



Tasmanian
Audit Office



**Auditor-General's
Annual Plan of Work 2020-21**

June 2020

The Role of the Auditor-General

The Auditor-General's roles and responsibilities, and therefore of the Tasmanian Audit Office, are set out in the *Audit Act 2008* (Audit Act). The Auditor-General's role as Parliament's auditor is unique.

Our primary responsibility is to conduct financial or 'attest' audits of the annual financial reports of State entities. State entities are defined in the Interpretation section of the Audit Act. We also audit those elements of the Treasurer's Annual Financial Report reporting on financial transactions in the Public Account, the General Government Sector and the Total State Sector.

Audits of financial reports are designed to add credibility to assertions made by accountable authorities in preparing their financial reports, enhancing their value to end users. Following financial audits, we report findings and outcomes to Parliament.

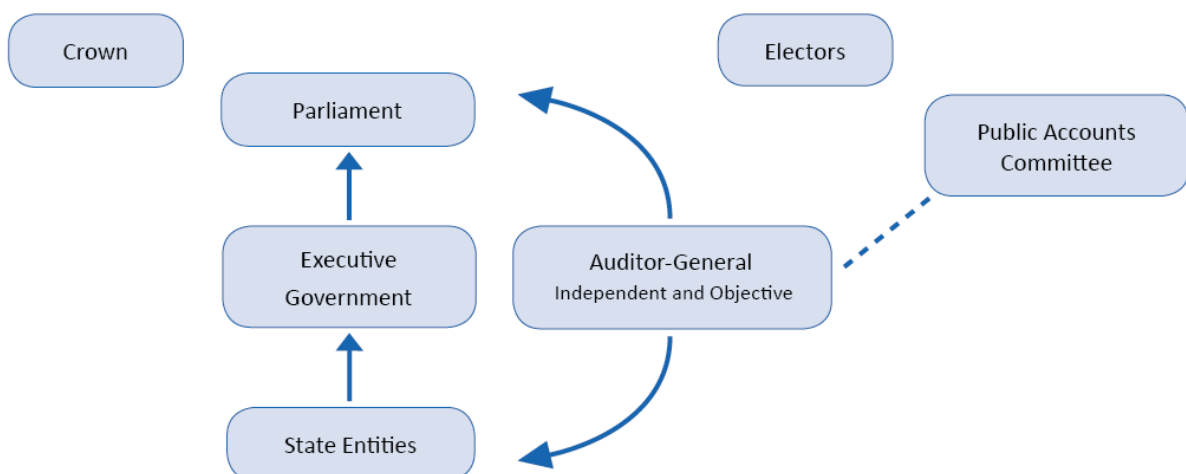
We also conduct performance audits and compliance audits. Performance audits examine whether a State entity is carrying out its activities effectively and doing so economically and efficiently. Audits may cover all or part of a State entity's operations, or consider particular issues across a number of State entities.

Compliance audits are aimed at ensuring compliance by State entities with directives, regulations and appropriate internal control procedures. Audits focus on selected systems (including information technology systems), account balances or projects.

We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

Where relevant, the Treasurer, a Minister or Ministers, other interested parties and accountable authorities are provided with opportunity to comment on any matters reported. Where they choose to do so, their responses, or summaries thereof, are detailed within the reports.

The Auditor-General's Relationship with the Parliament and State Entities



© Crown in Right of the State of Tasmania 30 June 2020

Auditor-General's reports and other reports published by the Office can be accessed via the Office's website. For further information please contact:

Tasmanian Audit Office

GPO Box 851

Hobart

TASMANIA 7001

Phone: (03) 6173 0900, Fax (03) 6173 0999

Email: admin@audit.tas.gov.au

Website: www.audit.tas.gov.au

ISBN: 978-0-6485091-9-6

30 June 2020

Chair, Parliamentary Standing Committee of Public Accounts
Mr President, Legislative Council
Madam Speaker, House of Assembly
Parliament House
HOBART TAS 7000

Dear Chair, Mr President and Madam Speaker,

Auditor-General's Annual Plan of Work 2020-21

In accordance with section 11 of the *Audit Act 2008*, I submit my annual plan of work for the 2020-21 financial year.

Yours sincerely



Rod Whitehead
Auditor-General

Page left blank intentionally.

Table of contents

Introduction by the Auditor-General	1
Planned reporting to Parliament	2
Role of the Auditor-General	3
Audit mandate	3
Reporting responsibilities	3
Improving public sector performance and accountability	4
Performance audit program	5
Selecting performance audits	5
Delivering performance audits	8
Performance audit outputs	9
Financial audit program	13
Delivering financial audits	13
Acronyms and abbreviations	16
Appendix 1: Details of performance audits	17
Performance audits in progress	17
Performance audits to commence in 2020-21	19
Performance audits to commence in 2021-22	21

Page left blank intentionally

Introduction by the Auditor-General

Pursuant to section 11 of the *Audit Act 2008* (the Act) by 30 June each year I am required to prepare and present to the Parliamentary Standing Committee of Public Accounts (Committee) an Annual Plan (Plan) that describes the audit work program for the coming financial year. This provides the Tasmanian Parliament, the Tasmanian public sector and the community with an opportunity to understand our audit priorities for 2020-21.

The Plan is a key accountability document for the Tasmanian Audit Office (the Office). It is my statement of intent on what we will audit or examine during the forthcoming year and the reports we expect to table in Parliament.

In developing the Plan we continuously monitor issues and developments across the public sector and we consult extensively with relevant stakeholders throughout the year. In exercising my discretionary power to undertake audits, I am conscious our audit reports need to be of relevance to Parliamentarians and the community.

My draft Plan, presented to the Committee on 26 March 2020, was largely prepared prior to the 2019 Coronavirus (COVID-19) pandemic outbreak in Tasmania. Consequently, the draft plan did not include any audits examining the public sector's response and recovery from the impacts of COVID-19.

Ensuring trust and confidence in the public sector is particularly important as Tasmania responds to the current COVID-19 pandemic. The impact of COVID-19 has fundamentally changed the operating context for all public organisations since the announcement of the Public Health Emergency on 17 March 2020, and it will continue to do so for the foreseeable future. COVID-19 will also significantly affect the financial and service performance of many public organisations, and the public sector will need to manage these impacts for many years to come. Therefore, much of our focus over the next year will examine the public sector's response and recovery from the impacts of COVID-19.

Although this Plan details four audits examining the public sector's response and recovery from the impacts of COVID-19, the current environment is rapidly changing. Consequently, I foresee the need to remain agile with changes to the priority of audits included in the Plan to be expected in response to the changing environment.

As in past years, the Plan represents an ambitious schedule of work. I am confident that the talented, experienced and dedicated staff of the Office will strive to deliver on the commitment outlined in the Plan.

Finally, I thank Parliamentarians, public sector staff and other stakeholders who have engaged with us to help formulate the 2020-21 plan of work.



Rod Whitehead
Auditor-General
30 June 2020

Planned reporting to Parliament

2020-21	2021-22
Performance audits	
Management of under-performance in the General Government Sector	Retention and attainment of year 12 students
Effectiveness of internal audit functions	Children in out of home care: Special care packages
Expressions of interest for tourism investment opportunities in national parks	Council general managers' recruitment, appointment and performance assessment
Management of State roads	Review of ICT projects and initiatives
Information and communications technology (ICT) strategy, critical systems and investment	Pre-construction management of significant projects by the University of Tasmania (University)
Council procurement - Report 2	Council procurement - Report 3
COVID-19: Stimulus measures and targeted financial support payments and expenditures	Follow up of audits not covered by the Committee
COVID-19: Pandemic response and management	
COVID-19: Allocation of personal protective equipment	
COVID-19: Responding to social impacts	
Financial audits	
Report on the audit of financial statements of State entities and audited subsidiaries of state entities 31 December 2019 and 30 June 2020	Report on the audit of financial statements of State entities and audited subsidiaries of state entities 31 December 2020 and 30 June 2021
Tasmanian Audit Office accountability reports	
Annual report 2019-20	Annual report 2020-21
Annual plan of work 2021-22	Annual plan of work 2022-23

Role of the Auditor-General

The role of the Auditor-General is to provide independent assurance to the Tasmanian Parliament and the community on the performance and accountability of the Tasmanian public sector. We do this primarily by undertaking financial audits, performance audits and other examinations and investigations of State entities and reporting to the Parliament on the outcomes from those audits, examinations or investigations. State entities themselves are accountable to Parliament for their use of public resources and the powers conferred on them by Parliament.

Audit mandate

The Act is the principal legislation governing and guiding the Auditor-General and the Office. It establishes the Auditor-General's mandate and provides the legal basis for the powers and functions of the Auditor-General.

The key responsibility of the Auditor-General is to audit the financial statements of State entities and to report the results of those audits to Parliament. In addition, the Auditor-General must audit the Public Account Statements and any other statements prepared by the Treasurer in accordance with any written law.

The Act also provides the Auditor-General with the authority to undertake:

- performance audits examining the efficiency, effectiveness and economy of a State entity, a number of State entities, or a part of a State entity or a subsidiary of a State entity
- compliance audits examining compliance by a State entity, or a subsidiary of a State entity, with written laws or its own internal policies
- examinations or investigations into any matter relating to the accounts or accounting and financial management information systems of the Treasurer, a State entity or a subsidiary of a State entity
- investigations into any matter relating to public money, other money, public property or other property
- examinations of the performance and exercise of the Employer's functions and powers under the *State Service Act 2000*.

Other audits can also be undertaken by arrangement.

Reporting responsibilities

The Act prescribes our reporting responsibilities, which include:

- the provision of audit reports expressing an opinion on the financial statements of State entities and management letters conveying audit findings to the relevant State entity's responsible Minister and relevant accountable authority

- reporting to Parliament on or before 31 December in each year on the audits of the financial statements of State entities and audited subsidiaries in respect of the preceding financial year
- reporting, at the discretion of the Auditor-General, the outcomes of performance or compliance audits, examinations or investigations, to the Parliament, or the Committee or the Joint Standing Committee on Integrity.

Improving public sector performance and accountability

To facilitate improvement in public sector performance, we engage with stakeholders to share our audit findings and to encourage State entities to act on audit recommendations. This includes briefings and presentations to a broad range of stakeholders, including Members of Parliament, the Committee, heads of departments, State entity executive management, chairs of boards and audit committees, mayors and general managers of councils and other integrity bodies.

We also communicate findings of audits through presentations, media releases, media interviews, and submissions to inquiries and reviews. We also provide information on our website (www.audit.tas.gov.au), including reports and presentation summaries.

We continue to facilitate information sessions for:

- members of audit committees and senior executives in State entities to keep them abreast of developments in governance, foster a better understanding of the relationship between audit committees and the Office and to provide an opportunity for the exchange of ideas and networking
- State entity corporate, accounting and internal audit staff to ensure they are kept aware of relevant changes in financial reporting requirements and other recent developments impacting financial management and auditing.

Given our unique perspective on the regulatory and policy framework governing the accountability of the Tasmanian public sector, we regularly draw on our experience, expertise and research to contribute to the development of audit and accountability policy in the Tasmanian public sector, including reforms to legislation, regulation and standards. This takes the form of submissions to relevant Parliamentary or government inquiries, meetings with representatives of State entities developing policy on audit and accountability issues and providing comments on exposure drafts of new accounting and auditing standards relevant to the public sector. These activities help to increase the impact of our audits, enhancing the relevance of the audit function to the Parliament and the community.

Performance audit program

Selecting performance audits

The annual planning process for the selection of performance audits involves three distinct phases:

- identifying potential performance audits
- selecting performance audits to be undertaken
- consultation with the Committee.

Identifying potential performance audits

Given the available resources of the Office, potential performance audits are not selected on a sector, themed or focus area basis. Instead, potential audits are identified where they involve:

- areas where there are known or suspected problems
- areas of significance or high inherent risk to State entities or the Tasmanian public sector more broadly
- areas believed to be performing particularly well, in order to highlight success and the factors that contribute to it.

Potential performance audits are identified from intelligence gathering processes, which include:

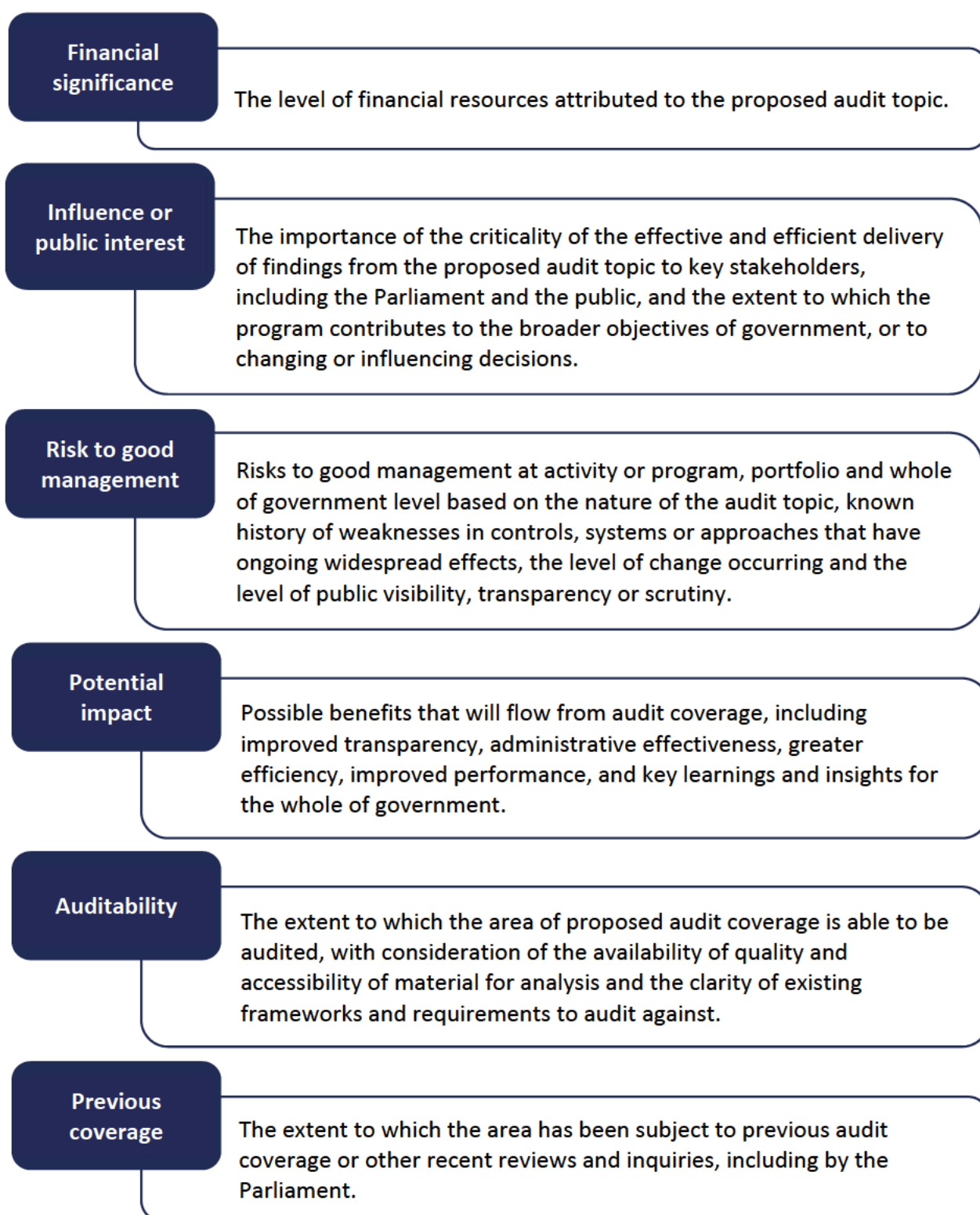
- scanning the environment to identify key developments, risks and challenges to public administration, internationally, nationally, and at state and local government levels
- monitoring agencies' operations and performance through our financial audit activity
- consulting Parliament, public sector entities, integrity agencies and other relevant stakeholders
- monitoring referrals received suggesting matters for possible audit consideration.

Selecting performance audits

Performance audits included in the Plan are selected following an assessment of all potential performance audits and consideration of the balance and coverage of the performance program as a whole across the various portfolios/sectors of government.

The criteria used to assess potential performance audits are shown in Figure 1.

Figure 1: Performance audit assessment criteria



The final selection of performance audits for inclusion in the Plan is at the discretion of the Auditor-General and includes consideration of the balance and coverage of the performance program as a whole across the various portfolios and sectors of government.

Consultation with the Committee

As required under the Act, a draft of the Plan is presented to the Committee for review and comment. The Auditor-General is required to finalise Plan before 30 June each year after considering any comments received from the Committee. The Plan must include the nature of any changes suggested by the Committee that the Auditor-General has not adopted.

A draft of the Plan was provided to the Committee on 26 March 2020, with the Auditor-General meeting with the Committee on 9 April 2020 to discuss the draft Plan. On 21 May 2020, the Committee responded in writing with the following questions:

1. Is there capacity in your draft Plan to complete COVID-19 related investigations as a priority over other proposed inquiry activity? If so, are you able to please confirm how you would intend to manage any work in addition to what is currently outlined in your draft Plan?
2. Are you currently considering any COVID-19 related inquiries and if so, can you please provide details?

In responding the Auditor-General advised:

- The Office had an important role in ensuring accountability and transparency of Government decisions and actions during these times. Consequently, it was expected the Office would undertake COVID-19 related audits and investigations, and these would be prioritised over other planned performance audit activity.
- The approach to managing any COVID-19 related audits and investigations would be to use the internal resources of the Office, wherever possible, and defer other planned performance audits detailed in the draft Plan. Audits and examinations planned but not commenced in a particular year would be 'rolled over' into the audit program of the following year, where they continued to be relevant. In some cases, following further consideration, audits may be removed from the plan.
- The Office was capturing information relating to Government stimulus, social and economic support measures, together with other significant COVID-19 related events, to subsequently assess topics for future audit or investigation consideration.

Following a further meeting with the Committee on 27 May 2020, the committee wrote to the Auditor-General on 29 May 2020 welcoming plans to conduct future work in relation to the COVID-19 pandemic and endorsing the Plan. The Committee further acknowledged the Plan may change as a result of COVID-19 and the timing of work may extend beyond the 2020-2021 financial year.

This Plan details four audits examining the public sector's response and recovery from the impacts of COVID-19, although, as the current environment is rapidly changing, there may be future changes to the priority of audits included in the Plan.

Delivering performance audits

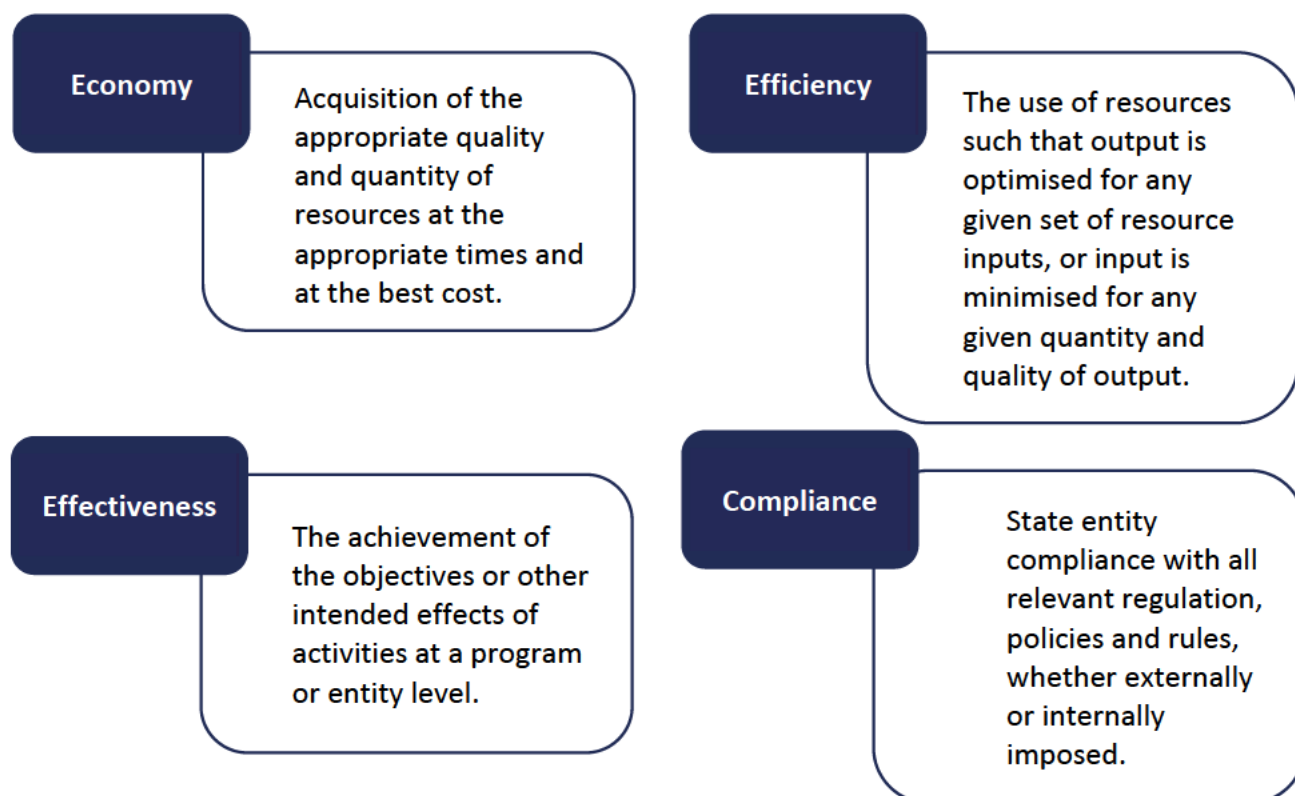
Performance audits are conducted in accordance with relevant standards issued by the Australian Auditing and Assurance Standards Board. These standards cover planning, conduct, evidence, communication, reporting and other elements of performance audits.

Our performance audits are typically delivered by our staff, however, we periodically engage subject matter experts to advise our performance audit teams on complex and technical issues. We also use contracted audit service providers to supplement our staff resources where required.

Performance audits are designed and conducted to provide 'reasonable assurance', although a performance review may provide a 'limited assurance' opinion if it is determined that, as a result of the less extensive nature of the audit, the acceptable risk associated with the findings is higher than for a reasonable assurance engagement.

To reach conclusions against our audit objectives, we determine criteria against which to assess agency performance. We develop our audit criteria in accordance with relevant standards issued by the Australian Auditing and Assurance Standards Board and in consultation with the audited State entities. Figure 1 illustrates the types of criteria commonly included in performance audits.

Figure 2: Types of criteria commonly included in performance audits



We are committed to conducting follow-up audits to monitor State entity progress in implementing recommendations from previous performance audits and to verify that actions taken by State entities have been effective in addressing the recommendations. Audits selected for follow up exclude those selected for follow up by the Committee.

The performance audit program is not static and is subject to periodic review. Changes in, or delays to, the program can arise primarily from:

- the identification of a higher priority audit or examination undertaken at the discretion of the Auditor-General
- an audit or examination undertaken at the request of the Committee, Treasurer, Ombudsman or Integrity Commission
- an audit or examination undertaken in collaboration with the Auditor-General of the Commonwealth or another State or a Territory
- reviews undertaken by State entities or other third parties
- resource constraints.

Normally, audits and examination planned but not commenced in the one year will be 'rolled over' into the Plan of the following year where they continue to be relevant. In some cases, following further consideration, audits may be removed from the Plan.

Performance audit outputs

Acquittal of the 2019-20 performance audit program

An acquittal of the planned 2019-20 performance audit program, as communicated in the Annual Plan of Work 2019-20, is provided in Table 1.

Table 1: Performance audit reports tabled in 2019-2020¹

Audit project	Commencement		Tabled in Parliament	
	Planned	Actual	Planned ²	Actual
Council procurement - Report 1	N/a	Feb 2019	May 2019	Sep 2019
University student accommodation	Dec 2018	Dec 2018	May 2019	Oct 2019
Tasmanian Prison Service	N/a	Jul 2016	Oct 2017	Sep 2019
Royal Hobart Hospital redevelopment	Aug 2018	Aug 2018	May 2019	Nov 2019
Expressions of interest for tourism investment opportunities in national parks	Apr 2019	Apr 2019	Oct 2019	Deferred
ICT strategy, critical systems and investment	Apr 2019	Apr 2019	Mar 2020	Deferred

Audit project	Commencement		Tabled in Parliament	
	Planned	Actual	Planned ²	Actual
Management of State roads	May 2019	May 2019	Mar 2020	Deferred
Management of under-performance in the General Government Sector	N/a	May 2019	May 2020	Deferred
Effectiveness of internal audit functions	Sep 2019	Nov 2019	May 2020	Deferred
Expenditure and payment trends in the General Government Sector ³	N/a	N/a	Mar 2020	Not commenced

Notes

1. This table does not include *Report of the Auditor-General No. 4 of 2019-20 Rostering of specialists in Tasmania's major hospitals*, tabled in November 2019, as this was an unplanned performance review.
2. Initial planned tabling date on commencement of the audit.
3. This audit activity will be undertaken in conjunction with financial audit of department financial statements in a later financial years. Consequently, the audit has been removed from the performance audit program of work.

N/a not applicable

On 26 March 2020, the Tasmanian Government announced Parliament would be suspended until 18 August 2020 due to the COVID-19 pandemic. Following this announcement, the Auditor-General decided to suspend the tabling of performance audit reports until such time as Parliament recommenced sitting. Notwithstanding the resumption of Parliamentary sittings from 30 April 2020, the Auditor-General resolved to maintain the suspension of tabling of performance audit reports until 18 August 2020.

Planned performance audit reporting to Parliament in 2020-21

In 2020-21 we plan to complete and table eight performance audits, as shown in Table 2.

Table 2: Planned completion of performance audits 2020-21

Audit project	Actual or planned commencement	Planned tabling
Management of under-performance in the General Government Sector	May 2019	Aug 2020
Effectiveness of internal audit functions	Nov 2019	Aug 2020
Expressions of interest for tourism investment opportunities in national parks	Apr 2019	Sep 2020
Management of State roads	May 2019	Sep 2020

Audit project	Actual or planned commencement	Planned tabling
Information and communications technology (ICT) strategy, critical systems and investment	Apr 2019	Oct 2020
Council procurement - Report 2	Dec 2019	Oct 2020
COVID-19: Stimulus measures and targeted financial support payments and expenditures	Jul 2020	Dec 2020
COVID-19: Pandemic response and management	Jul 2020	Dec 2020
COVID-19: Allocation of personal protective equipment	Jul 2020	Dec 2020
COVID-19: Responding to social impacts	Jul 2020	May 2021

Performance audits to commence in 2020-21 and 2021-22

In 2020-21 we plan to commence eight audits and in 2021-22 we plan to commence seven audits, as shown in Table 3.

Table 3: Performance audits to commence in 2020-21 and 2021-22

Audit project
2020-21
COVID-19: Stimulus measures and targeted financial support payments and expenditures
COVID-19: Pandemic response and management
COVID-19: Allocation of personal protective equipment
COVID-19: Responding to social impacts
Retention and attainment of year 12 students
Children in out of home care: Special care packages
Council general managers' recruitment, appointment and performance assessment
2021-22
Review of ICT projects and initiatives
Pre-construction management of significant projects by the University of Tasmania (University)
Council procurement - Report 3
Follow up of audits not covered by the Committee

Audit project
Effectiveness of shared services arrangements
Managing landfills
Community services: grants and contracted services

Further details on performance audits

Further details of performance audits in progress and yet to be commenced are provided in Appendix 1.

Financial audit program

Delivering financial audits

Under the Act, State entities must submit financial statements that are complete in all material respects to the Auditor-General within 45 days of the end of each financial year (that is, 14 August for 30 June year ends and 14 February for 31 December year ends). The Office must then audit the financial statements and issue an audit report outlining compliance with relevant legislation and the applicable financial reporting framework within 45 days of receipt of the submitted financial statements.

Financial audits are performed in accordance with Australian Auditing and Assurance Standards issued by the Australian Auditing and Assurance Standards Board. Whilst not a legislative requirement, when conducting annual financial audits, we give regard to probity considerations related to the management or use of public resources.

Financial audits are conducted by either financial audit staff of the Office or contracted audit service providers. All audits conducted with the assistance of contracted audit service providers are subject to project management and quality assurance review by the Office and all audit opinions are issued by the Auditor-General or an authorised delegate.

Our audit portfolio management objective is to achieve a balanced allocation of audits between our staff and contracted audit service providers. This allocation takes into consideration our financial budget and staff resources. Our resourcing decisions also take into account the level of highly specialised technical skills or expertise required in an audit which may not currently exist within our Office. In instances where it is not practical or viable to build this expertise internally, external specialists are contracted to provide this capability.

Opinions on financial statements of State entities

The Auditor-General, including authorised delegates, issues audit opinions on whether the financial statements of State entities fairly present, or give a true and fair view of, their financial position and performance for the year in accordance with applicable Australian Accounting Standards and the relevant legislative reporting framework.

Opinion on the Annual Financial Report of the State of Tasmania

The Treasurer's Annual Financial Report (TAFR) presents the consolidated financial position and performance of the Total State and the General Government Sector. It also includes the Public Account statement comprising receipts and expenditure of the General Government Sector that do not form part of a Specific Purpose Account or an Agency Trust Account, and any Specific Purpose Accounts. The TAFR is a key accountability document for informing Parliament and the public. The Act requires the Auditor-General to express an opinion as to whether the TAFR is fairly presented in accordance with the *Financial Management Act 2016* and applicable Australian Accounting Standards.

Parliamentary reports on results of financial audits

At the conclusion of each audit cycle, the Office tables a report in Parliament on the results of our audits of State entities' financial statements and our audit of the TAFR. Our report includes comments on selected areas of focus covering key elements of financial and asset management and governance.

We aim to table the report in November each year. Where this is not achievable, we table the report as soon as is practicable after the last sitting period. Each tabling is followed by a presentation to Parliamentarians to provide them with a summary of the report and to highlight matters of importance. Where the report is finalised and tabled out of session, we offer presentations to members of Parliament in both the north and south of the State.

Audits by arrangement

Under the Act we have the ability to conduct audits and provide other services of a kind commonly performed by auditors. We undertake audits by arrangement covering:

- audits required by regulatory authorities
- audits of council special committees
- grant acquittals.

Financial audit outputs

We will continue to deliver a diverse range of financial audit and assurance services in 2020-21 pursuant to the Act. Table 4 provides an overview of those activities and any other applicable legislative frameworks.

Table 4: Financial audits and assurance activities expected to be conducted in 2020-21

2020-21	Number
Financial statement audits¹	
<i>Financial Management Act 2016</i>	20
<i>Local Government Act 1993</i>	38
<i>Corporations Act 2001</i>	15
<i>Government Business Enterprises Act 1995</i>	6
Other legislation or reporting frameworks	44
Total financial statement audits	123

2020-21		Number
Parliamentary report		
Report on the audit of financial statements of State entities and audited subsidiaries of state entities 31 December 2019 and 30 June 2020		1
Other audits		
Audits by arrangement, including regulatory audits		8
Funding acquittals ²		75

1. The number of audits conducted varies each year due to changes in the number of public sector entities and the level of audit dispensation provided.
2. Based on 2018-19 data. Acquittals are only conducted if required under agreements related to specific funding programs.

Our financial audit program is dynamic, reflecting changes such as the creation of new State entities and the cessation of others, including the impacts of machinery of government changes in the composition of portfolio departments and associated entities. As such, the number of audit and assurance activities we conduct can change throughout the year and over time in accordance with changes in the number of public sector entities.

Acronyms and abbreviations

Act	<i>Audit Act 2008</i>
Committee	Parliamentary Standing Committee of Public Accounts
EPA	Environmental Protection Authority
ICT	Information and communications technology
NGO	Non-government organisation
Office	Tasmanian Audit Office
OOHC	Out of home care
Plan	Annual plan describing the Auditor-General's proposed work program for the following financial year
State	State of Tasmania
TAFR	Treasurer's Annual Financial Report
University	University of Tasmania

Appendix 1: Details of performance audits

Performance audits in progress

Management of under-performance in the General Government Sector

Department of Police, Fire and Emergency Management, Department of State Growth, Department of Treasury and Finance, Department of Primary Industries, Parks, Water and Environment

This audit will assess whether underperformance is managed effectively in the Tasmanian State Service. The audit will examine whether:

- Tasmanian State Service and agency policies and procedures contribute to the effective management of underperformance
- the performance management framework is consistently applied
- departments know if underperformance is effectively managed.

Effectiveness of internal audit functions

All departments

This audit will assess the effectiveness of internal audit functions across all nine departments. The audit will examine whether:

- audit committees and internal audit functions are effective in providing advice and assurance to Head of Agencies
- Accountable Authorities are effective in overseeing and managing audit committees and internal audit functions
- audit committees effectively deliver objective challenge and assurance
- internal audit functions are effective in strengthening Agency internal governance, risk management and control processes.

Expressions of interest for tourism investment opportunities in national parks

Department of State Growth including the Office of the Coordinator-General, Department of Primary Industries, Parks, Water and Environment including Parks & Wildlife Service

This audit will assess the effectiveness of the Expression of Interest process to achieve development of sensitive and appropriate tourism experiences and associated infrastructure in Tasmania's national parks, reserves and Crown land by private investors and tourism operators to broaden the range of exciting and unique experiences on offer.

This audit will also assess whether:

- there is effective coordination of EOI submissions
- governance arrangements ensure a clearly defined separation of duties and personnel between the assessment and approval functions

- there is clarity and consistency in how regard is given to other relevant processes and approval requirements in related procurement policy documents, including relevant management plans and guidelines.

The audit will also assess the extent to which advice was provided by Crown Law or the Solicitor-General and whether that advice was implemented or not.

Management of State roads

Department of State Growth

The Department of State Growth is responsible for managing significant road networks throughout the State encompassing more than 3 700 kilometres of road with a replacement value of \$5.4 billion.

This audit will assess whether Tasmania's State road network is being effectively and efficiently managed and maintained. The audit will examine whether:

- the planning approach to the management of the State road network is effective
- road assets are effectively and efficiently managed throughout their life cycle
- the Department effectively monitors the delivery of the road program
- the Department has procurement activities that ensure contracts provide value for money.

ICT strategy, critical systems and investment

All departments

This audit will assess whether:

- the objectives and major actions in the Tasmanian Government ICT Strategy been achieved
- departments have prepared and maintained contemporary ICT strategic plans
- departments are effectively managing critical ICT assets that are essential for service delivery
- the ICT investment and decision making framework has facilitated an effective approach to ICT investment
- current governance, ICT investment models and decision making frameworks are 'digital ready'.

Council procurement – Report 2

Derwent Valley Council, Glamorgan-Spring Bay Council and Break O'Day Council

This compliance audit will assess whether councils undertake procurement of goods and services in accordance with the:

- *Local Government Act 1993*
- *Local Government (General) Regulations 2015*

- council's Code for Tenders and Contracts
- council's internal policies, procedures and manuals.

Performance audits to commence in 2020-21

COVID-19: Stimulus measures and targeted financial support payments and expenditures

Selected departments

COVID-19 social and economic support measures announced by the Tasmanian Government represent direct expenditure, the removal of the efficiency dividend requirements for agencies, funding set aside for loans, reductions in State revenues, and grants provided directly to those who are needing them the most during this uncertain time. Total support to the community is estimated to be in excess of \$1.00bn. This includes, additional expenditures in excess of \$327.00m, reductions in revenue in excess of \$194.00m, loans in excess of \$200.00m, the removal of efficiency dividends on agencies of \$268.00m and waiver of quarterly bills for small business by Aurora (estimated to be \$27.00m) and TasWater (estimated to be \$25.00m). The estimated additional expenditure of \$327.00m includes the appropriation provision of \$150.00m to Finance-General to meet potential costs associated with further action required to be taken by the Government in response to the COVID-19 pandemic and any funding available through the Treasurer's Reserve.

Rapid policy design and implementation can present new and increased risks to sound public administration and the proper use of public resources, including the risk of:

- systems that are not adequately supported by appropriate controls or not configured to manage different payment or information collection arrangements
- fraud or reduced compliance and assurances processes
- rapid decision-making based on limited policy and assumption analysis
- governance and oversight arrangements that fail to maintain a focus on business-as-usual activities as well as new or expanded initiatives
- non-compliance with the existing program or procurement requirements
- resourcing risk related to the movement of staff within and across entities, loss of corporate knowledge and an incomplete understanding of processes, and significant increase in work volume
- inadequate records management and accountability arrangements.

The audit acquittal the \$150.00m appropriation provision and will include other targeted audit activity which will be primarily informed by:

- an assessment of risk and system controls
- materiality of funds allocated to entities
- potential or actual impact of the response measure on the entity, individuals and/or industry

- extent of policy or systems change in each state entity
- parliamentary interest.

COVID-19: Pandemic response and management

Selected departments

This audit will assess how the response to COVID-19 was managed at a Tasmanian Government level. Its command and control structure, information/intelligence gathering, capability, resourcing, effectiveness of communication (both internal communication and external messaging) agility and what lessons could be learned for the future. This audit will include an evaluation of the Tasmanian Emergency Management Arrangements, and in particular, the plans to respond to a pandemic.

COVID-19: Allocation of personal protective equipment

Department of Health, Department of Police, Fire and Emergency Services, Department of Primary Industries, Parks, Water and Environment, Department of Communities Tasmania

Ensuring frontline public sector staff are as well protected as possible against COVID-19 has been a high priority for the Tasmanian Government during the COVID-19 pandemic. This audit will examine how the Government has managed the stocks of personal protective equipment (PPE) during the pandemic. The audit will assess the controls over governance, acquisition, distribution, storage and stock levels of PPE. The audit will not cover the appropriateness of the Government's clinical guidance on the use of PPE.

This audit will assess how, based on available PPE, decisions on the distribution and use of PPE in Tasmania were made, including consideration of what criteria were used, what information was used to assist with decision making, and was distribution timely and effective in responding to COVID-19 risks.

COVID-19: Responding to social impacts

Department of Communities Tasmania

The COVID-19 outbreak has affected all segments of the population but is likely to be particularly detrimental to members of those social groups in the most vulnerable situations, including people living in lower socio-economic situations, older persons, persons with disabilities, youth, and indigenous peoples. If not properly addressed through policy, the social crisis created by the COVID-19 pandemic may increase inequality, exclusion, discrimination and unemployment in the medium and long term. Social protection systems play an important role in protecting disadvantaged members of society during the COVID-19 pandemic.

This audit will assess how the Department of Communities Tasmania has addressed the challenge placed on it by the impact of the COVID-19 pandemic. The areas covered by the audit could include housing, alcohol, gambling and other addictions, domestic violence, child services and other counselling services provided by the Department of Communities Tasmania.

Retention and attainment of year 12 students

Department of Education

The Tasmanian Government's policy to improve Year 12 retention rates is to extend all public high schools to the final senior grade by 2022. As at 2020, Years 11 and 12 was offered at 43 State secondary of high schools and eight secondary colleges.

This audit will examine the effectiveness of the policy in increasing retention and attainment of students. The audit will also examine the impact of the policy to extend Years 11 and 12 in high schools on colleges.

Children in out of home care: Special care packages

Department of Communities Tasmania

The audit will examine changes that have occurred to the management and delivery of special care packages to children in out of home care (OOHC) since the Tasmanian Audit Office's report to the Public Accounts Committee in January 2018. The audit will focus on the economy, efficiency and effectiveness of the Department of Communities Tasmania's funding and performance monitoring of non-government providers of OOHC services for children and young people under special care packages.

Council general manager recruitment, appointment and performance assessment

Selected councils

This examination will assess recruitment processes, contractual and remuneration arrangements and performance assessment for council general managers.

Performance audits to commence in 2021-22

Review of ICT projects and initiatives

Selected departments

Information on the status and outcomes of public sector ICT initiatives is often difficult to obtain. Most agencies and entities provide little, if any, public information specifying these details. This lack of transparency means that it is difficult to determine whether ICT investments have enhanced government services or addressed the problems they were meant to resolve, and whether public resources have been spent in an efficient and effective manner.

This audit will provide a status review of selected public sector ICT projects and initiatives and will examine whether selected departments are appropriately planning, managing and implementing ICT projects in terms of time, cost, benefits realisation and governance.

Pre-construction management of significant projects by the University

University of Tasmania

The University is undertaking an ambitious program of significant building developments which include Southern and Northern Campus relocation projects and additional student accommodation facilities.

This audit will examine how the University manages pre-construction activities, including the engagement and use of consultants and experts.

Council procurement - Report 3

Selected councils

This compliance audit will assess whether councils undertake procurement of goods and services in accordance with the:

- *Local Government Act 1993*
- *Local Government (General) Regulations 2015*
- council's Code for Tenders and Contracts
- council's internal policies, procedures and manuals.

Follow up of audits not covered by the Committee

Various State entities

This follow up examination will assess the extent to which recommendations made in selected tabled audit reports have been implemented.

Effectiveness of shared services arrangements

Selected departments

A shared services arrangement facilitates the delivery of back office support services such as accounting, human resources, payroll, information technology, legal, compliance, purchasing and security. The arrangement can allow a number of organisations to share operational tasks, avoid duplication and provide economies of scale.

This audit will assess the effectiveness of selected shared services arrangements by focusing on:

- governance arrangements including planning, oversight and risk management
- mechanisms to ensure the effective delivery of services
- reporting arrangements and review activities provide for ongoing monitoring and continuous improvements to the operation of the shared services arrangement.

The audit will also assess whether shared service arrangements achieve efficiencies and deliver value to both the service provider and service recipient.

Managing landfills

Environmental Protection Authority (EPA), Department of Primary Industries, Parks, Water and Environment, selected councils and joint authorities

This audit will examine whether the EPA's current regulatory approach is appropriately administered, is being complied with and has been effective in providing assurance that landfills are not leading to adverse human health and environmental impacts, both currently and for future generations.

This audit will examine the activities of the EPA and a sample of councils and joint authorities that own and operate landfills.

This audit will assess whether:

- EPA effectively administers the regulatory framework for landfills and oversees compliance with it by landfill operators/owners
- active landfills are well operated and managed in accordance with the regulatory framework requirements and guidelines
- closed landfill sites are well managed in accordance with the regulatory framework requirements and guidelines.

Community services: grants and contracted services

Department of Communities Tasmania, various non-government organisations

The Department of Communities Tasmania contracts with non-government organisations (NGOs) to deliver patient and client services, primarily related to OOH programs. The Department also provides grants for a range of services including disability services, children and youth services and other community grants. Disability grants include payments for carer support, respite, accommodation support, information, advocacy, education, day support, specialist equipment, personal care, disability gateway services and other individual support services.

This audit will assess how effectively and efficiently Department of Communities Tasmania manages contracts or grants provided to NGOs to deliver community services and whether the services are delivering expected outcomes.

This audit will assess whether:

- for grants provided, Department of Communities Tasmania:
 - has suitable policies and procedures for managing grant expenditure
 - assesses and approves applications in a transparent and equitable manner
 - appropriately monitors and acquits funded projects and activities to confirm that grant moneys were used in accordance with agreed terms for agreed purposes
 - has assessed the effectiveness of its grants programs

- for contract services, Department of Communities Tasmania:
 - has a robust approach to selecting and contracting NGOs to deliver community services
 - ensures quality outcomes are being provided by the NGOs it contracts to deliver services
 - has processes, benchmarks, and quality frameworks in place to assess the outcomes provided by NGOs
 - has processes in place to ensure quality, safety, and compliance with contract requirements of services provided by NGOs.

Page left blank intentionally.

Audit Mandate and Standards Applied

Mandate

Section 17(1) of the Audit Act 2008 states that:

‘An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.’

Under the provisions of section 18, the Auditor-General:

‘(1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).’

Under the provisions of section 19, the Auditor-General:

- ‘(1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards
- (2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity’s appropriate Minister and provide a copy to the relevant accountable authority.’

Standards Applied

Section 31 specifies that:

‘The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to -

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.’

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



Phone (03) 6173 0900

Fax (03) 6173 0999

Email admin@audit.tas.gov.au

Address

Level 8, 144 Macquarie Street
Hobart, 7000

Postal

GPO Box 851, Hobart 7001

Launceston Office

Phone (03) 6173 0971

Web www.audit.tas.gov.au

Address

4th Floor, Henty House

1 Civic Square, Launceston