Upcoming VAGO audits

# Performance audits

VAGO performance audits of relevance to DEPI and/or its portfolio agencies include:

### 2014–15

* Biosecurity Effectiveness of the Environmental Effects Statement process [*DEPI & possibly DH, Parks Victoria & local councils*]
* Effectiveness of catchment management authorities [*DEPI & selected CMAs*]
* Management and oversight of Caulfield Racecourse Reserve [*DEPI & Caulfield RR*]
* Managing landfills [*EPA & selected local councils*]
* Managing Mining approvals: Environmental conditions [*DSDBI & may include DEPI &* *EPA*]
* Water Entities: Results of the 2013–14 audits

### 2015–16

* Effectiveness of the Environmental Effects Statement process [*DTPLI, DEPI & EPA*]
* Enhancing food and fibre productivity [*DEPI, Agriculture Victoria Services*]
* Implementation of water reforms [*Office of Living Victoria (OLV)*]
* Monitoring Victoria’s water resources [*DEPI, OLV, EPA & Melbourne Water Corp*]
* Water Entities: Results of the 2014–15 audits

For details, including proposed performance audits for 2016-17 and proposed financial audits, please refer to [VAGO’s Annual Plan 2014-15](http://www.audit.vic.gov.au/reports_and_publications/annual_plan.aspx),

# Financial audits

In relation to **water entities**, VAGO’s financial auditing will focus on water entities as follows:

### 2014-15

* Gifts, benefits and hospitality
* Water plans
* Audit committees

### 2015-16

* Budget management
* Business continuity and information technology
* Disaster recovery planning
* Internal audit

There will also be public sector-wide financial audits involving selected agencies, e.g.: Annual attestation of compliance with the prudential insurance standard; Internal audits; Management of executive remuneration; Procurement; Commitments (including PPPs).

VAGO new ‘follow up’ of action taken in response to its reports

*VAGO has implemented a new system of ‘follow up’ to ensure that the findings of its audits are addressed. This new process is summarised in the following extract from VAGO’s Annual Performance Plan:*

# 4.1 Driving action on audit findings

To encourage action in response to our audits, we look for opportunities to share audit findings with the people and organisations that can make a difference. In 2014–15 and 2015–16, we plan to share the results of our audit findings and encourage agencies to act on recommendations through the following mechanisms:

* briefings to members of Parliament on individual reports on the day of tabling
* individual briefings to Ministers on individual reports at the time of tabling
* web presentations summarising tabled reports
* media releases on the day of tabling
* presentations to specialist and public sector conferences on specific reports
* sector-based briefings for audited agencies on audit findings
* presentations to audit committee chairs on recent reports
* guest lectures at universities and educational institutions with relevant courses.

The Victorian Auditor-General’s Office (VAGO) has developed a stakeholder engagement framework to help us prioritise these communication activities and ensure they support our core audit functions.

# 4.2 Follow-up of audit recommendations

In recent years, the follow-up of performance audit recommendations has been limited to include the review of selected past recommendations within some performance audits. Occasionally where it is relevant and of sufficient significance, we have used our financial audits to follow-up aspects of performance audits.

In comparison, financial audits revisit annually many of the same aspects of financial reporting and therefore regularly review actions against past recommendations.

In 2014–15 VAGO will implement a formal follow-up process on all our performance audit recommendations to increase the accountability of agencies. This process is intended to encourage greater implementation of recommendations. It will also inform and help to target future audit work, and provide valuable insights to Parliament and the public.

The follow-up process will comprise of four phases.

## Phase 1 – Action plans

Nearing the end of a performance audit, a proposed draft of the report is provided to audited agencies. At this time, agencies are asked to provide a written response to the report and its recommendations for inclusion in the published report.

To help provide clearer and more detailed information on agency responses to audit recommendations, agencies are now requested to complete an action plan including:

* whether or not they accept the recommendation
* intended action to meet the recommendation
* time lines for the intended action
* where they do not accept a recommendation and the reason.

This information then forms the basis for the ongoing follow-up program.

## Phase 2 – Audit of agency responses to recommendations

Starting one to two years after a performance audit is tabled, agencies will be asked to provide an update on their actions previously provided in response to recommendations. These agency responses will be collated and published annually along with an overarching analysis examining the extent to which agencies monitor and respond to audit recommendations and any evident trends in responses.

Agency actions to recommendations will continue to be followed for three years, after which time the review process will cease. Where an agency has failed to adequately take action to a recommendation across the period this would likely trigger a more detailed follow-up audit.

The first report is planned for 2014–15, following up on recommendations from 2012–13 performance audits.

## Phase 3 – Limited-scope follow-up performance audits

These audits will seek evidence and assess it to verify agency self-reports about their actions in response to performance audit recommendations. The updates reported by agencies as previously described, the issues identified in the initial audit, as well as consideration of the risk and materiality of the subject matter will inform the selection of limited scope follow-up audits. The audit may review all or a selection of recommendations and/or agencies from the original audit.

Limited scope performance audits will be published annually, with the first planned for 2015–16.

## Phase 4 – Broad-scope follow-up performance audits

The follow-up of past recommendations may also be incorporated into a full-scale performance audit. This will occur where it is beneficial to incorporate the review of past recommendations together with new audit objectives and criteria to address related and emerging issues. The selection of broad-scope follow-up performance audits is based on a range of inputs including agency self-reports on progress against actions to recommendations, sector and environmental scanning, assessment of risk and materiality, and public interest.

A number of audits within the current performance audit program for 2014–15 and 2015–16 will include a follow-up of past recommendations.