VAGO
Victorian Auditor-General's Office

Annual Plan
2018–19

Draft performance audit work program 2018–2021

	Central Agencies and Whole of Government	Education	Environment
2018–19	CenITex: Meeting customer needs for ICT shared services Sharing information to address family violence Security of government buildings Fraud and corruption control —Part 2	School compliance with Victoria's Child Safe Standards TAFE admission and enrolment processes	Managing onsite domestic wastewater systems Recovering and reprocessing resources from waste Security of infrastructure control systems for water agencies Follow up of 2013–14 performance audit: *Oversight and Accountability of Committees of Management*
2019–20	Service Victoria: Digital delivery of government services Sexual harassment in the Victorian public sector Fraud and corruption control —Part 3	Early Years Management in the Victorian kindergarten system The principal's role in improving school performance Student literacy in digital technology	Conserving Victoria's threatened species Managing clearing of native vegetation Reducing bushfire risk Rehabilitating mine sites
2020–21	Outcomes for Aboriginal Victorians: Community housing Cyber resilience in the Victorian public sector Fraud and corruption control —Part 4	Breaking the Link between disadvantage and student outcomes Enhanced maternal and child health services for vulnerable families Student attendance in Victorian schools	Minimising stormwater impacts on Port Phillip Bay Effectiveness of water markets Victoria's renewable energy targets

Note: 2–3 follow-up audits yet to be added to each year of the program.

Health and Human Services	Infrastructure and Transport	Justice and Community Safety	Local Government
Managing private medical practice in public hospitals	Security and privacy of surveillance technologies in public places	Police management of property and exhibits	Delivering local government services
Child and youth mental health	Compliance with the *Asset Management Accountability Framework*	Managing registered sex offenders	Local government assets: Asset management and compliance
Security of patients' hospital data	Market-led proposals		Outcomes of investing in regional Victoria
	Melbourne Metro Tunnel project—Phase 1: Early works		Reporting on local government performance
Efficiency and economy of Victoria's public hospitals	Improving safety on Victoria's roads	Ravenhall Prison: Rehabilitating and reintegrating prisoners —Part 1	Delivering local government services: Council libraries
Clinical governance	Managing railway assets across metropolitan Melbourne	Court data	Supporting communities through developer and infrastructure contributions
Targeted care packages	Passenger access to tram services	Reducing the harm caused by gambling	
Victoria's homelessness response	Planning and managing Victorian infrastructure		
Clinical trials in public hospitals	Improving access to Victoria's freight network: Bridge strengthening	Managing and enforcing infringements	Delivering local government services: Waste management services
Managing drug and alcohol rehabilitation services	Melbourne Metro Tunnel —Phase 2: Main works	Reducing the harm caused by alcohol and other drugs on Victorian roads	Implementing *Plan Melbourne: 2017–50*
Managing Support and Safety Hubs	Reforming Victoria's taxi and ride-share services	Allocating electronic gaming machine entitlements	Local government assets: Maintaining local roads
Managing sexual and reproductive health			

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Contents

Acronyms and abbreviations

AMAF	*Asset Management Accountability Framework*
AHV	Aboriginal Housing Victoria
CCTV	Closed-circuit television
CSV	Court Services Victoria
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
DELWP	Department of Environment, Land, Water and Planning
DET	Department of Education and Training
DHHS	Department of Health and Human Services
DJR	Department of Justice and Regulation
DPC	Department of Premier and Cabinet
DSAPT	Disability Standards for Accessible Public Transport
DTF	Department of Treasury and Finance
EPA	Environment Protection Authority
EYM	Early Years Management
FGRS	Fair Go Rates System
HPFV	High-productivity freight vehicles
ICT	Information and communications technology
IV	Infrastructure Victoria
KCM	Kindergarten Cluster Management
LGPRF	Local Government Performance Reporting Framework
LGV	Local Government Victoria
MAV	Municipal Association of Victoria
MBS	Medical Benefits Scheme
MCH	Maternal and child health
MLP	Market-led proposals
MTM	Metro Trains Melbourne
NDFA	Natural Disaster Financial Assistance
NDRRA	Natural Disaster Relief and Recovery Arrangements
PAEC	Public Accounts and Estimates Committee
PVGF	Provincial Victoria Growth Fund
PTV	Public Transport Victoria
OPV	Office of Projects Victoria
RDV	Regional Development Victoria
RGG	Regional Growth Fund
RJIF	Regional Jobs and Infrastructure Fund

RoPP	Right of private practice
RTO	Registered training organisations
SCADA	Supervisory control and data acquisition
SORA	*Sex Offenders Registration Act 2004*
TAFE	Technical and further education
TCP	Targeted care packages
TGA	Therapeutic Goods Administration
VAGO	Victorian Auditor-General's Office
VCAA	Victorian Curriculum and Assessment Authority
VET	Vocational education and training
VicTrack	Victorian Rail Track
VPDSF	Victorian Protective Data Security Framework
VPDSS	Victorian Protective Data Security Standards
VPSC	Victorian Public Sector Commission
VRGF	Victorian Responsible Gambling Foundation
VRQA	Victorian Registration and Qualifications Authority

About our annual plan

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.

To provide assurance to the Parliament of Victoria and the Victorian community, the Victorian Auditor-General's Office conducts performance audits and financial audits. Our audits help the Parliament hold government to account and help the public sector to improve its performance.

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 better 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, cashflows and results of operations for the year.

Both performance audits and financial audits integrate and support each other. Our financial audits are our early warning systems—intelligence obtained from our regular annual contact with agencies feeds into our performance audit program. In turn, our public reporting on the results of financial audits responds to and is shaped by our annual planning efforts.

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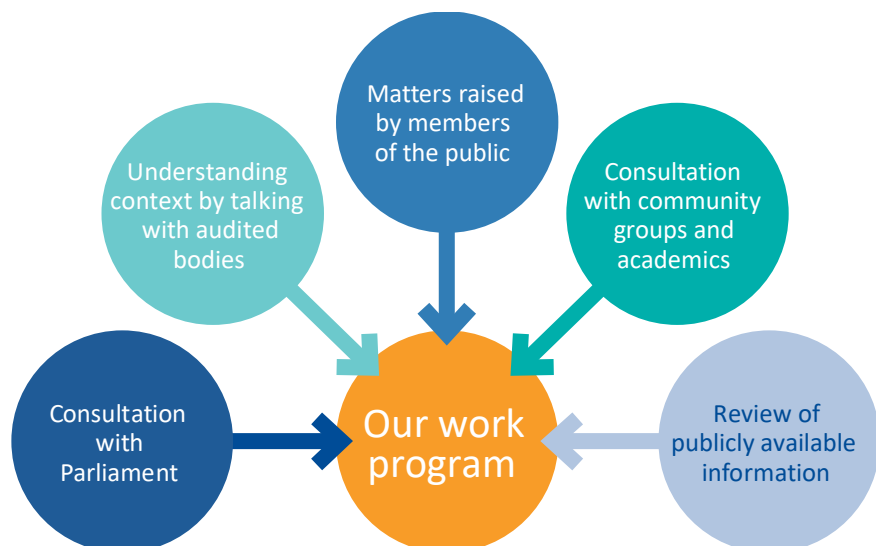
Performance audits

Our performance audit work program operates on a three-year planning cycle. This provides 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

We consult with stakeholders and review publicly available information to inform our understanding of public sector programs and initiatives. We focus on risks, challenges and emerging issues which may influence the achievement of objectives. Our understanding of the environmental context assists us to identify potential areas of audit interest.

Matters raised by members of the public

Understanding context by talking with audited bodies

Consultation with community groups and academics

Consultation with Parliament

Our work program

Review of publicly available information

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 most impact.

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

Our forward program also supports our strategic objectives. It is important that we explore our full mandate of economy, efficiency, effectiveness and compliance audits. This will increase our relevance by delivering credible and authoritative reports about the things that matter and that will make a difference.

We have sought to rebalance our performance audit program in 2018–19, with targeted reviews that focus on efficiency. We have tended to focus on outcome effectiveness in recent years and, in doing so, are not realising the opportunities that present themselves by focusing on cost-effectiveness.

To address this, we have added several efficiency audits to the audit program in 2018–19, including:

- Efficiency and economy of Victoria's public hospitals (2019–20)
- Delivering local government services (2018–19, 2019–20 and 2020–21)
- TAFE admission and enrolment processes (2018–19).

We have also introduced a longer-term perspective to our audit program, by taking a thematic approach to a number of audit topic areas. This will allow us to analyse audit results through time to identify what works, assess the adequacy of early planning and work to set up initiatives for success, and use longitudinal, linked datasets to examine causal relationships. Examples of time-series audits added to the 2018–19 work program include:

- Melbourne Metro Tunnel Project (2018–19 and 2020–21)
- Ravenhall Prison: Rehabilitating and reintegrating prisoners—Part 1 (2019–20).

It is important that we also sufficiently consider matters of good housekeeping and financial regularity that underpin service delivery. Audits in this year's plan that focus on these issues include:

- Fraud and corruption control (2018–19, 2019–20 and 2020–21)
- Police management of property and exhibits (2018–19)
- School compliance with Victoria's Child Safe Standards (2018–19).

Assessment steps

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

Baseline identification criteria

Degree of correlation between the topic idea and statewide/ sector-specific issues, number of stakeholders affected, and extent of performance gaps between desired standards and actual results

Significance of the issue

Consideration of the topic's financial materiality, as well as its economic, social and environmental impact

Relevance to our key stakeholder groups

Relevance of the topic to Parliament, the current government, public sector agencies and community groups

VAGO contribution

Our ability to provide unique insights and independent perspectives that add value to the audited agency

Priority and timing

Consideration of time-critical developments relevant to the proposed audit as well as our priorities

Balance and coverage of the program

Balance of economy, efficiency, effectiveness and compliance audits both across our performance audit mandate, as well as across the various portfolios/ sectors of government

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. Our consultation is thorough and transparent, and provides the opportunity for considered feedback at multiple stages.

We consult in stages with comprehensive information:

- Stage 1—consultation on proposed 2018–19 and 2019–20 audits (topic synopses) and potential 2020–21 audits
- Stage 2—three-year proposed work program (audit specifications and topic synopses).

We thoroughly analyse all the feedback we receive to refine the focus of our audits, identify issues with proposed time lines and better understand the impact of current or proposed 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 agencies' progress in implementing actions from previous audits, as well as verifying that actions taken by agencies have effectively addressed our recommendations.

To select audits to follow-up, we undertake a comprehensive follow-up survey to assess agencies' actions on recommendations over a three-year period—for example, the 2018–19 survey will focus on outstanding recommendations for audits tabled in 2014–15, 2015–16 and 2016–17.

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.

We conduct our performance audits 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. These include:

- audit opinions on financial reports and performance statements of public sector agencies
- an opinion on the Annual Financial Report of the State of Victoria
- a review report on the estimated financial statements of the State of Victoria
- five reports to Parliament on the results of financial audits
- a report to Parliament on the outcome and findings of our audit of the Annual Financial Report 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 public sector activity that may benefit from audit scrutiny.

PAEC has provided useful input 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 2018–19, we plan to deliver 22 performance audits along with one to two follow-up audits.

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

Central Agencies and Whole of Government

Education

Environment

Health and Human Services

Infrastructure and Transport

Justice and Community Safety

Local Government

Central Agencies and Whole of Government

CenITex: Meeting customer needs for ICT shared services

2018–19

Objective To determine whether CenITex is delivering services that meet customers' expectations and the requirements of its service level agreements.

Issues CenITex provides information and communications technology (ICT) shared services for six of the seven Victorian Government departments and their associated portfolio agencies. CenITex also provides services for the Environment Protection Authority (EPA), Public Transport Victoria (PTV), Taxi Services Commission, VicForests and the Victorian Ombudsman. It is part of the portfolio of the Department of Treasury and Finance (DTF), providing ICT services to support about 34 000 Victorian public servants.

Many aspects of government ICT, including data security and adoption of new technologies, rely on CenITex's performance. CenITex's performance also impacts the cost of delivering government services that use the systems that CenITex manages.

CenITex uses a performance management framework to manage and report its performance and publishes key performance data on its website.

This audit will assess CenITex's performance against the framework, including assessing the framework itself, and whether customers are receiving reliable services, and explore how CenITex and its customers gauge the competitiveness of its services, both now and in the future.

Proposed agencies CenITex and DTF.

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 enable timely interventions that keep victims safe.

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.

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 information sharing 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 of the government's plan to end family violence.

Proposed agencies Department of Premier and Cabinet (DPC), Department of Health and Human Services (DHHS), Department of Justice and Regulation (DJR), Court Services Victoria, Victoria Police, Anglicare Victoria and the Victorian Aboriginal Childcare Agency.

Security of government buildings 2018–19

Objective To determine whether Victorian Government office accommodation is sufficiently secure to prevent unauthorised access and other criminal or anti-social behaviour that may threaten the safety of staff, visitors and members of the public.

Issues The Victorian Government owns and occupies a significant amount of office space across the state. Public sector agencies that use these premises need to apply active and passive security, and other safety measures to respond to a range of threats. These threats can be to personal safety, the security of government property and information, or the structural integrity of the premises.

Unauthorised access to government buildings could potentially cause significant disruption to public sector activities. Therefore, it is critical that:

- DTF—as the agency responsible for coordinating government office accommodation across metropolitan and regional areas—help departments and agencies to mitigate security risks by providing comprehensive and up-to-date guidance and assessments based on the Commonwealth Protective Security Policy Framework

- departments and agencies apply DTF's guidance to meet appropriate levels of security.

This audit will explore whether existing guidance for designing and applying security measures within government buildings reflects effective, contemporary methods, and the extent to which agencies are applying these measures to protect buildings from unauthorised access and other criminal or anti-social behaviour.

Proposed agencies DTF, DJR and DHHS.

Fraud and corruption control—Part 2 2018–19

Objective To determine whether local councils' 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 its interests, abusing his or her position of trust to achieve personal gain or advantage.

Investigations by the Independent Broad-based Anti-corruption Commission, together with various performance audits, have found that agencies have not consistently applied the integrity systems intended to control fraud risks, and that these systems require regular testing.

Our 2012 audit report *Fraud Prevention Strategies in Local Government* concluded that the five councils we 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 examine whether councils have well-designed fraud and corruption controls, and the extent to which these controls are operating as intended. This audit is part of an annual series of fraud and corruption audits that will each focus on different issues and agencies.

Proposed agencies Department of Environment, Land, Water and Planning (DELWP) and a selection of local councils.

Service Victoria: Digital delivery of government services
2019–20

Objective To determine whether use of digital and mobile technologies is cost-effectively improving service delivery to Victorians.

Issues The Victorian Government is working to make digital technology the preferred method for providing government services. One of the actions outlined in the *Information Technology Strategy for the Victorian Government 2016–2020* is the development of a digital distribution channel for simple, high-volume government transactions.

To do this, DPC, through Service Victoria, is developing better digital channels and mobile services to replace the hundreds of phone hotlines and different websites currently in use, which often make it difficult for the public to access government services, as well as being costly for taxpayers.

Customer experience is a key aspect of realising the intended benefits of digital service delivery. In addition, effective cyber security contributes significantly to public confidence in these services.

This audit will assess whether responsible agencies are cost-effectively delivering services digitally and have implemented the relevant recommendations from our 2015 audit reports *Delivering Services to Citizens and Consumers via Devices of Personal Choice* (Phase 1 and Phase 2).

Proposed agencies Service Victoria and DPC.

Sexual harassment in the Victorian public sector
2019–20

Objective To assess whether the Victorian public sector is providing work places that are free from sexual harassment.

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.

For the public sector, the *Public Administration Act 2004* enshrines respect as a core value—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 to uphold this value and avoid liability.

In the public sector, some workplaces may have increased risk 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, the Victorian Public Sector Commission's (VPSC) People Matter Survey has included questions about sexual harassment to help improve monitoring and understanding of patterns of harassment in the public sector**.**

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, DTF, DHHS, DELWP, Department of Economic Development, Jobs, Transport and Resources (DEDJTR), Department of Education and Training (DET), DJR, Victoria Police and WorkSafe Victoria.

Fraud and corruption control—Part 3 2019–20

Objective To determine whether agencies' 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 its interests, abusing his or her position of trust to achieve personal gain or advantage.

Investigations by the Independent Broad-based Anti-corruption Commission, together with various performance audits, have found that agencies have not consistently applied the integrity systems intended to control fraud risks, and that these systems require regular testing.

Our 2012 audit report *Fraud Prevention Strategies in Local Government* concluded that the five councils we 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 examine whether agencies have well-designed fraud and corruption controls, and the extent to which these controls are operating as intended. This audit is part of an annual series of fraud and corruption audits that will each focus on different issues and agencies.

Proposed agencies A selection of government agencies.

Outcomes for Aboriginal Victorians: Community housing

2020–21

Objective To assess whether the ownership transfer of public housing assets to Aboriginal Housing Victoria (AHV) is supporting improved housing access, stability and uptake of support services for Aboriginal Victorians.

Issues The Aboriginal population experiences poorer outcomes than the general population on multiple indicators. Aboriginal people are seven times more likely to be the subject of a child protection assessment and are incarcerated at 11 times the rate of non-Aboriginal people. In total, 16.4 per cent of the Aboriginal population is unemployed compared with 6.3 per cent for the general population. Research indicates that for Aboriginal people, access to stable housing can be a significant barrier to positive health, wellbeing and employment outcomes.

In early 2017, the Victorian Government's housing strategy *Homes for Victorians* committed to transferring management of 4 000 public housing assets to the community housing sector. This follows the government's 2016 announcement that it would transfer ownership of 1 448 public housing assets to AHV, valued at approximately $500 million.

Transferring ownership of these properties is a key part of the government's commitment to self-determination for Aboriginal Victorians. It will empower AHV to plan for, maintain and develop a property portfolio that is financially sustainable and improves stability of housing for Aboriginal Victorians. As a consequence, this should improve referrals to support services and ultimately help to improve the health and wellbeing of residents, as well as helping them secure employment.

This audit will assess the extent to which the transfer of ownership of assets to AHV has improved stability of housing for residents, improved referrals to relevant support services, and contributed to positive outcomes.

Proposed agencies DHHS, DTF, DPC and AHV.

Cyber resilience in the Victorian public sector

2020–21

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

Issues The Victorian Government released its cyber security strategy in 2017. The strategy's purpose is to develop and implement cyber security capabilities to:

- protect sensitive data against loss, malicious alteration and unauthorised use
- ensure the resilience of government services, systems and infrastructure to cyber threats
- ensure the continuity of government during and after serious cyber incidents
- protect and secure new digital services for citizens
- coordinate Victoria's response to threats against infrastructure
- ensure the security and viability of the Victorian Government's core infrastructure.

In addition, the Victorian Protective Data Security Framework (VPDSF) and Victorian Protective Data Security Standards (VPDSS) provide direction for Victorian public sector agencies on their data security obligations, which includes cyber breaches.

Our previous audit reports have found that agencies' inadequate ICT security controls and immature operational processes may expose them to cyber attacks. We found that agencies had immature disaster recovery procedures and 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 its implementation of the VPDSF and VPDSS have effectively improved government's cyber resilience.

Proposed agencies DPC, the Office of the Victorian Information Commissioner, CenITex, DTF, DHHS, DET, DELWP, DJR and DEDJTR.

Fraud and corruption control—Part 4 2020–21

Objective To determine whether agencies' 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 its interests, abusing his or her position of trust to achieve personal gain or advantage.

Investigations by the Independent Broad-based Anti-corruption Commission, together with various performance audits, have found that agencies have not consistently applied the integrity systems intended to control fraud risks, and that these systems require regular testing.

Our 2012 audit report *Fraud Prevention Strategies in Local Government* concluded that the five councils we 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 examine whether agencies have well-designed fraud and corruption controls, and the extent to which these controls are operating as intended. This audit is part of an annual series of fraud and corruption audits that will each focus on different issues and agencies.

Proposed agencies A selection of government agencies.

Education

School compliance with Victoria's Child Safe Standards

2018–19

Objective To determine whether the systems and supports that oversee Victoria's Child Safe Standards assure school compliance.

Issues Schools have a duty of care for over 932 000 students and are responsible for providing a safe learning environment. Victoria's more than 2 228 government and non-government schools are required to protect their students from child abuse.

In 2016, the government introduced compulsory minimum Child Safe Standards that apply to all organisations that provide services for children. The standards aim to drive cultural change in public sector agencies so that protecting children from abuse is embedded in everyday thinking and practice.

A 2016 ministerial order imposes obligations on schools which aim to ensure schools implement and satisfy the Child Safe Standards. It also confirmed that the Victorian Registration and Qualifications Authority (VRQA) has some responsibility for monitoring and enforcing schools' compliance with the standards.

This audit will examine oversight and support activities relating to schools' compliance with the Child Safe Standards.

Proposed agencies Department of Education and Training (DET), VRQA and a selection of schools.

TAFE admission and enrolment processes

2018–19

Objective To determine the efficiency of admission and enrolment processes at technical and further education (TAFE) institutes.

Issues Victoria's vocational education and training (VET) system delivers workplace-specific skills to help improve employability. Victoria has over 1 000 registered training organisations (RTO) that offer thousands of VET courses, including dual-sector universities, TAFE institutes and private providers.

Since 2010, TAFEs have experienced considerable reform, including reductions in funding and adjusting to operating in a competitive VET sector. In 2017, the government released its reform to the Victorian training system, Skills First. Skills First aims to make vocational training more accessible to those without post-school qualifications, or those seeking higher-level qualifications than they already hold. Through the Skills First model, DET contracts RTOs to deliver government-subsidised training to eligible students.

A key component of a TAFE's economic success is its ability to progress inquiries from prospective students into admissions and enrolments.

This audit will examine whether TAFEs have processes to ensure only eligible students are enrolled, that their information systems are adequate to meet contractual requirements for admissions and enrolments and that they achieve efficiencies in these processes.

Proposed agencies DET, Box Hill Institute of TAFE, Swinburne University, Melbourne Polytechnic, William Angliss Institute and SuniTAFE.

Early Years Management in the Victorian kindergarten system
2019–20

Objective To determine whether Victoria's Early Years Management (EYM) framework has increased the sustainability and responsiveness of kindergarten services.

Issues Kindergarten and early-childhood development are important for helping to realise children's potential early in life.

From 2003, Victoria's community-based kindergartens were managed through the Kindergarten Cluster Management (KCM) model. Under this model, local councils, community-based organisations, or federated/amalgamated kindergarten organisations could be KCM organisations, managing multiple kindergarten services. By 2015, over 80 per cent of KCM organisations also delivered other early years services, such as long day care, occasional childcare and playgroups. A number of cluster-managed integrated learning centres and services provided in partnership with schools had also formed.

In 2016, service providers began transitioning to the EYM policy framework. The aims of the EYM framework reflect the expanded role of EYMs by better integrating services and improving their sustainability.

DET has overarching responsibility for EYM-funded services. This includes supporting, monitoring and evaluating EYM organisations' performance.

This audit will examine DET's oversight of EYM services and whether EYM organisations are meeting the new performance requirements.

Proposed agencies DET, Wyndham City Council, Hume City Council, Whitehorse City Council, Greater Shepparton City Council, Macedon Ranges Shire Council, Goodstart Early Learning and The Young Men's Christian Association of Ballarat.

The principal's role in improving school performance
2019–20

Objective To determine whether DET's initiatives to develop and support school principals are contributing to improvements in school performance.

Issues A key focus of the government's Education State agenda is strong leadership in every school. School principals are expected to lead improvements in teaching quality and performance. They also manage a combined expenditure of around $12.9 billion in school budgets and teaching salaries, as well as significant infrastructure and other assets.

The role of the principal is complex and multifaceted, with three primary responsibilities—delivery of a comprehensive curriculum, governance of a school council, and management of the school's financial and human resources. DET has a range of initiatives aimed at cultivating a pipeline of potential leaders to perform these complex roles.

DET employs school principals and oversees their performance. In 2017, DET aligned its government schools' performance and development model for principals with the *Australian Professional Standard for Principals*. It also introduced online performance and development assessments to help it identify systemic issues and principals' developmental needs.

This audit will examine DET's work to nurture and prepare a pipeline of leaders to occupy the principal role, and how its support and oversight is assisting principals to improve school performance.

Proposed agencies DET and a selection of schools.

Student literacy in digital technology 2019–20

Objective To determine whether students are developing literacy in digital technology and design to meet future skill requirements.

Issues The employment market is increasingly volatile—technological change, automation leading to redundancy, and digitisation and globalisation of markets are having a growing influence on industries and jobs. In 2016, the Foundation for Young Australians reported that, based on current trends, individuals will have an average of 17 different jobs across five distinct industries in their working life.

The government has recognised the need for students to be better equipped to deal with our changing world, and the Victorian Curriculum and Assessment Authority (VCAA) rolled out a new curriculum in 2017. It established two new curriculum areas in technologies, both aimed at enabling students to become confident and creative developing digital solutions. These new areas are:

- digital technologies—providing students with practical opportunities to learn how to use computational, design and systems thinking to transform data into digital solutions
- design and technologies—encouraging students to consider the economic, environmental and social impacts of technological change, and how technologies may contribute to a sustainable future.

This audit will focus on how well the Victorian curriculum, and its implementation, is supporting students to develop digital literacy.

Proposed agencies DET, VCAA and a selection of schools.

Breaking the Link between disadvantage and student outcomes 2020–21

Objective To determine if students at risk of poor learning outcomes are supported to reach their potential and stay in education.

Issues In Victoria, there is a persistent gap in educational outcomes for students from disadvantaged backgrounds at all stages of their education. Breaking the Link is a key initiative in the government's broader Education State reforms. The initiative aims to reduce the impact of disadvantage.

Breaking the Link provides increased equity funding for schools with students who may face more barriers to success than their peers. The increased funding enables schools to invest in additional resources and expertise to support disadvantaged students. It also includes the following initiatives:

- LOOKOUT Education Support Centres—education experts and support staff in regional offices to support children and young people in out-of-home care with any education challenges they may face
- Navigator program—a case management service to support people aged 12–17 years to re-engage with education and training
- *Marrung: Aboriginal Education Plan 2016–2026*—a strategy to ensure that all Aboriginal Victorians achieve their learning aspirations and realise the full benefits of the Education State reforms.

This audit will examine whether these initiatives are:

- reducing the number of school leavers during years 9–12
- closing the reading achievement gap between disadvantaged and non-disadvantaged students in years 5 and 9
- effectively re-engaging disengaged 12–17 year olds in education and training.

Proposed agencies DET and a selection of schools.

Enhanced maternal and child health services for vulnerable families 2020–21

Objective To determine whether the enhanced maternal and child health (MCH) service is resulting in improved access, participation and outcomes for vulnerable children and their families.

Issues The MCH service is a universal primary care service for families with children from birth to school age. It includes developmental health surveillance, parenting support, and health education and services. Local councils plan and deliver MCH services funded by DET through a partnership agreement between DET and the Municipal Association of Victoria (MAV).

An enhanced MCH service is available for children and families who may be at risk of poor outcomes and need additional support. In 2017, DET received funding to expand the enhanced MCH service, with the aim of providing services to about 37 000 families. Additional funding was also provided to attract new nurses to an ageing MCH workforce—65 per cent are over 51 years old.

This audit will examine the enhanced MCH service's impact on vulnerable children and their families.

Proposed agencies DET, MAV and a selection of local councils.

Student attendance in Victorian schools 2020–21

Objective To assess whether schools are best supporting all children to regularly attend school.

Issues Participation in education maximises students' life opportunities by helping them develop skills, knowledge and values that will enable them to lead fulfilling, productive lives.

While most children and young people attend school regularly, a small proportion leave school early for a variety of reasons. Others facing complex problems may remain enrolled in a school but may be disengaged and have poor attendance. Students who do not participate in school face a number of challenges, including not getting qualifications, increased likelihood of unemployment and experiencing long-term disadvantage.

Children aged six to 17 years must be enrolled at a registered school, or registered for home schooling. Parents and carers have legal responsibility for ensuring children in their care attend school. Schools must record student attendance twice per day in primary schools, and in every class in secondary schools.

This audit will examine whether schools are successfully managing students' attendance at school.

Proposed agencies DET and a selection of schools.

Environment

Managing onsite domestic wastewater systems

2018–19

Objective To determine whether onsite domestic wastewater is effectively managed to prevent environmental impacts.

Issues Effective management of wastewater generated from household use is necessary to protect both public and environmental health. Properties must either connect to the reticulated sewerage system (the sewer) or use an onsite wastewater management system, commonly known as a septic tank, to treat household wastewater before it is discharged to the environment.

Reticulated sewerage systems did not keep pace with Melbourne's significant population growth since the 1950s and, as a result, there is still a large number of properties in Melbourne's north east and south not yet connected to the sewer which rely on septic tank systems.

More than 14 000 properties in the outer northern and eastern suburbs, and 30 000 across the Mornington Peninsula are still not connected to the sewer. Many of these properties have ageing, failing and poorly maintained septic tanks risking pollution of groundwater and waterways.

Water authorities need to effectively plan and integrate these high-risk areas into established and extended sewerage infrastructure networks in the long term. In the short term, councils need to ensure existing septic systems are being used and managed effectively.

This audit will examine whether relevant agencies are effectively managing the environmental and public health risks posed by septic tanks, with a focus on the Mornington Peninsula and Yarra Ranges.

Proposed agencies Department of Environment, Land, Water and Planning (DELWP), Environment Protection Authority (EPA), South East Water, Yarra Valley Water, and Yarra Ranges and Mornington Peninsula shire councils.

Recovering and reprocessing resources from waste

2018–19

Objective To determine whether responsible agencies are maximising the recovery and reprocessing of resources from Victoria's waste streams.

Issues Population growth will almost double the level of Victorian waste in the next 30 years. As the state's population spreads into new residential areas, there will also be an impact on locations available for waste and resource recovery sites.

The decreasing capacity of current landfills and the rising cost of diverting waste to landfill will increase the cost of resource recovery activities. *The Statewide Waste Resource Recovery Infrastructure Plan* identifies that Victoria's existing infrastructure for waste and resource recovery lacks the capacity and capability to meet projected increases in waste or to fully realise the economic value of waste materials.

This audit will examine whether DELWP, EPA and Sustainability Victoria are working with the Metropolitan Waste and Resource and Recovery Group and relevant local councils to ensure that the state's waste is effectively recovered and reprocessed where appropriate, with a focus on three challenging waste streams—tyres, electronic waste and organic waste.

Proposed agencies DELWP, EPA, Sustainability Victoria, Metropolitan Waste and Resource and Recovery Group, City of Monash, Banyule City Council and Greater Shepparton City Council.

Security of infrastructure control systems for water agencies 2018–19

Objective To determine whether information and communications technology (ICT) systems used to operate, manage and monitor critical water infrastructure are secure.

Issues Victoria's 19 water operators rely on critical infrastructure to deliver their services, including physical assets, facilities, distribution systems, information technology and communication networks. This infrastructure relies on supervisory control and data acquisition (SCADA) systems to digitally monitor and control water infrastructure.

Cyber attackers have been known to target critical infrastructure, including SCADA systems, to endanger public health and safety. If successful, these attacks could result in overflows of untreated sewage, reductions in water pressure, or shutdowns in the distribution of water.

In 2014, CERT Australia—the Australian Government's computer emergency response team—responded to 11 073 cyber security incidents affecting Australian businesses, 153 of which involved systems of national interest, critical infrastructure and government.

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, Melbourne Water, Yarra Valley Water, Barwon Water, Emergency Management Victoria and Aquasure/Watersure (private partner desalination plant).

Follow up of 2013–14 performance audit: *Oversight and Accountability of Committees of Management* 2018–19

Objective To verify agencies' attestations about the actions they have taken to address recommendations made in response to the performance audit *Oversight and Accountability of Committees of Management*, tabled in 2013–14.

Issues We ask agencies each year to attest to their progress in responding to and monitoring recommendations from previous performance audits. Using these attestations and other sources of intelligence we then select past performance audits which we follow up.

The follow-up performance audits are limited to the review of the recommendations made by the Auditor-General to the selected agencies, whether and how effectively they have responded to these performance audit recommendations, and whether and how effectively the actions taken have addressed the root issue that led to the recommendation.

Proposed agencies DELWP.

Conserving Victoria's threatened species 2019–20

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

Issues Victoria's native plants and animals have intrinsically high environmental value as well as contributing major economic benefits to the state.

Historic clearing of native vegetation in much of Victoria has resulted in the widespread loss of habitat and the decline of many species. Victoria is the most cleared state in Australia, with nearly two-thirds of the state's landscape now modified for agriculture and urban development. Combined with further clearing, habitat fragmentation, changed river flows, inappropriate land use and fire regimes, and invasive species and diseases, land clearing has put enormous stress on native species.

In *Victoria: State of the Environment 2013* report identified that only 11 of 294 threatened species showed signs of recovery. There are many signs that the state's threatened species continue to decline and some formerly common species are now threatened.

The *Flora and Fauna Guarantee Act 1988* is the primary piece of Victorian legislation for conserving threatened species and ecological communities, and managing the processes that threaten the state's native flora and fauna.

Our 2009 audit report *Administration of the Flora and Fauna Guarantee Act 1988* found that the main tools for managing threatened species were either not working or were not being used. A review of the *Flora and Fauna Guarantee Act 1988* is currently being finalised.

This audit will examine whether DELWP is appropriately managing and applying the available laws and tools cost-effectively to prevent further declines in threatened species. It will also assess the impact of any reforms arising from the review of the *Flora and Fauna Guarantee Act 1988*.

Proposed agencies DELWP and Parks Victoria.

Managing clearing of native vegetation 2019–20

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

Issues Victoria is the most cleared Australian state—around 46 per cent of public land retains its original native vegetation, compared to around 21 per cent for private land.

The Victorian Government's native vegetation programs aim to conserve indigenous plant species, including trees, shrubs, herbs and grasses. These programs include various ecological activities such as creating stable animal habitats, preventing land degradation and maintaining the land's productive capacity.

The removal of native vegetation in Victoria is regulated through the Victorian Planning Provisions of the *Planning and Environment Act 1987*. The native vegetation clearing regulations were reformed in December 2017.

However, the removal of vegetation on private land and the felling of old-growth trees as part of planned burning and vegetation removal are exempt from normal planning controls. These activities have resulted in a decline in the quality and extent of Victoria's native vegetation.

This audit will examine whether responsible agencies are appropriately applying the native vegetation clearing regulations following recent changes, as well as how effectively Victoria is managing the clearing that occurs outside these regulations.

Proposed agencies DELWP, City of Whittlesea, Surf Coast Shire and Yarra Ranges Council.

Reducing bushfire risk 2019–20

Objective To assess whether agencies are effectively working together to reduce Victoria's bushfire risk.

Issues Victoria is already one of the most bushfire-prone areas in the world. Increases in severe weather conditions due to climate change, as well as a growing population, may lead to even greater bushfire risk in the future.

While it is not possible to eliminate the threat of bushfires, the Victorian Government plays a key role in reducing the risk and the impact of bushfires on people, property and the environment.

Fuel management is the main method that government uses to manage bushfire risk. Reducing the leaves, bark, twigs and shrubs that fuel bushfires can reduce their intensity and make them easier for firefighters to control. Fuel management includes planned burning—that is, lighting and managing fires in the landscape at times of the year when bushfire risk is lower. Other fuel management treatments include mowing, mulching and applying herbicides.

In 2013, the Bushfires Royal Commission Implementation Monitor concluded that the previous planned target of burning 5 per cent of public land to reduce bushfire risk was not achievable, affordable or sustainable. The Inspector-General for Emergency Management agreed and recommended that government replace the hectare-based target with a risk-reduction target that measures the impact of fuel management activities on the overall risk of bushfire.

In 2015, the government accepted this recommendation. From 1 July 2016, DELWP's fuel management program became driven by a statewide target to maintain bushfire risk at or below 70 per cent of Victoria's maximum bushfire risk. DELWP's *Reducing Victoria's bushfire risk: Fuel management report 2016–17* estimates the state's bushfire risk at 63 per cent.

This audit will examine whether DELWP is effectively and efficiently reducing the state's bushfire risks.

Proposed agencies DELWP and a selection of agencies.

Rehabilitating mine sites 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. This can be a long and expensive process. Licence and lease holders are required to provide financial security in the form of a rehabilitation bond if they are unable to meet their rehabilitation obligations.

Previous limited or poor-quality rehabilitation of mine sites has caused significant environmental issues across large areas of Victoria. Many of these sites remain contaminated or unusable.

The report on the inquiry into the 2014 Hazelwood mine fire made a number of recommendations to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) 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 actions to address these recommendations.

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

Proposed agencies DEDJTR, DELWP and EPA.

Minimising stormwater impacts on Port Phillip Bay

2020–21

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

Issues Scientific investigations have concluded that the most significant source of pollution in the Bay is stormwater 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 area. After heavy rains in December 2016, the EPA initially closed 21 and then all 36 of the Bay's beaches. Three of the Bay's beaches remained closed until the first week of 2017. 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 using 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 effectively coordinating their efforts to implement these tools.

Proposed agencies DELWP, Melbourne Water, EPA, Bayside City Council, Port Phillip City Council, Frankston City Council and City of Greater Geelong.

Effectiveness of water markets

2020–21

Objective To assess whether Victoria's water markets are providing an equitable and efficient way to manage our finite water resources.

Issues Victoria's water grid connects sources—such as dams, reservoirs and the desalination plant—via infrastructure, such as pipes and pumps, and natural elements like rivers. Water trading is the process of buying, selling or exchanging rights to water. Water markets allow users to move water in connected systems to where it is most valued. Local, regional and statewide networks operate both independently and together to allow water to be moved from where it is captured and stored to where it is needed.

Water markets allow for sharing of water security benefits. Farmers, the Victorian Environmental Water Holder and water corporations buy and sell water entitlements and seasonal allocations, so they can manage their risk based on their willingness to pay. Environmental water holders trade allocations to ensure environmental water is available when and where it is needed to maintain the health of Victoria's waterways.

Climate change and population growth will reduce the amount of water available. The effectiveness of the water grid and markets is important for future water security and minimising adverse impacts on the environment and water users.

This audit will examine the effectiveness of Victoria's water markets in providing improved water security for all water users.

Proposed agencies DELWP and a selection of agencies.

Victoria's renewable energy targets

2020–21

Objective To determine whether Victoria is on track to meet its renewable energy targets.

Issues Victoria's share of electricity generated from renewable resources has increased substantially, from 4.8 per cent in 2009 to 15 per cent in 2017. In June 2016, the government committed to renewable energy generation targets of 25 per cent by 2020 and 40 per cent by 2025. Growing investment in renewables, energy storage and electricity distribution connections is key to lowering carbon emissions and reducing greenhouse gases.

Victoria's *Climate Change Act 2017* established a target for the state to have net zero greenhouse gas emissions by 2050. *Victoria's Climate Change Framework* makes it clear that moving to a clean energy supply by increasing renewable energy generation is a key pillar of the state's approach to reducing emissions.

Transitioning from centrally located infrastructure for producing, transmitting and distributing fossil-fuel energy to the flexible and decentralised energy grids associated with renewable energy will be potentially challenging and costly.

This audit will examine whether DELWP is effectively planning and implementing programs to ensure that the state is on track to meet the 2020 and 2025 Victorian renewable energy generation targets.

Proposed agencies DELWP.

Health and Human Services

Managing private medical practice in public hospitals

2018–19

Objective To determine whether the Department of Health and Human Services (DHHS) and health service providers are effectively managing private practice to optimise outcomes for the health sector.

Issues In the Victorian public health system, clinicians have a 'right of private practice' (RoPP) as part of their terms and conditions of employment (enterprise bargaining agreement and individual contracts). RoPP intends to increase patient choice, supplement clinicians' salary to attract and retain them in the public system, and bolster public hospital income.

The Commonwealth Government funds medical practitioners working in a private capacity through the Medical Benefits Scheme (MBS). This funding extends to medical practitioners exercising RoPP within public hospitals.

Despite local variation, there are two main RoPP models used in Victoria:

- 100 per cent donation model—the clinician receives an additional salary in lieu of the MBS payment, while the health service retains the MBS payment and bears the costs of the practice

- 100 per cent retention model—the clinician retains the MBS payment and pays a fee to the health service to access facilities and administrative support.

There is no accurate data on the number of medical practitioners using private practice, the number of patients treated and the cost or benefits to the system. Consultation with stakeholders indicates that the practice is extensive, but the effectiveness of the program in attracting and retaining clinicians and improving access and choice for patients is unknown.

This audit will examine whether the RoPP model is providing positive outcomes for Victorian public health services, including increased treatment.

Proposed agencies DHHS, a metropolitan tertiary health service, Latrobe Regional Hospital and Western Health.

Child and youth mental health

2018–19

Objective To determine whether child and adolescent mental health services are effectively preventing, supporting and treating child and youth mental illness.

Issues Mental illness is the number one health issue facing young people worldwide. One in four young Australians aged 16–24 years will experience mental illness in any given year. Three-quarters of all mental illness manifests itself in people under the age of 25.

For children and young people, 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.

Most children and young people with mental illness receive clinical treatment in the community, but a small proportion require inpatient treatment. In 2016–17, there were 10 723 registered child and adolescent clients and 1 835 hospitalisations.

This audit will assess whether Victoria's mental health services for children and adolescents are effective.

Proposed agencies DHHS, Eastern Health, Royal Children's Hospital, Austin Health, Monash Health and Albury Wodonga Health.

Security of patients' hospital data
2018–19

Objective To determine whether patient data within the public health system is safe and secure.

Issues Public sector agencies, including those in the health sector, increasingly rely on information and communications technology (ICT) to deliver services to the public. However, as with other organisations, public hospitals' ICT environments are being threatened more frequently by cyber attacks of increasing scale and sophistication. Successful cyber attacks can have severe consequences for the health sector, such as impacting its ability to treat patients.

This audit will examine whether public health services' ICT security policies, procedures and practices effectively protect patient data.

Proposed agencies DHHS, Royal Children's Hospital, Health Technology Solutions Victoria, Barwon Health and Royal Victorian Eye and Ear Hospital.

Efficiency and economy of Victoria's public hospitals
2019–20

Objective To determine the relative efficiency and economy of Victorian metropolitan acute public hospitals.

Issues Population changes, new technology and increasing costs are influencing the efficient and economical delivery of health care. Since the early 1990s, worldwide healthcare spending per capita has risen by over 70 per cent in real terms. An ageing population and costly developments in medical technology are putting more pressure on healthcare budgets. At the same time, obesity, cardiovascular diseases, hypertension and diabetes are becoming persistent, widespread health problems that are further driving increases in the demand for health care.

These challenges are increasing pressure on acute health services to meet demand that is growing in both size and complexity.

This audit aims to assist public health services to understand and respond to demand pressures by examining and analysing cost and demand drivers across acute metropolitan health services.

Proposed agencies DHHS, Melbourne Health, Alfred Health, Austin Health, Eastern Health, Western Health, Northern Health, St Vincent's Health, Barwon Health and Peninsula Health.

Clinical governance 2019–20

Objective To determine whether DHHS has addressed the accepted recommendations of *Targeting zero: Supporting the Victorian hospital system to eliminate avoidable harm and strengthen quality of care*, the 2016 review of hospital safety and quality assurance in Victoria, and that these actions have improved clinical governance across the public health system.

Issues In 2016, the Minister for Health commissioned a wide-ranging review of clinical governance in response to the avoidable deaths of seven infants at Bacchus Marsh Hospital, part of Djerriwarrh Health Service. The review, led by Dr Stephen Duckett, identified systemic clinical governance issues, which increase the risk of harm occurring in hospitals across the system. The Duckett review made 178 recommendations focused on improved data collection and analysis, better engaging clinical expertise and enhancing safety in the system.

DHHS accepted all the recommendations and incorporated them into a response plan, *Better, Safer Care: Delivering a world-leading healthcare system.* Implementing these recommendations requires DHHS to significantly improve how it collects and analyses data, and how it enacts its role in ensuring strong clinical governance in the public hospital system. The changes are underpinned by new structures and two specialist agencies—the Victorian Agency for Health Information and Safer Care Victoria.

This audit will examine whether DHHS has implemented the accepted recommendations and the impact of key response activities on clinical governance across the sector.

Proposed agencies DHHS, Safer Care Victoria and Victorian Agency for Health Information.

Targeted care packages 2019–20

Objective To determine whether targeted care packages (TCP) are successfully transitioning children from residential care to the community.

Issues Children experiencing family violence may be placed in residential care, but this is a costly solution that provides poor outcomes for children in both the short and long term. In Victoria, the number of children entering care is increasing, and recent family violence reforms and changes to mandatory reporting requirements may place further strain on Victoria's child protection system.

In March 2015, the government introduced TCPs to enable eligible children and young people to transition from residential care to more appropriate care arrangements, where their care needs will be better met. Children aged 12 and under, and Aboriginal children have priority access to the program. In October 2015, children at risk of entering residential care and children with a disability were added to the TCP program's priority cohort.

DHHS had done a preliminary review of TCPs and found some areas for improvement. All TCPs reviewed in DHHS's review had been operating for six months or less, and the review did not examine outcomes.

This audit will examine DHHS's implementation and oversight of the TCP program and outcomes achieved.

Proposed agencies DHHS.

Victoria's homelessness response
2019–20

Objective To determine whether DHHS has reduced the incidence and impacts of rough sleeping through implementation of *Victoria's homelessness and rough-sleeping action plan*.

Issues Homelessness results in significant social and economic costs, not just to individuals and families but also communities and the nation as a whole. On an individual level, homelessness makes it difficult to maintain school or further study and leaves people vulnerable to long-term unemployment and chronic ill health.

The Australian Bureau of Statistics estimates that there are more than 20 000 Victorians who are homeless. Further, DHHS notes that there are approximately 1 100 people sleeping rough in Victoria each night.

In January 2018, the government launched *Victoria's homelessness and rough-sleeping action plan*. The plan is the first phase in the development of a long-term homelessness strategy. Victoria has a number of plans to address homelessness including elements of the response to the Royal Commission into Family Violence.

This audit will examine DHHS's implementation of the plan and the extent to which it has achieved intended outcomes.

Proposed agencies DHHS.

Clinical trials in public hospitals
2020–21

Objective To determine whether the governance of clinical trials in public hospitals enforces responsible conduct.

Issues Clinical research in medicine helps to determine the safety and effectiveness of medications, devices, diagnostic products and treatment regimens intended for human use.

The Therapeutic Goods Administration (TGA) is a division of the Commonwealth Department of Health and Ageing, which is responsible for regulating medications and devices. TGA conducts a pre-market assessment before goods are available for sale and use. To show the efficacy of the goods, this pre-market assessment relies on clinical research often conducted within public hospitals.

Public hospitals are responsible for ensuring their staff adhere to the significant range of governance and regulatory requirements while undertaking clinical trials. In addition, the pharmaceutical industry makes a significant investment in research, which means that public entities should have rigorous processes in place to avoid conflicts of interest.

This audit will examine whether audited agencies have a robust governance framework for ensuring clinical trials align with governance and regulatory requirements.

Proposed agencies DHHS and a selection of public health services.

Managing drug and alcohol rehabilitation services

2020–21

Objective To determine whether DHHS's management of drug and alcohol rehabilitation services is efficient and effective in reducing harm.

Issues The Victorian Government funds drug and alcohol treatment services across the state, including residential and non-residential withdrawal, rehabilitation and pharmacotherapy services. There is also funding available for services providing care and recovery coordination for individuals with complex needs. Treatment services can also help individuals to access other pathways during recovery, such as employment and education.

In 2014, the government used a competitive tender process to recommission alcohol and other drug treatment services, and providers rolled out new services in August 2014. Following criticism from the sector, the government commissioned an external review in September 2015. The review made a range of recommendations to DHHS, including reviewing its central intake process and moving intake assessments back to service providers, improving data collection and reporting, and undertaking a comprehensive review of the drug treatment funding model.

This audit will examine DHHS's implementation of these recommendations and whether services are effective and efficient in reducing harm.

Proposed agencies DHHS and a selection of funded service providers.

Managing Support and Safety Hubs

2020–21

Objective To determine whether DHHS's Support and Safety Hubs are providing effective and efficient service coordination for families.

Issues Family violence has been a major issue in Victoria, with many high-profile murders. The Royal Commission into Family Violence and government's *Roadmap to Reform* recommended that Victoria introduce family violence safety hubs in a bid to end family violence in Victoria, and help women and children experiencing family violence. In response to this, DHHS established Support and Safety Hubs. The aim of the hubs is to connect people directly to services and provide a coordinated response to a range of different needs identified through risk and needs assessments.

At this stage, it is unclear how Support and Safety Hubs will operate. Victoria is making a significant investment, with a $1.9 billion package announced in the 2017–18 State Budget. Specifically, the government has committed $448 million over four years to establish 17 Support and Safety Hubs statewide by 2021. It will be important that this funding is targeted properly to achieve intended outcomes.

This audit will examine how Support and Safety Hubs are operating and whether they have been effective in addressing family violence issues in Victoria.

Proposed agencies DHHS and a selection of funded service providers.

Managing sexual and reproductive health

2020–21

Objective To determine whether Victorian women have sufficient access to sexual and reproductive health services to support their health and wellbeing.

Issues Sexual and reproductive health issues affect the wellbeing of Victorian women. These issues include endometriosis, polycystic ovarian syndrome, and the symptoms of menopause. The Victorian Government has launched the *Women's sexual and reproductive health key priorities 2017–2020.* There are four key priority areas:

- Victorians having improved knowledge and capacity to manage fertility
- Victorians having improved access to reproductive choices
- Victorian women with endometriosis and polycystic ovary syndrome or undergoing menopause having improved access to reproductive health services
- Victorian women feeling confident about accessing respectful and culturally safe sexual health services for testing, treatment and support, regardless of their gender identity, cultural identity, ethnicity, age, sexual orientation, disability or residential location.

This audit will examine whether women's access to reproductive health information and services has improved.

Proposed agencies DHHS and selection of health services.

Infrastructure and Transport

Security and privacy of surveillance technologies in public places

2018–19

Objective To determine whether information collected from local government video surveillance activities in public places is secure and 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 local government agencies is widespread and growing, and councils typically make the information gathered available to Victoria Police. While this practice may have benefits for public safety, data security and privacy concerns have continued to follow use of these technologies.

This audit will examine the use of video surveillance technologies such as closed-circuit television (CCTV) and drones in public areas. 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.

Proposed agencies Melbourne City Council, Whitehorse City Council, East Gippsland Shire Council, Hume City Council and Horsham Rural City Council.

Compliance with the *Asset Management Accountability Framework*

2018–19

Objective To determine the reliability of agencies' certifications of compliance with the *Asset Management Accountability Framework* (AMAF).

Issues Public sector agencies manage a portfolio of non-current assets comprising land, buildings, infrastructure, and plant and equipment, valued at over $238.9 billion. Effective management of these assets is critical for government to deliver many important services to the community. They are vital for the productivity and economic prosperity of Victoria.

Service delivery needs and the desired outputs and outcomes should drive all agencies' asset management activities across the asset life cycle. Effective asset management involves a range of activities, from initial assessment of investment proposals, ongoing maintenance and renewal, through to asset replacement or disposal decisions.

Our previous audits have identified persistent weaknesses in the public sector's asset management practices over the past 15 years. Ineffective asset management heightens the risk of agencies' service capacity being depleted through deteriorating and failing assets and growing renewal gaps, ultimately reducing the availability and quality of services available to the community.

The Department of Treasury and Finance (DTF) released the AMAF in February 2016 to help public sector agencies 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 self-assess their asset management maturity.

Parliament and the community are entitled to have confidence in the attestations made by public sector agencies about their level of compliance with the AMAF.

This audit will provide assurance to key stakeholders on the reliability of agencies' attestations.

Proposed agencies DTF, Department of Health and Human Services (DHHS), Department of Education and Training (DET), Department of Environment, Land, Water and Planning (DELWP), Department of Economic Development, Jobs, Transport and Resources (DEDJTR), Department of Premier and Cabinet (DPC) and Department of Justice and Regulation (DJR).

Market-led proposals 2018–19

Objective To determine whether market-led proposals (MLP) are assessed in accordance with government requirements.

Issues An MLP is when the private sector approaches government with a proposal to build infrastructure and/or provide services. It involves the private sector seeking government support for a proposal through direct negotiation rather than a competitive procurement process.

MLPs are a new procurement model for Victoria. While they have clear potential to elicit innovative solutions, they also pose value-for-money and other risks when significant investment projects are not fully tested in a competitive market.

Our August 2015 audit report *Applying the High Value High Risk Process to Unsolicited Proposals* looked at the application of the HVHR process to a previous MLP from Transurban. We identified the need to improve the scrutiny applied to estimating and verifying the benefits of unsolicited proposals at the final offer stage, the assessment of alternative funding options, and engagement with stakeholders on project impacts.

This audit will examine whether DTF and relevant agencies rigorously and transparently assessed the West Gate Tunnel and Victoria Police Centre MLPs as well as a rejected proposal, and the extent of compliance with the MLP process.

Proposed agencies: DTF, DPC, DEDJTR (Western Distributor Authority, Transport for Victoria) and Victoria Police.

Melbourne Metro Tunnel project—Phase 1: Early works

2018–19

Objective To determine whether the Melbourne Metro Tunnel planning processes and early works have adequately prepared for the commencement of the main tunnel works.

Issues The government is developing the $11 billion Metro Tunnel to free up Melbourne's central rail core by running three of the city's busiest train lines through a new tunnel. Twin nine-kilometre tunnels will deliver a new dedicated pathway through the heart of the city, creating space for more trains to run more often.

Work has started on the relocation and protection of up to 100 services under the early works contract. These early works include the excavation of 11-storey-deep shafts next to Swanston Street to enable the construction of two new city stations as well as the clearance of sites at Kensington, North Melbourne and South Yarra. The February 2016 business case for the project argued a strong economic case, with a positive benefit–cost ratio before considering wider economic benefits.

The Minister for Planning assessed the Metro Tunnel through an Environment Effects Statement process and deemed that the likely effects of the Metro Tunnel project were acceptable. This assessment and the subsequent statutory approvals paved the way for the Metro Tunnel project to start major construction.

This audit will examine the planning processes and early works for the Melbourne Metro Tunnel to determine whether these have adequately prepared the project for successful commencement of the main works.

Planning processes that will be in scope include activities such as development of the project business case (problem definition, strategic options analysis, economic appraisal and benefits definition), Gateway reviews, High Value High Risk oversight by DTF, stakeholder consultation, site preparation and land clearance, environmental effects studies and other statutory planning requirements.

Proposed agencies: The City of Maribyrnong, the City of Melbourne, the City of Port Phillip, the City of Stonnington, DEDJTR (Melbourne Metro Rail Authority and Transport for Victoria), DELWP, DTF, VicTrack and Yarra Trams.

Improving safety on Victoria's roads

2019–20

Objective To determine whether Victoria's road safety strategy is delivering intended outcomes.

Issues As a result of road safety measures such as mandatory seat belts, breath-testing and speed cameras, the annual number of lives lost on Victoria's roads from 1989 to 2013, decreased from 776 to 243.

In 2015, there were 252 fatalities and, in 2016, the road toll increased by 15 per cent to 290. In 2017, there were 258 lives lost. 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.

In May 2016, the government launched Victoria's current road safety strategy, *Towards Zero 2016–2020: Victoria's Road Safety Strategy and Action Plan*. The strategy aims to create a safe system for all Victorians by focusing on the condition of roads and roadsides, driving speeds, vehicle safety and 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, Transport Accident Commission, DJR and Victoria Police.

Managing railway assets across metropolitan Melbourne 2019–20

Objective To determine whether rail infrastructure in metropolitan Melbourne is 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 220 six-carriage trains on 965 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 Public Transport Victoria (PTV). PTV then on-leases rail assets to the metropolitan train franchisee, Metro Trains Melbourne (MTM), and pays MTM for maintenance and renewal works, in line with the franchise agreement. Transport for Victoria, within DEDJTR, is responsible for long-term asset management strategy and processes across the public transport network.

Two previous VAGO audits have identified ongoing problems with railway maintenance. Our 2007 audit report *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 audit report *Managing the Performance of Rail Franchisees* found that PTV had significant work to do before it could show that it has robust asset management strategies and could comply with the AMAF.

This audit will examine how well Transport for Victoria, 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 commuters.

Proposed agencies DEDJTR (Transport for Victoria), PTV, VicTrack, V/Line and MTM.

Passenger access to tram services 2019–20

Objective To determine whether tram services are meeting the accessibility needs of passengers with a mobility challenge.

Issues The Commonwealth's Disability Standards for Accessible Public Transport (2002) (DSAPT) require states and territories to work towards removing discrimination from public transport services. DSAPT covers all aspects of transport and transport infrastructure, such as ramps and boarding surfaces, doorways and doors, and tactile ground-surface indicators. There are five target dates for agencies to comply with the DSAPT requirements, with full compliance for buses and bus stops due by 31 December 2022, and trams, tram stops and trains by 31 December 2032.

Of Melbourne's 1 761 tram stops, 383 (22 per cent) are level-access. There are 489 trams, of which 118 (24 per cent) have low floors. Of the 24 tram routes, four (16 per cent) are fully serviced by low-floor trams, and seven routes are partially serviced.

Meeting the DSAPT requirements does not guarantee an improved whole-of-journey experience for people with a disability. For example, without level-access tram stops, a low-floor tram is not accessible to people with a mobility challenge. Some routes require infrastructure upgrades, such as bridge strengthening, before low-floor trams can be deployed on the route.

Progress on upgrading to level-access stops has slowed in recent years. From 2008–09 to 2012–13, 105 level-access stops were completed. Since 2013–14, 27 stops have been delivered, and 12 stops are planned for 2017–18.

This audit will examine whether actions to meet the DSAPT requirements are meeting the accessibility needs of passengers with mobility impairment.

Proposed agencies DEDJTR (Transport for Victoria), PTV, VicRoads and Yarra Trams.

Planning and managing Victorian infrastructure 2019–20

Objective To determine whether Infrastructure Victoria (IV) and the Office of Projects Victoria (OPV) have met their objectives.

Issues The 2017–18 State Budget allocated around $70 billion for new and existing infrastructure. The government established IV in September 2015, announcing its role as identifying and prioritising Victoria's immediate and long-term infrastructure needs based on objective, transparent analysis and evidence.

IV's objective is to promote rigorous and transparent decision-making in the assessment and prioritisation of infrastructure investment in Victoria. 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 was created in 2016 as part of 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 Treasurer announced the appointment of an OPV advisory board, which will 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, to achieve better infrastructure-related outcomes for Victoria.

Proposed agencies IV and DTF (OPV).

Improving access to Victoria's freight network: Bridge strengthening

2020–21

Objective To determine whether investment in bridge strengthening to facilitate access to Victoria's road network for high-productivity freight vehicles (HPFV) has increased freight efficiency and improved road safety.

Issues Victoria's future economic prosperity and liveability depend in part on an efficient road network to move people and freight around the state. Most freight within Victoria (89 per cent) is carried by road, so the government needs to continue investing in the road network to keep it fit for purpose.

The freight and logistics industry has responded to the rapidly increasing freight task by improving truck productivity, including the introduction of HPFVs. An HPFV is defined as a heavy vehicle combination that exceeds 26 metres and/or has a gross combination mass more than 68.5 tonnes, such as a B-triple.

A key constraint on the increased use of HPFVs is inadequate infrastructure, particularly bridges that cannot cater for the increased mass and loads associated with these vehicles. The Commonwealth and Victorian governments have funded improvements to support greater HPFV access.

Previous VAGO audits have identified a lack of long-term planning in the management and prioritisation of funding for improvements to structural safety of bridges. We have identified issues with past bridge-strengthening works, such as cost overruns on the West Gate Bridge strengthening project and subsequent restrictions on HPFV access due to concerns about the bridge's strength.

VicRoads and the local government sector also need to plan for the unintended consequences of bridge-strengthening programs—for example, bridge strengthening may result in a greater number of heavier vehicles using roads, which could increase the roads' maintenance requirements.

This audit will examine whether investment in bridge strengthening to facilitate access to Victoria's road network for HPFVs has increased freight efficiency and improved road safety.

Proposed agencies VicRoads, DEDJTR (Transport for Victoria) and DTF.

Melbourne Metro Tunnel—Phase 2: Main works

2020–21

Objective To determine whether the main works and supporting projects for the Melbourne Metro Tunnel are being delivered as planned.

Issues The $11 billion Melbourne Metro Tunnel is being developed to free up Melbourne's rail central core by running three of the city's busiest train lines through a new tunnel. The Metro Tunnel will create a new end-to-end rail line from Sunbury in the west to Cranbourne/Pakenham in the south-east, accommodating high-capacity trains and creating five new underground stations. It will also enable the future development of an airport link and electrification to Melton.

The project is being delivered through a public–private partnership, which will provide the main works, include tunnelling, the new stations, station fit-outs, mechanical and electrical systems and specific maintenance services, and commercial opportunities at the new stations.

Along its route, the Metro Tunnel will be up to 42 metres deep. Delivering the project's main works is likely to be challenging—the responsible agencies will need to manage disruptions and minimise impacts on road traffic, pedestrians, cyclists and existing public transport and freight services. The project will also need to navigate existing underground infrastructure and services, requiring excavation through a range of challenging geological conditions including tunnels under two significant waterways. Throughout the project, the agencies will need to remove and dispose of large amounts of excavated material.

This audit will examine key materials related to the delivery of the main works and supporting projects for the Melbourne Metro Tunnel, to determine whether they are being delivered as planned.

Proposed agencies DEDJTR (Melbourne Metro Rail Authority and Transport for Victoria), DTF, VicTrack, PTV, PPP consortia, MTM and Yarra Trams.

Reforming Victoria's taxi and ride-sharing services

2020–21

Objective To determine whether the implementation of taxi and ride-sharing reforms have improved the availability, quality and safety of taxi and ride-sharing services.

Issues In March 2011, a comprehensive inquiry investigated all aspects of the taxi and hire car industry, in response to growing concerns about the quality and safety of taxi services. Some of these concerns related to barriers to entry and competition, safe and equitable access for passengers with a disability, and consumer protection and safety issues associated with the working environment.

After the inquiry, the government announced a major reform package and, in June 2013, enacted the *Transport Legislation Amendment (Foundation Taxi and Hire Car Reforms) Act 2013*, aimed at delivering benefits for taxi customers and drivers.

However, the government's reform package was overshadowed by the rise of unregulated ride-sharing services, which quickly gained a substantial share of taxi-type trips as well as high customer satisfaction.

In March 2017, the Economics and Infrastructure Committee tabled its report *Inquiry into Ride Sourcing Services*, examining the way forward for these new services. Shortly afterwards, the Parliament passed the Commercial Passenger Vehicle Industry Bill 2017 in August 2017. The new law regulates ride-share providers and delivers financial assistance to support taxi and hire car licence holders affected by the new regulatory approach.

The audit will examine the impacts of the reforms.

Proposed agencies Taxi Services Commission and DEDJTR (Transport for Victoria).

Justice and Community Safety

Police management of property and exhibits

2018–19

Objective To determine whether Victoria Police's storage and security of property and exhibits supports frontline staff and minimises associated risks.

Issues Victoria Police collects a vast range of property when undertaking its role. There are four different types of property—found, seized, surrendered and created. Property may include drugs, firearms, forensic property (DNA samples and fingerprints), weapons and general lost property. An exhibit is any property in police custody that may be used in court as evidence. Property and exhibits are held in 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 management can include the failure to preserve evidence, theft, liability for damaged/missing property, arbitrary deprivation of property, misuse of sensitive personal or private information and workplace accidents.

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

Proposed agencies Victoria Police.

Managing registered sex offenders

2018–19

Objective To determine whether registered sex offenders are safely integrated into the community.

Issues Victoria's sex offender registration scheme began on 1 October 2004 and was established under the *Sex Offenders Registration Act 2004* (SORA). Under SORA, the Chief Commissioner of Police administers the Register of Sex Offenders. SORA requires offenders who commit sexual offences to keep police informed of their whereabouts and other personal details for a period of time and aims to prevent registered sex offenders working in child-related employment.

At 1 December 2017, there were over 7 000 sex offenders on the register, which is an increase of over 500 from the previous year.

Recent amendments to SORA give courts the discretion to exempt people from automatic registration as a sex offender if they are satisfied that there is no ongoing threat to the community. Other recent changes affect reporting obligations and disclosure of information.

Ineffective management of registered sex offenders may result in higher rates of recidivism which, in turn, will decrease community safety and result in a loss of public confidence in the judicial system.

This audit will assess Victoria Police's governance and monitoring framework and how this is used to focus efforts on high-risk offenders on the register. It will also examine the information-sharing protocols between DJR and DHHS.

Proposed agencies Victoria Police, Department of Justice and Regulation (DJR) and Department of Health and Human Services (DHHS).

Ravenhall Prison: Rehabilitating and reintegrating prisoners—Part 1
2019–20

Objective To determine whether Ravenhall Prison has developed best-practice prisoner management to rehabilitate prisoners and reduce recidivism, along with effective performance and evaluation frameworks.

Issues Prison is a temporary solution for protecting the community—over 99 per cent of prisoners are released after they have served their sentence. However, many prisoners experience significant challenges reintegrating into the community after their release. 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.

Successfully rehabilitating and reintegrating prisoners is not only important for reducing risks to the Victorian community, including recidivism, it can also help ease overcrowding in prisons and the high cost of operating them.

In Victoria, the opening of the new Ravenhall Prison in November 2017 provides an opportunity to implement best-practice prisoner management, to address the complex challenge of recidivism. The prison operator's contract includes specific measures and targets associated with recidivism and the reintegration of prisoners after their release. Ravenhall is the first prison in Victoria to have service payments linked to prisoners' recidivism.

This audit will assess whether there are any gaps or weaknesses in Ravenhall's initiatives to improve prisoner rehabilitation, as well as the proposed performance monitoring and evaluation framework.

Proposed agencies DJR and The GEO Group Australia Pty Ltd (Ravenhall Prison operator).

Court data
2019–20

Objective To determine whether court data is reliable and secure and is used to inform decisions about court services.

Issues Court Services Victoria (CSV) provides administrative services to Victoria's courts, including scheduling hearings and maintaining court buildings.

Court data often includes information about highly vulnerable and sometimes dangerous members of the community. Efficient and reliable court data is essential for giving the community confidence in the justice system. If access to data and systems is slow and unreliable, it places an additional burden on custodial services, victims and their family and friends.

The justice system uses a range of legacy systems that share interfaces, but they are complex and costly to link, with a variety of platforms, vendors, ages of infrastructure and capacities. Poor integration and reliance on manual processes can introduce risk of errors that affect community safety.

The Royal Commission into Family Violence resulted in significant reforms that have, in turn, increased the demand for court services. Increased court activity requires modern, efficient, reliable and secure data systems to meet the needs of vulnerable clients and keep the community safe.

This audit will assess the reliability of court data and provide insight into risks in data handling.

Proposed agencies CSV, Victoria Police and DJR.

Reducing the harm caused by gambling

2019–20

Objective To determine the impact of the Victorian Responsible Gambling Foundation (VRGF) on preventing gambling-related harm.

Issues Gambling is an accepted part of the Victorian culture and generates positive economic benefits for the state, such as revenue and employment. However, gambling harm is a public health issue that needs a whole-of-community response. More than half a million Victorians experience some sort of harm every year from their gambling activities. Many are not regular gamblers and do not consider they have a problem. It is estimated that for every individual who experiences severe gambling harm, up to six other people are affected, including family members and friends.

The social cost of gambling harm in Victoria is estimated to be $7 billion a year. The highest costs are associated with family and relationship problems, followed by emotional and psychological issues, then financial losses.

VRGF was established in June 2012 by the Victorian Parliament under the *Victorian Responsible Gambling Foundation Act 2011*. Its mandate is to address the challenge of gambling harm in the Victorian community.

This audit will assess whether VRGF has achieved its mandate to reduce the severity of the harm caused by gambling.

Proposed agencies VRGF, DJR and Department of Treasury and Finance (DTF).

Managing and enforcing infringements

2020–21

Objective To determine whether Victoria's new infringement system has reduced the amount and age of outstanding fines.

Issues The infringements system provides a simple and efficient way of dealing with situations where a person has committed an offence, but the nature of the offence and the level of the penalty do not warrant the involvement of a judge. An infringement notice generally requires offenders 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 Act 2014* 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. These changes were 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 number and age of outstanding fines.

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

Reducing the harm caused by alcohol and other drugs on Victorian roads 2020–21

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

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

In 2017, 258 people died on Victorian roads. Around one in five drivers and riders who lost their lives in the last five years had a blood alcohol concentration greater than 0.05g/100ml.

A number of strategies, plans and initiatives highlight the importance of minimising the harm of alcohol and other drugs on Victorian Roads, including:

- *Towards Zero 2016–2020: Victoria's Road Safety Strategy and Action Plan*
- *Victoria Police Capability Plan 2016–2025: Capability Framework*
- the *Ice Action Plan*, which includes a $15 million allocation to provide Victoria Police with 10 new booze and drug buses to improve road safety
- performance measures for DJR in the 2016–17 Budget Paper 3.

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 and DJR.

Allocating electronic gaming machine entitlements

2020–21

Objective To determine whether the 2018 process for allocating electronic gaming machine entitlements achieved value for money.

Issues The state regulates the number of gaming machines that operate in Victoria. Under the *Gambling Regulation Act 2003*, the Minister for Consumer Affairs, Gaming and Liquor Regulation determines the rules for allocating electronic gaming machine entitlements to venues such as pubs, clubs and hotels. The total number of gaming machines that can operate in Victoria (outside Crown Casino) is 27 372.

In July 2017, the government announced a number of changes to how electronic gaming machine entitlements are allocated. The changes resulted from a review of the regulatory arrangements for gaming machines, enabling gaming venues to make decisions with certainty well before their current entitlements expire in 2022.

Instead of the auction or competitive bidding process used previously to allocate gaming machine entitlements, the new process allocates entitlements based on expressions of interest. Independent valuations of gaming machine allocations ensure that DJR achieves fair market value for the entitlements from this process.

This audit will focus on the new allocation process for electronic gaming machine entitlements.

Proposed agencies DJR.

Local Government

Delivering local government services

2018–19

Objective To determine whether councils effectively plan for and deliver cost-efficient services that meet community needs.

Issues Under the *Local Government Act 1989* councils prepare a council plan, strategic resource plan and budget, which provide strategic context for their service delivery.

Councils provide a wide range of statutory and other services including environment, health, emergency management, community and family services, infrastructure and planning. Decisions about which services to provide, how to provide them and how to fund them are made in various ways, such as through formal council decisions and service planning undertaken by council staff.

In 2015, the Victorian Government introduced the Fair Go Rates System (FGRS), which establishes caps that limit councils' ability to determine increases in rates and municipal charges each year, constraining this source of revenue growth. Under FGRS, councils need to ensure they continue to deliver services in a financially sustainable way while still meeting community need. Our 2011 audit report *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 examine the extent to which councils understand their community's service needs and know the full cost of delivering these services. We will also assess how effectively councils review the services they offer and the methods they use to ensure these services meet community needs in a sustainable way**.**

We will also undertake a detailed analysis of corporate services, as the first in a series of audits that will examine service efficiency. As all councils have common corporate services, this area is particularly well suited to comparative benchmarking.

Proposed agencies Department of Environment, Land, Water and Planning (DELWP), Bayside City Council, Indigo Shire Council, Moira Shire Council, City of Wodonga and Wyndham City Council.

Local government assets: Asset management and compliance

2018–19

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

Issues At 30 June 2017, the 79 Victorian councils controlled $91.2 billion of fixed assets including land, roads, buildings, drains, footpaths and bridges. Our previous audits of councils' asset management practices over the past 15 years have identified persistent weaknesses in their asset management. Councils require accurate asset information to comply with state and federal disaster response programs—if their asset management programs are noncompliant, they risk being unable to access funding.

In the event of a disaster, Natural Disaster Financial Assistance (NDFA) for local councils provides assistance in the recovery process in accordance with Commonwealth–State Natural Disaster Relief and Recovery Arrangements (NDRRA). The Department of Treasury and Finance (DTF) has a role in administering NDFA.

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 DTF, DELWP, Colac Otway Shire, Nillumbik Shire Council, City of Boroondara, Hindmarsh Shire Council and Mildura Rural City Council.

Outcomes of investing in regional Victoria 2018–19

Objective To determine whether investment in regional Victoria, administered by Regional Development Victoria (RDV), has improved outcomes for regional economic development.

Issues RDV is the Victorian Government's lead agency in developing rural and regional Victoria. Over the past decade, RDV has administered more than $1 billion of funding through various funding programs including the Provincial Victoria Growth Fund (PVGF), Regional Growth Fund (RGG) and the Regional Jobs and Infrastructure Fund (RJIF).

Initiated in 2015, RJIF is the Victorian Government's most recent overarching regional development package. The fund aims to create jobs, improve productivity and attract more people and businesses to regional areas. RDV —a statutory agency within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR)—administers the $500 million fund and distributes grants to regional and rural local councils, government agencies, not-for-profits, community groups and businesses.

Prior to RJIF, the Victorian Government implemented other investment funds. Our 2015 audit report *Regional Growth Fund: Outcomes and Learnings* found that the government could not demonstrate that its previous regional development fund was achieving its objectives or value for money. We made recommendations about evaluation, application processes and governance to help guide the implementation of RJIF. We made similar recommendations in our 2012 audit report *Management of the Provincial Victoria Growth Fund*.

This audit will examine whether RDV has acted on these recommendations and whether there are adequate governance and accountability mechanisms in place to ensure appropriate use of RJIF. The audit will also assess the regional outcomes achieved by the three different funds over the last 10 years.

Proposed agencies City of Greater Geelong, Surf Coast Shire, Warrnambool City Council, Latrobe City Council, Loddon Shire Council and RDV within DEDJTR.

Reporting on local government performance

2018–19

Objective To determine the relevance, appropriateness and fair representation of key local government performance measures and the extent to which the Local Government Performance Reporting Framework (LGPRF) drives council performance and improvement.

Issues The *Local Government Act 1989* makes councils accountable to their local communities for the way they perform their functions, exercise their powers and use their resources.

The LGPRF, managed by Local Government Victoria (LGV), intends to promote consistent and transparent performance measurement. The LGPRF includes 83 measures that cover service performance, financial management and sustainability, with council performance results presented on the Know Your Council website.

This audit will review LGV, within DELWP, and councils' progress in improving the way they measure and report performance and use this information to drive improvements.

Proposed agencies DELWP, Moonee Valley City Council, City of Casey, Horsham Rural City Council, Baw Baw Shire Council and Borough of Queenscliffe.

Delivering local government services: Council libraries

2019–20

Objective To determine whether local councils achieve value for money from their library services.

Issues In satisfaction surveys, residents consistently rate public libraries as one of best-performing areas of local government. However, the cost of delivering library services and the type of service varies between council areas.

Public library services are located in all 79 Victorian local government areas— 41 councils operate their own library services, and 10 regional library corporations manage services across a number of municipalities.

Since 2012, successive reviews have sought to identify ways to make Victoria's library services more efficient, with a particular focus on potential cost savings through increased coordination between libraries, new technologies and the expansion of shared services.

This audit will examine how councils have responded to these reviews and assess whether councils' library services are achieving value for money.

Proposed agencies DELWP and a selection of local councils and library corporations.

Supporting communities through 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 Between 2015 and 2031, Victoria's population is projected to grow by 1.8 million people to 7.7 million. Accommodating this population growth requires significant planning and development. It also requires councils to develop essential infrastructure to support the health, wellbeing, and social and economic participation of these growing communities.

Development and infrastructure contributions have been an important part of the Victorian planning system since the 1990s. In June 2015, the *Planning and Environment Amendment (Infrastructure Contribution) Act 2015* replaced the existing system of development contributions, to remove the complexity and difficulty in administering the current system.

The Victorian Government currently operates two contribution schemes— development and infrastructure—that help to fund essential works and services for new communities, such as roads, parks, local sports grounds and community facilities. Land developers provide contributions in cash or in kind to councils to help fund essential works and services for new communities including roads, parks and sporting facilities. Developer contributions generally apply to new developments, to support the infrastructure needs of future communities. Infrastructure contributions are a new scheme, introduced in 2016 and reviewed in 2018—they currently only apply to greenfield growth areas and strategic developments within existing urban areas.

The current development contribution schemes only apply to certain areas in Victoria, leaving many local government areas without formal programs to obtain funds for necessary infrastructure as they develop and grow.

This audit will examine how effectively the development and infrastructure contribution schemes support the creation of essential infrastructure to support new and growing communities. The audit will also examine the role of current programs of areas not covered by existing planning regimes.

Proposed agencies DELWP, State Revenue Office, Victorian Planning Authority, Melton City Council, Cardinia Shire Council and Golden Plains Shire.

Delivering local government services: Waste management services

2020–21

Objective To determine whether councils' waste management services are achieving value for money.

Issues In 2015–16, Victorian councils spent over $700 million on the delivery of waste management services. These services include kerbside household, recycling and green waste collections, hard rubbish collections, and the operation of landfill and resource recovery centres. Local councils own and/or operate 254 landfills and transfer stations—201 of which are located in rural communities.

In addition to local councils, there are seven region-based waste and resource recovery groups established under the *Environment Protection Act 1970*, which support councils' waste management activities. The groups undertake a range of duties, including planning for the provision of waste and resource recovery infrastructure, and managing joint procurement and waste management contracts.

With the introduction of the FGRS in 2016, there is increased attention on the financial sustainability of councils and the efficiency of local government service delivery. However, waste charges are not subject to rate capping and make a considerable contribution to councils' revenue. In 2015–16, councils' recurrent revenue for waste management was over $200 million, and 90 per cent of this came from user fees.

China's trade restrictions which came into effect in January 2018 are also starting to impact how local government manages waste.

This audit will examine whether local councils and waste and resource recovery groups are ensuring that waste management services deliver value for money for ratepayers.

Proposed agencies DELWP, Sustainability Victoria, Environment Protection Authority (EPA) and a selection of local councils, and waste and resource recovery groups.

Implementing *Plan Melbourne 2017–50*

2020–21

Objective To determine whether actions to implement *Plan Melbourne 2017–50* are sustained and coordinated at a statewide, regional and local level.

Issues Melbourne is the fastest growing city in Australia. The city's population is projected to grow from 4.6 million to almost 8 million—with Victoria's total population set to top 10 million—by 2051. This growth, in combination with a changing climate and increased globalisation and congestion, is testing the resilience of Melbourne's built and natural environment.

Plan Melbourne 2017–50 is the government's overarching policy for responding to this challenge. The plan is accompanied by a separate five-year Implementation Plan. The Implementation Plan outlines the necessary actions to realise *Plan Melbourne 2017–50*'s outcomes and allocates these actions to government departments and agencies. DELWP will oversee the Implementation Plan.

Implementing *Plan Melbourne 2017–50* will require coordinated action by all levels of government, the private sector and the community. As the plan does not sit with a central agency, it is not clear how DELWP will lead the implementation of the plan across agency lines, including ensuring other agencies accept responsibility and resource their allocated actions.

This audit will examine whether a sound and integrated governance framework underpins the implementation of this major statewide plan.

Proposed agencies DELWP and a selection of local councils.

Local government assets: Maintaining local roads

2020–21

Objective To determine whether local councils are achieving value for money in maintaining local roads.

Issues Victoria's 79 councils are responsible for the care and management of local roads under the *Local Government Act 1989*. Their specific obligations are set out in the *Road Management Act 2004*.

Across the state, there are 130 501 kilometres of local roads and 5 970 bridges. Local roads include both sealed and unsealed—unformed, formed or gravel—roads, and they account for approximately 85 per cent of the state's total road network. In 2016–17, councils have budgeted 25 per cent of their capital works expenditure on roads and bridges.

The introduction of rate capping and the Commonwealth's indexation freeze on its financial assistance grants have created challenges for local government, which may impact councils' ability to effectively manage local roads and meet their asset renewal obligations. Small rural councils, in particular, are facing an increasing risk that they may not be able to replace or build new assets as required due to their smaller number of ratepayers and lengthy road network.

This audit will examine whether councils are identifying efficiencies, managing costs appropriately and assessing how they can maintain their road networks in a financially sustainable way.

Proposed agencies DELWP, VicRoads and a selection of local 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 2018–19, 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: 2018–19

As required under section 16A of the *Audit Act 1994*, 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 *Audit Act 1994*, 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 will be brought forward to October in 2018, due to the state election. This is the only report on our audits that is required each year under the *Audit Act 1994*.

Results of 2018–19 Audits

Our Results of Audits reports to Parliament provide information on the outcome of our financial audits of the following sectors:

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

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. We expect to table our 2018–19 reports on the other sectors in October 2018.

Audit opinions

550+

Opinions on the financial statements of agencies

110+

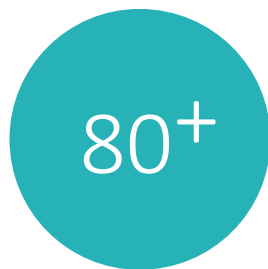Opinions on the performance statements of agencies

1

Opinion on the Annual Financial Report of the State of Victoria

Review

1

Review of Estimated Financial Statements of the Victorian general government sector

Grant acquittals

80+

Parliamentary reports

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

Results of Audits: Technical and Further Education Institutes

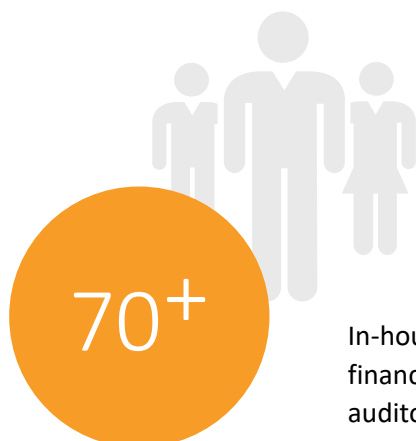Results of Audits: Universities

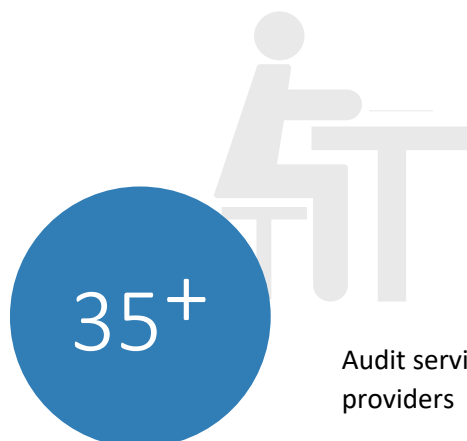Results of Audits: Water Entities

Results of Audits: Public Hospitals

Results of Audits: Local Government

Our auditors

70+

In-house financial auditors

35+

Audit service providers

Appendix A
Our budget

	Updated forward estimate ($)		
	2018–19	2019–20	2020–21
Revenue			
Section 29	26 462 000	27 124 000	27 802 000
General appropriations	17 004 000	17 429 000	17 865 000
Special appropriations	579 636	587 000	601 000
Resources received free of charge	45 000	46 000	48 000
Total	**44 090 636**	**45 186 000**	**46 316 000**
Expenditure			
Employee costs	25 460 231	26 090 000	26 741 000
Accommodation	1 894 741	1 918 000	1 943 000
Depreciation	931 000	931 000	931 000
Capital asset charge	376 000	322 000	282 000
Other expenses	14 807 502	15 925 000	16 419 000
Expenditure	**43 469 474**	**45 186 000**	**46 316 000**
Surplus / (deficit)	**621 161**	**0**	**0**

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 determine 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.

Effectiveness	Economy	Efficiency
Definition:	**Definition:**	**Definition:**
Achievement of the objectives or other intended effects of activities at a program or entity level.	Acquisition of the appropriate quality and quantity of resources at the appropriate times and at the best cost.	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.
Examples:	**Examples:**	**Examples:**
• the agency has achieved its objective	• services, projects and goods are procured for the best possible price	• resources are used to maximise output or activity levels
• program recipients have responded in line with objectives	• the agency has prevented or minimised wastage of resources	• data is actively used to minimise inefficiency
• the project has delivered the solution in accordance with requisite standards.	• desired quality standards have been achieved within time and budget parameters.	• controls and monitoring are applied to track and manage resource use and improve efficiency.

Compliance
Definition:
Compliance of an agency/program with all relevant Acts.
Examples:
• agencies can demonstrate compliance with objectives, functions and requirements of relevant legislation
• agencies have systems and processes to monitor compliance and address instances of noncompliance.

Appendix C
Delivering financial audits

The Auditor-General undertakes financial report 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. We review 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 report audits.

Financial report 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 reports 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 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.

VAGO

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