# Follow up of selected Auditor-General reports

University of Tasmania's management of student accommodation

Effectiveness of Internal Audit

Management of underperformance in the Tasmanian State Service

# Audit objective

The audit assessed the degree to which State entities implemented recommendations made in 3 reports tabled between October 2019 and August 2020:

- University of Tasmania's management of student accommodation, report No 2 of 2019-20 (Student accommodation report)

- Effectiveness of Internal Audit, report No 1 of 2020-21 (Internal audit report)

- Management of underperformance in the Tasmanian State Service, report No 2 of 2020-21 (Management of underperformance report).

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# Management of underperformance – context

- The State Service Management Office (SSMO) is responsible for leading the review of Employment Direction No. 26 *Managing Performance in the State Service* (ED 26).

- Under ED 26, Heads of Agency are responsible and accountable for developing and implementing effective performance management arrangements in their agency.

- The Minister administering the *State Service Act 2000* (or delegate), ie. the Premier, makes the final decision to terminate an employee who has not performed to the required standard.

- Only one Tasmanian State Service employee has been terminated following an ED 26 process since the tabling of the Management of underperformance report in August 2020.

- **ED 26 itself has not been reviewed since 2013.**

# Management of underperformance – recommendations
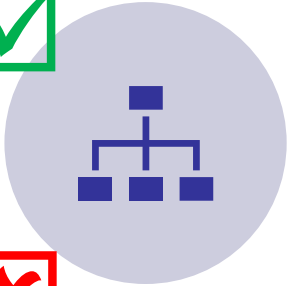
✅ **1.** The SSMO and agencies work together to improve process guidance.

❌ SSMO's review of ED 26

✅ **2.** The SSMO and agencies work together to improve manager capability.

✅ **3.** Agencies improve monitoring of the occurrence and impact of informal and formal underperformance to understand the extent of, and key drivers for, underperformance within their workforce.

✅ **4.** Agencies pursue initiatives to enhance managers' capacity and preparedness, to deal with employee underperformance.

**Legend:**

☑ Implemented / Largely implemented   ⧗ Partially implemented   ☒ Not implemented

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# Audit conclusion –
# Follow up of Management of underperformance report

- The follow up concluded that agencies have implemented or largely implemented recommendations aimed at improving the management of underperformance in their workforce. This included provision of process guidance, training and monitoring to help enhance manager capability. However, SSMO's delay in reviewing and updating ED 26 has impacted the full implementation of Recommendations 1 and 2 for all audited agencies.

- Those recommendations listed as not implemented will be included in our Memorandum of Audit Findings to entities, and implementation will be tracked during future financial audit cycles.

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# Internal audit – recommendations

Independence of audit committees

(3 recommendations)

Training, induction and performance assessment of audit committees

(3 recommendations)

Internal audit work plans, benchmarking
and follow up of audit recommendations

(3 recommendations)

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# Independence of audit committees

| TAO recommendations | Extent of implementation | |
|---|---|---|
| 1. Secretaries to ensure there are regular, formal meetings between the audit committee Chair and Secretary where the effectiveness of the internal audit function is discussed. | **6 agencies:** | ☑ |
| | **2 agencies:** | ⧗ |
| 3. Secretaries ensure audit committees have an independent Chair and a majority of independent members to enable effective challenge of departmental management. | **5 agencies:** | ☑ |
| | **2 agencies:** | ⧗ |
| | **1 agency:** | ☒ |
| 9. Audit committees to review committee charters to ensure they follow Treasury guidance. | **8 agencies:** | ☑ |

**Legend:**
☑ Implemented / Largely implemented   ⧗ Partially implemented   ☒ Not implemented

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# Training, induction and performance assessment of audit committees

| TAO recommendations | Extent of implementation | |
|---|---|---|
| 4. Audit committees to develop role profiles and a skills matrix for audit committee members and periodically assess the composition of the audit committee. | **7 agencies:** | ☑ |
| | **1 agency:** | ⧖ |
| 5. Audit committees to improve induction and training provided to all audit committee members and internal auditors. | **8 agencies:** | ☑ |
| 8. Ensure secretaries conduct annual performance assessments of the audit committee with periodic external assessments. | **1 agency:** | ☑ |
| | **4 agencies:** | ⧖ |
| | **3 agencies:** | ☒ |

**Legend:**
☑ Implemented / Largely implemented   ⧖ Partially implemented   ☒ Not implemented

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8

| TAO recommendations | Extent of implementation | |
|---|---|---|
| 2. Audit committees to facilitate working collaboratively across departments to benchmark internal audit activity to better understand if the internal audit function is adding value. | **8 agencies:** | ☒ |
| 6. Audit committees to improve the links between internal audit plans, departmental risks and strategic objectives to ensure coverage of primary risks and drive more significant improvements in departmental outcomes. | **8 agencies:** | ☑ |
| 7. Audit committees review effectiveness of audit recommendations in driving improvements and improving outcomes. | **8 agencies:** | ☑ |

**Legend:**
☑ Implemented / Largely implemented    ⌛ Partially implemented    ☒ Not implemented

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# Audit conclusion – Follow up of Internal audit report

- Those recommendations listed as implemented or largely implemented will be closed out in our file.

- Those recommendations listed as not implemented or partially implemented will be included in our Memorandum of Audit Findings to entities, and implementation will be tracked during future financial audit cycles with 2 exceptions:

  – Recommendation 2 will also be closed as that will be resolved through the Office facilitating an annual community of practice meeting for audit committee Chairs linked to our Senior Managers and Audit Committee members seminar held each year.

  – Recommendation 3 for DSG and Treasury will also be closed as their audit committees have sufficient independence to challenge departmental management. However, we consider majority independence to be better practice.

# Student accommodation – recommendations

**1.** Develop a student accommodation strategy

**2.** Develop an engagement and communication framework

**3.** Review internal asset management framework

**4.** Improve engagement with students

**Legend:**
☑ Implemented / Largely implemented    ⧗ Partially implemented    ☒ Not implemented

# Audit conclusion –
# Follow up of Student accommodation report

- The follow up concluded that the University is still progressing the implementation of Recommendation 1 and we accept their rationale for not implementing Recommendation 3.

- All the recommendations from the Student accommodation report will be marked as closed in our file and will not be reviewed in subsequent follow-up reports.

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# Responses

- The entities that provided a formal response accepted the follow up reports as being a true and accurate reflection, noting that most of the recommendations have been implemented or largely implemented.

- A few entities described additional work being undertaken to address the remaining recommendations.

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