

# What to expect from a performance audit

## What is a performance audit?

The role of the Auditor-General is to provide independent assurance to parliament and the public on the operations of state entities, including state service agencies, statutory authorities, local councils and government business enterprises.

The Auditor-General audits the financial statements of all state entities each year. The *Audit Act 2008* (the Act) also enables examinations or investigations of the efficiency, effectiveness and/or economy of a state entity. These examinations or investigations are referred to as performance audits.

Performance audits examine organisations, processes and programs. We do not audit individuals.

Performance audit topics are generally chosen in advance and presented in the Auditor-General's Annual Plan of Work. This is published on the Tasmanian Audit Office's website by 30 June each year. You can see proposed topics by accessing the plan from our website: <https://www.audit.tas.gov.au/publication-category/annual-plan-of-work>.

## What does this mean for me?

Performance audits have 3 distinct phases:



### Scoping and planning phase

Once we are ready to start a new audit, we enter the scoping and planning phase.

The Auditor-General will send a letter to the head of your entity, as well as the Parliament, advising commencement of audit planning.

In that letter we will ask your entity to nominate a sufficiently senior contact officer (a Deputy Secretary, for example) with whom the audit team will engage. We will conduct an entry meeting with that person, and any additional personnel they choose to attend. We will introduce the audit team and discuss the broad topic, approach and timing of the audit.

We may ask for initial information and conduct some follow up discussions to help us develop our audit plan. This is to ensure the audit team has a sufficient understanding of your entity and operating environment.

We will send you a copy of the audit plan once it is finalised. This will include an audit scope (inclusions and exclusions) and audit criteria (key questions and how we will assess performance). Once this has been finalised, we commence the implementation phase of the audit.

## **Implementation phase**

This is where we conduct our fieldwork and analysis to answer the questions posed in the audit plan.

We will conduct interviews with relevant people in your entity and request access to documentation, records and data. We may visit your worksites or access relevant systems. On some audits, we may even hold focus groups or conduct surveys.

The contact officer helps coordinate and facilitate the audit team's requests for access to people, premises and information.

After gathering and analysing sufficient evidence we will develop what we call 'preliminary findings,' which sets out our key findings against the audit criteria. This is a first opportunity for you to hear what we have found, and we may present early thoughts on potential audit recommendations. Overall, it is an opportunity for you to provide input, ensure factual accuracy, and provide additional audit evidence. Once we have provided you with our preliminary findings, we will commence writing our report.

### **Information-gathering powers**

The Auditor-General can direct a person to provide any information, explanation or documents that the Auditor-General requires. Part 5, Division 2 of the Act outlines the information-gathering powers of the Auditor-General. Please ensure any of your staff involved in an audit understand these powers and cooperate with any requests by the audit team.

## **Reporting phase**

You will most likely see less of us during this period, but we may have some clarification or follow up questions as we put the report together. Once the Auditor-General is satisfied with the report, we will send the draft to your contact officer and head of entity. Attached will be a 'response grid,' where you can record detailed feedback on the report. In particular, we will seek your agreement with any proposed recommendations as these will ultimately be implemented by your entity. Usually, we allow around 2 weeks for this process.

The report is then reviewed and amended by us, where relevant. We then send this to the Treasurer, relevant Minister(s) and your head of entity for a formal response. These responses are published in the final report. This is a shorter timeframe – normally around 3 to 5 business days.

The final report is then tabled in both Houses of Parliament and published on our website. The media is also notified. Finally, the audit team delivers a presentation to Parliamentarians.

## What happens next?

### Follow up

We may later perform a follow up audit to examine your entity's progress implementing the recommendations in the report. This usually occurs 2 to 4 years after tabling.

In the interim, you may be asked to report regularly to your entity's audit and risk committee about progress towards implementing our recommendations.

In certain cases, a parliamentary committee may decide to hold an inquiry into our report or subject matter related to it.

### Any questions?

You can contact the Tasmanian Audit Office on 6173 0900 or by emailing [admin@audit.tas.gov.au](mailto:admin@audit.tas.gov.au).