



**AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY** 

**Performance Audit Program 2017-18
and
Potential Audits to Commence over 2018-19 to
2019-20**

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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* 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 statement 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.

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.

2017-18 Performance Audit Program

This document provides information on audits currently underway, those that are proposed to commence in 2017-18 and audit topics that may be considered in 2018-19 and 2019-20. The Audit Office is placing the 2017-18 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 (28 June 2017) 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*.

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.

Number of performance audits planned

The Audit Office aims to table eight performance audits in 2017-18 and has commensurate funding. While eight performance audits are planned to be tabled in 2017-18, from 2018-19 onwards it is planned that seven performance audits will be tabled.

Many audits do not start and finish in the one financial year and there will therefore always be more audits in the proposed program than those that will be tabled. 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 28 June 2017.

#	Topic/Entity Agency	Details
1	<p>Land Development Agency's assembly of rural land in the ACT</p> <p><i>(Chief Minister, Treasury and Economic Development Directorate, Land Development Agency, and Environment, Planning and Sustainable Development Directorate)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in government / greatest benefit for the whole community</p> <p>The <i>Planning and Development Act 2007</i> enables the Land Development Agency to develop land. The <i>Planning and Development (Land Acquisition Policy Framework) 2014 Direction No. 1</i> enables the Land Development Agency to acquire and hold land in anticipation of future development where certain tests and principles are met.</p> <p>The objective of the audit is to provide an independent opinion to the Legislative Assembly on the effectiveness of the Land Development Agency's assembly of rural leasehold land in the ACT. The audit seeks to address four questions:</p> <ul style="list-style-type: none"> • why does the ACT Government seek to assemble rural land; • how does the LDA seek to assemble rural land; • how has the LDA assembled rural land since 2012; and • how effective has the LDA been in assembling rural land.
2	<p>Management of public art</p> <p><i>(artsACT, Cultural Facilities Corporation, Transport Canberra and City Services Directorate, Environment, Planning and Sustainable Development Directorate and Health Directorate)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in government</p> <p>ACT Government agencies are responsible for managing a diverse range of public art assets.</p> <p>This audit is examining the effectiveness of selected ACT Government agencies' management of public art including consideration of these agencies' activities to:</p> <ul style="list-style-type: none"> • acquire public art, including through purchase, donation or commissioning; • manage and maintain public art; and • decommission public art (where relevant).
3	<p>ACT Government agency performance indicators</p> <p><i>(Chief Minister, Treasury and</i></p>	<p>Areas of focus: improving services and programs / minimising waste in government / greatest benefit for the whole community</p> <p>ACT Government Directorates and Authorities are required to report on the performance of the agency under the requirements of the <i>Financial Management Act 1996</i>.</p>

Table 1 – Audits in Progress

#	Topic/Entity Agency	Details
	<i>Economic Development Directorate and other directorates and agencies)</i>	<p>Strategic indicators relate to outcomes the ACT Government is trying to achieve or influence through outputs, whereas accountability indicators measure the effectiveness and efficiency of an agency in delivering its outputs. Accountability indicators may be measures of outcomes, outputs or inputs and can often link to strategic indicators.</p> <p>The audit seeks to provide an independent opinion to the Legislative Assembly on the effectiveness of ACT Government agencies' strategic and accountability indicators in measuring agency performance by assessing:</p> <ul style="list-style-type: none">• agencies' strategic and accountability indicators against the indicator evaluation criteria set out in the <i>Guide to the Performance Management Framework</i>;• processes for the selection, review and approval of strategic indicators and accountability indicators; and• alignment of strategic and accountability indicators with internal performance indicators.

Proposed Audits to Commence in 2017-18

As well as completing the audits in progress, new audits will be commenced during 2017-18. These audits are listed in Table 2. They are not in order of priority as to when they will commence as this is yet to be determined.

#	Topic/Entity or Agency	Potential Objectives and Scope
1	<p>Educational support for Aboriginal and Torres Strait Islander students <i>(Education Directorate)</i></p>	<p>Area of focus: improving services and programs / assisting the disadvantaged and vulnerable / developing the next generation – all children get a ‘fair go’</p> <p>More than 1700 Aboriginal and Torres Strait Islander students are enrolled in ACT public schools. The Education Directorate seeks to support Aboriginal and Torres Strait Islander students and help them remain engaged with schooling through a number of initiatives, including:</p> <ul style="list-style-type: none"> • providing support for individual learning, increased pathway opportunities and year 12 completion; • developing and implementing leadership opportunities and mentoring programs for students; • improving attendance of Aboriginal and Torres Strait Islander students; and • implementing the ACT Aboriginal and Torres Strait Islander Whole of Government Agreement. <p>The audit could consider the effectiveness of these initiatives in supporting Aboriginal and Torres Strait Islander students’ educational outcomes. The audit could also consider the ACT’s performance in implementing educational outcomes sought from the Closing the Gap initiative of the Council of Australian Governments (COAG), which aims to reduce disadvantage among Aboriginal and Torres Strait Islander people with respect to life expectancy, child mortality, access to early childhood education, educational achievement, and employment outcomes.</p>
2	<p>ACT Health response to misreporting of data <i>(Health Directorate)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in government</p> <p>In September 2016 the Director-General of the Health Directorate communicated to the Auditor-General concerns with respect to the integrity of the Health Directorate’s preparation and reporting of performance information. This followed the earlier identification of errors, in May 2016, in the <i>ACT Health Services Quarterly Performance Report Quarter 3, 2015-16</i>. As part of its response to the identified errors, the Health Directorate engaged a professional services firm to provide data integrity and assurance services. Following a review of its performance information preparation and reporting processes, in November 2016 ACT Health re-released its four Quarterly Reports for 2015-16, with accompanying advice that the ‘release follows a</p>

Table 2 – Proposed Audits to Commence in 2017-18

#	Topic/Entity or Agency	Potential Objectives and Scope
		<p>process of review across all aspects of ACT Health’s governance and protocols in relation to the management of our data’.</p> <p>The 2017 Report on Government Services was released in February 2017 and ACT Health data was omitted for some measures. The Health Directorate advised that this was due to further data issues. Another professional services firm was engaged to provide the ACT Health Directorate with services for the development of a consolidated Data Integrity Improvement Program. Following this, on 14 February 2017, the ACT Minister for Health announced that ‘a comprehensive, system-wide review of ACT Health data and reporting processes will be undertaken to ensure data management and quality assurance processes are robust and accurate’.</p> <p>The audit could examine the effectiveness of the ACT Health Directorate’s response to the misreporting of data in the Health Services Quarterly Performance Report Quarter 3, 2015-16. This may include consideration of the of the pre-existing management controls in place for the preparation and reporting of performance information, the Health Directorate’s management response in identifying and responding to the incorrect reporting, costs associated with responding to, and addressing, the incorrect reporting and the management of staffing arrangements.</p>
3	<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 also 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 2 – Proposed Audits to Commence in 2017-18

#	Topic/Entity or Agency	Potential Objectives and Scope
4	<p>Protective Security Policy Framework <i>(Justice and Community Services Directorate and selected directorates and agencies)</i></p>	<p>Area of focus: improving services and programs / minimising waste in government</p> <p>The ACT Government Protective Security Policy Framework (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 these requirements is the responsibility of each directorate, which must decide how PSPF requirements are to 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 and administrative requirements of the PSPF and assess the effectiveness of these arrangements.</p>
5	<p>Carbon Neutral Government <i>(Environment, Planning and Sustainability Development Directorate)</i></p>	<p>Areas of focus: advancing sustainable practices</p> <p>The <i>Carbon Neutral ACT Government Framework</i> (Framework) was released in August 2014. The purpose of the Framework is to enable and coordinate a whole-of-government approach to achieving carbon neutrality in a cost-effective manner by 2020. It focuses on avoiding and reducing emissions in the first instance, switching to lower emission energy sources, undertaking carbon sequestration, and then enabling carbon offsets to achieve carbon neutrality.</p> <p>The audit could examine progress toward the carbon neutral target, the effectiveness of the measures implemented to achieve the target, and monitoring of and reporting on progress.</p>
6	<p>ACT clubs’ community contributions <i>(Gambling and Racing Commission - Access Canberra)</i></p>	<p>Area of focus: greatest benefit for the whole community / improving services and programs</p> <p>Under the <i>Gaming Machine Act 2004</i>, ACT clubs must return eight percent of net gaming machine revenue to the community, through community contributions. In general terms, community contributions should:</p> <ul style="list-style-type: none"> • contribute to or support the development of the community; or • raise the standard of living of the community or part of the community. <p>Clubs may make monetary contributions or contributions ‘in-kind’ under a range of categories: charitable and social welfare; problem gambling; sport and recreation; non-profit; and community infrastructure.</p> <p>ACT clubs’ compliance with the requirements of the <i>Gaming Machine Act 2004</i>, including making community contributions, is regulated by the ACT Gambling and Racing Commission (part of Access Canberra).</p>

Table 2 – Proposed Audits to Commence in 2017-18

#	Topic/Entity or Agency	Potential Objectives and Scope
		<p>The audit could examine the effectiveness of the ACT Gambling and Racing Commission’s monitoring and regulation of ACT clubs’ community contributions and whether the community contributions scheme is achieving its objectives.</p>
7	<p>Stormwater management <i>(Transport Canberra and City Services)</i></p>	<p>Areas of focus: advancing sustainable practices</p> <p>The <i>ACT Water Strategy 2014-44: Striking the Balance</i> (ACT Water Strategy) sets out how the ACT Government will manage the Territory’s water resources over the next 30 years to meet urban and environmental needs and regional responsibilities. It covers all water management activities in the ACT, including stormwater management.</p> <p>The audit could focus on planning for stormwater infrastructure, or the management of stormwater events and water quality in ACT waterways.</p>
8	<p>Affordable housing <i>(Chief Minister, Treasury and Economic Development Directorate)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in government</p> <p>The ACT Government first released the Affordable Housing Action Plan (AHAP) in 2007. AHAP Phase III was launched in June 2012 and is currently in implementation, following the launch of AHAP Phase I in 2007 and AHAP Phase II in 2009. Since 2007, a suite of initiatives has been identified under various iterations of the AHAP, including supply-side initiatives associated with supply of land and dwellings and demand-side initiatives associated with facilitating access to affordable housing for members of the community. The latest addition was the introduction of new affordable housing thresholds for Greenfield estates from 1 July 2016.</p> <p>The audit could examine the effectiveness of the Affordable Housing Action Plan in addressing housing affordability in the ACT. The audit could consider the governance and administrative arrangements associated with the implementation, monitoring and reporting of the AHAP, or consider the effectiveness of selected initiatives.</p>
9	<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>

Table 2 – Proposed Audits to Commence in 2017-18

#	Topic/Entity or Agency	Potential Objectives and Scope
		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).
10	<p>Crown lease variations</p> <p><i>(Environment, Planning and Sustainable Development Directorate)</i></p>	<p>Areas of focus: greatest benefit for the whole community / improving services and programs</p> <p>Residents and businesses in the ACT do not own land and instead lease it from the Crown on what is usually a 99-year term. When a crown lease is granted, the ACT Government receives payment based on the provisions of that lease at that time. Any subsequent variations to the lease are defined as development in the <i>Planning and Development Act 2007</i> and require development approval. When the provisions of a crown lease are varied, these variations often attract a lease variation charge.</p> <p>Variations to crown leases include (but are not limited to):</p> <ul style="list-style-type: none"> • variations to the lease purpose to permit additional/alternative uses; • variations to development rights and obligations; • subdivision of a single block of land into two or more blocks of land; and • consolidation of two or more blocks of land into a single block of land. <p>The audit could assess the effectiveness of the Environment, Planning and Sustainable Development Directorate's administration of the crown lease variation process, focusing on the:</p> <ul style="list-style-type: none"> • crown lease variation approval process; • determination of lease variation charges; and • execution of changes to leases.

Potential Audits to Commence in 2018-19 and 2019-20

The following potential audit topics are under consideration for commencement in 2018-19 (Table 3) and 2019-20 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.

A selection between two audits may yet need to be made. Where this is relevant the audits are marked as an 'a' or 'b'.

Table 3 – Potential Audits to Commence in 2018-19

#	Topic/Entity or Agency	Potential Objectives and Scope
1	<p>Indigenous children at risk</p> <p><i>(Community Services Directorate)</i></p>	<p>Areas of focus: Area of focus: improving services and programs / assisting the disadvantaged and vulnerable / developing the next generation – all children get a 'fair go'</p> <p>The Community Services Directorate has legislative responsibility under the <i>Children and Young People Act 2008</i> for facilitating and coordinating services across government for the care and protection of children and young people believed to be at risk of harm. The ACT's five-year strategy <i>A Step Up for Our Kids - One Step Can Make a Lifetime of Difference</i> (the Strategy) was officially launched on 22 January 2015.</p> <p>Aboriginal and Torres Strait Islander children and young people are significantly over represented among care populations and this can affect life outcomes. In June 2017 the ACT Government announced a review into the over-representation of Aboriginal and Torres Strait Islander children in out of home care. The first phase of the review is to commence in the second half of 2017 and deliver an interim report twelve months later. A second phase of the review is to commence following the delivery of the interim report and provide a final report to government twelve months after the interim report.</p> <p>A potential performance audit could examine the development of, and processes in place, to implement the Strategy. Depending on progress in implementing the Strategy, the audit could examine implementation progress and indicators of effectiveness.</p>
2a OR	<p>Strategic planning for public hospital services in the ACT</p> <p><i>(Health Directorate)</i></p>	<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 by the Canberra Hospital, Calvary Public Hospital, Clare Holland House and the Queen Elizabeth II Hospital. The Territory's first purpose-built rehabilitation hospital is currently under construction on the University of Canberra campus.</p> <p>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,</p>

Table 3 – Potential Audits to Commence in 2018-19

#	Topic/Entity or Agency	Potential Objectives and Scope
		<p>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>
2b	<p>Health Infrastructure Program <i>(Health Directorate)</i></p>	<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 was announced as a \$2 billion initiative commencing in 2008. The Health Directorate’s 2015-16 Annual Report identified that more than \$900 million had been invested in the program to date, including Information and Communications Technology (ICT). Early works included the Adult Mental Health Unit at Canberra Hospital (opened in 2012), car parks at Canberra Hospital and Calvary Public Hospital, and work at Belconnen, Gungahlin and Tuggeranong Community Health Centres. Works currently underway include the University of Canberra Public Hospital, and an expansion of the Canberra Hospital Emergency Department.</p> <p>The program also involves a continuing program of capital upgrades to essential infrastructure to ensure continuity of services. The audit could focus on overall program and project planning, with a closer examination of selected procurements and the management of selected contracts.</p>
3	<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 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>

Table 3 – Potential Audits to Commence in 2018-19

#	Topic/Entity or Agency	Potential Objectives and Scope
4	ACTION <i>(Transport Canberra and City Services Directorate)</i>	<p>Areas of focus: minimising waste in government / improving services and programs</p> <p>ACTION buses are a 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 ACT Government announced that it will adopt a reformed public sector provider model, which it considers should produce significant operating efficiencies.</p> <p>The audit could examine the effectiveness and efficiency of ACTION and its implementation of initiatives from the 2010 performance audit and 2015 efficiency review.</p>
5a OR	Workforce planning <i>(Selected directorates and agencies)</i>	<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. <p>The audit could be informed by internal audit activity undertaken within the directorates and agencies.</p>
5b	Leave administration	<p>Areas of focus: improving services and programs/ minimising waste in government</p>

Table 3 – Potential Audits to Commence in 2018-19

#	Topic/Entity or Agency	Potential Objectives and Scope
	<i>(Selected directorates and agencies)</i>	<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; and • assessing whether leave has been managed in accordance with the relevant requirements and whether systems and controls for processing leave are working as intended. <p>The audit could be informed by internal audit activity undertaken within the directorates and agencies.</p>
6	<p>Protection of human rights</p> <p><i>(Justice and Community Safety Directorate and other directorates and agencies)</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>The Territory 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>
7	<p>Chronic disease services</p> <p><i>(Health Directorate)</i></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</p>

Table 3 – Potential Audits to Commence in 2018-19

#	Topic/Entity or Agency	Potential Objectives and Scope
		<p>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>
8	<p>The ACT Capital Framework</p> <p><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 Capital Framework has applied to capital investment proposals, for example for building works, infrastructure works and roads and civil construction since late 2013. 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 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 examine whether the anticipated financial and other benefits of the Capital Framework are being achieved.</p>
9	<p>Access Canberra</p> <p><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</p>

Table 3 – Potential Audits to Commence in 2018-19

#	Topic/Entity or Agency	Potential Objectives and Scope
		<p>Services; Health Protection Services (food services); Gambling and Racing Commission; 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 also assess the useability, availability and security of Access Canberra’s customer-facing ICT systems.</p>
10	<p>Implementation of Auditor-General audit report recommendations <i>(Selected directorates and agencies)</i></p>	<p>Area of focus: improving services and programs</p> <p>The Audit Office generally completes seven performance audits each year on different topics covering a range of ACT Government directorates and agencies that are tabled in the Legislative Assembly. (In 2017-18 the Audit Office intends to complete eight performance audits). 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>
11	<p>Acceptance of infrastructure assets from developers <i>(Transport Canberra and City Services Directorate)</i></p>	<p>Areas of focus: improving services and programs/ greatest benefit for the whole community/ minimising waste in government</p> <p>The ACT Government accepts infrastructure assets from developers following the development of an estate or area. The assets need to meet specified standards before being accepted so they reach their design life and maintenance is minimised. The robustness of processes for contractual acceptance of assets is therefore important.</p> <p>The audit could assess the effectiveness of Transport and City Services Directorate processes to formally accept infrastructure assets.</p>
12	<p>Shared Services ICT <i>(Chief Minister, Treasury and Economic Development Directorate and</i></p>	<p>Areas of focus: improving services and programs / minimising waste in government</p> <p>Shared Services was established in 2007 to reduce duplication in the delivery of core corporate and IT services across the ACT Government. Shared Services ICT provides a large range of information and communication technology (ICT) and allied</p>

Table 3 – Potential Audits to Commence in 2018-19

#	Topic/Entity or Agency	Potential Objectives and Scope
	<i>selected directorates and agencies)</i>	<p>services to the ACT Government, including infrastructure, applications support and development, ICT policy and project services. The audit could assess the efficiency and effectiveness of the service provision of Shared Services ICT in meeting the contemporary needs of Directorates including:</p> <ul style="list-style-type: none"> • the transparency and appropriateness of cost models; • the timeliness and accuracy of billing; • alignment of service delivery against directorate needs; • the definition and benchmarking of services and associated performance metrics; and • costings against leading service providers including in-house, shared service and outsourced models.
13	<p>Management and maintenance of ACT public 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 2016 of more than \$1.5 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.

Table 4 – Potential Audits to Commence in 2019-20

#	Topic/Entity or Agency	Potential Objectives and Scope
1	<p>Implementation of the Capital Metro Light Rail Project <i>(Transport Canberra and City Services Directorate)</i></p>	<p>Areas of focus: greatest benefit for the whole community / minimising waste in government / improving services and programs.</p> <p>In May 2016, the ACT Government signed an agreement for the delivery and implementation of the light rail. The delivery and implementation of the light rail is to be achieved through an Availability PPP at an expected cost of approximately \$939 million (present value, January 2016) or \$1.78 billion (nominal value) over 20 years.</p> <p>The light rail project is a large financial commitment for the Territory with significant risks. Based on the cost, complexity and potential impacts of the light rail project the Audit Office previously identified that a series of performance audits could be conducted over the course of the project to identify opportunities for improvement in a timely manner and to provide assurance in relation to this significant undertaking. The first performance audit <i>Initiation of the Light Rail Project (Report 5, 2016)</i> was tabled in the Legislative Assembly in June 2016.</p> <p>This audit could examine aspects associated with the implementation of the Capital Metro Light Rail Project, including the Transport Canberra and City Services Directorate’s management and oversight of the Availability PPP agreement for the construction and delivery of the project.</p>
2	<p>Administration of ACT law courts <i>(Justice and Community Safety Directorate)</i></p>	<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>
3	<p>Access to ICT in ACT public schools <i>(Education Directorate)</i></p>	<p>Area of focus: developing the next generation – all children get a ‘fair go’</p> <p>ICT literacy is a major tenet of the Education Directorate’s <i>Education Capital 2017</i> strategy, which aims to implement an ACT Academy of Coding and Cyber Skills as well as ‘Google Apps for Education’. The results of the most recent assessment of Australian students’ ICT literacy showed that students in the ACT performed well against other jurisdictions but, when compared to the results of the 2011</p>

Table 4 – Potential Audits to Commence in 2019-20

#	Topic/Entity or Agency	Potential Objectives and Scope
		<p>assessment, the report found that there was a statistically significant decrease in test performance in the ACT.</p> <p>On its website, the Education Directorate has stated that ‘ACT Public Schools provide students with equitable access to ICT for learning. Schools have devices and ICT equipment available for students to use at school’. The Education Directorate has established a Digital Backpack, which is an online portal that provides access to learning platforms for students in and outside of school. Access to the portal in the classroom is provided through wireless internet available at all public schools.</p> <p>An audit could examine the sufficiency of access to ICT in classrooms, to enhance educational outcomes and to equip students to participate in an increasingly ICT-centric world. An audit could look at how effectively teachers are prepared, and up-skilled, to incorporate ICT education and use into their lessons, as well as issues around equity of access.</p>
4	<p>Planning and development processes for urban renewal <i>(Environment, Planning and Sustainable Development 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>Canberra: A statement of ambition</i> (2016) identifies the need to deliver better metropolitan infrastructure that helps to renew Canberra's inner precincts. The Minister for Planning's Statement of Planning Intent 2015 also identifies 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>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 the planning and development processes associated with these and other initiatives. It could focus on overall coordination, and governance and accountability arrangements, or on the Directorate's engagement with the community as part of major masterplanning activities and urban renewal strategies.</p>

Table 4 – Potential Audits to Commence in 2019-20

#	Topic/Entity or Agency	Potential Objectives and Scope
5	<p>ACT Health’s risk management <i>(Health Directorate)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in Government</p> <p>An audit of ACT Health’s risk management could examine the adequacy of the Directorate’s overarching policies, systems and procedures. The audit could also consider the implementation of the Directorate’s risk management framework with respect to a sample of services, functions or projects.</p> <p>The sample could include a wide variety of different services, functions or projects, for example an infrastructure project, corporate function or new health initiative that could be selected to respond to the Directorate’s priorities and sources of risk at the time of the audit.</p>
6	<p>Property services <i>(Chief Minister, Treasury and Economic Development Directorate)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in Government</p> <p>As part of the 2017-18 ACT Budget, the ACT Government announced a new initiative which will consolidate the management of non-specialised property assets into a single property management division.</p> <p>Prior to this the Chief Minister, Treasury and Economic Development Directorate’s ACT Property Group managed Territory-owned buildings and properties, operating on a quasi-commercial footing, recovering rent, debiting landlord costs, charging for discretionary services, and returning dividends to Government. The property portfolio included Government-owned buildings (293 properties) for Government use and for commercial and community use. In recent years, the structure of the Government’s property portfolio has been a key issue: ageing portfolio, de facto landlord of last resort (for buildings surplus to Government requirements), and unsustainable investment expectations given the premium ACT Property has been required to return to the Government.</p> <p>The audit could focus on one of two objectives:</p> <ul style="list-style-type: none"> • the effectiveness and efficiency of maintenance and improvement activities relating to properties in the Government’s property portfolio, including the achievement of landlord/lessor versus tenant/lessee objectives and expectations; or • performance over time of the portfolio and how investment and divestment decisions are made in the new property management division.
7	<p>ACTPS Worker’s Compensation and Work Safety</p>	<p>Areas of focus: improving services and programs / minimising waste in Government</p> <p>The ACT Public Service <i>Worker’s Compensation and Work Safety Improvement Plan</i> was introduced in 2011-12 and was designed as</p>

Table 4 – Potential Audits to Commence in 2019-20

#	Topic/Entity or Agency	Potential Objectives and Scope
	<p>Improvement Plan <i>(Chief Minister, Treasury and Economic Development Directorate and other directorates)</i></p>	<p>a holistic approach to improving the health and return to work outcomes for injured ACTPS workers. The Plan represented a significant change in the way workers' compensation is managed in the ACTPS.</p> <p>The audit could consider the implementation of the <i>Workers' Compensation and Work Safety Improvement Plan</i> across the ACTPS and if it has led to the anticipated reduction in compensation premiums.</p>
8	<p>Internal audit programs and audit committees <i>(Cross agency)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in Government</p> <p>Internal audit and Audit Committees both play important roles in the good governance of public sector agencies. A distinguishing feature of an Audit Committee within an organisation's governance framework is its independence from management. In the context of the public sector, Audit Committees provide an independent source of assurance and advice on key aspects of the entity's operations.</p> <p>Internal audits across the ACT Government are largely conducted through the use of external providers. Each year, the financial statement audit process reviews the internal audit process and continues to identify issues, in particular in relation to independence of the audit function, across some agencies.</p> <p>The objective of the audit could be to assess whether selected agencies have utilised better practice principles when establishing and implementing their Audit Committee and in managing the internal audit function.</p>
9	<p>Justice Health Services – adult Primary Health Service <i>(Health Directorate and Justice and Community Safety Directorate)</i></p>	<p>Areas of focus: improving services and programs / assisting the disadvantaged and vulnerable</p> <p>The Primary Health Service (within Justice Health Services) conducts health assessments and manages identified health problems within a primary care framework for both adults and juveniles. This includes assessment of health status, identification of acute and chronic health conditions, management of those health conditions and ensuring consistency in the induction process of all new detainees.</p> <p>An independent inquiry completed by Mr Philip Moss AM in November 2016 (<i>Independent Inquiry into the Treatment in Custody of Detainee Steven Freeman</i>) made findings in relation to the provision of health and custodial services at the Alexander Maconochie Centre. The report made nine recommendations, some of which were directed to improving the safety, health and care of detainees.</p> <p>The audit could consider the provision of health services for adult detainees at the Alexander Maconochie Centre and the Periodic Detention Centre including the management and governance of</p>

Table 4 – Potential Audits to Commence in 2019-20

#	Topic/Entity or Agency	Potential Objectives and Scope
		<p>service provision and the handling and reporting of incidents, including external review mechanisms. The audit could also consider the implementation of relevant recommendations arising from the independent inquiry.</p>
10	<p>Outpatient care <i>(Health Directorate)</i></p>	<p>Areas of focus: improving services and programs / minimising waste in Government</p> <p>Outpatient services (or ambulatory care) are services that are provided without the need for admission to hospital. A wide range of services are offered in an outpatient care setting, including assessment and follow up appointments that allow clients to manage acute and chronic conditions while reducing their reliance on hospitals. ACT Health provides outpatient services across a number of locations, including community health centres, the Canberra Hospital and in the home.</p> <p>Outpatient care often involves the provision of multiple services in the same timeframe. As such, adequate management and oversight are essential to avoid duplication and/or gaps in service provision.</p> <p>The audit could examine the administration of the delivery of outpatient services, including the management of associated risks or a broader review could be conducted that sought to assess the quality of the services provided.</p>
11	<p>Support for Indigenous persons <i>(Office for Aboriginal and Torres Strait Islander Affairs – Community Services Directorate)</i></p>	<p>Areas of focus: improving services and programs / assisting the disadvantaged and vulnerable</p> <p>The Office for Aboriginal and Torres Strait Islander Affairs provides strategic advice to the Chief Minister on issues affecting Aboriginal and Torres Strait Islander people living in the ACT. The Office coordinates a whole-of-government approach to issues affecting Aboriginal and Torres Strait Islander residents and provides secretariat and administrative support to the Aboriginal and Torres Strait Islander Elected Body and the United Ngunnawal Elders Council.</p> <p>The Office is responsible for monitoring and holding ACT Government business units to account on ‘Closing the Gap’. An audit could examine what processes are in place to perform this function and how effective they are in holding business units to account.</p> <p>The audit would assess the effectiveness of the Office for Aboriginal and Torres Strait Islander Affairs in monitoring and supporting the ‘Closing the Gap’ initiatives in ACT Government.</p>
12a	<p>Safe and supportive schools and critical/non-</p>	<p>Areas of focus: improving services and programs / developing the next generation – all children get a ‘fair go’</p> <p>In 2015, a comprehensive review was undertaken that looked specifically at the education of students with complex needs and</p>

Table 4 – Potential Audits to Commence in 2019-20

#	Topic/Entity or Agency	Potential Objectives and Scope
OR	<p>critical incident reporting <i>(Education Directorate)</i></p>	<p>challenging behaviour. A report was published in November 2015 that included 50 recommendations, which were agreed to by the government. These recommendations formed the basis of the Schools for All program, which the Education Directorate intended to implement over three years, with the first year focused on the implementation of the recommendations and the following two year focused on ensuring that the intended outcomes were met. The audit could consider the implementation of the recommendations that are relevant to the topic.</p> <p>The Education Directorate has developed a <i>Safe and Supportive Schoos</i>" policy that stipulates policies and procedures to address behaviours including bullying, harassment and violence and has a Critical/Non-Critical Incident Reporting policy in place which determines steps to be taken for reporting these incidents and the information to be collected.</p> <p>The audit could consider whether incidents have been over or underreported and whether this information has been collected and/or published as required. This reporting may be a sub-set of a broader context that deals with reporting of behaviour incidents in public schools. An audit could also assess the general safety environment of students, teachers and other staff in the ACT public school system.</p>
12 b	<p>Teacher and teaching quality <i>(Education Directorate)</i></p>	<p>Areas of focus: improving services and programs / developing the next generation – all children get a ‘fair go’</p> <p>The Teacher Quality Institute is an independent statutory authority, established through the <i>ACT Teacher Quality Institute Act 2010</i>, which is ‘charged with integrating standards-based quality measures into professional regulation as teachers enter and progress through career stages in the profession in order to enhance student outcomes’.</p> <p>An audit could assess how the Education Directorate ensures and manages teacher registration, ranking and allocation to suitable schools."Quality teaching" is one of the objectives listed in Education Directorate's "Education Capital 2017" plan. The main goals listed are to "recruit, develop, retain and reward quality teachers and maintain sustainable teacher workloads". The allocation of teaching staff to schools, workloads and contractual arrangements could be included in the scope of the audit.</p>
13	<p>Effectiveness of the ACT Waste Management Strategy</p>	<p>Area of focus: advancing sustainable practices</p> <p>In 2011, the Government released the <i>ACT Waste Management Strategy 2011–2025</i> with the following four key objectives:</p> <ul style="list-style-type: none"> • less waste generated • full resource recovery

Table 4 – Potential Audits to Commence in 2019-20

#	Topic/Entity or Agency	Potential Objectives and Scope
	<i>(Transport Canberra and City Services Directorate)</i>	<ul style="list-style-type: none"> • clean environment • carbon-neutral waste sector <p>Also included are 29 individual strategies covering waste from households, commercial and industrial operations, construction and demolition sector, garden organics and timber waste from urban forest and street tree management.</p> <p>The audit could examine the effectiveness of the strategy. This could include consideration of the implementation of initiatives under the scheme as well as ongoing monitoring and review of the effectiveness of those initiatives.</p>
14	<p>Building quality: certification, inspection and audit</p> <p><i>(Chief Minister, Treasury and Economic Development Directorate)</i></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.

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 as '... a review of any aspect of the operations of a person, body or thing ...'

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.

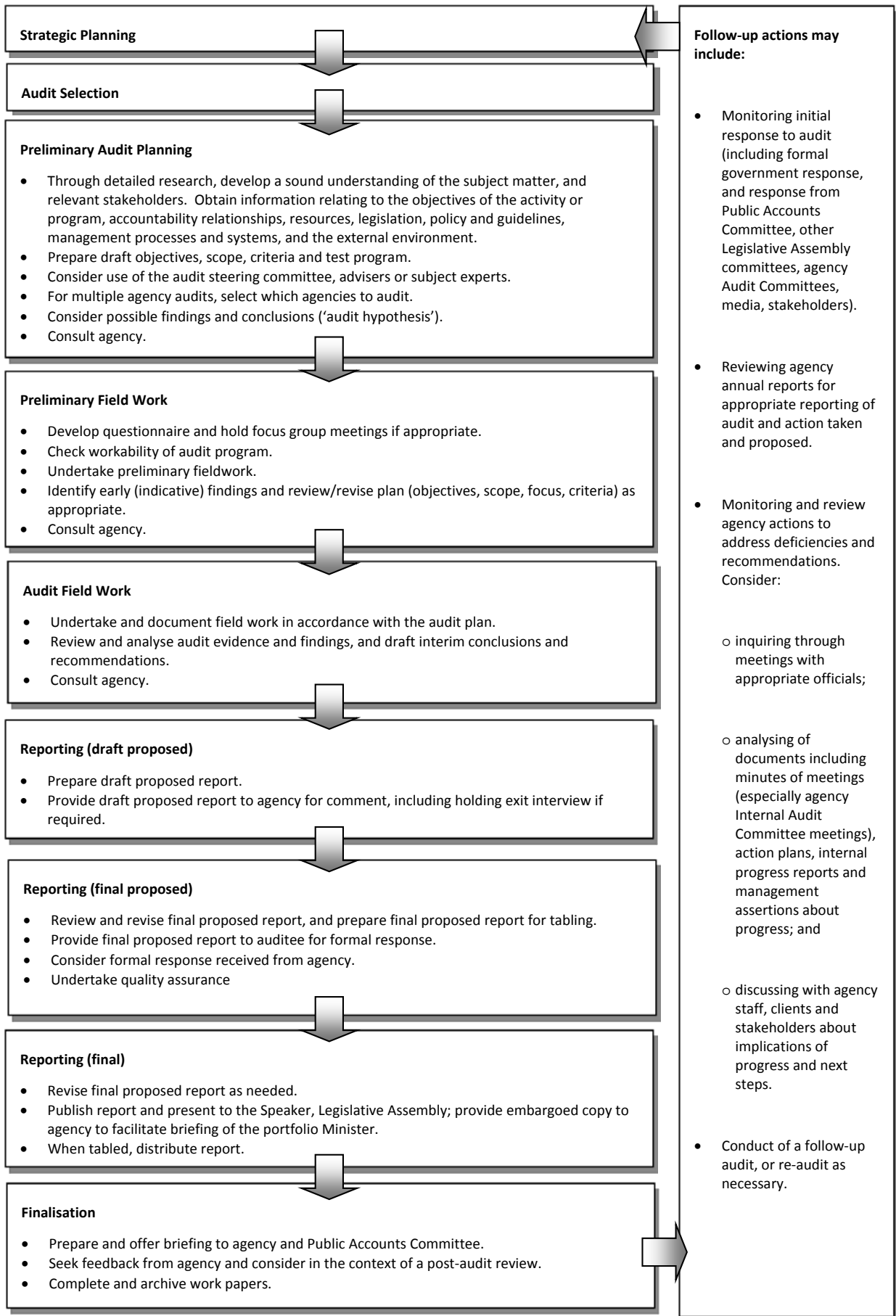
A report will be prepared to meet the audit objective(s), based on the audit evidence obtained, setting out the facts and findings, and presenting the audit conclusion.

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, including health, education, transport disability and community services and territory and municipal services. 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). This factor also includes the potential level of Legislative Assembly and public interest in the outcome of the audit; 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. Similarly, an audit of asset management or of performance measurement may in itself be quite a small function, but relate to significant expenditures or assets. Accordingly, the level of financial materiality influenced (using the financial materiality bands described above) can be taken into account.

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
Public Housing Renewal Program	07/2017	27 June 2017
Mental Health Services – Transition from Acute Care	06/2017	23 June 2017
Maintenance of Selected Road Infrastructure Assets	05/2017	9 June 2017
Performance information in ACT public schools	04/2017	31 May 2017
2015-16 Financial Audits – Computer Information Systems	03/2017	5 May 2017
2016 ACT Election	02/2017	16 February 2017
WorkSafe ACT's management of its regulatory responsibilities for the demolition of loose-fill asbestos contaminated houses	01/2017	20 January 2017
2015-16 Financial Audits – Financial Results and Audit Findings	11/2016	21 December 2016
2015-16 Financial Audits – Audit Reports	10/2016	7 December 2016
Commissioner for International Engagement – Position Creation and Appointment Process	09/2016	30 November 2016
ACT Audit Office Annual Report 2015-16	08/2016	13 December 2016
Certain Land Development Agency Acquisitions	07/2016	30 September 2016
Management and Administration of Credit Cards by ACT Government Entities	06/2016	24 June 2016
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

Topic	Report No.	Tabling Date
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
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

Topic	Report No.	Tabling Date
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.