



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

Performance Audit Program 2016-17
and
Potential Audits to Commence over 2017-18 to
2018-19

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Performance Auditing

Performance auditing is a primary function of the ACT Audit Office (the Audit Office). Performance audits are conducted under the authority of the *Auditor-General Act 1996* and are performed in accordance with the requirements of Australian Auditing Standards relevant to performance auditing.

[Attachment A](#) provides information on the conduct of a performance audit.

The Performance Audit Program

Subsection 13(1) of the *Auditor-General Act 1996* provides that the Auditor-General must prepare and publish a program for performance audits that the Auditor-General intends to conduct in the next financial year.

Strategic planning for the Performance Audit Program (the Program) is an ongoing activity. Environmental scans inform this process as does the Audit Office's ongoing work, not only in its performance audits but also its program of financial statements audits and reviews of statements of performance.

The Audit Office has developed the Program having regard to the Office's mandate, its strategic plan, and interests of its primary stakeholders: the Legislative Assembly and the ACT community.

In planning and prioritising performance audit coverage the Audit Office seeks to:

- promote transparency, accountability and value for money in the delivery of public services and the use of government resources;
- provide the Legislative Assembly with independent assessments of the performance of public sector bodies and the use of government resources; and
- respond to emerging issues of importance to the Legislative Assembly and the broader community.

Potential audit topics are selected to cover at least one of the following Auditor-General's focus areas:

- greatest benefit for the whole community;
- improving services and programs;
- assisting the disadvantaged and vulnerable;
- developing the next generation – all children get a 'fair go';
- advancing sustainable practices; and
- minimising waste in government.

In addition to these focus areas other factors are taken into account. These are described in Attachment B.

Furthermore, in developing the Performance Audit Program the Auditor-General consults with: the Public Accounts Committee; the Speaker of the Legislative Assembly; members of the Legislative Assembly; the Head of Service; ACT Government Directors-General and Chief Executive Officers (or their equivalents); statutory office holders of various ACT Government agencies; and other stakeholders.

The Auditor-General determines the final Program.

2016-17 Performance Audit Program

This document provides information on audits currently underway, those that are proposed to commence in 2016-17 and audit topics that may be considered in 2017-18 and 2018-19. The Audit Office is placing the 2016-17 Program in the context of a three year horizon to provide a longer-term perspective on its strategic direction.

The Program may be subject to change as a result of additional planning or new and emerging priorities or risks, including the need to conduct urgent investigations, reviews or audits, or the need to address issues that emerge from representations or public interest disclosures.

Subsection 13(1) of the *Auditor-General Act 1996* provides that the published Performance Audit Program should identify audits that the Auditor-General intends to conduct under:

- section 12 - audits in relation to ACT Government directorates, Territory entities, joint ventures in which the Territory or a Territory entity has a controlling interest or a trust in which the Territory or a Territory entity has a controlling interest;
- section 13C - audits of non-public sector entities at the request of a Minister or the Public Accounts Committee; and
- section 13D - audits of non-public sector entities initiated by the Auditor-General.

At the date of approval of the Program it included no audits that had been requested by a Minister or the Public Accounts Committee under section 13C of the *Auditor-General Act 1996*.

Section 13D (and section 13C) of the *Auditor-General Act 1996* provide that audits of non-public sector entities may occur if a public sector entity has provided property to a non-public sector entity for a purpose and the Auditor-General is satisfied:

- the usual acquittal procedures for the use of property provided by a public sector entity have been exhausted (paragraph 13C(3)(a));
- there are no other mechanisms reasonably available to the public sector entity to resolve the proposed subject of the audit (paragraph 13C(3)(b)); and
- failure to conduct the audit may result in significant risk to the Territory (paragraph 13C(3)(c)).

Some of the proposed audits may cover activities of ACT Government directorates and agencies that involve the provision of property or services to non-public sector entities. If this occurs the Auditor-General will explicitly address paragraphs 13C(3)(a) to (c) of the *Auditor-General Act 1996*. These audits have been identified in the document with an asterisk (*).

Representations and public interest disclosures

The Audit Office receives representations and public interest disclosures. The Auditor-General considers the most appropriate way to deal with each of these, including (potentially) through a performance audit.

The Auditor-General is currently considering two requests to conduct investigations into particular topics. These relate to:

- the Health Directorate's management of Emergency Department performance information; and
- the Territory and Municipal Services Directorate's management of the Isaacs Ridge Reserve.

At the time of publication of the Program information had been sought from relevant ACT Government directorates, with a view to assisting in deciding whether or not the issues raised may be appropriately considered through a performance audit. If it is considered that these issues should be addressed through a performance audit others in the program may be displaced or rescheduled.

Number of performance audits planned

The Audit Office aims to table seven performance audits per financial year and has commensurate funding. However, many audits do not start and finish in the one financial year therefore there will always be more than seven audits in the proposed program. Experience has shown that some proposed audits are not undertaken due to circumstances changing in the subject areas or higher priority issues emerging that warrant an audit.

Notwithstanding that some proposed audits may not be undertaken, it is considered fairer to list all potential performance audits as identified in the Audit Office's planning work for the Program. This allows directorates and agencies to consider the issues in the audit topic areas. Even if, ultimately, an audit is not undertaken, the fact that it was listed shows that if additional funding becomes available to the Audit Office, it would be a priority for auditing.

[Attachment B](#) outlines the selection process for performance audit topics.

[Attachment C](#) lists audit reports tabled in the Legislative Assembly since January 2011.

Audits in Progress

The following audits are in progress as at June 2016.

Table 1 – Audits in Progress

| Topic/Entity Agency | Details |
|---|--|
| <p>Management and Administration of Credit Cards by ACT Government Entities (All ACT Government Entities)</p> | <p>Area of focus: minimising waste in government</p> <p>Credit cards are used by ACT Government agencies to purchase goods and services. They have potential advantages compared with cash or cheque purchasing, including lower administrative costs, and through opportunities to better manage and monitor their use through analysis of purchasing data.</p> <p>Credit card use is subject to the provisions of the <i>Financial Management Act 1996</i>. ACT Government agencies' administrative arrangements for credit cards vary, with some agencies managing their use through in-house administrative processes, and other agencies using Shared Services for administrative processes. Whether managed by Shared Services or within agencies, chief executives need to ensure there is appropriate control over the issue and use of cards.</p> <p>This audit is examining the effectiveness of the management and administration of credit cards by ACT Government entities.</p> |
| <p>Public Housing Renewal under the Asset Recycling Initiative (Chief Minister, Treasury and Economic Development Directorate, Community Services Directorate)</p> | <p>Areas of focus: improving services and programs / minimising waste in government / greatest benefit for the whole community / assisting the disadvantaged and vulnerable</p> <p>On 2 May 2014, the Commonwealth of Australia and all Australian states and territories entered into a National Partnership Agreement on Asset Recycling. Under this initiative, states and territories that sell assets and reinvested the sale proceeds in new infrastructure could receive a Commonwealth contribution equivalent to 15 percent of the value of the investment in new infrastructure.</p> <p>In February 2015, the ACT Government announced a range of assets to be sold under the initiative and that the proceeds from the sale would be invested in the Capital Metro Light Rail Project. Among the assets to be sold were nearly 1,300 public housing dwellings, located in 13 sites in the inner north and inner south of Canberra. At that time, the ACT Government announced that all public housing lost under the Asset Recycling Initiative would be replaced through a program of public housing renewal and that all tenants in affected properties would be relocated in suitable public housing prior to the sale of the asset.</p> <p>The audit is considering the effectiveness of the management of the program of public housing renewal under the Asset Recycling Initiative. This includes consideration of the identification of the properties for disposal, the acquisition of replacement dwellings and the relocation of affected public housing tenants.</p> |

Table 1 – Audits in Progress

| Topic/Entity Agency | Details |
|--|---|
| <p>Land Development Agency Purchase of Selected Land and Businesses <i>(Chief Minister, Treasury and Economic Development Directorate - Land Development Agency)</i></p> | <p>Areas of focus: improving services and programs / minimising waste in government / greatest benefit for the whole community</p> <p>The Land Development Agency is an ACT Government agency whose primary business is buying and selling land on behalf of the ACT Government.</p> <p>In 2015 the Land Development Agency purchased land in and around Glebe Park in the city and land (with businesses thereon) on the Lakeside.</p> <p>The performance audit will consider how the Land Development Agency conducted the purchases and whether or not this was in accordance with relevant legislation, policies, procedures or any other requirements.</p> <p>Priority: High</p> |

Proposed Audits to Commence in 2016-17

As well as completing the audits in progress, new audits will be commenced during 2016-17. These audits are listed in Table 2 in order of priority.

Table 2 – Proposed Audits to Commence in 2016-17

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|---|---|
| 1 | <p>WorkSafe ACT Oversight of Demolition of Loose-fill Asbestos Contaminated Houses <i>(Chief Minister, Treasury and Economic Development Directorate - WorkSafe ACT)</i></p> | <p>Areas of focus: improving services and programs / greatest benefit for the whole community</p> <p>Over 980 residential properties that contain loose-fill asbestos insulation are being demolished in the ACT in the next five years. The safe demolition of these houses requires collaboration between all parties to ensure the risks of asbestos exposure to all workers and other persons, on or offsite, are minimised as far as is practicable. The first demolitions of loose-fill asbestos-affected houses took place during 2015-16. WorkSafe ACT has regulatory responsibility, and undertakes activities (e.g. education, inspection and enforcement action), to minimise workplace health and safety risks.</p> <p>It is timely to examine the effectiveness of WorkSafe ACT's planning for, and implementation of, its workplace health and safety regulatory responsibilities for the demolition of houses contaminated by loose-fill asbestos. This audit could focus on WorkSafe ACT's planning for its role in regulating loose-fill asbestos contaminated house demolitions and its response to incidents related to loose-fill asbestos sites.</p> <p>Priority: High</p> |
| 2 | <p>Conduct of the 2016 ACT Legislative Assembly Election <i>(ACT Electoral Commission)</i></p> | <p>Area of focus: improving services and programs</p> <p>The ACT Electoral Commission, known as Elections ACT, is an independent statutory authority responsible for conducting elections and referendums for the ACT Legislative Assembly. Elections ACT's mission is to provide the ACT community with high quality electoral services that ensure fair and open elections and referendums. The next ACT Legislative Assembly Election is due to be held on 15 October 2016.</p> <p>The audit could examine Elections ACT's preparation for, and management of, the conduct of the 2016 ACT Legislative Assembly Election.</p> <p>Priority: Medium</p> |

Table 2 – Proposed Audits to Commence in 2016-17

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|---|---|
| 3 | <p>Performance Information in ACT Schools <i>(Education Directorate)</i></p> | <p>Areas of focus: developing the next generation – all children get a ‘fair go’ / assisting the disadvantaged and vulnerable / improving services and programs</p> <p>Standardised testing in ACT public schools provides the Education Directorate, school principals and teachers with valuable information regarding performance at the student, school and Territory level. The National Assessment Program – Literacy and Numeracy (NAPLAN) provides nationally comparable data on student performance in years 3, 5, 7 and 9. NAPLAN testing covers core skills across reading, writing, language conventions and numeracy. In addition, Performance Indicators in Primary Schools (PIPS), which assess the early reading, phonics and numeracy skills of students in their first year of school, is a valuable source of information. The tests, which are delivered one-on-one by teachers, enable the identification of students who may need additional support or enrichment.</p> <p>At the Territory level, standardised testing provides a suite of information that enhances the capacity for evidence-based decision making in relation to policy, resourcing and systemic practices. NAPLAN and PIPS data can be considered along with other national and international standardised testing data, such as PISA and NAP Science. At the school level, NAPLAN and PIPS provide teachers and school principals with important information on how students are performing relative to their peers, in order to provide additional support to those who need it. Additional support can be provided to those who are performing below expected standards, as well as to those who are performing at the highest levels of achievement and are in need of extension.</p> <p>An audit could consider whether the Education Directorate and individual schools are achieving value for money by harnessing PIPS and NAPLAN data to target interventions and provide additional support to schools, students and student cohorts who are not meeting minimum standards, those who are performing a very high achievement levels, and those for whom learning has significantly slowed over time.</p> <p>Priority: Medium</p> |
| 4 | <p>Mental Health Services and Support <i>(Health Directorate)</i></p> | <p>Areas of focus: improving services and programs/ assisting the disadvantaged and vulnerable</p> <p>Mental Health, Justice Health and Alcohol and Drug Services (within the Health Directorate) provide health services directly and through partnerships with community organisations. The services provided range from prevention and treatment to recovery and maintenance and harm minimisation. Consumer and carer participation is encouraged in all aspects of service planning and delivery. Services are delivered through partnerships with consumers, carers and a range of government and non-government service providers to ensure the best possible outcomes for clients.</p> |

Table 2 – Proposed Audits to Commence in 2016-17

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|---|--|
| | | <p>The audit could assess the effectiveness and efficiency of arrangements for delivering mental health services, including:</p> <ul style="list-style-type: none"> • the arrangements for coordination and referral between services, including community services; and • customer outcomes by comparison with other jurisdictions, including waiting times, referral rates, justice and policing outcomes, and clinical outcomes. <p>An additional consideration for the audit could be issues identified in the <i>Review of Domestic and Family Violence Deaths in the ACT</i> by the Domestic Violence Prevention Council. The review identified a potential audit in relation to Mental Health, Justice Health and Alcohol and Drug Services to identify ‘where improvements can be made especially in relation to the administration and implementation of ACT Health Outcome Measures, other risk assessment tools and the associated risk management approaches.’</p> <p>Priority: Medium</p> |
| 6 | <p>Management and Maintenance of Selected Infrastructure Assets <i>(Transport and City Services Directorate)</i></p> | <p>Areas of focus: improving services and programs/ minimising waste in government</p> <p>Infrastructure assets, such as roads, street lighting, foot and cycle paths and stormwater drainage, account for a large proportion of the ACT’s total assets and incur significant costs against the ACT Budget. Their effective, efficient and economic management and maintenance is essential to maintaining public safety, amenity and reducing the environmental impact of the use of these assets.</p> <p>The audit could examine the management and maintenance of selected infrastructure assets, including the effectiveness of:</p> <ul style="list-style-type: none"> • planning over the entire asset management cycle; • policies that aim to reduce the impact of infrastructure asset use on the environment; • delivery of maintenance for existing assets; • contracting arrangements for asset maintenance; and • evaluation methods for maintenance. <p>Further planning and scoping will determine the most appropriate asset type to be the focus of the audit, e.g. roads or stormwater drainage assets.</p> <p>Priority: Medium</p> |

Table 2 – Proposed Audits to Commence in 2016-17

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|--|--|
| 7 | <p>Procurement of the Light Rail Project <i>(Transport and City Services Directorate)</i></p> | <p>Areas of focus: greatest benefit for the whole community/ minimising waste in government/ advancing sustainable practices/ improving services and programs</p> <p>This audit follows the 2015-16 <i>Initiation of the Light Rail Project</i> audit. It could focus on the procurement activities associated with the project, including expressions of interest sought from interested parties and formal bids requested from shortlisted consortia. The audit could consider:</p> <ul style="list-style-type: none"> • the probity of the procurement process for the selection of the private partner for the project; and • the effectiveness of the procurement process in achieving the intended outcomes of the light rail project. <p>The audit could consider the extent to which the project’s procurement processes align with better practice procurement processes and program and project management.</p> <p>Priority: Medium</p> |
| 8 | <p>The Loose-fill Asbestos Insulation Eradication Scheme: Personal Support, Buy-back and Demolition activities <i>(Chief Minister, Treasury and Economic Development Directorate and other directorates and agencies)</i></p> | <p>Areas of focus: improving services and programs/minimising waste in government/ greatest benefit for the whole community</p> <p>This audit follows <i>The Management of the Financial Arrangements for the Delivery of the Loose-fill Asbestos Insulation (Mr Fluffy) Eradication Scheme</i> audit.</p> <p>It could focus on the personal support, buyback and demolition phases of the Scheme. These phases of the Scheme are characterised by increased engagement by the Asbestos Response Taskforce with the community, including affected homeowners.</p> <p>The audit could consider the effectiveness of the Asbestos Response Taskforce’s management of the personal support, buy-back and demolition phases of the Scheme. A particular focus of the audit could be the Asbestos Response Taskforce’s engagement with the community, specifically affected homeowners, in undertaking its activities to buy back and demolish affected properties.</p> <p>Priority: Medium</p> |

Table 2 – Proposed Audits to Commence in 2016-17

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|----|---|---|
| 9 | <p>Management of Arts, Cultural and Heritage Facilities <i>(Chief Minister, Treasury and Economic Development Directorate, Cultural Facilities Corporation and selected directorates and agencies)</i></p> | <p>Areas of focus: improving services and programs / minimising waste in government</p> <p>The ACT Government is responsible for managing a diverse range of arts, cultural and heritage facilities. These range from specific buildings to broader estates and precincts and collections, for example the Canberra Museum and Art Gallery, Lanyon Homestead, Albert Hall and the Kingston precinct. The management of different arts, cultural and heritage facilities is undertaken by several entities and agencies using a variety of operating models.</p> <p>This audit could examine the efficiency and effectiveness of these operating models, including the extent to which they: give effect to relevant ACT Government policies; facilitate arts, heritage and cultural activities; and support the viability of organisations that use the facilities.</p> <p>Priority: Medium</p> |
| 10 | <p>The ACT Capital Framework <i>(Chief Minister, Treasury and Economic Development Directorate)</i></p> | <p>Areas of focus: minimising waste in government / greatest benefit for the whole community</p> <p>The ACT Capital Framework has applied to capital investment proposals since late 2013, for investments scheduled for commitment from 2014-15 onwards. It provides for a process for the upfront assessment of capital works funding proposals in the ACT, and is administered by Procurement and Capital Works in the Chief Minister, Treasury and Economic Development Directorate. The assessment process includes:</p> <ul style="list-style-type: none"> • Investment Logic Workshop, which seeks to assess the demonstrated need for a project; • Early Project Overview, a presentation by project proponents to Chief Minister, Treasury and Economic Development Directorate representatives which is intended to de-couple the capital works approvals process from a purely budget driven cycle; • Single Assessment Framework, a capital works business case process tiered to project value and risk with escalating levels of analysis; and • Post Implementation Review, which seeks to assess how the project performed against the expectations of the business case. <p>The audit could consider the implementation of the Capital Framework, including its effectiveness in aiding capital works project decision-making. The audit could also compare outcomes under the Capital Framework to those under older delivery models such as Construction Only or Project Management Agreements and examine whether the anticipated financial and other benefits of the Capital Framework are being achieved.</p> <p>Priority: Medium</p> |

Potential Audits to Commence in 2017–18 and 2018-19

The following potential audit topics are under consideration for commencement in 2017-18 (Table 3) and 2018-19 and beyond (Table 4).

Further planning will refine the scope and focus of each audit. In deciding on the audit scope, the Audit-Office will consider possible inclusion of non-public sector entities where relevant. Relevant directorates will be consulted during preliminary audit planning.

Table 3 – Potential Audits to Commence in 2017-18

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|--|---|
| 1 | <p>Early Intervention and Prevention Initiatives for Children</p> <p><i>(Community Services, Education and Health directorates)</i></p> | <p>Areas of focus: assisting the disadvantaged and vulnerable / improving services and programs / developing the next generation - all children get a ‘fair go’</p> <p>Early childhood is an important time in a child’s life: experiences from birth to eight years play an important part in shaping the health, wellbeing and development of a child. Poor experiences and conditions of various kinds in childhood can contribute to social and economic participation problems in adult life. Improved experiences may positively influence a child’s future health, welfare and development.</p> <p>The ACT Government provides a range of Early Intervention and Prevention initiatives to children and their families. These are primarily delivered through the Office for Children, Youth and Family Support in the Community Services Directorate, although other directorates and agencies, including the Education, Health and Justice and Community Safety directorates, also deliver programs and initiatives that have an impact on children. It is important that ACT Government programs and services are effectively managed and coordinated, in order to maximise their reach and influence and to ensure that services are targeted towards children most in need.</p> <p>The audit could examine the coverage, structure, integration and effectiveness of ACT Government Early Intervention and Prevention programs and services, with a particular focus on their co-ordination across agencies.</p> |

Table 3 – Potential Audits to Commence in 2017-18

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|--|--|
| 2 | <p>Access Canberra <i>(Chief Minister, Treasury and Economic Development Directorate and selected directorates and agencies)</i></p> | <p>Areas of focus: improving services and programs/ greatest benefit for the whole community</p> <p>In December 2014, the Chief Minister announced the establishment of a new agency: Access Canberra. The objective for Access Canberra is to shape the delivery of services around businesses, community groups and individuals seeking to engage with the ACT Government, to enable a ‘no wrong door’ approach. Access Canberra was to bring together seven existing agencies and functions: Canberra Connect; Office of Regulatory Services; Environment Protection Agency; Construction and Client Services; Health Protection Services (food services); Gaming and Racing; and public unleased land permits. Access Canberra’s interaction with, and delivery of services to, the ACT community is achieved through various customer-facing ICT systems.</p> <p>The audit could examine the effectiveness of the change management process of bringing together seven agencies, each with discrete functions, processes and support structures, to achieve the objective of an integrated and seamless service. It could also examine the extent to which Access Canberra has facilitated access to government services. The audit could assess the useability, availability and security of Access Canberra’s customer-facing ICT systems.</p> |
| 3 | <p>ICT Strategic Planning <i>(Chief Minister, Treasury and Economic Development Directorate and selected directorates and agencies)</i></p> | <p>Areas of focus: improving services and programs / minimising waste in government</p> <p>Effective public administration relies heavily on information and communications technology (ICT). Policy development, service delivery and administration cannot be carried out to the standards expected by the community without it.</p> <p>To achieve public administration objectives, ICT needs to be well-managed and this can only occur in the context of effective strategic planning. Issues arising from the ageing of key systems and other difficulties, such as the lack of necessary interoperability, can significantly degrade the capacity of ICT to deliver the required capability over time.</p> <p>The audit could assess the effectiveness of the ACT Government's ICT strategic planning processes with a focus on risks (for example, ageing legacy systems) and on opportunities (for example, cloud-based services).</p> |

Table 3 – Potential Audits to Commence in 2017-18

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|---|---|
| 4 | <p>Implementation of the National Disability Insurance Scheme (*) (Community Services Directorate)</p> | <p>Areas of focus: assisting the disadvantaged and vulnerable / improving services and programs / minimising waste in government / developing the next generation - all children get a ‘fair go’</p> <p>The National Disability Insurance Scheme (NDIS) provides individualised support for people with disability (including psychosocial disability). Funded by the Australian, state and territory governments the NDIS is administered nationally by the National Disability Insurance Agency. The NDIS is currently being rolled out and will be the primary source of information, assessment, referral, therapeutic and support services for many people with disability. In the ACT eligible people are currently transitioning across from their present support arrangements to the NDIS. By 1 July 2016 it is expected that around 5,000 people will be supported under the NDIS in the ACT.</p> <p>The NDIS represents a substantial reconfiguration of funding arrangements and services for people with disability. In the ACT, key services have in the past been provided through Territory funded and administered programs. The NDIS will be managed nationally and services will be delivered by private sector providers.</p> <p>The audit could examine the ACT Government’s transition of clients to the NDIS. This could include consideration of planning for, and implementation of, the transition for individuals with disability, carers and ACT private sector providers.</p> |
| 5 | <p>Active Schools (Education Directorate)</p> | <p>Area of focus: developing the next generation – all children get a ‘fair go’</p> <p>The Australian Government <i>Physical Activity and Sedentary Behaviour Guidelines</i> recommend that children undertake at least 60 minutes of moderate to vigorous physical activity per day. However, reports published by the Health Directorate estimate that 80 per cent of children are not getting the required amount of exercise.</p> <p>In ACT schools, the Education Directorate’s <i>Physical Education and Sport Policy 2009</i> stipulates that every child in Kindergarten to Year 6 must be provided with 25-30 minutes per day of moderate to vigorous physical activity, and students in Years 7 to 10 must be provided with 150 minutes per week.</p> <p>The audit could assess the adequacy of the provision of physical activity in ACT schools, including whether schools are meeting minimum standards set by the Education Directorate.</p> |

Table 3 – Potential Audits to Commence in 2017-18

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|--|---|
| 6 | <p>Building Quality: Certification, Inspection and Audit (Chief Minister, Treasury and Economic Development Directorate and Environment and Planning Directorate)</p> | <p>Areas of focus: improving services and programs / minimising waste in government</p> <p>Building regulation includes the <i>Building Act 2004</i> and regulations and other instruments made under that Act, including the ACT Building Code. It also includes the parts of the <i>Construction Occupations (Licensing) Act 2004</i> for licensing building practitioners and building surveyors.</p> <p>Individuals or organisations seeking to build, renovate or redevelop properties in the ACT engage building certifiers to ensure plans and works are completed in accordance with the building regulations. The Government’s licensing of builders and auditing and inspection activities provide additional assurance over building quality.</p> <p>The audit could assess the effectiveness of the Environment and Planning Directorate’s administration of the building regulation process, focusing on:</p> <ul style="list-style-type: none"> • residential (Class 1 and 2) properties; • building certification; • mandatory and discretionary regulatory activity post building approval (construction phase); • the regulatory contribution to achieving enhanced environmental performance, such as the 5 star energy efficiency standard; and • improvements that are focused on emerging priorities and areas of risk, such as apartment buildings. |
| 7 | <p>Chronic Disease Services (Health Directorate)</p> | <p>Areas of focus: improving services and programs / assisting the disadvantaged and vulnerable</p> <p>Assistance to those with chronic health problems includes clinical, psychological and rehabilitation services provided under the auspices of the Health Directorate, as well as support and respite services provided by community and other non-government entities.</p> <p>The delivery of services can be organised according to the individual’s underlying condition or the presenting condition (including psychological conditions such as depression). The co-morbidity of chronic health conditions poses considerable challenges for coordinating the delivery of assistance within government agencies and across the community sector.</p> <p>The audit could examine the effectiveness and efficiency of the Health Directorate’s current service delivery and support arrangements for the assistance of those with chronic health conditions. It could examine the effectiveness of the current arrangements to coordinate care with community and other agencies also involved in the care of those with chronic health conditions.</p> |

Table 3 – Potential Audits to Commence in 2017-18

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|----|---|--|
| 8 | <p>Protective Security Policy Framework <i>(Justice and Community Safety Directorate and selected directorates and agencies)</i></p> | <p>Area of focus: improving services and programs</p> <p>The ACT Government <i>Protective Security Policy Framework</i> (PSPF) was introduced in 2014. It establishes mandatory requirements for all directorates relating to: protective security governance; personnel security; information security; and physical security. Implementation of the requirements is the responsibility of each directorate, which must decide on how the PSPF requirements should be implemented on the basis of its own security risk assessments.</p> <p>Protective security is essential to ensuring the safety of personnel, information and assets. Failures can have significant impacts on the delivery of services and put lives at risk.</p> <p>The audit could examine directorates' compliance with the governance requirements of the PSPF and assess the effectiveness of these arrangements.</p> |
| 9 | <p>Implementation of the Capital Metro Light Rail Project <i>(Transport and City Services Directorate)</i></p> | <p>Areas of focus: greatest benefit for the whole community / minimising waste in government / advancing sustainable practices / improving services and programs.</p> <p>This audit would follow the 2015-16 <i>Initiation of the Light Rail Project</i> and the proposed 2016-17 <i>Procurement of the Light Rail Project</i> audits.</p> <p>It could examine aspects associated with the implementation of the Capital Metro Light Rail Project, including contract management associated with the construction and delivery of the project. The audit could identify opportunities for improvement in a timely manner and provide assurance in relation to this significant undertaking.</p> |
| 10 | <p>Management of High Value Procurements <i>(Chief Minister, Treasury and Economic Development Directorate and selected directorates and agencies)</i></p> | <p>Areas of focus: improving services and programs/ greatest benefit to the whole community/ minimising waste in government</p> <p>The ACT Government Procurement Board was established in 2001 by the <i>Government Procurement Act 2001</i> (the Act). The Act prescribes the Board's functions and responsibilities, which include reviewing and giving advice to ACT Government agencies, directors-general and ministers on procurement issues and practices in the Territory, and reviewing procurement proposals in accordance with the Government Procurement Regulation 2007. The Board is supported by Shared Services Procurement, which provides secretariat services.</p> <p>The audit could examine the effectiveness of the administration of high value procurements. The audit could include consideration of all aspects of selected high value procurements, focusing on the support provided by Shared Services Procurement to ACT Government agencies and the ACT Procurement Board.</p> |

Table 4 – Potential Audits to Commence in 2018-19

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---------|---|--|
| 1 or | <p>Closing the Gap in Learning and Achievement for Aboriginal and Torres Strait Islander Students</p> <p><i>(Education Directorate)</i></p> | <p>Area of focus: improving services and programs</p> <p>More than 1,500 Aboriginal and Torres Strait Islander students are enrolled in ACT public schools, including the Jervis Bay School where more than 90 percent of students are from the local Wreck Bay Aboriginal Community.</p> <p>A number of programs are in place in ACT public schools to assist Aboriginal and Torres Strait Islander students with their education and to help them remain engaged with schooling. These include: individual learning plans; family support initiatives; career development; future pathway programs; and scholarships.</p> <p>The audit could consider the effectiveness and efficiency of these initiatives.</p> |
| 1 | <p>Management and Maintenance of ACT Government Primary, Secondary and College School Buildings</p> <p><i>(Education Directorate)</i></p> | <p>Areas of focus: improving services and programs/ minimising waste in government</p> <p>ACT Government-owned school buildings are significant ACT assets with a total written down value in 2014 of more than \$1 billion. These buildings represent essential infrastructure for the successful delivery of education programs. Accordingly, the effective, efficient and economic management and maintenance of these assets is essential.</p> <p>The audit could examine the management and maintenance of primary, secondary and college school buildings including the effectiveness of:</p> <ul style="list-style-type: none"> • planning over the entire asset management cycle; • financial management of contracts to provide new assets and the maintenance of existing assets; and • processes to accept new, upgraded or repaired assets from contractors. |
| 2 | <p>The Loose-fill Asbestos Insulation Eradication Scheme: The Sales Process and Completion of the Program</p> <p><i>(Chief Minister, Treasury and Economic Development Directorate and other directorates)</i></p> | <p>Areas of focus: improving services and programs / minimising waste in government / greatest benefit for the whole community</p> <p>This audit would follow the 2015-16 <i>The Management of the Financial Arrangements for the Delivery of the Loose-fill Asbestos Insulation (Mr Fluffy) Eradication Scheme</i> and the proposed 2016-17 and <i>The Loose-fill Asbestos Insulation Eradication Scheme: Personal Support, Buy-back and Demolition</i> audits.</p> <p>This third audit could examine the progress of the sales phase of the Scheme and provide assurance around the outcomes of the Scheme against its objectives. It could also identify lessons learned in the administration of the Scheme.</p> |

Table 4 – Potential Audits to Commence in 2018-19

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|--|--|
| 3 | <p>Allocation of ACT Public Housing Properties <i>(Community Services Directorate)</i></p> | <p>Areas of focus: improving services and programs / assisting the disadvantaged and vulnerable</p> <p>Public housing provides eligible people with long term rental accommodation. Approximately 12,000 properties are presently being rented. Rent is set at 25 percent of a renter’s income or the market rent, whichever is lower. There are policies for allocation and a Customer Service Charter Commitment. Waiting times currently range from around 400 days for priority housing (the highest need category) to around 800 for standard housing (the lowest need category).</p> <p>The audit could assess the Community Services Directorate’s compliance with the allocation policy, and its effectiveness in terms of ensuring timely, equitable management of housing needs.</p> |
| 4 | <p>Planning and Development Processes for Urban Renewal <i>(Environment and Planning Directorate)</i></p> | <p>Areas of focus: greatest benefit for the whole community / improving services and programs / advancing sustainable practices</p> <p>The Government’s <i>Statement of Planning Intent 2015</i> identifies a number of intentions, including to:</p> <ul style="list-style-type: none"> • focus higher-density development with diverse housing types in the city centre, town and group centres, along major transport corridors and in other locations with good public transport and amenity; • foster medium-density housing options such as terrace houses, town houses and secondary dwellings as an appropriate form of development in suburbs; and • locate infill development and affordable housing close to public transport routes and adjacent to parks, open space and other areas of high amenity. <p>In accordance with the <i>Statement of Planning Intent 2015</i> a range of urban renewal initiatives are underway in the Territory, including in Civic and each of the town centres; the Kingston Arts Precinct; the Canberra Brickworks and surrounding areas at Yarralumla and Deakin; Northbourne Avenue; and various group centres.</p> <p>The audit could examine the effectiveness of planning and development processes associated with these and future initiatives. It could focus on overall coordination, and governance and accountability arrangements.</p> |

Table 4 – Potential Audits to Commence in 2018-19

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|------|--|---|
| 5 or | Strategic Planning for Public Hospital Services in the ACT <i>(Health Directorate)</i> | <p>Areas of focus: greatest benefit for the whole community / improving services and programs</p> <p>Public hospital services in the ACT are presently provided at the Canberra Hospital and at Calvary Public Hospital. A sub-acute facility on the University of Canberra campus is currently under construction. The Health Directorate is aiming to achieve an integrated system of health care which includes commitments to ensuring all ACT residents have equal access to high quality hospital services, uniformity in management approaches and the achievement of administrative efficiencies.</p> <p>The audit could address matters such as planning for, and progress in: integration of management; administrative services; care standards; reporting; and case load management.</p> |
| 5 | Health Infrastructure Program <i>(Health Directorate)</i> | <p>Areas of focus: greatest benefit for the whole community / assisting the disadvantaged and vulnerable / improving services and programs / minimising waste in government</p> <p>The Health Infrastructure Program (formerly Capital Asset Development Program) was announced as a \$2 billion initiative commencing in 2008. To date, a total of \$909 million has been invested in the program, including Information and Communications Technology (ICT). Early works included the Adult Mental Health Unit at Canberra Hospital (opened in 2012), car parks at Canberra and Calvary hospitals, and work at Belconnen, Gungahlin and Tuggeranong Community Health Centres. Works currently underway include the Secure Mental Health Unit, the Ngunnawal Bush Healing Farm, the University of Canberra Public Hospital, and an expansion of the Canberra Hospital Emergency Department. The program also involves a continuing program of capital upgrades to essential infrastructure to ensure continuity of services.</p> <p>The audit could focus on overall program and project planning, with a closer examination of selected procurements and the management of selected contracts.</p> |
| 6 or | Administration of ACT Law Courts <i>(Justice and Community Safety Directorate)</i> | <p>Areas of focus: improving services and programs/ minimising waste in government</p> <p>The administration of justice in an efficient and timely manner is of high significance to the community. Previous audits by the ACT Audit Office, in 2005 and 2010, identified a number of opportunities for improvement in the administration of the Territory's courts. These included exploring alternative governance models; reviewing funding issues; redeveloping the ICT system for case management; and analysing management information to support planning and other decision making.</p> <p>The audit could assess the effectiveness and efficiency of the administration of the ACT Law Courts.</p> |

Table 4 – Potential Audits to Commence in 2018-19

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|---|---|--|
| 6 | <p>ACT Ambulance Service <i>(Justice and Community Safety Directorate)</i></p> | <p>Areas of focus: greatest benefit for the whole community / improving services and programs</p> <p>The ACT Ambulance Service is a business unit within the Emergency Service Agency of the Justice and Community Safety Directorate. The ACT Ambulance Service provides emergency, non-emergency, pre-hospital and aeromedical ambulance services, including patient care and transport. It employs more than 200 staff and operates from seven locations around Canberra.</p> <p>In 2014-15 the ACT Ambulance Service reported that it managed 47,462 incidents, 46,442 of which required an operational response. This is an increase on 2013-14 figures of 43,445 and 43,198 respectively. In 2014-15 an organisational review of the ACT Ambulance Service culminated in the development of the <i>ACTAS Enhancing Professionalism: A Blueprint for Change</i>. The Emergency Services Agency has since been in the process of implementing the outcomes of the Blueprint.</p> <p>The audit could examine the efficiency and effectiveness of the ACT Ambulance Service. It could also consider the ACT Ambulance Service’s progress in implementing the outcomes from the Blueprint.</p> |
| 7 | <p>Contractual Acceptance of ACT Government Infrastructure Assets for New Developments from Contractors <i>(Land Development Agency, Transport and City Services Directorate and Icon Water)</i></p> | <p>Areas of focus: improving services and programs/ greatest benefit for the whole community/ minimising waste in government</p> <p>The Land Development Agency’s (LDA) core business is developing and selling land on behalf of the ACT Government. The Land Development Agency contracts for the construction of essential infrastructure assets during the development process. An essential requirement in achieving value for money under these contracts is the robustness of processes for contractual acceptance of assets.</p> <p>The audit could assess the effectiveness of the Land Development Agency’s management of the construction and delivery of assets and processes to formally accept them once they are constructed.</p> |
| 8 | <p>Public Art <i>(Chief Minister, Treasury and Economic Development Directorate)</i></p> | <p>Areas of focus: Improving services and programs</p> <p>The ACT has a substantial outdoor public art collection. Sizeable collections are held by directorates including Education, Transport and City Services, and Justice and Community Safety; artsACT (in the Chief Minister, Treasury and Economic Development Directorate) manages 120 public artworks. Temporary and community public art works present unique challenges.</p> <p>The audit could examine the efficiency and effectiveness of the management and administration of ACT Government public art.</p> |

Table 4 – Potential Audits to Commence in 2018-19

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|----------|--|--|
| 9 | <p>ACTION <i>(Transport and City Services Directorate)</i></p> | <p>Areas of focus: minimising waste in government / improving services and programs</p> <p>ACTION buses are the primary means of public transport in the ACT. Three issues of long-standing and significant interest regarding ACTION include its efficiency, operational performance and appropriateness of service offering. In 2010 the Audit Office tabled a performance audit of ACTION and in 2015 a major efficiency review was conducted, which offered a range of options for the future direction of ACTION.</p> <p>In response to the efficiency review, the Government has announced that it will adopt a reformed public sector provider model, which it considers should produce significant operating efficiencies. An audit into ACTION's operations could consider initiatives that have been implemented since the 2010 performance audit, and in response to the 2015 efficiency review.</p> <p>The audit could examine improvements in effectiveness and efficiency in ACTION from adoption of the reformed public service provider model and transition to an integrated public transport framework.</p> |
| 10 or | <p>Workforce Planning <i>(Selected directorates and agencies)</i></p> | <p>Areas of focus: improving services and programs/ minimising waste in government</p> <p>Workforce planning is the continuous business planning process of shaping and structuring the workforce to ensure there is sufficient and sustainable capability and capacity to deliver organisational objectives, now and in the future. Effective workforce planning ensures that the right people are available, in the right numbers, in the right place, at the right time. In the ACT Government workforce planning currently occurs at the directorate level with limited overall coordination at the whole-of-government level.</p> <p>The audit could assess the overall effectiveness of workforce planning in the ACT Public Service, including an examination of:</p> <ul style="list-style-type: none"> • the integration of workforce planning into directorates' strategic planning frameworks; • the planning and management of workforce renewal, including recruitment, separations and redundancies; • the achievements of prior years' plans against key performance indicators and related metrics; and • the coverage, quality and reliability of current workforce data, including demographic data and skills inventories. |

Table 4 – Potential Audits to Commence in 2018-19

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|----------|--|---|
| 10 or | Management of Functional Delegations <i>(Selected directorates and agencies)</i> | <p>Area of focus: improving services and programs</p> <p>Decision making powers assigned to agency chief executives under legislation can often be delegated; the chief executive may authorise another person to exercise their powers. Delegations can support efficient and effective public administration, but they also create compliance and performance risks. It is essential that decision makers hold current and permissible delegations in order for their decisions to be valid and effective. Delegates also need to be aware of their delegations and be competent to exercise them.</p> <p>The audit, in selected directorates and agencies, could: assess whether decision making delegations were established and exercised in accordance with applicable legislation, Government policy and applicable internal controls, and only in accordance with these; and identify better practices; and recommend improvements.</p> |
| 10 | Leave Administration <i>(Selected directorates and agencies)</i> | <p>Areas of focus: improving services and programs/ minimising waste in government</p> <p>Leave entitlements of ACT Government employees include those established in statutory minimum conditions of employment and other entitlements determined through workplace negotiation.</p> <p>Employee expenses represent a significant cost to most ACT Government directorates and agencies. If not effectively managed, directorates and agencies are exposed to increasing costs associated with accruing leave entitlements. Effective leave management supports employees' well-being and agencies' productivity and ensures that excessive leave risks are identified and addressed.</p> <p>The audit could assess the effectiveness of selected agencies' management of staff leave entitlements including:</p> <ul style="list-style-type: none"> • determining whether they have established appropriate arrangements in relation to leave and have effective internal controls over leave processing; • assessing whether leave has been managed in accordance with the relevant requirements and whether systems and controls for processing leave are working as intended. |

Table 4 – Potential Audits to Commence in 2018-19

| # | Topic/Entity or Agency | Potential Objectives and Scope |
|----------|--|--|
| 11 or | Protection of Human Rights <i>(Justice and Community Safety Directorate and other directorates and agencies)</i> | <p>Areas of focus: assisting the disadvantaged and vulnerable/improving services and programs/ developing the next generation – all children get a ‘fair go’</p> <p>The ACT is one of two Australian jurisdictions to have human rights legislation, the <i>ACT Human Rights Act 2004</i>. This Act places obligations on ACT directorates and agencies to act consistently with human rights. Directorates and agencies require a systemic approach to ensure they comply with these obligations.</p> <p>The audit could examine the effectiveness of selected directorates and agencies’ strategies to ensure compliance with the Act by assessing relevant policies and plans, risk management, monitoring and evaluation of their compliance.</p> |
| 11 or | Statutory Office-holders <i>(Selected directorates and agencies)</i> | <p>Area of focus: improving services and programs</p> <p>Various ACT laws provide for officers to be appointed to fulfil a range of functions. Such statutory officers may be responsible for an agency and its delivery of services, have an advisory or consultative role, or perform an independent oversight or regulatory function for a particular activity.</p> <p>The Audit Office’s 2012 <i>Care and Protection System</i> performance audit considered aspects of relevant statutory office holders’ role in the care and protection system. A Public Accounts Committee inquiry into the <i>Care and Protection System</i> performance audit (September 2015) recommended that the Audit Office conduct a performance audit of statutory office-holders in the ACT.</p> <p>The audit could assess the effectiveness of the governance, administration and performance and financial accountability arrangements for statutory officers in fulfilling their legislated roles.</p> |
| 11 | Implementation of Auditor-General Audit Recommendations <i>(Selected directorates and agencies)</i> | <p>Area of focus: improving services and programs</p> <p>The Audit Office conducts seven performance audits each year on different topics covering a range of ACT Government directorates and agencies. The audit reports contain recommendations for directorates and agencies to improve the efficiency and effectiveness of public sector operations.</p> <p>The audit could examine, in selected directorates and agencies, the effectiveness of processes in place to respond to Auditor-General recommendations. The audit could include consideration of whether agencies have formal processes in place; the role of audit committees; and linkages with the activities of agencies’ internal audit units.</p> |

Attachment A: Conducting a Performance Audit

The Mandate and Role of the Audit Office

The Audit Office supports the Auditor-General in carrying out the functions of the Office. The Office undertakes audits of management performance and the financial statements of public sector bodies. The aim of these audits is to promote accountability and provide independent assessments to the Legislative Assembly, including on whether the ACT Public Service and its resources are effectively and efficiently managed.

The Audit Office operates principally under the *Auditor-General Act 1996* (the Act). The Act defines the Auditor-General's mandate, responsibilities, powers and reporting requirements.

The Act also establishes the independence of the Auditor-General, prescribing that the Auditor-General is not subject to direction by the Executive or any minister in the performance of the Office's functions. The Auditor-General is an independent officer of the Legislative Assembly. The Auditor-General and Audit Office therefore have complete independence from government in determining the performance audit program, what to audit, how to audit and what to report.

The objectives of the Audit Office are to undertake a program of audits to produce independent reports with the purpose of:

- promoting a well informed electorate by ensuring that Legislative Assembly members, as the elected representatives of the people, are provided with accurate, complete and relevant information about the management of public sector resources; and
- promoting the economic, efficient and effective use of public resources by providing the Legislative Assembly, the Executive and public sector officials with independent advice relating to improving the management of those resources.

The Objectives of a Performance Audit

The objectives of a performance audit are twofold. The first objective is to provide the Legislative Assembly with an independent assessment of the quality of management of public resources. The second objective is to identify and promote better management practices.

The *Auditor-General Act 1996* section 11B defines a performance audit 'of a person, body or thing' as 'a review or examination of any aspect of the operations of the entity.'

Performance audits may address any matter related to public accountability for the administration of the Territory. They typically evaluate the administrative effectiveness, efficiency and economy of ACT Public Service entities. This can include an examination of: governance issues (such as risk management and other control structures); the use of human, financial and other resources; information systems; performance measures; reporting and monitoring systems; probity; and legal compliance. Performance audits may also assess the procedures followed by entities for remedying identified deficiencies.

Performance audits do not review the merits of government policy decisions. The scope may, however, include information leading to policy decisions, an assessment of the

extent to which policy objectives have been met, and an assessment of the results of policy implementation both within the administering body and externally.

Conducting a Performance Audit – Basic Principles

Achieving the key objectives of the Audit Office requires a commitment to maintaining the trust and confidence of audited entities and those who rely on the performance audit work of the Office. In doing this the Office must:

- conduct performance audits in accordance with professional standards and accepted better practice;
- demonstrate the highest standards of ethical and personal behaviour;
- approach performance audits in a fair and constructive way;
- provide accurate, reliable assessments and sound advice; and
- conduct and report performance audits in a manner that builds strong relationships.

Professional Standards and Accepted Better Practices

All performance audits will be conducted in accordance with the principles, procedures and guidance contained in Australian Auditing Standards relevant to performance auditing. These standards prescribe the minimum standards of professional audit work expected of performance auditors, whether they are staff of the Audit Office or contractors engaged by the Office.

In accordance with auditing standards, audit reports provide reasonable, but not absolute, assurance. Performance audits will apply procedures that, in the auditor's professional judgment, reduce the risk of an incorrect conclusion to a low level. The procedures may include inspection, observation, enquiry, confirmation, computation, analysis and discussion.

Performance audits cannot provide absolute assurance because much of the evidence available to the auditor is persuasive rather than conclusive in nature.

Standards of Ethical and Personal Behaviour

Performance auditors will comply with the ethical conduct obligations of public employees set out in the *Public Sector Management Act 1994* and the Public Sector Management Standards. Performance auditors who are members of professional bodies, including the professional accounting bodies, will also comply with the code of professional conduct established by those bodies.

Fair and Constructive Audits

Performance audits will be conducted with impartiality and objectivity, and in a manner that recognises the principles of natural justice and procedural fairness.

Performance audit reports will present a balanced perspective, place primary emphasis on critical matters requiring attention, and identify opportunities for administrative improvement.

Performance audits will be reported on a timely basis, noting that performance auditing is time consuming and can take from seven to nine months to complete, depending on the complexity of the audited subject matter.

Accurate and Reliable Assessments

Performance audits will provide reliable, evidence-based assessments and advice, ensuring all audit criteria and performance standards, findings and conclusions, and advice for improvement, are well-founded and supported. Opinions and conclusions must be identified clearly and based on sufficient evidence, testing and review processes.

Building Strong Relationships

Auditors will be honest and forthright in all dealings with those audited and those who rely on the work of the Audit Office. Auditors will maintain the confidentiality of information obtained in the conduct of audits, except when disclosure is necessary to perform duties under the *Auditor-General Act 1996*.

Auditors will communicate openly throughout an audit with management responsible for the matters under review by:

- meeting with management at the start of an audit to discuss the terms of the audit (including the audit objective, the scope of the work and the audit criteria) and to establish a communication plan for the audit;
- meeting with management during the audit to discuss observations, analysis and provisional conclusions, and invite comments and explanations;
- endeavouring to resolve, at an early stage, differences of opinion or facts, interpretation of facts or conclusions to be drawn from them; and
- meeting with management to discuss the draft report, including observations, analysis, conclusions, recommendations and the audit opinion.

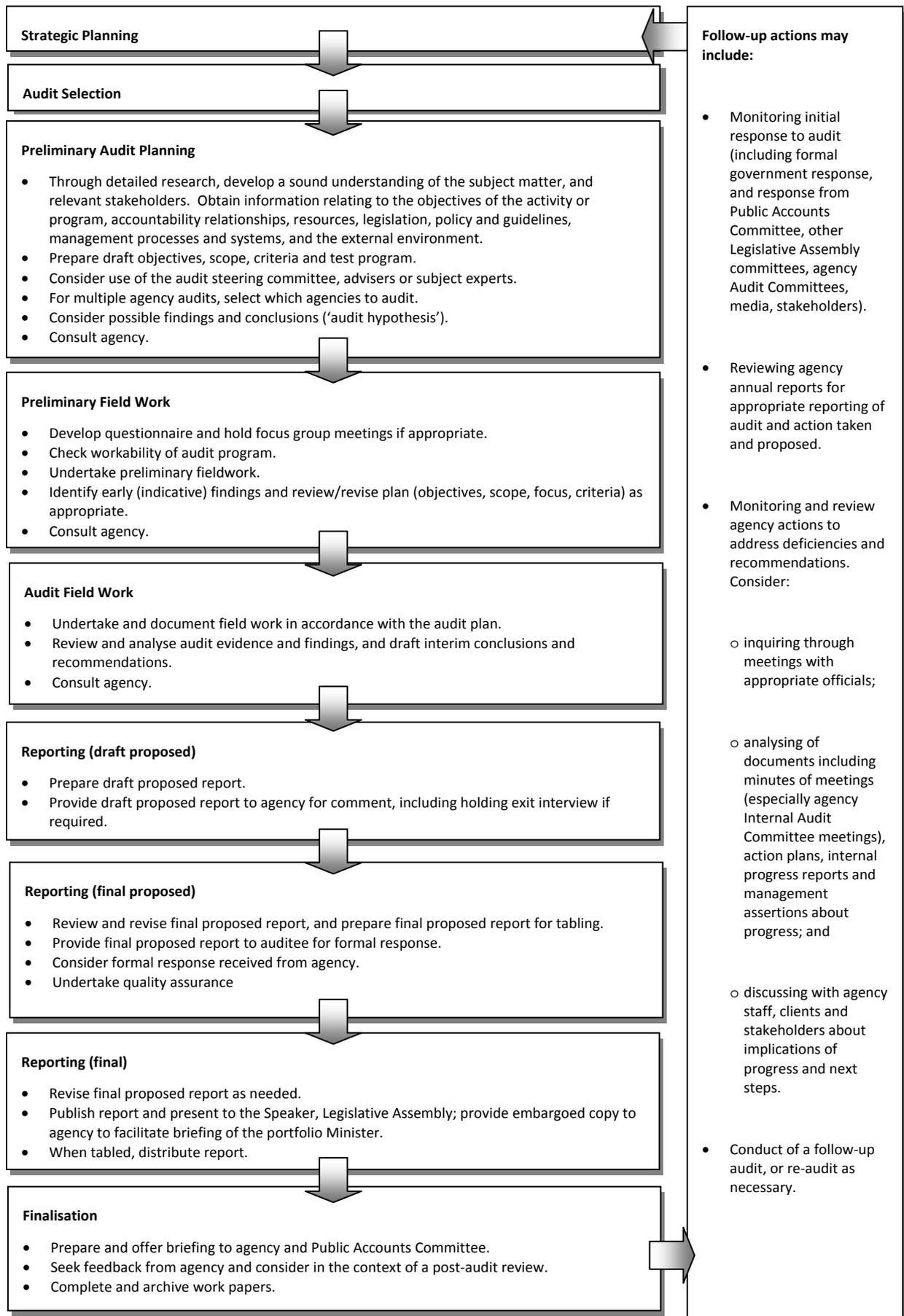
A report will be prepared to meet the audit objective(s), based on the audit evidence obtained, setting out the facts and findings, and presenting the audit conclusion.

Management will have an opportunity to provide informal comments and a formal response for inclusion in the final audit report.

Key Stages of a Performance Audit

Figure 1 shows the key stages of a performance audit.

Figure 1 – Key Stages of a Performance Audit



Attachment B: Selection of Performance Audit Topics

Performance Audit Strategic Planning

The ACT Government delivers a wide range of services to the ACT community, ranging from library and bus services to health and education. There are many areas of government activity that may warrant the attention of the Audit Office.

The scope of performance auditing includes the examination of efficiency, effectiveness, and sustainability of government activities; procedures and processes; accountability relationships; protection of public assets; and compliance with legislation and policy. The subject of a performance audit may be a government entity or activity, a sectoral activity, a government-wide functional area, a policy framework or a non-government service provider or recipient of government resources.

In planning and prioritising performance audit coverage, the Audit Office seeks to:

- promote transparency and accountability and value for money in the delivery of public services;
- provide the Legislative Assembly with independent assessments of the performance of public sector bodies, particularly as they relate to key outcome areas such as law and order, public safety, health, education, environment, finance and public sector management; and
- respond to emerging issues of importance to the Legislative Assembly and broader community.

Additionally, potential audit topics are selected to cover at least one of the following focus areas:

- greatest benefit for the whole community;
- improving services and programs;
- assisting the disadvantaged and vulnerable;
- developing the next generation – all children get a ‘fair go’;
- advancing sustainable practices; and
- minimising waste in government.

The Performance Audit Program also seeks to provide reasonable coverage across ministerial portfolios and of significant government activities over time. Although potential audits are selected and ranked with regard to the following six selection criteria, the Audit Office seeks to avoid having too many audits in one agency, as this may affect the capacity of the agency to deal with the audits.

Significance

Significance refers to the scale and influence of the proposed topic. It is considered in terms of:

- **financial materiality**, which reflects the financial resources attributed to the topic – the value of the ACT Government assets, annual expenditure and annual revenue against a relevant financial base (such as the entity’s net operating result or the relevant expenditure or revenue category);
- **materiality by nature**, which recognises that an activity or program may have importance to perceptions of public administration and accountability by its very nature; i.e. even if it is not significant financially (fraud, abuse of authority, or waste may be ‘material by nature’ regardless of the amounts involved); and
- **influence**, which recognises that an activity or program may have considerable influence or leverage beyond its own entity. These activities may be materially small but have a significant impact on other areas of the government or community. For example, a policy-setting body may be quite small but its influence can be extensive.

In considering the ‘significance’ of a potential performance audit topic, the Audit Office also takes into account the impact of an error or irregularity on public accountability and the level of Legislative Assembly and public interest in the outcome of the audit.

Environmental Significance

Although the Auditor-General has complete freedom to select topics, subsection 12(2) of the *Auditor-General Act 1996* requires environmental issues to be given some weight. This subsection states:

In the conduct of a performance audit, the Auditor-General may, where appropriate, take into account environmental issues relative to the operations being reviewed or examined, having regard to the principles of ecologically sustainable development.

All potential performance audit topics are separately assessed for their environmental significance.

Risks to Good Management

Priority may be given to an area or activity where the Audit Office considers there are higher risks to good management (i.e. to efficiency, effectiveness or economy, as well as ethical and reputation risks). In considering risks, the Office will consider financial, social and environmental risks. This will include an assessment of risk factors such as:

- **nature**, where the nature of the subject matter creates inherent risks, such as new and emerging programs, innovative approaches, development of complex or innovative IT products;
- **history**, where previous reviews or audits in the relevant area have identified weaknesses in controls, systems or approaches that appear ongoing or have widespread effects;

- **change**, where the subject area has been subject to significant change, such as being given an expanded or markedly different role than in the past, or significant change of personnel, especially in leadership positions; and
- **visibility**, whereby risks tend to increase when activities are not open to public scrutiny. Visibility (transparency) refers to the extent to which the policy, guidelines, and processes affecting the activity or area are within the public domain.

Potential Audit Impact

The potential of a performance audit to promote public accountability and, through its recommendations, improvements in administration is an important consideration, whether the audit findings are positive or otherwise. Audit impact can be increased where recommendations arising from an audit are likely to have:

- a significant positive impact on agency performance;
- broader implications outside the audited agencies; or
- a whole-of-government application.

Previous Reviews

If there have been previous reviews by competent authorities, the Auditor-General is less likely to initiate a performance audit on the same topic. Such reviews include internal and external audits and evaluations and with respect to sustainability issues, reviews by bodies such as the Human Rights Commission and the Commissioner for Sustainability and the Environment. In assessing this criterion, the Audit Office considers the independence, coverage and quality of any previous reviews, how recently they were conducted whether the outcomes were made public, and whether the agency implemented the agreed recommendations.

Auditability

Audit selection takes into account the auditability of the proposed topic. This is influenced by such matters as the complexity of the subject matter, and the availability of acceptable audit criteria, performance standards, or reliable information. Other factors considered by the Audit Office include the availability of human and financial resources (e.g. audit staff, contractors, consultants or subject experts to act as advisers), and the likely duration of the potential audit.

Attachment C: Audit Reports Tabled in the Legislative Assembly since 2011

| Topic | Report No. | Tabling Date |
|--|------------|-------------------|
| Initiation of the Light Rail Project | 05/2016 | 16 June 2016 |
| The management of the financial arrangements for the delivery of the Loose-fill Asbestos (Mr Fluffy) Insulation Eradication Scheme | 04/2016 | 27 May 2016 |
| ACT Policing Arrangement | 03/2016 | 26 May 2016 |
| Maintenance of Public Housing | 02/2016 | 14 April 2016 |
| Calvary Public Hospital Financial and Performance Reporting and Management | 01/2016 | 8 April 2016 |
| 2014-15 Financial Audits | 10/2015 | 8 December 2015 |
| Public Transport: The Frequent Network | 09/2015 | 6 November 2015 |
| Annual Report 2014-15 | 08/2015 | 12 October 2015 |
| Sale of ACTTAB | 07/2015 | 26 June 2015 |
| Bulk Water Alliance | 06/2015 | 24 June 2015 |
| Integrity of Data in the Health Directorate | 05/2015 | 19 June 2015 |
| ACT Government Support of the University of Canberra for Affordable Student Accommodation | 04/2015 | 12 June 2015 |
| Restoration of the Lower Cotter Catchment | 03/2015 | 20 May 2015 |
| The Rehabilitation of Male Detainees at the Alexander Maconochie Centre | 02/2015 | 17 April 2015 |
| Debt Management | 01/2015 | 25 February 2015 |
| 2013-14 Financial Audits | 07/2014 | 19 December 2014 |
| Annual Report 2013-14 | 06/2014 | 18 September 2014 |
| Capital Works Reporting | 05/2014 | 27 June 2014 |
| Gastroenterology and Hepatology Unit, Canberra Hospital | 04/2014 | 6 June 2014 |
| Single Dwelling Development Assessments | 03/2014 | 26 May 2014 |
| The Water and Sewerage Pricing Process | 02/2014 | 2 April 2014 |
| Speed Cameras in the ACT | 01/2014 | 20 March 2014 |
| Management of Funding for Community Services | 08/2013 | 20 December 2013 |
| 2012-13 Financial Audits | 07/2013 | 16 December 2013 |
| Annual Report 2012-13 | 06/2013 | 24 September 2013 |

| Topic | Report No. | Tabling Date |
|---|------------|-------------------|
| Bushfire Preparedness | 05/2013 | 26 July 2013 |
| National Partnership Agreement on Homelessness | 04/2013 | 19 June 2013 |
| ACT Government Parking Operations | 03/2013 | 30 May 2013 |
| Executive Remuneration Disclosed in ACTEW Corporation Limited's (ACTEW) 2010–11 Financial Statements and Annual Report 2011 | 02/2013 | 26 April 2013 |
| Care and Protection System | 01/2013 | 7 March 2013 |
| 2011–12 Financial Audits | 10/2012 | 21 December 2012 |
| Grants of Legal Assistance | 09/2012 | 14 November 2012 |
| ACT Public Service Recruitment Practices | 08/2012 | 25 October 2012 |
| Annual Report 2011–12 | 07/2012 | 28 September 2012 |
| Emergency Department Performance Information | 06/2012 | 3 July 2012 |
| Management of Recycling Estates and E-Waste | 05/2012 | 28 June 2012 |
| Development Application and Approval System for High Density Residential and Commercial Developments | 04/2012 | 18 June 2012 |
| Early Childhood Schooling | 03/2012 | 12 June 2012 |
| Whole-of-Government Information and ICT Security Management and Services | 02/2012 | 8 June 2012 |
| Monitoring and Minimising Harm Caused by Problem Gambling in the ACT | 01/2012 | 3 April 2012 |
| Management of Food Safety in the Australian Capital Territory | 06/2011 | 21 December 2011 |
| 2010-11 Financial Audits | 05/2011 | 21 December 2011 |
| Annual Report 2010-11 | 04/2011 | 29 September 2011 |
| The North Weston Pond Project | 03/2011 | 26 May 2011 |
| Residential Land Supply and Development | 02/2011 | 24 February 2011 |
| Waiting Lists for Elective Surgery and Medical Treatment | 01/2011 | 17 January 2011 |

The reports listed, and those published before 2011, are available from the Audit Office website at www.audit.act.gov.au.