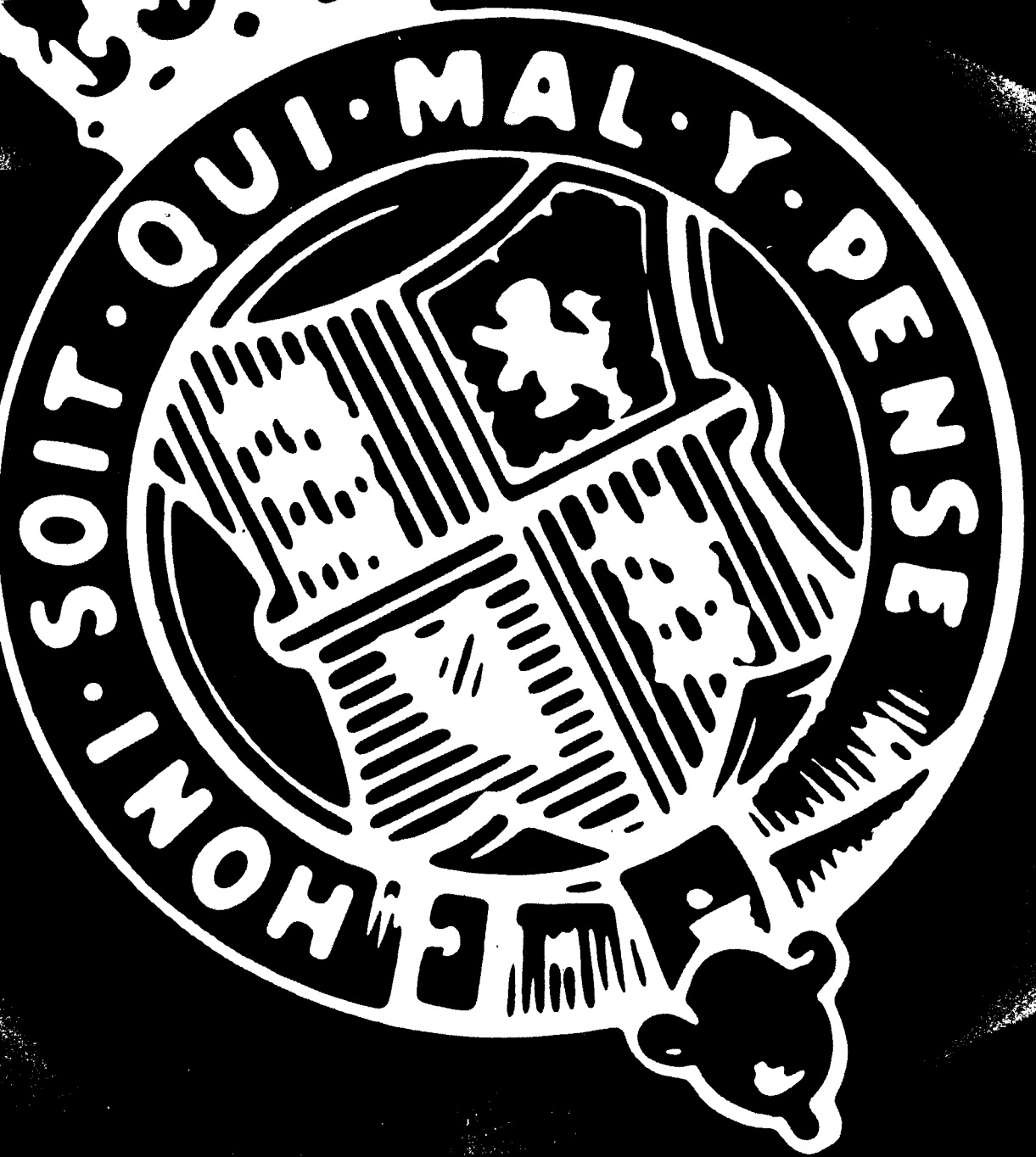


*OFFICE OF THE  
AUDITOR-GENERAL  
OF VICTORIA*



*ANNUAL REPORT*

*1988*

# OFFICE OF THE AUDITOR-GENERAL

## AT A GLANCE

### OBJECTIVES

The principal objective of the Office is to provide assurances to the Parliament and the public on the financial affairs of the Government of Victoria, and to promote and encourage the development of sound financial and resource management in the Victorian public sector.

### PRINCIPAL LEGISLATION

The *Audit Act* 1958 is the main legislation governing the work of the Office.

### AUDIT RESPONSIBILITIES

The Office is responsible for the audit of 547 organisations covering:

- ◆ Parliament;
- ◆ government departments;
- ◆ public bodies;
- ◆ local water and sewerage authorities;
- ◆ post-secondary educational institutions; and
- ◆ public hospitals and ambulance services.

### AUDIT OPERATIONS

- ◆ audits completed during 1987-88 : 354
- ◆ potential savings identified by audit during the year exceeded \$60 million

### STAFF

- ◆ Average for year - : 155
  - ◆ Males : 103
  - ◆ Females : 52
- ◆ Number of agents engaged : 120

### FINANCIAL RESULTS

- ◆ net cost of operations : \$4.2m, 1987-88 (\$5.3m, 1986-87)
- ◆ fee revenue : \$3.6m, 1987-88 (\$2.6m, 1986-87)

### SIGNIFICANT EVENTS, 1987-88

- ◆ 5 reports tabled in Parliament
- ◆ increase of 67 per cent in the number of private practitioners engaged as agents of the Auditor-General
- ◆ increase in Office audit responsibilities during the year from 415 to 547 organisations

**VICTORIA**

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**ANNUAL REPORT**

of the

**OFFICE OF THE  
AUDITOR-GENERAL**

for the year ended 30 June 1988

prepared in accordance with the  
*Annual Reporting Act 1983*

MELBOURNE  
JEAN GORDON, GOVERNMENT PRINTER  
1988



31 October 1988

The Hon. J. Cain, M.P.  
Premier of Victoria  
1 Treasury Place  
Melbourne, Vic. 3002

Dear Mr Cain

**Annual Report of the Office of the Auditor-General  
for the year ended 30 June 1988**

As required by section 8 of the *Annual Reporting Act* 1983, I enclose the report of the operations and audited financial statements of the Office of the Auditor-General for the year ended 30 June 1988.

Yours sincerely

  
C.A. BARAGWANATH  
Auditor-General

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**OFFICE OF THE  
AUDITOR-GENERAL  
OF VICTORIA**

12th Floor  
1 Macarthur Street, Melbourne, Vic. 3002  
Telephone 651 6012  
Facsimile 650 5391



**PRODUCTIVITY THROUGH PROFESSIONALISM**

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## SENIOR MANAGEMENT OF THE OFFICE

---

**Auditor-General**

**Ches Baragwanath**

**Assistant Auditor-General**

**Flav Belli**

*GROUP 1 - AUDIT OPERATIONS*

**Chief Director of Audit**

**Russell Walker**

**Directors**

**Ian Claessen  
Bruno Dinelli  
Michael Kane  
Stan Naylor  
Trevor Wood**

*GROUP 2 - AUDIT OPERATIONS*

**Chief Director of Audit**

**Graham Hamilton**

**Directors**

**John Kehoe  
Terry Lant  
Joe Manders  
Mark Strickland  
Jan Tranter (acting)**

*GROUP 3 - OPERATIONAL SUPPORT*

**Chief Director of Audit**

**John Pinnis**

**Directors**

**Neville Eyre  
Barry Hyde  
Michael Nugent (acting)**

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## OFFICE OF THE AUDITOR-GENERAL

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**R.G. HUMPHRY**

Mr Richard G. Humphry resigned from his position of Auditor-General of Victoria on 14 August 1988.

During the 2 years Mr Humphry was Auditor-General, he projected a high profile in the accounting field and was instrumental in further enhancing the professionalism of the Office.

On 30 August 1988, Mr Ches A. Baragwanath was appointed Auditor-General of Victoria.



**C.A. BARAGWANATH**



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## INTRODUCTION

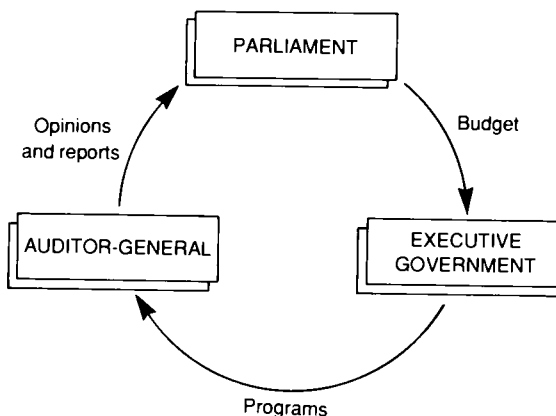
This report describes the functions and operations of the Office of the Auditor-General and presents the audited financial statements of the Office for the year ended 30 June 1988. The report focuses on matters relating to the organisation and management of resources available to the Auditor-General during the year, and is submitted to the Parliament under section 8 of the *Annual Reporting Act 1983*.

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## MISSION OF THE OFFICE

The Auditor-General is responsible for the external audit of the financial affairs and activities of government, but unlike other chief administrators, he is not subject to ministerial direction and reports directly to Parliament.

The Office of the Auditor-General is the machinery by which the legislative functions of the Auditor-General are carried out in Victoria. The Office therefore plays an important role in the accountability of the Executive Government to Parliament and in enhancing resource management in the Victorian public sector.



Within the above framework, the mission of the Office is:

- ◆ To support the Auditor-General in the provision of independent and objective analysis, evaluation and opinions to Parliament and the Executive Government which will assist in their assessment of the financial performance of public entities in terms of:
  - fair presentation of financial statements;
  - adherence to legal and other requirements; and
  - maintenance of management procedures and systems to achieve economy and efficiency in the management of public resources and effectiveness in implementing government programs.
- ◆ To promote and encourage the development of sound financial and resource management in the public sector by the provision of professional external audit services to its auditees.

---

## LEGISLATION GOVERNING THE WORK OF THE OFFICE

The *Audit Act* 1958 is currently the principal statute relating to the appointment, tenure, duties, responsibilities and powers of the Auditor-General, and is the main legislation governing the work of the Office. Other provisions affecting the role and functions of the Office of the Auditor-General are contained in the *Public Account Act* 1958, the *Constitution Act* 1975, the *Annual Reporting Act* 1983 and the various enabling Acts establishing public bodies.

In response to the Government's objective of reforming the State's resource management and accountability legislation, the Office drafted provisions for a revised Audit Act, which were submitted to the Treasurer late in 1986. The draft legislation aims to:

- ◆ remove many outmoded audit requirements which have been entrenched in the Audit Act since early this century;
- ◆ enhance financial and resource management in the Victorian public sector by more clearly defining the Auditor-General's responsibilities in the provision of professional audit services; and
- ◆ upgrade the Office's functions and structure consistent with world-wide trends in public sector auditing.

At the date of preparation of this report, the timeframe for bringing the proposed legislation before Parliament is still uncertain.

---

## WHAT IS THE SCOPE OF AUDIT ACTIVITIES?

### Areas of operation

In Victoria, public sector activities are divided into 2 main areas of operation, generally referred to as the *budget* and *non-budget* sectors.

The *budget* sector includes all departments of the State. These are financed by annual and special parliamentary appropriations and their financial operations are processed through, or come under the control of, the central accounting system operated by the Department of Management and Budget.

The *non-budget* sector comprises a large number of public bodies, many of which are established by separate legislation. These bodies have greater financial autonomy than departments, are not generally funded by parliamentary appropriations and are not subject to budgetary controls by the Department of Management and Budget.

### What audit philosophy and process is applied?

To assist the Auditor-General in carrying out his statutory audit responsibilities, the Office has adopted the audit process generally described as *comprehensive auditing*. This term is descriptive of an approach to the overall audit task, rather than a type of audit in its own right. The comprehensive audit process involves the attestation of financial statements, an examination of compliance with legal and administrative regulation, and an assessment of the economy, efficiency and effectiveness of auditee operations.

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*Field audit operations reviewing plant and equipment.*

The comprehensive audit approach does not mean that at each and every audit there is a comprehensive examination of the total operations of an auditee. Rather, in the course of each audit cycle the Office examines carefully selected segments of an auditee's operations against the whole range of criteria determined by environmental factors, audit risk and materiality.

Associated with this approach is the need to focus more audit attention on issues having direct impact on the adequacy of resource management in the public sector. The Auditor-General's charter does not extend to reviewing the merits of government policy, but covers management efficiency and effectiveness in implementing government policies by agencies.

From the audit process the Auditor-General provides to Parliament the information it needs to assess the financial performance of government organisations in terms of fair presentation of financial statements, compliance with legal and other requirements, and maintenance of adequate management systems to ensure economy, efficiency and effectiveness of operations.

In addition to informing Parliament, reviews of management systems provide independent assessments and constructive suggestions to auditees to enable them to enhance financial and resource management, and improve accountability within the public sector.

---

## What is the output of the Office?

The output of the Office consists of:

- ◆ Annual audit reports and management letters to auditee organisations, drawing attention to observations arising from the audit together with appropriate recommendations. Copies of annual audit reports are also forwarded to the Treasurer and the responsible Minister;
- ◆ Audit reports containing the opinions of the Auditor-General on financial statements, which are published within auditees' annual reports with the financial statements to which they refer;
- ◆ Audit reports to the Commonwealth Government on expenditure of various funds provided by the Commonwealth to the State; and
- ◆ Presentation of Auditor-General's reports to Parliament summarising the most significant material issues raised during the year. These reports contain comments arising from the audits undertaken, or on special matters which the Auditor-General thinks fit to report. A description of the reports tabled in Parliament by the Auditor-General during the year is provided on pages 12-13. A list of reports tabled since 1977-78 is contained in Appendix 5.

## What are the audit responsibilities of the Office?

From 1 July 1988 the Auditor-General assumed responsibility for the audit of public hospitals and State-funded nursing homes, bringing total audit responsibilities of the Office to 547 as detailed below:

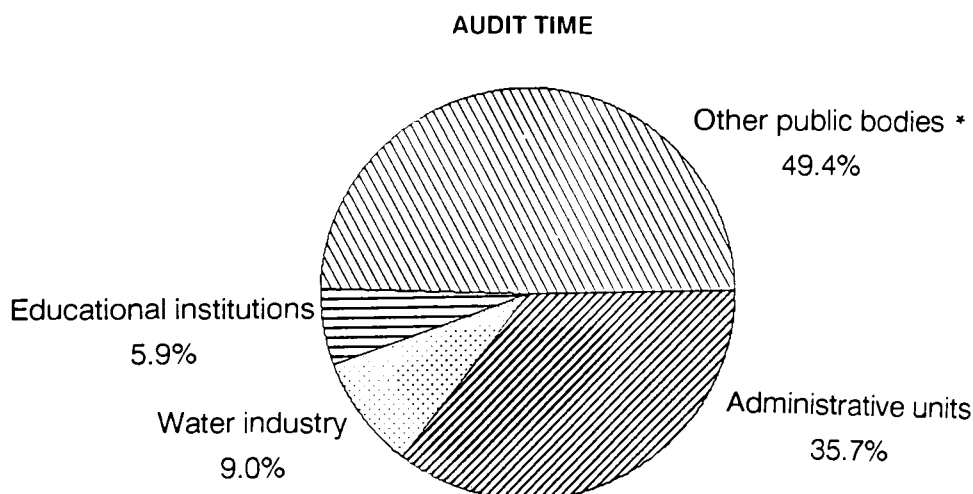
- ◆ 25 administrative units declared to be departments to which the provisions of the *Annual Reporting Act* 1983 apply, and the accounts of Parliament. The audit of departments includes branches and regional district offices located throughout Victoria;
- ◆ 8 government business undertakings which have been declared to be public bodies for the purposes of the *Annual Reporting Act* 1983;
- ◆ 18 superannuation funds of which 11 are administered by public bodies declared under the *Annual Reporting Act* 1983, and 7 are not subject to the Act;
- ◆ 4 contributed income bodies declared under the *Annual Reporting Act* 1983;
- ◆ 110 public bodies not subject to the *Annual Reporting Act* 1983, the reporting and auditing requirements of which are prescribed by individual statutes;
- ◆ 9 companies and joint ventures;
- ◆ 54 post-secondary educational institutions comprising universities and associated companies, colleges of advanced education, and technical and further education colleges;
- ◆ 173 local water and sewerage authorities comprising water boards, municipalities, river improvement/drainage trusts and river management boards. In the main, the audit of water bodies is conducted by private practitioners appointed as agents of the Auditor-General; and
- ◆ 145 public hospitals and State-funded nursing homes.

In addition, the Office is responsible for the provision of audited statements to the Commonwealth in respect of special purpose grants to the State.

The Auditor-General is not responsible for the audit of local government bodies or the State Bank, although in terms of the *State Bank Act 1988*, the Auditor-General is required to approve the appointment of private sector auditors as recommended by the Board of the Bank.

A complete list of audit responsibilities at 30 June 1988 is provided in Appendix 1 and a list of changes in audit responsibilities during 1987-88 is contained in Appendix 2.

The chart below indicates the percentage of audit time devoted during 1987-88 to the various audit areas for which the Auditor-General has responsibility.



\* Includes government business undertakings, superannuation funds, contributed income bodies, and companies and joint ventures.

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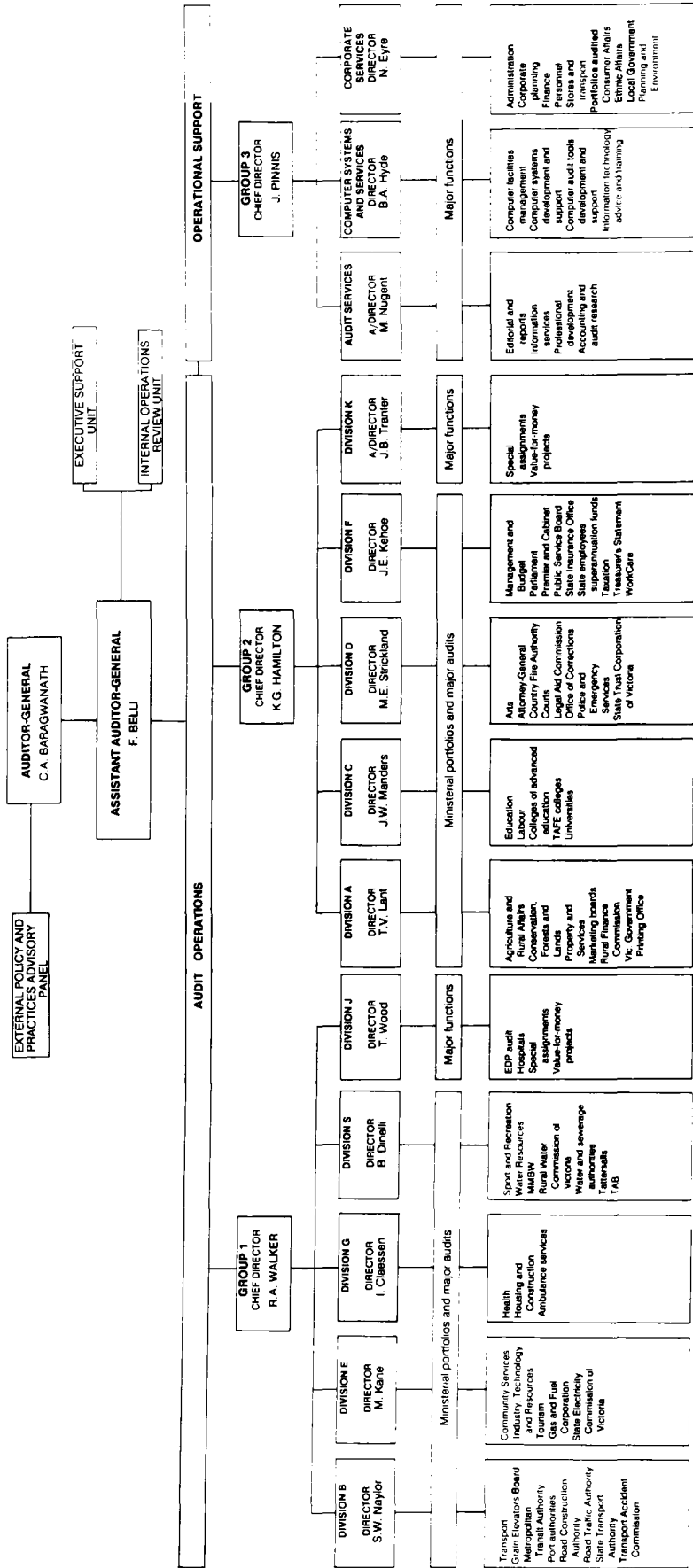
## HOW IS THE OFFICE ORGANISED TO CARRY OUT ITS FUNCTIONS?

The corporate management structure of the Office is shown in the organisation chart on page 7 of this report. There are 3 major functional activities in the Office's organisational structure: Office Executive, 2 Audit Operations Groups and the Operational Support Group.

### Office Executive

The Office Executive comprises the Assistant Auditor-General who is responsible for the overall management of the Office, and 3 Chief Directors of Audit. They are responsible for advising the Auditor-General on policy issues and for the overall planning and co-ordination of Office operations.

# OFFICE OF THE AUDITOR-GENERAL OF VICTORIA



(October 1988)

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The Auditor-General is also assisted in his operations by:

- ◆ the External Policy and Practices Advisory Panel which provides independent, expert advice on a broad range of financial policy and operational issues;
- ◆ the Internal Operations Review Unit which carries out an internal audit and review function; and
- ◆ the Executive Support Unit which provides policy, research and administrative assistance.

## **Audit operations**

### *Group and divisional structure*

Field audit operations are carried out by 2 Groups, each under the management of a Chief Director of Audit who operates under broad policy guidelines and is responsible for day-to-day operations. Both Groups comprise 4 operational divisions and 1 division responsible for special projects, each of which is headed by a Director of Audit.

Each of the operational divisions has a diverse range of audits which cover activities of departments and public bodies, with the allocation of audits to divisions being made on the basis of Ministerial responsibility. A list of the main audit responsibilities of each division is contained in the organisation chart.

The divisions responsible for special projects conduct and co-ordinate across-the-board audit assignments and provide technical advice and training to Office staff on the value-for-money component of the operational audit. They are also responsible for co-ordinating computer audits within operational divisions.

Administrative assistance is provided by support staff allocated to each Group.

## **Operational support**

The Operational Support Group operates under the direction of a Chief Director of Audit and comprises 3 divisions, each headed by a Director. Two divisions provide professional support services to the operational audit divisions, and the Corporate Services Division provides a range of administrative support services.

### *Audit services*

The Audit Services Division is responsible for training staff in both audit management and practice, and for technical advice and consultancy assistance to audit staff on accounting and auditing matters.

In addition, the Division undertakes research on developments in accounting and auditing theory and practice affecting the public sector, develops Office practices and standards, liaises with parliamentary committees, co-ordinates the preparation of the Auditor-General's reports to Parliament, and administers the library and reference services of the Office.



*Office library specialising in audit-related information.*

### *Computer systems and services*

The Computer Systems and Services Division provides consultative and technical support to the Office on all matters relating to information technology. It is responsible for implementation of the Office information technology strategic plan which involves both administrative and professional computing systems.

The Division also monitors technology developments relevant to the Office, provides day-to-day operational support for current computing systems, and develops and encourages the use of specialised and generalised computer-based audit tools.

### *Corporate services*

The Corporate Services Division provides a range of general administration services including personnel, recruitment, office accommodation, accounting and financial management, registry, and stores and transport. A number of field audits are also conducted by the Division.

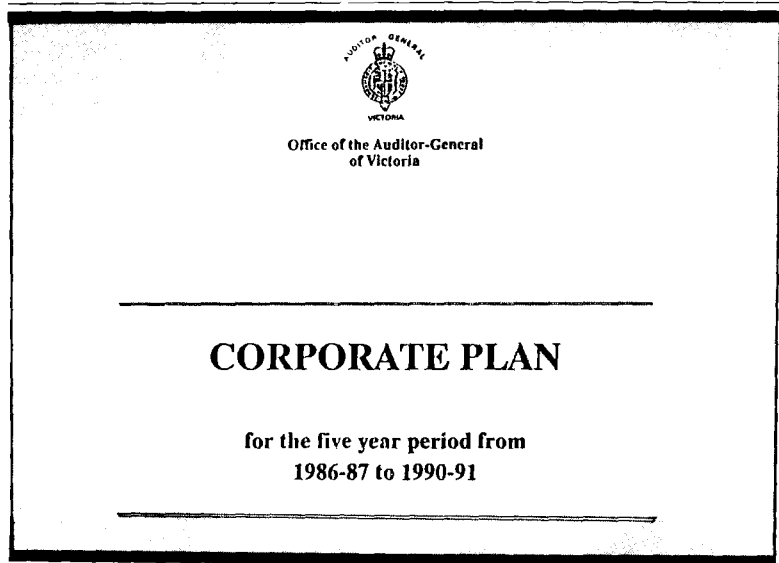


# ACHIEVEMENT OF CORPORATE OBJECTIVES

## CORPORATE PLAN

In 1987, the Office of the Auditor-General adopted a Corporate Plan to identify a number of strategic issues facing the Office over the 5 year period 1986-87 to 1990-91, and the best strategies to deal with those issues. The Plan is based on consensus reached between management and staff.

The Office is conscious of the extensive changes in public sector financial management occurring in Victoria. Major developments in information technology, new legislative requirements for financial and operational reporting, increasing complexity and sophistication of government financial activities, and expectations of the community for delivery of new and improved services by government in a resource-restrained climate, are among the factors which characterise the current financial management and accountability environment. These factors also reinforce the strategic importance to Parliament and to the Executive Government of the provision of high quality professional audit services by the Office.



Office operations this year centred on the continuing implementation of the Corporate Plan. The Plan identifies 4 key strategic issues under which several goals, strategies and action targets have been developed to guide the activities of the Office. The 4 key strategic issues are:

- 1 Services to Parliament, Executive Government and auditees;
- 2 Audit methodology;
- 3 Information technology; and
- 4 Resource management.

A review of the Office's achievements in implementing the Plan during 1987-88 follows.

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**STRATEGIC ISSUE NO. 1  
SERVICES TO PARLIAMENT, EXECUTIVE GOVERNMENT AND AUDITEES**

**Reports of the Auditor-General**

Part of the responsibilities of Parliament and the Executive Government is to make decisions affecting the direction and management of the State's financial operations. The Auditor-General plays an important role in this process by providing independent reports which contain information on the adequacy of public sector organisations' financial and resource management systems, and make suggestions for corrective action. It is the prerogative of Parliament and of the Executive Government to act on the Auditor-General's reports as they think fit.

In order to maximise the usefulness of the role of the Auditor-General in this process, continued enhancements are made to the quality of format and content of Auditor-General's reports to Parliament. While continuing to report on traditional matters such as financial operations and legislative requirements, the scope of issues contained in the reports has been broadened to encompass resource management in the Victorian public sector.

Auditor-General's reports to Parliament are made available to the general public for purchase through the publications outlets of the Victorian Government Printing Office. Copies of these reports and of the Office annual report are also distributed by the Office to auditees, to government Audit Offices within Australia and in certain other countries, and to a number of other relevant organisations and interested persons.



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## What reports were issued during the year?

The majority of reports of the Auditor-General are prepared under the authority of the *Audit Act* 1958 and are tabled in Parliament. During 1987-88, the following reports were tabled:

### *First Report for the Year 1986-87*

Tabled in September 1987, this report accompanied the Treasurer's Statement and provided comment on the Statement, together with matters of special interest concerning Victorian public sector resource management and the operations of public sector organisations. These comments on matters of special interest arose from reviews conducted during the year and topics included:

- ◆ Community Employment Program;
- ◆ Insurance;
- ◆ Outstanding revenue;
- ◆ Engagement of consultants; and
- ◆ Computerised financial management systems in the budget sector.

### *Annual Report of the Office of the Auditor-General*

An annual report of the Office was prepared for tabling by the Premier in October 1987 in accordance with the *Annual Reporting Act* 1983. It provided an overview of Office activities for the year as well as incorporating the Office's audited financial statements prepared in accordance with generally accepted commercial practices.

The annual report of the Office does not include comments on, or references to, audit findings contained in the Auditor-General's reports to Parliament prepared under the *Audit Act* 1958.

### *Special reports*

Special reports are issued periodically and provide comment on the findings of major audit reviews in departments and public bodies. Two special reports were issued during the year, namely:

- ◆ *Special Report No. 8 - Foreign Exchange*

Tabled in November 1987, this report contained recommendations regarding the efficiency and effectiveness of foreign exchange management systems and procedures at a central level and within certain public sector authorities.

- ◆ *Special Report No. 9 - Land Utilisation*

This report was also tabled in November 1987 and contained recommendations arising from a review which examined the extent to which government departments and agencies managed the property at their disposal in an efficient and economic manner, commensurate with modern land management principles and practices.

---

### *Second Report for the Year 1986-87*

Tabled in April 1988, this report dealt with issues raised during 1986-87 audits. It provided comment on the results of the audits of individual government departments and public bodies, and contained comments on a number of matters of broad scope interest including:

- ◆ the decline in total share market investment holdings of selected public sector organisations;
- ◆ the impact of debt centralisation by the transport authorities;
- ◆ cleaning services within educational institutions; and
- ◆ financial reporting issues.

In total, the *Second Report* identified potential savings arising from audit recommendations of more than \$60 million.



*Reports tabled in Parliament during 1987-88.*

---

## **Community understanding of the role of the Office**

The Office is keen to ensure that there is widespread community understanding of its role and responsibilities, the services it provides, and its relationship with Parliament, Executive Government and auditees. During the year a number of briefing and information sessions on the content of Auditor-General's reports and on Office activities were arranged for interested Members of Parliament, parliamentary committees and senior representatives of public sector organisations. These sessions allowed for a positive and effective exchange of information and views on the role of the Office and its auditing activities, and provided a forum for the Office to develop strong and harmonious working relationships with parliamentary committees, Executive Government and auditee organisations.

The Office also made available an information brochure entitled *Auditing for Parliament and the Public* to explain the role of the Auditor-General, the responsibilities and activities of the Office, and the relationship of the Office with Parliament, the Executive Government and auditee organisations.

## **Relationship with parliamentary committees**

The Auditor-General has no executive powers to implement recommendations contained in reports to Parliament. Rather, consideration of audit comments and recommendations is a matter for the Parliament, individual Ministers, central agencies and auditee bodies.

At the parliamentary level the Economic and Budget Review Committee (EBRC) performs, as part of its functions, an ongoing review of matters contained in Auditor-General's reports to Parliament. The Office of the Auditor-General assists in the work of the Committee by providing further information on report findings and making submissions on a number of specific Committee references.

During the year, an officer was seconded to the EBRC for a 6 month period to assist in its work. The secondment arrangement had benefits for both the EBRC - through access to additional financial management expertise and knowledge, and for the Office - through the wider experience gained of government review processes.

## **Enhancing the audit consultative process**

In line with the objective to promote and encourage the development of sound financial and resource management practices in the public sector, the Office directs approximately 10 per cent of its audit budget time to assist auditees to meet their financial management and accountability responsibilities.

The Office considers that a vital component of the assistance provided to auditees during the audit process involves elements of liaison and communication between the Office and auditees. Each year meetings are held with the senior management of auditee organisations prior to the commencement of the annual audit. The objective of these meetings is to discuss areas of concern to management, the proposed audit coverage and timetable, and where applicable, the annual audit fee. In addition, these meetings provide a forum for discussion with senior management on the internal auditor's annual audit plan so as to avoid unnecessary duplication with external audit coverage and ensure a more cost-effective audit.

---

Prior to the issue of reports or management letters by the Office at the conclusion of the audit, or a segment of the audit, discussions on the overall observations and recommendations arising from the audit are held with senior management of the organisation.

During 1987-88 the Office continued to hold regular meetings with senior officers from the central agencies. These meetings addressed significant audit issues and perceived financial management deficiencies in departments and public bodies as they arose, and, where appropriate, auditees were provided with recommendations for the adoption of the most efficient and effective financial management practices for their organisations. Auditee management was also informed and consulted at an early stage and this involved briefings with Ministers when considered necessary. The advantages gained from such discussions included:

- ◆ early resolution of problems identified by audit;
- ◆ a pro-active audit role in improving financial management in government;
- ◆ improved communication and co-operation with management; and
- ◆ positive action from auditees on matters raised by this Office.

### **Rate of Return Reporting**

Rate of Return Reporting (RRR) was introduced by the Government in 1987-88 as an important part of its policies aimed at improving the efficiency and accountability of Victoria's public authorities. It is a method of financial reporting which enables authorities' performance to be measured and assessed, after taking into account the effects of inflation.

The Government announced plans to establish the Victorian Equity Trust in August 1987 and the prospectus for the Trust, issued by the Treasurer of Victoria in April 1988, made use of RRR information audited by the Auditor-General.

These audited RRR financial statements were produced by, and included in, the annual reports of the following organisations:

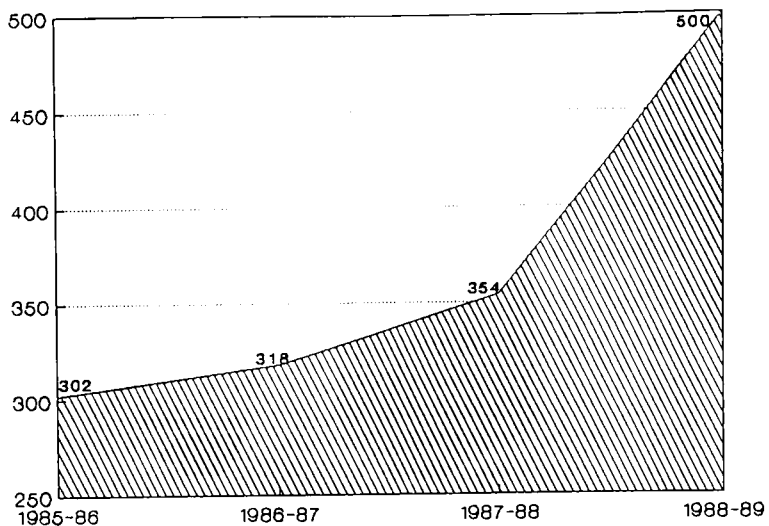
- ◆ Gas and Fuel Corporation of Victoria;
- ◆ Melbourne and Metropolitan Board of Works; and
- ◆ State Electricity Commission of Victoria.

The Office also conducted special audit reviews at 3 other organisations which are proposing to implement RRR systems in the near future.

### **Indicators of audit performance**

The following chart indicates the number of audits completed by the Office over recent years. Figures for 1988-89 are audits estimated to be completed by 30 June 1989.

### AUDITS COMPLETED



Although over the last 3 years there has been an increase in both audit responsibilities (from 382 to 547) and the number of audits completed (from 302 to 354), the net cash outlays in operating the Office program continued to decline in real terms. This position is illustrated in the following table:

### OPERATING COSTS, NET CASH OUTLAYS (\$'000)

Item	1985-86	1986-87	1987-88
Payments	5 790	6 068	7 208
Less: Receipts	2 078	2 505	3 441
Net cash outlays -			
Actual	3 712	3 563	3 767
Real terms (a)	3 229	2 768	2 663

(a) Adjusted to 1983-84 constant prices.

### AUDIT PROGRAM INDICATORS

Item	1985-86	1986-87	1987-88
Number of audits completed	302	318	354
Budget sector audits -			
Value of transactions (a) (\$million)	23 563.3	25 245.7	27 349.0
Audit cost incurred (\$million)	2.2	1.8	(b)2.5
Audit cost per \$1 000 (c) (cents)	9	7	(b)9
Number of reports presented to Parliament	3	7	5

(a) Excludes transactions between Consolidated Fund and Trust Fund.

(b) Increase in level of activities in budget sector (1986-87, 29.6 per cent; 1987-88, 35.7 per cent - refer to chart on page 6).

(c) Cost of auditing each \$1 000 of budget sector transactions.

---

## STRATEGIC ISSUE NO. 2 AUDIT METHODOLOGY

### **Audit planning and control**

Long-term strategic plans projecting Office activity over the next 5 years are the basis for all audit work. A strategic plan for each auditee is maintained on a computerised planning system, known as TIPS (Totally Integrated Planning System), which provides the base information for preparation by divisions of the detailed annual audit plan for each auditee.

Areas for audit are chosen on the basis of perceived audit risk and materiality, and the work is scheduled to allow for the effective utilisation of human resources.

The Office extended its TIPS planning system during the year to encompass planning for all 3 audit components (attest, regularity and value-for-money), and increased the amount of audit time devoted to value-for-money audit operations.

A computerised Audit Management Information System (known as AMIS) is used to monitor, on a fortnightly basis, the progress of each audit activity. AMIS also progressively reports on the cost of conducting all audit work and has the ability to generate fees for chargeable audits and to compute notional fees for non-chargeable audits.



*An audit team planning the next assignment.*



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## Computer-assisted audit techniques

The Office places an increasing emphasis on the development and application of computer-assisted audit techniques (CAATs) to provide better audit coverage, and to carry out efficient and effective audits. Over the years, a variety of computer programs have been developed to provide access to auditee information held on computer files, and to more efficiently conduct certain audit procedures.

During 1987-88, the Office continued its commitment to the development and use of modern auditing methods and techniques. A review was completed which addressed potential CAATs application in the budget sector. In particular, the CAAT for auditing the financial management systems of departments was extensively reviewed and the CAAT for auditing budget sector payroll systems was completed and successfully implemented. Additionally, significant work was done in the interrogation of auditee computer data files with a new, high level auditing package called IDEA, developed by the Auditor-General of Canada.



*Evaluation of computer auditing programs.*

---

## **Development of the comprehensive audit methodology**

All audits are conducted by professionally qualified staff using the Office's *comprehensive audit* process, and in accordance with Australian Auditing Standards. The process involves the planning and conduct of an audit, and examines and assesses financial regularity, compliance with legal and financial regulations, and economy, efficiency and effectiveness of the operations of audited organisations. With the exception of the smaller and specialised audits, all attest audit work is undertaken using systems-based methodology.

During the year, further refinements to the implementation of the Office's comprehensive audit methodology were made, including the establishment of 2 special project groups with major responsibilities in this area, and the employment of Project Officers. A Director was allocated to each of the special project groups to manage across-the-board assignments.

The Office also took steps to enhance its audit methodology in order to ensure that it remains a source of distinctive competence in public sector auditing. In particular, the Office:

- ◆ participated in a joint review conducted with the New South Wales Audit Office to assess the on-going applicability of the systems-based audit methodology; and
- ◆ completed a substantial review of workpapers and documentation standards, and introduced a new workpaper indexing system to comply with comprehensive audit methodology.

Internationally, an overseas study tour undertaken by the Assistant Auditor-General, Mr F. Belli, in July 1987, enabled the Office to extend and update its knowledge of overseas developments in comprehensive auditing. Mr Belli visited the Canadian, United States and United Kingdom Audit Offices, as well as meeting with professional associations in those countries. On his return, Mr Belli was instrumental in arranging (through the Australian Society of Accountants) for visits by the Comptroller of the State of New York and a senior partner from a major United States accounting firm to conduct a series of lectures in Melbourne, Sydney and Canberra on the benefits of adopting full accrual accounting in the public sector.

## **Freedom of information**

The auditing role of the Auditor-General is a unique activity of vital public concern. The auditing process includes the preparation of audit working papers containing plans, procedures, scope, methodology and evidence gathered. The Office places a high priority on the confidentiality of these documents - a principle embodied in the standards of the auditing profession in all western countries.

The principle of confidentiality of audit working papers, which form part of the deliberative process leading to the preparation of reports to Parliament, was upheld by the Administrative Appeals Tribunal in 1987. The Tribunal agreed that the success of the audit process is vital and in the public interest; a situation which could be impaired by disclosure of the plan of process or by inhibition of those who are sources of information.

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On 13 October 1987, the Freedom of Information (Exempt Offices) Regulations 1987 took effect and exempted the Auditor-General from the provisions of the *Freedom of Information Act* 1982. This exemption provided the Office with the protection of confidentiality of audit information which is essential to the effective fulfilment of the Auditor-General's responsibility to Parliament.

### **Relationship with interstate Audit Offices**

The sharing of information and professional expertise in the audit area is a valuable mechanism for improving the efficiency and cost-effectiveness of State and Commonwealth Audit Offices in Australia. In addition to the regular meetings at senior levels of Auditors-General and Deputy Auditors-General, links have been established at middle management level through annual meetings of EDP auditors in the public sector, circulation of information on developments, and exchange visits of key audit and management personnel between the various Audit Offices.

In 1987-88 this co-operation was strengthened through:

- ◆ the provision of a paper on the operations of the Victorian Office to the Federal Joint Parliamentary Accounts Committee which was conducting a review of the Australian Audit Office;
- ◆ attendance at the biennial meeting of Deputy Auditors-General held in Brisbane;
- ◆ participation in a joint meeting of Australia-wide Audit Office senior representatives to discuss strategic auditing issues;
- ◆ an informal meeting of Auditors-General of New Zealand, New South Wales, South Australia, Northern Territory and Victoria to discuss matters of audit significance;
- ◆ visits to the Queensland and New South Wales Audit Offices by the Assistant Auditor-General to discuss audit programs and reporting to Parliament; and
- ◆ participation by an Audit Manager from the Victorian Office in discussions with the Commonwealth Department of Finance in Canberra and the New South Wales Auditor-General's Office on current cost performance reporting.

### **Professional activities**

The Office is involved in a range of activities connected with the accounting and auditing profession and public sector management. The Office continued its activities in this area in 1987-88 and details are provided in Appendix 4.

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## **STRATEGIC ISSUE NO. 3 INFORMATION TECHNOLOGY**

### **Relevance of information technology to work of the Office**

A key strategic initiative in the Office Corporate Plan is the increased use of computers and related technology to improve staff productivity and to provide enhanced resource management systems. The initiative is embodied in a 5 year Information Technology Strategic Plan which commenced in April 1986.

Substantial progress was made during the year on the implementation of the information technology strategy with the installation of the new Office local area network, and commencement of work on all 3 of the Office's strategic information systems (Audit Information Database, Audit Management Information System, and the Audit Terminal and Workbench).

### **Network installation**

Implementation of the information technology strategy is the responsibility of the Computer Systems and Services Division. Work has accelerated during the past 12 months and key achievements have included:

- ◆ Selection of computer hardware in December 1987;
- ◆ Selection of a database package and application development software in December 1987;
- ◆ Installation of 2 minicomputers, a local area network which involved the installation of extensive cabling throughout the Office, 30 intelligent workstations and 4 laser printers. All equipment was officially accepted in March 1988; and
- ◆ Conversion of existing systems on the Office's old network commenced in April 1988. These systems encompassed audit qualifications, staff and salary management, general ledger, creditors, fixed assets, library, contract audits, presentation graphics, desktop publishing, professional development and project scheduling.

### **New Audit Management Information System**

In-house development of a new on-line Audit Management Information System (AMIS) commenced in February 1988. The concept of system prototyping is being extensively employed in the development of AMIS to facilitate active user involvement in the design and programming process.

The first stage of the new AMIS system is to be implemented in the last quarter of 1988, and management will have a greatly enhanced tool to monitor work in progress, and more effectively plan and co-ordinate resource usage.

### **Planned developments**

Facilities available on the network already provide a variety of administrative and personal productivity systems to assist every staff member to work more effectively.

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While substantial progress has been made this year there is still a major task ahead as the Office moves from a computing environment based on personal computers, to one based on minicomputers with intelligent workstations and online update and query facilities.

Major objectives for the coming year are:

- ◆ implementation of the initial stage of the new AMIS system;
- ◆ evaluation and provision of key computer-assisted audit tools; and
- ◆ further development of the Audit Information Database for text-oriented data.



*The VAX 8350 minicomputer: the centre of the Office's local area network.*

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## **STRATEGIC ISSUE NO. 4 RESOURCE MANAGEMENT**

### **What resource management strategies are utilised?**

The Office utilises an array of management tools and strategies to ensure that its resources are effectively allocated to achieve operational targets and provide the necessary support infrastructure. Resources for which specific management systems have been developed include financial and manpower resources, for which reporting systems have been developed to act in concert to monitor the progress of projects against predetermined targets and to ensure that resources are appropriately utilised.

### **Financial management**

The Office's financial recording and reporting systems are maintained on an in-house microcomputer and senior management is provided with up-to-date financial reports on budgets, commitments, and year-to-date expenditure on a regular basis.

A computerised debtors' system assists the Office in its cash management practices, and a computerised asset register maintains details of all accountable physical assets. (Further details on physical assets are provided in the Office's supplementary accrual accounts on page 51.)

Consistent with its efforts to provide a comprehensive framework for resource management and increased accountability over the expenditure of public moneys, the Office has continued its practice established in 1987 of voluntarily providing supplementary financial information on an accrual basis (pages 45-54). These statements supplement the annual financial statements of the Office, presented in accordance with Regulations under the *Annual Reporting Act 1983* (pages 37-44).

In the main, the Annual Reporting Regulations follow the traditional budget sector practice of accounting for annual parliamentary appropriations on a cash basis, that is reporting only moneys actually received and spent during the year.

These Regulations specify only minimum reporting requirements, and by taking the initiative to provide accrual financial statements which recognise total revenue earned, total costs incurred, asset balances, outstanding liabilities and the equity of the State in the Office, far more meaningful management information is provided.

### **Human resource management**

A human resource management strategy, designed to ensure that the Office maintains a ready and continuing source of highly motivated and skilled personnel, was developed during the year. The strategy has been developed within an integrated, overall framework and addresses short and long-term manpower planning, recruitment programs, personal and professional development for all staff, and performance improvement and appraisal schemes for all staff.

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A salary management system provides management with meaningful and timely information on staffing numbers and salary expenditure trends, enabling simple assessment of the Office staffing profile, and control over expenditure of its salary appropriation.

The following sections on *Professional development* and *Engagement of agents* provide additional perspectives of the Office's overall human resource management strategies, and pages 28-32 contain details of the *Personnel* management activities during the year.

### **What is the Office's commitment to professional development?**

The Office has an ongoing commitment to the professional development of its staff. The commitment is essential to maintain the high level of skill required to carry out its operational responsibilities, and is reflected in the Office's professional development policy which states "*professional development is an integral component of the work environment and is observed as an ongoing process for all staff*". The individual's development therefore becomes a shared responsibility, with staff being encouraged to keep abreast of the latest professional knowledge and skills and the Office providing practical support in the form of a structured annual professional development program, assistance in the completion of further professional studies, and the provision of on-the-job training and supervision.

All SES staff receive annual appraisals through the standard SES Appraisal Scheme, and all staff other than SES officers participate in the Office's Performance and Development Review Scheme which is designed to monitor work performance and identify the training needs of each officer through a process of annual assessment and counselling. The Scheme provides a process to review and discuss officers' performance and career aspirations, and provides valuable input to the preparation of the annual Professional Development Program of the Office.

The 1987-88 Professional Development Program was designed to assist staff in the development of the desired audit and management skills. Topics covered were:

- ◆ accounting and auditing;
- ◆ information technology and EDP auditing;
- ◆ communication skills; and
- ◆ management and supervision skills.

The majority of courses conducted during the year were developed and conducted by Office staff. (A summary of training courses contained in the Office's Professional Development Program conducted during the year is contained in Appendix 3.) In addition to attending courses under the Professional Development Program, officers were encouraged to attend selected external conferences and conventions. The more significant of these are listed in this report under *Professional activities* in Appendix 4.



*In-house training session in computer auditing.*

In October 1987, a 3 day residential senior management conference was held at Healesville to discuss a number of issues significant to the Office, such as staffing, corporate planning, professional development and information technology.

A complete review of the Office's Professional Development Program has been scheduled during 1988-89. In particular, the requirements of a constantly evolving audit process, the impact of computerised financial management systems and the professional development needs of non-accounting staff will be assessed.

The Office is also active in supporting staff who wish to undertake further studies to improve their professional knowledge and qualifications. In 1987-88, 14 staff were supported by the Office in further tertiary studies ranging from a Graduate Diploma in Human Resource Development, to a Bachelor of Business, to a Master of Business Administration.

The Office also assists in the development of staff through a number of secondments to various organisations. During the year, officers were seconded to assist in the work of the Economic and Budget Review Committee, and the Royal Australian Institute of Public Administration. In addition, the Office participated in a staff exchange program with the Auckland Regional Commission, whereby a staff member of that Office was seconded to the Victorian Audit Office for a 9 month period.



## Engagement of agents

The Office, as part of its resource management, has a policy of engaging private practitioners to act as agents of the Auditor-General. Contract audit arrangements cover local water and sewerage authorities, ambulance services, post-secondary education institutions, public hospitals and State-funded nursing homes, public sector superannuation funds, and a number of other audits.

Agents appointed by the Auditor-General are primarily concerned with undertaking sufficient audit work to enable the Auditor-General to form an opinion on the financial statements. However, increasing emphasis is being directed towards identifying issues relating to the efficiency and effectiveness of resource management and economy in an organisation's operations.

The Office develops manuals and guidelines relating to the conduct of audits and these are issued to agents to assist them in their audit operations. The Auditor-General provides the audit opinion on the financial statements, determines levels of remuneration and collects fees charged to auditees for audit services.

During 1987-88, 237 annual audits conducted by contract arrangements were finalised for which agents were paid \$887 154. An amount of \$4.5 million has been estimated to cover payments to agents during 1988-89 due to increased audit responsibilities.

The following table shows the number of, and expenditure on, contract auditing services over recent years:

### AUDITS UNDERTAKEN BY AGENTS

<i>Year</i>	<i>Number of audits</i>	<i>Amount</i>
		(\$)
1986-87	153	399 124
1987-88	237	887 154
1988-89 (estimated) (a)	400	4 500 000

(a) Reflects additional audit responsibilities.

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### **Office accommodation**

During the year, the Office obtained the use of an additional half a floor bringing total floor occupancy at 1 Macarthur Street, Melbourne to 2 full floors and 2 half floors. The additional half floor, located on the fourth level, is to be used to centralise expanded contract auditing responsibilities recently assumed by the Office.

Also during the year, some refurbishing and maintenance work, which involved new carpeting, painting and partitioning, was undertaken on the twelfth floor. A main Office reception area and a redesigned and expanded library area were included in the refurbishment project on the twelfth floor.

Although the improvements on the twelfth floor have been well received, this floor only accommodates approximately 30 per cent of the total Office staff. The accommodation standards of staff located on the fourth, eleventh and thirteenth floors (particularly the latter which has no lift access), remains a serious disincentive to staff morale and overall Office efficiency. It is anticipated that during 1988-89 further essential refurbishment work will be undertaken on these floors, dependent upon appropriate funding being made available.

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## PERSONNEL

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*On-the-job training.*

### STAFFING PROFILE

At 30 June 1988 the Office employed 168 persons (164 at 1 July 1987). The Office's average staffing level during the year was 155.4 (150.3 for the previous financial year). The majority of staff (77 per cent) held tertiary qualifications, with 68 per cent being professionally qualified accountants.

The Office's staffing profile remained very dynamic during the year with high turnover, extensive recruitment and rapid internal promotion. This situation, which has been common in recent years, has led to an overall decline in the experience base of the Office.

Factors which have had a significant influence on this situation are:

- ◆ the difficulties the Office continues to experience in recruiting and retaining staff, in competition with the private sector, while operating within the constraints of public service staffing policies, procedures and salary scales;
- ◆ the growth of the finance and internal audit functions within the Victorian public sector; and
- ◆ the professional standing of the Office which has resulted in commercial accounting firms and banking organisations aggressively recruiting experienced Audit Office staff.

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## AUDIT STAFF COMMENCEMENTS AND SEPARATIONS

<i>Classification</i>	<i>1986-87</i>		<i>1987-88</i>	
	<i>Commencements</i>	<i>Separations</i>	<i>Commencements</i>	<i>Separations</i>
SES	-	1	-	3
Audit Manager	-	-	1	5
Audit Supervisor	-	9	10	13
Audit Senior	-	2	4	8
Auditor	20	5	20	10
<b>Total</b>	<b>20</b>	<b>17</b>	<b>35</b>	<b>39</b>

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The high turnover of auditing personnel, especially senior staff, is of concern as it has resulted in the loss of valuable auditing experience, knowledge and skill. The audit methodology of the Office requires a certain degree of judgment to be exercised by auditors - a skill which is best gained through experience. The recruitment and retention of experienced audit staff therefore remains a high priority in order for the Office to maintain and continue to deliver high quality audit services.

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### SENIOR EXECUTIVE SERVICE

Sixteen of the Office's staff are members of the Senior Executive Service (SES), and during the year 2 officers from the administrative ranks joined the SES. They were Mr B. Dinelli and Mr S.W. Naylor. Three SES officers, Mr L. Fewster (SES-3), Mr G. Towers (SES-1) and Mr K. K. Lee (SES-1) resigned from the Office during the financial year.

A proposal to rationalise the SES structure of the Office has been prepared and forwarded to the Public Service Board. The proposed restructure is in response to the changes in the role and increased responsibilities of the Office over recent years, which have led to a significant increase in complexity and work value for positions at the SES level since they were originally established in 1983.

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### RECRUITMENT

As a result of the Campus Interview Program conducted in 1987-88, 4 accounting graduate recruits were appointed to Auditor positions in July 1987 and a further 15 in February 1988. These appointments were supplemented by a further 5 officers recruited through the year as a result of press advertisement.

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The 1988-89 Graduate Recruitment Program again covered 13 tertiary campuses in both metropolitan and country regions, with 112 preliminary interviews being held with final year accounting students.

At 30 June 1988, 22 offers of employment had been accepted, including 8 by graduates commencing duty in July/August 1988. The results of the 1987-88 Program at 30 June 1988, together with comparative figures for the total 1986-87 Program (in brackets), are shown in the following table:

#### CAMPUS RECRUITMENT PROGRAM

<i>Item</i>	<i>Females</i>	<i>Males</i>	<i>Total</i>
First interview	38 (46)	74 (64)	112 (110)
Offer of second interview	29 (25)	59 (35)	88 (60)
Attendance at second interview	18 (17)	34 (25)	52 (42)
Employment offer	11 (13)	19 (15)	30 (28)
Acceptance at 30 June 1988	7 (5)	15 (15)	22 (20)

## ORGANISATIONAL INITIATIVES

### Review of selection documentation/criteria

All positions in the Office have comprehensive position descriptions which include a full list of duties and an analysis of the skills required of an occupant. This documentation is important in providing a clear and consistent set of criteria for use in selection and promotion processes, and in providing a statement to staff regarding the expectations placed on them at each level.

With the changes in both the Victorian public sector financial environment and the functions of this Office, the role and requirements of audit staff have also altered markedly since documentation was last reviewed in 1983. With this in mind, the Office formed a working party to review and update all audit position documentation. This was completed early in 1988 and the new documentation is now in use.

### Modification of staffing structure

During the year the Office introduced the additional staffing classifications of Senior Audit Supervisor (ADM-6) and Senior Audit Manager (ADM-8). This was done for 2 reasons:

- ♦ in recognition of the increasing technical skill demands being placed on experienced staff at the Audit Supervisor (ADM-5) and Audit Manager (ADM-7) levels, particularly on larger, more complex assignments; and
- ♦ to provide an incentive for competent and experienced staff to remain with the Office by adding intermediate promotional steps between the levels of Audit Supervisor, Audit Manager and Director.

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In late October 1987 the Office implemented a policy of recruiting non-accounting professionals to its staff. The appointment of officers with a varying set of skills such as civil engineering, human resource management and economics, was to supplement the technical knowledge base of the Office in the area of value-for-money audits.

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## **OCCUPATIONAL HEALTH AND SAFETY**

The Office's occupational health and safety philosophy focuses strongly on accident prevention in the workplace. A Workplace Health and Safety Committee, comprising equal management and staff representation, regularly monitors health and safety issues and aims to increase staff awareness of these issues. The Committee is also active in implementing any improvements required to ensure that the workplace and work practices are safe.

The Committee has been pro-active in identifying and rectifying potential health and safety hazards through a series of safety reviews conducted in Office premises at 1 Macarthur Street, Melbourne. These reviews have led to changes such as the removal/repair of faulty or poorly placed electrical outlets, and replacement of ergonomically unsound screen-based equipment.

In addition, the Committee played a major role in initiating a "Smoke Free Office" policy. The policy, which has enabled staff to establish a work environment which is free from the health hazards and discomforts of tobacco smoke, was implemented in 3 stages, culminating in a smoke-free Office from 1 May 1988.

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## **WORKCARE**

During 1987-88, 11 work-related injuries were reported and recorded in the Office's WorkCare register. Of these claims, one resulted in time lost (28 days), 4 occurred while travelling to or from work and were therefore beyond the Office's control, and the total cost of medical accounts borne by the Office was \$1 738.

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## **EQUAL EMPLOYMENT OPPORTUNITY**

An Office Consultative Committee on Equal Employment Opportunity (EEO) was established in 1984 in line with State Government policy on EEO. The primary role of the Committee is to translate the policies laid down in the *Action Plan for Women in the Victorian Public Service* (issued by the Public Service Board) into objectives, actions and responsibilities specific to the Office.

The Committee continued its activities during the year in accordance with the *Action Plan* and remained a focal point for staff seeking information on EEO issues.

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## **SOCIAL CLUB ACTIVITIES**

The Office Social Club was formed in 1984 to foster and organise social and sporting activities for staff. At 30 June 1988 the Club had 114 members, or approximately three-quarters of the total Office staff.

Activities organised for members and their friends during the year included Happy Hours; theatre trips; football, basketball and cricket matches; a night at the harness racing; children's Christmas picnic; and an Office Christmas party.

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## **DECLARATION OF PECUNIARY INTERESTS**

All relevant officers completed a declaration of pecuniary interests during 1987-88.

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## **EXPLANATION OF MAJOR VARIATIONS OF ITEMS WITHIN FINANCIAL STATEMENTS**

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The financial statements of the Office appear on pages 37-54. There were significant variations between 1987-88 and the previous year in some items within the financial statements of the Office, prepared in accordance with the requirements of the *Annual Reporting Act 1983*. Information in relation to these variations and any significant variations from the budget figure are given below. Number references are to the corresponding items in the financial statements on page 38 of this report.

### **1. Revenue**

Revenue generated was 37 per cent higher than in 1986-87. The increase was mainly attributed to higher recovery rates, increased audit responsibilities and increased activity within the contract auditing area.

### **2. Administrative expenses**

The increase in expenditure for this item was due to software purchases and additional general expenditure associated with the implementation of the Office's Information Technology Strategic Plan.

### **3. Contract auditing**

The additional use of private sector auditors as agents of the Auditor-General and the reduction in the backlog of audits of local water and sewerage authorities contributed to an increase in expenditure for this item.

### **4. Works and Services**

Capital expenditure associated with the Office's Information Technology Strategic Plan resulted in an increase in expenditure under the Works and Services item.



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**OFFICE OF THE  
AUDITOR-GENERAL  
OF VICTORIA**

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**FINANCIAL  
STATEMENTS,  
1987-88**

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**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1988**

**OFFICE OF THE AUDITOR-GENERAL**

**SUMMARY OF RECEIPTS AND  
PAYMENTS FOR THE YEAR ENDED 30 JUNE 1988**

<i>Item</i>	<i>1987-88</i>	<i>1986-87</i>		
	(\$)	(\$)		
<b>RECEIPTS - CONSOLIDATED FUND</b>				
Program 609 - Office of the Auditor-General	<b>3 441 331</b>	2 504 911		
<b>TOTAL ALL RECEIPTS</b>	<b>3 441 331</b>	2 504 911		
<b>PAYMENTS - APPROPRIATIONS CONSOLIDATED FUND</b>				
	<u><i>Special</i></u> <i>1987-88</i>	<u><i>Annual</i></u> <i>1987-88</i>		
	(\$)	(\$)		
Program 609 - Office of the Auditor- General	86 764	7 110 845	<b>7 197 609</b>	6 063 919
<b>PAYMENTS - TRUST FUND</b>				
Program 609 - Office of the Auditor-General			<b>10 823</b>	3 610
<b>TOTAL ALL PAYMENTS</b>			<b>7 208 432</b>	6 067 529

**OFFICE OF THE AUDITOR-GENERAL**

**PUBLIC ACCOUNT PROGRAM RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 30 JUNE 1988**

<i>Ref*</i>	<i>Item</i>	<i>Notes</i>	<i>Budget 1987-88</i>	<i>Actual 1987-88</i>	<i>Actual 1986-87</i>
<b>OFFICE OF THE AUDITOR-GENERAL (PROGRAM 609)</b>					
			(\$)	(\$)	(\$)
<b>RECEIPTS - CONSOLIDATED FUND</b>					
1.	Fees and charges			<b>3 423 857</b>	2 487 016
	Minor receipts	B		<b>17 474</b>	17 895
<b>TOTAL GROSS PROGRAM RECEIPTS</b>				<b>3 441 331</b>	2 504 911
<b>PAYMENTS - CONSOLIDATED FUND</b>					
<b>Special appropriation</b>					
	Salaries and allowances	C	<b>87 000</b>	<b>86 764</b>	85 533
<b>Annual appropriations</b>					
	Recurrent expenditure -				
	Salaries and associated costs	D	<b>5 238 280</b>	<b>5 550 130</b>	5 160 469
2.	<b>Operating expenses</b>				
	Administrative expenses	E	<b>364 000</b>	<b>473 476</b>	400 860
3.	<b>Other recurrent services</b>				
	Contract auditing		<b>766 000</b>	<b>887 154</b>	399 124
	Total recurrent expenditure		<b>6 368 280</b>	<b>6 910 760</b>	5 960 453
4.	<b>Works and Services expenditure</b>				
	EDP facilities		<b>19 000</b>	<b>200 085</b>	17 933
<b>TOTAL GROSS CONSOLIDATED FUND</b>			<b>6 474 280</b>	<b>7 197 609</b>	6 063 919
<b>PAYMENTS - TRUST FUND</b>					
<b>State Trust Account</b>					
	Youth Guarantee Traineeship	F		<b>10 823</b>	3 610
<b>TOTAL TRUST FUND</b>				<b>10 823</b>	3 610
<b>TOTAL GROSS PROGRAM PAYMENTS</b>				<b>7 208 432</b>	6 067 529

\* Reference is to the Explanatory Statement on page 33 of this report.

**OFFICE OF THE AUDITOR-GENERAL  
NOTES TO THE FINANCIAL STATEMENTS**

- A (a) The financial statements of the Office have been prepared on the basis that the transactions of the Public Account are reported on a cash basis, with the exception of payments for salaries which are reported on an accrual basis.
- (b) The financial details provided in Appendix A to the financial statements relate to transactions outside the Public Account except for the item "Payments from Appropriations of other administrative units".
- (c) The financial statements specify only identifiable direct costs and do not reflect the total cost of Office operations. The statements do not include amounts paid on behalf of the Office by other administrative units such as the payments by the Department of Management and Budget for superannuation and by the Department of Property and Services for rent, cleaning and telephone services.
- (d) There have been no expenditures of a capital nature on the Office's behalf by the Ministry of Housing and Construction during the financial year.
- (e) A reference in the financial statements to a "Budget" figure means:
- (i) in the case of recurrent expenditure and works and services expenditure the estimates in an annual appropriation Act for that year; and
  - (ii) in the case of special appropriations the estimates specified in the Victorian Budget document entitled *Budget Summary and Program Budget Expenditures* published in respect of that financial year.
- (f) A reference in the financial statements to an "Actual" figure means the payments actually made by the Office in respect of the item to which it refers.
- (g) The receipts and payments set out in the financial statements include receipts and payments which come within the overall responsibility of the Office, whether or not they have been collected or paid by the Office.

**Receipts**

- B The "Minor receipts" figure of \$17 474 is made up of the following amounts:

<i>Item</i>	<i>1987-88</i>	<i>186-87</i>
	(\$)	(\$)
Appropriation of former years	3 185	7 464
Commission on -		
Group assurance deductions	535	455
Hospital and medical deductions	217	183
Interest	12 269	9 793
Small amounts paid in	1 268	-
<b>Total</b>	<b>17 474</b>	<b>17 895</b>

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## Special appropriation

- C The Auditor-General's salary is specially appropriated by Parliament in accordance with section 4 (3) of the *Audit Act* 1958.

## Recurrent expenditure

### D Salaries and associated costs

The "Salaries and associated costs" figure is made up of the following amounts:

<i>Item</i>	<i>1987-88</i>	<i>1986-87</i>
	(\$)	(\$)
Salaries and allowances	5 091 404	4 782 479
Overtime and penalty rates	5 543	4 709
Payments in lieu of long service leave	83 345	56 058
Payroll tax	311 347	286 538
WorkCare	31 850	30 685
Employees' superannuation contribution in respect of officers seconded to the Department	26 641	-
<b>Total</b>	<b>5 550 130</b>	<b>5 160 469</b>

### E Administrative expenses

The "Administrative expenses" figure is made up of the following amounts:

<i>Item</i>	<i>1987-88</i>	<i>1986-87</i>
	(\$)	(\$)
Travelling and subsistence	69 393	61 864
Office requisites and equipment, printing and stationery	107 036	93 111
Books and publications	11 269	13 146
Postal and telephone expenses	17 517	5 637
Motor vehicles - purchase and running expenses	26 794	45 267
Incidental expenses	68 044	87 484
EDP processing expenses, consultants and special projects	173 423	94 351
<b>Total</b>	<b>473 476</b>	<b>400 860</b>

### F State Trust Account

The Department of Labour has overall policy responsibility for the Youth Guarantee Traineeship Scheme.

## OFFICE OF THE AUDITOR-GENERAL

**SUPPLEMENTARY INFORMATION AND STATEMENT OF BALANCES  
AS AT 30 JUNE 1988**

**SUPPLEMENTARY INFORMATION****Payments from appropriation of other administrative units at 30 June 1988**

Expenditure on minor works of \$27 434 incurred by the Office, was funded by the Department of the Premier and Cabinet.

**Resources received and provided free of charge at 30 June 1988**

An Officer from this Office was seconded to the Royal Australian Institute of Public Administration from 8 November 1987 to 30 June 1988 at no cost to the Institute. The cost to the Office was \$28 556.

**STATEMENT OF BALANCES****Cash and investment balances**

An advance from the Public Account of \$7 000 (30 June 1987, \$7 000) was approved by the Treasurer for carryover to the 1987-88 financial year. At 30 June 1988 the Office Advance Account, being an account outside the Public Account, had an overdrawn balance of \$131 (30 June 1987, \$8 072).

**Debtors**

At 30 June the following amounts were outstanding:

<i>Item</i>	<i>At 30 June</i>	
	<i>1988</i>	<i>1987</i>
	(\$)	(\$)
Outstanding audit fees	440 955	257 924

**General stores on hand**

At 30 June the Office had the following stores on hand which were valued at cost:

<i>Item</i>	<i>At 30 June</i>	
	<i>1988</i>	<i>1987</i>
	(\$)	(\$)
Office requisites, stationery etc.	5 230	4 350

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**Creditors**

At 30 June the following amounts were outstanding:

<i>Item</i>	<i>At 30 June</i>	
	<i>1988</i>	<i>1987</i>
	(\$)	(\$)
General expenses	<b>117 188</b>	109 080

**Capital commitments**

At 30 June 1988, nil (30 June 1987, nil).

**Leasing commitments**

At 30 June 1988 the Office had operating leases in respect of 2 photocopying machines for a period of one month at a charge of \$502 per month (1987, 12 months at a charge of \$8 100). Facilities provided under the State Computer Lease Facility will be reported by the Department of Management and Budget.

**Balance outstanding on loans**

At 30 June 1988, nil (30 June 1987, nil).

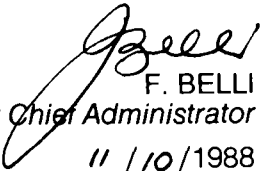
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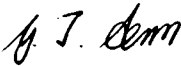
## CERTIFICATION

### Statement by Chief Administrator and Principal Accounting Officer

We certify that the financial statements of the Office of the Auditor-General have been prepared in accordance with section 11 of the *Annual Reporting Act* 1983 and the Annual Reporting (Administrative Units) Regulations 1985.


In our opinion, the information set out in the financial statements presents fairly the receipts of and the payments made by, on behalf of or falling within the policy responsibility of the Office of the Auditor-General for the year ended 30 June 1988 and of the Supplementary Information and Statement of Balances at 30 June 1988.

  
F. BELLI  
Deputy Chief Administrator  
11/10/1988

  
G.J. SENN  
Principal Accounting Officer  
11/10/1988

### REPORT OF THE APPROVED AGENT OF THE AUDITOR-GENERAL

- (1) I report that I have audited the accounts of the Office of the Auditor-General for the year ended 30 June 1988 in accordance with Australian Auditing Standards.
- (2) I have received all the information and explanations I have required.
- (3) In my opinion, the financial statements have been properly drawn up in accordance with the Annual Reporting (Administrative Units) Regulations 1985, as prescribed under the *Annual Reporting Act* 1983, and present fairly the financial transactions of the Office of the Auditor-General during the year ended 30 June 1988.

  
J.F. DONGES  
Peat Marwick Hungerfords  
Approved Agent of the Auditor-General  
11/10/1988



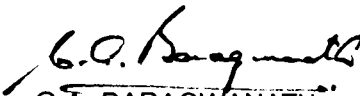
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## AUDITOR-GENERAL'S REPORT

The accompanying financial statements of the Office of the Auditor-General comprising a summary of receipts and payments, a statement of Public Account program receipts and payments relating to that department and appendices and notes to the financial statements have been audited as required by the *Annual Reporting Act* 1983 and in accordance with Australian Auditing Standards.

In my opinion, the financial statements comply, in all material respects, with the *Annual Reporting Act* 1983 and present fairly the financial transactions of the Office of the Auditor-General for the year ended 30 June 1988 in accordance with that Act.

MELBOURNE  
11/10/1988

  
C.A. BARAGWANATH  
Auditor-General

**SUPPLEMENTARY ACCRUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1988**

**OFFICE OF THE AUDITOR-GENERAL**

**STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 1988**

<i>Item</i>	<i>Notes</i>	<i>1987-88</i>	<i>1986-87</i>
		(\$)	(\$)
<b>EXPENDITURE</b>			
Audit operations -			
Salaries, allowances and associated costs	2	5 534 755	5 666 023
Contract auditing		900 179	454 115
Support services -			
Salaries, allowances and associated costs	2	1 411 332	1 802 867
Finance charges		7 735	-
<b>Total expenditure</b>		<b>7 854 001</b>	<b>7 923 005</b>
<b>INCOME</b>			
Audit fees	3	3 613 494	2 589 733
Gain on disposal of fixed assets		9 276	15 668
Other income		17 474	17 895
<b>Total income</b>		<b>3 640 244</b>	<b>2 623 296</b>
<b>Net cost of operating the Office</b>	4	<b>4 213 757</b>	<b>5 299 709</b>

## OFFICE OF THE AUDITOR-GENERAL

### BALANCE SHEET AS AT 30 JUNE 1988

<i>Item</i>	<i>Notes</i>	<i>1987-88</i>	<i>1986-87</i>
		(\$)	(\$)
<b>ASSETS</b>			
Current assets -			
Cash at bank		(131)	8 072
Debtors and work in progress	5	1 119 293	929 656
Prepayments		13 880	-
		1 133 042	937 728
Non-current assets -			
Fixed assets	6	313 323	296 375
Leased assets	7	817 531	51 909
		1 130 854	348 284
<b>Total assets</b>		<b>2 263 896</b>	<b>1 286 012</b>
<b>LIABILITIES AND FUNDS</b>			
Current liabilities -			
Creditors and accruals		117 188	109 080
Provision for employee benefits	8	285 991	370 337
Finance lease liability	9	134 879	8 250
		538 058	487 667
Non-current liabilities -			
Provision for employee benefits	8	800 676	909 420
Provision for staff superannuation		1 043 908	513 320
Finance lease liability	9	684 194	43 659
		2 528 778	1 466 399
Accumulated funds (deficiency)	10	(802 940)	(668 054)
<b>Total liabilities and funds</b>		<b>2 263 896</b>	<b>1 286 012</b>

**OFFICE OF THE AUDITOR-GENERAL**

**STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS  
FOR THE YEAR ENDED 30 JUNE 1988**

<i>Item</i>	<i>Notes</i>	(\$)	(\$)
<b>SOURCES OF FUNDS</b>			
Funds from operations -			
Inflow of funds from operations -			
Fees and charges		3 613 494	
Minor receipts		26 750	
Proceeds on sale of fixed assets		<u>10 319</u>	3 650 563
Outflow of funds from operations			<u>7 085 739</u>
	11		(3 435 176)
Funds from Government -			
Parliamentary appropriations -			
Recurrent		6 997 524	
Works and Services		<u>200 085</u>	7 197 609
Increase in liabilities -			
Non-current liabilities -			
Finance lease liability			640 535
Current liabilities -			
Creditors and accruals		8 108	
Finance lease liability		<u>126 629</u>	134 737
Decrease in current assets -			
Cash at bank			<u>8 203</u>
			<b><u>4 545 908</u></b>
<b>APPLICATIONS OF FUNDS</b>			
Increase in assets -			
Current assets -			
Prepayments		13 880	
Debtors and works in progress		<u>189 637</u>	203 517
Non-current assets -			
Expenditure on fixed assets		124 049	
Leased assets		<u>777 011</u>	901 060
Payments to Government			
			<u>3 441 331</u>
			<b><u>4 545 908</u></b>

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## OFFICE OF THE AUDITOR-GENERAL

### NOTES TO, AND FORMING PART OF, THE SUPPLEMENTARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1988

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#### 1. STATEMENT OF ACCOUNTING POLICIES

The accompanying supplementary statements of the Office have been drawn up in accordance with the accounting standards and disclosure requirements of the Australian accounting bodies. They have been prepared in accordance with the historical cost convention using accrual accounting and do not take into account changing money values or, except where stated, current valuations of non-current assets. Except where stated, accounting policies have been consistently applied.

Expenditure has been disclosed on a program budget basis having been allocated between the 2 sub-programs of the Office: Audit Operations and Support Services.

Set out below is a summary of the significant accounting policies adopted by the Office in the preparation of the supplementary financial statements.

**(i) Non-current assets**

**Fixed assets.** Accountable fixed assets are defined as those items of equipment, motor vehicles and furniture having a unit cost of \$500 or more which are not consumed in one accounting period. Library books are valued as a collective unit.

**Depreciation.** Fixed assets are depreciated on a straight line basis over their estimated useful lives.

**Amortisation.** Amortisation of leased assets is calculated on a straight line basis over the lesser of the estimated useful life of the leased asset or the lease period.

**(ii) Provision for long service leave**

Long service leave is based on the liability for employees with 10 or more years service together with a proportion of the liability accruing for those employees with 5 but less than 10 years service. The proportion of long service leave estimated to be payable within the next financial year is included in the Balance Sheet under "Current liabilities".

**(iii) Superannuation**

While employees contribute directly to the State Superannuation Fund, the Office's contributions to the Fund are met by the Government at the time when members become eligible for benefits. The provision for staff superannuation is calculated using 2.5 times the amount of the employee contributions made during the financial year. The provision represents the Government's liability to the Fund since 1 July 1986. The full extent of the Government's liability in respect of current/past employees is unknown as this would require an actuarial review.

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**(iv) Leases**

Leases of equipment under which the Office assumes all of the risks of ownership and which meet the criteria set out in the Statement of Accounting Standard "Accounting for Leases" AAS 17, are capitalised and classified as finance leases. Other leases are classified as operating leases. Finance leases are capitalised at the present values of the minimum lease payments. Operating lease payments are charged against income.

**(v) Revenue recognition**

Audit fees receivable and accrued audit work in progress at year end are treated as income. When received, these amounts are required to be paid to the Consolidated Fund.

Fees are not charged for the audits of budget sector agencies (administrative units).

**(vi) Services received at no charge**

Expenditure incurred by the Department of Property and Services on behalf of the Office has been included as expenditure in the statement of income and expenditure. Such expenditure related to Office accommodation at 1 Macarthur Street, Melbourne (estimated at \$294 992) and telephone expenses (estimated at \$45 080).

**(vii) Changes in expense allocation**

The 1986-87 figures have been adjusted to reflect the change in the basis of the allocation of certain administrative expenses.

**2. SALARIES, ALLOWANCES AND ASSOCIATED COSTS**

The reduction in 1987-88 salaries, allowances and associated costs was mainly due to the impact of annual leave and long service leave being provided for the first time in 1986-87, the first year of accrual accounts.

**3. AUDIT FEES**

Audit fees were 37 per cent higher than in 1986-87. The increase was mainly attributed to higher recovery rates, increase in audit responsibilities and increased activity within the contract auditing area.

#### 4. NET COST OF OPERATIONS

##### RECONCILIATION TO CONSOLIDATED FUND PAYMENTS

<i>Item</i>	1987-88		1986-87	
	(\$)	(\$)	(\$)	(\$)
Net cost of operating the Office		4 213 757		5 299 709
<i>Add:</i> Income paid/payable to Consolidated Fund	3 640 244		2 623 296	
Accrued expenses at 30 June 1987	-		(78 692)	
Provision for employee benefits	193 090		(966 943)	
Capital expenditure	101 633		58 788	
Prepayments	13 880	3 948 847	-	1 636 449
		8 162 604		6 936 158
<i>Less:</i> Movement in accrued expenditure	8 108			
Non-cash expenditure - Amortisation of leased assets	11 389		7 473	
Depreciation of fixed assets	74 838		67 229	
Provision for staff superannuation	530 588		513 320	
Expenditure by other agencies	340 072	964 995	284 217	872 239
<b>Total Consolidated Fund payments</b>		<b>7 197 609</b>		<b>6 063 919</b>

#### 5. DEBTORS AND WORK IN PROGRESS

<i>Item</i>	1987-88	1986-87
	(\$)	(\$)
Debtors	440 955	257 924
Work in progress	678 338	671 732
<b>Total</b>	<b>1 119 293</b>	<b>929 656</b>

## 6. FIXED ASSETS

Changes in asset values in the current financial year compared with the previous financial year reflect changes in the Office's asset recording policies. Assets valued at \$500 or greater (previously \$20) are now recognised for asset recording purposes. Assets with a value of less than \$500 are written off in the year of purchase.

<i>Item</i>	<i>At cost/ valuation 30.6.88</i>	<i>Depreciation for 1987-88</i>	<i>Accumulated depreciation 30.6.88</i>	<i>Written down value 30.6.88</i>	<i>Written down value 30.6.87</i>
	(\$)	(\$)	(\$)	(\$)	(\$)
Furniture and fittings at cost/valuation	11 110	1 211	2 322	8 788	56 956
Motor vehicles at cost	95 664	31 806	52 176	43 488	66 229
Office equipment at cost/valuation	30 400	6 180	11 893	18 507	47 410
EDP equipment at cost	278 342	31 695	67 715	210 627	93 380
Library at cost/valuation	39 459	3 946	7 546	31 913	32 400
<b>Total</b>	<b>454 975</b>	<b>74 838</b>	<b>141 652</b>	<b>313 323</b>	<b>296 375</b>

## 7. LEASED ASSETS

<i>Item</i>	<i>At cost 30.6.88</i>	<i>Amortisation for 1987-88</i>	<i>Accumulated amortisation 30.6.88</i>	<i>Net value 30.6.88</i>
	(\$)	(\$)	(\$)	(\$)
Equipment leased under State Computer Lease Facility	842 586	11 389	25 055	817 531

## 8. PROVISIONS FOR EMPLOYEE BENEFITS

<i>Benefit</i>	<i>Current</i>	<i>Non-current</i>	<i>Total</i>	
			<i>1987-88</i>	<i>1986-87</i>
	(\$)	(\$)	(\$)	(\$)
Long service leave	114 000	800 676	914 676	984 420
Annual leave	171 991	-	171 991	295 337
<b>Total</b>	<b>285 991</b>	<b>800 676</b>	<b>1 086 667</b>	<b>1 279 757</b>



## 9. FINANCE LEASE LIABILITY

Lease	1987-88	1986-87
	(\$)	(\$)
<b>Lease payments due -</b>		
Not later than 1 year	242 997	8 250
Later than 1 year and not later than 2 years	239 175	9 107
Later than 2 years and not later than 5 years	678 948	31 377
Later than 5 years	1 553	3 175
<b>Minimum lease payments</b>	<b>1 162 673</b>	<b>51 909</b>
<i>Deduct: Future finance charges</i>	<b>343 600</b>	-
	<b>819 073</b>	<b>51 909</b>
Shown in Balance Sheet under -		
Current liabilities	134 879	8 250
Non-current liabilities	684 194	43 659
<b>Balance at 30 June</b>	<b>819 073</b>	<b>51 909</b>

## 10. ACCUMULATED FUNDS

Item	1987-88	1986-87
	(\$)	(\$)
Balance 1 July (deficiency)	(668 054)	1 072 647
Net operating deficit for the year	(4 213 757)	(5 299 709)
	<b>(4 881 811)</b>	<b>(4 227 062)</b>
Net amount contributed by Government -		
Funds appropriated from Consolidated Fund	7 197 609	
Expenditure by other agencies	340 072	
Gain on disposal of assets	(9 276)	
Movement in bank balances	(8 203)	7 520 202
Less: Amounts paid to Consolidated Fund	<b>3 441 331</b>	4 078 871
<b>Balance 30 June (deficiency)</b>	<b>(802 940)</b>	<b>(668 054)</b>

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## 11. RECONCILIATION OF OPERATING RESULT WITH FUNDS FROM OPERATIONS

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<i>Item</i>	1987-88	
	(\$)	(\$)
Operating deficiency		(4 213 757)
<i>Add:</i> Depreciation	74 838	
Amortisation	11 389	
Write down of fixed assets	21 944	
Provision for staff superannuation	530 588	
Book value of fixed assets disposed of	1 043	
Expenditure by other agencies	340 072	
<i>Less:</i> Provision for employee benefits	(193 090)	
Movement in bank balances	(8 203)	778 581
<b>Funds from operations</b>		<b>(3 435 176)</b>

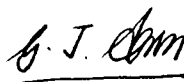
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## CERTIFICATION OF SUPPLEMENTARY FINANCIAL STATEMENTS

We the undersigned hereby certify that:

- ♦ in our opinion the supplementary financial statements of the Office of the Auditor-General present fairly the financial operations during 1987-88 and the financial position of the Office as at 30 June 1988;
- ♦ at the date of signing the statements, we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate; and
- ♦ the statements have been prepared in accordance with Australian Accounting Standards.



G. J. SENN  
Principal Accounting Officer

MELBOURNE  
11 / 10 / 1988




F. BELLI  
Deputy Chief Administrator

## AUDITOR'S REPORT

I report that I have audited the supplementary accrual financial statements of the Office of the Auditor-General for the year ended 30 June 1988 in accordance with Australian Auditing Standards.

In my opinion, the supplementary accrual financial statements have been properly drawn up so as to present fairly the financial operations of the Office of the Auditor-General for the year ended 30 June 1988 and the state of affairs at that date, and are in accordance with Australian Accounting Standards.

MELBOURNE  
11 / 10 / 1988



J.F. DONGES  
Peat Marwick Hungerfords

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## APPENDIX 1 AUDIT RESPONSIBILITIES AT 30 JUNE 1988

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### Administrative units

Agriculture and Rural Affairs, Department of  
Arts, Ministry for the  
Attorney-General's Department  
Auditor-General, Office of the  
Community Services, Department of  
Conservation, Forests and Lands,  
Department of  
Consumer Affairs, Ministry of  
Corrections, Office of  
Education, Ministry of  
Ethnic Affairs Commission  
Health Department Victoria  
Housing and Construction, Ministry of  
Industry, Technology and Resources,  
Department of  
Labour, Department of  
Local Government Department  
Management and Budget, Department of  
Planning and Environment, Ministry for  
Police and Emergency Services, Ministry for  
Premier and Cabinet, Department of the  
Property and Services, Department of  
Public Prosecutions, Office of the Director of  
Public Service Board, Office of the  
Sport and Recreation, Department of  
Transport, Ministry of  
Water Resources, Department of  
Parliament of Victoria

### Government business undertakings

Capital Works Authority  
Gas and Fuel Corporation of Victoria  
Grain Elevators Board  
Melbourne and Metropolitan Board of Works  
Metropolitan Transit Authority  
Port of Melbourne Authority  
State Electricity Commission of Victoria  
State Transport Authority

### Superannuation funds

City of Melbourne Superannuation Fund  
Coal Mine Workers' Pensions Tribunal  
Emergency Services Superannuation Board  
Gas and Fuel Corporation Superannuation  
Fund  
Holmesglen Constructions Superannuation  
Plan  
Hospitals Superannuation Board  
Local Authorities Superannuation Board  
Lump Sum Fund  
MMBW Employees' Superannuation Fund  
Metropolitan Fire Brigades Superannuation  
Board

Metropolitan Transit Authority  
Superannuation Fund  
Parliamentary Contributory Superannuation  
Fund  
Pensions Supplementation Fund  
SEC Superannuation Fund  
State Employees Retirement Benefits Board  
State Superannuation Board  
Victorian Dried Fruits Board Superannuation  
Fund  
Zoological Board of Victoria Superannuation  
Fund

### Contributed income bodies

Country Fire Authority  
Liquor Licensing Commission  
Metropolitan Fire Brigades Board  
State Trust Corporation of Victoria

### Other public bodies

Accident Compensation Commission  
Accident Compensation Tribunal  
Albert Park Committee of Management  
Albury/Wodonga (Victoria) Corporation  
Alpine Resorts Commission  
Ambulance Officers Training Centre  
Ambulance Service, Victoria -  
Alexandra and District  
Metropolitan Region  
North Eastern Region  
North Western Region  
South Eastern Region  
South Western Region  
Western Region  
Bundoora Park Committee of Management  
Cancer Institute Board  
Citrus Fruit Marketing Board  
Coal Corporation of Victoria  
Construction Industry Long Service  
Leave Board  
Council of Adult Education  
Dandenong Valley Authority  
Dietitians Board of Victoria  
Edithvale-Seaford Wetlands Environmental  
Area Committee of Management  
Emerald Tourist Railway Board  
Estate Agents Board  
Exhibition Trustees  
Film Victoria  
Geelong Performing Arts Centre Trust  
Geelong Regional Commission  
Government Employee Housing Authority  
Greyhound Racing Control Board  
Guardianship and Administration Board

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Harness Racing Board  
Historic Buildings Council  
Housing, Director of  
Institute of Educational Administration  
Latrobe Regional Commission  
Latrobe Valley Water and Sewerage Board  
Law Reform Commission  
Legal Aid Commission  
Legal Aid Commission Staff Superannuation Fund  
Library Council of Victoria, Trustees of  
Loddon-Campaspe Regional Planning Authority  
Marine Board of Victoria  
Melbourne Wholesale Fruit and Vegetable Market Trust  
Mental Health Review Board  
Mount Macedon Memorial Cross Committee of Management  
Museum of Victoria, Council of the National Gallery of Victoria, Council of Trustees of the  
National Tennis Centre Trust  
Olympic Park Management  
Optometrists Registration Board  
Patriotic Funds Council of Victoria  
Patterson River Recreational Area Committee of Management  
Penguin Reserve Committee of Management  
Plumbers and Gasfitters Registration Board  
Port Bellarine Committee of Management  
Port of Geelong Authority  
Port of Portland Authority  
Poultry Farmer Licensing Committee  
Poultry Farmer Licensing Review Committee  
Psychologists Registration Board of Victoria  
Psychosurgery Review Board  
Public Advocate, Office of the  
Road Construction Authority  
Road Traffic Authority  
Rural Finance Commission  
Rural Water Commission of Victoria  
Shrine of Remembrance Trustees  
Small Business Development Corporation  
State Electoral Office  
State Film Centre of Victoria Council  
State Insurance Office  
State Parliament Refreshment Rooms  
State Swimming Centre Committee of Management  
State Training Board  
Surveyors Board  
Swan Hill Pioneer Settlement Authority  
Tattersall Sweep Consultations  
Tirhatuan Park Recreational Area Committee of Management  
Tobacco Leaf Marketing Board  
Totalizator Agency Board  
Transport Accident Commission

Urban Land Authority  
Victorian Accident Rehabilitation Council  
Victorian Arts Centre Trust  
Victorian Building Societies Council  
Victorian Conservation Trust  
Victorian Curriculum and Assessment Board  
Victorian Dairy Industry Authority  
Victorian Development Fund  
Victorian Dried Fruits Board  
Victorian Economic Development Corporation  
Victorian Egg Marketing Board  
Victorian Fishing Industry Council  
Victorian Government Major Projects Unit  
Victorian Government Printing Office  
Victorian Health Promotion Foundation  
Victorian Institute of Forensic Pathology  
Victorian Institute of Marine Sciences  
Victorian Nursing Council  
Victorian Post-Secondary Education Commission  
Victorian Prison Industries Commission  
Victorian Public Authorities Finance Agency  
Victorian Public Offices Corporation  
Victorian Relief Committee  
Victorian Solar Energy Council  
Victorian Tertiary Admissions Centre  
Victorian Tourism Commission  
Yarra Bend Park Trust  
Zoological Board of Victoria

#### **Companies and joint ventures**

Agri Projects Pty Ltd  
Bioplantech Limited  
Daratech Proprietary Limited  
Deakin University Foundation Limited  
Durac Limited  
IMC Pty Ltd  
La Trobe University Housing Limited  
Montech Pty Ltd  
Overseas Projects Corporation of Victoria Limited

#### **Post-secondary education institutions**

Ballarat College of Advanced Education  
Batman Automotive College of TAFE  
Bendigo College of Advanced Education  
Box Hill College of TAFE  
Broadmeadows College of TAFE  
Catholic Education, Institute of  
Chisholm Institute of Technology  
Collingwood College of TAFE  
Dandenong College of TAFE  
Deakin University  
East Gippsland Community College of TAFE  
Flagstaff College of TAFE  
Footscray College of TAFE

Footscray Institute of Technology  
 Frankston College of TAFE  
 Gippsland Institute of Advanced Education  
 Gordon Technical College  
 Goulburn Valley College of TAFE  
 Hawthorn Institute of Education  
 Holmesglen College of TAFE  
 La Trobe University  
 Loddon-Campaspe College of TAFE  
 Melbourne College of Advanced Education  
 Melbourne College of Decoration  
 Melbourne College of Printing and Graphic  
 Arts  
 Melbourne College of Textiles  
 Mines and Industries Ballarat Limited, The  
 School of  
 Monash University  
 Moorabbin College of TAFE  
 Newport College of TAFE  
 Outer Eastern College of TAFE  
 Phillip Institute of Technology  
 Prahran College of TAFE  
 Preston College of TAFE  
 Richmond College of TAFE  
 Royal Melbourne Institute of Technology  
 Limited  
 Royal Melbourne Institute of Technology  
 (TAFE)  
 South West College of TAFE  
 Sunraysia College of TAFE  
 Swinburne Limited  
 Swinburne (TAFE)  
 University of Melbourne  
 Victoria College  
 Victorian College of Agriculture and  
 Horticulture  
 Victorian College of Pharmacy Limited  
 Victorian College of the Arts  
 Wangaratta College of TAFE  
 Warrnambool Institute of Advanced  
 Education  
 Western Institute, The  
 William Angliss College, The  
 Wimmera Community College of TAFE  
 Wodonga College of TAFE  
 Wodonga Institute of Tertiary Education  
 Yallourn College of TAFE

**Local water and sewerage authorities**

Aireys Inlet Water Board  
 Alberton River Improvement Trust, Shire of  
 Alberton Water Board  
 Alexandra River Improvement Trust  
 Alexandra, Shire of  
 Ararat, City of  
 Ararat, Shire of  
 Avoca River Improvement Trust  
 Avoca, Shire of

Avon Water Board  
 Avon-Macalister Rivers Management Board  
 Axedale Water Board  
 Bacchus Marsh, Shire of  
 Ballan, Shire of  
 Ballarat Water Board  
 Bannockburn Water Board  
 Beaufort Water Board  
 Beechworth, United Shire of  
 Bendigo Creek Improvement Trust  
 Benalla Water Board  
 Bendigo Water Board  
 Bet Bet, Shire of  
 Birchip, Shire of  
 Black Dog Creek Improvement Trust  
 Bridgewater Water Board  
 Bright District Water Board  
 Broadford Water Board  
 Broken River Improvement Trust  
 Bullock Creek Improvement Trust  
 Camperdown, Town of  
 Cann River Improvement Trust  
 Castlemaine and District Water Board  
 Charlton Water Board  
 Chiltern Water Board  
 Cobram, Shire of  
 Cohuna, Shire of  
 Colac District Water Board  
 Creswick Shire Water Board  
 Dandenong-Springvale Water Board  
 Daylesford Water Board  
 Deakin Water Board  
 Devenish Water Board  
 Donald Water Board  
 Dundas, Shire of  
 Dunmunkle, Shire of  
 Echuca Water Board  
 Elmore Water Board  
 Emerald District Water Board  
 Euroa Water Board  
 Fifteen Mile Creek Improvement Trust  
 First Mildura Irrigation Trust  
 Geelong and District Water Board  
 Gisborne Water Board  
 Glenelg River Improvement Trust  
 Glenelg/Wannon Water Board  
 Glenrowan Water Board  
 Goorambat Water Board  
 Goornong Water Board  
 Gordon Water Board  
 Goulburn Water Board  
 Hamilton Water Board  
 Hampden, Shire of  
 Heathcote Water Board  
 Heytesbury, Shire of  
 Heywood Water Board  
 Hindmarsh Water Board  
 Horsham, City of  
 Kaniva, Shire of  
 Kerang, Borough of

Kiewa River Improvement Trust  
 Kilmore, Shire of  
 King Valley Water Board  
 Korong, Shire of  
 Korumburra River Improvement Trust,  
 Shire of  
 Korumburra Water Board  
 Kowree Water Board  
 Kyabram, Town of  
 Kyneton Water Board  
 Lang Lang Water Board  
 Learmonth Water Board  
 Leongatha Water Board  
 Lexton Water Board  
 Longwarry Drainage Trust  
 Lorne Water Board  
 Lough Calvert Drainage Trust  
 Lower Kiewa Water Board  
 Macalister Water Board  
 Macedon Water Board  
 Mallacoota Water Board  
 Mansfield District Water Board  
 Maryborough, City of  
 Marysville Water Board  
 Melton, Shire of  
 Mid-Gippsland Rivers Management Board  
 Mid-Goulburn Rivers Management Board  
 Mirboo Water Board  
 Mitchell River Improvement Trust  
 Mitchell Water Board  
 Mitta Mitta River Improvement Trust  
 Moe Water Board  
 Mooroopna Water Board  
 Mornington Peninsula and District Water  
 Board  
 Mortlake Water Board  
 Morwell Water Board  
 Mount Rouse, Shire of  
 Murchison Water Board  
 Murtoa Water Board  
 Myrtleford, Shire of  
 Narracan, Shire of  
 Nathalia, Shire of  
 Nhill Water Board  
 Numurkah, Shire of  
 Omeo, Shire of  
 Orbost Water Board  
 Otway Coast Water Board  
 Ovens and King River Improvement Trust  
 Pakenham Water Board  
 Pental Island River Management Board  
 Port Fairy Water Board  
 Portland Water Board  
 Pyalong Water Board  
 Riddells Creek Water Board  
 Robinvale Water Board  
 Rochester Water Board  
 Rodney Water Board  
 Romsey-Lancefield Water Board  
 Rosedale District Water Board

Rutherglen Water Board  
 Sale, City of  
 Sea Lake Water Board  
 Seymour Water Board  
 Shepparton Water Board  
 Skipton Water Board  
 Snowy River Improvement Trust  
 South Gippsland Water Board  
 Springhurst Water Board  
 St Arnaud, Town of  
 Stawell, Shire of  
 Stawell Water Board  
 Strathdownie Drainage Trust  
 Sunbury Water Board  
 Sunraysia Water Board  
 Swan Hill Water Board  
 Talbot and Clunes, Shire of  
 Tallangatta, Shire of  
 Tambo River Improvement Trust  
 Tambo Water Board  
 Tarago Water Board  
 Tarwin River Improvement Trust  
 Tarwin Valley Water Board  
 Traralgon Water Board  
 Tullaroop, Shire of  
 Tungamah Shire Water Board  
 Upper Kiewa Water Board  
 Upper Murray River Improvement Trust,  
 Shire of  
 Upper Murray Water Board  
 Walpeup, Shire of  
 Wangaratta, City of  
 Waranga Water Board  
 Warracknabeal Water Board  
 Warrnambool, City of  
 Warrnambool, Shire of  
 West Moorabool Water Board  
 Westernport Water Board  
 Wodonga, Rural City of  
 Wonthaggi-Inverloch Water Board  
 Woodend Water Board  
 Wycheproof Water Board  
 Yackandandah Water Board  
 Yarrowonga, Shire of  
 Yatchaw Drainage Trust  
 Yea River Improvement Trust, Shire of  
 Yea Water Board

**Public hospitals and State-funded nursing homes (from 1 July 1988)**

After Care Hospital  
 Alexandra District Hospital  
 Altona District Hospital  
 Amalgamated Alfred, Caulfield and Royal  
 Southern Memorial Hospitals  
 Amalgamated Central Gippsland and  
 Morwell Hospitals

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Amalgamated Melbourne and Essendon Hospitals  
 Anne Caudle Centre  
 Apollo Bay and District Memorial Hospital  
 Ararat and District Hospital  
 Austin Hospital  
 Bacchus Marsh and District War Memorial Hospital  
 Ballarat Base Hospital  
 Beeac and District Hospital  
 Benalla and District Memorial Hospital  
 Bendigo and Northern District Base Hospital  
 Birregurra and District Community Hospital  
 Boort District Hospital  
 Box Hill Hospital  
 Bright District Hospital  
 Bundoora Extended Care Centre  
 Burwood and District Community Hospital  
 Camperdown District Hospital  
 Caritas Christi Hospice  
 Casterton Memorial Hospital  
 Clunes District Hospital  
 Cobram District Hospital  
 Cohuna District Hospital  
 Colac District Hospital  
 Coleraine and District Hospital  
 Corryong District Hospital  
 Creswick District Hospital  
 Dandenong and District Hospital  
 Daylesford District Hospital  
 Dimboola District Hospital  
 Donald District Hospital  
 Dunmunkle Health Services  
 Dunolly District Hospital  
 East Gippsland Hospital  
 East Gippsland Geriatric and Extended Care Centre  
 Eastern Suburbs Geriatric Centre  
 Echuca District Hospital Incorporated  
 Edenhope and District Memorial Hospital  
 Eildon and District Community Hospital  
 Elmore District Hospital  
 Fairfield Hospital  
 Frankston Hospital  
 Geelong Hospital  
 Gippsland Base Hospital  
 Goulburn Valley Base Hospital  
 Grace McKellar Centre  
 Greenvale Centre  
 Grey Sisters Mother and Child Care Centre  
 Hamilton Base Hospital  
 Hampton Rehabilitation Hospital  
 Healesville and District Hospital  
 Heathcote District Hospital  
 Heywood and District Memorial Hospital  
 Inglewood Hospital  
 Kaniva District Hospital  
 Kerang and District Hospital  
 Kilmore Hospital  
 Kingston Centre  
 Koroit and District Memorial Hospital  
 Korumburra District Hospital  
 Kyabram and District Memorial Community Hospital  
 Kyneton District Hospital  
 Latrobe Valley Hospital  
 Lismore and District Hospital  
 Little Company of Mary Hospital Incorporated  
 Lorne Community Hospital  
 Lyndock Home and Hospital for the Aged  
 Macarthur and District Memorial Hospital  
 Maffra Hospital  
 Maldon Hospital  
 Manangatang and District Hospital  
 Mansfield District Hospital  
 Maribyrnong Medical Centre  
 Maroondah Hospital  
 Maryborough and District Hospital  
 Mercy Maternity Hospital Incorporated  
 Mildura Base Hospital  
 Monash Medical Centre  
 Mordialloc-Cheltenham Community Hospital  
 Mortlake District Hospital  
 Mount Eliza Centre  
 Mount Royal Hospital  
 Mt Alexander Hospital  
 Myrtleford District War Memorial Hospital  
 Nathalia District Hospital  
 Nhill Hospital  
 Numurkah and District War Memorial Hospital  
 Omeo District Hospital  
 Orbost and District Hospital  
 Ouyen and District Hospital  
 Ovens District Hospital  
 Ovens and Murray Hospital for the Aged  
 Penshurst and District Memorial Hospital  
 Peter MacCallum Cancer Institute  
 Port Fairy Hospital  
 Portland and District Hospital  
 Preston and Northcote Community Hospital  
 Queen Elizabeth Centre  
 Queen Elizabeth Geriatric Centre  
 Ripon Peace Memorial Hospital  
 Robinvale and District Hospital  
 Rochester and District War Memorial Hospital  
 Royal Children's Hospital  
 Royal Dental Hospital of Melbourne  
 Royal Victorian Eye and Ear Hospital  
 Royal Women's Hospital  
 Rutherglen District Hospital  
 Sandringham and District Memorial Hospital  
 Seymour District Memorial Hospital  
 Shelley Memorial Hospital  
 Skipton and District Memorial Hospital  
 Southern Peninsula Hospital  
 South Gippsland Hospital  
 Stawell District Hospital

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St Arnaud District Hospital  
St George's Hospital  
St Vincent's Hospital  
Swan Hill District Hospital  
Tallangatta Hospital  
Tawonga District General Hospital  
Terang and District (North Cosgrave)  
Community Hospital  
Timboon and District Hospital  
Wangaratta District Base Hospital  
Waranga Memorial Hospital  
Warracknabeal District Hospital  
Warrnambool and District Base Hospital  
Werribee District Hospital  
Westernport Memorial Hospital  
West Gippsland Hospital  
Willaura and District Hospital  
William Angliss Knox and Sherbrooke  
Community Hospital  
Williamstown Hospital  
Wimmera Base Hospital  
Winchelsea and District Hospital  
Wodonga District Hospital  
Wonthaggi and District Hospital  
Woorayl District Memorial Hospital  
Wycheproof District Hospital  
Yarram and District Hospital  
Yarrowonga District Hospital  
Yea and District Memorial Hospital

## APPENDIX 2 CHANGES IN AUDIT RESPONSIBILITIES, 1987-88

<b>New and revised audit responsibilities</b>	<b>Authority</b>
Ambulance Service, Victoria -	<i>Ambulance Services Act 1986</i>
Alexandra and District	<i>Ambulance Services Act 1986</i>
Metropolitan Region	<i>Ambulance Services Act 1986</i>
North Eastern Region	<i>Ambulance Services Act 1986</i>
North Western Region	<i>Ambulance Services Act 1986</i>
South Eastern Region	<i>Ambulance Services Act 1986</i>
South Western Region	<i>Ambulance Services Act 1986</i>
Western Region	<i>Ambulance Services Act 1986</i>
Agri Projects Pty Ltd	Request by Treasurer under <i>Audit Act 1958</i>
IMC Pty Ltd	<i>Monash University Act 1958</i>
Loddon-Campaspe Regional Planning Authority	<i>Loddon-Campaspe Regional Planning Authority Act 1987</i>
Mental Health Review Board	<i>Mental Health Act 1986</i>
Psychologists Registration Board of Victoria	<i>Psychologists Registration Act 1987</i>
Psychosurgery Review Board	<i>Mental Health Act 1986</i>
State Training Board	Since 30 November 1987, the State Training Board has carried out functions previously undertaken by the Technical and Further Education Board. At 30 June 1988 legislation to establish the State Training Board as a body corporate and the successor-in-law to the Technical and Further Education Board had not been presented to the Parliament.
State Trust Corporation of Victoria	<i>State Trust Corporation of Victoria Act 1987</i>
Victorian Health Promotion Foundation	<i>Tobacco Act 1987</i>
Wodonga Institute of Tertiary Education	<i>Post Secondary Education Act 1978</i>

<b>Audits for which the Office is no longer responsible</b>	<b>Reason for audit responsibility ceasing</b>
Ballarat and District Ambulance Service	Abolished by <i>Ambulance Services Act 1986</i> , effective 1 March 1988.
Cann Valley Water Board	Absorbed into Orbost Water Board, effective 1 December 1987.
Geelong and District Ambulance Service	Abolished by <i>Ambulance Services Act 1986</i> , effective 1 March 1988.
Glenelg District Ambulance Service	Abolished by <i>Ambulance Services Act 1986</i> , effective 1 March 1988.
Goulburn Valley Ambulance Service	Abolished by <i>Ambulance Services Act 1986</i> , effective 1 March 1988.
Lincoln Institute of Health Sciences	Absorbed into La Trobe University, effective 1 January 1988.

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Audits for which the Office is no longer responsible	Reason for audit responsibility ceasing
MMBW Provident Fund	Absorbed into MMBW Employees' Superannuation Fund, effective 1 September 1987.
North Eastern Victoria District Ambulance Service Public Trustee, Office of the	Abolished by <i>Ambulance Services Act 1986</i> , effective 1 March 1988. Abolished by <i>State Trust Corporation of Victoria Act 1987</i> , effective 1 November 1987.
Public Works Department	Abolished by <i>Public Service Act 1974</i> , effective 14 December 1987.
SEC Employees' Retirement and Benefit Fund	Absorbed Into SEC Superannuation Fund, effective 1 September 1987.
South Western Victoria Ambulance Service	Abolished by <i>Ambulance Services Act 1986</i> , effective 1 March 1988.
Tobacco Quota Appeals Tribunal	Abolished by <i>Agricultural Acts (Amendment) Act 1987</i> , effective 1 July 1987.
Victorian Coal Miners' Accidents Relief Board	Abolished by <i>Coal Mines (Amendment) Act 1987</i> , effective 23 December 1987.
Violet Town Water Board	Absorbed into Shepparton Water Board, effective 1 October 1987.
Wimmera District Ambulance Service	Abolished by <i>Ambulance Services Act 1986</i> , effective 1 March 1988.

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### APPENDIX 3 TRAINING COURSES CONDUCTED, 1987-88

Course	Month held	Duration (days)	Presenter	Person days training	Participants	
					M	F
Audit Implications of Rate of Return Reporting	Nov.	0.6	Office staff	6.6	9	2
Value-For-Money Auditing #1	Nov.	2.0	"	40.0	13	7
Comprehensive Auditing #1	Dec.	3.0	"	57.0	12	7
Induction #1	Feb.	2.0	"	30.0	10	5
Induction #2	Mar.	1.0	"	15.0	10	5
Value-For-Money Auditing #2	Mar.	2.0	"	38.0	17	2
Statistical Sampling	Apr.	0.5	"	13.5	14	13
Audit of FM80	Apr.	1.0	External	18.0	9	9
EDP Auditing	May	5.0	"	60.0	6	6
Effective Communication	June	1.0	"	15.0	10	5
Report Writing	June	1.0	"	15.0	10	5
Accounting and Auditing for New Financial Instruments	July	1.0	Office staff	18.0	14	4
Introduction to the Office Network	Aug.	0.2	"	30.6	115	38
Management Skills	Var.	0.26 (x10)	Office staff/external	72.8	24	4
Supervision Skills	Var.	0.26 (x10)	Office staff/external	72.8	21	7
Senior Management Discussion Groups	Var.	0.26 (x6)	Office staff/external	68.6	40	4

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## **APPENDIX 4 PROFESSIONAL ACTIVITIES**

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### **INTERNATIONAL MEETINGS AND OVERSEAS VISITS**

#### *Overseas Study Tour*

Mr F. Belli, Assistant Auditor-General, undertook a study tour in July 1987, visiting the Canadian, United States and United Kingdom Audit Offices, as well as meeting with members of professional associations in those countries. The principal aims of the trip were to extend and update the Office's knowledge of comprehensive auditing issues, and reforms in financial management and reporting. As part of the study tour he also represented Australia at the Conference of Legislative Auditors in Canada.

#### *International Federation of Accountants Public Sector Committee*

Mr R.G. Humphry was the accounting bodies' Australian representative on the International Federation of Accountants (IFAC) Public Sector Committee. The Committee, which comprises representatives from a range of world accounting/auditing and regulatory bodies, is proceeding towards the development of public sector accounting and auditing standards for international application.

Mr Humphry attended meetings of the Committee held in Hong Kong in October 1987 and in Jordan in February 1988.

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### **INTERNATIONAL AND INTERSTATE VISITORS**

#### *Board Of Audit - Japan*

Mr Hisashi Okada, Audit Manager with the Board of Audit - Japan, met with representatives of the Office in January 1988 to discuss audit methodology in relation to major public enterprises.

#### *Western Australian Public Accounts and Expenditure Review Committee*

A delegation from the Western Australian Public Accounts and Expenditure Review Committee met with representatives of the Office in February 1988 to discuss value-for-money auditing issues.

#### *Northern Territory Audit Office*

Mr Elliot Isaacson, Auditor-General for the Northern Territory, visited the Office in March 1988 to hold discussions with the Office Executive on audit-related issues.

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## PARTICIPATION IN MAJOR CONFERENCES

### *EDP Auditors Association - International Conference*

Two representatives of the Office participated in a government EDP auditors meeting and attended the EDP Auditors Association 1988 International Conference held in Queensland in April 1988.

The government EDP auditors meeting provided a forum to compare developments within Audit Offices throughout Australasia, and to discuss items of mutual interest including the automated audit, the impact of microcomputers on the audit process, and the use of computer-assisted audit techniques.

### *Major Urban Water Authorities in Australia Seminar*

Two representatives of the Office attended a seminar on *Financial Guidelines and Performance Measures in Major Australian Water Authorities* held in Sydney in April 1988.

### *Royal Australian Institute of Public Administration (Autumn Seminar)*

The Auditor-General presented a paper on *Risk Management and the Role of the Auditor in Preventing Fraud* to a seminar on *Ethics, Fraud and the Public Service* in Canberra in May 1988.

### *Australian Society of Accountants*

In July 1987, the Auditor-General addressed senior officers from federal government departments in Canberra on *Emerging Issues in Victorian Government Financial Management*. He also presented a paper on *Information Technology - An Update* at the 1988 National Management Accounting Convention which was held in Brisbane in May 1988.

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## INVOLVEMENT WITH PROFESSIONAL BODIES

There continued to be a strong involvement by members of the Office in the activities of various professional bodies and specialist committees, including the:

- ◆ Australian Administrative Staff College Association;
  - ◆ Australian Computer Abuse Research Bureau;
  - ◆ Board of EDP Auditors Association;
  - ◆ Canadian Comprehensive Auditing Foundation;
  - ◆ Disciplinary Committee (Australian Society of Accountants, Victorian Division);
  - ◆ Government Accountants Committee (Australian Society of Accountants, at national and Victorian levels);
  - ◆ Government Accounting and Audit Discussion Group (Institute of Chartered Accountants);
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- ◆ International Consortium on Governmental Financial Management;
- ◆ Public Sector Accounting Standards Board (Australian Accounting Research Foundation);
- ◆ Public Sector Committee (International Federation of Accountants); and
- ◆ Royal Australian Institute of Public Administration. An officer was seconded to the Institute to co-ordinate the Institute's 1988 National Conference.

## EXTERNAL PRESENTATIONS

Many Office staff are involved in the presentation of papers and seminars. A summary of activities conducted during the year is set out below:

<i>Date</i>	<i>Officer</i>	<i>Topic</i>
July	R.G. Humphry	<i>Emerging Issues in Victorian Government Financial Management.</i> Paper presented to Government Accountants Committee, Canberra.
"	M. Kane	<i>Developments in Public Sector External Audit.</i> Seminar for Public Service Board trainees.
"	T. Wood	<i>Comprehensive Auditing.</i> Seminar for Public Service Board trainees.
"	J. Dyke	<i>Role of the Auditor-General.</i> Public Service Board Financial Development Program.
"	J. Dyke	<i>Rate of Return Reporting.</i> Presentation to ASA Government Accountants Discussion Group.
Sept.	R.A. Walker	<i>Financial Management Systems in the Public Sector.</i> Seminar conducted by RAIPA and Department of Management and Budget.
Oct.	R.G. Humphry	<i>Evaluating Programs.</i> Program Evaluation Workshop conducted by Monash University.
"	I.D. Lancaster	<i>Emerging Resource Management Issues, Comprehensive Auditing, and Internal Audit Relationships.</i> Presentations to officers of Department of Community Services.

<i>Date</i>	<i>Officer</i>	<i>Topic</i>
Oct.	R.G. Humphry	<i>Role of the Auditor-General and Comprehensive Auditing.</i> Presentation to accounting students, Swinburne Institute of Technology.
"	F. Belli, J. Kehoe, M. Kane	<i>External Audit in the Public Sector, Public Sector Accountability and Comprehensive Auditing.</i> Presentation to International Training Institute's Financial Planning and Budgeting Program.
"	M.E. Strickland	<i>Finance for Non-finance Executives.</i> Presentation for SES members.
Nov.	J. Dyke	<i>Emerging Resource Management Issues and Comprehensive Auditing.</i> Presentation to officers of Department of Agriculture and Department of Conservation, Forests and Lands.
"	I.D. Lancaster M.E. Strickland	<i>Role of the Auditor-General, Emerging Resource Management Issues and Comprehensive Auditing.</i> Presentation to officers of Public Works Department.
"	J. Dyke	<i>Role of the Auditor-General, Comprehensive Auditing and Audit Implications of Rate of Return Reporting.</i> Presentation to auditing and accounting students, Gippsland College of Advanced Education.
"	R.G. Humphry	<i>Comprehensive Auditing for Efficiency.</i> Paper presented to Victorian State Congress of ASA.
"	I.D. Lancaster	<i>Role of the Auditor-General.</i> Presentation to Public Service Board's Management Development Program.
Jan.	R.G. Humphry	<i>Challenges Facing Auditors and EDP Auditors.</i> Presentation to EDP Auditors Association.
Feb.	R.G. Humphry	<i>Audit of Authorities in the Water Industry.</i> Paper presented to Institute of Water Administration.
"	M.E. Strickland	<i>Role of the Auditor-General.</i> Presentation to State Librarians.
March	I.D. Lancaster, D. Pratt, R. Szpak	<i>Systems-Based Auditing.</i> Presentation to senior public servants seconded to Department of Management and Budget.



<i>Date</i>	<i>Officer</i>	<i>Topic</i>
March	J.W.Manders	<i>Accountability Relationships in the Public Sector. Public Service Board Financial Management Development Program.</i>
April	M. Nugent	<i>Role of the Auditor at the SEC. Address to SEC Accountants Discussion Group.</i>
"	R.G. Humphry	<i>Emerging Issues in Public Administration. Address to Financial Executives Institute.</i>
"	R.G. Humphry	<i>Emerging Audit Issues and Future Directions for the Office. Presentation to Institute of Chartered Accountants.</i>
"	R. G. Humphry	<i>Management of Risk and Prevention of Fraud in the Context of Recent Reforms to Public Sector Administration. Paper presented to Senate Standing Committee on Finance and Public Administration, Canberra.</i>
May	R.G. Humphry	<i>Risk Management and the Role of the Auditor in Preventing Fraud. Paper presented to RAIPA seminar, Canberra</i>
"	F. Belli	<i>Information Technology. Paper presented to Meeting of Deputy Auditors-General, Brisbane.</i>
"	R.G. Humphry	<i>Information Technology - An Update. Presentation to National Management Accounting Convention, Brisbane.</i>
June	R.G. Humphry	<i>Operations of the Public Sector. Lecture to post-graduate students, Monash University.</i>

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## APPENDIX 5 PUBLICATIONS ISSUED, 1977-78 TO 1987-88

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- 1977-78 *Report of the Auditor-General for the year ended 30 June 1977. (This report accompanied Finance, 1976-77, the Treasurer's Statement).*  
*Supplementary Report of the Auditor-General for the year ended 30 June 1988.*
- 1978-79 *Report of the Auditor-General for the year ended 30 June 1978. (This report accompanied Finance, 1977-78, the Treasurer's Statement).*  
*Supplementary Report of the Auditor-General for the year ended 30 June 1978.*
- 1979-80 *Report of the Auditor-General for the year ended 30 June 1979. (This report accompanied Finance, 1978-79, the Treasurer's Statement).*  
*Supplementary Report of the Auditor-General for the year ended 30 June 1979.*
- 1980-81 *Report of the Auditor-General for the year ended 30 June 1980. (This report accompanied Finance, 1979-80, the Treasurer's Statement).*  
*Supplementary Report of the Auditor-General for the year ended 30 June 1980.*  
*Report of the Auditor-General, April 1981. (This report contained information not included in previous reports for this year.)*
- 1981-82 *Report of the Auditor-General for the year ended 30 June 1981. (This report accompanied Finance, 1980-81, the Treasurer's Statement).*  
*Supplementary Report of the Auditor-General for the year ended 30 June 1981.*  
*Report of the Auditor-General, April 1982. (This report contained information not included in previous reports for this year.)*  
*Report of the Auditor-General, June 1982. (Special report of the Auditor-General - Works Contracts Overview, First Report.)*
- 1982-83 *Report of the Auditor-General for the year ended 30 June 1982. (This report accompanied Finance, 1981-82, the Treasurer's Statement).*  
*Report of the Auditor-General, December 1982. (This report contained information not included in the report accompanying the Treasurer's Statement for 1981-82.)*  
*Report of the Auditor-General, May 1983. (This report contains information not included in the report issued in December 1982.)*  
*Report of the Auditor-General, June 1983. (Special report of the Auditor-General - Works Contracts Overview, Second Report.)*
- 1983-84 *First Report of the Auditor-General for the year ended 30 June 1983. (This report accompanied Finance, 1982-83, the Treasurer's Statement).*  
*Second Report of the Auditor-General for the year ended 30 June 1983.*  
*Third Report of the Auditor-General for the year ended 30 June 1983.*  
*Fourth Report of the Auditor-General for the year 1982-83.*
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- 1984-85**      *First Report of the Auditor-General for the year ended 30 June 1984. (This report accompanied Finance, 1983-84, the Treasurer's Statement.)*  
*Second Report of the Auditor-General for the year ended 30 June 1984.*  
*Third Report of the Auditor-General for the year ended 30 June 1984.*  
*Fourth Report of the Auditor-General for the year 1983-84.*  
*Report of the Auditor-General, Comprehensive Audits - Government Stores Operations and Departmental Cash Management, October 1984.*  
*Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1984.*
- 1985-86**      *First Report of the Auditor-General for the year ended 30 June 1985. (This report accompanied Finance, 1984-85, the Treasurer's Statement.)*  
*Second Report of the Auditor-General for the year 1984-85.*  
*Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1985.*
- 1986-87**      *First Report of the Auditor-General for the year ended 30 June 1986. (This report accompanied Finance, 1985-86, the Treasurer's Statement.)*  
*Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1986.*  
*Report of the Auditor-General, Special Report No. 4 - Court Closures in Victoria, November 1986.*  
*Second Report of the Auditor-General for the year 1985-86.*  
*Report of the Auditor-General, Special Report No. 5 - Provision of Housing to Government Employees and Post-Project Appraisal Procedures within the Public Works Department, December 1986.*  
*Report of the Auditor-General, Special Report No. 6 - Internal Audit in the Victorian Public Sector, December 1986.*  
*Report of the Auditor-General, Special Report No. 7 - Motor Vehicles, April 1987.*
- 1987-88**      *First Report of the Auditor-General for the year ended 30 June 1987. (This report accompanied Finance, 1986-87, the Treasurer's Statement.)*  
*Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1987.*  
*Report of the Auditor-General, Special Report No. 8 - Foreign Exchange, November 1987.*  
*Report of the Auditor-General, Special Report No. 9 - Land Utilisation, November 1987.*  
*Second Report of the Auditor-General for the year 1986-87.*
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