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PARLIAMENT OF TASMANIA

AUDITOR-GENERAL SPECIAL REPORT NO. 52

INTERNAL AUDIT IN THE PUBLIC SECTOR

August 2004

Presented to both Houses of Parliament in accordance with the provisions of Section 57 of the Financial Management and Audit Act 1990

By Authority:

Government Printer, Tasmania

24 August 2004

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Mr Speaker

PERFORMANCE AUDIT NO. 52
INTERNAL AUDIT IN THE PUBLIC SECTOR

This report has been prepared consequent to examinations conducted under section 44 of the *Financial Management and Audit Act 1990*, for submission to Parliament under the provisions of section 57 of the Act.

Performance audits seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, thereby identifying opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance Parliamentary decision making to the benefit of all Tasmanians.

Yours sincerely

H M Blake
AUDITOR-GENERAL

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Foreword

The purpose of internal audit (IA) is to provide assurance to executive management – or a 'governing body' such as a Board – that an organisation's control and risk management systems are working properly. As with other resources that businesses use, internal audit is a finite commodity and should be used effectively so that the maximum benefits, consistent with achieving the organisation's overall objectives, are obtained.

This performance audit reviewed IA at four entities that either maintained their own IA sections or contracted the service from an external accounting firm. Details of the audit clients and their arrangements are:

Client	How IA is sourced
Department of Education	IA section
Department of Infrastructure, Energy and Resources	Externally provided
Hydro Tasmania	IA section
University of Tasmania	Externally provided

Active management support for IA was evident at each audited entity. This existed in the form of audit charters, audit committees and access to the Chief Executive Officer.

The selection of audits for an IA annual work program should be based on assessed risks to the organisation's business. We were satisfied that the four entities had conducted risk assessments, but found variations as to how and when these assessments were done. Organisational risk assessment and internal audit are separate functions but in three of the four entities that we audited there was no clearly defined linkage to allow their interaction.

The quality of work undertaken by IA – whether sourced from within the organisation or from an external provider – was satisfactory. Reports produced by IA were being addressed at appropriate levels and management accepted most recommendations that had been made. Also, IA followed up recommendations to ensure that they were being implemented in a timely manner and if not, reasons for this.

One area where improvements could be made was performance measurement. Only one organisation was using performance indicators that could be accurately measured to assess its IA function. On the other hand, all but one of the entities had peer review mechanisms in place to ensure objective review of IA.

We also reviewed the four Tasmanian government departments that had chosen not to have an IA function and found that two did not have documents to support their position.

In all, our report contains 12 recommendations that may be relevant to all public sector organisations.

H M Blake

Auditor-General

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Executive summary

EXECUTIVE SUMMARY

INTRODUCTION

Internal audit (IA) operates to provide assurance to executive management or a 'governing body' that an organisation's control systems are effective.

In the mid to late 1990s, Australia's changing business environment impacted on the way that organisations viewed IA. Management evaluated IA's relevance, reliability and cost in the light of changes triggered by financial reform programs, devolution of authority and increased contestability. The imperative for organisations was to do more with less while at the same time strengthening internal governance.

In the Tasmanian public sector, section 22(c) of the *Financial Management and Audit Act 1990* provides a legislative framework for IA whereby a Head of Agency is responsible for ensuring the existence of an effective system of internal control including, where appropriate, an IA function.

OBJECTIVE

The audit's objective was to determine the efficiency and effectiveness of IA services in meeting corporate governance[1] objectives in the Tasmanian public sector.

SCOPE

We reviewed two entities that had an in-house IA function and two where the service was contracted from an external provider. Details are:

- o Department of Education – DoE - (Internal);
- o Department of Infrastructure, Energy and Resources – DIER - (External);
- o Hydro Tasmania – HT - (Internal); and
- o University of Tasmania – UTas - (External).

UTas and DIER had contracts with an accounting firm to provide IA services.

We also visited departments that did not have an IA function to determine the reasons for their decision:

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[1] Defined by Pat Barrett, AM Auditor-General for Australia in address for CPA *Australia's Government Business Symposium* in Melbourne on 20 September 2002 as: 'How an organisation is managed, its corporate and other structures, its culture, its policies and strategies, and the ways in which it deals with its various stakeholders … a combination of legal and 'better practice' organisational structure and management requirements, aimed at facilitating accountability and improving performance.'

> o Department of Premier and Cabinet;
>
> o Department of Tourism, Parks, Heritage and the Arts;
>
> o Department of Police and Public Safety; and
>
> o Department of Justice and Industrial Relations.

AUDIT OPINION

Overview

We found that, in the main, the four entities that did have internal audit were receiving significant benefits from the activity. We also found that, in the main, those entities have an effective structure to support the function, are doing the right audits, that the audits are well conducted and have effective reporting processes.

Do they have the right structure?

Active management support for IA was evident at the four entities that we reviewed. Three out of the four organisations had an external representative on their audit committee. The role and importance of IA was recognised and – with the exception of an audit charter at UTas – structural frameworks existed to support the function.

We found that staff employed as internal auditors possessed appropriate tertiary qualifications.

Are they doing the right audits?

We were satisfied that the each of the four entities had at some time or other assessed their organisational risk. However, we found variations as to:

> o When these assessments were conducted;
>
> o How the assessments were completed;
>
> o The importance placed on their linkages to their IA function; and
>
> o The degree of ongoing follow-up.

Only HT satisfied all of our criteria in relation to risk management and organisational goals. Internal audit at UTas had completed a risk assessment exercise, however, it was no longer current. Neither DIER nor DoE had involved their IA functions in assessing organisational risk or alternatively engaged them to review their risk assessment exercises.

Are the internal audits well conducted?

The quality of work undertaken by IA – whether internally or externally sourced – was found to be satisfactory.

Is the reporting process effective?

We were satisfied that reports were being addressed at an appropriate level. We also found that management implemented most recommendations that we were able to follow up on. Although most IA functions were able to provide figures on the level of acceptance of recommendations, none were routinely collecting or using this data. Collection of statistics concerning recommendations and their acceptance and implementation should be considered.

Measuring the effectiveness of internal audit

Only one IA section was using performance indicators that could be accurately measured. A greater emphasis needs to be placed on establishing goals and performance indicators for IA functions. Organisations should review the performance of IA on a regular basis.

All but one IA function had a peer review mechanism in place, ensuring objective review.

No internal audit function

Two of the four departments without an IA function did not have documents to support their decision.

MANAGEMENT RESPONSE

Entities reviewed

Department of Education

'… the Department of Education [is] fully supportive of the draft report and the recommendations. …the recommendations will be formally considered at the next meeting of the Department of Education's Risk Management Committee. Without pre-empting the Committee's deliberations, I do not foresee any significant issues associated with the recommendations relating to [the Department of Education], noting that some recommendations will take time to action (e.g. Peer Review of Internal Audit Section).'

Dr Martyn Forrest

Secretary

Department of Infrastructure, Energy and Resources

The Department of Infrastructure, Energy and Resources appreciates the opportunity for independent review of its activities which is afforded by these performance audits and in particular the positive comments regarding the overall internal audit program for the Department.

Many of the recommendations coming from this performance audit report, particularly Recommendations 1,2 and 8, are based on best practice principles which may or may not be appropriate for implementation in the Department. Some of the best practice principles were considered and rejected when implementing the current structures.

The Department's Audit Committee will consider each of the recommendations in this performance audit report and determine those which should be implemented. In some instances the decision to not implement a recommendation may represent a healthy and appropriate difference of professional opinion.

Mark Addis

Secretary

Hydro Tasmania

'…we are of the view that the recommendation to collect statistics on recommendations made their subsequent follow up, [Recommendation 9] which in itself may be appropriate, is not really relevant to Hydro Tasmania due to the review process in place.

In particular, the implementation of recommendations is negotiated with management and management actions, including accountabilities and timelines are agreed prior to the issue of the final audit report. A follow up review to determine the progress of the implementation of the recommendations is held six months after the audit.

A follow up audit report detailing the status of the implementation is provided to management and the Audit Committee.'

Berend Stubbe

Manager Internal Audit

University of Tasmania

The University of Tasmania responded specifically to a number of the recommendations made.

'Recommendation 3: [Audit committees and audit charters]

The University will include an internal audit charter under the governance level policy framework, which is currently being developed.

Operational risk assessments will be included in annual operational planning processes for faculties and divisions and other activities within

the University in the future. These will be reviewed and revised each year and consolidated into an overall operational risk profile for the University.

Recommendation 6: [Strategic planning and risk assessment]

We agree with the recommendation. The extent of involvement of internal audit in organisational risk assessment will be clearly set out in the Internal Audit Charter.

Recommendation 8: [Risk management and organisational goals]

Internal audit plays an important role in the risk management process. However, it is critical that risks be identified are owned by operational managers and not by Internal Audit. Internal Audit should also play a role in the review of the risk management process. University resources including internal audit resources should be directed to areas of highest risk. Organisational risk assessments should also drive the Internal Audit planning process.

Recommendation 9: [Follow up of recommendations]

We do not see particular benefit in collecting statistics on recommendations made and subject follow up. The University has an established system of reporting, Executive Audit and Audit Committee consideration of audit reports.

All issues raised require management comment and follow-up action is monitored on an ongoing basis.

Recommendation 10: [Key performance indicators]

Measurable performance indicators will be developed against which internal audit performance can be benchmarked. These will be reviewed annually by the Audit Committee.

Richard Easther

Acting Executive Director, Finance and Administration

Agencies that currently do not have an internal audit function

Department of Justice and Industrial Relations

I have noted your comments in relation to the agencies that do not have an internal audit function and I have requested my Director (Corporate Services) to provide a report to the Departmental Executive reviewing the reasons behind the decision not to have an internal audit function and the benefits to the agency in establishing, to some extent, an internal audit function.

Richard Bingham

Secretary

Department of Police and Public Safety

'The Department of Police and Public Safety has no issue with the Audit Report…' As previously indicated a review was undertaken in June 2004 with recommendations to be assessed by the Corporate Management Group.'

E McCreadie

Commissioner of Police

Department of Tourism, Parks, Heritage and the Arts

Further to the details provided at the time of the audit we advise that the tender relating to the internal audit function has now been completed and an internal audit program is in place for 2004-04

Kane Salter

Manager Financial Resources

SUMMARY OF RECOMMENDATIONS

The following table reproduces the recommendations contained in the body of this report.

Rec No	Report section	Recommendation
1	1.1	**DIER** **The Department should consider engaging at least one member of the audit committee from outside to bring a fresh perspective and to challenge management's assertions.**
2	1.1	**DIER** **We suggest that a senior representative of internal audit attend Management Assurance Committee meetings when internal audit reports are presented.**
3	1.1	**UTas** **UTas should adopt an internal audit Charter and make it widely available to staff.**

4	1.2	**DoE**
		DoE should review the classification level for internal auditors to provide parity with similar positions in other public sector organisations.
5	2.1	**DoE and UTas**
		Organisational risk assessments need to be reassessed on a regular basis.
6	2.1	**DIER, DoE and UTas**
		Organisational risk assessment and internal audit are separate functions but there needs to be a clearly defined mechanism to allow their interaction.
7	2.1	**DIER**
		Greater use of internal audit should be made in operational areas.
8	2.2	**DIER, DoE and UTas**
		Internal audit should have some involvement in the risk management process either through assistance to the risk management team, or review of the process.
9	4.3	**DIER, DoE, HT and UTas**
		Statistics on recommendations made and their subsequent follow-up should be collected.
10	5.1	**DIER, DoE and UTas**
		Internal audit should:
		Have measurable performance indicators or goals by which performance can be benchmarked; and
		Be reviewed annually by the audit committee (or its equivalent) to appraise its performance.
11	5.2	**DoE**
		In keeping with current better practice guidelines, all internal audit functions should be peer reviewed regularly. Peer reviews should be completed at least once every five years.
12	6.1	**DJIR and DPAC**
		These Departments should document their positions on internal audit. Also, the matter should be subject to regular review – particularly as circumstances change.

LIST OF ACRONYMS AND ABBREVIATIONS

ANAO	**Australian National Audit Office**
AUQA	**Australian Universities Quality Assurance**
CSA	**Control Self-Assessment**
DIER	**Department of Infrastructure, Energy and Resources**
DJIR	**Department of Justice and Industrial Relations**
DMC	**Departmental management committee**
DoE	**Department of Education**
DPAC	**Department of Premier and Cabinet**
DPPS	**Department of Police and Public Safety**
DTPHA	**Department of Tourism, Parks, Heritage and the Arts**
GAIN	**Global Auditing Information Network**
HT	**Hydro Tasmania**
IA	**Internal audit**
IBRM	**Integrated Business Risk Management**
Mgr – IA	**Manager - Internal Audit**
RMC	**Risk Management Committee**
TAO	**Tasmanian Audit Office**
UTas	**University of Tasmania**

Internal audit in the public sector

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Introduction

INTRODUCTION

BACKGROUND

Internal audit (IA) operates to provide assurance to executive management or a 'governing body' that an organisation's control systems are effective.

A formal definition of the role according to the *Standards for the Professional Practice of Internal Auditing* is that IA is an:

> '…independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

In the mid to late 1990s, Australia's changing business environment impacted on the way that organisations viewed IA. Management evaluated IA's relevance, reliability and cost in the light of changes triggered by financial reform programs, devolution of authority and increased contestability. The imperative for organisations was to do more with less while at the same time strengthening internal governance.[2]

To support executive management of public sector entities in their corporate governance requirements the Australian National Audit Office's (ANAO) published a revised guide titled *New Directions for Internal Audit* in 1998. It reflected contemporary thinking and set out the principles for better outputs and outcomes for internal auditing that are described below.

- o MANAGEMENT SUPPORT

  Management attitudes and operating philosophies are key elements of the control environment. The clearest signal of executive management support for, and commitment to IA is the Charter. The communication framework between the Head of IA, the Head of Agency and the audit committee should be clearly set out in the Charter.

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[2] '*New Directions for Internal Audit*' Australian National Audit Office 1998

o RISK-BASED, CLIENT FOCUS

To remain relevant, IA should give appropriate weight to the needs and expectations of line management. A 'client' focus should encompass all IA clients and this is best achieved by aligning the IA strategy with the overall organisational strategy.

IA planning should include all significant business functions and processes not just financial and accounting risks. Planning should be directed toward ensuring that all functions effectively contribute to achievement of the organisational objectives as set out in corporate and business plans.

o CONTROL ACTIVITIES

The extent to which operating and program goals and objectives have been established and conform to those of the organisation should be ascertained. In addition, the extent to which results are consistent with established goals and objectives should be determined.

Policies and procedures contribute to program outcomes by addressing risks, irregularities, assets and records. Based on the results of the risk assessment, IA should evaluate the adequacy and effectiveness of controls encompassing the organisation's governance, operations and information systems. In doing so, appropriate audit evidence should be obtained in accordance with auditing standards.

o CONTINUOUS IMPROVEMENT

IA's attitude to the continuous improvement of its processes indicates its commitment to ensuring that it remains responsive to any environmental and organisational changes. Benchmarks for continuous improvement with regard to IA could include cost-effectiveness, timeliness and quality of services as well as targets of financial

performance, client satisfaction, internal processes and innovative practices.

In the Tasmanian public sector, section 22(c) of the *Financial Management and Audit Act 1990* provides a legislative framework for IA. It states that:

> 'A Head of Agency shall be responsible for the financial management of that Agency in an efficient, effective and economical manner including in particular –
>
>> The development and maintenance in accordance with Treasurer's Instructions of a system of effective internal control including, where appropriate, an internal audit function.'

Accordingly, we visited those departments without an IA function to determine whether management was keeping the matter under ongoing review or if there were other units within the organisation that fulfilled a similar role.

MANDATE

Under the provisions of section 44(b) of the *Financial Management and Audit Act 1990* the Auditor-General may:

> 'Carry out examinations of the economy, efficiency and effectiveness of Government departments, public bodies or parts of Government departments or public bodies'.

The conduct of such audits is often referred to as performance auditing.

STANDARDS APPLIED

This audit has been performed in accordance with Australian Auditing Standard AUS 806 ('*Performance Auditing*'), which states that:

> 'The objective of a performance audit is to enable the auditor to express an opinion whether, in all material respects, all or part of an entity's activities have been carried out economically, and/or efficiently and/or effectively.'

The audit has included such tests and other procedures considered necessary in the circumstances.

OBJECTIVE

The audit's objective was to determine the efficiency and effectiveness of IA services in meeting corporate governance objectives in the Tasmanian public sector.

SCOPE

We reviewed two entities that had an in-house IA function and two where the service was contracted from an external provider. Details are:

- o Department of Education – DoE - (Internal);
- o Department of Infrastructure, Energy and Resources – DIER - (External);
- o Hydro Tasmania – HT - (Internal); and
- o University of Tasmania – UTas - (External).

UTas and DIER had contracts with an accounting firm to provide IA services.

We also sought responses from the following departments that did not have an IA function to determine the reasons for their decision:

- o Department of Premier and Cabinet;
- o Department of Tourism, Parks, Heritage and the Arts;
- o Department of Police and Public Safety; and
- o Department of Justice and Industrial Relations.

CRITERIA

The audit criteria that we used were based on the ANAO best practice guide referred to above:

- o Do they have the right structure?
- o Are they doing the right audits?
- o Are IAs well conducted?
- o Is the reporting process effective?
- o Measuring the effectiveness of IA; and
- o No IA function.

AUDIT METHODOLOGY

Our audit opinion was formed as a result of:

- o Discussions with managers and line staff;
- o Examination of policies, plans, reports and working papers; and
- o An externally sourced survey.

The latter task involved the application of the US-based Global Auditing Information Network (GAIN) benchmarking tool. The GAIN organisation has a comparative database available for the internal auditing profession. It provided baseline data to allow a measure of comparison of the IA function among our clients.

STAKEHOLDER INPUT

In line with the Audit Office's established practice for the conduct of performance audits, an advisory committee was convened to reflect stakeholder views. The committee provided input to the audit's methodology and reviewed the draft report upon its completion.

Nevertheless, the views expressed in this report are those of the Auditor-General, and are not necessarily shared by other members of the committee.

The Auditor-General chaired the committee and its members were drawn from the following areas:

> o Department of Education;
>
> o Department of Infrastructure, Energy and Resources;
>
> o Hydro Tasmania;
>
> o University of Tasmania;
>
> o Department of Health and Human Services; and
>
> o Tasmanian Audit Office.

TIMING

Planning for the performance audit began in December 2003. Field-testing started in January and extended through to April 2004 with the report being finalised in June 2004.

RESOURCES

The total cost of the audit excluding report production costs was approximately $100 000.

REVIEWS AND AUDITS IN OTHER JURISDICTIONS

ANAO published the report *Benchmarking the Internal Audit Function* in 2000.

The Auditor-General of Western Australia reviewed internal audit as part of the *Public Sector Performance Report 2004*. The key findings included were:

o Five of the six agencies reviewed had an effective IA function; and

o Audit committees should contain an independent member.

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1   Do they have the right structure?

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This section of the report deals with our findings, conclusions and recommendations made in relation to the previously stated audit criteria.

1   DO THEY HAVE THE RIGHT STRUCTURE?

To be able to determine whether organisations had an appropriate structure to support internal audit, we considered:

- **Audit committees and audit charters;**
- **Staffing; and**
- **How risk management is accommodated.**

1.1   AUDIT COMMITTEES AND AUDIT CHARTERS

Audit committees

To be at its most effective, the IA function needs to be appropriately positioned within the organisation. Because IA reviews management's performance it cannot be subordinate to management and has to have unequivocal support of the audit committee, or its equivalent.

The four organisations selected for review came from diverse business sectors encompassing primary, secondary and tertiary education, research, infrastructure management, regulatory functions and electricity generation. Necessarily, governance structures mirrored the nature of the entities' operations as well as their business environments. Government departments are not constituted as commercial, profit-driven businesses and do not have boards or directors. On the other hand, a government business enterprise such as HT closely resembles a private sector business whilst an entity such as UTas which operates in an increasingly commercial setting, falls somewhere in between these two models.

The two government departments (DIER and DoE) had committees that fulfilled the role of an audit committee although they did not have that title. Nonetheless, they concerned themselves with internal control systems and monitored IA. We found that DoE had an external representative on the committee. However, at DIER membership of the committee was restricted to senior officers of the Department with no outside representative. An external representative is able to bring a fresh perspective and can challenge management's perspective on issues raised by IA.

HT is governed by a Board and UTas by a Council. Both had audit committees that were charged with similar responsibilities to those outlined above for government departments as well as providing

assurance to the Board or Council. At UTas at least one member of the audit committee must come from an accounting background, whilst at HT all members of the committee must be non-executive directors with at least one member coming from an outside accounting background.

> **Recommendation 1 – DIER**
>
> **The Department should consider engaging at least one member of the audit committee from outside.**

Audit charters

The importance of an IA charter is highlighted by the ANAO in its 1998 publication '*New Directions in Internal Audit*' where it is stated that:

> 'The clearest signal of executive management support for, and commitment to, the function is the internal audit charter (the Charter). This document should be formally approved by the Chief executive and endorsed fully and unequivocally by the audit committee. It should be promulgated to all senior managers and made generally available to all staff.'

Model IA charters are published by different professional organisations but in essence they cover similar points. To evaluate IA charters we used the version available in the 'Toolkit' of the ANAO document.

Relationship between audit committees and internal audit

We reviewed the relationship between IA units and respective audit committees - or equivalents – at the four entities covered by this audit. The outcome is shown below in Table 1.

Table 1: Interaction between internal audit and audit committees

Committee activities	DIER	DoE	HT	UTas
Is there an audit committee or equivalent? [3]	✔	✔	✔	✔
Is the organisational structure reviewed by the Manager-Internal Audit (Mgr-IA) and the audit committee? [3]		✔	✔	
Is there an external representative on the audit committee?	✖	✔	✔	✔
Does IA provide the audit committee with a written and verbal report? [3]	✔	✔	✔	✔
Does the Mgr–IA have unfettered access to the audit committee or its Chair?	✔★	✔	✔	✔
Does the organisation have an IA Charter	✔	✔	✔	✖

★ Although unfettered access to the Departmental Management Committee (DMC) is possible in the case of DIER their internal auditors have yet to deliver a report in person to the DMC.

It is our view that attendance by the Manager-Internal Audit at Audit Committee meetings is essential. When reports are presented it is useful for the author to be on hand to discuss matters that arise. In a broader sense such meetings also provide an opportunity for access to both parties.

> **Recommendation 2 – DIER**
>
> **We suggest that a senior representative of internal audit attend Management Assurance Committee meetings when internal audit reports are presented.**
>
> **Recommendation 3 – UTas**
>
> **UTas should adopt an internal audit Charter and make it widely available to staff.**

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[3] Information contained in Table 1 was derived from the four organisations' GAIN reports commissioned by TAO.

1.2   STAFFING

Over the last five years or so IA has undergone a transformation. It is no longer considered merely as an area to enforce organisational compliance. Today it operates across all of an organisation's operations and is often being asked to comment on issues of efficiency and effectiveness. Accordingly, we looked at the staffing of IA sections to see if they employed appropriately trained and qualified people. In the case where the function was outsourced, we checked that the contractor provided appropriately qualified staff to perform IA services.

For externally sourced audit services the firm was a chartered accountancy practice that requires its staff to have tertiary qualifications relevant to accounting. We found that the contractor used appropriately qualified staff to conduct their IA activities. Further, internal auditors were subject to supervision by more senior staff, such as audit seniors and managers and ultimately practice partners.

At DoE and HT all audit staff had appropriate IA qualifications. The two organisations had incorporated academic qualifications as essential criteria on position descriptions and statement of duties so that future recruitment would be at an appropriate level.

Whilst recognising that the nature of its operations is different to the other organisations reviewed in this audit, we noted that internal auditor positions at DoE were not classified at a level comparable with other entities and that, as a consequence, staff retention might be a problem. In order to attract and retain staff with an appropriate skills base, a higher classification for internal auditor positions may be necessary. A review of the current classification level at DoE should be considered to ensure that it takes account of the complexities and risks audited.

Recommendation 4 – DoE

The department should review the classification level for internal auditors to provide relative parity with similar positions in other public sector organisations.

We found that staff of IA areas were appropriately qualified.

1.3   HOW RISK MANAGEMENT IS ACCOMMODATED

Our audit necessarily involved some review of risk management so that we could form an opinion as to its relation to IA. Across the four organisations that we reviewed there were various models for structuring and assessing risk management.

At DoE a Risk Management Committee (RMC) was established in May 2003 with the aim of aligning existing risk management activities into a formal Risk Management Plan. This committee also takes on the role of audit committee. The Manager of Internal Audit is a

member of the RMC and reports back to the Committee on risk mitigation reviews undertaken by IA.

Risk management was firmly established in the organisational culture at HT and supported from the top level of management as demonstrated by the activities of the Board Risk Committee. A program known as 'integrated business risk management' (IBRM) is the responsibility of the executive management team, who control the process through project team sponsors and specific risk stream managers. Roles were also assigned to 'risk champions' and individual employees. Structural linkages exist between the risk management plan and IA.

UTas and DIER had carried out preliminary risk identification exercises (in 1998 and 2002 respectively) but did not have current risk management bodies or plans. At the time of our fieldwork both organisations intended to update the earlier risk reviews.

Section 2.2 of this report examines the interaction of the risk management and IA functions in greater detail.

1.4 CONCLUSION

Active management support for IA was evident at the four entities that we reviewed. Three out of the four organisations had an external representative on their audit committee. The role and importance of IA was recognised and – with the exception of an audit charter at UTas – structural frameworks existed to support the function.

We found that staff employed as internal auditors possessed appropriate tertiary qualifications.

Our overall evaluation against the sub-criteria is shown below in Table 2.

Table 2: Management support for internal audit

Criterion	DIER	DoE	HT	UTas
Audit committee	✔	✔	✔	✔
IA Charter	✔	✔	✔	✘
Appropriately qualified staff	✔	✔	✔	✔

2   Are they doing the right audits?

2   ARE THEY DOING THE RIGHT AUDITS?

We considered whether internal audit was actually doing the 'right audits', i.e. whether it was used most effectively. This involved looking at:

- o **Strategic planning and risk assessment;**
- o **Audit's contribution to risk management and the achievement of organisational goals; and**
- o **Control self-assessment.**

2.1   STRATEGIC PLANNING AND RISK ASSESSMENT

Assessing risk

We reviewed the extent to which risk assessments were reflected in IA strategic planning. Table 3 summarises our findings:

Table 3: Risk assessments reflected in strategic planning

Risk assessment	DIER	DoE	HT	UTas
Audit committee and strategic plan	✓	✓	✓	✓
Assessment completed	✓	✓	✓	✓
Assessment current	✓	✓	✓	✘
Formal link to audit planning	✘	P★	✓	P★
Risk mitigation strategies present	✘	✓	✓	✓
All business risks embraced by plan[4]	✘	✓	✓	✓

P★ = partial achievement.

The following points provide further commentary on the above table:

- o *Assessment is current*: We found that three of the four organisations examined had completed organisational risk assessments

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[4] Both UTas and DoE utilise non-internal audit processes to mitigate educational risk. See page 27, *Educational outcomes and internal audit.*

within the last three years. UTas had not completed one since 1998.

o *Formal link to audit planning*: Only HT could adequately demonstrate that risks, as identified in the assessment, were directly fed into the audit planning process. UTas was given a 'partial' rating as it had undertaken a risk assessment process, but it was in 1998. UTas also utilised a compliance toolbox as a risk mitigation tool. Like UTas, DoE was also given a 'partial' rating as its IA risk identification document dated back to 1994. At UTas and DoE IA did not cover the major risk area of educational outcomes.

o *Risk mitigation strategies:* DIER in its annual plan stated that: '…the ongoing management and monitoring of risk mitigation strategies is best performed by Departmental officers' (i.e. not IA).[5] While we support this contention, there is an important role for IA to review the effectiveness with which strategies are implemented.

o *All business risks embraced:* DIER's annual IA plan also had a very narrow focus, its non-core activities were primarily concerned with financial and compliance issues. UTas did not use a strategic risk assessment document to focus its IA activities, but it did attempt to mitigate risk where it believed they existed.

From the above, we have concluded that only HT currently has in place mechanisms that satisfied all of the criteria noted in Table 3. Whilst the other three entities were intending to update their organisational risk assessments and more closely align IA with identified risks, only HT had achieved this objective.

Recommendation 5 – DoE and UTas

Organisational risk assessments need to be reassessed on a regular basis.

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[5] DIER, Management assurance plan 2003, p 2.

> **Recommendation 6 – DIER, DoE and UTas**
>
> **Organisational risk assessment and internal audit are separate functions but there needs to be a clearly defined mechanism to allow their interaction.**

Scope of internal audit activities

We assessed whether IA conducted reviews into business systems such as:

- o Financial systems;
- o Human resource systems;
- o Payroll;
- o Assets;
- o Management information systems; and
- o Information technology.

All IA sections had completed reviews into at least some aspect of the above areas: some were addressed individually whilst others were incorporated into broader projects.

Although audit attention to the above systems is essential, IA can do much more. Scheduling audit coverage of areas critical to the success of a business involves a focus extending beyond the traditional financial systems.

At each of the four entities there had been deliberate efforts to dovetail the work of external and internal audit. Reducing overlap of these discrete functions ensured optimisation of resources furthering the potential to extend the range of IA activity.

DoE, HT and UTas had IA programs that covered, formally or informally, risks associated with the operational aspects of their businesses. Their programs moved beyond financial transaction systems. HT had engaged external consultants to audit some specialised areas for which internal expertise was not available.

At DIER while there was some indication of IAs on operational aspects (e.g. controls in the dangerous goods licensing system), these audits were quite limited. Instead, the focus was more related to assurance on key financial systems such as Finance One and the Motor Registry System. There was little use of IA to mitigate key risks in operational areas.

At the outset of this project we tried to answer the question: "How much internal audit does an organisation need?" Various measures can be applied to gauge the extent of IA

relative to the size of a business. For example GAIN collects and publishes data on the following ratios:

- o Revenue per auditor;
- o Assets per auditor;
- o Employees per auditor; and
- o Expenses per auditor.

We found that the results of such analyses were not useful for comparative purposes because of the diverse environments and industry sectors that the entities operated within. However, it was apparent that DIER's commitment of resources to IA was significantly less than the other organisations and perhaps this contributed to the narrower application of its IA activities.

Recommendation 7 – DIER

Greater use of internal audit should be made in operational areas.

Educational outcomes and internal audit

The core business of DoE and UTas concerns the provision of quality educational outcomes. At both organisations IA was not used to assess these outcomes. Instead, specialised business units or processes (that generated outputs for reporting at the national level) were available to test and confirm quality of services provided.

At DoE, statistical information from years 3, 5, 7 and 9 was used to assess educational outcomes at both the State and Federal levels. Reliance was placed on in-built quality assurance processes used within the Department's Office of Educational Review.

For UTas, the Commonwealth's Australian Universities Quality Assurance (AUQA) program provides an independent assessment of educational control processes. To prepare for a future AUQA review, UTas initiated a mock audit to obtain a benchmark of performance during 2001 – 2002. The mock audit, like an IA function, reassured management that potential weaknesses, if they existed, were identified and steps taken to mitigate them.

2.2   RISK MANAGEMENT AND ORGANISATIONAL GOALS

Internal audit should be actively involved in risk management processes undertaken by an organisation. This can be done in two ways; IA can either:

o Take a major role in the assessment of risk within an organisation; or

o Review the risk assessment process undertaken by other parts of the organisation.

To satisfy the above requirements we examined the risk assessment process within each of the four organisations. We wanted to see how each had identified organisational risk and found that each had a differing strategy. In addition to the above test we also reviewed timeliness and currency.

The results of this analysis are summarised as follows:

o DIER: An organisation-wide risk assessment exercise had been completed in 2002. It looked at all potential organisational risks. However, IA had not been involved in the process nor had it reviewed the process or the results of the exercise.

o DoE: Again, an organisation-wide risk review had been completed in 2002. However, IA did not assist with its completion nor review the process or findings.

o HT: IA does not actively participate in the identification and assessment of HT's organisational risk. Internal audit had not fulfilled this role since 1998. Instead, IA now annually completes an independent review of the risk assessment.

o UTas: In 1998 consultants completed an organisational risk identification exercise. However, a more up to date assessment is now due, as new threats may have emerged whilst others may have receded. Further work in the risk management area has recently recommenced but has not involved IA so far.

The above establishes that only HT satisfied our test criteria. We found that the IA function for DIER and DoE had no formal involvement in the risk management processes undertaken by these organisations. Internal audit at UTas was involved in a previous risk identification process; however, there is no involvement in the reassessment exercise currently being completed.

> **Recommendation 8 – DIER, DoE and UTas**
>
> **Internal audit should have some involvement in the risk management process either through assistance to the risk management team, or review of the process.**

2.3 CONTROL/RISK SELF-ASSESSMENT

'Control self-assessment (CSA) is a methodology used to review key business objectives, and internal controls designed to manage those risks.'[6]

CSA allows the organisation to assess the effectiveness of their internal controls. Responsibility for CSA should be shared amongst all employees in an organisation and line management, not IA, conducts CSA.

We ascertained whether any of the organisations examined by this audit engaged in CSA-type activities.

We found that although CSA was not being used by any of the entities in this audit, in the late 1990's HT had undertaken a number of CSA-related activities. Whilst HT has discontinued CSA, it is currently implementing a related program known as Criteria of Control assessment that deals more with informal or soft controls.

For CSA type activities to be initiated in an organisation there is usually the need for an organisational 'champion' to emerge from within the organisation to take up the cause.

2.4 CONCLUSION

We were satisfied that the each of the four entities had at some time or other assessed their organisational risk. However, we found variations as to:

- o When these assessments were conducted;
- o How the assessments were completed;
- o The importance placed on their linkages to their IA function; and
- o The degree of ongoing follow-up.

Only HT satisfied all of our criteria in relation to risk management and organisational goals. Internal audit at UTas had completed a risk assessment exercise, however, it was no longer current. Neither DIER nor DoE had involved their IA

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[6] The Institute Of Internal Auditors, *Professional Practices Pamphlet 98-2: A Perspective on Control Self-Assessment,* p 1.

functions in assessing organisational risk or alternatively engaged them to review their risk assessment exercises.

3   Are the internal audits well conducted?

3   ARE THE INTERNAL AUDITS WELL CONDUCTED?

We examined how internal audit actually fulfilled its role.

This involved reviewing:

- **Audit quality; and**
- **Achievement of audit plans.**

3.1   AUDIT QUALITY

We reviewed the quality of work done by IA to determine whether there was sufficient and appropriate audit evidence to support audit opinions. This entailed examining IA work papers to ascertain the planning, extent of procedures performed, results, conclusions and quality assurance processes. Our testing involved an examination of the following attributes:

- o   Effective planning;

- o   Satisfactory performance of all planned procedures;

- o   Documentation of audit work;

- o   All findings supported;

- o   Audit opinion supported;

- o   Clear recommendations;

- o   Cross-referencing of documents; and

- o   Evidence of review/quality assurance by next higher level.

For UTas and DIER where use is made of externally provided audit, we obtained the working papers prepared by the external service provider. The files that we examined were of a satisfactory quality. Papers were cross-referenced and there was sufficient audit evidence available to support findings and recommendations. Review of working papers by the contractors was evident. It was also apparent that follow up action was taken in response to recommendations made in previous audit cycles.

At HT and DoE where there are in-house IA services the quality of work was of a similar standard. Results of audit testing were clearly identifiable as was oversight by audit management.

We examined the apportionment of IA time spent on each phase of their projects. The results are detailed in Figure 1 below.

Figure 1: Distribution of time within audits[7]
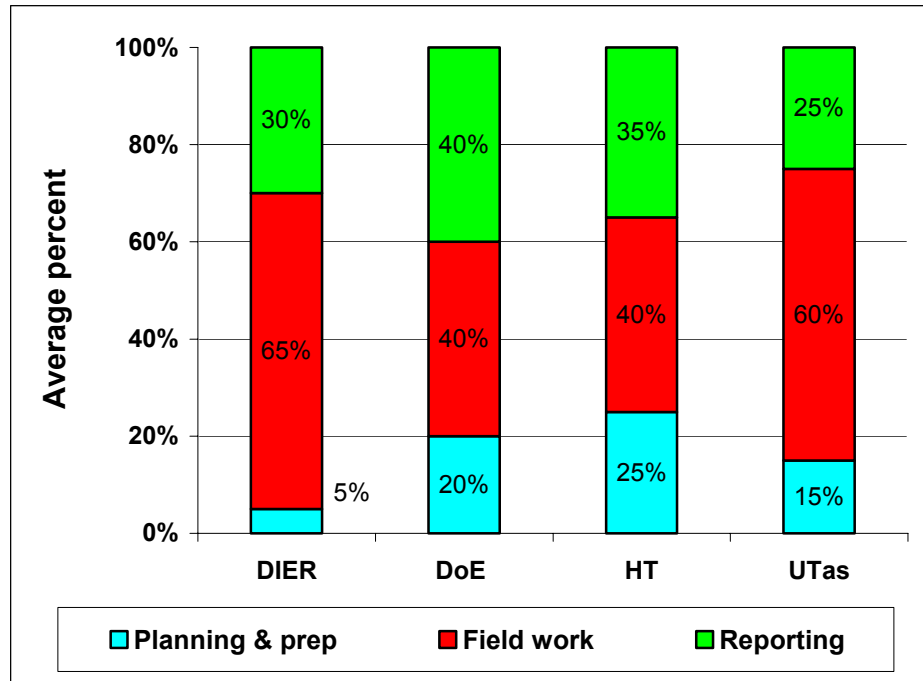
The above figure shows that each IA unit spends varying amounts of time in each of the major phases of an audit. The low planning rate for DIER (5%) may partially reflect the focus on financial systems and not on broader business activities.

3.2   ACHIEVING AUDIT PLANS

We compared annual audit plans to ascertain the degree of completion of anticipated projects. Comments in respect of the organisations follow:

> o DIER's 'Management Assurance Plan' for 2003 contained 8 items that were equally split between Part 1 and Part 2 activities. Part 1 covers work done to support external auditors in their review of the department's financial statements while Part 2 was to provide assurance on major financial systems in the department. Our testing showed that the audits listed had been completed.

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[7] Information contained in the above figure was derived from the four organisations' GAIN reports commissioned by TAO.

o DoE had a comprehensive IA plan that, in addition to covering corporate business systems, spanned more than 200 auditable units in the form of:

Libraries;

Schools and colleges; and

On-line centres.

In scheduling field visits some re-arrangements of the audit plan had been necessary to accommodate changing circumstances. IA produced a status report but it did not include information on audits in progress but not yet finalised. This made it difficult for us to gauge the precise status of the annual audit plan. The schools and colleges program was completed in the previous year, but staff shortages had compromised full completion of the current plan.

o The HT IA plan contained a mix of pervasive topics (such as general ledger and inventory) that enabled review of auditable units that would otherwise be too small to warrant separate audits and generic topics that related to specific parts of the business. For 2002 – 2003 the audit targets were met.

o The UTas IA plan was based on the calendar year and comprised core and non–core activities. While the former concentrated on key business and operational systems the latter ran over a 3-year cycle that aimed to cover areas that may otherwise not be subject to audit. The planned program for 2003 was completed except for a minor variation to the original program.

3.3 CONCLUSION

The quality of work undertaken by IA – whether internally or externally sourced – was found to be satisfactory.

4   Is the reporting process effective?

4 IS THE REPORTING PROCESS EFFECTIVE?

In reviewing the final step in the auditing process we were interested to see:

- **Where reports go; and**

- **Extent to which recommendations had been implemented.**

4.1 WHERE REPORTS GO

We ascertained who received IA reports. There was two-tiered reporting that encompassed:

- Senior management at the business unit level; and

- Board/executive management.

In respect of the latter, IA reports were reviewed:

- At DIER – by a committee composed of the Secretary, Deputy Secretaries and Divisional General Managers.

- At DoE – by the RMC. The Secretary chairs this committee, with other senior DoE officials also being members of this committee.

- At HT and UTas – by their audit committees (See section 1.1).

We were satisfied that each IA section was reporting at a sufficiently high level within their respective organisations.

4.2 FOLLOW UP OF RECOMMENDATIONS

Recommendations in audit reports are made with a view to adding value by rationalising inputs or increasing effectiveness or efficiency. It follows that management should assess and actively implement recommendations and the audit committee, or their equivalent, should strongly support appropriate recommendations and require follow up. Therefore, it is necessary that IA confirms implementation or ascertains reasons for non-compliance and report resistance to the audit committee.

The organisations that we examined had systems in place to follow up recommendations made in previous audit reports. Where no action had yet been taken, or recommendations were not fully implemented the situation was reported to both business unit management and the audit committee outlining

agreed timeframes and nominating responsible officers. We questioned each of the four IA entities as to the rate of implementation of recommendations made. The following was noted:

- IA at DIER completed 6 reports for the 2002 – 03 financial year. Five of these reports each contained nine recommendations, all of which were accepted and had been implemented. The sixth report was a follow-up of a previous report completed in 2001. The original report had 25 recommendations; management had not accepted five of those recommendations.

- IA at DoE had completed 153 reports in 2003 containing 1 066 recommendations. Of those 1 066, 1 050 (98.5%) were accepted with most of the others still in the process of implementation. Only one recommendation had not been accepted by management.

- HT carries out a number of follow-up audits each year. We examined those completed during 2003 together with those to date in 2004. From the five reports examined 38 recommendations were subsequently followed-up and ranked according to acceptance and implementation. We found that 71% of recommendations had been satisfactorily addressed. Only 8% of recommendations examined were not given a satisfactory rating. The remaining recommendations (21%) were substantially progressed towards full implementation. HT does not currently collect statistics on the overall level of acceptance of recommendations for any given period.

- UTas advised that they do not record recommendation statistics. Accordingly, no quantitative data could be collected in relation to acceptance of recommendations over any given period.

We were satisfied that each entity had procedures in place to follow-up recommendations previously made. However, ascertaining a quantitative figure for recommendation

acceptance by management for any given period was generally not occurring.

> **Recommendation 9 – DIER, DoE, UTas and HT**
>
> **Statistics on recommendations and subsequent follow-up should be collected.**

4.3   CONCLUSION

We were satisfied that reports were being addressed at an appropriate level. We also found that management implemented most recommendations that we were able to follow up on. Although most IA functions were able to provide figures on the level of acceptance of recommendations, none were routinely collecting or using this data. Collection of statistics concerning recommendations and their acceptance and implementation should be considered.

5 Measuring the effectiveness of internal audit

5 MEASURING THE EFFECTIVENESS OF INTERNAL AUDIT

To determine whether organisations measured the effectiveness of their internal audit function, we reviewed:

- **Key performance indicators (KPIs); and**

- **Peer review.**

5.1 KEY PERFORMANCE INDICATORS

We expected organisations to measure whether or not their IA functions had:

- o Covered major risks;

- o Completed quality audit work;

- o Provided useful recommendations in a timely manner; and

- o Measured their own efficiency.

We reviewed how each of the organisations set goals and performance indicators so as to measure the performance of their IA sections.

Both DIER and UTas engaged the same private firm to perform their IA function. Personnel who oversaw the supervision of IA from within the client organisation indicated their general satisfaction with the work performed by this external contractor. We made the following observations in relation to the oversight of the external contractor:

DIER

- o DIER had a contract in place with this contractor, but it consisted mainly of procedural requirements.

- o There were no specific performance indicators or benchmarks such as: client satisfaction, achievement of plan, attendance to management requests and implementation of recommendations.

UTas

- o UTas did not have a contract in place with the contractor. However, this contractor had issued an engagement letter detailing the nature and scope of their engagement. There

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were no agreed performance indicators or benchmarks.

o   The Audit Committee did conduct an annual review of IA's performance. Appraisal of performance was evident with reference made to completion of the audit program and timely delivery to UTas management. Comment was also passed on the usefulness of the recommendations together with their timeliness.

Both DoE and HT have an internally provided IA function. We found that:

o   DoE did not have any specific performance measures.

o   HT's Audit Committee had a specific responsibility to ensure that the operations of the IA function were formally reviewed periodically. We found evidence in the minutes to support that this was actually occurring. We also found within the IA business plan specific and measurable performance indicators. These largely satisfied our expectations.

Apart from HT we were not satisfied with the collection of goal and performance indicator information sought by the organisations. This data should be used to annually assess the performance of IA in each organisation. This assessment can also be useful in relation to contract management where IA services are provided by contractors.

Recommendation: 10 – DIER, DoE and UTas

Internal audit should:

Have measurable performance indicators or goals by which performance can be benchmarked; and

Be reviewed annually by an organisation's audit committee (or its equivalent) to appraise its performance.

5.2   PEER REVIEW

We were interested to ascertain what peer review processes were undertaken by IA.

The external contractor currently has a peer review process overseen by its national practice, whereby on a regular basis

quality assurance personnel appraise the contractor's work. Between these visits the local office appraises its quality assurance standards by mutual reviews.

We found that DoE does not currently conduct periodic peer reviews. Nor were we given any indication as to whether they would be undertaken in the immediate future.

HT had an initial peer review conducted by an independent Melbourne-based firm of consultants. This initial peer review was conducted in March 2002 and followed-up in May 2003. The initial review examined areas such as:

- o Accountability to the Audit Committee and Board;

- o Methodology and approach to IA; and

- o Client satisfaction and auditee feedback.

We were satisfied that three of the organisations were appropriately applying peer review practices. DoE, however, did not have an adequate peer review mechanism in place.

Recommendation 11 – DoE

In keeping with current better practice guidelines all internal audit functions should be peer reviewed regularly. Peer reviews should be completed at least once every five years.

5.3   CONCLUSION

Only one IA section was using performance indicators that could be accurately measured. A greater emphasis needs to be placed on establishing goals and performance indicators for IA functions. Organisations should review the performance of IA on a regular basis.

We found that all but one IA function had a peer review mechanism in place, ensuring objective review.

Table 4 summarises our findings in relation to this section.

Table 4: Continuous improvement

Criterion	DIER	DoE	HT	UTas
Key performance indicators	✗	✗	✓	P
Peer review	✓	✗	✓	✓

6 No internal audit function

6   NO INTERNAL AUDIT FUNCTION

Section 22(c) of the *Financial Management and Audit Act 1990* requires agencies to maintain effective internal control including, where appropriate, an internal audit function.

6.1   *ESTABLISHING OR RETAINING INTERNAL AUDIT*

The following departments did not have an IA function at the time of the audit:

- o   Justice and Industrial Relations (DJIR);

- o   Premier and Cabinet (DPAC);

- o   Police and Public Safety (DPPS); and

- o   Tourism, Parks, Heritage and the Arts (DTPHA).

We wanted to see what form that decision took and how recently it was made. In the case where there was no specific IA role, we wanted to establish whether there were other units within the organisation that fulfilled an IA function.

DJIR and DPAC were unable to produce documentation that related to any considerations made by them concerning the pros and cons of establishing or retaining IA.

Instead, both departments justified the status quo verbally to us, citing other governance initiatives such as the following:

- o   Executive management committees;

- o   IT protection;

- o   Risk management;

- o   Disaster recovery plans; and

- o   Asset management plans.

However, these measures are a regular part of management activity. The purpose of IA is to provide an independent review of activities such as those listed above rather than such activities being a substitute for IA.

DPPS has a management review team that partially evolved from an IA function that had existed prior to 1997. The team comprises two police inspectors whose role is to confirm departmental compliance with policies and procedures.

Documents provided by the department indicated that the need for a separate IA function is considered annually with the next review due in June 2004.

DTPHA is the newest government department comprising elements of the former Department of State Development and the current Department of Primary Industries, Water and Environment. These two departments had an externally sourced IA function in August 2002 when the new department was established. DTPHA made a formal decision in July 2003 to establish an IA function and tenders were being assessed at the time of our audit.

Performance of the above departments against our criteria is shown below in Table 5 below.

Table 5: Departments without internal audit

Criterion	DJIR	DPAC	DPPS	DTPHA
No-IA function decision documented?	✖	✖	✓	✓
Decision subject to review?	✖	✖	✓	N/a
Similar units?	✖	✖	✓	N/a

The choice as to whether an entity should use IA or not is one for management to decide. It is quite possible that circumstances may support the case to dispense with IA, such as taking into account various factors including size, risk, mitigating controls etc. However, the reasons for the decision should be clearly stated and subject to regular review, particularly as changes occur in an organisation's operating structure or business environment.

Recommendation 12 – DJIR and DPAC

Both departments should document their position on internal audit. Also, the matter should be subject to regular review – particularly as circumstances change.

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7 Recent reports

7 RECENT REPORTS

1999	SPECIAL REPORT NO. 29	COMPETITIVE TENDERING AND CONTRACTING BY GOVERNMENT DEPARTMENTS
1999	SPECIAL REPORT NO. 30	THE YEAR 2000: COMING READY OR NOT
2000	SPECIAL REPORT NO. 31	LITERACY AND NUMERACY IN TASMANIAN GOVERNMENT SCHOOLS
2000	SPECIAL REPORT NO. 32	ASSISTANCE TO INDUSTRY
2000	SPECIAL REPORT NO. 33	FOOD SAFETY
2000	SPECIAL REPORT NO. 34	PROCUREMENT IN TASMANIAN GOVERNMENT DEPARTMENTS
2001	SPECIAL REPORT NO. 35	SOFTWARE LICENSING
2001	SPECIAL REPORT NO. 36	COLLECTION OF RECEIVABLES AND LOANS IN TASMANIAN GOVERNMENT DEPARTMENTS
2001	SPECIAL REPORT NO. 37	ARCHIVES OFFICE OF TASMANIA
2001	SPECIAL REPORT NO. 38	THE IMPLEMENTATION OF GOODS AND SERVICES TAX IN GOVERNMENT AGENCIES AND LOCAL GOVERNMENT ENTITIES
2001	SPECIAL REPORT NO. 39	BANK ACCOUNT RECONCILIATIONS
2002	SPECIAL REPORT NO. 40	ENVIRONMENTAL MANAGEMENT AND POLLUTION CONTROL
2002	SPECIAL REPORT NO. 41	KEEPING SCHOOLS SAFE
2002	SPECIAL REPORT NO. 42	FOLLOW UP OF PERFORMANCE AUDITS
2002	SPECIAL REPORT NO. 43	ORAL HEALTH SERVICE: SOMETHING TO SMILE ABOUT?
2002	SPECIAL REPORT NO. 44	MANAGING COMMUNITY SERVICE ORDERS
2003	SPECIAL REPORT NO. 45	BUSINESS NAMES AND INCORPORATED ASSOCIATIONS: WHAT'S IN A NAME?
2003	SPECIAL REPORT NO. 46	LEAVE IN GOVERNMENT DEPARTMENTS
2003	SPECIAL REPORT NO. 47	PUBLIC SECTOR WEB SITES
2003	SPECIAL REPORT NO. 48	GRANTS TO THE COMMUNITY SECTOR
2003	SPECIAL REPORT NO. 49	STAFF SELECTION IN GOVERNMENT AGENCIES
2003	SPECIAL REPORT NO. 50	POLICE RESPONSE TIMES
2004	SPECIAL REPORT NO. 51	SPECIAL PURPOSE AND TRUST FUNDS: DEPARTMENT OF HEALTH AND HUMAN SERVICES

8   Future projects

8 FUTURE PROJECTS

Details of performance and compliance audits that the Auditor-General is considering are:

PERFOMANCE AUDITS

GUN CONTROL	CURRENTLY UNDER WAY
FOLLOW UP OF PREVIOUS SPECIAL REPORTS (NO 31 – 36)	CURRENTLY UNDER WAY
PUBLIC HOUSING – WAITING LISTS AND ASSET VALUATIONS	

COMPLIANCE AUDITS

INFRASTRUCTURE FUND	CURRENTLY UNDER WAY
CREDIT CARDS	CURRENTLY UNDER WAY
FINANCIAL DELEGATIONS	
FRINGE BENEFITS TAX	