

# Annual Plan 2014–15

## Volume four: Increasing the impact of audits



**VAGO**

Victorian Auditor-General's Office  
*Auditing in the Public Interest*



# Increasing the impact of audits

## 4.1 Driving action on audit findings

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To encourage action in response to our audits, we look for opportunities to share audit findings with the people and organisations that can make a difference. In 2014–15 and 2015–16, we plan to share the results of our audit findings and encourage agencies to act on recommendations through the following mechanisms:

- briefings to members of Parliament on individual reports on the day of tabling
- individual briefings to Ministers on individual reports at the time of tabling
- web presentations summarising tabled reports
- media releases on the day of tabling
- presentations to specialist and public sector conferences on specific reports
- sector-based briefings for audited agencies on audit findings
- presentations to audit committee chairs on recent reports
- guest lectures at universities and educational institutions with relevant courses.

The Victorian Auditor-General's Office (VAGO) has developed a stakeholder engagement framework to help us prioritise these communication activities and ensure they support our core audit functions.

## 4.2 Follow-up of audit recommendations

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In recent years, the follow-up of performance audit recommendations has been limited to include the review of selected past recommendations within some performance audits. Occasionally where it is relevant and of sufficient significance, we have used our financial audits to follow-up aspects of performance audits.

In comparison, financial audits revisit annually many of the same aspects of financial reporting and therefore regularly review actions against past recommendations.

In 2014–15 VAGO will implement a formal follow-up process on all our performance audit recommendations to increase the accountability of agencies. This process is intended to encourage greater implementation of recommendations. It will also inform and help to target future audit work, and provide valuable insights to Parliament and the public.

The follow-up process will comprise of four phases.

### Phase 1 – Action plans

Nearing the end of a performance audit, a proposed draft of the report is provided to audited agencies. At this time, agencies are asked to provide a written response to the report and its recommendations for inclusion in the published report.

To help provide clearer and more detailed information on agency responses to audit recommendations, agencies are now requested to complete an action plan including:

- whether or not they accept the recommendation
- intended action to meet the recommendation
- time lines for the intended action
- where they do not accept a recommendation and the reason.

This information then forms the basis for the ongoing follow-up program.

## Phase 2 – Audit of agency responses to recommendations

Starting one to two years after a performance audit is tabled, agencies will be asked to provide an update on their actions previously provided in response to recommendations. These agency responses will be collated and published annually along with an overarching analysis examining the extent to which agencies monitor and respond to audit recommendations and any evident trends in responses.

Agency actions to recommendations will continue to be followed for three years, after which time the review process will cease. Where an agency has failed to adequately take action to a recommendation across the period this would likely trigger a more detailed follow-up audit.

The first report is planned for 2014–15, following up on recommendations from 2012–13 performance audits.

## Phase 3 – Limited-scope follow-up performance audits

These audits will seek evidence and assess it to verify agency self-reports about their actions in response to performance audit recommendations. The updates reported by agencies as previously described, the issues identified in the initial audit, as well as consideration of the risk and materiality of the subject matter will inform the selection of limited scope follow-up audits. The audit may review all or a selection of recommendations and/or agencies from the original audit.

Limited scope performance audits will be published annually, with the first planned for 2015–16.

## Phase 4 – Broad-scope follow-up performance audits

The follow-up of past recommendations may also be incorporated into a full-scale performance audit. This will occur where it is beneficial to incorporate the review of past recommendations together with new audit objectives and criteria to address related and emerging issues. The selection of broad-scope follow-up performance audits is based on a range of inputs including agency self-reports on progress against actions to recommendations, sector and environmental scanning, assessment of risk and materiality, and public interest.

A number of audits within the current performance audit program for 2014–15 and 2015–16 will include a follow-up of past recommendations.

## 4.3 Educational publications

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Through our audit work, VAGO collects information, knowledge and experience that has relevance beyond solely acquitting our legislative responsibilities. While we have strict secrecy provisions around audit evidence, there is some information that we are able to share. This information can be used by external stakeholders to help inform their own activities.

In 2014–15 VAGO intends to share this information with external stakeholders through:

- better practice publications
- information pieces
- external engagement.

### 4.3.1 Better practice guidance

From time to time, the Auditor-General publishes better practice guidance in relation to an aspect of public sector activity where we have found systemic problems with performance or accountability.

VAGO has commenced the development of one better practice publication to be completed in 2014–15. We may produce more in 2015–16, depending on the suitability of the information we collect through our audit program.

#### *Public participation in government decision-making, 2014–15*

This guide will aim to provide a common set of principles and language with which to approach public participation activities. It will also provide a series of consideration points to apply in the process, as well as a number of case studies illustrating better practice.

VAGO will use the guideline to form the criteria of our proposed 2015–16 audit *Public participation in government decision-making*.

### 4.3.2 Information pieces

To maximise the value to the community from the information we collect, VAGO will publish occasional information pieces on areas of high public interest, to add transparency to complex areas of public sector activity.

In 2014–15 VAGO plans to produce one information piece. We may produce more in 2015–16, again depending on the suitability of the information we collect through our audit program.

#### *School funding, 2014–15*

Victorian Government schools receive funding from both the Commonwealth and State Governments. Funding is provided to schools through a mix of methods, including student-based measures to cover basic ongoing costs, capital funding for infrastructure and specific programs, and targeted initiatives to achieve special purposes. Schools may also charge fees for goods and services associated with the delivery of free instruction and may ask for donations to raise funds for other purposes.

The community has told us that getting a clear picture of how this system works can be challenging. In this information piece, we intend to address that challenge by presenting a breakdown of where and how schools derive their funding.

This information piece will be included as an appendix to the *Additional schools costs for families* performance audit report.

### 4.3.3 Articles and publications on results of audits

In order to drive action on audit findings and to share lessons from our audits, we occasionally publish papers or contribute articles to books and journals, based on our reports to Parliament.

In 2014–15 VAGO plans to produce at least two occasional publications, comprising:

- a chapter for publication in the upcoming book, *Liquor Licensing and the Public Interest* produced by the Foundation for Alcohol, based on the previous Auditor-General's report on *Effectiveness of Justice Strategies in Preventing and Reducing Alcohol-Related Harm*, tabled in 2012.
- a VAGO occasional paper, summarising the key themes from the 2013–14 reports to Parliament. This forms part of the *Key Audit Themes* series, a popular annual educational product produced by VAGO since 2008.

## 4.4 Strengthening Victoria's accountability framework

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To maximise the impact of our audits, VAGO seeks to ensure that the audit function remains robust and relevant to the Victorian community. We do this through contributing to the development of regulatory frameworks governing audit and accountability in Victoria.

In 2014–15 VAGO will:

- continue to provide advice to government and other stakeholders on changes required to the *Audit Act 1994*
  - provide advice on reviews of the regulatory framework underpinning the *Financial Management Act 1994*
  - respond to exposure drafts of new accounting and auditing standards relevant to the Victorian public sector
  - meet with representatives of agencies developing policy on audit and accountability issues
  - monitor other developments in legislation, regulation and policy, and provide advice on audit and accountability implications.
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Proposed VAGO reports to Parliament and other key publications 2014–15 and 2015–16

| 2014–15   | 2015–16   |
|---|---|
| <b>Sector-wide</b>  |   |
| Delivering services to citizens and consumers via devices of personal choice            | Access to public sector information   |
| <b>Digital dashboard: status review of major ICT projects and initiatives</b>           | <b>Digital dashboard: status review of major ICT projects and initiatives</b>                       |
| <b>High Value High Risk</b>   | <b>High Value High Risk</b>   |
| <b>Public participation in government decision-making [guideline]</b>                   | <b>Public participation in government decision making</b>   |
| <b>Responses to 2012–13 performance audit recommendations</b>                           | <b>Responses to 2012–13 and 2013–14 performance audit recommendations</b>                           |
| <b>Information and Communication Technology Controls: Results of the 2013–14 Audits</b> | <b>Risk management</b>  |
| Portfolio Departments and Associated Entities: Results of the 2013–14 audits            | Using technology to improve safety outcomes in public domain spaces                                 |
|   | <b>Information and Communication Technology Controls: Results of the 2014–15 Audits</b>             |
|   | Portfolio Departments and Associated Entities: Results of the 2014–15 audits                        |
| <b>Central agencies</b>   |   |
| Managing regulator performance  | Auditor-General's Report on the Annual Financial Report of the State of Victoria                    |
| Public sector performance measurement and reporting *                                   |   |
| Auditor-General's Report on the Annual Financial Report of the State of Victoria        |   |
| <b>Education and early childhood development</b>  |   |
| <b>Additional school costs for families *</b>   | <b>DEECD Strategic Planning</b>   |
| Education transitions *   | <b>Developing school leaders</b>  |
| <b>Regulation of Vocational Education and Training</b>                                  | Pre-service education for teachers  |
| School funding [information piece]  | Technical and Further Education Institutes: Results of the 2015 audits                              |
| Technical and Further Education Institutes: Results of the 2014 audits                  | Universities: Results of the 2015 audits  |
| Universities: Results of the 2014 audits  |   |
| <b>Environment and primary industries</b>   |   |
| Biosecurity   | Effectiveness of the Environmental Effects Statement process  |
| Effectiveness of catchment management authorities *                                     | <b>Enhancing food and fibre productivity</b>  |
| <b>Management and oversight of Caulfield Racecourse Reserve *</b>                       | Implementation of water reforms   |
| Managing landfills *  | <b>Monitoring Victoria's water resources</b>  |
| Water Entities: Results of the 2013–14 audits   | Water Entities: Results of the 2014–15 audits   |
| <b>Health</b>   |   |
| <b>Dental health services</b>   | <b>Chronic disease prevention and management: chronic kidney disease</b>                            |
| <b>Efficiency and effectiveness of hospital services: high-value equipment *</b>        | Hospital performance  |
| Heatwave management: reducing the risk to public health *                               | <b>Patient safety in public hospitals</b>   |
| <b>Managing the nursing workforce</b>   | Public Hospitals: Results of the 2014–15 audits   |
| Palliative care *   |   |
| Public Hospitals: Results of the 2013–14 audits   |   |
| <b>Human services</b>   |   |
| Early intervention for children at risk   | Preventing and responding to family violence  |
| <b>Justice</b>  |   |
| Access to legal aid *   | Administration of Victoria's Superior Courts  |
| Emergency response ICT systems *  | <b>Responding to property crime</b>   |
| <b>Emergency service response times</b>   | <b>Victorian Electoral Commission</b>   |
| Mental health strategies for the justice system *                                       |   |
| <b>State development, business and innovation</b>                                       |   |
| Managing mining approvals: environmental conditions                                     | Managing the Regional Growth Fund   |
| <b>Realising the benefits of smart meters</b>   | <b>Supporting workers in transitioning industries</b>   |
| <b>Transport, planning and local infrastructure</b>                                     |   |
| Coordinating public transport *   | <b>East West Link</b>   |
| Managing the environmental impacts of transport *                                       | Managing and reporting on the performance and cost of transport capital projects                    |
| Operational effectiveness of the myki ticketing system                                  | Managing Victoria's planning system for land use and development                                    |
| Tendering metropolitan bus contracts  | Public safety on Victoria's train system  |
| Victoria's consumer protection framework for building construction                      |   |
| <b>Local government</b>   |   |
| <b>Effectiveness of support for local government *</b>                                  | Local Government: Results of the 2014–15 audits   |
| Local Government: Results of the 2013–14 audits   |   |
| <b>VAGO accountability products</b>   |   |
| Annual Plan 2015–16   | Annual Plan 2016–17   |
| Annual Report 2013–14   | Annual Report 2014–15   |
| <b>Note: Bold text indicates a new report not in the previous annual plan</b>           | <b>Note: * indicates work has commenced on this performance audit due for completion in 2014–15</b> |
| Grey shading indicates Financial Audit reports  |   |