

**Annual Plan**  
2023–24



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Annual Plan  
2023–24





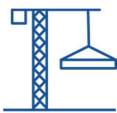


The Victorian Auditor-General's Annual Plan 2023–24 was prepared pursuant to the requirements of Section 73 of the *Audit Act 1994* and tabled in the Parliament of Victoria on 27 June 2023.

The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria. We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

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# Performance engagement work program 2023–24

Sector	Proposed performance engagements
 <p>Central agencies and whole of government</p>	<ul style="list-style-type: none"> <li>Assuring the integrity of the Victorian Government's procurement activities</li> <li>Major projects performance reporting 2023**</li> <li>Managing employee performance in the Victorian Public Service</li> <li>Managing state-significant risks</li> <li>Responses to performance engagement recommendations: annual status update**</li> </ul>
 <p>Education</p>	<ul style="list-style-type: none"> <li>Effectiveness of the Tutor Learning Initiative*</li> <li>Follow-up of <i>Management of the Student Resource Package</i></li> <li>Literacy and numeracy achievement outcomes for Victorian students~</li> </ul>
 <p>Environment</p>	<ul style="list-style-type: none"> <li>Fair presentation of service delivery performance 2023~</li> <li>Illegal disposal of asbestos-contaminated materials*</li> <li>Protecting the biosecurity of agricultural plant species*</li> </ul>
 <p>Health and human services</p>	<ul style="list-style-type: none"> <li>Access to emergency healthcare*</li> <li>Delivering Victoria's Big Housing Build*</li> <li>Employee health and wellbeing in Victorian public hospitals*</li> </ul>
 <p>Infrastructure, transport and planning</p>	<ul style="list-style-type: none"> <li>Compliance with emergency management requirements: transport*</li> <li>Developing Fishermans Bend</li> <li>Domestic building oversight part 1: regulation**</li> <li>Domestic building oversight part 2: dispute resolution</li> <li>Effectiveness of arterial road congestion initiatives*</li> <li>Metro Tunnel Project: phase 3 – systems integration, testing and commissioning</li> </ul>
 <p>Justice and community safety</p>	<ul style="list-style-type: none"> <li>Guardianship and decision-making for vulnerable adults</li> </ul>
 <p>Local government</p>	<ul style="list-style-type: none"> <li>Financial management of local councils</li> </ul>

\*Audit commenced

~Limited assurance review

# 1.

## About our annual plan

The Auditor-General gives independent assurance to Parliament and the community about the Victorian public sector's financial integrity and performance. VAGO assists with this.

### What we do

#### Types of engagements

Our annual work program is made up of:

- performance audits and limited assurance reviews
- financial audits.

We report on the results of these engagements to Parliament. Our work program helps:

- Parliament hold the government accountable
- the public sector improve its performance.

#### Performance audits

Our performance engagements assess if government agencies, programs and services are:

- effectively meeting their objectives
- using resources economically and efficiently
- complying with legislation.

Figure 1: Areas of focus for our performance engagements

#### Effectiveness



#### Economy



#### Efficiency



#### Compliance



Source: VAGO.

We give reasonable or limited assurance about activities that agencies do well.

We also identify opportunities for improvement.

#### Limited assurance reviews

Section 20 of the *Audit Act 1994* gives us the power to do limited assurance reviews.

Our limited assurance reviews mainly focus on waste, probity and compliance. We can also assess economy, efficiency and effectiveness. They usually:

- have a narrow scope
- look at a specific activity or set of transactions
- focus on a single issue of significant public interest.

These reviews provide less assurance than audits, which are reasonable assurance engagements.

This means we do not get as much evidence from agencies. But they can help us quickly and cost-effectively examine and report on issues that do not need as much assurance.

We deliver several limited assurance reviews that recur each year and focus on performance reporting.

### Financial engagements

Our financial engagements assure Parliament and the public that public sector entities' financial reports and performance reports are reliable, relevant, presented fairly and in accordance with the Australian Accounting Standards and other relevant legislation.

Our audit opinions give reasonable assurance that an entity's:

- financial report fairly presents its financial position, cashflows and operating results for the year
- performance report and grant acquittals are reliable.

We also undertake assurance engagements on some agencies' financial grant acquittals and controls reports.

## Our 2023–24 work program

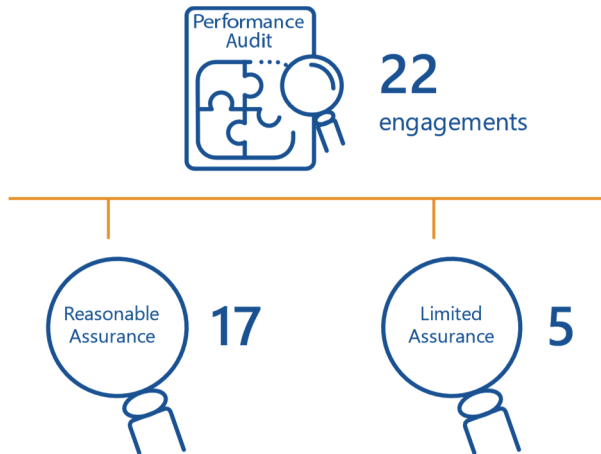
### Performance engagements in 2023–24

Our performance audit work program sets out the performance engagements we expect to complete over the next financial year.

It informs Parliament, the public sector and the community about our goals and priorities for the year ahead.

Figure 2 shows the number of performance audits and limited assurance reviews we plan to conduct in 2023–24.

Figure 2: Planned performance engagements for 2023–24



Source: VAGO.



### Financial audit engagements in 2023–24

In 2023–24 we will conduct the following engagements:

- audit opinions on public sector entities' financial reports and performance reports
  - an audit opinion on the Annual Financial Report of the State of Victoria (AFR)
  - a report to Parliament on our audit of the AFR
  - a limited assurance review on the general government sector's estimated financial reports
  - sector-based reports to Parliament on the results of our financial audits
  - other assurance activities, such as audit opinions on agencies' grant acquittals and controls reports.
- 

## Our annual planning process for performance engagements

### Relevant standards

Under the *Audit Act 1994*, the Auditor-General must prepare and table an annual plan before 30 June each year.

The annual plan must detail our proposed work program for the coming financial year.

We do our performance engagements in line with relevant standards issued by the Australian Auditing and Assurance Standards Board.

These standards cover aspects of performance engagements, including:

- planning
  - conduct
  - evidence
  - communication
  - reporting.
- 

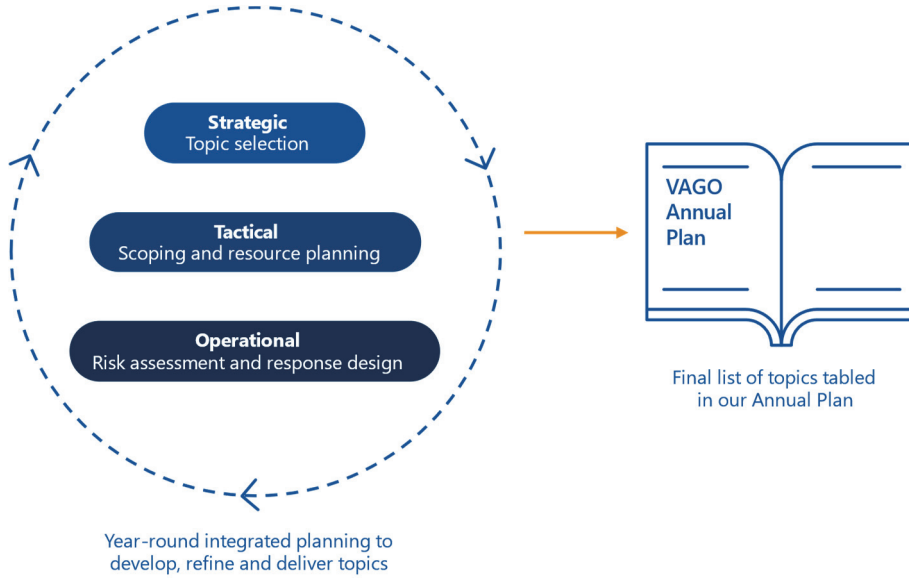
### Continuous planning

We develop potential topics throughout the year.

This gives us the opportunity to consult with our stakeholders early. It also allows agencies to prepare for scheduled audits well in advance.

Once a year we review these potential topics to confirm our annual work program, which we formalise in our annual plan.

Figure 3: Our continuous planning process



Source: VAGO.

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### What informs our work program

In 2023–24 we will continue to deliver a risk-based performance audit work program that reflects our mandate to provide assurance to Parliament and the community about how effectively public sector agencies are providing services and using public money.

When planning our program we anticipate and respond to current and emerging risks in the Victorian public sector.

Our work program complements our strategic plan and objectives. We maintain our relevance by

- delivering credible and authoritative reports
- giving advice about significant issues that will make a difference.

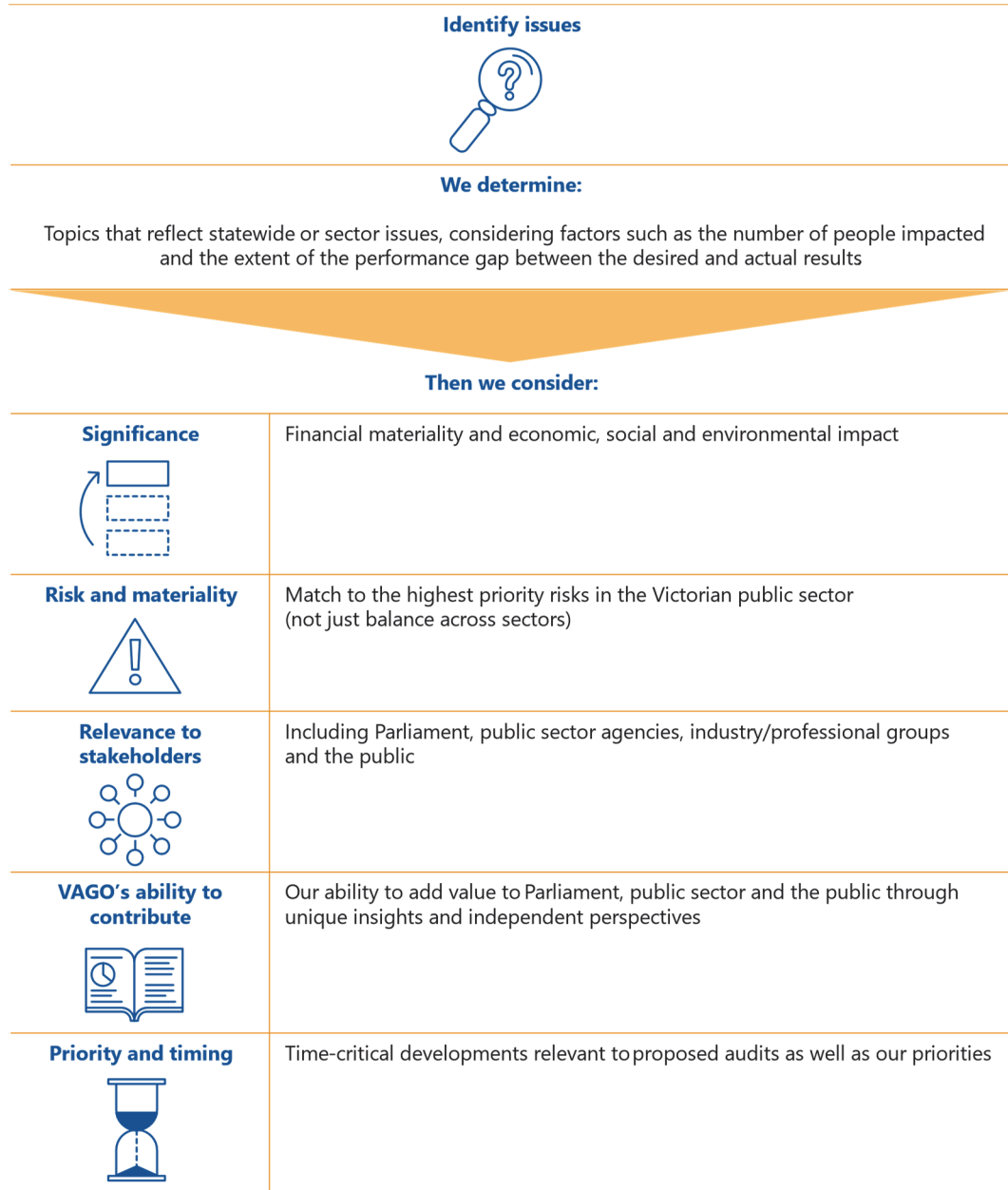
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### Assessing potential topics

We assess potential topics by their risk level. We use the criteria in Figure 4 to do this.

We prioritise high-risk topics instead of aiming for a balance of engagements across individual sectors.

Figure 4: How we identify and assess audit topics



Source: VAGO.

**Choosing an assurance level**

In a ...	We ...	To ...
<b>reasonable</b> assurance audit	achieve a reasonable level of assurance by getting and verifying direct evidence from different internal and external sources about an auditee's performance	have enough confidence in our conclusion so it is meaningful (in our professional judgement).
<b>limited</b> assurance review	achieve a limited level of assurance by primarily relying on an auditee's representations and other evidence they give us	

To choose an engagement's assurance level we consider the subject matter's significance and materiality.

### Materiality

The Australian *Standard on Assurance Engagements ASAE 3500 Performance Engagements* defines materiality as 'variations in performance of an activity evaluated against the identified criteria which, have the potential to affect the economy, efficiency and/or effectiveness of the activity and be reasonably expected to influence relevant decisions of the intended users or the discharge of accountability by the responsible party or governing body of the entity'.

We assess if there is a material risk that an agency may not be following expected standards and we consider the consequences of this.

We also consider:

- the subject matter's complexity
- our report users' information needs
- the costs associated with providing different levels of assurance.

An engagement's assurance level does not affect its:

- objective
  - criteria
  - materiality considerations
  - risk basis for planning the engagement.
- 

### Consulting on our work program

The *Audit Act 1994* requires us to seek comments from the Public Accounts and Estimates Committee (PAEC) on our draft annual plan. We value PAEC's input and its suggestions.

The Act requires us to publish any PAEC suggestions that the Auditor-General does not adopt in our plan.

This year PAEC has suggested several topics for us to consider. We are currently developing these topics in line with our continuous planning process.

We also consult with the government departments and agencies that we propose to include in our engagements. We give them the opportunity to provide feedback throughout the planning process.

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### Finalising our work program

We analyse feedback from PAEC, government departments and agencies to:

- refine an engagement's focus
- confirm our understanding of relevant facts
- identify issues with an engagement's proposed timing.

We also use this feedback to better understand the impact of current or proposed public sector reforms on our engagement topics. We address the written feedback we receive and explain where we have made any changes.

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# 2.

## Performance engagement work program

We plan to deliver 22 performance engagements in 2023–24 across our 7 performance audit sectors.

Our 7 performance audit sectors



Central agencies and whole of government



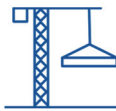
Education



Environment



Health and human services



Infrastructure, transport and planning



Justice and community safety



Local government

## Central agencies and whole of government

**Overall program** We plan to conduct the following performance engagements in 2023–24:

- assuring the integrity of the Victorian Government's procurement activities
  - major projects performance reporting 2023
  - managing employee performance in the Victorian Public Service
  - managing state significant risks
  - responses to performance engagement recommendations: annual status update.
- 

### Assuring the integrity of the Victorian Government's procurement activities

We plan to determine whether Victorian Government departments manage the risk of fraud and corruption when procuring goods and services.

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#### Why this is important

Fraud and corruption by Victorian public sector employees can:

- undermine trust in government
- damage the public sector's reputation
- waste public resources.

In 2015–16 the Independent Broad-based Anti-corruption Commission (IBAC) found weaknesses in the then Department of Education and Training's fraud controls.

These weaknesses led to allegations that senior officers at the department misappropriated funds from its budget. The officers created false and inflated invoices. They also arranged to be paid for inappropriate expenses, such as excessive hospitality, travel and personal items.

The Victorian Secretaries' Board (VSB) – made up of the secretaries of the 10 Victorian Government departments, the Victorian Public Sector Commissioner, and the Chief Commissioner of Victoria Police – responded to the findings. In 2016 it made an action plan to strengthen the public sector's integrity frameworks.

The VSB and the Victorian Public Sector Commission identified initiatives to strengthen processes and address key integrity risks. They identified tendering and procurement as one of the 6 practices at risk of fraud.

To date, there has not been a follow-up review of the VSB's action plan to make sure agencies are meeting their objectives.

In 2018 IBAC reviewed integrity frameworks from a sample of 38 Victorian Government agencies. It asked these agencies:

- to self-assess their integrity risks
- if they had recorded these risks on their risk register
- if they had any controls to manage these risks.

The most common risks were:

- improper procurement
- conflicts of interest
- misusing information or material.

This highlights the key areas of risk that can be further explored in this engagement.

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**What we plan to examine** This is a reasonable assurance performance audit.  
We will assess if departments have suitable controls to prevent fraud and corruption when they procure goods and services.

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**Who we plan to examine** DE, DEECA, DFFH, DGS, DH, DJCS, DJSIR, DPC, DTF and DTP

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**Timeframe** 2023–24

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### Major projects performance reporting 2023

We plan to determine whether the information that departments publicly provide can be used to assess the impact of changes to major projects.

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**Why this is important** DTF delivers Budget Paper No. 4: State Capital Program in May each year. It outlines the Victorian Government’s asset investment program.

As of May 2022, Victoria has \$184 billion invested in public sector capital works. This includes transport and water infrastructure, hospitals, schools and other community facilities.

Parliament and the community are interested in accessing transparent information about changes to the cost, time, scope and benefits of major projects.

But our previous audits have found that departments do not consistently and transparently report on their major projects’ performance.

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**What we plan to examine** This is an annual limited assurance review.  
We will provide an update on how departments report information about major projects in their budgets and annual reports.  
We will also survey departments about their major projects.  
We plan to publish a dashboard containing the results of our annual departmental survey on major projects performance. We propose to scope all departments and agencies managing projects over \$100 million into this engagement.

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**Who we plan to examine** All departments and agencies managing projects over \$100 million

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**Timeframe** 2023–24

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### Managing employee performance in the Victorian Public Service

We plan to determine whether public sector agencies are assessing workers’ performance and managing their annual progression in line with the *Victorian Public Sector Enterprise Agreement 2020*.

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**Why this is important** The Victorian Government needs a high-performing public service workforce to deliver services and achieve its goals.

The government estimated it would spend \$33 billion on employee expenses in 2022–23. This makes it the state's largest expense.

If the government does not manage its workforce properly it can cause waste and reduce confidence in the Victorian Public Service.

So it is important that agencies effectively manage their employees' performance.

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**What we plan to examine** This is a reasonable assurance performance audit.  
We will assess if agencies are effectively managing their employees' performance.

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**Who we plan to examine** DE, DEECA, DFFH, DGS, DH, DJCS, DJSIR, DPC, DTF and DTP

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**Timeframe** 2023–24

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## Managing state-significant risks

We plan to determine whether agencies are working collaboratively to identify and manage state-significant risks.

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**Why this is important** Victorian Government agencies must be prepared to manage state-significant risks that can derail the achievement of government priorities and agencies strategic priorities. State-significant risks are risks that have the potential to materially impact the community, government and private sector.

They can:

- be sudden and have chaotic consequences, like a cyber attack
- unfold over decades and have long-term consequences, like climate change.

The *Victorian Government Risk Management Framework: August 2020* requires the management of state-significant risks to be shared across agencies because the efforts of multiple agencies are required to manage the risk effectively.

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 as to how agencies manage these risks.

If agencies do not accurately record and properly escalate these risks, it places them and potentially the public sector in a position where the availability and quality of services may be impacted.

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**What we plan to examine** This is a reasonable assurance performance audit.  
We will assess if departments are identifying, managing and mitigating the impact of state-significant risks.

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**Who we plan to examine** DE, DEECA, DFFH, DGS, DH, DJCS, DJSIR, DPC, DTF, DTP and Victorian Managed Insurance Authority

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**Timeframe** 2023–24

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### Responses to performance engagement recommendations: annual status update

We plan to assess whether agencies implement our recommendations in a timely manner.

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**Why this is important**

Our performance engagements 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.

Audited agencies are not legislatively required to accept, complete or publicly report on our recommendations. As a result, we conduct this annual review to monitor how the agencies we audit address our findings.

This makes agencies' responses to our recommendations more transparent to Parliament and the community.

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**What we plan to examine**

This is an annual limited assurance review.

We plan to get updates from agencies on unresolved recommendations, including:

- when they plan to address them
  - their current implementation status
  - actions taken to address them.
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**Who we plan to examine**

Agencies with unresolved recommendations from reports tabled up to 30 June 2022

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**Timeframe** 2023–24

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## Education

**Overall program**

We plan to conduct the following performance engagements in 2023–24:

- effectiveness of the Tutor Learning Initiative
  - follow-up of *Management of the Student Resource Package*
  - literacy and numeracy achievement outcomes for Victorian students.
- 

### Effectiveness of the Tutor Learning Initiative

We plan to determine whether the Department of Education's Tutor Learning Initiative has improved learning and engagement outcomes for participating students.

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**Why this is important**

DE established its Tutor Learning Initiative (TLI) in 2021, which provides funding to schools to engage tutors to provide students with extra targeted learning support, in response to student learning disruptions due to the COVID-19 pandemic.

TLI was initially funded for one year, however DE received funding to continue this initiative in 2022 and 2023. DE states it is the largest single initiative in targeted learning support in the state's history, with funding of \$765 million over 3 years (\$250 million in 2021, \$230 million in 2022 and \$285 million in 2023).

DE estimates that learning disruptions during COVID-19 impacted roughly 20 per cent of all students in Victoria, particularly those at risk of disengaging from school, students with pre-existing lower English language skills, and those without an appropriate home learning environment.

There is limited public reporting by DE on TLI, and this audit is important to understand whether student learning outcomes and engagement have improved as a result of TLI. DE provides funds to government and non-government schools (low-fee-paying catholic and independent schools) and it is important to understand what monitoring and oversight DE has in place to ensure funds are used as intended.

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**What we plan to examine** This is a reasonable assurance performance audit.

We plan to determine whether TLI has improved learning and engagement outcomes for participating students. We also plan to examine how DE allocates TLI funding to schools based on their needs, and its oversight and monitoring of schools who received funding to ensure it is used as intended.

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**Who we plan to examine** DE

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**Timeframe** 2023–24

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### Follow-up of *Management of the Student Resource Package*

We plan to determine whether the Department of Education has effectively addressed the recommendations from our 2020 audit *Management of the Student Resource Package*.

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**Why this is important** Government schools receive funding from DE through the Student Resource Package. DE will distribute over \$8.4 billion to schools through this package in 2023.

In our 2020 engagement we made 7 recommendations to DE about:

- improving how it governs, manages and allocates the resource package
- basing its decisions about allocating funding on up-to-date data and information.

DE accepted all our recommendations. It originally planned to implement them by December 2020.

But in December 2021 DE told us that it had not fully implemented 2 recommendations about reviewing:

- the package against its objectives
- the basis of the package's core student learning funding.

DE told us it expected to complete these recommendations in December 2022.

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**What we plan to examine** This is a limited assurance review.

We will assess DE's progress in implementing these recommendations. We will also examine DE's actions and why there was a delay.

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**Who we plan to examine** DE

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**Timeframe** 2023–24

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### Literacy and numeracy achievement outcomes for Victorian students

We plan to determine whether the Department of Education is improving literacy and numeracy achievement outcomes for Victorian government school students.

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**Why this is important**

Literacy and numeracy achievement is integral to student's education outcomes, both at school and in post-school education and training. For students who experience socioeconomic and educational disadvantage, equity in education attainment is especially vital for shaping a positive life course and wellbeing.

The National Assessment Program – Literacy and Numeracy (NAPLAN) is an annual assessment for students in Years 3, 5, 7 and 9. It is a nationwide measure that allows parents/carers and educators to see how students are progressing in literacy and numeracy over time – individually, as part of their school community and against national standards. Since NAPLAN was introduced in 2008 there has been a significant gap identified in achievement between advantaged and disadvantaged students.

DE established the Education State initiative in 2016 with an investment of \$10.8 billion. DE developed Education State school targets to focus its efforts on the range of factors that allow students to develop and achieve their best.

There are a number of relevant targets and related goals including 'learning for life' which aims to increase the number of students achieving excellence in reading, maths, science, critical and creative thinking and the arts. There are also targets for 'breaking the link', which aims to support students to stay in school, and break the link between disadvantage and student outcomes.

Data on progress towards these targets and the comparison between disadvantaged and non-disadvantaged student achievement is not publicly available. DE has not published its annual target updates since 2019.

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**What we plan to examine** This is a limited assurance review.

We will focus on whether literacy and numeracy achievement and related outcomes for Victorian government school students are improving. We plan to assess available data on outcomes (including NAPLAN results) and funding for different student cohorts and examine how DE uses data to monitor performance and support improvement. We will also assess how DE is monitoring and reporting against relevant Education State targets.

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**Who we plan to examine** DE

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**Timeframe** 2023–24

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## Environment

**Overall program** We plan to conduct the following performance engagements in 2023–24:

- fair presentation of service delivery performance 2023
  - illegal disposal of asbestos-contaminated materials
  - protecting the biosecurity of agricultural plant species.
- 

### Fair presentation of service delivery performance 2023

We plan to determine whether departments fairly present their service delivery performance.

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**Why this is important**

DTF delivers Budget Paper No. 3: Service Delivery (BP3) in May each year.

BP3 outlines the Victorian Government’s priorities for the goods and services it will provide to Victorians. BP3 also specifies the measures and targets it uses to determine whether they are delivering the outcomes they agreed to.

Parliament and the community are interested in the fair presentation of service delivery performance as well as the accuracy of the results. However, our reviews have found significant and persistent weaknesses in departments’ performance reporting.

BP3 includes too much information that is not relevant to an output budget setting, which makes it harder to understand how well departments are delivering services.

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**What we plan to examine**

This is a limited assurance review.

It is part of our annual series on the fair presentation of performance information where we assess newly introduced performance measures against our framework. Our 2023–24 review proposes to scope DEECA as our agency in focus.

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**Who we plan to examine**

DE, DEECA, DFFH, DGS, DH, DJCS, DJSIR, DPC, DTF and DTP

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**Timeframe**

2023–24

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### Illegal disposal of asbestos-contaminated materials

We plan to determine whether responsible agencies have controls in place to minimise the illegal disposal of asbestos-contaminated materials.

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**Why this is important**

The risk to public health and the environment from the illegal disposal of asbestos-contaminated materials (ACM) is increasing. Our consultation with the sector and analysis show that the biggest growth in illegal disposal is from smaller-scale domestic renovations and demolitions.

The Environment Protection Authority’s Waste Tracker system is designed to track and record hazardous waste from licensed, commercial and large-scale waste management operations. However responsible agencies do not have central oversight of asbestos disposal, particularly from small scale operators. Data on ACM disposal is limited and not accurately recorded or shared. Agencies also do not accurately report compliance and enforcement activities and outcomes.

In February 2021, Sustainability Victoria released its 10-year *Asbestos Disposal Management Plan*. Sustainability Victoria plans to make the legal disposal of ACM more convenient by developing a network of existing licensed landfills and new transfer stations that will accept it.

In September 2022 the Latrobe Valley Asbestos Taskforce presented 21 recommendations to the Victorian Government on minimising the risks of asbestos exposure and associated harm.

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**What we plan to examine**

This is a reasonable assurance performance audit.

We will assess whether the *Asbestos Disposal Management Plan* and the agencies responsible for implementing it are effectively targeting smaller-scale illegal disposals.

We will also review how the agencies cooperate to improve knowledge and data collection, to ensure they are coordinating intelligence and taking risk-based actions to minimise the illegal disposal of ACM.

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**Who we plan to examine**

DEECA, Environment Protection Authority, Parks Victoria, Sustainability Victoria and WorkSafe Victoria

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**Timeframe**

2023–24

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## Protecting the biosecurity of agricultural plant species

We plan to determine whether Agriculture Victoria effectively prepares for, prevents, manages and responds to plant diseases and pests in Victoria.

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**Why this is important**

In 2020–21 Victoria produced \$17.5 billion of agricultural products. This makes the state Australia's second-largest agricultural producer.

Victoria is also Australia's largest producer of food and fibre products. In 2021–22, it produced 26 per cent of Australia's food and fibre exports.

Plant pests and diseases can threaten Victoria's agriculture sector. And outbreaks are increasing due to:

- climate change
- more people, goods and vessels coming into the state.

Victoria needs to effectively prepare for, prevent, manage and respond to outbreaks to protect:

- the sector's sustainability
- the state's access to international markets
- jobs
- the environment.

Our 2015 audit, *Biosecurity: Livestock*, found that Victoria's livestock biosecurity system was weakened because Agriculture Victoria had less financial and staff resources. This increased the risk of a major disease outbreak.

In 2019 the government funded a \$142.5 million 4-year program to expand Victoria's biosecurity system.

In 2022, Agriculture Victoria released *Victoria's Biosecurity Statement*. This statement outlines its updated biosecurity strategy, which it plans to release in 2023.

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**What we plan to examine** This is a reasonable assurance performance audit.  
We will test the effectiveness of Agriculture Victoria's preparedness for an outbreak, threat surveillance and response processes.  
We plan to focus on data from 2018 to 2023.

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**Who we plan to examine** DEECA, including Agriculture Victoria

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**Timeframe** 2023–24

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## Health and human services

**Overall program** We plan to conduct the following performance engagements in 2023–24:

- access to emergency healthcare
- delivering Victoria's Big Housing Build
- employee health and wellbeing in Victorian public hospitals.

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### Access to emergency healthcare

We plan to determine whether the Department of Health and responsible agencies are addressing Victorians' need for timely and equitable access to emergency health care.

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#### Why this is important

Emergency departments give urgent treatment to patients who are acutely unwell or injured. Their role is to stabilise patients before sending them home or to further care.

When people have to wait a long time for emergency healthcare it can put their health or life at risk.

Available DH data shows that ambulance transfer times are increasing. It also shows that less patients are getting treated within clinically recommended timeframes across triage categories.

As Victoria's health system manager, DH is responsible for making sure Victorians get timely access to emergency healthcare.

Ambulance Victoria provides urgent treatment and transport to health services who deliver emergency healthcare. It also provides secondary triage services to patients who call 000.

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**What we plan to examine** This is a reasonable assurance performance audit.  
We will assess if health services provide Victorians timely and equitable access to emergency healthcare.  
We will also assess if DH, Ambulance Victoria and audited health services ensure the availability and sustainability of timely emergency health care services.

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**Who we plan to examine** DH, Ambulance Victoria, Bendigo Health (Bendigo Base Hospital), Melbourne Health (Royal Melbourne Hospital) and Mercy Health (Werribee Mercy Hospital)

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**Timeframe** 2023–24

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## Delivering Victoria's Big Housing Build

We plan to determine whether Victoria's Big Housing Build is achieving intended outcomes to meet the housing needs of vulnerable Victorians.

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### Why this is important

The Big Housing Build is the state's largest investment in social and affordable housing projects to date. The 2021–22 Budget allocated \$5.3 billion to this project.

In November 2020 the government announced that the Big Housing Build will:

- construct more than 12,000 new homes in metro and regional Victoria within 4 years
- support around 10,000 jobs annually until 2024.

This will potentially increase Victoria's social housing supply by 10 per cent.

The government set up Homes Victoria within DFFH to deliver the project.

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### What we plan to examine

This is a reasonable assurance performance audit.

We plan to conduct a series of performance engagements to:

- assess the effectiveness, efficiency and implementation of the Big Housing Build
  - review DFFH's progress in improving social housing outcomes.
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### Who we plan to examine

DFFH, including Homes Victoria

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### Timeframe

2023–24

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## Employee health and wellbeing in Victorian public hospitals

We plan to determine whether responsible agencies effectively support the mental health and wellbeing of employees in Victorian public hospitals.

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### Why this is important

DH works with health services to support the mental health and wellbeing of employees working in Victorian public hospitals. They do this through policies and initiatives.

Safer Care Victoria, which is part of DH, and WorkSafe Victoria also provide guidance on supporting healthcare workers' wellbeing.

Our research and stakeholder consultation suggest that both clinical and non-clinical employees in Victorian public hospitals are working in unsafe environments that have led to mental health and wellbeing issues, including:

- emotional fatigue
- high levels of burnout.

For example, the Victorian Public Sector Commission's 2021 People matter survey showed that there are higher workloads and levels of workplace aggression or violence, bullying and sexual harassment in the health sector compared to the overall public sector.

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### What we plan to examine

This is a reasonable assurance performance audit.

We will assess if DH and selected Victorian public health services effectively support their employees' mental health and wellbeing.

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**Who we plan to examine** DH, Austin Health, Barwon Health, Central Gippsland Health and WorkSafe Victoria

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**Timeframe** 2023–24

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## Infrastructure, transport and planning

**Overall program** We plan to conduct the following performance engagements in 2023–24:

- compliance with emergency management requirements: transport
  - developing Fishermans Bend
  - domestic building oversight part 1: regulation
  - domestic building oversight part 2: dispute resolution
  - effectiveness of arterial road congestion initiatives
  - Metro Tunnel Project: phase 3 – systems integration, testing and commissioning.
- 

### Compliance with emergency management requirements: transport

We plan to determine whether transport agencies comply with emergency management responsibilities.

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#### Why this is important

High-profile emergency incidents in Melbourne and global terrorist attacks have reinforced the need for Victoria's public transport network to be able to ensure the general safety of passengers and recover services if a major emergency occurs.

Under Victoria's *Emergency Management Act 2013*, DTP is responsible for leading the emergency response to a major public transport disruption, such as:

- an infrastructure failure resulting in network delays or service outages
- a telecommunications disruption that results in a loss of control of train or tram power or signalling systems.

DTP works with Emergency Management Victoria, Victoria Police and other agencies to plan, prepare for and respond to emergencies involving the public transport network.

Rail franchise agreements and safety regulations also require all public transport operators to have individual emergency response plans.

Operators notify DTP of incidents or disruptions to public transport services and play an important role in on-the-ground response and service recovery.

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**What we plan to examine** This is a reasonable assurance performance audit.

We will assess if transport agencies comply with their responsibilities, including:

- planning
  - appointment of and training for roles, and oversight of transport operators and exercises.
-



**Who we plan to examine** DTP, VicTrack and V/Line, as well as associated entities Metro Trains Melbourne, Yarra Trams and selected bus operators

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**Timeframe** 2023–24

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## Developing Fishermans Bend

We plan to determine whether responsible agencies are effectively delivering the *Fishermans Bend Framework*.

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### Why this is important

Fishermans Bend is Australia’s largest urban renewal project.

The Victorian Government plans to transform this former industrial area, which is twice the size of Melbourne’s CBD, into mixed-use development to support the city's future growth.

After the Victorian Government announced in 2012 that it was rezoning Fishermans Bend for urban development, the proposal was subject to considerable criticism.

Given the scale of development and its potential economic and environmental impact, it is important that the government can assure the public that the project will achieve its intended outcomes.

In 2018 the government endorsed the *Fishermans Bend Framework* to guide the project's planning and development.

It also set up the Fishermans Bend Development Board and Fishermans Bend Taskforce.

In 2021 it announced a \$179.4 million investment in the Fishermans Bend Innovation Precinct.

Fishermans Bend is expected to be complete in 2050.

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### What we plan to examine

This is a reasonable assurance performance audit.

We will examine if relevant state agencies are effectively:

- managing the planning and early development of Fishermans Bend
  - delivering the framework’s objectives and targets.
- 

### Who we plan to examine

DPC, DTP, City of Melbourne, City of Port Phillip and Development Victoria

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**Timeframe** 2023–24

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## Domestic building oversight part 1: regulation

We plan to determine whether the Victorian Building Authority is effectively responding to recent recommendations to lift its performance to meet contemporary standards for a best practice regulator.

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### Why this is important

Constructing or renovating a home is often the largest investment that Victorians make in their lifetimes. It is therefore important that they are protected by a well-functioning regulatory framework.

The Victorian Building Authority (VBA) is a statutory authority. It regulates Victoria's building and plumbing industries by:

- registering, licensing and disciplining building practitioners
- inspecting building and plumbing work
- enforcing compliance with the *Building Act 1993* and *Building Regulations 2018*
- overseeing building surveyors and Victoria's building permit system.

In December 2019, the government appointed an Expert Panel on Building Reform (the Panel) to review Victoria's building system. The Panel is supported by Better Regulation Victoria and chaired by the Commissioner for Better Regulation.

The Panel delivered the report for the first of its 3 planned stages to government in mid-2021. The report was released publicly in March 2023. The stage one report highlighted that, despite recent attempted improvements, stakeholders continue to express concerns with VBA's:

- regulatory approach
- priorities
- responsiveness
- level of technical expertise.

The Panel recommended VBA build on recent improvements to lift its performance to meet contemporary standards for a best practice regulator.

The government has accepted the Panel's stage one recommendations.

In late 2022 Better Regulation Victoria engaged consultants to develop a transformation program for VBA, so that it can implement the Panel's recommendations and become a contemporary best-practice regulator.

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**What we plan to examine**

This is a limited assurance review.

It will be the first in a 2-part series examining domestic building oversight.

We will assess:

- VBA's progress in implementing the Panel's 2021 recommendation to improve its capacity as a regulator
- whether the transformation program and VBA's plan to achieve it addresses known concerns over VBA's regulatory performance.

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**Who we plan to examine**

DTP and VBA

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**Timeframe**

2023–24

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**Domestic building oversight part 2: dispute resolution**

We plan to determine whether Domestic Building Dispute Resolution Victoria and Consumer Affairs Victoria effectively handle and resolve disputes between domestic building consumers and practitioners.

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**Why this is important**

Our 2015 audit *Victoria's Consumer Protection Framework for Building Construction* found that the state's domestic building complaints framework does not protect Victorian consumers.

A 2016 review by Consumer Affairs Victoria found that 25 per cent of Victorian home owners had a dispute with their builder over a new construction or renovation.

In 2017 the government established Domestic Building Dispute Resolution Victoria (DBDRV) as an independent agency to provide free services to domestic building consumers.

DBDRV's services aim to resolve building disputes before they reach the Victorian Civil and Administrative Tribunal.

While DBDRV focuses on conciliation, the Chief Dispute Resolution Officer within DBDRV has the power to issue binding dispute resolution orders and certificates.

Consumer Affairs Victoria received over 1,000 complaints in relation to domestic building disputes in 2021. DBDRV delivered 5,605 dispute resolution services in 2021–22.

We receive regular correspondence about domestic building disputes and this issue is frequently mentioned in Parliament's Hansard records.

In 2019 the government appointed an Expert Panel on Building Reform (the Panel) to reform the state's building system, including consumer dispute resolution processes.

The Panel is due to make its recommendations to the government in 2023. Its stage one report was released in March 2023.

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**What we plan to examine**

This is a reasonable assurance performance audit.

It will be the second in a 2-part series examining domestic building oversight.

We will assess if:

- relevant agencies have effectively implemented the Panel's relevant recommendations to improve dispute resolution processes
- data about disputes is up to date
- relevant agencies effectively manage and share this data to inform their resolution processes.

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**What we plan to examine**

DGS (including Consumer Affairs Victoria), DTP, DBDRV and Victorian Building Authority

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**Timeframe**

2023–24

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**Effectiveness of arterial road congestion initiatives**

We plan to assess the effectiveness of arterial road initiatives in managing traffic patterns emerging after the COVID-19 pandemic.

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**Why this is important**

Research on travel preferences after the COVID-19 pandemic lockdowns shows a likely shift away from public transport towards more commuting by car. The research shows that working from home is also unlikely to offset this change, resulting in a net increase in car use.

News reports from 2022 showed that Melbourne's traffic had nearly returned to pre-pandemic levels. In some congestion 'hot spots' traffic has exceeded pre-pandemic levels.

Road congestion negatively affects the efficiency and reliability of the transport system. In 2018 Melbourne's traffic speeds were ranked among the lowest of Australia's capital cities.

In 2015, the avoidable cost of congestion in Melbourne was estimated at \$4.6 billion and was projected to increase to \$10.0 billion by 2030.

In the last 3 years the Victorian Government has invested over \$450 million in projects aimed at reducing congestion on arterial roads.

These investments include:

- new cameras and electronic signs
  - more incident response teams
  - expanded peak-hour tow-away zones in key locations.
- 

**What we plan to examine** This is a reasonable assurance performance audit.

We will assess how effective recent arterial road investments (with a particular focus on the application of road technology) have been at improving traffic flow and reducing congestion on arterial roads.

It will include a case study on a recent arterial route investment, such as the Streamlining Hoddle Street project, to assess the benefits.

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**Who we plan to examine** DTP, including functions that VicRoads previously carried out

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**Timeframe** 2023–24

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### **Metro Tunnel Project: phase 3 – systems integration, testing and commissioning**

We plan to determine whether the Metro Tunnel Project's systems integration, testing and commissioning activities are proceeding effectively.

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**Why this is important**

The \$12.5 billion Metro Tunnel Project is building twin 9 km rail tunnels through the central city area and 5 new underground stations. Tunnelling is now complete and station construction is well advanced.

The next phases of the project will continue to be risky and complex. Future work includes:

- rail systems installation
- testing trains in the new tunnels
- integration of signalling and communications systems
- final fit-out and commissioning of all building management and safety systems.

Systems integration, testing and commissioning requires close cooperation and efficient coordination of multiple contractors that are concurrently installing various technology systems. Delays or test failures in one system could cause cascading delays through other subsystems and therefore delay the Metro Tunnel's opening date.

Remedies for unexpected technological issues will likely have a time and cost impact for the state.

Train testing in the tunnels is currently scheduled to begin in mid-2023. The government has announced that the project is due to open in 2025.

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**What and who we plan to examine** This is a reasonable assurance engagement. We plan to examine DTP, Major Transport Infrastructure Authority (including Rail Projects Victoria) and VicTrack as well as the associated entities:

- building the tunnels and stations (Cross Yarra Partnership)
- delivering the signalling and rail systems as members of the Rail Network Alliance (AECOM Australia Pty Ltd, Alstom, CPB Contractors, John Holland Group and Metro Trains Melbourne).

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**Timeframe** 2023–24

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## Justice and community safety

**Overall program** We plan to conduct the following performance engagement in 2023–24:

- guardianship and decision-making for vulnerable adults.

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### Guardianship and decision-making for vulnerable adults

We plan to determine whether the Office of the Public Advocate provides effective and efficient services that support the rights of vulnerable adults.

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#### Why this is important

The Office of the Public Advocate (OPA) acts as a guardian of 'last resort' for people unable to make decisions about their lives due to disability, mental illness or dementia.

Each year OPA handles approximately 950 new guardianship matters and makes several thousand decisions. OPA has recently experienced challenges meeting its performance targets. In 2021–22, the waitlist prior to being allocated to a guardian was 42 days, as compared to Budget Paper No. 3 Service Delivery target of 15 to 19 days.

People that require a guardian are a vulnerable cohort and there may be serious consequences if they do not receive timely support.

Several factors are impacting OPA's service delivery, including:

- WorkSafe Victoria's cap on guardian case loads
  - the introduction of the National Disability Insurance Scheme, which has increased demand
  - the complexity of cases.
- 

**What we plan to examine** This is a reasonable assurance engagement. We will assess if OPA is providing effective and efficient services that support the rights of vulnerable adults.

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**Who we plan to examine** DFFH, DJCS and OPA

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**Timeframe** 2023–24

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## Local government

**Overall program** We plan to conduct the following performance engagement in 2023–24:

- financial management of local councils.
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### Financial management of local councils

We plan to assess whether councils effectively manage their financial resources to fulfil their responsibilities and enable continued financial sustainability.

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#### Why this is important

Financial management is the practice of establishing, controlling and monitoring all financial resources of an organisation to achieve its strategic goals and objectives.

Strong financial management is essential to councils' long-term financial sustainability, delivery of its services and its compliance with regulations. It helps decision-makers manage and allocate their finances and make key decisions such as setting rates or purchasing assets. It also gives the public information which helps them choose who to elect and what projects they wish their council to pursue.

In a complex and changing environment, councils need modern and flexible approaches to financial management to produce reliable plans, budgets and forecasts.

Our *Results of 2021–22 Audits: Local Government* shows that over the last 5 years, councils have consistently underspent and carried forward their capital budgets by almost \$3.8 billion. While inflation and COVID-19 have compounded this problem, this consistent underspend also reflects issues with project delivery, budget and forecasting.

Councils need to plan for the long-term. This is recognised in the *Local Government Act 2020* which requires councils to prepare a 4-year budget and a 10-year financial plan.

This audit will provide key insights on how councils are tracking and performing against this requirement.

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#### What we plan to examine

This is a reasonable assurance engagement.

We will assess the effectiveness of councils' financial management practices and whether this meets better practice and councils' legislative obligations.

We will also look at whether these practices enable long-term financial sustainability.

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#### Who we plan to examine

Monash City Council, Cardinia Shire Council, East Gippsland Shire Council, Greater Shepparton City Council and Yarra City Council

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#### Timeframe

2023–24

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# 3.

## Financial audit work program

We deliver a range of attest services to public sector agencies. We conduct financial audits in line with the Australian Auditing Standards and other relevant professional and legislative requirements.

### Our financial audit scope

**Sectors we audit** Our financial audit program covers entities across a range of sectors.

Figure 5: Our financial audit scope



Source: VAGO.

## Attestation of agencies' financial reports and performance reports

**Overall program** According to legislation, we must:

- audit all state and local government entities' annual financial reports and express an audit opinion on them
- where required, audit and express an opinion on local governments', water authorities' and TAFEs' performance reports
- review and express an opinion on the general government sector's estimated financial reports.

We may also be required or invited to provide audit opinions on grant acquittals or controls reports that agencies submit to grant funding bodies.

**Planned work** Figure 6 shows the number of attest audits and reviews we plan to do in 2023–24.

Figure 6: 2023–24 attest audits and reviews

Attest audits and reviews	Number
<b>Audit opinions</b>	
Opinions on entities' financial reports	545+
Opinions on entities' performance reports	109
Opinion on the AFR	1
<b>Review opinions</b>	
Review of the general government sector's estimated financial reports for the 2024–25 budget year	1
<b>Grant acquittal certifications</b>	
Grant acquittal certifications	160+
Natural Disaster Controls Acquittal 2021–22	1

Source: VAGO.

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.

## Reports to Parliament

**Overall program** We plan to table the following reports in 2023–24:

- the Auditor-General's report on the 2022–23 AFR
- results of audits reports for the local government, TAFE and university sectors.

### Auditor-General's report on the 2022–23 AFR

Section 57 of the *Audit Act 1994* requires the Auditor-General to report to Parliament on the outcome of our audit of the AFR each year.

This report analyses and comments on key aspects of the state's financial outcomes.

In line with the Act, it gives information and recommendations for the government to more effectively and efficiently manage public resources where appropriate.

This is the only report on our financial audits that we must produce each year under the Act.



We must table our report on the AFR on or before 24 November following the financial year it relates to.

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**Results of audits reports** Our results of audits reports inform Parliament on the outcome of our financial audits of the following sectors:

- local government
- TAFE
- university.

Each report analyses the sector's financial outcomes and risks to financial sustainability.

The reports also inform Parliament about common control and financial reporting weaknesses in the sector and make recommendations for improvement.

We aim to table these reports within 5 months of the relevant sector's financial year end.

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# Appendix

[Appendix A: Acronyms and glossary](#)

# Appendix A: Acronyms and glossary

**Acronyms** We use the following acronyms in this report:

## Acronym

AFR	<i>Annual Financial Report of the State of Victoria</i>
DE	Department of Education
DEECA	Department of Energy, Environment and Climate Action
DFFH	Department of Families, Fairness and Housing
DGS	Department of Government Services
DH	Department of Health
DJCS	Department of Justice and Community Safety
DJSIR	Department of Jobs, Skills, Industry and Regions
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
DTP	Department of Transport and Planning
PAEC	Public Accounts and Estimates Committee
VAGO	Victorian Auditor-General's Office

**Glossary** This glossary includes an explanation of the types of engagements we perform:

## Term

Reasonable assurance	We achieve reasonable assurance by obtaining and verifying direct evidence from a variety of internal and external sources about an agency's performance. This enables us to express an opinion or draw a conclusion against an audit objective with a high level of assurance. We call these audit engagements. See our <a href="#">assurance services fact sheet</a> for more information.
Limited assurance	We obtain less assurance when we rely primarily on an agency's representations and other evidence generated by that agency. However, we aim to have enough confidence in our conclusion for it to be meaningful. We call these types of engagements assurance reviews and typically express our opinions in negative terms. For example, that nothing has come to our attention to indicate there is a problem. See our <a href="#">assurance services fact sheet</a> for more information.

# Our role and contact details

## The Auditor-General's role

For information about the Auditor-General's role and VAGO's work, please see our online fact sheet [About VAGO](#).

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## Our assurance services

Our online fact sheet [Our assurance services](#) details the nature and levels of assurance that we provide to Parliament and public sector agencies through our work program.

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## Contact details

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