



## **Contents:**

*This Bulletin provides Audit Offices in the SPASAI region with:*

- \* updates on issues of interest*
- \* recent developments affecting Audit Offices*
- \* emerging matters*
- \* generally "newsworthy" items.*

*The SAIs are encouraged to contribute to this publication as it will be beneficial to all SAIs as a forum of information exchange and provide an understanding of the issues faced by SAIs in the region. Auditor Generals who are members of the INTOSAI committees and working groups should also use this Bulletin to highlight the progress of the work that they are involved in.*

*The SPASAI Bulletin is released twice a year, in June and December*

- Office of the Director of Audit – Cook Islands
- Office of the Auditor General – Fiji
- Chamber of Accounts – New Caledonia
- Office of the Auditor General – New Zealand
- Office of the Public Auditor – Palau
- Office of the Auditor General – Queensland
- Office of the Auditor General – Tuvalu
- Office of the Auditor General – Victoria

## **COOK ISLANDS - OFFICE OF THE DIRECTOR OF AUDIT**

### **Workshop Conducted for Heads of Ministries, Departments, Crown Agents and Local Governments**

The Cook Islands Audit Office conducted a one-day training seminar for Heads of Ministries, Island Secretaries, Mayors and senior officials of the government on 16 June 2004 at the Edgewater Resort. The purpose of the workshop was to provide assistance to government officials in the areas of financial reporting requirements, preparation of statutory accounts and financial management of government offices. The workshop also covered areas of fraud, waste and abuse. The Audit Office received positive feedback from participants on the course content of the workshop and will plan further training to a lower management level in the future. Audit also plans to carry out a similar workshop for Members of Parliament in the areas of good governance; waste, abuse & misuse; aid funded projects and fixed assets.

### **In-House Training for Staff**

In-house training on financial audit was conducted in June 2004 and was held over a period of 6 weeks. The in-house training was organized by Aolele Su'a Aolese, Acting Audit Manager and coordinated by Elizabeth Tommy, Assistant Audit Manager. Course sessions were prepared and delivered by Aolele Su'a Aolese, Acting Audit Manager, Assistant Audit Manager, Elizabeth Tommy, Senior Auditor, Alouise Kado, Auditor, Tunoa Raitia and Auditor, Cedric Toru. This provided staff the opportunity to make presentations to their colleagues and at the same time developed self confidence. The Audit Office found the in-house training to be a great success as there was a keen interest from all participants through the active discussions and participation. Staff development and ongoing professional development is also an area which the Audit Office continues to support. Areas of training will continue to be identified and delivered as required.

### **Overseas Workshop and Conferences attended by the Audit Office**

#### **Curbing Corruption in Public Procurement Workshop**

The Director of Audit, Paul Allsworth and Assistant Audit Manager, Allen Parker attended the Curbing Corruption in Public Procurement workshop held in Manila, Phillipines from the 7 to 9 July 2004. The workshop was co funded by Asian Development Bank (ADB) and OCED. The purpose of the workshop was to identify the different forms and causes of corruption, discuss measures and methods of reducing and preventing corruption particularly in the area of public procurement. The workshop also served as a foundation where participants shared and exchange experiences of encountering corruption in their own countries. The representatives of the Cook Islands Audit Office found this workshop to be valuable and practical to needs of the Cook Islands. The Audit Office supports the need to establish an Anticorruption Task Force and intends to be part of this initiative.

## **International Accounting Standards Workshop**

Senior Auditors, Margret Numanga and Alouise Kado, along with Auditor Tunoa Araitia of the Audit Office attended a workshop on International Accounting Standards, held in Suva, Fiji from the 30<sup>th</sup> August to the 7<sup>th</sup> September 2004. The workshop was sponsored and funded by the International Organisation of Supreme Audit Institution's Development Initiative (IDI) for the South Pacific Association of Supreme Audit Institutions (SPASAI).

The objective of the workshop was to facilitate training for Senior Auditors throughout the SPASAI region, on International Accounting Standards and their applications. Changes made recently to the standards were highlighted and contrasted to the International Public Sector Accounting Standards (IPSAS).

The Audit Office hopes to reap the most out of this funded workshop by having the participants, who attended the workshop, carry out in-house training for other staff members to share their knowledge on the Standards.

## **INTOSAI Congress in Budapest, Hungary**

In May 2004, SPASAI Congress elected the Director of Audit of the Cook Islands Audit Office, Mr Paul Allsworth to be the SPASAI Representative to the INTOSAI Governing Board. In October 2004, Paul Allsworth attended the INTOSAI Government Board meeting together with the INTOSAI Congress held in Budapest, Hungary.

## **Human Resources**

In June 2004, the former Audit Manager, Steve Kurker, completed his three-year contract with the Cook Islands Audit Office as the Audit Manager. Mr Kurker took up a position in the field of auditing with the United States National Defense Department.

In August 2004, the Audit Office was privileged to have Macan Munukoa join the Audit Office as a Senior Auditor. Macan Munukoa is a Cook Islander and graduated with a Bachelor in Commerce from New Zealand. Miss Munukoa was working in New Zealand as an assistant Financial Controller before coming to the Cook Islands. She brings to the Audit Office a wide range of experience and qualities and it is without doubt that she will contribute to the Audit Office.

In July 2004, three senior auditors, Thomas Lowry, Elizabeth Tommy and Allen Parker were promoted to Assistant Audit Managers. In November 2004, Auditor, Tunoa Araitia was also promoted to the position of Senior Auditor.

## **Reappointment of the Director of Audit, Mr Paul Allsworth**

On the 12 of October 2004, the Queens Representative, Sir Fredrick Goodwin, KBE reappointed the Director of Audit, Mr Paul Allsworth by way of contract for a further term of three years. The reappointment was based on the Directors performance in ensuring that the Audit Office was achieving its outputs in an efficient and economic manner. The Audit Office has progressed well over the last ten years under his leadership and looks forward to another fruitful 3 years.

## **Staff Achievements**

The Acting Audit Manager, Aolele Su'a Aloese, currently on a 12 month contract with the Cook Islands Audit Office on the NZAID funded Crown Accounts Project was nominated by the Director of Audit, Paul Allsworth for the New Zealand Institute of Management Young Executive of the Year Award 2004. Aolele was named the winner of the Regional 2004 Young Executive of the Year Award for the Central Region in Wellington on 6 October 2004. The Young Executive Award was established in 1994 and is seen by many as a passport to a successful career in senior management. It is awarded to men and women under 35 who have proven track record of high performance, a strong management style, financial and strategic impact on their workplace, and who are prepared to embrace emerging technologies and practices and search out new opportunities.

Aolele represented the Central Regional and the Cook Islands Audit Office at the National Awards for the Top 200 Companies with the Director of Audit, Paul Allsworth held in Auckland on the 25 November 2004. Aolele was one of three finalists for the Top Award in New Zealand for Young Executive of the Year 2004. The award went to Anushiya Ayingaran, General Manager of Corporate Services for Nurse Maude Association from the Southern Region.

## **Annual Report and Quarterly Reports Completed and Issued**

The Audit Office completed and tabled its annual report for the 2003/2004 financial year with Parliament. The fourth quarterly report for the 2003/04 financial year together with the first quarterly report for the 2004/05 financial year was also completed and tabled with Parliament.

## **Crown Accounts Audited/Project**

The Audit for the Cook Islands Crown Accounts for the year ending 30 June 2001 was completed in October 2004. The Audit of the Cook Islands Crown Accounts for the year ending 30 June 2002 is expected to commence in January 2005. The Cook Islands Audit Office was approved funding by NZAID to recruit two qualified chartered accountants to assist the Office with its three years of audit arrears. Mr Bill Sinden and Ms Aolele Su'a Aloese have been working with the staff to identify areas where the audits can be improved in order to be more efficient and effective in the completion of audits.

The Office has made significant progress in completing its 2002 ministry audits expected to be all completed by 31 December 2004. The Office envisions that its three years of audit backlog will be cleared by 31 December 2005 with the completion of all 30 June 2003 and 30 June 2004 ministry audits and the 30 June 2003 and 30 June 2004 Crown Accounts Audit. The Audit Office have the support of the Minister, the Financial Secretary and the respective ministries to ensure this project is successfully completed.

## **FIJI - OFFICE OF THE AUDITOR GENERAL**

### **Audit Reports Issued during the second half of 2004**

- **Accounts and Finance of Government**

In September 2004, the OAG tabled in Parliament the 2003 audit reports of government ministries and departments together with the consolidated Accounts and Finance of government.

- **Other Reports**

The Auditor-General issued 4 reports which were tabled in Parliament in December 2004. The reports include:

- Financial Audits – Statutory Authorities
- Financial Audits – Municipal Councils
- Financial Audits – Provincial Councils
- Special Investigations Report 1/2004

The reports are available from the OAG website at [www.oag.gov.fj](http://www.oag.gov.fj)

### **Public Accounts Committee**

Since the Fiji Labour Party has now decided to remain in Opposition and not a part of the multi-party government, the issue on the Chairmanship of the Public Accounts Committee has now been resolved. As a result, the Public Accounts Committee will convene a meeting in January 2005 to deliberate on the OAG's five years reports.

### **SPASAI International Accounting Standards Workshop, Suva, Fiji: 30 August – 7 September 2004**

The OAG was honored to host the International Accounting Standards Workshop which was funded by IDI of INTOSAI. A total of 18 participants from seven countries within the South Pacific region attended the workshop.

The objective of the workshop was to have a working knowledge of the International Accounting Standards which will come into effect from 01/01/05.

### **64<sup>th</sup> International Training Course on Auditing in an Information Technology Environment, Noida, New Delhi, India: 20 August – 19 October, 2004**

An Auditor, Mrs Paulini Navuku, was one of the 41 participants from 28 countries all over the world who attended this training.

With the development of Information Technology within the Government, this training enhanced the OAG to help establish a specialized unit for auditing in an IT environment.

This training was funded entirely by the Office of the Comptroller and Auditor General of India.

### **INTOSAI 2004 Congress – Budapest, Hungary: 11 – 16 October 2004**

The Auditor General of Fiji attended the above meeting.

The theme of the congress was to determine the possibilities for bilateral and multilateral co-operation among Supreme Audit Institutions and to facilitate co-ordination of audit efforts among – national, regional and local and self governing bodies.

### **FIA Technical Workshop Seminar, Coral Coast, Fiji: 5 – 7 November 2004**

The Workshop was attended by 10 registered members of the Fiji Institute of Accountants.

The objective of this workshop was to provide a working knowledge of the “valuations of going concerns”, Capital budgeting from the states perspective” and “Bank loan applications; what banks look for”. The workshop also provided two plenary sessions on “Planning Tourism Projects” and “Public Private Partnerships-Recent Developments.

### **Financial Management Reform Training, USP, Suva Fiji: 23 November – 6 December 2004**

This training was organized by the Ministry of Finance with the University of the South Pacific being the facilitators of the training. The training was organized in four phases following the introduction of the new Financial Management Act, 2004 which will come into effect on 1 January 2005.

The training was attended by the senior management and various staff of the Office of the Auditor General.

The objectives of the training were to cover:

- the major components of the Financial Management Act, 2004;
- aspects of the new Finance Instructions; and
- aspects of pro-forma Finance Manual.

### **OAG Strategic Planning Workshop, Coral Coast, Fiji: 17 – 18 December 2004**

The workshop was organized by the Office of the Auditor General’s Training Committee with guidance provided by the Public Service Commission and the Ministry of National Planning.

The workshop was attended by a total of 18 participants comprising of the Auditor General, Deputy Auditor General, Directors of Audit and Audit Managers with the objective of developing a 5-year Strategic Plan (2005-2009) for the Office of the Auditor General.

## Visit of H el ene Gisserot, Procureur g en eral pr es la Cour des Comptes (Paris)

Mrs H el ene Gisserot, “Procureur G en eral pr es la Cour des Comptes” has made her first official visit in New Cal edonia. She is the head of the attorney general (“commissaire du gouvernement”) network (“le parquet”) both for the Court of accounts in Paris and for the 26 chambers of accounts of every French region (2 for South Pacific overseas territories).

Every Regional chamber of accounts includes a “commissaire du gouvernement” acting as a attorney general in charge of :

- Being the warrant of our legal procedures
- drafting a report called “conclusions” on each of our audit (financial and performance audit)
- being the link between court of account and other jurisdictions

The importance of this visit was double. Within the institution some meetings and working groups with the “Procureur general” and her deputy provided the opportunity to discuss a lot of technical and legal as well as strategic issues for New Caledonian auditors, junior and senior.

For New Caledonia, the visit of one of the two head of the “Cour des comptes”, with Philippe Seguin, First President, is significant. It has been underscored by a lot of official visits namely to the Presidents of Provinces. It has to be pinpointed that France is subsidizing New Caledonia of nearly 17 billions of NZ \$ each year, roughly one fourth of the GDP. So the challenge is to improve public management.

## The new French “budgetary constitution”

For the last three years, the expansion rate of the French budget has been fixed at zero in real terms (inflation rate included). On top of this stringent budget policy, tackling the public debt burden has implied a structural reform on our budget process. 2005 will be for French budget, the first application test of its new budgetary constitution as called by some jurist. Beyond the effort to cut the expenses, this landslide reform of the previous system, set up in 1958, can be put in a nutshell by few explanation about three of its main characteristic: a new classification for vote and budget execution, the integration of performance accountability within the budget process, some increased margin of action responsibility for the manager of public policies.

1. The former budget classification divided the budget in ministerial section and for each of them there was a classification in six categories by nature of expense. The crossing of those two classifications was the unit for parliamentary vote, i.e. 830 budget chapters. The new budget will have a new classification through 25 missions, framework for vote, themselves subdivided in 133 programs, framework for budget execution. This new presentation will permit to citizens to have a better visibility between the budget structure and public policies implemented.

2. It will be now mandatory to have with the budget bill project an **annual performance** project for each of the 133 programs. This document will describe every action of the program, measure the cost associated and define the performance targets on 3 axis :

- Point of view of citizens: socio-economic effectiveness
- Point of view of client: quality of service given
- Point of view of tax payer: efficiency and economy

Those performance targets will flow in key indicators for every objective assigned to every action of the program. At the end of the year, an **annual performance** report on each program must be joined to the budget execution bill submitted to parliament. The comparison between the key indicators

expected and reached will be made.

3. **Managers** will be designated to be at the head of each of the 133 programs. They will be able to transfer any credit line with a high margin of freedom; the counterpart will be his **personal accountability** for reaching the performance target of his program.

## NEW ZEALAND – OFFICE OF THE AUDITOR GENERAL

### Recent Reports Issued

The New Zealand Office of the Controller and Auditor-General has issued the following reports since the publication of the last SPASAI Bulletin:

- New Zealand Trade and Enterprise: Administration of grant programmes
- New Zealand Trade and Enterprise: Administration of the Visiting Investor Programme
- Christchurch Polytechnic Institute of Technology's management of conflicts of interest regarding the Computing Offered On-Line (COOL) programme
- NZ on Air's funding of NZ Idol
- Annual Report 2003-04
- Summary Annual Report 2003-04
- Inquiry into the Ministry of Education's monitoring of scholarships administered by the Maori Education Trust
- Sale of shares in Powerco
- Conflicts of interest – A Guide to the Local Authorities (Members' Interests Act) 1968 and Non-pecuniary Conflicts of Interest
- Working for Families Communications Strategy

Copies of the above reports are available from the Office's web site at:

[www.oag.govt.nz](http://www.oag.govt.nz)

### Regional Working Group on Environmental Auditing

Preparations are underway for the 3rd meeting of the ACAG/SPASAI Regional Working Group on Environmental Audit (RWGEA). The meeting will be held in Sydney, Australia on the 27-29 April 2005 and will be hosted jointly by the New Zealand and New South Wales Audit Offices.

A draft agenda for the meeting is currently being put together and is likely to include training on auditing environment issues such as air, water and waste. Presentations from external speakers on issues such as climate change and sustainable development are also planned. We anticipate a stimulating meeting where we can share ideas and build capability for undertaking environmental audits in the ACAG/SPASAI region.

The meeting is likely to be well attended with seven audit offices from Australia and the Pacific Islands having indicated they will be sending staff. All SPASAI members are invited to attend the 3rd meeting of the RWGEA.

For more information on the meeting contact Gareth Ellis ([gareth.ellis@oag.govt.nz](mailto:gareth.ellis@oag.govt.nz)) or Deborah Mills ([deborah.mills@oag.govt.nz](mailto:deborah.mills@oag.govt.nz)) and for more information on the RWGEA see the web site at:

**PALAU – OFFICE OF THE PUBLIC AUDITOR**

**Audit of School Books, Supplies and Instructional Equipment**

This audit was a performance audit of School Books, Supplies and Instructional Equipment.

In Palau, the Congress appropriates funds specifically for the purchase of school books, supplies and Instructional equipment.

In addition, school books for public schools are issued to students free of charge, however, students are charged replacement cost for lost or damaged books. We conducted the audit to determine whether the Ministry of Education (MOE, the government department responsible for implementing the program) used the funds for their intended purpose and that funds were expended in accordance with applicable laws and regulations, among other objectives.

We found that the Ministry did not have an established system for recording and keeping track of school books purchased. Compounding the problem was the absence of a process for conducting annual physical inventory of school books. Hence, there was lack of reconciliation between the quantities of school books (various subjects) per records and actual inventory. In addition, we found that MOE did not always place orders on time, resulting in books arriving late into the school year. Furthermore, we found that the MOE did not have a collaborated system, other than enrollment based, in place for determining the quantities of school books to purchase for a school year, resulting in excess inventory of school books. Moreover, the MOE was not assessing students for damaged or lost books. Hence, the government paid to replace lost or damaged books. Finally, the MOE did not always follow local procurement laws and regulations in the conduct of procurement of school books.

We recommended that the MOE (1) establish a computerized system (database) for recording and keeping track of school book purchases, (2) conduct physical inventory on an annual basis and to reconcile its records to the physical inventory, (3) establish a timetable for ordering school books to ensure they arrive on time before the start of school year, (4) establish a more accurate process for determining the quantities of school books to purchase, (5) assess students for the replacement cost of damaged or lost books, and (6) conduct its procurements in accordance with the procurement Law and Regulations. The Office of the Public Auditor will be conducting a follow up review to determine if the MOE has taken corrective action to implement our recommendations. We will let you know the outcome of our follow up review.

**QUEENSLAND – OFFICE OF THE AUDITOR GENERAL**

**Key Developments within the Queensland Audit Office (QAO)**

## **Report of the Strategic Review of the Queensland Audit Office**

Mr Henry Smerdon & Mr Richard Anderson were appointed by Governor-in-Council to conduct the second strategic review of the Queensland Audit Office on 13 November 2003. Their report “The Report of the Strategic Review of the Queensland Audit Office” was tabled in Parliament on 6 October 2004 by the Honourable the Premier.

There report states that -

“Our examination and investigations lead us to the view that -

- QAO operates as an efficient and effective public sector auditing practice;
- QAO is well-organized and well-managed;
- QAO has embraced the final agreed recommendations of the Sheridan Report and has systematically and thoroughly undertaken their implementation;
- considerable progress has been made in developing and strengthening relationships with key stakeholders;
- communication within QAO and with key stakeholders and auditees has been significantly improved;
- there is coherency in and commitment to the vision and strategic direction of QAO;
- there is a much greater awareness of the auditee as a client, which has seen a marked improvement in the relationship between QAO and auditees;
- the independence of the Auditor-General to undertake the audit task continues as a cornerstone of our system of Government.

We believe that there are opportunities for further development of -

- the Performance Management Systems audit mandate and the possible future adoption of a Performance Audit mandate;
- a greater QAO presence for the benefit of auditees in regional and remote areas of Queensland;
- the relationship with the Parliament through the Public Accounts Committee;
- the provision of enhanced training and development for staff;
- more flexible remuneration structures for QAO staff;
- enhanced communication protocols with key stakeholders, including the media....”

...There are major challenges for the QAO going forward:

- An on-going need and capacity to attract and retain high quality skilled staff and to enhance and develop those skills to meet the challenges of a rapidly changing environment;
- The need to develop acceptable audit practices that will facilitate smaller audits being conducted efficiently and effectively with a much lower resource intensity so that resources can be released for work in areas of increased risk;
- Pro-active positive engagement of auditees and other key stakeholders to ensure that the QAO continues to be valued in the overall accountability process;
- Clear resolution of the issue of mandate in terms of PMS audit versus performance audit.”

The full report is available of QAOs website – [www.qao.qld.gov.au](http://www.qao.qld.gov.au)

## **Appointment of Auditor-General**

Mr Len Scanlan’s seven year term as the Auditor-General of Queensland finishes on 16 December 2004. During his term he endeavored to foster financial accountability while ensuring the

independence of the Office to report to the primary client, the Queensland Parliament.

On 18 November 2004, Mr Glenn Poole was appointed as Queensland's new Auditor-General and he will take up duty on 17 December 2004.

### **Auditor-General Reports to Parliament 2004-05**

The following Auditor-General Reports to Parliament have been tabled in 2004-05.

<b>Report No.</b>	<b>Subject</b>	<b>Date of Report</b>	<b>Date Tabled in the Queensland Legislative Assembly</b>
1	Auditor-General's Report No. 1 Results of Audits Performed as at 31 May 2004	13 July 2004	23 July 2004
2	Auditor-General's Report No. 2 Audit of the Queensland Disaster Management System	10 August 2004	19 August 2004
3	Auditor-General's Report No. 3 Results of an Audit of Expenses Reimbursed to the ENERGEX Limited Chief Executive Officer	30 September 2004	30 September 2004
4	Auditor-General's Report No. 4 Results of Audits Performed as at 31 August 2004	12 October 2004	21 October 2004
5	Auditor-General's Report No. 5 Results of Performance Management Systems Audits	9 November 2004	23 November 2004
6	Auditor-General's Report No. 6 Results of Audits Performed as at 30 September 2004	16 November 2004	25 November 2004
	1997-2004-A Reflection		
8	Auditor-General Report No. 8 2004-05 Update on an Audit of Expenses Reimbursed to the Former Chief Executive Officer of ENERGEX Limited.	16 December	16 December 2004

These reports are available on the OAG website- [www.qao.qld.gov.au](http://www.qao.qld.gov.au)

**TUVALU – OFFICE OF THE AUDITOR GENERAL**

**Audit of National Accounts**

The audit of the national accounts for 2003 has been completed in October 2004

## **Human Recourses**

Former Auditor General, Mr Lotoala Meteia has been voluntary retired from his post as the Auditor General in September this Year. Two of our Assistant Auditors Taape has a new post as an Assistant Manager in one of the Tuvalu Cooperative Society branch and the Trevor now is an Accountant for the Tuvalu Electricity Corporation. The office of the Auditor General has now been shifted to the new government building, which was opened in August this year. Ms Lausanne Robert and Ms Toligi Paueli were supposed to attend the SPASAI Accounting Standards Workshop held in Fiji from the 30<sup>th</sup> August to the 7<sup>th</sup> September however their flight was cancelled due to some problems faced by the Air Fiji.

## **VICTORIA - OFFICE OF THE AUDITOR GENERAL**

### **Performance audits tabled in Spring 2004 session**

#### **Measuring the success of the Our Forests, Our Future Policy (October 2004)**

This audit examined the efficiency, effectiveness and economy of the *Our Forests, Our Future - Balancing Communities, Jobs and the Environment* policy. The audit was conducted in 2 phases. The first phase concentrated on the buy-back of sawlog licences (and the associated worker and contractor assistance programs) required to meet the reduced timber harvesting volumes that was a key objective of the policy. The results of that audit were contained in our October 2003 report titled *Managing logging in State forests*.

The second phase of the audit concentrated on assessing the effectiveness of the implementation and impact of the *Our Forests, Our Future* policy. As part of the process the Office developed performance indicators, measures and standards that form the basis of gauging whether the agencies involved were implementing the policy as planned and whether the intended policy outcomes were being achieved.

#### **Meeting our future Victorian Public Service workforce needs (December 2004)**

The public sector and its work force are affected by a number of issues, including an increase in demand for services across certain sectors, the need for new skills and innovative approaches to work practices, and the growing number of employees eligible for retirement.

The review assessed the adequacy of strategic work force planning across a number of public sector agencies with the potential to identify scope for improved strategic work force planning; and enhance resource management.

#### **Managing school attendance (December 2004)**

This audit considered how effective attendance management practices in schools are, and whether the Department of Education and Training (DET) and schools have clear and rigorous processes in place, which form the foundation for effective student attendance management. The audit found that key initiatives implemented by DET whose aims include minimising student absenteeism were

soundly based, however, the lack of available evaluative data meant that the Office was unable to conclude whether these strategies had been effective.

### **Performance Audits in progress**

#### **Managing adverse events in public hospitals**

This performance audit focuses on the respective roles of hospitals and the Department of Human Services in the management of patient safety. It will reinforce the accountability of public hospitals for the quality of the care they provide, and the importance of transparency in how they discharge their duty of care. It will address the risk management framework governing the identification, analysis and response to adverse events.

#### **Management of occupational health and safety in local government**

This audit examines how effectively local government respond to trends (causes and growth) in occupational health and safety claims. It will also look at how local government manage OHS issues and the measures adopted to ensure that an agency's ability to deliver goods and services is maintained.

#### **Regulating operational rail safety**

The audit focuses on the public transport safety regulator's activities for managing and implementing the safety accreditation system for trains, as provided for in the Transport Act 1983 and the Transport (Rail Safety) Regulations 1998.

The overall objective of the audit is to assess whether the public transport safety regulator has implemented the rail safety regulatory framework effectively and efficiently, that is, as intended by the legislation and regulations.

#### **Human resource management – Recruitment**

This audit will evaluate recruitment and selection of staff processes across a selection of public sector agencies.

#### **Management of intellectual property in selected areas of the public sector**

Substantial public funds are contributed towards research activities in public sector agencies. It is desirable that appropriate mechanisms are in place to identify, protect, develop and commercialise the intellectual property generated from those activities and to ensure accountability for resources allocated to this area. This audit will assess the adequacy of these mechanisms.

#### **Out of home care**

Recent reviews undertaken by the department and other agencies and audits of Out of Home Care (OOHC) services have assisted in identifying key strategies for reform of OOHC services. The department, in collaboration with community service organisations, has begun work on initiatives under each of these strategies. In this context, a performance audit focusing on the adequacy and outcomes of these initiatives to date, and the development of processes and systems to guide the reform agenda could add significant value to this work

The overall objective of the audit is to assess the adequacy of the Department of Human Services approach to reforming the Out of Home Care program.

### **Stormwater Drainage in Metropolitan Melbourne**

The audit will focus on determining whether the stormwater management practices adopted by Melbourne Water and metropolitan councils have efficiently and effectively addressed stormwater flooding risks in their localities. The audit will examine the following key questions:

- have the stormwater flood mitigation strategies adopted by agencies diminished the exposure to damage caused by flooding?
- are the drainage infrastructure asset management practices adopted by agencies optimising the useful life and service capability of these assets?

### **Health Purchasing Practices**

Health Purchasing Victoria (HPV) was established in July 2001 under the *Health Services Act 1988* with responsibility to facilitate reform of the procurement system for Victorian hospitals and health services. Through HPV, hospital purchasing was to be centralised. HPV's key legislative functions are to:

- supply or facilitate supply of goods and services to health services on best value terms
- implement policies and practices to promote best value in relation to the supply of goods and services
- provide advice, staff training and consultancy services in relation to the supply of goods and services

The audit intends to examine the performance of HPV, its impact on purchasing practices and costs of the health sector and whether individual health services are obtaining medical supplies in an efficient and cost-effective manner.

### **Management of intellectual property in selected areas of the public sector**

Public sector agencies create, purchase and fund the development of a range of intellectual property. It is desirable that appropriate mechanisms are in place to identify, protect, develop and ensure that ownership and access rights to intellectual property generated from those activities are clear. This audit will assess the adequacy of these mechanisms.

### **Public Transport Franchise Arrangements**

The Government is amending the current franchise arrangements from the interim 'one tram', 'one train' arrangements, which were introduced in May 2003.

The audit proposes to examine whether:

- the management processes adopted by the Department of Infrastructure and the Department of Treasury & Finance, for amending the franchise arrangements are effective; and
- whether the new franchise arrangements effectively mitigate the earlier problems/failures faced by franchisees - in particular any potential failure to meet forecast passenger growth.

#### **Reports tabled since June 2004**

Our program of special reviews complements our performance audits and focuses on specific accountability matters that we regard to be in the public interest. Special reviews recently tabled addressed the following topics:

- Water rights and water trading in Victoria.
- Management of procurement and accounts payable functions.
- Developing of policy advice to enable government to make informed decisions on public policy issues.
- Follow up review on the progress made by the Environment Protection Authority in addressing the recommendations of our previous performance audit report, Managing Victoria's air quality
- Managing offenders on community corrections orders

#### **Other products**

The Office published two good practice guides in June 2004:

- Managing internet security
- Managing risk across the public sector

In addition the Office issued an occasional paper entitled "Measuring and reporting sustainability: Beyond the triple bottom line".

#### **Organisational issues**

##### **Audit Methodology – Financial Audit**

The Office is working in conjunction with the Queensland Audit Office to examine the issues concerning the joint development of an audit methodology for both offices.

##### **Auditing Performance Indicators**

The Office has developed a methodology for auditing the reporting of performance information.

Given the strategic importance of performance management and reporting to public sector performance and accountability, it is proposed to maintain a continuous audit focus in this area to facilitate improvement – and assist in moving towards the attestation of key performance indicators.

**Continuing work on the MARS practice management system to revise and improve reporting facilities**

Changes are being made to improve the detail and presentation of reports. We are emphasising the use of graphics, On-line Analytical Processing (OLAP) facilities and the availability of reports at client's sites. We will also be trying to reduce the amount of detail provided at the normal level of reporting.

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