementation of School Infrastructure Programs* found that more than 5 000 individual school buildings were below the Department of Education & Training's accepted standard, requiring further investment to address this issue.

Following the report, the government confirmed that a key focus of its 2016–17 Budget was addressing the condition of secondary schools in rural and regional Victoria. In particular, the Minister for Education, the Hon James Merlino, highlighted that he was 'particularly proud to be able to deliver the funding for those 20 specialist schools'. He added: 'They are in the poorest condition. That was a result of an audit back in 2012'.

Further influence



Helping students with disabilities

The government commissioned an internal review of its *Program For Students With Disabilities* (the program) in July 2015, following our reports *Program for Students with Special Learning Needs*, *Additional School Costs for Families*, and *Education Transitions*, tabled in August 2012, February 2015 and March 2015 respectively.

The review, which was led by the Department of Education & Training, focused on the transition from primary to secondary school and the specific needs of students with autism and dyslexia. The review aimed to assess the effectiveness of the program, including ensuring that support and resourcing was sustainable, and that the program delivered improved learning and wellbeing outcomes for children and young people with disabilities.

The review was the most comprehensive undertaken since the program's inception, and delivered 20 key findings and 25 recommendations to help the government realise its vision of inclusive education for all students. Following this, the government announced an additional \$22 million in funding for this area in April 2016.



Our Key Audit Themes—providing value to agencies

Appendix one summarises common findings from our audit reports. We encourage Victorian public sector agencies to self-assess their performance, systems and operations against the common challenges identified.

Phillip Island Nature Parks is one agency that completed a self-assessment against the common challenges identified in our *Key Audit Themes 2014–15*. The agency confirmed that it did not find any gaps in its performance, systems or operations following the assessment.

Improving the accessibility and communication of reports

We continually review and update our website to make our reports and services more accessible.

In 2015–16, we continued to publish media releases for all parliamentary reports and recorded short presentations that outline the key findings, conclusions and recommendations of each report. We also updated the form of these presentations to allow people to more easily understand and engage with the key findings of our audits.

Looking forward

Every year, we hope to broaden the impact of our work. In 2016–17, we will continue to engage with our stakeholders through events, one-on-one meetings and briefings.

We will continue to work to strengthen Victoria's accountability framework, by contributing to parliamentary and government reviews of legislation, policies and standards.

We will build on the success of our online recorded presentations, by introducing a new content management system to make our website more functional, usable and accessible.

We will aim to increase the number of face-to-face presentations about the findings of our reports, so that we distribute the key messages more broadly.