

Appendix C:

Audit scope and method

Scope of this audit

Who we examined

We examined the following agencies:

Agency	Their key responsibilities
DE, DEECA, DFFH, DGS, DH, DJCS, DJSIR, DPC, DTF, DTP	<ul style="list-style-type: none">• Complying with:<ul style="list-style-type: none">• the 2019 and 2024 professional services guidelines• the 2019 and 2024 labour hire guidelines• the VGPB's procurement framework• FRD 22.• Demonstrating value for money for their spending in line with the <i>Standing Directions 2018</i>.

Our audit objective

Does the Victorian Public Service get value for money when it uses contractors and consultants?

What we examined

We examined procurement, contract management and reporting practices from 1 July 2019 to 30 June 2024 at all 10 Victorian departments.

To do this, we assessed all departments':

- policies, procedures and guidance to staff
- templates relating to procuring, managing and reporting on using contractors and consultants.

We compared all departments' (except DE's) annual report data for 2023–24 to the data we hold in Empower, our data analytics system.

We also selected DEECA, DFFH and DJCS to look at in more detail, based on our assessment of:

- materiality
- risk
- control environments
- spending categories and profile
- previous audit coverage.

We applied a risk-based approach to select 5 professional services and 5 labour hire engagements from DEECA, DFFH and DJCS. We reviewed these against our test criteria, which looked at if these departments could demonstrate that their engagements got value for money.




Aspects of performance examined

Our mandate for performance audits and reviews includes the assessment of economy, effectiveness, efficiency and compliance (often referred to as the '3Es + C').

In this audit we focused on the following aspects:

Economy	Effectiveness	Efficiency	Compliance
			

Key:

-  Primary focus
-  Secondary focus
-  Not assessed

Conducting this audit

Assessing performance

To form a conclusion against our objective we used the following lines of inquiry and associated evaluation criteria.

Line of inquiry	Criteria
1. Do departments' processes to procure, manage and report on contractor and consultant engagements comply with relevant guidelines?	1.1 Do departments' processes to engage contractors and consultants comply with DPC's professional services and labour hire administrative guidelines?
	1.2 Do departments' processes to manage contracts comply with VGPB's policy framework?
	1.3 Do departments' processes to retain and report information about their use of contractors and consultants meet requirements in the FRD 22?
2. Can departments demonstrate that their use of contractors and consultants achieves value for money?	2.1 Can departments demonstrate that their management of contractors and consultants achieves value for money?
	2.2 Do departments use deliverables or contracted resources as intended?

Our methods

As part of the audit we:

- reviewed all departments' policies, procedures and processes relating to their use of contractors and consultants
- spoke to staff at all 10 departments
- met regularly with staff at the deep-dive departments
- conducted data analysis
- selected 5 professional services and 5 labour hire engagements each from DEECA, DFFH and DJCS, and reviewed these against our test criteria.

Level of assurance

In an assurance review, we primarily rely on the agency's representations and internally generated information to form our conclusions. By contrast, in a performance audit, we typically gather evidence from an array of internal and external sources, which we analyse and substantiate using various methods. Therefore, an assurance review obtains a lower level of assurance than a performance audit (meaning we have slightly less confidence in the accuracy of our conclusion).

Compliance

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 *Performance Engagements* to obtain reasonable assurance to provide a basis for our conclusion.

We complied with the independence and other relevant ethical requirements related to assurance engagements.

Cost and time

The full cost of the audit and preparation of this report was \$660,000.

The duration of the audit was 10 months from initiation to tabling.
