

# VAGO

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## Annual Plan 2017–18

# Our performance audit work program 2017–2020



## Central Agencies and Whole of Government



## Education



## Environment

	Central Agencies and Whole of Government	Education	Environment
2017–18	<ul style="list-style-type: none"> <li>Fraud and corruption control</li> <li>State purchase contracts</li> <li>Contract management capability in the Victorian public sector</li> <li>Security and privacy of surveillance technologies in public places \$\$</li> <li>Digital Dashboard: Major ICT projects and initiatives – Phase 3</li> </ul>	<ul style="list-style-type: none"> <li>School councils in government schools</li> <li>Professional learning for school teachers</li> </ul>	<ul style="list-style-type: none"> <li>Protecting Victoria's coastal assets</li> <li>Improving Victoria's air quality</li> <li>Managing the landfill levy</li> <li>Sustainable agricultural practices</li> </ul>
2018–19	<ul style="list-style-type: none"> <li>Effectiveness and efficiency of ICT shared services</li> <li>Sharing information to address family violence \$\$</li> <li>Victoria's Creative State Strategy</li> <li>Cyber resilience in Victorian Government</li> <li>Digital Dashboard – Phase 4</li> </ul>	<ul style="list-style-type: none"> <li>Regulating providers of vocational education and training \$\$</li> <li>School compliance with Victoria's Child Safe Standards</li> <li>Student attendance and engagement at school</li> </ul>	<ul style="list-style-type: none"> <li>Managing stormwater impacts on Port Phillip Bay</li> <li>Conserving threatened species</li> <li>Security of infrastructure control systems for water agencies \$\$</li> <li>Recovering and reprocessing resources from waste</li> </ul>
2019–20	<ul style="list-style-type: none"> <li>Workforce participation by young Victorians</li> <li>Sexual harassment in the Victorian public sector</li> <li>Managing cloud computing in the public sector \$\$</li> <li>Effective digital delivery of government services</li> <li>Governance in the Aboriginal services sector \$\$</li> </ul>	<ul style="list-style-type: none"> <li>Addressing educational outcomes for disadvantaged students</li> <li>Building student capability in 21st-century technology</li> <li>Early-years management in Victorian kindergartens \$\$</li> </ul>	<ul style="list-style-type: none"> <li>Managing native vegetation clearing</li> <li>Rehabilitating mines</li> </ul>

\$\$ indicates audits with follow-the-dollar potential.

One follow-up audit report (containing limited-scope follow-up audits) to be added to the 2017–18 program.



**Health and Human Services**

Access to mental health services \$\$

Community health services \$\$

Victorian public hospital operating theatre efficiency

Managing rehabilitation services in the youth detention system \$\$



**Infrastructure and Transport**

Managing the level crossing removal program

Assessing benefits from the Regional Rail Link project



**Justice and Community Safety**

Criminal justice data

Maintaining the mental health of child protection practitioners

Safety and cost effectiveness of private prisons \$\$



**Local Government**

Local government and economic development

Managing surplus government land

Local government insurance risks

Security of patients' hospital data

Planning for effective and economical public hospitals

Managing private medical practice in public hospitals

Mental health services for children and adolescents \$\$

Integrating the sewerage system: Septic tanks

Compliance with the Asset Management Accountability Framework

Improving access to Victoria's freight network: Bridge strengthening

Implementing the Ice Action Plan \$\$

Local councils' preparedness for natural disasters (*concurrent audit*)

Managing sex offenders

Police management of property and exhibits

Delivering local government services

Reporting on local government performance

Victoria's child protection system \$\$

Clinical governance in public hospitals

Victoria's response to homelessness \$\$

Maintaining railways across metropolitan Melbourne \$\$

Reforming the taxi industry and ride-sharing services

Improving safety on Victoria's roads

Planning and managing Victorian infrastructure

Effectively deploying Victoria Police staff

Effectiveness of the Victorian Responsible Gambling Foundation

Managing and enforcing infringements \$\$

Reducing the harm caused by alcohol and drugs on Victorian roads \$\$

Rehabilitating and reintegrating prisoners in Victoria \$\$

Disability action plans in local government

Developer and infrastructure contributions

Managing local government asset information

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## Appendix C: Delivering financial audits

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The Victorian Auditor-General's Office provides independent assurance to Parliament and the Victorian community on the financial integrity and performance of the state.

Under the *Audit Act 1994*, we are required to prepare and table an annual plan before 30 June each year that describes our proposed work program for the coming financial year.

# VAGO



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[www.audit.vic.gov.au](http://www.audit.vic.gov.au)

# About our annual plan

To provide assurance to the Parliament of Victoria and the Victorian community, the Victorian Auditor-General's Office conducts performance audits and financial audits.

A performance audit assesses whether agencies are meeting their aims effectively, using their resources economically and efficiently, and complying with relevant legislation. It provides assurance about activities that are performed well or represent best practice, and also identifies opportunities for further improvement.

A financial audit is an audit of the financial statements of an agency. It provides assurance that the financial statements present fairly the financial position, cash flows and results of operations for the year.

The budgeted cost of delivering our proposed audit program is included in Appendix A.

## Performance audits

This year, and moving forward, we are adopting a new three-year planning cycle for our performance audit work program that will provide Parliament, the public sector and the Victorian community with better foresight of our short- to medium-term goals and priorities.

Our annual planning process has three substantive components:

- understanding the environmental context
- deciding potential areas for audit focus
- communicating these plans to relevant stakeholders and incorporating their feedback where appropriate.

### Understanding the environmental context



## Deciding which areas to audit

To maximise our value and accountability to Parliament, the public sector and the community, we focus our limited resources on areas where we can have the most impact.

In deciding which areas to audit, we use a rigorous approach to identify and prioritise potential performance audit topics. Our assessment process informs the development of a work program that balances predictability and responsiveness.

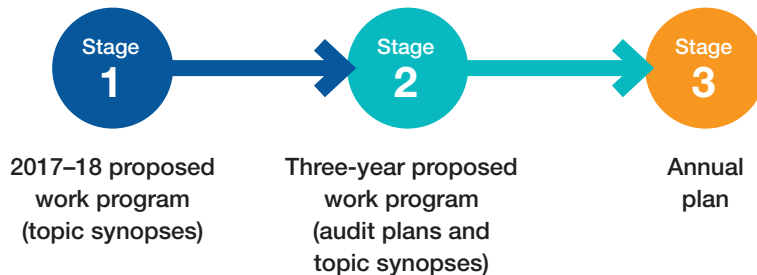
To ensure consistency in the selection process, each potential audit topic is assessed against the following factors:



## Consulting on our work program

Once we have considered, assessed and moderated each topic based on its merits, we consult with the Public Accounts and Estimates Committee (PAEC), departments and other proposed agencies. We have expanded our consultation to be more transparent and to provide opportunities for considered feedback at multiple stages.

We consult in three stages with comprehensive information:



We thoroughly analyse all the feedback we receive to identify issues with proposed time lines and to better understand the impact of current or proposed public sector reforms on proposed audits. We refine and incorporate changes based on the feedback provided.

## Follow-up audits

As part of our performance audit work program, we are also committed to conducting follow-up audits. Our follow-up audits aim to monitor agency progress in implementing actions from previous audits, and also verify that actions taken by agencies have been effective in addressing our recommendations.

To contribute to our selection of audits to follow-up, we undertook a comprehensive follow-up survey to assess agency actions on recommendations over a three-year period: 2012–13, 2013–14 and 2014–15.

The issues identified in the initial audit, as well as the risk and materiality of the subject matter, also inform the follow-up audit topics we select.

## Finalising our work program

The table inside the front cover sets out the performance audits we intend to undertake over the next three years. This forecast provides us with more opportunities for early engagement with our stakeholders, and allows audited agencies to prepare for scheduled audits well in advance.

Performance audits are conducted in accordance with relevant standards issued by the Australian Auditing and Assurance Standards Board. These standards cover planning, conduct, evidence, communication, reporting and other elements of performance audits. Additional information about how we deliver our performance audits can be found in Appendix B.

## Financial audits

Our financial audit program delivers a range of assurance services for public sector agencies. The program delivers reports to Parliament on the results of financial audits and on the Annual Financial Report of the State of Victoria. The program also delivers audit opinions on financial statements and performance statements of public sector agencies, an opinion on the Annual Financial Report of the State of Victoria and a review report on the estimated financial statements of the State of Victoria.

## Public Accounts and Estimates Committee

The *Audit Act 1994* requires us to seek comments on our draft annual plan from PAEC. We value PAEC's input and also seek its suggestions on potential areas of government that may benefit from audit scrutiny.

PAEC has provided useful inputs into our annual plan, including proposed audits for our future audit program and suggestions to improve the scope of particular upcoming audits.

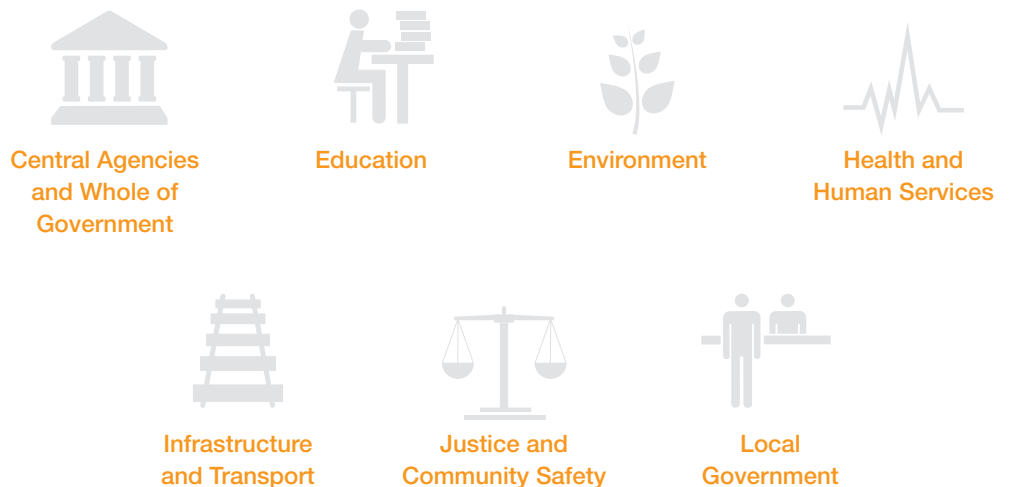
Our legislation also requires us to publish in the annual plan any changes to the draft plan suggested by PAEC that the Auditor-General does not adopt. We are pleased to report that PAEC had no further suggestions in this planning cycle.



# Performance audit work program

This section sets out our proposed performance audit specifications for the next three years. In 2017–18, we plan to deliver 24 performance audits (including one report containing follow-up audits) largely drawn from the topics listed in this annual plan.

For each audit listed, we outline our proposed objective for the audit, the issues we intend to examine, and the proposed agencies we expect to include.





# Central Agencies and Whole of Government

## Fraud and corruption control

2017–18

**Objective** To determine whether fraud and corruption controls are well designed and operating as intended.

**Issues** Fraud is dishonest activity involving deception that causes actual or potential financial loss by an entity or others. Corruption is dishonest activity in which an employee of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve personal gain or advantage.

Fraud and corruption investigations by the Independent Broad-based Anti-corruption Commission (IBAC) and various performance audits have found that the integrity systems intended to control fraud risks have been applied inconsistently and that these systems require regular testing.

Our 2012 audit *Fraud Prevention Strategies in Local Government* concluded that the five councils examined had not effectively managed their exposure to fraud risk, as none had developed a strategic and coordinated approach to controlling fraud. This audit will extend this examination to a state government department and its agencies.

**Proposed agencies** The Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and Public Transport Victoria (PTV).

## State purchase contracts

2017–18

**Objective** To determine whether state government agencies are realising benefits in procurement through use of state purchase contracts.

**Issues** Each year, state government agencies spend significant public funds on goods and services. The Victorian Government Purchasing Board (VGPB) uses a range of mechanisms to ensure procurement activities are conducted in line with government policy, including fulfilling its role under the *Financial Management Act 1994* to develop and approve policies, provide guidance on strategic procurements, and discuss procurement policy and practice matters.

State purchase contracts (SPCs) aim to achieve value for money by aggregating demand for goods and services—ranging from IT services to energy provision—from across public sector agencies. SPCs are also intended to reduce duplication of process and drive continual improvement over the life of a contract. SPCs are mandatory for some government agencies, but not all. In 2015–16, government organisations reported 10 SPCs with an estimated total value of \$720.6 million.

VGPB is driving a program of procurement reforms for SPCs—from 1 July 2016, VGPB will become more involved in oversight arrangements for SPCs.

This audit will determine whether SPCs are providing intended procurement benefits.

**Proposed agencies** VGPB, the Department of Premier and Cabinet (DPC), the Department of Treasury and Finance (DTF), and a selection of departments and agencies.

## Contract management capability in the Victorian public sector

2017–18

**Objective** To determine whether the Victorian Government has sufficient capability in managing contracts to deliver value for money for Victorians.

**Issues** The Victorian public sector faces numerous challenges that emphasise the need for effective workforce planning. With a growing population, an ageing public sector workforce, likely reductions in the future size of the workforce, increased competition for knowledge workers, and changing employee attitudes to issues such as work/life balance, public sector agencies must adopt an effective approach to workforce planning. In particular, the public sector's increasing reliance on third parties to provide goods and services means agencies must ensure their workforce has skills and capabilities in contract management to achieve value for money and ensure continued service delivery.

These challenges are significant and intensifying. Poor workforce planning can result in agencies not recruiting, developing and retaining staff with the necessary skills in contract management and which allow them to successfully adapt to rapidly changing circumstances.

This audit will examine the effectiveness of agencies' workforce planning activities with a specific focus on how those activities identify, secure and develop contract management capability.

**Proposed agencies** DPC, DTF, DEDJTR, the Department of Health and Human Services (DHHS), and the Victorian Public Sector Commission (VPSC).

## Security and privacy of surveillance technologies in public places

2017–18

**Objective** To determine whether information collected from video surveillance activities in public places is secure and whether the privacy of individuals is protected.

**Issues** Surveillance devices are becoming more readily available, affordable and sophisticated. They are increasingly used in public spaces as a crime prevention measure and as a tool to detect and identify offenders.

Use of public surveillance technologies by government agencies is widespread and growing. While this practice may have benefits for public safety, security and privacy concerns have continued to follow government's use of these technologies.

This audit examines the use of video surveillance technologies such as closed-circuit television (CCTV) and drones in public areas, to determine whether their use is appropriately planned and implemented. The audit will also assess whether use of surveillance devices adheres to privacy laws and appropriate use policies, and whether information collected is protected from unauthorised disclosure.

This audit will exclude the use of video surveillance technologies in closed/restricted areas such as courts and correction centres, as well as surveillance technologies used for covert police operations.

**Proposed agencies** DEDJTR, the Department of Justice and Regulation (DJR), DHHS, Victoria Police, selected local councils, VicRoads and PTV.

**Digital Dashboard: Major ICT projects and initiatives – Phase 3**

2017–18

**Objective** To determine whether DPC's information and communications technology (ICT) dashboard has improved transparency in government ICT investments.

**Issues** Our April 2015 report *Digital Dashboard: Status Review of ICT Projects and Initiatives – Phase 1* found that determining the status and outcomes of public sector ICT initiatives was not an easy task. The report also noted that Victorian public sector agencies in general could not assure Parliament and the Victorian community that their ICT investments had resulted in sufficient public value to justify the significant expenditure of taxpayers' money.

DPC published its ICT dashboard in late 2016 to show the status of government ICT projects with a value of over \$1 million. The ICT dashboard is intended to improve transparency and accountability, and provide assurance that public resources have been spent in an efficient, effective and economical way.

This audit will determine whether the status of and expenditure on government ICT projects is now being more reliably monitored, recorded and reported through the ICT dashboard.

**Proposed agencies** DPC and selected departments and agencies.

**Effectiveness and efficiency of ICT shared services**

2018–19

**Objective** To assess whether CenITex, the government's key ICT shared services provider, delivers cost-effective solutions and high-quality service that meets agencies' expectations.

**Issues** CenITex provides ICT shared services to six of the seven Victorian Government departments and their associated portfolio agencies. It also provides shared services to the Environment Protection Authority (EPA), PTV, Taxi Services Commission, VicForests and the Victorian Ombudsman. It is part of the portfolio of DTF.

The effectiveness and efficiency of CenITex's performance can affect many aspects of ICT across the public sector, including disaster recovery and adoption of cloud technology. Weaknesses in the ICT controls that CenITex manages can impact key functions of public sector agencies. One of the actions in the *Information Technology Strategy for the Victorian Government 2016–2020* is to establish a new performance management framework for CenITex.

This audit will examine whether CenITex is delivering value for money and high-quality service to its clients. It will also consider the costs and benefits for departments and agencies entering into shared services arrangements with CenITex.

**Proposed agencies** CenITex, DTF, and selected departments and agencies.

### Sharing information to address family violence

2018–19

**Objective** To determine whether agencies have established arrangements to share information about family violence and whether these arrangements are working as intended.

**Issues** Family violence is a serious and prevalent issue—the Australian Bureau of Statistics reports that one in four women in Australia have experienced at least one incident of violence by a male intimate partner. According to the Crime Statistics Agency, in March 2016 Victoria Police reported a 10 per cent increase in family violence incidents over the previous year.

In March 2016, the Royal Commission into Family Violence released its report, making 227 recommendations and emphasising the importance of coordination and collaboration between agencies to effectively address family violence. In November 2016, the government released *Ending Family Violence: Victoria's Plan for Change*, its 10-year plan in response to the Royal Commission's recommendations. In the plan, the government commits to supporting departments and agencies to build their capability in data analytics and improve the way they collect and share information. The Royal Commission recognised this as a critical aspect of effectively identifying and managing family violence cases.

The audit will focus on agencies' progress in implementing the data-sharing and coordination aspects in the government's plan to end family violence.

**Proposed agencies** DPC, DHHS, DJR, Victoria Police and Court Services Victoria.

### Victoria's Creative State Strategy

2018–19

**Objective** To determine how well Victoria's Creative State Strategy contributes to economic and social outcomes.

**Issues** Victoria's creative and cultural economy accounts for an estimated \$23 billion in gross value. Approximately 89 per cent of Victorians aged over 15 attended a cultural venue or event in the past year.

Creative State is the first Victorian government strategy dedicated to supporting and growing the state's creative industries, spanning arts, culture, screen and design. The strategy comprises \$115 million in new investment from 2016 to 2020 across five action areas, aimed at increasing the economic, cultural and social impact of the creative industries. Creative Victoria—a government body dedicated to supporting and growing the state's creative industries—is delivering the strategy.

The audit will examine whether Creative Victoria's early implementation of the strategy has been effective, and whether it is on track to achieve intended outcomes.

**Proposed agencies** DEDJTR and Creative Victoria.

## Cyber resilience in Victorian Government

2018–19

**Objective** To determine whether departments and agencies can adequately prevent, respond to and recover from cyber security attacks.

**Issues** The development of an overarching cyber strategy for the Victorian Government is a key action under the *Information Technology Strategy for the Victorian Government 2016–2020*. In addition, the Commissioner for Privacy and Data Protection released the Victorian Protective Data Security Framework (VPDSF) and Victorian Protective Data Security and Standards (VPDSS) in June and July 2016 respectively. The VPDSF and VPDSS provide direction for Victorian public sector agencies on their data security obligations, including from cyber breaches.

Our previous audit reports have found that Victorian government agencies may be exposed to cyber attacks, primarily because of inadequate ICT security controls and immature operational processes. Agencies had a low level of awareness of how their ICT systems would likely perform if subjected to a cyber attack. Further, agencies needed to significantly improve their adherence to the Australian Signals Directorate's Top 4 strategies to mitigate cyber intrusion.

This audit will assess whether the government's cyber security strategy and implementation of the VPDSF and VPDSS have been effective in improving cyber resilience in government.

**Proposed agencies** DPC and selected government departments and agencies.

## Digital Dashboard – Phase 4

2018–19

**Objective** To determine whether public sector agencies, individually and collectively, are using the information reported through DPC's ICT dashboard to improve their capability in managing ICT projects and the efficiency of their ICT purchasing and use.

**Issues** The *Information Technology Strategy for the Victorian Government 2016–2020* acknowledges that government needs to strengthen its capability in procuring, implementing and using ICT systems and services.

In October 2016, DPC publicly released its ICT dashboard to improve transparency and accountability for public sector ICT projects of \$1 million and above. In addition, the dashboard can provide insights into why certain ICT projects are more successful than others.

Our 2017–18 audit report *Digital Dashboard: Major ICT projects and initiatives – Phase 3* will examine the completeness and accuracy of information about major ICT projects reported through the dashboard.

This audit will assess whether public sector agencies have made the best use of information from the dashboard to improve government's capability in managing ICT projects and the efficiency of ICT procurement and use.

**Proposed agencies** DPC and selected departments and agencies.

## Workforce participation by young Victorians

2019–20

**Objective** To determine whether the specific programs to improve workforce participation by young people have worked.

**Issues** The Commonwealth Government's *2015 Intergenerational Report* found that maintaining Australians' living standards relies upon continually improving the nation's productivity. In Victoria, falling workforce participation rates are a critical barrier to improving productivity—the state's unemployment rate has increased from 4.7 per cent in June 2011 to 6.2 per cent in September 2015. Young people aged 15–24 years old are experiencing significantly higher levels of unemployment than other groups in the population, with youth unemployment at 14.6 per cent in 2014—its highest rate since 1999.

Victorian Government policy recognises the need to address high youth unemployment through opportunities to learn employable skills, mentoring, coaching and work participation schemes, as well as rebuilding vocational training and TAFE systems. In May 2016, the government allocated \$53 million to create Jobs Victoria, an agency focused on addressing labour market disadvantage—for example, by providing targeted support for people searching for work.

The audit will focus on the early progress of Jobs Victoria programs intended to support young people to gain work, such as the Jobs Victoria Employment Network, the Youth Employment Scheme and the Youth Cadetship Scheme.

**Proposed agencies** DPC, DEDJTR and a selection of public sector agencies.

## Sexual harassment in the Victorian public sector

2019–20

**Objective** To determine whether sexual harassment in the Victorian public sector has decreased.

**Issues** A 2012 survey by the Australian Human Rights Commission found that one in five people over the age of 15 (21 per cent) had experienced sexual harassment in the workplace in the past five years. Sexual harassment at work can have wide-ranging impacts, such as psychological harm, social isolation, health issues and economic loss.

The *Public Administration Act 2004* enshrines respect as a core value within the Victorian Public Sector—it states that public officials should demonstrate respect for colleagues, other public officials and community members by ensuring freedom from discrimination, harassment and bullying. Every employer, regardless of size, must take reasonable steps to prevent sexual harassment in the workplace. In the public sector, some sectors may have increased risks of sexual harassment because of cultural or historical gender balances. Reporting and recording of sexual harassment complaints can be complicated as the behaviour is often accompanied by other forms of victimisation. Addressing sexual harassment may involve multiple agencies depending on how the victim describes the event, which agency receives the complaint and what legislation is then applied. Since 2016, VPSC's People Matter survey has included questions about sexual harassment to help improve monitoring and understanding of patterns of harassment.

This audit will use data to investigate the prevalence of sexual harassment in the Victorian public sector and assess the effectiveness of agencies' actions to address it.

**Proposed agencies** DPC, VPSC, Victoria Police, the Victorian Equal Opportunity and Human Rights Commission, Fair Work Ombudsman, WorkSafe and a selection of agencies.

## Managing cloud computing in the public sector

2019–20

**Objective** To determine how well departments and agencies are using cloud technology to deliver business value while managing risks.

**Issues** The use of cloud computing is increasing across government – it has the potential to deliver major benefits and opportunities, including reducing costs and increasing agencies' agility and flexibility when they establish and scale their systems and services to meet changing demands. One of the key actions in the *Information Technology Strategy for the Victorian Government 2016–2020* is the development of standards and improved procurement models to help government agencies access cloud services.

Unless agencies identify and manage risks, cloud computing could have adverse impacts that may significantly diminish the benefits. Key issues includes procurement, contract management and risk management, which could lead to breaches of the law, unforeseen costs, compromised services to Victorians, and reputational damage to government.

The audit will examine whether public sector agencies are adopting cloud solutions for new and refreshed ICT systems, consistent with the government's IT strategy. It will also assess whether agencies are effectively managing risks arising from government's use of cloud solutions and realising the intended benefits.

**Proposed agencies** DPC and selected agencies.

## Effective digital delivery of government services

2019–20

**Objective** To determine whether government has improved the way it delivers digital services, by reducing transaction costs, improving customer experience and protecting digital information from security breaches during online transactions.

**Issues** The Victorian Government is developing better digital channels and mobile services to make digital technology the preferred choice for providing government services. Currently, there are hundreds of phone hotlines and different websites, which can make it difficult to access government services and costly for taxpayers. One of the actions under the *Information Technology Strategy for the Victorian Government 2016–2020* is the development of a digital distribution channel for simple, high-volume government transactions.

Customer experience is key in realising the intended benefits of digital service delivery. In addition, cyber security contributes significantly to citizen's confidence in the digital delivery of government services.



The audit will assess whether the Victorian Government has effectively addressed the challenges in delivering its services digitally and implemented the relevant recommendations from our 2015 reports *Delivering Services to Citizens and Consumers via Devices of Personal Choice* (Phase 1 and Phase 2).

**Proposed agencies** DPC and selected departments and agencies.

## Governance in the Aboriginal services sector

2019–20

**Objective** To determine whether the Aboriginal services sector is well governed.

**Issues** Engaging with services is critical to improving health, education and employment outcomes for Aboriginal and Torres Strait Islander Australians. Aboriginal community-controlled organisations (ACCO) provide a range of services for Aboriginal and Torres Strait Islander people, such as health, child and family support, and justice services. For many Aboriginal people, ACCOs are the preferred service provider. They play an important and potentially expanding role in addressing the issues underpinning current outcomes.

The capacity and capability of ACCOs needs to be strong and sustainable for Aboriginal Victorians to continue to receive services, and for ACCOs to meet the governance requirements for securing funding from government.

Without appropriate support to further strengthen ACCOs' organisational capability, there is an increased risk that the gap in outcomes for Aboriginal Victorians will widen rather than close. DPC's Aboriginal Victoria unit is delivering a program to strengthen governance and support of ACCOs in Victoria, aimed at enhancing the capacity, skills and experience of directors, members and staff. Ensuring ACCOs have sufficient and appropriate access to the program and understand its impacts is essential for government to adequately support ACCOs.

**Proposed agencies** Aboriginal Victoria (within DPC), DHHS, DJR, the Department of Education and Training and a selection of ACCOs.



# Education

## School councils in government schools

2017–18

**Objective** To determine whether school councils in Victoria’s government schools are meeting their objectives under the *Education and Training Reform Act 2006* (ETR Act).

**Issues** In Victoria, government schools are responsible for their own operation and performance. Under the ETR Act, the objectives of school councils include assisting in the efficient governance of the school, considering the best interests of students when making decisions, enhancing the educational opportunities for students, and ensuring the school complies with policy and legislative requirements.

School councils rely heavily on volunteers. The membership of school councils typically includes registered parents, community members and staff from the Department of Education and Training (DET). School council members’ educational and professional backgrounds vary, and previous survey results indicate that council members do not always understand their responsibilities.

Following recent governance failures within school councils—including financial and operational mismanagement, and noncompliance with obligations—DET has introduced reforms for the way school councils operate.

This audit will assess whether school councils are meeting their legislative responsibilities.

**Proposed agencies** DET, the Victorian Registration and Qualifications Authority (VRQA) and a selection of government schools.

## Professional learning for school teachers

2017–18

**Objective** To determine whether professional learning for school teachers leads to ongoing improvements in teaching practice.

**Issues** Teachers are the greatest resource in Victorian schools—they account for the majority of expenditure and have a significant impact on student learning. Effective teachers can increase student engagement and achievement. They also play an important role in establishing productive and supportive school environments.

Professional learning has a key role in building an effective, capable and high-quality teaching profession. A strong evidence base underpins the elements needed for effective teacher professional learning. High-performing education systems allow teachers to spend adequate time engaging in professional learning—they factor teacher professional learning into continual school improvements, such as collaborative practices and learning communities. High-performing education systems also recognise and reward accomplished teachers who excel in their teaching practice.

In Victoria, different factors influence approaches to professional learning for teachers, including the curriculum, performance and development processes, requirements for teacher registration and the Australian professional standards for teachers. The Victorian Institute of Teaching (VIT) requires teachers to undertake a minimum of 20 hours of professional development each year to renew their registration. The Victorian Curriculum and Assessment Authority (VCAA) is responsible for developing the curriculum used by Victorian schools. Schools require teachers to have a performance and development plan that includes professional learning.

This audit will examine how the system for teacher professional learning is organised, whether teacher professional learning assists teachers to deliver curriculum, and the extent to which teacher registration requirements contribute to ongoing improvements in teaching practice.

**Proposed agencies** DET, VIT, VCAA and a selection of schools.

## Regulating providers of vocational education and training

2018–19

**Objective** To determine whether government's reform of the vocational education and training (VET) system has improved the regulation and quality assurance of VET providers.

**Issues** VET is an integral part of Victoria's education system—the VET sector provides skills and training to nearly 400 000 students each year. Quality training and assessment assists individual students to apply the knowledge and skills they gain and to improve their participation in the workforce and their productivity.

In Victoria, students undertake VET courses in a number of contexts—in technical and further education (TAFE) institutes, at universities, through private VET training providers and in school settings. Around 500 registered providers deliver VET courses in Victoria. These providers are regulated by the Australian Skills Quality Authority (ASQA) and VRQA. VRQA regulates just over half of all VET providers in Victoria that offer VET qualifications and courses to Victorian students only.

In 2015, two reviews considered the quality of VET courses in Victoria. One review concluded that the Victorian Government should play a more active role in the system. The other review identified four areas where DET could achieve improved quality assurance in the VET sector—market access, delivery of quality training and assessment, managing performance, and strengthening consumer information.

In response to these reviews, the Victorian Government committed to reforms to improve the quality of VET regulation, with DET to play a more active role in managing the quality of government-funded training across the state.

Our audit will examine VRQA's regulatory practices and DET's oversight and delivery of VET system reforms.

**Proposed agencies** DET, VRQA and a selection of VET providers.

**School compliance with Victoria's Child Safe Standards**

2018–19

**Objective** To determine whether schools are complying with Child Safe Standards for schools.

**Issues** DET has a duty of care for over 900 000 students and is responsible for providing a safe learning environment at more than 2 000 government and non-government schools. These schools are required to protect their students from child abuse.

In 2016, Victoria began to introduce compulsory minimum Child Safe Standards that will apply to all organisations that provide services for children by 2017. The standards aim to drive cultural change in public sector agencies so that protecting children from abuse is embedded in everyday thinking and practice. The standards are compulsory for schools.

In August 2016, a ministerial order came into effect requiring schools to implement the Child Safe Standards and outline what these standards mean in a school environment. The ministerial order made VRQA responsible for monitoring and enforcing schools' compliance with the new standards.

This audit will examine whether schools are complying with the Child Safe Standards and how the VRQA has monitored and enforced schools' compliance.

**Proposed agencies** DET, VRQA and a selection of schools.

**Student attendance and engagement at school**

2018–19

**Objective** To determine the extent to which students attend and engage in school.

**Issues** Participation in education maximises students' life opportunities by providing them with education and support networks. Schools help children and young people to develop important skills, knowledge and values that set them up for further learning and participation in their community. However, for students who do not participate in school—either by not attending at all or by not engaging in learning when they are at school—the costs are high. These costs include not getting qualifications, increased likelihood of unemployment and experiencing long-term disadvantage.

School attendance is compulsory for all children aged six to 17 years old. School-aged children need to be enrolled at a registered school or registered for home schooling. Parents and carers are responsible for ensuring children in their care attend school. Schools are required to record student attendance twice per day in primary schools and in every class in secondary schools. Schools also have a responsibility to establish a student engagement policy to explain the expectations and aspirations of the school community for student engagement, including strategies to address bullying, school attendance and behaviour.

This audit will examine whether schools are meeting requirements for attendance and whether schools' policies are improving student engagement.

**Proposed agencies** DET, VRQA and a selection of schools.

## Addressing educational outcomes for disadvantaged students

2019–20

**Objective** To determine whether disadvantaged students are gaining access to programs that support their learning needs.

**Issues** Evidence shows that Australia’s education system is not doing enough to address inequality between the most and least advantaged young people. Around a third of Victorian students experience some form of disadvantage, caused by a range of factors including socioeconomic background, disability and contact with the child protection system. Many students experience more than one type of disadvantage, and students in rural Victoria experience higher levels of disadvantage than those in metropolitan Melbourne.

DET has a number of programs and initiatives that aim to improve educational outcomes for disadvantaged students. Many programs are specific to certain forms of disadvantage, such as the Program for Students with Disabilities and Refugee Education Support. DET is also introducing new programs with a broader focus, such as the Navigator and LOOKOUT programs.

This audit will examine whether disadvantaged students can access programs that support their varied needs and that support their learning.

**Proposed agencies** DET and a selection of schools.

## Building students’ capability in 21st-century technology

2019–20

**Objective** To determine whether students are developing adequate capabilities in digital technology.

**Issues** The skills that today’s Victorian students learn in schools will lay the foundations for future generations. Technological development plays a crucial role in both enriching and transforming societies and in managing natural and constructed environments. In an increasingly technological world, it is important that students develop the knowledge and confidence with digital technology to succeed in the future.

In February 2017, Victorian schools started to use the new F–10 curriculum. This curriculum includes a strong focus on the foundational skills of literacy and numeracy. It also includes a focus on personal and social skills, thinking skills and new areas of learning such as computational thinking. This new Victorian curriculum is based on general capabilities that are important for life and work in the 21st century.

This audit will examine Victorian schools’ approach to educating students in digital technology and whether students are building adequate technological skills.

**Proposed agencies** DET, VCAA and a selection of schools.



**Early-years  
management  
in Victorian  
kindergartens**

2019–20

**Objective** To determine whether Victoria’s Early Years Management (EYM) policy framework has improved the quality of kindergarten programs and reduced volunteer responsibilities.

**Issues** Kindergarten and early-childhood development are important in helping to realise children’s potential early in life. In 2003, the Victorian Government introduced Kindergarten Cluster Management (KCM)—now known as EYM—to strengthen the management and delivery of community-based kindergartens. EYM was also intended to remove legislative and employment responsibilities from parents volunteering at kindergartens.

DET has overarching responsibility for EYM-funded services and it supports, monitors and evaluates EYM organisations. In reforming the management and delivery of kindergarten groups, DET is introducing a new policy framework and supporting operating guidelines. The transition from the KCM model to the EYM service system is an 18-month process. The transition is expected to be completed by mid 2017.

This audit will examine DET’s oversight of EYM services and whether EYM organisations are meeting the performance requirements outlined in the new EYM policy framework and operating guidelines.

**Proposed agencies** DET and a selection of local councils and EYM organisations.



# Environment

## Protecting Victoria's coastal assets

2017–18

**Objective** To determine whether natural and built assets on Victoria's coastline are being protected against coastal erosion and inundation.

**Issues** Victoria's natural and built coastal assets provide social, cultural, economic and environmental benefits for all Victorians. They support commercial uses such as ports, shipping, fishing and tourism, as well as providing other benefits such as storm protection, recreational opportunities, biodiversity, cultural and heritage values. The total economic value of coastal resources is estimated to be \$18.3 billion annually.

However, impacts from inundation and erosion have the potential to be exacerbated as a result of sea-level rise and more frequent and extreme weather events. This is placing increased pressure on built and natural coastal assets. It has been estimated that in Victoria, the 1.1-metre sea-level rise expected under higher-end sea-level rise scenarios for 2100 would put between 31 000 and 48 000 residential buildings and \$22 billion of coastal infrastructure at risk of damage or accelerated degradation. This figure does not include the cost associated with impacts on natural assets, such as beaches and tourism icons, like the Twelve Apostles.

This audit will examine the adequacy of individual agency risk-management approaches, the cost-effectiveness of these and statewide coordination in managing coastal assets.

**Proposed agencies** The Department of Environment, Land, Water and Planning (DELWP), Parks Victoria, VicRoads, East Gippsland Shire Council, Mornington Peninsula Shire Council, Gippsland Ports and the Great Ocean Road Coast Committee.

## Improving Victoria's air quality

2017–18

**Objective** To determine whether Victoria's air quality meets standards in respect to ozone and particulate discharges.

**Issues** In the future, there will likely be an increase in the population's exposure to airborne pollutants such as particulates and ozone. This scenario may result from increases in wind-blown dust, smoke from bushfires and controlled burns, more wood fire heaters and growth in emissions from domestic properties and small business.

Airborne particles can be harmful to human health. In 2016, the amount of particulate matter in the air in Victoria exceeded the set air quality objective on 17 days. The health costs of air pollution in Australia have been estimated at between \$11.1 billion to \$24.3 billion annually.

Reducing particulates and ozone requires a coordinated approach, to minimise both point and diffuse sources of these pollutants. While emissions from licensed discharge points are easier to control—for example, a manufacturing plant—diffuse sources such as wind-blown dust, wood fire heaters and smoke events are much harder to identify, control and monitor.

This audit will examine whether ozone and particulate discharges are being managed and monitored effectively.

**Proposed agencies** Environment Protection Authority (EPA), DELWP and selected local councils.

### Managing the landfill levy

2017–18

**Objective** To determine whether Victoria's landfill levy system—including the Sustainability Fund—is reducing waste impacts on the environment, influencing investment in infrastructure for resource recovery, and encouraging innovative alternatives for waste treatment.

**Issues** In Victoria, a landfill levy system plays an important role in minimising waste impacts on the environment and promoting investment in alternatives to landfill. Funds from the levy are also used to fund agencies responsible for waste planning and management in Victoria. Councils and landfill operators pay the levy, collected through tip fees.

Victoria's population is expected to increase from 5.8 million to 8.9 million by 2043, and total waste generation is likely to almost double from 12.2 million tonnes in 2011–12 to 20.6 million during this period.

There have been ongoing issues with the landfill levy system—namely, its transparency and management and whether the funds' expenditure is meeting the system's intended legislative purposes. The administration of the fund was transferred from EPA to DELWP to address these issues. Since 2012, the fund has increased by 294 per cent to \$466.25 million, while the amount distributed through grants has decreased by 34 per cent to \$23.2 million in 2015–16.

This audit will assess whether the landfill levy system is being managed transparently and is meeting its intended legislative objectives.

**Proposed agencies** DELWP, EPA, Sustainability Victoria, selected waste and resource recovery groups, and selected grant recipients.

### Sustainable agricultural practices

2017–18

**Objective** To determine whether sustainable on-farm irrigation and management practices are improving off-site environmental impacts.

**Issues** To remain competitive, farmers need to continually increase their productivity, but this can have impacts on the surrounding environment. Farm practices are one of the major contributors to degraded surface water and groundwater systems in Victoria, particularly in the west of the state.



Over the past decade, numerous initiatives and programs have focused on improving sustainable agricultural practices, including minimising impacts on the environment. Despite this, there has been limited improvement in the quality of nearby rivers, streams and groundwater in key agricultural areas, as reflected in Victoria's 2013 report *State of the Environment*. Minimising the off-site impacts of farming practices is important for the environment and water quality, particularly in times of water scarcity.

This audit will assess whether current sustainable on-farm irrigation and management practices are reducing the impact of farming practices on the environment.

**Proposed agencies** The Department of Economic Development, Jobs, Transport and Resources (DEDJTR), Agriculture Victoria and selected catchment management authorities.

## Managing stormwater impacts on Port Phillip Bay

2018–19

**Objective** To determine whether responsible state and local government agencies are minimising the impacts of stormwater discharge on Port Phillip Bay.

**Issues** Scientific investigations have concluded that the most significant source of pollution in Port Phillip Bay (the Bay) is stormwater flowing into it from the surrounding catchment. There are currently hundreds of stormwater drains that discharge directly into the Bay.

Poor water quality in the Bay usually occurs after episodic storm events where stormwater carries nutrients, sediment, litter, pathogens and toxicants from the Bay's catchment. In late 2016 and early 2017, the EPA first closed 21 of the Bay's beaches after heavy rains and then all 36. A number of beaches remained closed for up to five days. Poor water quality and beach closures can impact both public health and the economic performance of surrounding businesses that rely on people visiting the beach.

Minimising the impacts of stormwater discharge on the Bay requires a coordinated effort by various state and local government agencies to implement a range of tools for both catchments and the Bay. These tools include stormwater management plans, water-sensitive design for new and retrofitted developments, and the installation of stormwater infrastructure that reduces the volume of both stormwater and pollutants entering the Bay.

This audit will investigate whether state and local government agencies are coordinating their efforts to implement these tools.

**Proposed agencies** Melbourne Water, EPA selected regional water corporations and local governments.

## Conserving threatened species

2018–19

**Objective** To determine whether threatened species are being conserved across public and private land.

**Issues** Victoria's native plants and animals contribute major economic benefits to the state as well as environmental benefits, such as healthy soils and clean water. They support the sustainability of our agriculture, forestry and fisheries industries, worth around \$8 billion annually, and our tourism industry—70 per cent of all international overnight visitors come to Victoria for nature-based tourism.

Victoria is the most cleared state in Australia, with nearly two-thirds of its landscape now modified for agriculture and urban use. This fact, along with a range of ongoing pressures—such as further clearing and fragmentation of habitats, invasive species and climate change—puts stress on native species. The Australian region with the highest number of threatened species is north-western Victoria—in 2013, only 11 of 294 vertebrate animal species officially listed as threatened were showing signs of recovery.

The *Flora and Fauna Guarantee Act 1988* (the Act) is the primary legislation for conserving threatened species and ecological communities, and managing the processes that threaten their sustainability. Given all the pressures facing our native species, effective application and oversight of the Act and the measures it provides for protecting these species is critical.

The audit will examine whether DELWP is appropriately managing and applying the available laws and tools cost-effectively to prevent further declines in threatened species.

**Proposed agencies** DELWP and Parks Victoria.

## Security of infrastructure control systems for water agencies

2018–19

**Objective** To determine whether critical information and communications technology (ICT) systems in the water sector are secure.

**Issues** Victoria's water infrastructure and the supply of essential water services rely on control systems that operate water treatment and distribution plants. Ensuring these controls prevent unauthorised access, detect and respond to security breaches is essential for uninterrupted delivery of water services.

Our 2010 audit *Security of Infrastructure Control Systems for Water and Transport* concluded that the risk of unauthorised access to water control systems was high. Such access could compromise these systems and affect the delivery of essential services to the community. Following the release of our report, DELWP began to implement a three-year ICT assurance program for the water sector (2014–2017).

This audit will examine whether DELWP and selected water operators have implemented effective measures to protect critical ICT systems in the water sector.

**Proposed agencies** DELWP and selected water operators (including Aquasure).

## Recovering and reprocessing resources from waste

2018–19

**Objective** To determine whether responsible agencies are maximising Victoria's resource recovery and reprocessing from waste streams.

**Issues** Victoria's population is expected to increase from 5.8 million to 8.9 million by 2043. Based on current trends, total waste generation is likely to almost double from 12.2 million tonnes in 2011–12 to 20.6 million during this period. Victoria will need to improve its ability to recover resources from waste to minimise environmental impact, adapt to decreasing landfill capacity and minimise rising costs of diverting waste to landfill.

Victoria's existing infrastructure for waste and resource recovery lacks the capacity and capability to meet projected increases in waste generation or fully realise the economic value of waste materials. Maximising resource recovery minimises the impacts of waste on the community, environment and public health by diverting many materials from landfill that could be recovered and turned into valuable resources.

This audit will examine whether Victoria's resource recovery and reprocessing from waste is being maximised, with a focus on three challenging waste streams—tyres, electronic waste and organic waste.

**Proposed agencies** DELWP, Sustainability Victoria and selected regional waste resource recovery groups.

## Managing native vegetation clearing

2019–20

**Objective** To determine whether management of native vegetation clearing is protecting sensitive native vegetation.

**Issues** Victoria's native vegetation includes plant species indigenous to Victoria, such as trees, shrubs, herbs and grasses. These deliver various benefits for the environment—providing habitat for animals and plants, and maintaining the quality of land and water supplies in our catchments.

Victoria is the most cleared Australian state. While public land retains around 46 per cent of its original native vegetation, private land only retains 21 per cent.

Under the Victorian regulations governing the clearing of native vegetation, a planning permit is often required to remove, destroy or lop native vegetation. Failure to properly apply these regulations risks further loss of vegetation, particularly on private land. DELWP and local councils need to carefully manage vegetation loss through activities that are exempted from the regulations—such as bushfire protection, some road projects and mining activities.

The audit will examine whether responsible agencies are appropriately applying the native vegetation clearing regulations following changes in 2013 and 2017, as well as how effectively Victoria is managing the clearing that occurs outside of these regulations.

**Proposed agencies** DELWP and local councils.

## Rehabilitating mines

2019–20

**Objective** To determine whether the state has minimised its exposure to liabilities from the remediation and rehabilitation of privately operated mines.

**Issues** Mine rehabilitation repairs the damage caused to a site by mining. Rehabilitating mines can be a long and expensive process, so the site owner must provide a rehabilitation bond to the state as financial security before work commences, to ensure the mine can be rehabilitated should the operator be unable to meet its obligations.

Previous limited or poor-quality rehabilitation of mine sites has resulted in significant environmental issues across large areas of Victoria which remain contaminated or unusable.

The report on the inquiry into the 2014 Hazelwood mine fire made a number of recommendations to address issues in the Latrobe Valley, including limited or slow rehabilitation of mines, poor rehabilitation plans, insufficient rehabilitation bonds and a regulatory system that lacked transparency and clarity. The government committed to implementing recommendations to address these issues.

This audit will examine whether the recommendations are effectively improving the rehabilitation of mines and minimising the state's exposure to liabilities from remediation and rehabilitation.

**Proposed agencies** DEDJTR, DELWP and EPA.



# Health and Human Services

## Access to mental health services

2017–18

**Objective** To determine whether access to Victoria’s mental health services enables Victorians to enjoy the best possible mental health outcomes.

**Issues** Victoria provides both acute and community-based mental health services for Victorians to prevent, manage and treat mental health episodes, in collaboration with various Commonwealth-funded services. In 2016, Victoria released a new 10-year mental health plan. The integration of the system—including identification, community treatment or transition acute services—is integral to the best health outcomes and can be inhibited if issues in accessibility or interconnectedness occur.

This audit will examine whether the current system and its proposed changes provides timely access to required services in the right locations. The audit will identify metrics for measuring accessibility and test whether the components of the mental health system meet accepted benchmarks.

**Proposed agencies** The Department of Health and Human Services (DHHS), an acute mental health facility and a community-based mental health facility.

## Community health services

2017–18

**Objective** To assess whether community health services (CHS) achieve the aims and objectives established for them by DHHS.

**Issues** CHSs aim to improve the health and wellbeing of Victorians by providing primary health care. They give priority access to disadvantaged populations with the poorest health and the greatest economic and social needs.

Victoria’s 88 CHSs operate under two distinct legal and governance arrangements—32 are independently managed while the remaining 56 are part of rural or metropolitan health services.

CHSs have not been the focus of a VAGO performance audit in the last decade. This audit will provide important insights and assurance to Parliament on the performance of government-funded CHSs, and on the oversight and governance of CHSs by DHHS.

**Proposed agencies** DHHS and selected community health centres.

## Victorian public hospital operating theatre efficiency

2017–18

**Objective** To determine whether Victorian public hospital operating theatres are being fully utilised.

**Issues** Operating theatres are complex, expensive resources that are critical to delivering good public health outcomes. In Victoria, 60 public health services manage 290 operating theatres, of which 237 are generally available on any given day. Of those 60 health services, 23 delivered 178 384 reportable elective surgeries in 2015–16 across 39 hospitals they managed. As at 30 September 2016, the elective surgery wait list sat at 41 143 persons with a median wait time of 28 days. The health system faces rising demand for service from a growing and ageing population which is expected to outstrip funding growth. Victoria reports federally on several accessibility measures for emergency and elective surgery and, while the state's performance varies across the measures, on balance Victoria's accessibility is on par with national averages.

The audit has the potential to improve the efficient usage of operating theatres in Victoria by identifying good practice and barriers to performance. It is timely to conduct the audit now given anticipated demand increases and constrained funding, along with recent interstate audits identifying inefficient practices in this area.

**Proposed agencies** DHHS, Royal Melbourne Hospital, Alfred Hospital, St Vincent's Hospital and Austin Hospital.

## Managing rehabilitation services in the youth detention system

2017–18

**Objective** To determine whether Victoria's youth detention system delivers effective rehabilitation services to individuals in youth detention.

**Issues** Violent events within Victoria's youth detention facilities in Parkville and Malmsbury during 2016 and 2017 caused significant damage to the facilities, diminishing their capacity to house youths in detention. In response, some youths were moved to an adult prison facility gazetted as a youth detention facility, and the government announced the construction of a new youth detention facility in Werribee South. Significant government and external reviews of the youth detention system are also underway.

Against this changing background, delivering rehabilitative services to youths in detention remains a necessary and significant goal for the youth justice system. Successfully achieving this goal depends upon the quality of services offered, infrastructure and available resources, and management of the services at both the operational and departmental levels.

Despite the number of reviews currently focused upon youth justice, none of the terms of reference focus upon the sector's ability to deliver rehabilitative services to youths in detention. This audit will examine the sector's success in rehabilitating youth offenders and whether changes to the system have been informed by rehabilitative expertise.

**Proposed agencies** DHHS, the Department of Justice and Regulation (DJR), the Department of Education and Training (DET), Parkville College, Melbourne Youth Justice Centre, Malmsbury Youth Justice Centre and Barwon Prison.

## Security of patients' hospital data

2018–19

**Objective** To determine whether public health services secure patients' data through sound information and communication technology (ICT) security systems, policies, procedures and practices.

**Issues** Public health services rely on patient data to deliver health services to their patients. It is critical that patient data is stored securely and readily available when health providers require it, to protect the health and safety of Victorians.

Increasingly, public health services rely on ICT to deliver their services. However, cyber security risks are increasing in scale and sophistication and they threaten ICT environments more frequently. A cyber security breach can inappropriately alter or destroy patients' personal and health data, which can affect the ability of public health services to deliver services to patients, putting patients' safety at risk. As ICT systems within and across hospitals become more interoperable, the risk of cyber security breaches will continue to increase.

There are other non-cyber-related factors that can compromise the security of patient data—for example, inappropriate use or disclosure of patient information by public health services staff, and unsecure storage of records.

This audit will assess the effectiveness of public health services' information security measures and DHHS's implementation of the government's forthcoming cyber security strategy.

**Proposed agencies** DHHS and a sample of health services.

## Planning for effective and economical public hospitals

2018–19

**Objective** To determine whether DHHS's planning has helped to maintain and/or improve the standard of Victoria's public hospitals.

**Issues** In the 2016–17 Budget, Victoria allocated \$2.9 billion to the health system, including hospital facilities and surgery budget. The growth in demand for health services is outstripping growth in health funding. This is expected to escalate as the population grows and ages, and the Commonwealth adopts a new funding model that will see funding for health plateau. In response, DHHS and public hospitals will need to forecast and plan effectively if they are going to align funding, service demand and service delivery.

In this audit, we will examine whether DHHS has adopted a robust, evidence-based approach to strategic planning to ensure its activity and investments in infrastructure and workforce will help it to deliver the health services expected by the Victorian community.

**Proposed agencies** DHHS and a sample of health services.

## Managing private medical practice in public hospitals

2018–19

**Objective** To determine whether DHHS and the health services are effectively managing private practice in public hospitals to deliver the best outcomes for the health sector.

**Issues** The Commonwealth Government funds medical practitioners working in a private capacity through the Medicare Benefits Schedule (MBS). This funding also covers medical practitioners who work privately within public hospitals, which attracts surgeons to the public sector and allows them to supplement their income. Without the right to private practice, public hospitals would likely need to increase practitioners' wages to maintain the current workforce level and skill mix.

Limited public information about private practice in the public hospitals means there is no assurance that this system delivers efficient or economical outcomes for Victoria's health sector. Evaluation in other jurisdictions indicates that states may be missing out on federal revenue because of the lack of linked-up systems for assessing allowances and reimbursements.

**Proposed agencies** DHHS and a sample of health services.

## Mental health services for children and adolescents

2018–19

**Objective** To determine the effectiveness, efficiency and economy of mental health services for children and adolescents.

**Issues** Approximately 560 000 children and adolescents are estimated to have mental illness, and one in four Australians aged 16–24 years old will experience mental illness in any given year. Three-quarters of all mental illness manifests itself in people under the age of 25.

Intervention early in life and at an early stage of mental illness can reduce its duration and impact. Services that recognise the significance of family and social support and functional recovery are particularly important for children and young people.

Remedial and/or preventative treatment relies upon individuals, their families, the community and government systems—for example, schools—identifying an issue and understanding how to seek assistance. Effective treatment also relies upon the right service being available at the right time and location.

This audit will determine whether Victoria's mental health programs for young people are well designed and operate as intended to prevent, support and treat child and adolescent mental health.

**Proposed agencies** DHHS and a sample of health services.



## Victoria's child protection system

2019–20

**Objective** To determine whether the reforms to Victoria's child protection system enable it to protect children and young people from significant harm caused by abuse or neglect within the family and ensure they receive services required to deal with the effect of abuse and neglect.

**Issues** Child protection is an area of critical interest to the Victorian community and Parliament, yet it has been critically underfunded over many years, an issue highlighted by the challenges faced by vulnerable children in accessing child protection workers. The government has committed to a significant reform agenda in response to the Royal Commission into Family Violence, and this audit will help assure Parliament about the effectiveness of the planned reforms and revised services.

The reforms focus on the child protection model used in Victoria, resource requirements, and training and capability development for child protection workers. The Department of Premier and Cabinet (DPC) has established a taskforce to oversee the reforms, but DHHS will be responsible for much of the reform in its role as the line agency that delivers Victoria's child protection programs.

This audit will examine DHHS's implementation of the change agenda two to three years from its commencement, to provide assurance to Parliament. Key issues to address will be planning, governance and capability development in the sector.

**Proposed agencies** DHHS, DPC and selected agencies.

## Clinical governance in public hospitals

2019–20

**Objective** To determine whether DHHS's activities in response to the 2016 Duckett review have improved the clinical governance framework in Victorian public hospitals.

**Issues** In 2016, DHHS commissioned a wide-ranging review of its clinical governance framework in response to the avoidable deaths of seven infants at Bacchus Marsh Hospital, part of Djerriwarrh Health Service. The report led by Dr Stephen Duckett is entitled *Targeting zero: Supporting the Victorian hospital system to eliminate avoidable harm and strengthen quality of care*.

The Duckett review identified systemic issues in Victoria's clinical governance framework, which increase the risk of harm occurring in hospitals across the public system. The review notes that 10 per cent of hospital admissions resulted in a complication that occurred in hospital, and while hospitals capture significant data, it is not analysed to identify risks because of the public hospital system's devolved governance framework. The review made 59 recommendations that will significantly change how DHHS and its service providers ensure the safety and quality of Victorian public hospitals.

This audit will examine whether DHHS is addressing significant gaps in the oversight of safety and quality in the Victorian public hospital system. Implementing these changes will require DHHS to make significant improvements in the way it collects and analyses data, and how it perceives its role in ensuring strong clinical governance.

**Proposed agencies** DHHS and selected health services.



**Victoria's  
response to  
homelessness**

2019–20

**Objective** To determine whether DHHS's homelessness services provide an economically viable and socially responsible solution to Victoria's increasing rate of homelessness.

**Issues** Homelessness is a complex issue driven by many different factors and manifesting in a variety of ways. Homelessness affects an individual's capacity to live a productive life, draws resources from the health and welfare sector, and potentially impacts on other sectors of the economy such as tourism.

In mid 2016, Melbourne City Council found that the number of homeless people sleeping on the streets of Victoria had nearly doubled from the previous year. The spike in homelessness is a potential indicator of greater stresses within the system.

In response, the Victorian Government provided additional funds for immediate relief and established a task force to develop a response plan. Victoria operates a number of plans to address homelessness, including its response to the Royal Commission into Family Violence—family violence being one driver of homelessness.

This audit will examine the effectiveness of Victoria's housing and homelessness strategies.

**Proposed agencies** DHHS and selected agencies.



# Infrastructure and Transport

## Managing the level crossing removal program

2017–18

**Objective** To assess whether the level crossing removal program has improved, or is expected to improve, the safety and efficiency of the state's road and rail network, and maximises value for money.

**Issues** The level crossing removal program aims to remove 51 crossings by 2022—including 20 by 2018—at an estimated cost of \$5–6 billion. At June 2015, three packages of works involving 17 level crossings were underway. The Level Crossing Removal Authority was established to oversee the program.

The program aims to improve productivity by creating more reliable and efficient transport networks and better connected and safer local communities.

The audit will assess the effectiveness, efficiency and economy of the existing program and planning for the future direction of level crossing removals in the state. The audit will also assess whether the program has realised the expected benefits, such as network efficiencies.

**Proposed agencies** Level Crossing Removal Authority, the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), VicRoads, Public Transport Victoria (PTV) and VicTrack.

## Assessing benefits from the Regional Rail Link project

2017–18

**Objective** To determine whether the Regional Rail Link (RRL) project is realising expected benefits.

**Issues** The \$3.65 billion RRL opened on 21 June 2015. The project involved construction of additional tracks between Southern Cross Station and West Werribee, two new stations at Wyndham Vale and Tarneit, upgrades to Footscray, West Footscray and Sunshine stations, and signalling upgrades along the whole corridor.

The main aim of the project was to separate regional V/Line services to Ballarat, Bendigo and Geelong from Melbourne's electrified suburban network, thereby increasing rail capacity and reliability. The project was delivered ahead of time and under budget, although there were several scope and budget revisions after the initial announcement of the project in 2009.

The project was expected to provide a range of community, economic, environmental and transport benefits. Early positive outcomes from the project include 342 extra regional train services each week between Melbourne and Geelong, Ballarat and Bendigo. As a result, the number of passengers on the regional rail network has grown by 20 per cent—it now carries more passengers than at any point in its history.

Some issues emerged shortly after the RRL project opened, with passengers raising concerns about reliability, overcrowding and irregular spacing of services—particularly in Wyndham Vale and Tarneit. In January 2016, regional services were also disrupted when V/Line's VLOCITY trains experienced higher-than-normal wheel wear, largely due to tight curves in the track design and lubrication practices on some sections of the RRL.

**Proposed agencies** DEDJTR, the Department of Premier and Cabinet (DPC), the Department of Treasury and Finance (DTF), PTV, VicTrack and V/Line.

**Integrating  
the sewerage  
system:  
Septic tanks**

2018–19

**Objective** To determine whether water authorities' sewerage connection projects have reduced environmental and public health risks resulting from septic tanks.

**Issues** An efficient and effective sewerage system is fundamental to public health and quality of life in a modern community. Properties that are not connected to the main sewerage system use on-site water treatment, commonly known as septic tanks.

Septic tanks must be well managed to minimise risks to public health and the environment caused by pipe blockages and breaks. The Environment Protection Authority's (EPA) code of practice for managing on-site wastewater provides standards and guidance to protect public health and the environment, and to ensure the efficient use of resources.

Large areas of the Mornington Peninsula rely on septic tanks. Similarly many homes in Melbourne's northern and eastern suburbs were built before sewerage was available and still use septic tanks. Both Yarra Valley Water (YVW) and South East Water (SEW) have projects underway to connect properties to a mains sewer system—the ECO project, managed by SEW, has a budget of around \$357 million, while YVW estimates spending \$400 million on its community sewerage program.

Our 2006 audit *Protecting our Environment and Community from Failing Septic Tanks* found there had been slow progress in replacing septic tanks and identified a number of issues with the management of programs designed to address this issue.

This audit will examine whether sewerage connection programs have been well planned and managed and are delivering improved public health and environmental outcomes.

**Proposed agencies** SEW, YVW, EPA, local councils and the Department of Environment, Land, Water and Planning (DELWP).

## Compliance with the Asset Management Accountability Framework

2018–19

**Objective** To assess the reliability of certifications by public sector agencies of their compliance with the asset management accountability framework.

**Issues** Public sector agencies manage a portfolio of non-financial fixed assets—including land, buildings, infrastructure and other assets—valued at over \$220 billion. These assets support the delivery of many important services to the community and are vital to the productivity and economic prosperity of Victoria.

Service delivery needs and desired outputs and outcomes should be core drivers for all asset management activities. Effective asset management involves a range of related activities throughout the life of the asset—from initial assessment of investment proposals, through ongoing maintenance and renewal to asset replacement or disposal decisions.

Previous audits have identified persistent weaknesses in asset management practices across the public sector over the past 15 years. Ineffective asset management may cause assets to deteriorate or fail and may increase renewal gaps, ultimately reducing the availability and quality of services for the community.

DTF released the Asset Management Accountability Framework (AMAF) in February 2016 to help public sector agencies to manage their asset portfolios and provide better services. Under the AMAF, agencies must attest to their compliance with the mandatory requirements in their annual report from 2017–18 and must periodically assess their asset management maturity.

Parliament and the community are entitled to have confidence in the certifications made by public sector agencies about their level of compliance with the new AMAF. This audit will provide assurance to these key stakeholders on how reliable these attestations are.

**Proposed agencies** DTF and a selection of public sector agencies including departments and portfolio agencies.

## Improving access to Victoria's freight network: Bridge strengthening

2018–19

**Objective** To determine whether investment in bridge strengthening to facilitate heavy freight vehicles' access to Victoria's road network has reduced congestion, increased transport efficiency and improved road safety.

**Issues** Victoria's future economic prosperity and liveability depends in part on an efficient road network to move people and freight around the state. A key challenge is the expected growth of freight which is forecast to triple by 2050, a rate greater than population growth. The vast majority of freight within Victoria is carried by road—estimated to be 89 per cent—so there is a need to ensure there is sufficient investment in the road network to keep it fit for purpose.

In response to the growth in freight, the industry has increased its use of higher-productivity trucks, which can improve freight productivity and reduce road traffic. However, the use of such vehicles is constrained by inadequate infrastructure—particularly bridges—that cannot accommodate the increased mass and loads associated with heavier vehicles.

Previous VAGO audits have identified a lack of effective long-term planning to manage and prioritise funding for improving the structural safety of bridges. Issues have also arisen in past bridge strengthening projects, such as cost overruns in the strengthening of the West Gate Bridge and subsequent restrictions on heavier commercial vehicles using this route.

This audit will provide assurance to key stakeholders on the extent to which the bridge strengthening program is facilitating increased heavy vehicle freight access to the Victorian road network.

**Proposed agencies** VicRoads, DEDJTR and DTF.

## Maintaining railways across metropolitan Melbourne

2019–20

**Objective** To determine whether railways in metropolitan Melbourne are being appropriately maintained to deliver safe, reliable, punctual, and fit-for-purpose train services for commuters.

**Issues** Public transport patronage in metropolitan Melbourne is increasing at a steady pace; so ensuring rail infrastructure is reliable and well maintained is fundamental to the effective operation of the train system.

Melbourne's metropolitan railway system uses more than 210 six-carriage trains on 869 kilometres of track. Services operate on 16 regular service lines and one special event line. Victorian Rail Track (VicTrack) owns these assets on behalf of the state and leases them to PTV. PTV then on-leases rail assets to the metropolitan train franchisee, Metro Trains Melbourne (MTM), and also pays MTM for maintenance and renewal works, in line with the franchise agreement.

Two previous VAGO audits have identified ongoing problems with railway maintenance. Our 2007 audit *Maintaining Victoria's Rail Infrastructure Assets* identified significant challenges in cost-effectively maintaining the performance of rail infrastructure, particularly signalling infrastructure, which is critical to the safety and reliability of the rail system. Our December 2016 report *Managing the Performance of Rail Franchisees* found that PTV has significant work to do before it can show that it has robust asset management strategies in place and can comply with DTF's AMAF.

This audit will examine how well VicTrack, PTV and MTM have dealt with these challenges as well as assessing the extent to which maintenance practices help to deliver safe, reliable, punctual and fit-for-purpose train services for metropolitan commuters.

**Proposed agencies** DEDJTR, DTF, PTV, Transport for Victoria and VicTrack.

**Associated entities** MTM (using follow-the-dollar powers).

## Reforming the taxi industry and ride-sharing services

2019–20

**Objective** To determine whether the implementation of taxi and ride-sharing reforms has improved the availability, quality and safety of these modes of transport.

**Issues** In recent years, growing concerns about the quality and safety of taxi services have resulted in decreasing levels of consumer satisfaction, growing complaints and negative media about the taxi industry. The arrival of new ride-sharing services such as Uber has further disrupted the industry and increased the need for reform to address the changing nature of the industry.

A special task force was established to provide the Minister for Public Transport with options for regulating ride-sharing services. In August 2016, the government announced that over the next two years, it would replace the current licensing regime with a single registration system for all commercial passenger vehicles, including taxis, hire cars and ride-share services.

The reforms to the commercial passenger industry will help licence holders to transition to the new legislative framework. The taxi industry is concerned that the removal of vehicle licensing is likely to have significant financial impact on licence holders. The reforms also include the introduction of a \$2 levy per trip, removal of all existing licences to increase competition and reduce travel costs, and driver accreditation through the Taxi Services Commission (TSC).

The commercial passenger industry is likely to remain an area of considerable change because of digital disruption and the emergence of other ride-sharing applications. This is further complicated by the emergence of driverless car technology, which has the potential to alter or eliminate private car ownership.

The audit will examine how the ongoing reforms have impacted the taxi industry. The audit will also assess how government and TSC are dealing with other emerging types of commercial passenger transport.

**Proposed agencies** TSC and DEDJTR.

## Improving safety on Victoria's roads

2019–20

**Objective** To determine whether Victoria's road safety strategy is improving safety outcomes.

**Issues** As a result of road safety measures—such as mandatory seat belts, breath-testing and speed cameras—Victoria's road toll declined from 1989 until recently. During this period, the level of fatalities almost halved, from 776 in 1989 to 243 in 2013, and the level of serious injuries also reduced.

However, since 2013, the road toll has risen again—in 2015 there were 252 fatalities and, in 2016, the road toll increased by 16 per cent to 292. The government anticipates that if current trends continue, over the next 10 years there will be 2 500 fatalities and 50 000 people hospitalised with life-changing injuries.

As a result, in May 2016 the government launched Victoria's current road safety strategy—*Towards Zero 2016–2020*. The strategy aims to create a safe system for all Victorians through safe roads and roadsides, safe speeds, safe vehicles, safe drivers and generally safe road use by all people. The immediate goals of the strategy are to reduce the road toll to fewer than 200 deaths by 2020 and to reduce serious injuries by 15 per cent.

This audit will examine the effectiveness of the implementation of the road safety strategy and assess whether the strategy is achieving its intended outcomes and making Victoria's roads safer.

**Proposed agencies** VicRoads, the Transport Accident Commission, the Department of Justice and Regulation (DJR) and Victoria Police.

## Planning and managing Victorian infrastructure

2019–20

**Objective** To determine whether Infrastructure Victoria (IV) and Office of Projects Victoria (OPV) have improved Victoria's infrastructure planning and management.

**Issues** The 2016–17 State Budget allocated around \$58 billion for new and existing infrastructure. The government's intention is that future investment decisions will be based on economic, environmental and social merit, and careful and systematic analysis of longer-term needs and trends. To improve the strategic planning and prioritisation of infrastructure projects, the government established IV in 2015 and OPV in 2016.

IV's objective is to ensure transparent, long-term and apolitical infrastructure advice is available to decision-makers and the public. Its three key roles include preparing a 30-year infrastructure strategy for Victoria, providing advice to the Victorian Government on infrastructure matters, and publishing research.

OPV is located within DTF. Its role is to build capability and skills in project development and delivery and complement the work of IV and DTF. In September 2016, the OPV advisory board was announced to oversee Victoria's growing pipeline of major infrastructure projects.

This audit will examine the effectiveness of IV and OPV's role in providing long-term, statewide infrastructure advice and building related skills and capacity. The audit will also assess how the two agencies are helping Victoria to achieve better infrastructure-related outcomes.

**Proposed agencies** IV and OPV.





# Justice and Community Safety

## Criminal justice data

2017–18

**Objective** To determine whether data about criminal justice is reliable and being used effectively for decision-making.

**Issues** Crime statistics provide important information about the incidence of reported crime across the state. Policy-makers may rely on this data to shape their policies on law and order, and the statistics may also inform the work of other government agencies responsible for managing offenders, such as corrections and the courts. However, for crime statistics to be useful, the underlying data needs to be accurate and reliable.

In 2009, the former Victorian Ombudsman reported his concerns with crime statistics and police numbers to Parliament. In 2011, he investigated the alleged manipulation of police criminal data for political purposes following a complaint from a whistleblower. He found that the reported 27 per cent reduction in assaults in Melbourne was 'misleading and inconsistent with other data'. In both reports, the Ombudsman recommended that an independent agency should be set up to manage the release of crime data, as was the case in Western Australia, South Australia and New South Wales.

As a result, in 2013 the Victorian Government created the Crime Statistics Agency which sits within the Department of Justice. Its governing legislation is the *Crime Statistics Act 2014*. Since January 2015, the Crime Statistics Agency has been responsible for processing, analysing and publishing Victorian crime statistics but has no powers to provide assurance about the accuracy and reliability of the source data provided by Victoria Police.

This audit will assess the progress in improving the reliability of crime data and its use by decision-makers.

**Proposed agencies** Crime Statistics Agency, Victoria Police, the Department of Justice and Regulation (DJR), Corrections Victoria and the courts.

## Maintaining the mental health of child protection practitioners

2017–18

**Objective** To determine whether child protection workers maintain good mental health and wellbeing.

**Issues** As part of their daily work, child protection workers often need to respond to dangerous situations or deal with traumatic incidents.

In 2013 and 2014, WorkSafe Victoria reviewed the workloads and stress levels of child protection workers. WorkSafe Victoria found that staff may be reluctant to seek help because of the stigma associated with 'not coping' and that reporting mental health issues is perceived to have an impact on career prospects.

Agencies must be aware of their staff's mental health and suicide risk profile and have strategies in place to manage these risks. Evidence has found that workplaces which promote an integrated approach to mental health and safety provide the greatest benefits for both the agency and its practitioners.

This audit will determine whether workplace strategies are adequately supporting child protection practitioners.

**Proposed agencies** The Department of Health and Human Services (DHHS) and WorkSafe Victoria.

### Safety and cost effectiveness of private prisons

2017–18

**Objective** To determine whether Victoria's private prisons are safe and cost-effective.

**Issues** There are two privately operated full-service prisons in Victoria—Port Phillip Prison and Fulham Correctional Centre. These prisons currently manage approximately 28 per cent of Victoria's prison population.

Corrections Victoria—part of DJR—is responsible for ensuring the safe and secure management of prisoners. It oversees the private operators and monitors their performance and compliance with the contracts as well as relevant legislation, standards and regulations.

The state has recently extended the full-service prison contracts that have been in place since 1997 for up to a further 20 years, subject to performance. These contracts represent a combined nominal investment by the state of over \$4.5 billion over the life of the contracts.

We will use our follow-the-dollar powers under section 15(2) of the *Audit Act 1994*.

**Proposed agencies** Corrections Victoria (within DJR) and the Department of Treasury and Finance (DTF).

**Associated entities** Australasian Correctional Investment Ltd (provision of services at Fulham Correctional Centre) and G4S Correctional Services (Australia) Pty Ltd (provision of services at Port Phillip Prison).

### Implementing the Ice Action Plan

2018–19

**Objective** To determine whether the Ice Action Plan has reduced harm to the community.

**Issues** The use of crystal methamphetamine (also known as ice) in Victoria has escalated in recent years, with recent waste water analysis showing methamphetamine use doubled in some parts of Melbourne from 2014 to 2015. Ice has an enormous impact on Victoria's health, justice and social services, and there is considerable public concern about the impact of ice not only on users, but also on their families and the broader community.

To minimise the harm caused by ice, the Victorian Government initiated an ice taskforce, which delivered the Ice Action Plan in March 2015. This cross-agency initiative, coordinated by the Department of Premier and Cabinet (DPC), has invested over \$100 million to reduce the harm caused by ice to the community. The initiatives in the plan include an ice helpline, support and treatment programs, training for frontline workers and measures to help curb the supply of ice.

This audit will examine whether the development and implementation of the Ice Action Plan has reduced the harm caused by ice in the community.

**Proposed agencies** DPC, DHHS, Victoria Police and DJR.

**Proposed associated entities** Potential to use follow-the-dollar powers—providers delivering services on behalf of the government.

### Local councils' preparedness for natural disasters (concurrent audit)

2018–19

**Objective** To determine whether local councils are sufficiently prepared to respond to and recover from natural disasters.

**Issues** Victoria has faced a number of emergencies in the last 10 years, including severe fires and floods. These events will continue to occur, which makes it important to build resilience and share responsibility between communities, government and others.

Disaster relief, recovery payments and infrastructure restoration following natural disasters or terrorist events can result in large-scale costs for state governments. To assist with this burden, the Commonwealth Government provides financial assistance to the states in certain circumstances, through the Natural Disaster Relief and Recovery Arrangements (NDRRA).

Effective emergency management arrangements will better prepare Victoria for future crises and enable the community to recover more quickly from the impact of emergency or extreme weather events.

This audit will look at whether local councils are sufficiently prepared to respond to and recover from natural disasters.

**Proposed agencies** DTF, DPC, DHHS, Department of Environment, Land, Water and Planning (DELWP), VicRoads, Emergency Management Victoria and selected councils.

### Managing sex offenders

2018–19

**Objective** To determine whether sex offenders are safely reintegrated into the community.

**Issues** In 2015 the Victorian Government commissioned a Complex Adult Victim Sex Offender Management Review Panel (commonly known as the Harper Review). The review found that existing laws were inadequate and did not manage the risks these offenders posed to the community. It recommended sweeping changes to increase the supervision and treatment of high-risk offenders.

The Victorian Government allocated \$84 million in funding in the 2016–2017 Budget to respond to the review. Changes include expansion of the sex offender supervision program to include the state’s most serious violent offenders, additional powers to control high-risk offenders, and a new governance model to oversee the scheme.

The reforms build on the changes to the supervision scheme for serious sex offenders which was introduced in 2016, including a specialist response unit comprising senior Corrections Victoria staff, Victoria Police detectives and intelligence analysts.

This audit will assess whether these measures are working to better integrate offenders into the community.

**Proposed agencies** DJR and Victoria Police.

**Police management of property and exhibits**

2018–19

**Objective** To determine whether property and exhibits are appropriately stored and secured.

**Issues** Victoria Police collects a vast range of property in the course of its activities. There are three different types of property including detainee property, lost or abandoned property, and property intended to be used an exhibit (evidence) in court. Property and exhibits are held at local police stations and in other police facilities and storage warehouses.

While this is primarily an administrative function of policing, mismanagement of property and exhibits poses risks to the administration of justice and can impact the community’s perception of police integrity. Risks associated with property and exhibits management include the failure to preserve evidence, liability for damaged/missing property, arbitrary deprivation of property, misuse of sensitive or private information and/or workplace accidents.

This audit will look at whether Victoria Police are appropriately storing and securing property and exhibits.

**Proposed agencies** Victoria Police.

**Effectively deploying Victoria Police staff**

2019–20

**Objective** To determine whether the models Victoria Police uses to deploy its staff are operating as intended and reducing criminal activity.

**Issues** Crime has increased in Victoria—in 2015–16, there was a 13.4 per cent increase in the number of offences recorded by Victoria Police. Coping with this increasing demand for police service is a challenge for Victoria Police.

Victoria Police recognised that it needed a more strategic approach to how it invests in and allocates its staff—including the tools it uses, its capability and the reliability of its data—so it could continue to plan for and better understand the implications of growing demand. Victoria Police’s new staff allocation model aims to more accurately determine the police staff required across the state using factors such as baseline staffing requirements, recorded crime, calls for police assistance and the length of time to respond to different types of crime.

This audit will look at whether the models used for deploying police staff are operating as intended and impacting positively on criminal activity.

**Proposed agencies** Victoria Police and DJR.

### Effectiveness of the Victorian Responsible Gambling Foundation

2019–20

**Objective** To determine whether the Victorian Responsible Gambling Foundation (VRGF) has contributed to reducing the incidence and impact of problem gambling in Victoria.

**Issues** Gambling is an accepted part of the Victorian culture and generates positive economic benefits for the state such as revenue and employment. However, problem gambling can have a significant social impact, and it is estimated that for every problem gambler, around nine others are impacted by the gambling—including family, friends and employers.

The direct and indirect cost of gambling addiction to the Victorian Government has been estimated at between \$74 million and \$147 million respectively. This figure takes into account the direct costs of gambling help as well as other indirect costs such as mental health, social, homelessness and justice services.

VRGF was established in June 2012 as a statutory authority under the *Victorian Responsible Gambling Foundation Act 2011*. VRGF helps people affected by problem gambling as well as their families and friends. The foundation is also responsible for fostering greater understanding and awareness of the concept of responsible gambling in the wider community.

This audit will assess whether VRGF is effectively carrying out its functions.

**Proposed agencies** VRGF and DJR.

### Managing and enforcing infringements

2019–20

**Objective** To determine whether the new infringement system has reduced the amount and age of outstanding fines to acceptable levels.

**Issues** The infringements system is intended to provide a simple and efficient way of dealing with situations where a person has committed an offense, but the nature of the offense and the level of the penalty do not warrant the involvement of a judge. An infringement notice generally requires the offender to pay a fine, but they may also attract other penalties—such as demerit points in the case of traffic offences. There are over 120 agencies that can issue an infringement notice, including Victoria Police, local government entities, universities, hospitals and public transport bodies.

Infringements represent a \$1 billion revenue stream for the government. The value of outstanding fines in Victoria is high and continues to grow—it represents lost revenue for the state. The infringement system has also been plagued by IT failures that have resulted in millions of dollars in write-offs.

The *Fines Reform and Infringements Amendment Act 2016* (the Act) aimed to streamline and centralise the process for managing outstanding fines, supported by upgrades to technology. It also amended the framework for collecting and enforcing both court fines and infringement fines, which were introduced by the *Fines Reform Act 2014*. These changes are designed to make the fines system fairer and more equitable for vulnerable and disadvantaged Victorians and to reduce rates of offending and imprisonment.

This audit will consider whether changes to the infringement system have improved the management and enforcement of infringements and reduced the amount and age of outstanding fines to acceptable levels.

**Proposed agencies** DJR, Fines Victoria and the Sheriff's Office.

**Proposed associated entities** Potential to use follow-the-dollar powers – outsourced service providers.

## Reducing the harm caused by alcohol and drugs on Victorian roads

2019–20

**Objective** To determine whether the prevention, detection and enforcement methods deployed and other measures taken to address the use of alcohol and drugs has improved road safety and reduced fatalities.

**Issues** Driving under the influence of drugs and alcohol is a serious road safety issue. Alcohol and other drugs impair a person's driving ability—a driver under the influence of alcohol or drugs is a potential hazard to themselves, their passengers and other road users.

In 2016, 292 people died on Victorian roads. Around 40 per cent of drivers and riders killed and 28 per cent of those injured had alcohol, illicit drugs or both in their systems.

The importance of minimising the harm of alcohol and drugs on Victorian roads is reflected in three key strategic documents— the 2016–17 Budget Paper 3 (BP3) performance measures for DJR, the Victoria Police Capability Plan 2016–25, and the Transport Accident Commission's *Towards Zero 2016–2020: Victoria's Road Safety Strategy and Action Plan*. The government's Ice Action Plan includes a \$15 million allocation to provide Victoria Police with 10 new booze and drug buses to improve road safety.

This audit will examine whether current methods to address the impact of alcohol and drugs on Victorian roads are improving road safety and reducing fatalities.

**Proposed agencies** Victoria Police, Transport Accident Commission, VicRoads and DJR.

**Proposed associated entities** Potential to use follow-the-dollar powers – service providers who provide treatment programs.

## Rehabilitating and reintegrating prisoners in Victoria

2019–20

**Objective** To determine whether prisoners are being rehabilitated and successfully reintegrated into the community.

**Issues** Prison is a temporary solution to protecting the community—over 99 per cent of prisoners are released. Many prisoners experience significant challenges reintegrating into the community after their release from prison. These challenges can be exacerbated by social disadvantage and complex needs related to drug and alcohol abuse, mental illness, acquired brain injury, homelessness and unemployment.

Over the past decade, the Victorian prisoner population has significantly increased. At the same time, rates of reoffending have reached a ten-year high—44.1 per cent of prisoners return to custody within two years of their release.

Successfully rehabilitating and reintegrating prisoners is not only important for reducing risks to the Victorian community—a reduced rate of reoffending will also help ease prison overcrowding and the high cost of prisons to the community.

This audit will look at whether prisoners are being rehabilitated and successfully reintegrated into the community.

**Proposed agencies** Corrections Victoria (within DJR) and Victoria Police.

**Proposed associated entities** Potential to use follow-the-dollar powers—providers of rehabilitation programs.



# Local Government

## Local government and economic development

2017–18

**Objective** To determine whether councils' economic development activities improve the economic viability and sustainability of their municipalities.

**Issues** The social and economic wellbeing of communities relies on access to necessary resources and sufficient opportunities. Growing the economy and jobs is a top priority for the Victorian Government with more than \$1.2 billion over four years committed to jobs and growth initiatives. The government announced nine new regional partnerships in November 2015, emphasising the need to work cooperatively with local government to develop local economies.

Parliament's *Inquiry into local economic development initiatives in Victoria* (July 2013) identified the key role local councils play in promoting and facilitating economic development but also found that few councils have adopted an integrated, whole-of-government approach to economic development.

This audit will provide assurance to Parliament and the community on the effectiveness of actions by councils to strengthen local economic development initiatives.

**Proposed agencies** Melton City Council, Loddon Shire Council, Southern Grampians Shire Council, Corangamite Shire Council, Bass Coast Shire Council, Regional Development Victoria (within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR)) and the Department of Environment, Land, Water and Planning (DELWP).

## Managing surplus government land

2017–18

**Objective** To determine whether government agencies are achieving best value from surplus land.

**Issues** The community places a high value on public land, particularly open space, and the sale, lease or development of this land can create a strong reaction from local communities and interest groups.

The Victorian Government owns land, including Crown land, for a variety of public purposes. Land can be leased, licensed or sold when it is considered surplus to agency requirements. Government land is considered surplus when it is no longer required for current or future service delivery, it is not a priority for protection and it is no longer of financial benefit to the state.

In 2008, the Select Committee of the Legislative Council on Public Land Development identified a range of issues with the system for assessing and disposing of surplus land. Since then, the government has taken steps to improve land management practices across the public sector.

In 2015 and 2016, government developed a suite of policies and guidance which provide the overall framework for the management of land assets by all agencies. This included, in 2015, the Department of Treasury and Finance (DTF) setting surplus land sales targets to incentivise government agencies to identify and release surplus land in a timely manner.



This audit aims to determine whether these changes have improved the achievement of best value from surplus government land.

**Proposed agencies** DELWP, DTF, the Department of Health and Human Services, the Department of Education and Training and Victorian Rail Track (VicTrack).

## Local government insurance risks

2017–18

**Objective** To determine whether councils are prudently managing their insurable risks.

**Issues** Councils manage and deliver many essential assets and services for the community. It is vital that councils are sufficiently insured against risks that may affect those assets and services, while also ensuring value for money. To do this, councils require a comprehensive understanding of their risk profile, which risks to insure—including levels of cover and excess—and at what cost.

This audit will examine whether councils have adequately assessed their risks and insurance requirements, are sufficiently insured and have applied best-value principles to procure insurance services to protect their community interests.

**Proposed agencies** DELWP, the Municipal Association of Victoria and a selection of councils.

## Delivering local government services

2018–19

**Objective** To determine whether council services are financially sustainable and meet community needs.

**Issues** Local councils provide a wide range of services including environment, health, emergency management, social welfare, infrastructure and planning. Councils determine the selection and costs of their services through the development of their council plan and strategic resource plan. This, in turn, informs the council budget and the rates that councils collect from residents.

With the introduction of rate capping and the Commonwealth's indexation freeze on its financial assistance grants, councils need to ensure they understand the services that their community needs, the costs of those services and how best they can deliver them in a financially sustainable way. Our 2011 audit *Business Planning for Major Capital Works and Recurrent Services in Local Government* found little evidence that most councils appropriately review their services to inform their spending decisions.

This audit will identify the extent to which councils understand their community's service needs and the cost of delivering these services, and how effectively councils determine the services they offer and the methods they use to ensure these services meet community needs in a sustainable way.

**Proposed agencies** DELWP and a selection of councils.

## Reporting on local government performance

2018–19

**Objective** To determine the relevance, appropriateness and fair representation of local government performance reports and the extent to which councils use these reports to improve their performance.

**Issues** The *Local Government Act 1989* (the Act) requires councils to be accountable to their local communities for the way they perform their functions, exercise their powers and use their resources. To support this aim, the Act requires councils to produce accountability reports.

Our 2010 audit *Performance Reporting in Local Government* recommended the establishment of minimum standards for council performance reporting to address issues with the quality and relevance of measures.

In response, the Victorian Government developed the Local Government Performance Reporting Framework (LGPRF) to promote consistent and transparent performance measurement. The LGPRF includes 90 measures that cover service performance, financial management and sustainability, with council performance statements presented on the Know Your Council website.

This audit will review council progress in improving performance measurement and using this to drive improvements.

**Proposed agencies** A selection of councils and Local Government Victoria (within DELWP).

## Disability action plans in local government

2019–20

**Objective** To determine whether councils are achieving the legislative purposes of their disability action plans.

**Issues** Under the *Disability Act 2006* (the Act), government agencies, including local councils, must complete a disability action plan (DAP). The purpose of DAPs is to reduce the barriers that people with a disability may experience when accessing goods, services and facilities, and obtaining and maintaining employment. In addition DAPs aim to promote social inclusion, encourage people with a disability to participate in the community, and change attitudes and practices that discriminate against people with a disability.

The 2014 Parliamentary report *Inquiry into Social Inclusion and Victorians with a Disability* noted feedback about inconsistency in DAPs across local government and the absence of outcome measures and monitoring. The report recommended that VAGO audit the suitability, effectiveness, implementation, and monitoring and improvement of DAPs in local government.

This audit will examine whether councils are achieving their DAPs' intended outcomes and, in doing so, will consider the implementation of activities and performance measurement.

**Proposed agencies** A selection of councils.

## Developer and infrastructure contributions

2019–20

**Objective** To determine whether development and infrastructure contributions provide required infrastructure to new and growing communities as intended.

**Issues** From 2015 to 2031, the population of Victoria is projected to grow by 1.8 million to reach 7.7 million. Accommodating this population growth requires significant planning and development, and the creation of essential infrastructure to support the health, wellbeing and social and economic participation of these growing communities.

The Victorian Government currently operates two contribution schemes—development and infrastructure contributions—that help to fund essential works and services, such as roads, parks, local sports grounds and community facilities, for new communities. Development contributions generally apply to new developments, to support the infrastructure needs of future communities. Infrastructure contributions are a new scheme, introduced in 2016—they currently only apply to greenfield growth areas and strategic developments within existing urban areas.

This audit will examine how effectively development and infrastructure contribution schemes effectively support the creation of essential infrastructure to support new and growing communities.

**Proposed agencies** DELWP, the Victorian Planning Authority, the State Revenue Office and a selection of councils.

## Managing local government asset information

2019–20

**Objective** To determine whether councils accurately document infrastructure assets in their information systems and use this data in their asset management and planning.

**Issues** At 30 June 2016, Victorian councils controlled \$84.6 billion of fixed assets including land, roads, buildings, bridges and other assets. Effective management of these assets is critical for councils to be able to deliver services to their communities.

Managing assets throughout their life cycle requires initial assessment of investment proposals, ongoing maintenance and renewal, and decisions about asset replacement or disposal. Our audits of councils' asset management over the past 15 years have identified persistent weaknesses in their asset management practices. In particular, our report to Parliament on the results of the 2015–16 local government financial audits identified ongoing issues with the completeness of asset information held by councils. Accurate information on the status of assets is an essential foundation for effective asset management.

This audit will help councils to identify possible areas for improvement and/or better practice in the way they capture accurate information about their assets and use this information to inform their asset planning and management.

**Proposed agencies** A selection of councils.



# Financial audit work program

Our financial audit program delivers a range of assurance services for public sector agencies.

Financial audits are conducted in accordance with the Australian Auditing Standards and relevant professional and legislative requirements. Additional information about the delivery of our financial audits can be found in Appendix C.

The following section sets out our financial audit work program for 2017–18, targeting matters that provide the greatest value to Parliament and the Victorian community.





# Financial audits

## Auditor-General's Report on the Annual Financial Report of the State of Victoria

2017–18

As required under section 16A of the *Audit Act 1994* (the Act), the Auditor-General reports to Parliament on the outcome of the audit of the Annual Financial Report of the State of Victoria each year. This report analyses and provides commentary on key aspects of the financial performance and position of the state. In line with the Act, and where appropriate, it will provide information and recommendations for the more effective and efficient management of public resources. This report is tabled in Parliament during November each year. This is the only report on our audits that is required each year under the *Audit Act 1994*.

## Audit Snapshots

2017–18

We will acquit the results of our financial audits to Parliament through our audit snapshot reports. These are produced annually and provide information on the outcomes of the audits of the following sectors:

- local government
- technical and further education institutes
- public hospitals
- universities
- water entities.

Each report will provide an analysis of the financial sustainability, performance and position of the sector. Additionally, it will inform Parliament about the strengths and weaknesses in the control environments at entities within the relevant sector and make recommendations to improve these as appropriate.

Our reports on the education sector table in Parliament in May each year. Reports on the other sectors table in November.

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**Audit opinions**



Opinions on the financial statements of agencies



Opinions on the performance statements of agencies



Opinion on the Annual Financial Report of the State of Victoria

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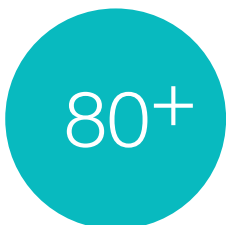
**Review**



Review of Estimated Financial Statements of the Victorian general government sector

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**Grant acquittals**



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**Parliamentary reports**



Auditor-General's Report on the Annual Financial Report of the State of Victoria



Technical and Further Education Institutes: Audit Snapshot



Universities: Audit Snapshot



Water Entities: Audit Snapshot



Public Hospitals: Audit Snapshot



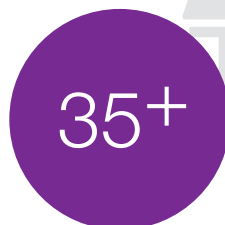
Local Government: Audit Snapshot

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**Our auditors**



In-house financial auditors



Audit service providers

# Appendix A

## Our budget

	2017-18	2018-19	2019-20
	Updated forward estimate (\$)	Updated forward estimate (\$)	Updated forward estimate (\$)
<b>Revenue</b>			
Section 29	26 012 000	26 662 000	27 329 000
General appropriations	16 589 000	17 004 000	17 429 000
Special appropriations	558 000	572 000	587 000
Resources received free of charge	38 000	39 000	39 000
<b>Total</b>	<b>43 197 000</b>	<b>44 277 000</b>	<b>45 384 000</b>
<b>Expenditure</b>			
Employee costs	25 944 000	26 514 768	27 098 093
Accommodation	2 267 000	2 279 000	2 292 000
Depreciation	355 000	635 000	635 000
Capital asset charge	357 000	318 000	285 000
Other expenses	14 975 000	15 387 000	15 772 000
<b>Expenditure</b>	<b>43 898 000</b>	<b>45 133 768</b>	<b>46 082 093</b>
<b>Surplus / (deficit)</b>	<b>(701 000)</b>	<b>(856 768)</b>	<b>(698 093)</b>



## Appendix B

# Delivering performance audits

Our performance audits are typically delivered by in-house staff specially trained by us, however, we periodically engage experts to advise our performance audit teams on complex and technical issues. We also use contractors to supplement our staff resources where required.

To reach conclusions against our audit objectives, we determined criteria against which to assess agency performance. We develop our audit criteria in accordance with relevant standards issued by the Australian Auditing and Assurance Standards Board and in consultation with the audited agencies. The figure below illustrates the types of criteria commonly included in performance audits.

<p><b>Effectiveness</b></p> <p><b>Definition:</b> Achievement of the objectives or other intended effects of activities at a program or entity level.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• the agency has achieved its objective</li> <li>• program recipients have responded in line with objectives</li> <li>• the project has delivered the solution in accordance with requisite standards.</li> </ul>	<p><b>Economy</b></p> <p><b>Definition:</b> Acquisition of the appropriate quality and quantity of resources at the appropriate times and at the best cost.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• services, projects and goods are procured for the best possible price</li> <li>• the agency has prevented or minimised wastage of resources</li> <li>• desired quality standards have been achieved within time and budget parameters.</li> </ul>	<p><b>Efficiency</b></p> <p><b>Definition:</b> Use of resources such that output is optimised for any given set of resource inputs, or input is minimised for any given quantity and quality of output.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• resources are used to maximise output or activity levels</li> <li>• data is actively used to minimise inefficiency</li> <li>• controls and monitoring are applied to track and manage resource use and improve efficiency.</li> </ul>
<p><b>Compliance</b></p> <p><b>Definition:</b> Compliance of an agency/program with all relevant Acts.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• agencies can demonstrate compliance with objectives, functions and requirements of relevant legislation</li> <li>• agencies have systems and processes to monitor compliance and address instances of noncompliance.</li> </ul>		

## Appendix C

# Delivering financial audits

The Auditor-General undertakes financial audits for over 550 public sector entities each year. Around a third of these are undertaken solely using VAGO staff. The remainder are undertaken with the assistance of private sector firms—audit service providers—contracted by the Auditor-General. VAGO reviews this work, and all audit opinions are issued on behalf of the Auditor-General.

In addition, some entities are also required to produce audited performance statements, detailing performance indicator targets and outcomes, with supporting commentary. We audit these alongside our financial statement audits.

Financial statement audits are conducted in accordance with Australian Auditing Standards using a risk-based approach. We plan our audits based on our understanding of the entity, which involves assessing any risks that may significantly (materially) affect the entity's financial statements. This includes assessing the effectiveness of any internal controls the entity has in place which could prevent or detect and correct such risks.

We design and perform our audits to obtain sufficient appropriate audit evidence that the assessed risks have been appropriately addressed and the prepared financial statements present fairly in accordance with the entity's financial reporting requirements. At the end of our audit, we issue an independent auditor's report containing our opinion on whether or not the financial statements present fairly the financial performance and financial position of the entity, and if they have been prepared in accordance with the entity's financial reporting requirements. The entity includes our opinion in its annual report.

In addition to the financial audits, the Auditor-General conducts a review of the State of Victoria's Estimated Financial Statements included in the State Budget.