

# Audit Planning Memorandum

## Follow-up 'J'

### Background

We conduct audits with the goal of assessing the performance and compliance of state entities. Identifying areas for potential improvement is an essential part of such audits and recommendations are made in support of that objective.

As a matter of course, we try to reach agreement with clients when framing our recommendations. Due to this collaboration we have an expectation that our recommendations will be actively implemented.

Follow-up audits are undertaken to provide Parliament with information about the extent to which state entities have acted on recommendations made in previous reports.

In the public sector, resources are always limited and state entities reject recommendations unless they have a practical focus and are likely to lead to better outcomes such as increased effectiveness and efficiency or better compliance. For that reason, we believe that the degree to which entities implement recommendations is also a reflection on the value that we seek to add through our audit processes.

This follow-up audit will examine the implementation of recommendations made in four reports:

1. *Tasmanian Bushfires Inquiry* (Hyde Report)
2. *Special Report No.99 Bushfire management* (SR 99 Bushfire management), tabled by TAO Performance Audit Services in June 2011
3. Australian National Audit Office (ANAO) *Report No. 2 of 2013-14 Administration of the Agreements for the Management, Operation and Funding of the Mersey Community Hospital* (ANAO Mersey agreements)
4. *Department of Health and Human Services output based expenditure*, a chapter in *Report No. 11 of 2012-13 Other State entities 30 June 2012 and 31 December 2012*, tabled by TAO Financial Audit Services (DHHS Output-based expenditure).

### Audit Objectives

The purpose of the audit is to:

- ascertain the extent to which recommendations made in the following reports have been implemented:
  - Hyde Report
  - SR 99 Bushfire management
  - ANAO Mersey agreements
  - DHHS Output-based expenditure.
- determine reasons for non-implementation

- identify, assess and report on areas where recommendations resulted in improvements.

### **Audit Scope**

The table below details reports to be followed up:

<b>4 Reports</b>	<b>25 Audit clients</b>	<b>124 Recommendations</b>
Hyde Report	<ul style="list-style-type: none"> <li>• Department of Justice (and the State Emergency Service Management Committee (SEMC))</li> <li>• Department of Premier and Cabinet (and the Bushfire Inquiry Interdepartmental Committee (IDC))</li> <li>• Department of Police and Emergency Management (also referred to in this audit as Tasmania Police)</li> <li>• State Fire Commission - peak governing group for Tasmania Fire Service (TFS) (also referred to in this audit as State Fire Services).</li> </ul>	The Hyde Report contained 103 recommendations most of which relate to TFS and Tasmania Police

<p>SR 99</p> <p>Bushfire management</p>	<ul style="list-style-type: none"> <li>• Tasmania Fire Service (TFS)</li> <li>• Department of Primary Industries, Parks, Water and Environment (DPIPWE)</li> <li>• Forestry Tasmania (Forestry)</li> <li>• Department of Premier and Cabinet (DPAC)</li> <li>• Department of Police and Emergency Management (DPEM)</li> <li>• Tasmanian Networks Pty Ltd (TasNetworks)</li> <li>• Forest Practices Authority</li> <li>• Eight Local government councils: <ul style="list-style-type: none"> <li>○ Hobart City (HCC)</li> <li>○ Launceston City</li> <li>○ Circular Head</li> <li>○ Waratah–Wynyard</li> <li>○ Sorell</li> <li>○ Break O’Day (BODC)</li> <li>○ Central Highlands</li> <li>○ Tasman</li> </ul> </li> </ul>	<p>We made 11 recommendations addressed to:</p> <ul style="list-style-type: none"> <li>• DPIPWE</li> <li>• TFS</li> <li>• Forestry</li> <li>• State Fire Management Council of Tasmania (SFMC)</li> <li>• Local Government Association Tasmania (LGAT)</li> <li>• Local Government Councils</li> </ul> <p>Responses were also received from the then Minister for Planning and the following entities:</p> <ul style="list-style-type: none"> <li>• DPAC</li> <li>• DPEM</li> <li>• State Fire Service on behalf of TFS</li> <li>• Aurora Energy Pty Ltd and Transend Networks (now combined within TasNetworks).</li> </ul>
<p>ANAO Mersey agreements</p>	<ul style="list-style-type: none"> <li>• Department of Health and Human Services (DHHS)</li> <li>• Tasmanian Health Organisation - North West (THO-NW)</li> </ul>	<p>The ANAO Report made five recommendations.</p> <p>DHHS accepted all three of the five directed to them (recommendations: one; three and four).</p> <p>Recommendations one and four also related to THO-NW.</p> <p>DoHA agreed with all five of the recommendations. However, this follow-up will only involve DHHS and THO-NW.</p>

DHHS Output-based expenditure	<ul style="list-style-type: none"> <li>• DHHS</li> <li>• Tasmanian Health Organisations: <ul style="list-style-type: none"> <li>○ THO-NW</li> <li>○ North (THO-N)</li> <li>○ South (THO-S)</li> </ul> </li> </ul>	<p>We made five recommendations which, in general, were supported.</p> <p>Recommendation one was directed to all State entities.</p> <p>Recommendations two and four were directed to DHHS.</p> <p>Recommendation three was directed to each of the three THOs.</p> <p>Recommendation five was directed to DHHS and each of the THOs.</p>
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## Audit approach

### *Hyde Report*

The Department of Premier and Cabinet, under its Office of Security and Emergency Management, set up the Bushfire Recovery Unit (BRU). Its task was to coordinate and oversee responses by relevant agencies to all 103 recommendations made in the Hyde Report.

Timeframes for completion were also agreed and noted as following:

- 30 immediate although one of these was expected to require legislative changes
- 73 less immediate

Reporting and review arrangements were introduced including detailed documentation of actions taken.

Our audit approach will focus on examining documentation provided to the BRU and review of their assessment of actions taken by agencies in responding to the recommendations. This work will be done in phases based on immediate and non-immediate recommendations.

### *SR 99 Bushfire management*

This report contained 11 recommendations. In the first instance, we will compare these with the 103 Hyde recommendations. Where recommendations overlap, our follow-up will rely on work done as part of following up the Hyde Report.

Where there is no overlap, the procedures outlined below for follow-up of *DHHS Output-based expenditure* will be applied.

### *ANAO Mersey agreements*

Survey questionnaires that re-iterate the findings and recommendations in the original report will be sent to DHHS and THO-NW. The questionnaires will require them to indicate the degree of implementation, using an appropriate quartile scale. The audit

clients will be required to provide supporting audit evidence (e.g. procedure, policy, completed examples etc.).

*DHHS Output-based expenditure*

Survey questionnaires that re-iterate the findings and recommendations of the original report will be sent to the audit clients (DHHS and all three THOs). The questionnaires will require them to indicate the degree of implementation, using an appropriate quartile scale. The audit clients will be required to provide supporting audit evidence (e.g. procedure, policy, completed examples etc.).

Some additional testing will be carried out for each of the audits, involving a revisit of original audit tests. In the case of *DHHS Output-based expenditure*, this will include review of published annual reports by DHHS and THOs.

Findings, based on the above evidence, will be supplemented through discussions with respondent staff as necessary.