

Annual Plan
2021–22

Performance audit work program 2021–2024



**Central agencies and
whole of government**



Education



**Environment
and planning**

	Central agencies and whole of government	Education	Environment and planning
2021–22	<p>Business continuity during COVID-19*</p> <p>Government advertising*</p> <p>Management of spending in response to COVID-19*</p>	<p>Effectiveness of the Navigator program*</p> <p>ICT provisioning in schools*</p> <p>Supporting workers in transitioning industries</p>	<p>Offsetting native vegetation loss on private land</p> <p>Protecting Victoria’s biodiversity*</p> <p>Supplying and using recycled water*</p>
2022–23	<p>Cyber resilience</p> <p>Revenue management</p> <p>Use of contractors and consultants in the Victorian public service</p>	<p>Principal health and wellbeing</p> <p>Supporting students with disabilities</p>	<p>Domestic building regulation and dispute resolution</p> <p>Implementing <i>Plan Melbourne 2017–2050</i></p> <p>Managing land-use buffers</p>
2023–24	<p>Fraud and corruption control—Victorian Secretaries Board initiatives</p> <p>Managing employee performance in the Victorian public service</p> <p>Managing statewide risks</p>	<p>Work-related violence in government schools</p> <p>School management of international students</p>	<p>Biosecurity of plants</p> <p>Hazardous waste management</p> <p>Managing the impact of deer</p> <p>Water authorities’ contributions to reducing greenhouse gas emissions</p>

* Audit commenced



Health and human services



Infrastructure and transport



Justice and community safety



Local government and economic development

Kinship care*
Management of the alcohol and other drugs sector

Major infrastructure program delivery capability*
Melbourne Metro Tunnel project—Phase 2: main works
Quality of major transport infrastructure project business cases

Managing body-worn cameras*
The effectiveness of Victoria Police’s staff allocation

Council waste management services*
Fraud control over local government grants*

Clinical trials in public hospitals
Effectiveness of the Enhanced Maternal and Child Health program
Supporting sexual and reproductive health

Maintaining railway assets across metropolitan Melbourne
Planning and management of metropolitan bus services
Road congestion and public transport

Correctional services for people with a cognitive disability
Reducing the harm caused by drugs on Victorian roads
Staff wellbeing in Fire Rescue Victoria

Developing Fishermans Bend
Fraud and corruption risk in local government procurement
Regulation of council building approvals in local government

Health and wellbeing of the medical workforce
Management of non-clinical services in Victorian hospitals
Public pathology services in Victoria

Maintaining trains
Major transport projects: planning and early works
Transport network emergency response

Casino regulation
Prisoner health services
Ravenhall Prison: Rehabilitating and reintegrating prisoners—Part 2

Food safety regulation in local government
Global Victoria

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Annual Plan
2021–22

The Victorian Auditor-General's Annual Plan 2021–22 was prepared pursuant to the requirements of section 73 of the *Audit Act 1994* and tabled in the Parliament of Victoria on 10 June 2021.

The Victorian Auditor-General's Office acknowledges Australian Aboriginal peoples as the Traditional Custodians of the land throughout Victoria. We pay our respect to all Aboriginal communities, their continuing culture and to Elders past, present and emerging.

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About our annual plan

The Auditor-General provides independent assurance to the Parliament of Victoria and the Victorian community about the financial integrity and performance of the state and local governments, with assistance from the Victorian Auditor-General's Office (VAGO).

Under the *Audit Act 1994*, the Auditor-General must prepare and table an annual plan before 30 June each year that details VAGO's proposed work program for the coming financial year.

VAGO conducts performance and financial audits and undertakes assurance reviews of public sector agencies. We report on the results of these audits and reviews to Parliament. Our work program helps Parliament hold the government to account and the public sector to improve its performance.

Our performance audits assess whether government agencies, programs and services are effectively meeting their objectives, using resources economically and efficiently, and complying with legislation. They provide 'reasonable assurance' about activities that are performed well or represent better practice, and also identify opportunities for improvement.

While our assurance reviews provide less assurance than an audit, they allow us to quickly and cost-effectively respond to, examine and report on issues where the additional evidence that would be obtained for an audit is not required. Our annual report on how agencies are implementing past audit recommendations is one example of an assurance review.

A financial audit is the audit of an agency's financial report. Our audit opinions also provide 'reasonable assurance' that financial reports fairly present agencies' financial positions, cashflows and operational results for the year.

Performance engagements

We use a rolling three-year planning cycle to develop our performance engagement work program. This forecast horizon informs Parliament, the public sector and the Victorian community about our short and medium-term goals and priorities. It also provides us with opportunities to undertake early consultation with our stakeholders and allows audited agencies to make necessary preparations for scheduled audits well in advance.

Our annual planning process has the following substantive components:

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

Understanding the environmental context

We review publicly available information to better understand public sector programs and initiatives. This 'environmental scan' helps us isolate potential areas of audit interest.

We consult with members of Parliament, citizens, community groups, public sector agencies and other key stakeholders. Their input helps us understand the context of the information we have gathered and refine ideas for audit and review topics.



Our review of information can include research, statistical data, reports by other external sources and information we have gathered while conducting audits. We focus on risks, challenges and emerging issues that may influence whether government objectives are being achieved.

Identifying areas to audit

We decide on areas to audit by anticipating and responding to current and emerging risks and challenges in the Victorian public sector. We use a multifaceted approach to identify, assess and prioritise potential topic areas. Our planning process informs the development of a work program that balances predictability and responsiveness.

Our forward program also complements our strategic plan and objectives. We maintain our relevance by delivering credible and authoritative reports, and giving advice about substantive matters that will make a difference.

In 2021–22, we continue to focus on delivering a balanced audit program that reflects our mandate. We will undertake a mix of audits that examine whether public sector objectives are being achieved effectively, economically and efficiently, and whether they comply with relevant legislation.

Assessment steps

After we complete our environmental scan, we assess potential audit topics against the following criteria.



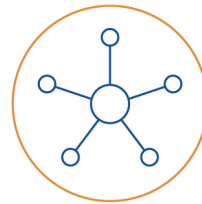
Identification of issues

Determining topics that reflect statewide or sector issues considering factors such as the number of people impacted by the issue and the extent of any performance gap between desired 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, public sector agencies, industry and professional groups and the general public.



VAGO contribution

Our ability to provide unique insights and independent perspectives that add value to the public sector, Parliament and the public.



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 across both our performance audit mandate and the various portfolios/sectors of government.

Consulting on our work program

Having assessed and internally moderated each topic based on our view of its merits, we then consult with the Public Accounts and Estimates Committee (PAEC) as well as government departments and other agencies proposed for inclusion in audits. Our consultation is thorough and transparent, and it provides the opportunity for considered feedback throughout the planning process.

Finalising our work program

We analyse all feedback we receive to refine the focus of our audits, check factual accuracy and identify issues with proposed audit timing. We also use this feedback to better understand the impact of current or proposed public sector reforms on audit topics. We address the written feedback we receive and explain where we have made amendments based on the information provided and why.

Proposed work program

We conduct our performance engagements 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. For more information about how we deliver our performance engagements, refer to Appendix A.

Performance audits

The Performance audit work program sets out the performance audits we expect to undertake over the next three years. Our multi-year program of performance audits is developed through a process of consultation and early engagement with our stakeholders.

Assurance reviews

Section 20 of the *Audit Act 1994* gives us the power to undertake assurance reviews of performance. While our assurance reviews may also assess economy, efficiency and effectiveness, they are more likely to focus on waste, probity and compliance. They typically have a narrow scope and examine a discrete activity or set of transactions. They usually focus on a single issue of significant public interest.

As part of our annual work program we may conduct several standalone assurance reviews to address issues of significant public interest where a timely engagement is called for. We also deliver assurance reviews that recur each year and focus on performance reporting, including:

Responses to performance audit recommendations

Through our performance audits, we identify opportunities for public agencies to improve how they work. We do this by uncovering risks, weaknesses and poor performance, as well as by sharing examples of better practice. We then make recommendations to agencies to address areas for improvement.

Agencies are not legislatively required to accept or implement our recommendations, or publicly report on actions they have taken. This means the public and parliamentarians often do not know what measures, if any, agencies have taken following an audit.

Our recurring assurance review provides insights into how agencies have addressed our audit findings.

Measuring and reporting on service delivery

Each year, as part of the Budget process, departments set output performance measures and targets to monitor how well they are delivering public goods and services.

Building on our 2021 performance audit *Measuring and Reporting on Service Delivery*, we will deliver a recurring assurance review that brings together the results for departments' output performance measures as publicly reported in Budget papers and agency annual reports.

As part of this recurring assurance review we maintain a dashboard that allows the public to compare departments' performance against each other, and drill down to examine performance trends for individual measures over time.

Attest engagements

Our attest program delivers a range of assurance services for public sector agencies. This year they include:

- audit opinions on financial reports and performance statements of public sector agencies
- an audit opinion on the *Annual Financial Report of the State of Victoria*
- a review report on the Estimated Financial Statements for the General Government Sector
- reports to Parliament on the results of our financial audits
- a report to Parliament on 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 seek its suggestions on areas of public sector service delivery that may benefit from audit scrutiny.

In response to PAEC's suggestion, we have added two performance audits to our work program relating to the coronavirus (COVID-19) pandemic:

- Business continuity during COVID-19
- Management of spending in response to COVID-19.

Legislation requires that we publish in the annual plan any changes to the draft plan suggested by PAEC that the Auditor-General does not adopt. PAEC had no further suggestions in this planning cycle.

Performance audit work program

This section sets out our proposed performance audit program for the next three years. In 2021–22, we plan to deliver 18 performance 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.

Our seven performance audit sectors



Central agencies and whole of government



Education



Environment and planning



Health and human services



Infrastructure and transport



Justice and community safety



Local government and economic development



Central agencies and whole of government

Business continuity during COVID-19 2021–22

Objective

To determine whether agencies' business continuity arrangements enabled the continuation of essential public services during the coronavirus (COVID-19) pandemic.

Issues

On 10 March 2020, the Victorian Government released its COVID-19 Pandemic Plan for the Victorian Health Sector in response to the global and national spread of the COVID-19 virus. On 16 March 2020, the Victorian Government declared a state of emergency.

The response to the pandemic required changes to governance structures and public accountability mechanisms, such as the timing of the state budget, as well as to business support processes. It also significantly reshaped frontline service delivery and required the reallocation of resources to respond to urgent pandemic-related demands.

Thousands of Victorian public service employees transitioned to working from home. This created challenges for agencies, including ensuring access to core information and communications technology systems and supporting staff wellbeing.

Each Victorian Government agency must have a business continuity plan and a disaster recovery plan under the *Financial Management Act 1994*. These plans must be reviewed annually, tested and updated to identify emerging risks and issues. Our previous audits of business continuity and disaster recovery plans found audited

agencies lacked centralised coordination and the capability to fully support critical services during a state of emergency.

This audit will examine agencies' preparedness for and ability to maintain essential government business and services during the COVID-19 pandemic. It will share lessons for success and areas for future improvement.

Proposed agencies

Genitex, the Department of Education and Training (DET), the Department of Environment, Land, Water and Planning (DELWP), the Department of Families, Fairness and Housing (DFFH), the Department of Health (DH), the Department of Justice and Community Safety (DJCS), the Department of Jobs, Precincts and Regions (DJPR), the Department of Justice and Community Safety (DJCS), the Department of Premier and Cabinet (DPC), the Department of Transport (DoT) and the Department of Treasury and Finance (DTF).

Government advertising 2021–22

Objective

To determine whether selected government campaign advertising complies with the *Public Administration Act 2004* and is cost-effective.

Issues

The Victorian Government uses advertising to communicate information about its programs and services, changes to legislation and health and safety issues. Advertising may appear in print, on radio or television, outdoors and online. Campaign advertising costs vary significantly each year. Government spending on buying media space for campaign advertising cost taxpayers \$88.5 million in 2018–19. This figure does not include production and other costs associated with advertising such as research, evaluation and print expenditure.

In September 2017, Parliament passed legislation to strengthen the governance arrangements for communication and advertising undertaken by public sector bodies. Transparent government campaign advertising is not just a legislative requirement, it is a matter of significant public interest. Misuse of advertising for political reasons may have an impact on community confidence and may also give one political party an unfair advantage at elections.

This audit will assess the transparency and accountability of government campaign advertising and its conformance with Part 5A of the *Public Administration Act 2004*.

Proposed agencies

DET, DH, DoT, DPC, DTF and the Major Transport Infrastructure Authority.

Management of spending in response to COVID-19 2021–22

Objective

To determine whether agency spending in response to COVID-19, including through the Treasurer's Advance, has been used for its stated purpose and complies with relevant laws and policies.

Issues

It is vital that government responds rapidly to minimise harm to the community and maintain essential services during emergencies. However, doing so can introduce the risk of fraud and corruption, and lead to wasteful expenditure due to reduced controls, monitoring and oversight. It may also impair transparency and accountability of spending.

In April 2020, the Parliament of Victoria passed legislation to access \$10 billion in Treasurer's Advance in 2019–20, and further \$14.5 billion in 2020–21, to help fund spending measures implemented specifically to respond to the COVID-19 pandemic. Parliamentary authority for such urgent expenditure is usually obtained through a subsequent annual budget process, which may occur well after the money has been spent.

This audit will help provide transparency over agency spending in response to COVID-19, including but not limited to the use of funds from the Treasurer's Advance. It will determine whether agency spending was lawful and departments effectively managed risks.

Proposed agencies

DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC, DTF and HealthShare Victoria.

Cyber resilience 2022–23

Objective

To determine whether government agencies are prepared to detect, respond to, and recover from cyber incidents.

Issues

The Victorian Government released its cybersecurity strategy in 2017. In July 2018, DPC implemented a whole-of-government Cyber Incident Response Service (CIRS). This was followed in 2019 by the release of practice guides on developing a Cyber Incident Management Plan (CIMP). These initiatives aim to improve cyber resilience, ensure continuity of service and coordinate Victoria's response to threats against information and communications technology (ICT) infrastructure.

In addition, the 2016 *Victorian Protective Data Security Framework* and 2019 *Victorian Protective Data Security Standards* provide direction for Victorian public sector agencies on their data security obligations. Our previous audits have found undeveloped disaster recovery procedures and little agency awareness of how their ICT systems would perform if subject to a cyber incident.

This audit will assess whether DPC’s cybersecurity strategy, CIRS and CIMP are improving cyber resilience. It will also assess selected government agencies’ preparedness to detect, respond to and recovery from cyber incidents.

Proposed agencies

Cenitex, DJCS, DoT, DPC and the Emergency Services Telecommunications Authority.

Revenue management 2022–23

Objective

To determine whether the State Revenue Office’s collection and management of state revenue is cost-effective.

Issues

The State Revenue Office (SRO) is the Victorian Government’s major revenue management agency. It is responsible for administering a range of state taxes, duties, grants and levies, and collected more than \$18.9 billion in 2019–20. The revenue collected by SRO is used to fund government spending on hospitals, schools, transport and other infrastructure. To effectively fulfil its functions, SRO needs to ensure that taxpayers pay the correct amount of tax when it is due, and that those receiving grants or rebates are entitled to them.

This audit will focus on how SRO manages revenue collection, including its debt and compliance strategies, key information systems and recent digitalisation initiatives.

Proposed agencies

DTF and SRO.

Use of contractors and consultants in the Victorian public service 2022–23

Objective

To determine whether Victorian Government agencies are achieving value for money in their use of contractors and consultants.

Issues

Government agencies use consultants and contractors for a range of purposes. Agencies often procure such services because they need specialist or technical skills, an external viewpoint or to supplement internal resources. However, an undue reliance on consultants and contractors risks reducing the capability of public sector staff. In addition, government agencies need to demonstrate that they are achieving value-for-money outcomes when using consultants and contractors.

Since 1 October 2019, departments have had to comply with new guidelines that specify decision-making and approval requirements for labour hire and the use of professional services.

This audit will assess the prevalence of contractor and consultant use in the public service and whether departments are investing enough in their core capabilities to develop a capable, self-reliant public sector. It will also assess whether departments are complying with the new guidelines for using labour hire and professional services.

Proposed agencies

DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC and DTF.

Fraud and corruption control—Victorian Secretaries Board initiatives 2023–24

Objective

To determine whether the fraud and corruption controls initiated by the Victorian Secretaries Board are well designed and operating as intended.

Issues

In 2015–16, the Independent Broad-based Anti-corruption Commission (IBAC) investigated allegations of corruption in DET. In response to IBAC's findings, the Victorian Secretaries Board established a Corruption Prevention and Integrity Subcommittee, which developed an action plan to strengthen integrity frameworks.

The Victorian Secretaries Board worked with the Victorian Public Sector Commission (VPSC) on initiatives to strengthen processes in relation to:

- conflicts of interest
- gifts, benefits and hospitality
- code of conduct
- tendering and procurement
- integrity structure and governance
- ethical leadership.

The secretaries agreed on and adopted base-level policy and practice requirements. This audit will focus on the implementation of initiatives from the Victorian Secretaries Board to improve integrity in the public sector following IBAC's investigations. It will test the effectiveness of these controls.

Proposed agencies

DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC, DTF and VPSC.

Managing employee performance in the Victorian public service 2023–24

Objective

To determine whether the management of employee performance and progression is supporting staff development and ensuring public service capability.

Issues

In 2019–20, the Victorian public service employed 50 032 people working across eight departments, and 43 authorities and offices. These public service employees hold positions of trust, manage the state's finances and assets and provide a range of services to Victorians. Public service employee expenses are the state's largest operating expense.

A high-performing public service workforce is integral to delivering public services and achieving departmental goals. This requires effective management of employee performance and career progression, including addressing unsatisfactory employee performance. This audit will help identify better practices and key challenges in staff performance development across the Victorian public service.

Proposed agencies

DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC, DTF and the Victorian Public Sector Commission.

Managing statewide risks 2023–24

Objective

To determine whether agencies are working collaboratively to identify and manage shared and state-significant risks.

Issues

To achieve their strategic objectives, Victorian Government agencies must be prepared to deal with risks. As the public sector moves toward adopting a more sophisticated, whole-of-government approach to service delivery, it is essential for agencies to work together to tackle their own risks as well as shared and state-significant risks. The 2020 Victorian Government Risk Management Framework prescribes the minimum requirements agencies must meet to manage risks effectively. This includes shared and state-significant risks.

DTF chairs the Risk Interdepartmental Committee and reports to the Assistant Treasurer. DTF is able, through consultation and reporting, to consider state-significant risks on an ongoing basis and seek advice on how agencies manage them. If agencies do not accurately record and properly escalate these risks, the availability and quality of services may be impacted.

This audit will assess whether agencies have identified, managed and mitigated the effects of shared and state-significant risks.

Proposed agencies

DTF, Victoria Police, Victorian Managed Insurance Authority and a selection of departments.



Education

Effectiveness of the Navigator program 2021–22

Objective

To determine the extent to which Navigator program is effectively re-engaging students in education.

Issues

Engagement strongly influences a student's academic achievements and their likelihood of completing school.

There are three key dimensions of student engagement:

- behavioural engagement—the extent to which students participate in academic, social and extracurricular activities at school
- emotional engagement—the sense of belonging that students receive from their peers, teachers and the broader school environment
- cognitive engagement—the extent that students value their education and persist at learning.

According to the Organisation for Economic Co-operation and Development's 2018 Programme for International Student Assessment, Australian students from high socio-economic backgrounds have greater average levels of engagement and achievement than those from lower socio-economic backgrounds. Intervening with targeted assistance to re-engage students with education could break cycles of disadvantage because early school leavers generally have fewer employment opportunities and poorer health outcomes.

In July 2016, DET commenced a two-year pilot of the Navigator program to help disengaged young people reconnect with education. The program funds community

service organisations to deliver case management and outreach services to young people at risk of disengaging from school. In 2018–19, the Victorian Government committed \$43.8 million over four years to expand the program across the state and additional ongoing funding of \$14.9 million to continue services in the program's pilot areas. In August 2020, further funding of \$6.9 million over two years was committed to expand service capacity as part of DET's support for students at greater risk of disengagement during the COVID-19 pandemic lockdown periods.

This audit will assess the Navigator program's funding model, connections with schools and communities, monitoring and governance arrangements, data collection and analysis, and early outcomes.

Proposed agencies

DET, including a selection of participating schools.

Associated entities

Berry Street, Jesuit Social Services, Mission Australia and Northern Mallee Local Learning and Employment Network.

ICT provisioning in schools 2021–22

Objective

To determine whether DET and government schools are equipped with the information and communication technology (ICT) infrastructure and resources necessary for ICT-facilitated teaching and learning.

Issues

ICT infrastructure, devices and software are important for delivering curriculum and supporting teaching and learning. ICT can help students learn how to access information and help teachers develop students' critical thinking, evaluation and synthesising skills. A student's ability to take advantage of the digital learning environment depends on their school's ICT planning and level of access to ICT infrastructure and resources. Provisioning ICT infrastructure is therefore necessary for ICT-enabled learning. DET shares the responsibility with government schools to ensure they are appropriately supported for ICT-facilitated teaching and learning.

DET gives government schools access to core ICT infrastructure and resources, such as laptops for teachers and principals, local networks, internet access, financial and administrative systems and standards, and technical support. By centrally provisioning ICT infrastructure and resources, DET aims to deliver equitable and sustainable support and equipment across schools. Schools are responsible for planning and budgeting for the ICT capabilities and resources they need to achieve their strategic goals. To assist, DET provides schools with ICT planning policies to support a consistent approach to resourcing ICT infrastructure.

This audit will assess if schools have equitable access to the ICT infrastructure and the resources needed to support ICT-facilitated teaching and learning. We will also examine if DET and schools obtain value for money when purchasing ICT infrastructure and how DET monitors and responds to schools' ICT needs.

Proposed agency

DET.

Supporting workers in transitioning industries 2021–22

Objective

To determine whether Victoria's education skills and training programs are successfully supporting workers in declining industries to transition to new employment.

Issues

Globalisation, automation, disruptive technologies and increased demand for service and knowledge-oriented industries have collectively shifted Victoria's industrial landscape.

Industries such as end-to-end manufacturing, once considered the 'backbone' of the state's economy, have declined in size and relevance, and the prevalence of short-term contracts have supplanted the idea of a 'job for life.' To maintain employability in this climate, individuals must continuously upgrade and expand their skillset. As a result, education and training is now considered a 'career constant' as opposed to a practice that is completed prior to entering the workforce.

Revitalising the vocational education and training sector to better support transitioning industries has been a major focus of the Victorian Government since 2014. A suite of initiatives, as well as the establishment of the Victorian Skills Commissioner, have been implemented to support the government's objective to ensure that the vocational education and training sector is well resourced and able to respond to the changing needs of industry and workers.

In addition to these broader reforms, a range of specific initiatives have been implemented to support workers impacted by industrial changes, such as the establishment of Skills and Job Centres and the Jobs Victoria Employment Network. This audit will assess the effectiveness of DET's, DJPR's and selected Tertiary and Further Education's activities and specific initiatives to support workers impacted by industrial changes.

Proposed agencies

DET, DJPR, Federation University, The Gordon Institute and Kangan Institute.

Principal health and wellbeing 2022–23

Objective

To determine whether DET is protecting the mental health and physical wellbeing of its school principals.

Issues

School principals' responsibilities are varied and complex. Principals must lead and manage the planning, delivery, evaluation, and improvement of their students' education by strategically deploying resources provided by DET and the school community. Principals serve as the executive to the school council and are accountable for their school's compliance with regulatory and legislative requirements and DET policies. They also represent DET to the wider school community. As of June 2020, DET employed 3 276 full-time equivalent principal-class employees including principals, assistant principals and liaison principals.

Over several years, the Australian Principal Occupational Health, Safety and Wellbeing Survey has found that school leaders report higher burnout rates and stress levels compared to the general population.

In 2018, DET introduced the Principal Health and Wellbeing Strategy 2018–21 (the Strategy), which aims to protect and promote the mental and physical health and wellbeing of Victorian school principals. The Strategy acknowledges that the complexity and challenges associated with principals' roles can negatively impact their health and wellbeing. Its initiatives include a principal mentor program, regional capability building, proactive wellbeing supervision, principal health checks, a complex-matter support team, a Policy and Advisory Library and an early intervention program that aims to prevent health and wellbeing risks from escalating.

These initiatives support a range of existing initiatives and supports that are provided to principals. This audit will examine the effectiveness of the Strategy's initiatives and assess whether DET is protecting the mental and physical wellbeing of its school principals.

Proposed agencies

DET, including a selection of government schools, and WorkSafe Victoria.

Supporting students with disabilities 2022–23

Objective

To determine whether DET and government schools are providing reasonable adjustments and support for students with disability.

Issues

Approximately one in five students enrolled in Victorian schools have a disability. Disability includes physical, intellectual, mental or medical conditions. Students can often have more than one disability, which can make their needs complex. Under the *Australian Disability Standards for Education 2005* (the Standards), schools must take reasonable steps to ensure that students with disability are able to participate in education programs and use facilities on the same basis as their peers without disability.

The Standards require schools to make reasonable adjustments to help students take part in education programs and use facilities. Making reasonable adjustments is the main way schools support students with disability. For example, a school may modify assessments to allow a student to answer questions orally or use a computer. A

school might also plan all excursions in locations that are accessible by wheelchairs. Schools provide supports using their school budget, including Program for Students with Disabilities funding, or through a range of programs and initiatives managed by DET.

This audit will consider if schools are complying with their legislative responsibilities under the Standards, the *Education and Training Reform Act 2006*, and any other relevant legislation, and have the necessary arrangements to provide reasonable adjustments and supports to meet students' needs. We will also assess if DET provides clear policies and guidance to schools and monitors the educational outcomes of students with disabilities.

Proposed agencies

DET, including a selection of government schools.

Work-related violence in government schools 2023–24

Objective

To determine whether DET is reducing the incidence and impact of work-related violence in school settings.

Issues

Work-related violence in school settings involves incidents in which a person is abused, threatened or assaulted in circumstances relating to their work. Any member of the school community may commit work-related violence, including students, staff, parents or carers. Emerging research and anecdotal reports indicate that work-related violence towards school staff has increased in recent years. Research into the risk factors, precursors and triggers for student-enacted violence in schools suggests that this violence is often related to the poor management of students with behaviours of concern.

DET has undertaken targeted programs and activities since 2017 to address occupational health and safety in schools and management of students with behaviours of concern. This includes the School-wide Positive Behaviour Support framework, the Protective Schools Package, and a range of employee wellbeing and operational policy reforms, such as the Safety at Work for School Staff initiative.

This audit will examine whether DET is monitoring the frequency and impact of work-related violence and evaluating the effectiveness of its strategies and programs. We will also assess if schools have sufficient capability to proactively respond to the possibility of work-related violence and support staff and students when incidents occur.

Proposed agencies

DET, including a selection of government schools, and WorkSafe Victoria.

School management of international students 2023–24

Objective

To determine whether DET and government schools are complying with the requirements of the International Student Program.

Issues

The international education sector is worth \$11.8 billion annually (DJPR, 2019) to the Victorian economy across higher education, vocational education and training, English-language training and secondary school education. While the school sector comprises a small proportion of the 250 000 international students in Victoria, the government sees it as a strategic pathway into the significant tertiary education market.

The International Student Program (ISP) provides educational and social benefits to Victorian students by building their intercultural and global citizenship skills. In October 2019, 5 670 international students were enrolled in Victorian Government schools. DET manages these enrolments and accredits schools to deliver the ISP. The accreditation process requires schools to implement the ISP according to the conditions of DET's registration with the Commonwealth Register of Institutions and Courses for Overseas Students. The conditions of this registration require DET, through its schools, to provide for student welfare and support and manage third-party service providers such as education agents and homestay arrangements, according to the Commonwealth legislative and regulatory requirements.

This audit will assess whether DET is managing the ISP to ensure that schools are delivering the program in accordance with requirements. We will also examine if DET is effectively monitoring third-party ISP service providers and has a system-wide view of enrolment and transparent policies for setting enrolment caps.

Proposed agencies

DET, including a selection of government schools, a selection of third-party service providers and the Victorian Registration and Qualifications Authority.



Environment and planning

Offsetting native vegetation loss on private land 2021–22

Objective

To determine whether government is achieving its policy objective of no net loss to biodiversity as a result of permitted clearing on private land.

Issues

Native vegetation comprises plant species indigenous to Victoria, which provide various ecological services including supplying stable animal habitats, preventing land degradation and maintaining the land's productive capacity. Removal of native vegetation creates fragmented and degraded habitats, impacts remaining vegetation quality by increasing the vulnerability and exposure of native animals and plants to other pressures and threats, and can decrease land productivity.

Victoria is the most cleared Australian state. Approximately, 46 per cent of Victoria's original native vegetation remains on public land, while only 21 per cent is on private land. DELWP reports that from July 2018 to June 2020, it approved approximately 354 hectares of native vegetation removal on private land. Native vegetation removal on private land is regulated through a range of Acts, state and local planning provisions, regulations, guidelines and agreements. This has slowed the rate of land clearing but the condition and extent of native vegetation continues to decline across the state each year.

Between 2015 and 2018, the government implemented a package of reforms to improve the protection of Victoria's native vegetation and to ensure no further net biodiversity loss on private land. Under the new framework, permitted vegetation removal must be offset by a gain in the quality and/or extent of vegetation removed either on or offsite of the affected area.

Government agencies as well as non-government and academic stakeholders have raised numerous issues associated with the use of offsets to replace the loss of existing native vegetation. These relate to the integrity of and confidence in native vegetation modelling and mapping systems, and native vegetation data on losses and gains underpinning the system.

Proposed agencies

Baw Baw Shire Council, Campaspe Shire Council, DELWP, Nillumbik Shire Council, Trust for Nature and Yarra Ranges Council.

Protecting Victoria's biodiversity 2021–22

Objective

To determine if the management of Victoria's biodiversity loss will halt the decline of threatened species.

Issues

Biodiversity—the number of native plant and animal species the environment supports—has decreased in Victoria. Native plants and animals become extinct or threatened when their habitats change or are destroyed. Human activity, including land clearing and development, the fragmentation of native vegetation and water pollution, can change and destroy habitats.

Between a quarter and a third of all of Victoria's terrestrial plants, birds, reptiles, amphibians and mammals, along with numerous invertebrates and ecological communities, are considered to be facing the threat of extinction. Climate change will also continue to affect habitats and threatened species if not planned for and addressed.

Despite the efforts of governments, non-government organisations, communities and individuals over many decades, the number of threatened species has continued to increase. Australia has the highest extinction rate over the last 200 years of any country, even though it is less populated than many.

The *Flora and Fauna Guarantee Act 1988* (FFG Act) is the key piece of Victorian legislation that covers the conservation of threatened species and communities, and the management of potentially threatening processes. There are currently more than 700 threatened species and communities in Victoria and 42 threats listed under the FFG Act.

In 2017, DELWP released the state's current biodiversity management plan, *Protecting Victoria's Environment—Biodiversity 2037* (Biodiversity 2037), to stop the decline of our biodiversity. Biodiversity 2037 shifts the conservation approach away from managing individual threatened species to broader-scale threat and ecosystem management that benefits multiple species.

Biodiversity 2037 establishes 'change in suitable habitat' as the key measure DELWP will use to assess the most effective options for improving the future of native species across the state. 'Change in suitable habitat' is the increase in likelihood that a species

will still exist at a location at a future time in response to sustained management of relevant threats.

The audit will assess how well DELWP and other agencies are acquitting their responsibilities in Biodiversity 2037 and the FFG Act and how well targets are being achieved.

Proposed agencies

DELWP, DJPR, Parks Victoria and Trust for Nature.

Supplying and using recycled water 2021–22

Objective

To determine whether responsible agencies are increasing the use of recycled water to meet future water demand.

Issues

Victoria's liveability and economic security depend on a safe and reliable water supply. The government and water authorities expect the demand for water in Melbourne and its peri-urban regions to almost double over the next 50 years due to population growth.

At the same time, annual flows from major water supply catchments will potentially decrease by more than 40 per cent due to climate change. In addition, government projections suggest that under worst-case climate change scenarios, demand for water could exceed potable water supplies by 2028.

Using a diverse range of water sources can improve water security. Alternative sustainable water sources include treated wastewater and harvested stormwater. Victoria's current water storages and desalination plant do not supply these types of water.

The 2016 *Water for Victoria plan* (the Plan) is the government's long-term strategic plan to manage the state's water resources. The Plan recognises the need to reduce our reliance on traditional drinking water sources through alternative means and sets targets to achieve this.

Barriers to successfully implementing non-potable recycled water projects include cost, inaccurate or poor demand projections and community attitudes.

This audit will examine water authorities and responsible agencies' initiatives to meet the state's current and future demands for drinking water. It will focus on re-use of treated wastewater and barriers to its use.

Proposed agencies

Barwon Water, City of Greater Geelong, DELWP and Environment Protection Authority Victoria.

Domestic building regulation and dispute resolution 2022–23

Objective

To determine whether the Victorian Building Authority and Domestic Building Dispute Resolution Victoria are protecting domestic building consumers from non-compliant work.

Issues

The Victorian Building Authority (VBA) regulates the state's building and plumbing industries. It is also responsible for registering and disciplining building practitioners and undertaking inspections.

In April 2017, the government established Domestic Building Dispute Resolution Victoria (DBDRV). DBDRV is an independent agency that provides free services to help resolve domestic residential building disputes. The service aims to resolve building disputes before they reach the Victorian Civil and Administrative Tribunal.

Constructing or renovating their home is often the largest investment that Victorians make in their lifetime. For this reason, it is important that they are protected by a well-functioning regulatory and dispute resolution framework. Our 2015 audit, *Victoria's Consumer Protection Framework for Building Construction*, found that the consumer protection framework that was in place at the time did not provide adequate protection.

In line with the themes of our 2015 audit, this audit will assess if the changes made to the domestic building regulation system effectively protect consumers.

In December 2019, the government appointed an Expert Panel on Building Reform to complete a comprehensive review of Victoria's building system. We will continue to monitor this reform process and how it may impact the scope and timing of this audit.

Proposed agencies

Consumer Affairs Victoria, DBDRV and VBA.

Implementing *Plan Melbourne 2017–2050* 2022–23

Objective

To determine the extent to which implementation of *Plan Melbourne 2017–2050* is supporting productivity, sustainability and liveability.

Issues

Melbourne is the fastest growing city in Australia. By 2051, the city's population is projected to grow from 4.6 million to almost 8 million, with Victoria's total population set to reach 10 million. Population growth, increased congestion, climate change and increased globalisation are already testing the resilience of Melbourne's built and natural environments.

Plan Melbourne 2017–2050 (Plan Melbourne) is the government’s overarching policy for responding to these challenges. A separate Five-year Implementation Plan (Implementation Plan) accompanies Plan Melbourne. It outlines what actions the government will take to realise the Plan’s intended outcomes. DELWP is overseeing the Implementation Plan.

To deliver Plan Melbourne, all levels of government, the private sector and the community need to coordinate sustained actions. In its oversight role, DELWP is required to lead the implementation process across agencies. This includes ensuring that agencies accept their responsibilities and resource their allocated actions.

This audit will examine how well Plan Melbourne’s intended outcomes are being achieved, and if a sound and integrated governance framework underpins its implementation.

Proposed agencies

DELWP, DJPR, Maroondah City Council and Moonee Valley City Council.

Managing land-use buffers 2022–23

Objective

To determine whether land-use buffers and separation distances are protecting public health, amenity and safety.

Issues

Land-use buffers and separation distances can help to manage the siting of sensitive land uses, such as residential developments, schools and playgrounds, from industries that may impact public health, amenity and safety. They help minimise potential noise, odour and air quality impacts. In 2019, the major source of complaints received by the Environment Protection Authority (EPA) from the community related to odour and noise from industry. These problems are likely to intensify as the population grows, increasing the pressure to utilise vacant land as a buffer or separation distance for residential purposes.

Land-use buffer and separation-distance issues can be challenging, complex and longstanding. Planning and other approaches to address this issue vary and can often lead to inconsistent decision-making. In 2019, DELWP undertook a review of planning controls for buffers and separation distances as part of its response to the Major Hazard Facilities Advisory Committee, the Independent Inquiry into the EPA and Action 98 of Plan Melbourne. The outcomes of this review were expected to be implemented in 2020.

This audit will examine how DELWP and responsible agencies manage land-use buffers and separation distances, particularly in areas where negative impacts have arisen from changing land-use patterns.

Proposed agencies

DELWP, EPA, Metropolitan Waste and Resource Recovery Group, City of Greater Dandenong and City of Kingston.

Biosecurity of plants 2023–24

Objective

To determine whether actions to prevent, manage and respond to plant diseases and pests protect Victoria's economy, communities and the environment.

Issues

Exotic pests and diseases pose significant risks to Victoria's agricultural industry and the wider economy, communities and the environment. Effective plant biosecurity practices are important to minimise these impacts.

Australia's biosecurity framework is complex. While the Australian Government is responsible for most biosecurity practices before arrival and at the national border, state and territory governments manage biosecurity risks within their own borders and administer their own plant protection legislation.

Inconsistent or ineffective biosecurity practices across states and territories can weaken Australia's overall biosecurity framework. Victoria needs to ensure that its biosecurity approach is effectively implementing its legislative framework, as well as meeting national requirements.

This audit will examine the effectiveness of Agriculture Victoria's biosecurity practices in preventing, managing and responding to diseases and pests that affect plants.

Proposed agency

DJPR (Agriculture Victoria).

Hazardous waste management 2023–24

Objective

To determine whether responsible agencies' control and regulation of hazardous waste has reduced inappropriate disposal.

Issues

Hazardous waste is the by-product of everyday goods and services, such as manufacturing, food outlets and hospitals. It also includes asbestos and contaminated soil.

Illegal dumping of hazardous waste is a significant problem for the state. Major fires in 2018 and 2019, which significantly damaged some Victorian communities, were caused by inappropriately stored hazardous chemicals. Warehouses, vacant lands, parks and forests are also becoming illegal dumping grounds for asbestos. This poses a risk to the community and costs taxpayers hundreds of thousands of dollars every year in clean-up costs.

Victoria's Big Build program recently highlighted the challenges with managing contaminated soil. Major tunnelling and excavation projects within Melbourne's urban environments have encountered contaminated soil and the management of

this soil has become a significant and costly issue that continues to put a major strain on the state's landfills. The issues relate to the amount of contaminated soil excavated, the type of contamination and how these soils are being disposed of to avoid impact on environmental and human health.

New Environment Protection Authority Victoria (EPA) waste regulations, due to come into force in July 2021, will regulate how hazardous waste is managed. They will set the requirements for how hazardous waste is categorised, transported and disposed of.

This audit will examine how agencies are controlling and regulating hazardous waste. We will focus on these agencies' knowledge information systems, monitoring and enforcement actions, and infrastructure planning to assess if they are meeting the expected targets and benefits outlined in relevant policies and legislation.

Proposed agencies

City of Maribyrnong, Hume City Council, DELWP, EPA, Sustainability Victoria and WorkSafe Victoria.

Managing the impact of deer 2023–24

Objective

To determine the extent to which invasive deer species are managed to protect biodiversity values.

Issues

Invasive species destroy habitats, threaten biodiversity, and reduce overall species mix and abundance. One of the most problematic invasive species in Victoria is deer, and their growing number is an environmental, social and economic issue for the state. Victoria's feral deer population was estimated to exceed more than one million in 2019.

Deer affect agricultural land by grazing, trampling, spreading weeds and soil-borne disease, and damaging fences and crops. They also carry livestock disease and parasites that contaminate drinking water and put pressure on threatened species and communities. DELWP estimates 1 080 species of flora and fauna would benefit from deer control in the state's national parks. Deer are also increasingly invading Melbourne's suburban fringe, causing car crashes and damaging the environment.

In June 2017, a Victorian parliamentary inquiry into invasive species on Crown land found invasive animal problems are increasing across the state, damaging the environment, affecting agriculture and reducing liveability. The inquiry noted that Victoria's complex legislative frameworks and lack of clear responsibilities have contributed to inefficiencies in controlling invasive species.

In October 2020, the government released the *Victorian Deer Control Strategy*, which aims to provide a clear and coordinated approach to managing deer in the state.

This audit will assess the impact of the strategy, the Deer Control Framework and Regional Deer Control Plans on managing the number of deer in the state.

Proposed agencies

DELWP, DJPR, Game Management Authority and Parks Victoria.

Water authorities' contributions to reducing greenhouse gas emissions 2023–24

Objective

To determine whether water authorities are reducing their greenhouse gas emissions to mitigate climate change impacts.

Issues

The Victorian water sector is the single largest source of the state government's greenhouse gas emissions. In 2016, the water sector contributed to 24 per cent of the government's total greenhouse gas emissions. These emissions were largely associated with sewage collection, treatment and recycling. There is significant variation in how different water authorities plan to reduce their greenhouse gas emissions.

The Victorian Government's *Climate Change Act 2017* sets the legislative framework to manage climate change risk and achieve net zero emissions by 2050. The government's 2016 *Water for Victoria* strategic plan (the Plan) is the state's climate change adaptation plan for the water sector. The Plan requires water authorities to achieve net zero emissions by 2050. Additionally, the Minister for Water issued a *Statement of Obligations (Emission Reduction)* in 2018 that requires water authorities to collectively reduce their emissions by 42 per cent before 1 July 2025.

This audit will examine the audited water authorities' initiatives to achieve their short and long-term greenhouse gas emissions targets individually and collectively. We will also assess how well these initiatives are contributing to mitigating the impact of climate change.

Proposed agencies

DELWP, Goulburn Valley Water, Goulburn–Murray Water, Melbourne Water and Yarra Valley Water.



Health and human services

Kinship care 2021–22

Objective

To determine whether DFFH's kinship care model is supporting timely, stable and quality placements for children and young people.

Issues

Kinship carers provide care to children and young people when they cannot live with their parents. Children and young people who enter kinship care have often experienced abuse and neglect. Kinship carers make a significant commitment and often require training to deal with the challenging behaviours that children and young people can display as a result of trauma. Kinship care is increasingly the preferred placement option and is the fastest growing form of out-of-home care (OOHC).

In December 2017, the Victorian Ombudsman's report *Investigation into the financial support provided to kinship carers* found issues with the statutory kinship placement system, such as DFFH failing to complete kinship assessments and kinship carers receiving far less financial support than foster carers. The lack of access to support for kinship carers also disproportionately affects Aboriginal and Torres Strait Islander communities, carers, children and young people. Aboriginal and Torres Strait Islander children account for about 25 per cent of the total number of children in OOHC but make up less than one per cent of the Victorian population. DFFH introduced a new Kinship Care Model in March 2018.

This audit will examine whether DFFH is achieving the model's aims, which include early identification of kinship networks, reunification where appropriate, and stable, high-quality placements.

Proposed agency

DFFH.

Associated entities

Anglicare Victoria, the Victorian Aboriginal Child Care Agency and Uniting (Vic Tas).

Management of the alcohol and other drugs sector 2021–22

Objective

To determine whether DH's management of the alcohol and other drug sector facilitates service delivery that reduces harm relating to substance misuse.

Issues

Alcohol and other drug (AOD) problems have significant impacts on individuals, their families and communities. AOD issues impact not only the health system, but also child and family services, family violence services and law enforcement. The social impacts of AOD use are pervasive and include criminal activity and engagement with the criminal justice system, victimisation and road trauma. In Victoria, DH is responsible for monitoring AOD services and system performance, identifying opportunities and risks and driving improvement. In 2014, DH used a competitive tender process to partially recommission AOD treatment services. Adult community service providers rolled out these new services in August 2014. Aboriginal and youth services were not recommissioned, while residential services were recommissioned through a separate process in 2019.

In September 2015, the Victorian Government commissioned an external review that examined the new arrangements for AOD and mental health community support services delivery. The review made a range of recommendations to the then Department of Health and Human Services, including that it:

- reviews its central intake process and move the assessment function back to service providers
- improves data collection and reporting
- undertakes a comprehensive review of the funding model.

This audit will examine the effectiveness of DH's management and oversight of the AOD services sector and service providers.

Proposed agency

DH.

Associated entities

Odyssey House, Turning Point and the Youth Support and Advocacy Service.

Clinical trials in public hospitals 2022–23

Objective

To determine whether the governance of clinical trials in public hospitals ensures patient safety.

Issues

Clinical trials are vital for discovering new treatments for diseases and to improve patient health and quality of life. The Therapeutic Goods Administration, which is part of the Health Products Regulation Group in the Australian Department of Health, regulates the use of therapeutic goods supplied in Australian clinical trials. It assesses and monitors therapeutic goods to ensure that they meet an acceptable standard. Public hospitals are responsible for ensuring that their staff adhere to the significant range of governance and regulatory requirements while undertaking clinical trials. The pharmaceutical industry makes a significant investment in research, which means that public entities should have rigorous processes to avoid conflicts of interest.

This audit will examine whether audited agencies have and implement a robust governance framework to ensure that clinical trials align with governance and regulatory requirements.

Proposed agencies

Alfred Health, DH, DJPR, Northern Health and Peter MacCallum Cancer Centre.

Effectiveness of the Enhanced Maternal and Child Health program 2022–23

Objective

To determine whether the Enhanced Maternal and Child Health program leads to improved access, participation and outcomes for vulnerable children and their families.

Issues

DH, in partnership with local government, delivers the Maternal and Child Health (MCH) service for all Victorian families with children from birth to school age. It recognises that adverse prenatal or early childhood experiences, such as neglect, abuse, family violence and sustained poverty, may negatively impact a person's health, wellbeing, learning and development. The MCH Service offers holistic, multidisciplinary care that targets infants, children and the parent-child relationship. It includes the Enhanced Maternal and Child Health (EMCH) program, which offers case coordination services and gives an additional 20 hours of targeted care to families at greater risk of poor outcomes (22.67 hours for families in regional and rural areas). Its other two programs are Universal Maternal and Child Health and the Maternal and Child Health Line (MCH Line).

Before 1 January 2019, DET oversaw all MCH services. DET raised the maximum age threshold from 12 months to three years and increased the average hours of care

delivered to each family from 15 (17.5 for families in regional and rural areas) to 20 (22.67 for regional and rural families). Responsibility for MCH was transferred to the then Department of Health and Human Services following the November 2018 state election. DH now leads, funds, monitors and evaluates the EMCH program, while local government coordinates and contracts its service delivery. This audit will assess the EMCH program's methodology, delivery and outcomes.

Proposed agencies

City of Casey, DH, Hobsons Bay City Council, Mildura Rural City Council, Municipal Association of Victoria, South Gippsland Shire Council and Yarra City Council.

Supporting sexual and reproductive health 2022–23

Objective

To determine whether Victorian women can readily access sexual and reproductive health information and services to support their health and wellbeing.

Issues

Sexual and reproductive health issues, such as family planning, endometriosis, polycystic ovary syndrome and the symptoms of menopause, affect the wellbeing of many Victorian women.

To better support their health, the government launched the *Women's sexual and reproductive health: key priorities 2017–2020* (the Key Priorities) in March 2017. The priorities include improving citizens' knowledge and capacity to manage fertility, providing services in respectful and culturally safe ways, improving access to reproductive choices and improving services for women with endometriosis, polycystic ovary syndrome or those experiencing menopause. Victoria has legislation to ensure that women have the right to exercise reproductive choices but barriers and service gaps still affect women's access to affordable healthcare, contraception and termination services across the state.

This audit will examine whether, through the implementation of the Key Priorities, women's access to sexual and reproductive health information and services are improving in line with intended outcomes.

Proposed agencies

DH, Monash Health and the Royal Women's Hospital.

Health and wellbeing of the medical workforce 2023–24

Objective

To determine whether responsible agencies meet their obligations to support good health and wellbeing in the medical workforce.

Issues

Medical practitioners need to be healthy to deliver high-quality healthcare and to find reward and satisfaction in their work. Under occupational health and safety legislation, health services are obliged to eliminate or minimise risks to the health and safety of their employees.

For the medical workforce, risks include:

- bullying and harassment
- occupational violence
- fatigue
- mental health stressors, such as:
 - long and unpredictable working hours
 - repeated exposure to trauma, violence and death
 - difficult interpersonal interactions
 - high professional expectations.

These workplace risks can be eliminated or minimised with a range of controls, such as positive cultural initiatives, policies, training and education. This audit will examine the effectiveness of DH, WorkSafe Victoria and health service initiatives on improving the health and wellbeing of the medical workforce.

Proposed agencies

Albury Wodonga Health, Austin Health, DH, St Vincent's Hospital, Victorian Managed Insurance Authority, Victorian Public Sector Commission and WorkSafe Victoria.

Management of non-clinical services in Victorian hospitals 2023–24

Objective

To determine whether non-clinical services in Victorian public health services are cost-effective.

Issues

Health services are responsible for a wide range of non-clinical services, such as building maintenance, security, linen, cleaning, waste management, managed equipment services, transport and sterilisation. These services are either managed directly by health services, contracted out to private providers or managed by the relevant private entity if a public–private partnership arrangement exists. HealthShare Victoria (formerly known as Health Purchasing Victoria) negotiates collective contracts for some common-use services, such as catering supplies and waste management. Non-clinical services such as these are essential to support the delivery of patient care in hospitals. However, their cost and efficiency are unknown.

This audit will assess whether health services achieve value for money in relation to non-clinical services.

Proposed agency

Barwon Health, DH, HealthShare Victoria, Melbourne Health, Monash Health and St Vincent's Hospital.

Public pathology services in Victoria 2023–24

Objective

To determine whether public pathology services in Victoria are cost-effective.

Issues

Pathology is a medical specialty that focuses on determining the cause and nature of diseases by examining and testing bodily tissues and fluids. Some public health services have in-house pathology providers while others outsource to private providers.

There have been concerns regarding the accessibility and quality of pathology services by private providers, specifically where they have shifted pathology testing from hospitals to offsite locations. Other jurisdictions have consolidated public pathology services into a single statewide service in response to increased demand for services and to achieve economies of scale. This audit will examine current arrangements of public pathology services and assess whether they are achieving value for money.

Proposed agencies

Bendigo Health, DH, HealthShare Victoria, Goulburn Valley Health, Monash Health, Peninsula Health and Western Health.

Associated entities

Australian Clinical Labs and Dorevitch.



Infrastructure and transport

Major infrastructure program delivery capability 2021–22

Objective

To determine whether relevant public sector agencies have strategically planned the material and human resources needed to deliver major infrastructure programs.

Issues

Victoria's population is expected to increase by around 50 per cent by 2046. As the state's population increases, new infrastructure becomes necessary to meet community needs.

In Victoria's 2019–20 state Budget, much of the government's confirmed capital investment of \$61.69 billion was focused on transport infrastructure, including \$36 billion for road and rail upgrades. The large and complex capital projects pipeline places pressure on the capacity and capability of the public sector to plan, analyse and oversee major projects.

In September 2016, the government established the Office of Projects Victoria within DTF to 'provide project oversight and assurance so projects are delivered on time and on budget, and the full benefits of the investment are realised for Victorians'.

In the 2019 *Victorian State of Engineering Report*, the Office of Projects Victoria recognised challenges arising from increased investment in public infrastructure, including the need to improve technical skills and project leadership so that delivery capability could be improved and made repeatable. In addition, Victoria also faces availability and cost pressures on basic construction inputs such as sand, rock and gravel.

This audit will examine whether responsible agencies are strategically planning for the material and human resources need to deliver major infrastructure programs.

Proposed agencies

DTF, including Office of Projects Victoria, DoT, including the Major Transport Infrastructure Authority, and DJPR.

Melbourne Metro Tunnel project—Phase 2: main works 2021–22

Objective

To determine whether the main tunnel and stations works for the Melbourne Metro Tunnel are being delivered as planned.

Issues

The \$11 billion Melbourne Metro Tunnel project's twin tunnels and underground stations are currently under construction. A private sector consortium called Cross Yarra Partnership is delivering these works under an availability public–private partnership (PPP) contract with Rail Projects Victoria, which is part of Major Transport Infrastructure Authority (MTIA) within DoT. MTIA is the contract manager.

The main works being delivered by the PPP include tunnelling, excavating, and constructing five underground stations, station fit-outs, mechanical and electrical systems and specific maintenance services.

Other projects that are relevant to the expected future benefits from the tunnel include:

- the High Capacity Metro Trains Project PPP, which is costing \$2.3 billion (net present cost)
- a high-capacity signalling system, which is being delivered by the Rail Systems Alliance and costs \$1 billion
- network interface and preparation work delivered by the Rail Infrastructure Alliance at the cost of \$1 billion.

This audit will review the responsible agencies' performance in terms of the scope, time, cost and quality achieved against project expectations and targets within the main tunnel and station works package.

Proposed agencies

DoT, including Rail Projects Victoria within MTIA, and DTF, including the Infrastructure Delivery Group.

Associated entities

Cross Yarra Partnership (tunnels and stations PPP), Metro Trains Melbourne and Yarra Trams.

Quality of major transport infrastructure project business cases 2021–22

Objective

To determine whether business cases for major transport infrastructure projects support informed investment decisions.

Issues

Victoria's strong population growth has prompted a significant uplift in government investment in infrastructure. The Budget Papers for 2020–21 highlighted \$134 billion of capital projects funded and underway, and investment averaging \$19.6 billion per year over the budget and forward estimates.

This scale of investment brings significant opportunities and risks that demand rigorous evidence-based analysis to inform government decision-making. Investments must be well targeted, scoped, planned and costed to enhance the chances of timely project delivery that provides value for money and delivers expected service levels and benefits.

DTF has published extensive guidance on the format and content of business cases for more than a decade. DTF's *Investment Lifecycle and High Value and High Risk Guidelines* (lifecycle guidelines) highlight the fundamental importance of business cases to sound planning and decision-making on infrastructure investments.

Previous performance audits have identified major infrastructure projects that did not fully adhere to the lifecycle guideline requirements for business case timing, development and content. In some instances, investments commenced before completion of a business case. In others, the project's costs and benefits specified in the business case were not well supported, which created risks that project's benefits were overestimated and costs underestimated.

This audit will examine a selection of business cases developed by DoT, including the Major Transport Infrastructure Authority (MTIA). The audit will assess how this department develops and resources its business cases and engages with external project reviews.

Proposed agencies

DTF and DoT, including MTIA.

Maintaining railway assets across metropolitan Melbourne 2022–23

Objective

To determine whether railways in metropolitan Melbourne are maintained to deliver safe, reliable and punctual train services for commuters.

Issues

Melbourne operates a fleet of 226 six-carriage trains over 998 kilometres of track on 15 regular-service train lines and one special-events train line. As public transport patronage increases so does the need for well-maintained rail infrastructure to ensure services remain safe and reliable.

This infrastructure is also increasingly under stress from extreme weather. On hot days, trains are frequently cancelled due to rail infrastructure defects. A 2018 report prepared for DELWP estimated transport sector losses from extreme heatwave events at \$13 million per event. Disruptions also occur when heavy rains flood tracks and stations.

Victorian Rail Track (VicTrack) owns metropolitan rail assets on behalf of the state, which it leases to DoT. DoT then leases the assets to the train franchisee, Metro Trains Melbourne, and pays it for maintenance and renewal works.

Our December 2016 report *Managing the Performance of Rail Franchisees* found that Public Transport Victoria—now part of DoT—had significant gaps in its asset management strategies and had more work to do to meet the DTF's *Asset Management Accountability Framework*. This audit will examine how well DoT, VicTrack, V/Line and Metro Trains Melbourne have dealt with rail asset maintenance challenges, including their oversight and prioritisation of asset maintenance activities.

Proposed agencies

DoT, VicTrack and V/Line.

Associated entity

Metro Trains Melbourne.

Planning and management of metropolitan bus services 2022–23

Objective

To determine whether metropolitan bus services integrate with the wider transport network and meet expected service demand.

Issues

Melbourne's bus network has 350 regular bus routes that cover over 5 500 kilometres, serviced by approximately 1 700 buses.

In 2018, Infrastructure Victoria found that 40 per cent of this bus network is underperforming. Our previous audits have identified lack of contract and performance management mechanisms as significant issues in bus contracts. Current bus contracts began on 1 August 2018 and require operators to meet performance targets.

As the state's lead transport agency, DoT's role is to consolidate and focus transport planning across modes and lead the development of an integrated transport plan. DoT also plays a key role in the management and planning of bus services. As Melbourne grows, effective bus services are increasingly important.

This audit will assess whether bus service planning and delivery provide commuters with reliable and connected services.

Proposed agencies

DTF, DoT and the Victorian Planning Authority.

Road congestion and public transport 2022–23

Objective

To determine whether investments and interventions are reducing congestion impacts for road-network users.

Issues

Despite significant investment in the road network, traffic mobility, trip reliability and productivity are increasingly impacted by traffic congestion across Victoria. For users of the road network, such as motorists, freight operators, buses and trams, congestion can lead to unreliable journeys and extended travel times.

Before the COVID-19 pandemic hit in 2020, Victoria's congestion was predicted to worsen due to economic and population growth. The long-term impacts of the COVID-19 pandemic on travel patterns in Victoria are not yet clear. However, there are early indicators that car use has risen dramatically. The government has noted these pandemic-related impacts on the road system and the Minister for Roads and Roads Safety announced a \$340 million program of road network interventions at the height of the pandemic in June 2020.

Declining tram and bus speeds also have a direct impact on the cost of providing services. DoT's internal analysis estimates that the current levels of road congestion are adding \$20 million each year to tram running costs. If the average tram network speed was increased from 15 kilometres an hour to 20 kilometres an hour, 100 fewer trams would be required, saving approximately \$1.3 billion over a vehicle's lifespan.

This audit will assess whether:

- recent interventions on the road network have addressed congestion impacts
- DoT's strategies to give trams and buses more equitable access to road space have been developed and implemented
- DoT has implemented our recommendations from 2013 and 2014 for managing congestion and better using technology to improve road-network efficiency for all users.

Proposed agency

DoT.

Associated entities

Yarra Trams and selected bus operators.

Maintaining trains 2023–24

Objective

To determine whether the train fleet is being maintained to optimise the transport services it provides, achieve its predicted useful lifespan and reduce lifecycle costs.

Issues

In 2020, Victoria had a fleet of 650 trains. The 2019 and 2020 state Budgets invested \$4.3 billion to buy, build, maintain and refurbish trains. Our previous asset management audits and other external reviews, such as Infrastructure Australia's 2019 *Australian Infrastructure Audit*, have found that maintenance is frequently underfunded. This has the potential to affect service delivery, for example, by decreasing public transport vehicle reliability.

Management of Victoria's train rolling stock is complex because of the range of agencies involved. Victorian Rail Track (VicTrack) owns these assets on behalf of the state. It leases them to DoT, which coordinates and manages contracts for public transport services. DoT subleases the rolling stock to the rail operators Metro Trains Melbourne and V/Line.

Under their subleases, rail operators are responsible for effectively managing the rolling stock across all asset lifecycle phases. This includes strategically planning their long-term management, maintenance and performance. DoT funds rolling stock management, maintenance and renewal. VicTrack, DoT and the rail operators must comply with a range of requirements for maintaining the rolling stock fleet.

This audit will examine the effectiveness of rail operators' efforts to improve their asset maintenance practices, and of DoT's and VicTrack's oversight of their work.

Proposed agencies

DoT, VicTrack and V/Line.

Associated entity

Metro Trains Melbourne.

Major transport projects: planning and early works 2023–24

Objective

To determine whether planning for a selection of major transport projects has enabled efficient implementation of early works.

Issues

Several major transport projects are now in planning or commencing early work:

- North East Link: \$15.8 billion (funded in 2019–20)
- Airport Rail Link: \$5 billion (matching state contribution funded in 2020–21)
- Geelong Fast Rail: \$2 billion (matching state contribution funded in 2020–21)

- Suburban Rail Loop: \$2.5 billion (funding to date confirmed in 2020–21).

These new 'mega-projects' account for 50 per cent of the total capital spend in the transport sector, which in turn accounts for just over 75 per cent of the total capital spend in the general government sector, based on the 2019–20 State Budget.

Our previous audits on major capital projects, as well as international research literature on mega-projects, have identified a number of project outcome risks (such as not meeting time, budget or benefit expectations) that are linked to inadequate project planning and conceptualisation.

Good planning should identify all key risks and statutory processes that need to be undertaken before a project's main works can proceed. These processes can involve stakeholder consultation and negotiations, environmental assessments and statutory planning approvals.

Early works often include critical project activities such as land acquisition, site decontamination or remediation, site access and fencing, as well as protection or relocation of utilities. These activities need to be well understood and priced before main works commence to avoid unplanned delays or cost increases.

Proposed agencies

DTF and DoT, including the Major Transport Infrastructure Authority and the Suburban Rail Loop Authority.

Associated entities

Public–private partnership consortia and relevant contracted construction partners.

Transport network emergency response 2023–24

Objective

To determine whether the metropolitan public transport network's emergency response arrangements support public safety and service recovery.

Issues

High-profile emergency incidents in Melbourne and global terrorist attacks have increased focus on whether Victoria's public transport network can ensure the general safety of passengers and recover services in case of a major emergency. The *Emergency Management Act 1986* and *Emergency Management Act 2013* are key legislation for emergency management in Victoria.

The agency responsible for leading the response to an emergency differs depending on the nature of the event. For example, DoT is the lead agency for a major public transport disruption emergency, and Victoria Police is the lead agency for terrorism-related incidents. Emergency Management Victoria (EMV) is the overarching body responsible for coordinating critical infrastructure resilience strategies and leading widescale emergency responses. EMV is a business unit within DJCS.

This audit will focus on the preparedness of transport agencies to respond to major emergencies affecting the metropolitan transport system.

Proposed agencies

DJCS, including EMV, DoT and Victoria Police.

Associated entities

Metro Trains Melbourne, Yarra Trams and other selected public transport operators.



Justice and community safety

Managing body-worn cameras 2021–22

Objective

To determine whether Victoria Police’s use of body-worn cameras is underpinned by policies, training, governance and technology that are fit for purpose and support improved public safety.

Issues

Victoria Police introduced body-worn cameras (BWC) as part of a range of technology improvements and as recommended by the 2015 Royal Commission into Family Violence. BWCs record victim statements that are used in court, so victims of family violence do not need to provide evidence in person. The Victorian Government allocated approximately \$42.6 million as part of its 2016–17 \$596 million Public Safety Package to purchase and deploy BWCs. As of November 2019, Victoria Police has rolled out BWCs to 11 000 frontline police officers and protective services officers across the state. Victoria Police needs to appropriately store, use and dispose of footage captured by BWCs. This is essential for supporting victims of family violence, improving community safety, enforcing police accountability and maintaining public trust.

This audit will assess whether Victoria Police has appropriate governance arrangements and provides adequate training for staff to use BWCs and store recorded footage. We will also consider if BWCs are supporting better public safety.

Proposed agency

Victoria Police.

The effectiveness of Victoria Police's staff allocation 2021–22

Objective

To determine if Victoria Police understands its staffing needs and uses this to make resource allocation decisions that are aligned to its strategic objectives.

Issues

Victoria Police's 2016 blue paper *A Vision for Victoria Police in 2025* recognised that its operational model would not meet expected population growth and changing patterns of demand. This is because the geographic distribution of staff had been matched to population size, rather than other factors such as crime rates or the need for policing activity.

In response, Victoria Police developed a new Staff Allocation Model (SAM), which is designed to strategically assign staff to a mix of proactive and reactive operations and better allocate core staffing funds to best meet need.

In December 2016, the government announced a \$2 billion investment package to improve community safety over four years. The Community Safety Statement, which was last updated in 2019–20, provided for an additional 3 135 police officers, including 2 729 new sworn officers. In May 2021, Victoria Police announced that it will complete the full deployment of the new sworn officers by May 2022. This is the largest recruitment investment in Victoria Police's 166-year history. Further significant investments have been made through the Public Safety Package. To achieve the maximum benefit from these investments, it is critical that Victoria Police deploys these officers strategically to areas with the greatest needs.

This audit will assess Victoria Police's SAM and the evidence base Victoria Police uses to understand and deploy police resources to best meet its strategic objectives.

Proposed agency

Victoria Police.

Correctional services for people with a cognitive disability 2022–23

Objective

To determine whether the needs of people with cognitive disability are met in the corrections system.

Issues

Sentenced and unsentenced prisoners with cognitive disability are significantly over-represented in Victoria's prisons. A 2011 study showed that 42 per cent of male and 33 per cent of female prisoners had an acquired brain injury, compared to 2 per cent of the general population.

Prisoners with a cognitive disability are among the most disadvantaged in our community. They are also a highly vulnerable group in prisons. Corrections Victoria, which is part of DJCS, currently has five specialist units for prisoners with disability,

including The Dame Phyllis Frost Centre for women, the privately operated Port Phillip Prison and Ravenhall Correction Centre, as well as two public prisons (Loddon and Dhurringile). Despite this, many prisoners with cognitive disability are placed within general prison populations.

When prisoners receive services tailored to their needs, it can significantly improve their wellbeing and chances of successfully rehabilitating and reintegrating into the community. Successful reintegration of prisoners is also important because it reduces risks to the broader community.

This audit will investigate if the corrections system is effectively meeting the needs of prisoners with cognitive disability.

Proposed agencies

DFFH and DJCS.

Reducing the harm caused by drugs on Victorian roads 2022–23

Objective

To determine whether strategies to reduce drug driving are evidence-based and addressing current and emerging risks and harm.

Issues

Drivers operating vehicles under the influence of drugs cause serious road safety issues because drug use impairs cognitive function, judgement, memory and reaction time. People driving under the influence of alcohol or other drugs are leading contributors to road accidents and fatalities.

Drug-driving offences are now almost as prevalent as alcohol-related offences in Victoria. Victoria Police predicts that drug-driving offences will be the biggest challenge for road safety this decade.

The importance of minimising the harm of drugs on Victorian roads is reflected in the following government initiatives:

- \$6.6 million funding for drug testing on roads announced in the 2020–21 State Budget
- the *Road Safety Strategy 2021–2030*
- increasing license suspension and cancellation periods for drug-influenced drivers and compulsory behaviour-change programs
- the alcohol and drug testing vehicles replacement project, which includes \$15 million funding to provide Victoria Police with 10 new booze and drug buses
- performance measures for Victoria Police in the 2020–21 Budget Paper 3 that focus on drug screening tests conducted by booze and drug buses.

This audit will examine whether current methods to address the impact of drug use on Victorian roads are delivering intended safety outcomes and being effectively managed.

Proposed agencies

DJCS, DoT, the Transport Accident Commission and Victoria Police.

Staff wellbeing in Fire Rescue Victoria 2022–23

Objective

To determine if Fire Rescue Victoria are supporting their staff to maintain their mental health.

Issues

Emergency services workers are regularly exposed to traumatic incidents that can impair their mental health. Poor workplace practices and culture have a similar effect. Poor mental health has personal consequences and the stigma associated with reporting such issues can lead to negative coping mechanisms. The cost of mental health WorkCover claims has an added impact on fire services.

A 2016 review of the Metropolitan Fire Brigade's (MFB) employee support programs, including mental health strategies, revealed negative findings about its workplace culture, mental health stigma and leadership. It also found that while its employee support program was well-regarded, it was under-resourced and not extensive enough to meet emerging health risks.

This audit will examine if Fire Rescue Victoria (the successor to MFB) has implemented effective strategies to promote the wellbeing and mental health of its staff.

Proposed agency

DJCS, Fire Rescue Victoria and WorkSafe Victoria.

Casino regulation 2023–24

Objective

To determine whether the Victorian Commission for Gambling and Liquor Regulation is effectively managing the casino agreement.

Issues

Under the *Casino Control Act 1991* (the CCA), the Victorian Commission for Gambling and Liquor Regulation (VCGLR) handles oversight, supervision and monitoring of casinos in the state. Crown Melbourne Ltd holds the only casino licence granted under the CCA and operates a casino at Southbank, trading as Crown Melbourne. The licence was originally granted to Crown Ltd on 19 November 1993 and expires in 2050.

VAGO audits in 2017 and 2019 identified shortcomings in VCGLR's oversight arrangements, namely gaps in the training of casino inspectors and in risk-management processes. Since our audits, media reports have continued to implicate Crown in money laundering, breaching gambling laws and involvement in

partnering with criminally linked junket operators. In February 2021, the New South Wales Independent Liquor and Gaming Authority deemed that Crown was unfit to hold a casino licence in Sydney. In the same month, the Victorian Government announced a Royal Commission into the Casino Operator and Licence.

Effective oversight and supervision of Crown is fundamental to ensuring the casino remains free from criminal influence or exploitation. VCGLR's effectiveness has been called into question by Crown's recent breaches of the CCA and the revelations at the NSW inquiry. This audit will consider whether VCGLR is using available tools to effectively manage the casino agreement.

Proposed agency

VCGLR.

Prisoner health services 2023–24

Objective

To determine whether justice health services in public prisons are cost-effectively meeting prisoners' health needs.

Issues

The *Corrections Act 1986* states that prisoners have the right to access reasonable medical care and treatment to preserve their health. Effective health services are important for individual prisoner wellbeing, and impact prisoners' families and communities after their release. Good health is a contributing factor to successful reintegration.

Justice Health is the business unit of DJCS responsible for providing healthcare to prisoners, managing contracts with health-service providers in public prisons and overseeing health services in private prisons.

Prisoners often have higher levels of mental illness, alcohol and drug use, and/or chronic and communicable disease than the general population. In 2018–19, Justice Health incurred approximately \$80.6 million in costs, including \$69.2 million in payments to service providers to provide health services to prisoners, excluding private prison health service costs.

This audit will assess whether prisoners are receiving cost-effective primary, secondary and tertiary healthcare that supports their health and wellbeing.

Proposed agencies

DJCS, Forensicare and St Vincent's Hospital.

Associated entities

Correct Care Australasia, G4S, GEO Group Australia Pty Ltd and Caraniche.

Ravenhall prison: rehabilitating and reintegrating prisoners—Part 2

2023–24

Objective

To determine if Ravenhall has achieved expected rehabilitation and reintegration outcomes.

Issues

Many prisoners experience significant challenges reintegrating into the community after their release. These challenges can be worsened by social disadvantage and issues such as drug and alcohol abuse, mental illness, acquired brain injury, homelessness and unemployment.

Successfully rehabilitating and reintegrating prisoners is not just important for community safety, it can also help to ease overcrowding in prisons and reduce their high operational cost.

Ravenhall Correctional Centre (Ravenhall) opened in November 2017. The state's contract with the prison's operator, the GEO Group Australia Pty Ltd (GEO), includes specific measures and targets to reduce recidivism and reintegrate prisoners after release. Ravenhall is the first prison in Victoria to have service payments linked to prisoner recidivism. For this reason, the private facility presents an opportunity for the state to trial best-practice prisoner-management strategies for reducing recidivism.

DJCS will begin measuring Ravenhall's recidivism outcomes in 2021 for prisoners released in 2018–19. GEO has already started reporting against its reintegration targets.

In Part 1 of this audit, we considered if GEO and Corrections Victoria had developed best-practice prisoner-management processes at Ravenhall to rehabilitate prisoners and reduce recidivism. We also assessed if there was an effective performance and evaluation framework to evaluate its outcomes.

Part 2 of this audit will assess whether Ravenhall has achieved its proposed reintegration outcomes and successfully reduced recidivism. It will also consider how changes to Ravenhall's operating environment, identified in Part 1, have impacted DJCS and GEO's ability to achieve intended benefits.

Proposed agency

DJCS.

Associated entity

GEO (Ravenhall's operator).



Local government and economic development

Council waste management services 2021–22

Objective

To determine whether local councils' waste management services provide value for money.

Issues

Local councils are responsible for managing household waste and recycling. In 2018–19, Victorian councils spent over \$488 million on delivering waste management services, an increase of 14 per cent from the previous financial year. Councils collected 447 kilograms of garbage per household at \$238 per tonne.

China's restrictions on waste imports introduced in 2018 and closure of the major domestic recycling company SKM Recycling in 2019 increased the risk of councils not achieving value for money. These events reduced councils' ability to profit from selling recyclables and led them to divert recyclable waste to landfill. The financial impact on councils was an estimated \$40 million in 2018–19. An increase in household waste during the COVID-19 pandemic lockdown period has also driven demand for waste management services and increased council expenditure.

This audit will allow us to benchmark councils' service delivery costs to determine whether they are achieving value for money.

Proposed agencies

Bayside City Council, City of Ballarat, City of Greater Dandenong, City of Melbourne, DELWP, Grampians Central West Waste and Resource Recovery Group, the Metropolitan Waste and Resource Recovery Group and Sustainability Victoria.

Fraud control over local government grants 2021–22

Objective

To determine whether fraud and corruption controls over local government grants are well designed and operating as intended.

Issues

In 2019–20, Victorian councils will receive a total of \$616.3 million in financial assistance grants. Past audits on fraud and corruption controls indicate significant weaknesses in agencies' efforts to guard against these risks.

In 2017, the Local Government Inspectorate released its investigation report *Protecting Integrity: Central Goldfields Shire Council*. It found that the council had mismanaged significant grant funding. The *Local Government Act 2020* now requires council Audit and Risk Committees to monitor and provide advice on risk management and fraud prevention systems and controls.

This audit is second in a series of VAGO audits on fraud and corruption in local government. It presents an opportunity to identify potential fraud and corruption in grants to and from local councils, and to consider how well councils are managing their exposure to fraud risk.

Proposed agencies

Hume City Council, Loddon Shire Council, Southern Grampians Shire Council, Warrnambool City Council and West Wimmera Shire Council.

Developing Fishermans Bend 2022–23

Objective

To determine whether planning and early development of Fishermans Bend supports the delivery of the development's objectives.

Issues

Fishermans Bend is Australia's largest urban renewal project. It covers approximately 480 hectares of central Melbourne, which is more than twice the size of the city's central business district.

Fishermans Bend's planning and development will have a significant impact on the future liveability of the city. It is expected that by 2050, Fishermans Bend will be home to and provide employment for approximately 80 000 people.

In 2015, a ministerial advisory committee appointed by the Minister for Planning criticised the initial phase of the Fishermans Bend development. Since then, the government has established the Fishermans Bend Taskforce and Fishermans Bend Development Board to strengthen the project's governance.

The Fishermans Bend Framework provides guidance for the project's planning and development. The Framework provides:

- a long-term plan extending to 2050
- a guide to inform permit applications
- clear strategic planning directions
- a plan that enables the community, businesses and investors to make informed decisions.

This audit will examine whether relevant state agencies are effectively managing the planning and early development of Fishermans Bend to support the Framework's objectives and targets and following the recommendations of the ministerial advisory committee.

Proposed agencies

City of Melbourne, DELWP, Development Victoria, DJPR and Port Phillip City Council.

Fraud and corruption risk in local government procurement 2022–23

Objective

To determine whether fraud and corruption controls over local government procurement are well-designed and operate as intended.

Issues

Fraud and corruption cause financial loss to councils and erode public trust. Our past audit on council controls over personal expenditure and councillors' conflicts of interest indicated significant weaknesses in councils' processes.

As purchasers of goods and services, councils need processes that prevent or identify and deal with corrupt or fraudulent procurement. This includes strong controls to identify and manage conflicts of interest.

Multiple Independent Broad-based Anti-corruption Commission investigations have identified fraud and corruption as an issue in public sector procurement, including at councils. This audit is the third in a series of VAGO audits on fraud and corruption in local government. It presents the opportunity to identify potential fraud and corruption in council procurement and consider how well councils are guarding against them. The audit also includes the Municipal Association of Victoria (MAV), as it holds a variety of panel contracts for council goods, services and infrastructure.

Proposed agencies

Banyule City Council, Hepburn Shire Council, MAV, Mitchell Shire Council, Nillumbik Shire Council and Wodonga City Council.

Regulation of council building approvals in local government 2022–23

Objective

To determine whether council regulation of building activity ensures safety and amenity requirements are met, and council assets protected.

Issues

Under the *Building Act 1993* and *Building Regulations 2018*, buildings must meet minimum standards of safety and amenity. Councils are responsible for administering and enforcing parts of the Act and Regulations within their municipality. Councils can also make local laws to support public safety and amenity in building and construction.

In 2019, the Red Tape Commissioner reviewed the planning building approvals process in Victoria. The review found weaknesses in councils' building approval processes, including delays, and skill and resource gaps in regional areas. The review also found inconsistent use of council mechanisms, such as construction management plans and asset protection permits, that are intended to protect public safety and amenity.

This audit is the first in a proposed series of audits into local governments' regulatory roles. Although there has been recent attention on building regulation and enforcement at the state level, this audit is an opportunity to focus on how well councils protect the safety and amenity of their municipality.

Proposed agencies

Manningham City Council, Monash City Council, Surf Coast Shire Council, Rural City of Wangaratta and Wyndham City Council.

Food safety regulation in local government 2023–24

Objective

To determine whether councils are complying with their legislative responsibilities to support good food safety and public health outcomes.

Issues

Under the *Food Act 1984* (Vic), councils are responsible for the day-to-day regulation of most food businesses in the state. Councils also have registration, enforcement and monitoring responsibilities under both the *Public Health and Wellbeing Act 2008* (Vic) and the *Food Act 1984*.

DH administers both Acts and provides guidance to councils on their responsibilities under them. However, each council decides on its own process and resourcing levels for regulatory activity. As a result, regulatory approaches to food safety vary from council to council.

Under the *Food Act 1984*, councils report data on their food safety activities to DH but this does not include any performance measures. Councils also report against food safety indicators as part of the Local Government Performance Reporting Framework. However, the Framework provides limited insight into the effectiveness of councils' food safety regulation.

This audit will examine whether councils are effectively fulfilling their legislated roles as food safety regulators.

Proposed agencies

DH and a selection of councils.

Global Victoria 2023–24

Objective

To determine whether Global Victoria's initiatives are achieving intended economic benefits for the state and are compliant with relevant legislation.

Issues

According to the 2017 *Globally Connected: Victoria's Trade Statement*, Victoria exports goods and services worth over \$43 billion annually across a range of industries, including food, fibre and tourism. Global Victoria, part of DJPR, aims to support Victorian businesses to connect with overseas markets for export opportunities. It does this with incoming and outgoing trade missions, support for Victorian businesses and a network of 22 international offices.

Global Victoria's work requires coordination across multiple regions. It must also work closely with Invest Victoria, the agency responsible for attracting foreign investment to the state, which is part of DTF. Both rely on the same network of international offices. International trade offices such as these require strong governance arrangements to meet the risks of fraud and corruption. Instances of fraud or corruption can undermine the reputation of Victorian businesses and impact negatively on business and government relationships.

This audit will give assurance that Global Victoria is delivering economic benefits to the state by connecting Victorian businesses to new global markets efficiently, effectively and in compliance with relevant legislation.

Proposed agency

DJPR, focusing on Global Victoria.

Attest audit work program

We deliver a range of attest services to public sector agencies. We conduct financial audits in accordance with the Australian Auditing Standards and relevant professional and legislative requirements. Additional information about the delivery of our financial audits is in Appendix B.

This section sets out our attest engagement work program for 2021–22. This encompasses reports to Parliament on the results of our financial and performance statement audits of agencies and the number and type of audit opinions we expect to issue.



Attest audit engagements

Reports to Parliament

This year we plan to again:

- provide a report to Parliament on the outcome and findings of our audit of the *Annual Financial Report of the State of Victoria* (AFR) and of the material entities that are consolidated into the AFR
- provide separate results-of-audits reports for the local government and education sectors.

Auditor-General's report on the Annual Financial Report of the State of Victoria 2020–21

As required under section 57 of the *Audit Act 1994*, the Auditor-General reports to Parliament each year on the outcome of our audit of the AFR.

This report analyses and provides commentary on key aspects of the financial performance and position of the state. In line with the Act, and where appropriate, it provides information and recommendations for more effective and efficient management of public resources. This is the only report on our financial audits we are required to produce each year under the *Audit Act 1994*.

Results of 2020–21 audits report

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

- local government
- technical and further education institutes
- universities.

Each report provides analysis of the financial performance and position, and sustainability risks of each sector. The reports also inform Parliament about the strengths and weaknesses in the control environments at entities within the relevant sectors and make recommendations to improve them as appropriate.

We aim to table these three reports within five months of the relevant sector's financial year-end. We must table our report on the AFR on or before 24 November, following the financial year to which it relates.

Attestation of agency reports and statements

Legislation requires us to:

- audit the annual financial reports of all state and local government agencies and express an audit opinion on them
- where required, audit and express an opinion on performance statements prepared by designated local government, water and TAFE agencies
- review and express an opinion on the Estimated Financial Statements for the General Government Sector.

We may also be required to provide audit opinions on grant acquittals submitted by agencies to grant funding bodies.

During 2021–22 we expect to issue the following:

Attest audits and reviews	Number
Audit opinions	
Opinions on the financial reports of agencies	560+
Opinions on the performance statements of agencies	109
Opinion on the <i>Annual Financial Report of the State of Victoria</i>	1
Review opinions	
Review of Estimated Financial Statements for the General Government Sector for the 2022–23 budget year	1
Grant acquittal certifications	
Certifications of grant acquittals	80+

The number of audit opinions on the financial reports of agencies has fallen since our *Annual Plan 2020–21* for reasons including agencies merging, ceasing to exist or being subject to machinery-of-government changes.

We provide a full list of the agencies we audited in the previous financial year in our annual transparency report, which we publish on our website.

APPENDIX A

Delivering performance audits

We largely use our own professionally qualified and trained staff to deliver performance audits. However, we also engage experts to advise or work with our performance audit teams on complex and technical issues and use contractors to supplement staff resources where required.

To reach conclusions against our audit objectives, we determine the criteria to assess agency performance against at the beginning of the audit. We develop audit criteria in accordance with relevant standards issued by the Australian Auditing and Assurance Standards Board and in consultation with audited agencies. Figure A1 illustrates the types of criteria commonly included in performance audits.

FIGURE A1: **Types of criteria commonly included in performance audits**

Effectiveness	Economy	Efficiency	Compliance
<p>Definition: Achievement of objectives or other intended effects of activities at a program or entity level.</p> <p>Examples:</p> <ul style="list-style-type: none"> The agency has achieved its objective. Program recipients have responded in line with objectives. The project has delivered the solution in accordance with requisite standards. 	<p>Definition: Acquisition of the appropriate quality and quantity of resources at the appropriate times and at the best cost.</p> <p>Examples:</p> <ul style="list-style-type: none"> Services, projects and goods are procured for the best possible price. The agency has prevented or minimised wastage of resources. Desired quality standards have been achieved within time and budget parameters. 	<p>Definition: Use of resources in a way that optimises output for any given set of resource inputs, or input is minimised for any given quantity and quality of output.</p> <p>Examples:</p> <ul style="list-style-type: none"> Resources are used to maximise output or activity levels. Data is actively used to minimise inefficiency. Controls and monitoring are applied to track and manage resource use and improve efficiency. 	<p>Definition: Compliance of an agency or program with all relevant Acts.</p> <p>Examples:</p> <ul style="list-style-type: none"> 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 B

Delivering financial audits

The Auditor-General undertakes financial audits for over 560 public sector entities each year. The Auditor-General uses VAGO staff to undertake around a third of these financial report audits. For the remaining audits, the Auditor-General contracts private sector firms (audit service providers) to assist. VAGO reviews this work and all audit opinions are issued on behalf of the Auditor-General.

Some entities are also required to produce audited performance statements, which detail performance indicator targets and outcomes with supporting commentary. We audit these alongside financial report audits.

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

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

In addition to financial report audits, the Auditor-General conducts a review of the State of Victoria's Estimated Financial Statements for the General Government Sector, which is included in the state Budget.

APPENDIX C

Adjustments to our performance audit program in response to COVID-19

Figure C1 lists the adjustments we have made to our performance audit work program in response to the impact of the COVID-19 pandemic.

FIGURE C1: **Audit adjustments in response to COVID-19**

Audit topic	Delivery year in 2020-21 plan	Revised delivery year
Audits delayed: Audits scheduled for the in-year 2020-21 delayed due to the re-prioritisation of agency resources in response to the pandemic		
Business continuity during COVID-19	2020-21	2021-22
Clinical trials in public hospitals	2020-21	2022-23
Fraud control over local government grants	2020-21	2021-22
ICT provisioning in schools	2020-21	2021-22
Major infrastructure program delivery capability	2020-21	2021-22
Management of spending in response to COVID-19	2020-21	2021-22
Supplying and using recycled water	2020-21	2021-22
Supporting workers in transitioning industries	2020-21	2021-22
Audits deferred: Audits scheduled for the years 2021-22 and 2022-23 deferred due to pandemic-related audit delays		
Cyber resilience*	2021-22	2022-23
Developing Fishermans Bend	2021-22	2022-23
Domestic building regulation and dispute resolution	2021-22	2022-23
Effectiveness of the Enhanced Maternal and Child Health program	2021-22	2022-23
Food safety regulation in local government	2021-22	2023-24

Audit topic	Delivery year in 2020–21 plan	Revised delivery year
Health and wellbeing of the medical workforce [^]	2021–22	2023–24
Management of non-clinical services in Victorian hospitals	2021–22	2023–24
Prisoner health services	2021–22	2023–24
Revenue management	2021–22	2022–23
Supporting students with disabilities	2021–22	2022–23
Biosecurity of plants	2022–23	2023–24
Fraud and corruption control—Victorian Secretaries Board initiatives	2022–23	2023–24
Managing employee performance in Victorian public service	2022–23	2023–24
Managing land-use buffers	2022–23	2022–23
Managing statewide risks	2022–23	2023–24
School management of international students	2022–23	2023–24
Water authorities' contributions to reducing greenhouse gas emissions	2022–23	2023–24
Work-related violence in government schools	2022–23	2023–24

Note: * Cyber resilience audit deferred due to reprioritisation of agency resources in response to the pandemic.

[^]Health and wellbeing of the medical workforce audit deferred due to the impact of the pandemic on the medical workforce.

APPENDIX D

Acronyms

Acronyms

DELWP	Department of Environment, Land, Water and Planning
DET	Department of Education and Training
DFFH	Department of Families, Fairness and Housing
DH	Department of Health
DJCS	Department of Justice and Community Safety
DJPR	Department of Jobs, Precincts and Regions
DoT	Department of Transport
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
PAEC	Public Accounts and Estimates Committee
VAGO	Victorian Auditor-General's Office
VPSC	Victorian Public Sector Commission

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