

Performance engagements

This fact sheet provides information on performance engagements for those with responsibility for the activities we examine and the users of our engagement reports.

Our [assurance services fact sheet](#) introduces the nature and level of independent assurance we provide through our performance engagements.

Performance engagements include:

- performance audits through which we provide reasonable assurance
- reviews through which we provide limited assurance.

Our mandate

Part 4 of the *Audit Act 1994* (Audit Act) deals with the conduct of performance audits and Part 5 deals with limited assurance reviews.

While the parties responsible for the activities that are the focus of our performance engagements are often public bodies, we can include an associated entity or other entity that supplies services or performs functions for, or on behalf of, a public body or the state in an engagement.

We report results of our performance engagements in Parliament under Part 8 of the Audit Act.

Section 78 of the Audit Act requires that we adhere to standards and ethical pronouncements issued by the Australian Auditing and Assurance Standards Board.

The purpose of a performance engagement

Performance engagements assess if agencies are meeting their aims effectively, using their resources economically and efficiently, and complying with legislation.

Our engagements:

- cover an activity of an agency or a common or shared activity across several agencies
- involve a 3-party relationship between the:
 - Auditor-General
 - party responsible for the activity
 - intended users, which are Parliament and the public in addition to the party responsible for the activity.

Engagement process

We use a risk-based methodology to conduct our engagements in accordance with the Audit Act and Australian Auditing Standards.

There are 4 phases of a performance engagement.

Establish the terms of the engagement	<ul style="list-style-type: none"> • Define the scope and subject matter of the engagement • Identify those entities and personnel responsible for performance relating to the subject matter • Develop the engagement objective, lines of inquiry and evaluation criteria • Communicate the terms of reference to the responsible parties
Plan the engagement	<ul style="list-style-type: none"> • Assess the risk of significant variations in performance against the evaluation criteria • Develop a plan that outlines the evidence we will obtain and the procedures we will use to gather and substantiate that evidence
Implement the plan	<ul style="list-style-type: none"> • Complete the planned procedures and evaluate the evidence obtained • Determine, in consultation with the responsible party, whether we have considered all relevant information
Conclude and report	<ul style="list-style-type: none"> • Analyse and communicate the significance of findings made against the evaluation criteria • Recommend corrective actions where performance is deficient • With reference to the findings form an overall conclusion against the engagement objective • Prepare and table a report to Parliament

Communication

We progressively communicate with those responsible for the activity throughout our engagements to make sure they understand our approach and any issues that appear.

Key documents include the ...	Which ...
Introduction letter	defines the activity that is the subject of the engagement and how that activity was identified
Engagement initiation letter	sets out the terms on which we undertake the engagement
Engagement strategy	sets out our understanding of the engagement context, the engagement objective and criteria, and the respective roles and responsibilities
End of planning brief	sets out our preliminary analysis of performance against the engagement criteria
End of conduct brief	sets out our analysis of performance against the engagement criteria and is the basis for the provisional report
Provisional report	sets out the findings, relevant to each public body responsible for the activity, that we intend to table in Parliament
Final report	is the report that we will table in Parliament and for which we seek a response from those charged with governance to the conclusion, findings and recommendation.

Access to information

As part of an engagement, we routinely request access to relevant information, such as data or documents. We will also interview, and may request written responses from, relevant personnel. Section 40 of the Act provides that entities may comply with our requests notwithstanding any confidentiality or secrecy provisions that may otherwise apply. This includes cabinet documents and documents subject to legal professional privilege.

If an entity does not voluntarily comply with our request we may then require that it be actioned. Part 7 of the Audit Act covers our information gathering powers and duties. This includes the power to compel the provision of information and documents and for persons to attend and give evidence.

We do not routinely use our coercive powers but reserve the right to do so when warranted. Integrity Oversight Victoria (IOV) oversees the use of our coercive powers.

Confidentiality

The Audit Act imposes confidentiality requirements on us and on public bodies involved in performance engagements.

Section 71 of the Audit Act prohibits us from making improper use of any information acquired during the course of or as a result of carrying out functions under the Audit Act, or from divulging or communicating such information except when carrying out such functions.

Section 72 of the Audit Act applies to a person who receives or obtains confidential information from us under the Audit Act. They must not provide or disclose that information except in the circumstances specified in subsection 72(2) of the Audit Act.

Roles and responsibilities

Phase	VAGO	Management and/or those charged with governance of a public body, associated entity or other entity
Overall conduct	<ul style="list-style-type: none"> conduct our engagement in accordance with the Audit Act, which includes: <ul style="list-style-type: none"> applying auditing and assurance standards maintaining the confidentiality of any information we gather reporting corrupt conduct to other Victorian integrity bodies following our protocols for identifying and supporting vulnerable persons in the conduct of our engagements exercise professional judgement and maintain professional scepticism not question the merits of government policy 	<ul style="list-style-type: none"> maintain proper processes and controls to: <ul style="list-style-type: none"> manage risks to achieving the aims of the activity that is the focus of the engagement report on the activity's performance provide prompt access to requested information despite any other restrictions on disclosure imposed by other legislation or contractual arrangements notify us if we are likely to interact with any persons who meet the vulnerable persons characteristics and require additional support notify us if you are aware of an actual or suspected matter that constitutes corrupt conduct as per s.66 of the Audit Act comply with the confidentiality provisions in s.72 of the Audit Act
Establish	<ul style="list-style-type: none"> consult with Parliament and with the public bodies responsible for the activity that is the focus of the engagement to establish performance engagement circumstances provide the engagement strategy to Parliament and to the public bodies responsible for the activity 	<ul style="list-style-type: none"> nominate a day-to-day contact officer and an executive officer to liaise with us during the engagement provide written comment on the draft engagement strategy within 15 business days
Plan	<ul style="list-style-type: none"> develop an engagement plan, which includes planned procedures, that ensures the engagement will be conducted efficiently and effectively communicate any risks observed in the planning process relating to the performance of the activity against the evaluation criteria to the responsible public body in an end of planning brief 	<ul style="list-style-type: none"> provide written comment on the accuracy of the observed risks communicated in our end of planning brief within 10 business days
Implement	<ul style="list-style-type: none"> implement the engagement plan efficiently and effectively and in a manner consistent with our performance engagement methodology share our evaluation of the evidence and the emerging findings with the responsible public body communicate the evidence considered in, and the results of, our planned procedures in an end of conduct brief 	<ul style="list-style-type: none"> provide feedback, such as additional commentary or evidence, on emerging findings provide written comment on the accuracy of our findings within 10 business days and, where relevant, provide further evidence

<p>Conclude and report</p>	<ul style="list-style-type: none"> • form and express a conclusion on performance against the evaluation criteria • prepare and consult with each public body responsible for the activity on our conclusions, findings and recommendations in a: <ul style="list-style-type: none"> • provisional assurance report • proposed assurance report • not include in an assurance report: <ul style="list-style-type: none"> • any recommendation directed to an entity that is a not a public body • information that discloses a trade secret or is of a financial nature and which, if disclosed, would be likely to unreasonably expose a public body, associated entity or other entity to any material disadvantage • include in the report the reasons for including any entity that is not a public body in the performance engagement • table the final assurance report, with responses from each public body responsible for the activity, in Parliament • publish the final assurance report, with responses from each public body responsible for the activity, on our website 	<ul style="list-style-type: none"> • make us aware of any information in our assurance reports that: <ul style="list-style-type: none"> • may trigger our need to consider the public interest • you consider questions government policy objectives • if you are the employer of a person adversely named in our assurance report, provide them a reasonable opportunity to respond to you in relation to the adverse material • provide written comment within 10 business days on the provisional assurance report's: <ul style="list-style-type: none"> • factual accuracy and its context • balance of the findings and conclusions • appropriateness of recommendations at addressing the underlying issues • provide written comment, and an action plan for each recommendation addressed to you, within 10 business days on the proposed assurance report for inclusion in the final assurance report in a form agreed by you
<p>Follow up</p>	<ul style="list-style-type: none"> • debrief with public bodies involved in an engagement on the engagement process • annually survey agencies that we have directed recommendations to in our assurance reports on the status of their actions named in their action plan 	<ul style="list-style-type: none"> • provide feedback on the engagement process • monitor the implementation of actions to address recommendations and report progress on actions in our annual survey of agencies