

# ANNUAL REPORT 1992



AUDITOR GENERAL



VICTORIA

VICTORIAN AUDITOR-GENERAL'S OFFICE

# VICTORIAN AUDITOR-GENERAL'S OFFICE

## AT A GLANCE

### **Mission of the Office**

To independently assess the operations of the Victorian public sector and report the results of this assessment to the Parliament and the public, the Government and auditees in order to improve accountability and encourage economic, efficient and effective use of public resources.

### **Principal legislation**

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

### **Audit responsibilities**

The Office is responsible for the financial and performance audits of 537 organisations including Parliament, government departments, public bodies, post-secondary educational institutions, public hospitals and ambulance services, superannuation funds, companies and joint ventures, and water and sewerage authorities.

### **Audit operations**

- Financial audits completed during 1991-92: 604 (1990-91: 635).
- Potential revenue of around \$24 million had been forgone by the State as a consequence of inefficiencies which were identified by the Office during the year. In addition, potential savings to the State of approximately \$37 million were identified as being achievable by addressing organisational deficiencies.
- Productivity savings of 21 per cent in financial audits resulting from the previous 3 years' information technology strategy.

### **Staff**

- Number of staff at 30 June 1992: 161
- Number of agents engaged: 46

### **Financial results**

- Net cost of operations: \$5.7 million, 1991-92 (\$7.1 million, 1990-91)
- Fee revenue: \$9.2 million, 1991-92 (\$9.1 million, 1990-91)

### **Performance audit of the Office**

A performance audit of the Office was conducted during the year by Mr Fergus Ryan of the international chartered accounting firm Arthur Andersen. Mr Ryan concluded that:

*"I have formed the opinion that the Auditor-General is meeting his objectives effectively, economically and efficiently. The direction and momentum of his Office is positive and constructive."*

# Victorian Auditor-General's Office

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## Annual Report for the year ended 30 June 1992

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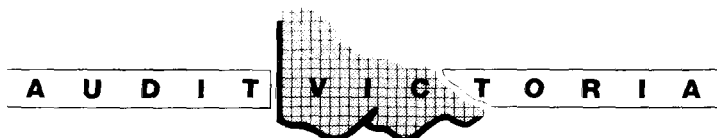
This *Annual Report* describes the functions and operations of the Victorian Auditor-General's Office and presents the audited financial statements of the Office for the year ended 30 June 1992. The Report focuses on matters relating to the organisation and management of resources available to the Auditor-General during the year, and is submitted to the Premier for tabling in Parliament under section 8 of the *Annual Reporting Act* 1983.

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**Level 14, 222 Exhibition Street**

**Melbourne, Victoria 3000**

**Telephone: 651 6012 Fax: 651 6050**



***Auditing in the Public Interest***

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# THE YEAR IN REVIEW



*"The achievements of the Office have been due to the dedication and professionalism displayed by all operational and support staff."*

**M**y Office can take pride in its many achievements during 1991-92. It is, without doubt, enjoying its highest professional standing in its 141 year history. In addition, there is now an unprecedented awareness and level of interest in the work of the Office being shown by Parliament, Executive Government and the public.

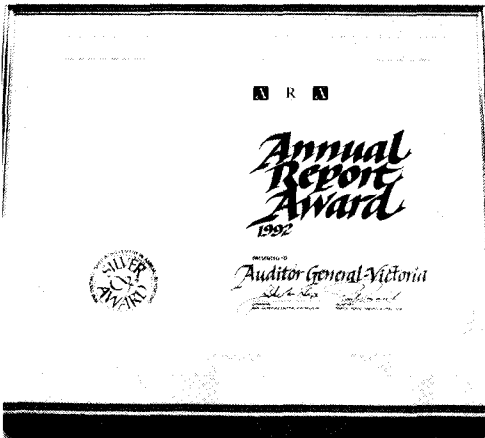
While the role of my Office continued to be centred on the evaluation of the efficiency, effectiveness and economy of the public sector in Victoria, the year was significant in that, for the first time, my Office was the subject of a similar evaluation - through a performance audit. Mr Fergus Ryan of the international chartered accounting firm, Arthur Andersen, was engaged by Parliament to undertake the review. He confirmed that my Office is meeting its objectives effectively, economically and efficiently, and that the direction of my Office is positive and constructive.

I consider that the results of Mr Ryan's performance audit reflect the effective corporate planning process within my Office, which began formally more than 5 years ago when the Office released its first Corporate Plan.

Highlights of 1991-92 included:

- adoption of a new 3 year Corporate Plan;
- five Reports, which identified approximately \$24 million of revenue forgone and around \$37 million of potential savings, were tabled in Parliament;
- the Office's audit methodologies, Enhanced Financial Audit Methodology (EFAM) and Victorian Performance Audit Methodology (VPAM), were successfully applied to auditing operations;

- information technology continued to play an important role in the Office's operations with improved quality of audits and Reports, and a 21 per cent productivity saving in financial audits over the years 1988 to 1991;
- the Office's performance auditing activities were expanded and strengthened through the engagement of 12 additional staff;
- greater opportunities were provided for staff to work on performance audits, thereby increasing the skill base of the Office;
- the net cost of operating the Office was reduced by \$1.4 million or 20 per cent from the previous year's level;



- user surveys conducted to gauge the usefulness of my Reports to Parliament confirmed their value and relevance to readers; and
- for the fourth consecutive year, the Office received a Silver Award from the Annual Report Awards Australia Committee in recognition of its standard of excellence in annual reporting.

The achievements of the Office have been due to the dedication and professionalism displayed by all operational and support staff. Their valued contribution during the year, together with their commitment and enthusiasm, will ensure that the Office continues to deliver expert services to the Parliament and the public of Victoria.

I am confident that my Office, with its strong team of professionals, effective operational structure and a clearly defined corporate planning strategy will enable me to successfully continue *Auditing in the Public Interest*.

  
C.A. BARAGWANATH  
Auditor-General

# PERFORMANCE AUDIT OF THE OFFICE

**T**he *Audit Act* 1958, as amended in June 1990, requires that a performance audit of the Auditor-General be conducted at least once every 3 years. In March 1992, the Parliament appointed Mr Fergus Ryan of the international chartered accounting firm Arthur Andersen to conduct the first performance audit of the Office. Mr Ryan, together with a team of auditors from Arthur Andersen, conducted the audit during the period April to August 1992. His report was forwarded to the Presiding Officers of Parliament in August 1992.



*Fergus Ryan  
of the  
international  
chartered  
accounting  
firm Arthur  
Andersen.*

Mr Ryan concluded that:

*"I have formed the opinion that the Auditor-General is meeting his objectives effectively, economically and efficiently. The direction and momentum of his Office is positive and constructive."*

Specific comments by Mr Ryan in his report indicated that:

- The Office is heading in the right direction in both its auditing and its administration.
- The Office's financial audit methodology is consistent with current audit thinking and complies with Australian Auditing Standards. Appropriate steps have been taken to control the quality of implementation of the methodology.
- By world standards the Office's performance audit methodology is advanced in development and in its application to specific engagements.
- The Office is at the leading edge by world standards in the presentation of performance audit reports. The reports are of a very high quality, well laid-out and presented, and clearly and concisely written and illustrated.
- It is clear that the Office is far from over-resourced.



In addition, Mr Ryan's report contained recommendations to improve certain aspects of the Office's operation to enhance its effectiveness. These included:

*Financial audits*

- improvement in sampling techniques;
- determination and documentation of audit scopes and materiality levels;
- integration of EDP risk evaluation into the audit process;
- clearer identification of the linkages between evaluation and audit approach; and
- greater use of work undertaken by internal auditors.

*Performance audits*

- the conduct of more audits on subjects relevant to a number of auditees such as labour costs, information technology, and efficiency and effectiveness of central agency operations;
- continued enhancements in the preparation and presentation of performance audit reports, including development of an improved style of Executive Summary; and
- development of recommendations to either address identified problems or prevent them recurring.

*Relationship with auditees*

- application of the same service orientation to auditees that the Office applies to Parliament.

The Auditor-General acknowledged that the recommendations contained in the report would enhance the effectiveness of the Office. He indicated that action has already been initiated by the Office to implement a number of the recommendations.

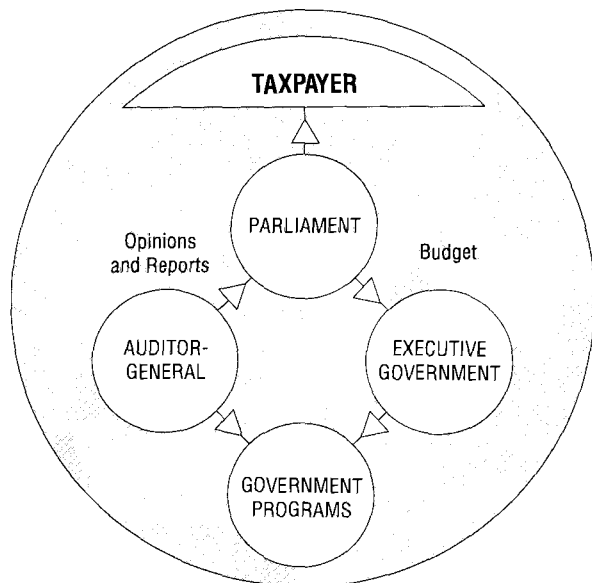
# ACHIEVEMENT OF CORPORATE OBJECTIVES

## MISSION OF THE OFFICE

*To independently assess the operations of the Victorian public sector and report the results of this assessment to the Parliament and the public, the Government and auditees in order to improve accountability and encourage economic, efficient and effective use of public resources.*

The Auditor-General is responsible under legislation for the external audit of the financial affairs and activities of the Victorian public sector on behalf of the Parliament.

The Victorian Auditor-General's Office is the operational structure which enables the Auditor-General to fulfil his responsibilities to the Parliament.



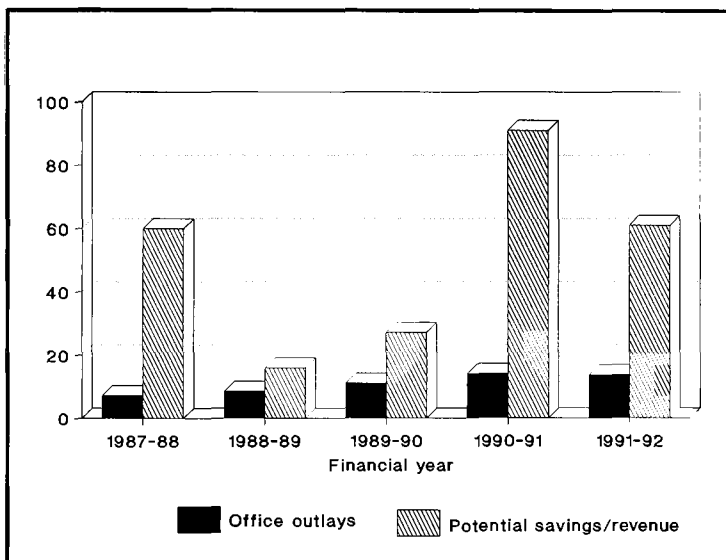
The independent and objective analysis and evaluation of the results of audit operations are reported by the Auditor-General to the Parliament, the Government and auditees so that decision-makers are provided with information on:

- economy and efficiency in the management of public resources and effectiveness in the implementation of government programs; and
- fair presentation of financial statements.

When undertaking independent assessments, the Office ensures that there has been adherence by auditees to government policy and legislative requirements.

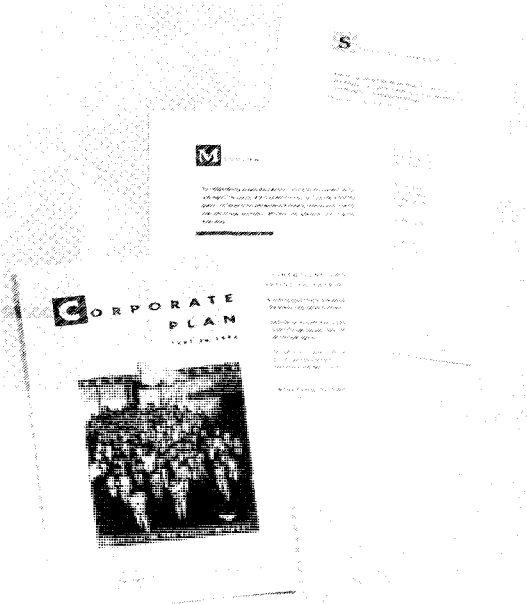
In line with its Mission, the Office continues to pursue ways to improve its efficiency and effectiveness by reducing the net cost to Victorian taxpayers of running the Office. Through the work undertaken by the Office it also identifies potential revenue forgone by the State and savings that could be achieved if organisational deficiencies are addressed.

The value of the Office is clearly demonstrated in the following graph, which compares the Office outlays for the years 1987-88 to 1991-92 with potential revenue forgone by the State and savings that could have been made.



**OFFICE  
OUTLAYS AND  
POTENTIAL  
SAVINGS/  
REVENUE**  
(\$million)

## NEW CORPORATE PLAN



**E**xpectations from the community for the delivery of new and improved government services have seen an increasing focus placed on resource management and accountability issues. In turn, this focus has increased the community's expectations of the role played by the Office in providing assurances to the Parliament and the public on the financial affairs of the public sector in Victoria.

The current public sector environment in Victoria is characterised by major developments in information technology, new legislative requirements for financial and operational reporting, and increasing complexity and sophistication of government activities. The Office must keep abreast of these and future changes.

The operational effectiveness of the Office's auditing methodologies, the development of a motivated and highly-skilled workforce, and the ability to take advantage of the latest developments in information technology are key elements of the Office's Corporate Plan.

The Corporate Plan is based on the views of staff at all levels, and concentrates on new directions for the Office that complement on-going goals and tasks. The Plan identifies 4 strategic directions to guide Office operations over the 1991-92 to 1993-94 period. The strategic directions are:

1. Expand performance auditing conducted and reported by the Office to fulfil the widened legislative mandate.
2. Maximise the productivity of current resources undertaking financial audits through the application of the most advanced audit methodologies.
3. Widen opportunities for staff to contribute to Office achievements by upgrading the workforce management plan to improve the development and deployment of staff.
4. Ensure that Office activities are driven by value-added and risk-based management concepts and benefit from developments in information technology.

# 1 Strategic Direction

Expand performance auditing conducted and reported by the Office to fulfil the widened legislative mandate.

## PRINCIPAL TASKS

- Present at least 4 *Special Reports* to the Parliament each year in addition to the performance audit projects contained in the annual *Reports on Ministerial Portfolios* and the *Finance Statement*.
- Procure appropriate funding to enable 40 additional staff to be assigned to performance audits by June 1993 and, through improved productivity, increase the number of full-time equivalent resources engaged on performance audits to a total of 85 by June 1994.
- Successfully implement and periodically enhance the revised performance audit methodology (VPAM).

## ACHIEVEMENTS

- Three *Special Reports* were tabled in Parliament, as well as the annual *Reports on Ministerial Portfolios* and the *Finance Statement*. The Reports identified that potential revenue of around \$24 million had been forgone by the State, and that savings of approximately \$37 million could be achieved by addressing organisational deficiencies. The results of 40 performance audits were included in the *Ministerial Portfolios Report*.
- Funding for an additional 12 staff positions was approved by Parliament. A new Performance Audit Division was established in January 1992 with responsibility for undertaking performance audits, principally in the major portfolios of transport, health, education and energy.
- The development of the Office's Victorian Performance Audit Methodology (VPAM) was finalised and a Manual incorporating the methodology was issued. Training sessions were conducted for all staff involved with implementing the audit methodology.

## TARGETS FOR 1992-93

- Four *Special Reports* and the annual *Reports on Ministerial Portfolios* and the *Finance Statement* to be presented to Parliament.
- Seek funding for the engagement of 28 additional staff by 30 June 1994.
- Broaden the implementation of VPAM across the Office and conduct a detailed review to enhance the methodology by January 1993.

## **2 Strategic Direction**

**Maximise the productivity of current resources undertaking financial audits through the application of the most advanced audit methodologies.**

### **PRINCIPAL TASKS**

- Improve the efficiency and effectiveness of financial auditing through the successful implementation of the Office's enhanced risk-based financial audit methodology (EFAM).
- Progressively review and enhance the quality and effectiveness of the financial audit methodology.
- Direct major emphasis on utilisation of state-of-the-art computer assisted audit techniques, with added focus on those techniques which assess the integrity of auditee systems.

### **ACHIEVEMENTS**

- Completion of the first year of full implementation of the Enhanced Financial Audit Methodology (EFAM) (June 1991 audit cycle) on all financial audits, with few significant budget overruns.
- Through training, upgraded documentation and further automation, a sound base has been established to build on the initial year's experiences.
- Interrogation packages were utilised in assessing information systems of 8 auditees during 1991-92. In addition, data of 20 auditees was analysed through computer assisted audit techniques.

### **TARGETS FOR 1992-93**

- Further strengthen expertise and confidence of staff in the application of EFAM's risk-based principles and automated tools.
- Achieve productivity savings on financial audits equivalent to 3 staff by 30 June 1993.
- Review available computer techniques in November/December 1992 with the aim of utilising those techniques which provide maximum benefits in the conduct of financial audits.

# 3 Strategic Direction

**Widen opportunities for staff to contribute to Office achievements by upgrading the workforce management plan to improve the development and deployment of staff.**

## **PRINCIPAL TASKS**

- Broaden the skill mix of the Office by acquiring human resources drawn from various professional disciplines to enhance the quality of output.
- Establish avenues for staff to expand their skills through professional development programs and structured work placements across all Office activities.
- Foster a spirit of team-work, creativity and professionalism through management practices and policies which emphasise the value of the Office's human resources.

## **ACHIEVEMENTS**

- Employment of 4 additional staff with professional backgrounds and skills in the fields of economics, education and environmental science to manage and assist in carrying out performance audits.
- Implementation of an appropriate professional development training program after evaluating individual staff development needs, with attendance at relevant courses by all staff.
- Successful secondments to other public service agencies and major accounting firms, and the rotation of staff across financial and performance audit divisions.
- Commencement of a review of the duties and responsibilities of all positions to reflect the strategic development of the Office, and the objectives of the Office Based Structure initiative.
- Opportunities provided for all staff to participate in the annual Office seminar, regular peer group discussions and divisional meetings.

## **TARGETS FOR 1992-93**

- Employ 3 additional audit staff with non-accounting qualifications from 1992-93 funds to undertake performance audits.
- Implement a competency-based work framework which includes an appropriate professional development program emphasising on-job training together with an enhanced professional development appraisal scheme.
- Review Office policies and procedures with a view to implementing change which provides greater opportunities for staff to operate in a team environment in both a creative and a professional manner.

# 4 Strategic Direction

**Ensure that Office activities are driven by value-added and risk-based management concepts and benefit from developments in information technology.**

## **PRINCIPAL TASKS**

- Move towards an Office structure which gives operating groups greater flexibility in the management of financial (in-house and contracting) and performance audit responsibilities.
- Assess periodically the effectiveness of delegations of tasks and functions, and formalise external and internal peer reviews as part of the Office's on-going quality assurance procedures.
- Revise the information technology strategic plan with emphasis on enhancing existing systems to enable the provision of improved information for management decision-making, and integrating the Office's management information systems.

## **ACHIEVEMENTS**

- Delegations to sign audit opinions on the financial statements of auditees were revised during the year.
- Working parties were established to conduct peer reviews for financial audits.
- A post implementation review of the Office's IT strategy revealed 21 per cent productivity savings in financial audits over the years 1988 to 1991.
- Upgraded accounting, word processing and database software packages achieved increased operational efficiencies.
- A working party was set up to develop an IT strategic plan for the period 1992 to 1996.

## **TARGETS FOR 1992-93**

- Review the Office structure by March 1993.
- Conduct peer reviews of financial audits in November/December 1992 and performance audits in May/June 1993.
- Continue to revise existing IT systems to enable the provision of improved information for decision-making.
- Develop an IT strategic plan covering the period 1992 to 1996 by 30 September 1992.



# AUDIT ACTIVITIES

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## LEGISLATION

The *Audit Act* 1958 is the principal legislation relating to the appointment, tenure, duties, responsibilities and powers of the Auditor-General, and the work of the Victorian Auditor-General's Office. Other provisions affecting the role and functions of the Office 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 1990, the Audit (Amendment) Act was passed. This Act clarified and strengthened the Auditor-General's role particularly in relation to performance auditing and access to information required in the audit process.

A complete overhaul of the Office's principal legislation, to reflect modern audit practices, was undertaken in 1991-92. The amending Bill was not passed in the Autumn Session of Parliament.

## AREAS OF OPERATION

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

The *budget* sector includes all administrative units 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 Ministry of Finance.

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 administrative units, are not generally funded by parliamentary appropriations and are not subject to budgetary controls by the Ministry of Finance.

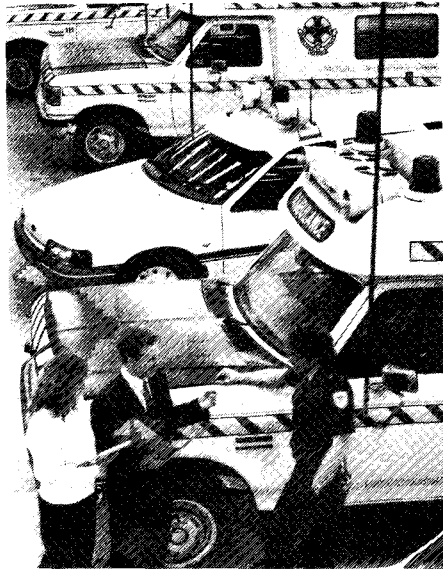
The majority of work carried out by the Office is now conducted under the authority of the Annual Reporting Act which was adopted in 1983 as a means of ensuring that all agencies report to the Parliament.

## AUDIT RESPONSIBILITIES

At 30 June 1992, the Auditor-General had specific responsibilities for the financial and performance audit of 537 organisations as follows:

- Parliament and the State Parliament Refreshment Rooms;
- 28 administrative units including branches, regional district offices and courts located throughout Victoria;

*Audit staff on site at an audit location.*



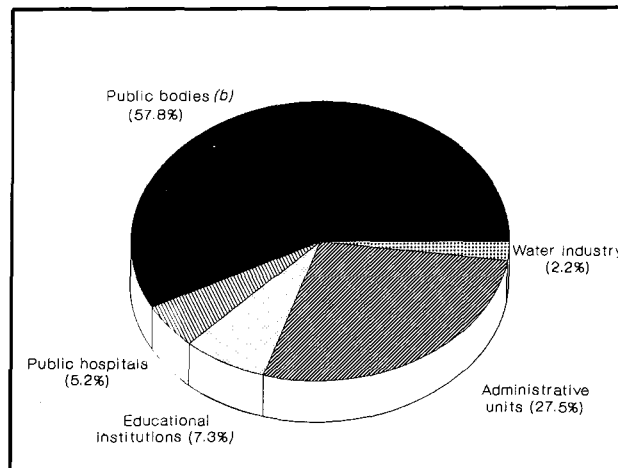
- 134 public bodies such as government business undertakings, various commissions and committees of management;
- 42 post-secondary educational institutions;
- 140 public hospitals and State-funded nursing homes;
- 19 superannuation funds;
- 32 companies and joint ventures; and
- 140 water and sewerage authorities.

A complete list of audit responsibilities at 30 June 1992 is provided in Appendix 4.

In addition, the Office is responsible for the provision of audited statements to the Commonwealth Government in respect of special purpose grants to the State. The Auditor-General is not responsible for the audit of local government bodies.

**Allocation of audit time**

The graph below shows the percentage of time devoted by in-house audit staff to various areas of audit activity.



**ALLOCATION OF IN-HOUSE AUDIT TIME, 1991-92 (a)**

(a) The majority of audits in the health, education and water sectors are performed by contracted agents.

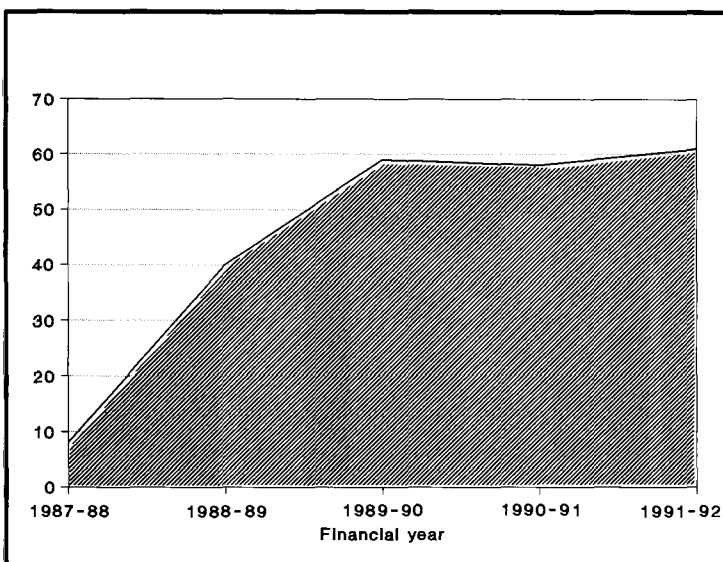
(b) Includes government business undertakings, superannuation funds and companies/joint ventures.

The time spent on the audit of public bodies increased from 45.9 per cent to 57.8 per cent which reflects the Office's compliance with government policy to generate a pre-determined amount of revenue for the Consolidated Fund. As a consequence, the time spent on the audit of administrative units (non-chargeable) decreased from 38.7 per cent to 27.5 per cent.

**Number of audits completed within budget**

The Office is continually striving to improve its processes and systems to increase productivity. A measure of success is the ability to meet Office resource budgets. Budgets are based on very strict criteria and are constantly revised to reflect productivity gains achieved by the Office.

The following graph shows the percentage of audits completed within budget over the past 5 years.



**AUDITS COMPLETED WITHIN BUDGET**  
(per cent)

**AUDIT PROCESS**

**Audit planning and control**

Long-term strategic plans projecting Office activity over the next 10 years are the basis for all audit work. The Office chooses areas for audit on the basis of audit risk and materiality, and work is scheduled to allow for the effective utilisation of human resources.

The Office's annual financial and performance auditing program is guided by a Master Audit Plan. The Plan covers the:

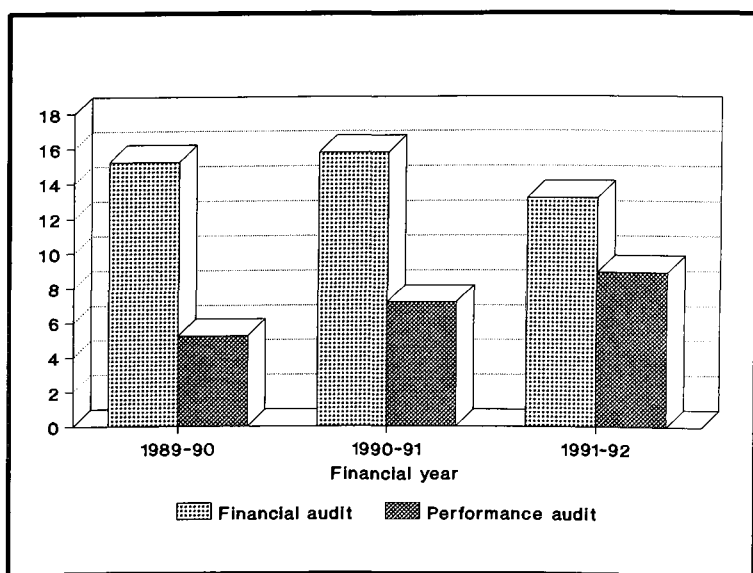
- totality of the Office's audit task as determined within specified criteria;
- period or cycle over which all audits are to be undertaken; and
- resources required to complete all audits within the specified cycle.

In 1991-92, the Plan provided strategic direction for the financial and performance audit components of audit activities. The Plan was instrumental in determining priorities and areas of investigation for performance audits.

During the year, computerisation of the Plan was begun in order to facilitate its integration with the Office's Audit Management Information System (AMIS).

### Financial and performance audits

The Auditor-General, when carrying out his statutory audit responsibilities under the *Audit Act* 1958, generally conducts 2 types of audits which may be classified as *financial audits* and *performance audits*. The amount of in-house resources used on performance audits has increased from 26 per cent in 1989-90 to 40 per cent in 1991-92. This represents an increase of more than 50 per cent over the 3 years, as shown in the next graph.

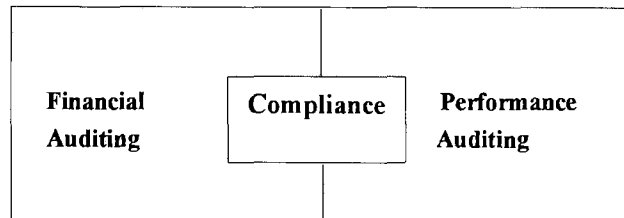


**IN-HOUSE TIME SPENT ON FINANCIAL AND PERFORMANCE AUDITS**  
(000's of days)

Any audit assignments undertaken which directly relate to the objective of forming an opinion on the annual financial statements of public sector entities form part of a *financial audit*. The conduct of these audits is of utmost importance, as it provides assurance to Parliament and the public regarding the fair presentation of financial information presented by public sector entities in their financial statements.

A *performance audit* may be broadly defined as an audit which evaluates whether an organisation uses its resources economically and efficiently in order to effectively meet its objectives.

An additional feature that is common to both financial and performance auditing is that of reporting upon the extent of compliance with relevant legislative requirements in the public sector.



Financial and performance audits are usually conducted by the Office as separate assignments. However, the knowledge gained during a financial audit of an entity is relevant to the planning of performance audits.

Overall, through the above process, the Auditor-General is able to provide Parliament, and ultimately taxpayers with information needed to assess the performance of public sector organisations.

### **Engagement of agents**

In addition to utilising qualified audit staff within the Office to undertake auditing activities, the Office engages suitably qualified private practitioners to act as agents of the Auditor-General. The use of agents to undertake audit tasks (particularly in country areas) enables the Office to balance an increasing workload against often limited internal resources.

Agents are personally appointed by the Auditor-General and are primarily concerned with undertaking sufficient audit work to enable the Auditor-General to form an opinion on the financial statements. In addition, 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 Auditor-General determines levels of remuneration paid to agents and collects fees charged to auditees for services provided by the agents on behalf of the Consolidated Fund.

Several strategies are in place to provide assurances that resources allocated for the engagement of agents are managed in the most efficient and effective manner. These strategies include:

- use of tendering procedures for particular industries or categories of audits to rationalise agent numbers and facilitate improved audit performance;
- provision of high quality guidance and direction to agents;
- utilisation of the Office's Audit Management Information System for the management of contract audits;
- implementation of procedures to ensure effective liaison with agents and evaluation of their performance; and
- meetings with agents to discuss emerging issues in the hospital, water and post-secondary educational sectors to ensure consistency and quality of audit approach to the respective industries.

The financial audits of water and sewerage authorities, ambulance services, post-secondary educational institutions, public hospitals and State-funded nursing homes, public sector superannuation funds and a number of other public bodies are contracted to the private sector. In addition, contract audit arrangements involving IT reviews and Rate of Return Reporting requirements have also been entered into for certain auditees.

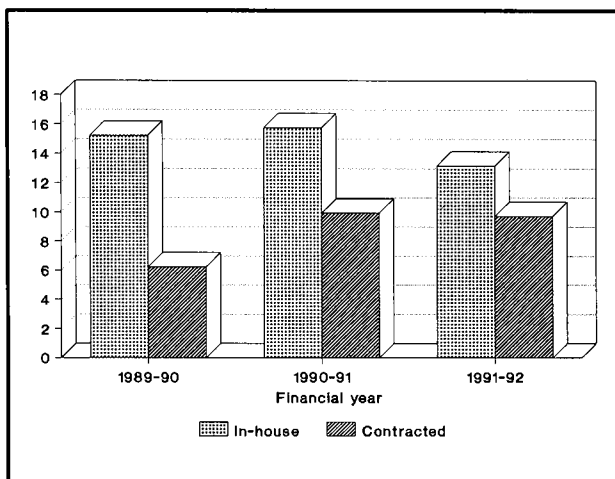
During the year, the Office engaged 46 agents, 21 fewer than in the previous year. The decrease was brought about through a continuing rationalisation in contracting arrangements in the water and health industries. The rationalisation has contributed to more efficient and effective auditing operations.

The following table shows the payments for contract auditing services over the last 5 years:

<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
887 000	2 199 000	3 910 000	4 353 000	4 244 000

As indicated, the Office contracted out \$4.2 million of audit work to the private sector in 1991-92. The major portion of this work, \$3.7 million, related to payments to agents for undertaking financial audits. The balance of \$539 000 represented payments to firms for conducting IT and certain specialised reviews in conjunction with financial audits undertaken by the Office.

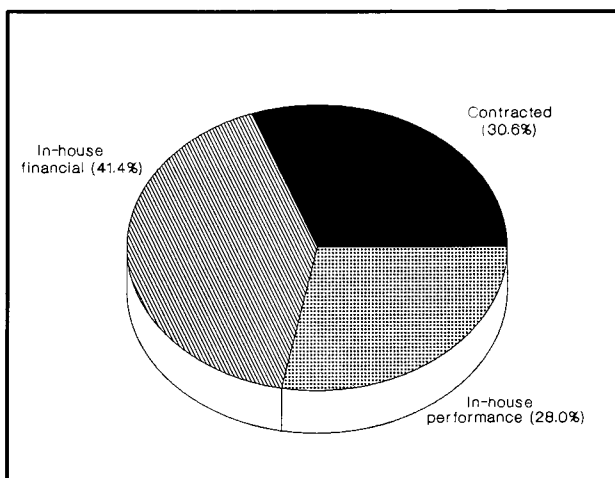
The following graph illustrates the amount of financial audit work undertaken with in-house resources compared with work contracted to agents for the years 1989-90 to 1991-92.



**IN-HOUSE AND CONTRACTED FINANCIAL AUDITS**  
(000's of days)

The reduction in the amount of time spent by in-house staff on financial audits is mainly attributable to efficiency gains made in the audit process through the application of the Enhanced Financial Audit Methodology.

Work undertaken by agents represented approximately 30 per cent of the Office's audit responsibilities for 1991-92, as shown in the following graph which also indicates in-house time utilised on financial and performance audits.



**ALLOCATION OF AUDIT TIME, 1991-92**

## **Audit methodologies**

### *Enhanced Financial Audit Methodology*

During 1991-92, the Office continued to implement its Enhanced Financial Audit Methodology (EFAM) across all financial audits.

EFAM provides a rigorous audit planning process which enables staff to effectively assess the relevant risk components of each financial audit. The risk-based audit approach provided by EFAM encompasses the extensive use of audit software during the planning, testing and evaluation phases, together with the use of computer packages for extraction and analysis of auditee data. The Office achieves greater efficiency on financial audit engagements and increases in the level of audit assurance.

Since the introduction of EFAM, the Office's Research and Audit Practices and IT Audit Divisions have co-ordinated and provided a series of intensive training courses for staff to ensure that they are familiar with all facets of the methodology.

Monitoring of progress in the implementation of EFAM is of particular importance and the Office has a structured framework for assessing both strategic and on-going practice issues. Continuing development of the methodology is the responsibility of the EFAM Strategic Review Unit.

### *Victorian Performance Audit Methodology*

Legislative amendments in June 1990 endorsed and widened the mandate of the Auditor-General to undertake performance audits. While audits conducted by the Office prior to that time primarily dealt with questions of economy and efficiency, the mandate now focuses on audits which also encompass an *effectiveness* component.

A Working Party was established early in 1991 to review the framework for conducting performance audits, including an assessment of the existing procedures and current professional standards and practices adopted both within Australia and overseas. An enhanced audit methodology known as the Victorian Performance Audit Methodology (VPAM) was subsequently developed.

This methodology, which is unique to the operations of the Victorian Auditor-General's Office, provides a conceptual and policy framework for performance auditing, in addition to defining procedures to be followed during the planning, implementation and reporting phases of the audit. The methodology is aimed at providing a structured approach to conducting performance audits while allowing for the flexibility necessitated by the diverse objectives and scope of individual audit assignments.



To facilitate the effective implementation of the methodology, a *VPAM Manual* was released to staff in August 1991, supplemented by staff training which focussed on the key elements of VPAM. The Manual is also available in an electronic form through the Office's computer network and portable lap-top computers.

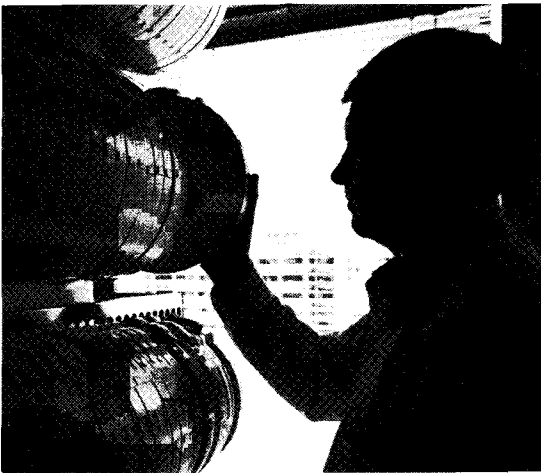
The performance audit methodology adopted in Victoria has created interest from other Audit Offices. In response to a request, the Victorian Auditor-General's Office provided training and advice to the Tasmanian Audit Department in March 1992 in the use of the methodology.

It is anticipated that, after an initial implementation period of approximately 18 months, the VPAM methodology will be subject to a detailed review at the end of 1992.

### Information technology audits

The Office's IT policy provides for:

- on-going development of an IT audit plan;



*The Office uses the latest technology in its computer audits.*

- conducting IT reviews;
- identifying and undertaking IT performance audits;
- taking steps to expand the application of IT activities by operational audit divisions;
- participating in the development and implementation of the Office's risk-based financial audit methodology; and
- contracting IT audit activities to private sector accounting firms which act as agents of the Auditor-General.

Principal responsibility for implementation of the policy rests with the IT Audit Division.

A key element of the strategy is to increase the knowledge of IT audit within the Office. During 1991-92 actions taken to achieve this objective included:

- Secondment of 4 staff to work in the IT audit sections of private sector accounting firms.

- On-job participation by field staff in work undertaken by external IT specialists. This led to an increase in the Office's knowledge-base as well as providing the opportunity for those staff to become more familiar with the audit techniques and equipment used in the private sector.
- Participation of 56 field staff in computer-aided training courses with primary focus on IT audit.

During 1991-92, the Office conducted 38 detailed IT or special reviews, of which 31 were contracted to 4 chartered accounting firms at a cost of \$539 000.

The IT Audit Division provided support to field divisions in the following ways:

- reviewing and providing advice on the development of audit strategies for 15 audits;
- reviewing and documenting the system applications of 14 auditees;
- conducting preliminary assessments of the control environment at 18 audits; and
- assisting with the development of a number of computer interrogation programs.

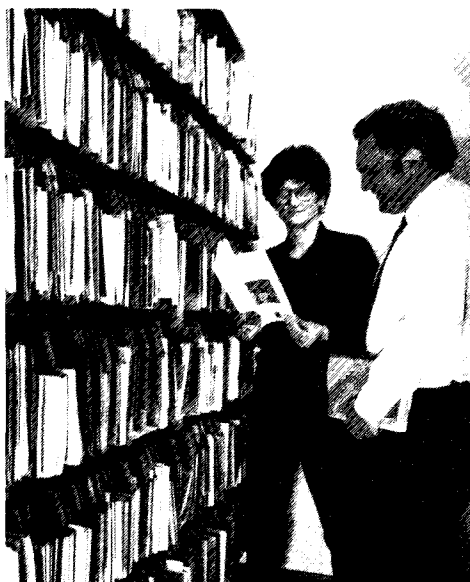
The Office continues to place emphasis on the development and application of computer-assisted audit techniques, to provide better audit coverage and to carry out efficient and effective audits. A variety of computer programs have been developed to interrogate and analyse computerised information maintained by auditees.

#### **Audit research**

An essential component of the successful conduct of a performance audit is the amount of auditee information available to the auditor. The information can include:

- government policies and guidelines;
- legislation;
- auditee data, including annual reports;
- previous audit reports on similar subjects which have been prepared by the Office, other Australian Audit Offices and other Westminster-style Audit Offices; and
- relevant literature on the topic.

*Ellie Quick  
and Lou  
Perta using  
the Office  
Library  
facilities*



The Office Library is a major source of this type of information and it maintains a comprehensive reference collection of periodicals, books and reports. The Library also has facilities to access on-line databases in Australia and world-wide, and this service is a valuable complement to the efficient planning, implementation and reporting phase of the Office's auditing operations. A compact disk - read only memory (CD-ROM) facility is also available to staff engaged in researching international audit-related data.

### **Audit consultative process**

Liaison and communication between the Office and auditees is a vital component of the audit process. Meetings are held with the senior management of auditee organisations 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 an opportunity for discussion of the internal auditor's annual audit plan so as to avoid unnecessary duplication with external audit coverage and ensure a more cost-effective audit.

*Audit  
findings are  
conveyed to  
auditees  
through  
formal  
reports and  
discussions.*



During the course of the audit and prior to the issue of reports at the conclusion of the review, discussions are held with senior management of the organisation on matters arising from the audit. The advantages gained from such discussions include early resolution of problems identified by audit, a pro-active audit role in improving resource management in government, improved communication and co-operation with management, and positive action from auditees on many of the matters raised by this Office.

In line with the objective of promoting and encouraging the development of sound resource management practices in the public sector, the Office continued to provide advice to auditees to assist them in meeting their resource management and accountability obligations. Discussions between Office staff and auditees on matters contained in audit reports and Reports to Parliament took place on a regular basis throughout the year.

### **Output of the Office**

The output of the Office consists of:

- Presentation of Auditor-General's Reports to Parliament summarising the most significant 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 27 to 31. Lists of Reports tabled since 1987-88, of all Special Reports issued, and of small agency reviews undertaken, together with a subject index of special interest items are contained in Appendix 1.
- Annual audit reports, interim 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 Minister for Finance and the responsible Minister.
- Audit reports of the Auditor-General on auditees' financial statements.
- Audit reports to the Commonwealth Government on expenditure of various funds provided by the Commonwealth to the State.

### **PROVISION OF EXTERNAL ADVICE TO THE AUDITOR-GENERAL**



*Ms. E. Alexander, Partner,  
Price Waterhouse*

For some years now, Auditors-General in Victoria have been assisted by an External Policy and Practices Advisory Panel which furnishes advice on accounting and auditing developments and practices in the public sector. The Panel has proved to be a most valuable source of information and guidance on emerging public sector issues.

During 1991-92, Ms E. Alexander, Partner of Price Waterhouse, joined the Panel whose other members at 30 June 1992 were:

- Professor B.J. Garner, *Professor of Computing, Deakin University;*

- Mr D.T. Greenall, *Chartered Accountant*;
- Mr E. McL. Holmes, *Chartered Accountant*, and
- Mr W.J. McGregor, *Executive Director, Australian Accounting Research Foundation*.

## RELATIONSHIP WITH OVERSEAS AND INTERSTATE AUDIT OFFICES

The sharing of information and professional expertise in the audit area is a valuable means of improving the efficiency and cost-effectiveness of the Office. In addition to the regular meetings of Auditors-General, Deputy

Auditors-General and senior audit executives, links have been established at middle management levels through annual meetings of IT auditors in the public sector, circulation of information on developments, and exchange visits of key audit and management personnel between the various Audit Offices.



*Meeting of Australian Auditors-General.*

As in previous years, the Office continued to be involved in activities connected with other Audit Offices. The most significant of these are included in Appendix 2.

## PROFESSIONAL ACTIVITIES

The Office is involved in a wide range of activities connected with the accounting and auditing profession, and public sector management. These

activities include international meetings and overseas visits, and hosting international and interstate visitors.

Many Office staff are at the forefront of their profession and are valued as speakers on public sector auditing and related issues and as members of professional bodies. A number of staff were involved with presentations throughout the year.

Details of staff involvement with professional activities are provided in Appendix 2.



*Mr T. Lant, Director of Audit, presenting a paper on performance auditing issues.*

# SERVING PARLIAMENT AND THE PUBLIC

## REPORTS OF THE AUDITOR-GENERAL

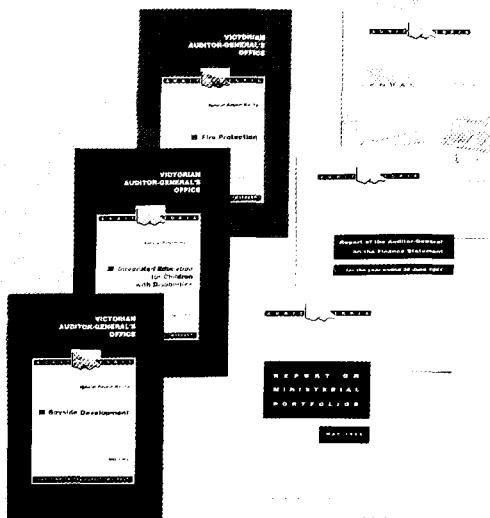
**P**art of the responsibility of Parliament and the Executive Government is to make decisions affecting the direction and management of the State's financial operations. The Auditor-General plays an important role in this process by providing Parliament and the Executive Government with independent and objective Reports containing information on the adequacy of public sector organisations' financial and resource management systems. The Reports also contain 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, progressive enhancements are made to the quality of content and format of Auditor-General's Reports to Parliament. While traditional matters such as financial operations and legislative requirements continue to be reported, the scope of issues contained in the Reports has been broadened to encompass resource management in the Victorian public sector.

The Reports are a valuable source of financial information on government operations and have the potential to improve the management practices of

public sector entities. A significant feature of the Reports is the attention given to recommendations pointing to substantial savings which could be achieved by the State.

Auditor-General's Reports to Parliament are made available to the general public for purchase through the Information Victoria bookshop or through The Law Printer bookshop. Copies of these Reports and of the *Annual Report* of the Office are also distributed to Audit Offices within Australia and in other countries, to auditees, and to a number of other relevant organisations and interested persons.



*The Office issued 6 Reports during the year.*

### Reports issued during the year

The majority of Reports of the Auditor-General are prepared under the authority of the *Audit Act 1958* and are all tabled in Parliament. During 1991-92, 6 Reports were tabled in the Parliament, as referred to below.

#### *Report of the Auditor-General on the Finance Statement*

Tabled in October 1991, this Report accompanied the Finance Statement and provided a comprehensive analysis of the Consolidated Fund financial operations and the financial position of the State budget sector for the year ended 30 June 1991. Among the key issues highlighted in the Report were:

- the high level of budget-sector indebtedness;
- the adverse impact of continuing and escalating deficits on the State's current and future financial operations;
- payments made without parliamentary authority;
- the impact of measures adopted by the Government to address its liquidity difficulties;
- the effects of the sale of the State Bank and the collapse of Tricontinental;
- implications of the financing arrangements relating to construction of the World Congress Centre;
- inefficient collection of stamp duty; and
- deficiencies in accountability of companies, trusts, joint ventures and incorporated associations.



*World  
Congress  
Centre.*

This Report was used extensively in parliamentary debates and discussions on financial affairs of the State. During one debate, a Member of Parliament commented:

*"In some respects the Auditor-General's Report that is attached to the Finance Statement is more important to Members of Parliament than the Statement itself."*

The Member also said that the only way Parliament can get information on financial management and the extent of public borrowings is through the Auditor-General's Reports.

*Annual Report of the Office of the Auditor-General, 1991*

An Annual Report of the Office was presented to the Premier in October 1991 for tabling in accordance with the *Annual Reporting Act 1983*. The Report provided an overview of Office activities for the year, as well as incorporating the Office's audited financial statements.

During 1991-92, *Annual Report Awards Australia Inc.* sponsored an Australia-wide Annual Report Awards Scheme designed to encourage the meaningful presentation of information in annual reports. The Scheme aims to promote greater public awareness of an organisation's objectives, achievements and future plans, as well as providing information on financial operations and performance.

The Office entered its *1991 Annual Report* in the 42nd Annual Report Awards Scheme which was conducted during the year. The Report was assessed as having achieved a high standard in annual reporting and received a Silver Award. This was the fourth consecutive Silver Award received by the Office. The Award was presented in Sydney in June 1992.

*Special Report No. 16 - Fire Protection*

This Report was tabled in April 1992 and dealt with issues concerning the management of fire prevention and fire suppression in Victoria's State forests, national parks and other protected public lands.

Specific areas examined in the Report included:



*Controlled burning off as a means of fire prevention.*

- the quality of the Department of Conservation and Environment's strategic management of fire protection;
- the appropriateness of current funding arrangements; and
- the extent to which Parliament and the community are adequately informed of the risk of damage by fire in the protected areas of the State.



*Special Report No. 17 - Integrated Education for Children with Disabilities*

*Integrated education in a primary school environment.*



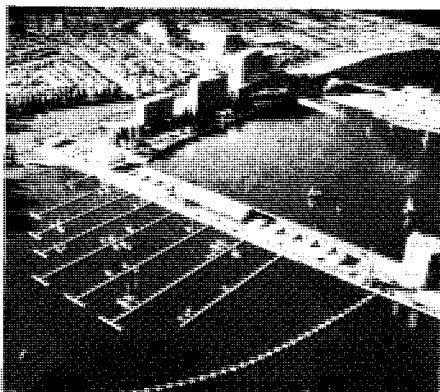
Special Report No. 17 evaluated the economy, efficiency and effectiveness of the Department of School Education's management of integrated education services for disabled children.

The review focused on:

- the implementation of the conceptual framework and guiding principles of integration;
- departmental organisational structures and procedures established to implement policy objectives;
- accounting systems, with particular emphasis on the level of funds provided and how these funds were spent;
- management information systems including planning and service delivery; and
- human resource management within the program.

*Special Report No. 18 - Bayside Development*

*Bayside Development proposal.*



This Special Report examined the management of the Bayside Development, a prime foreshore re-development project located at Port Melbourne. Over \$70 million of taxpayers' funds had been directed to the project, which, at the time the Report was prepared, had not resulted in a firm contractual agreement between the Government and the selected developer.

The review examined agreements, systems and procedures relating to the Bayside Development to assess:

- the initial planning for the Development included adequate examination of environmental and other relevant issues;
- sound evaluation procedures were followed in selecting the preferred developer;

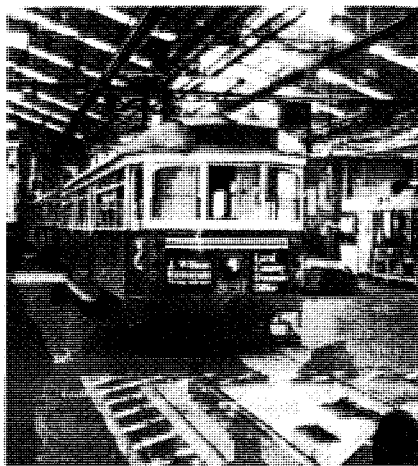
- the Development had been efficiently and effectively managed by the government agencies involved;
- actions taken and concessions made by the Government to facilitate the Development were properly evaluated, justified and approved; and
- adequate consultation occurred between relevant government agencies and interested parties.

*Report on Ministerial Portfolios*

Tabled in May 1992, this major Report of the Office dealt with over 70 issues raised during the audits of administrative units and public bodies. It contained comments on a number of significant issues and detailed reviews of the total operations of small agencies as follows:

- payments made to private barristers;
- automotive training practices in TAFE colleges;
- building maintenance at La Trobe University;
- identification and sale of surplus property assets;
- operations of Daratech Pty Ltd;
- management of WorkCare in the State hospital system;
- health service agreements in public hospitals;
- management practices of the Accident Compensation Commission Investigations Branch;
- provision of rehabilitation services by the Victorian Accident Rehabilitation Council;
- Gas and Fuel, Port of Melbourne Authority and Public Transport Corporation workshop operations;
- development activities of the Geelong Regional Commission;
- Public Transport Corporation lease property management;
- rehabilitation management practices at the Transport Accident Commission;
- overseas travel by public sector employees;

*W-Class trams awaiting maintenance at Preston Workshop, one of the operations reviewed in the Report on Ministerial Portfolios, May 1992.*



- administration of flexible working hours in the budget sector; and
- public sector superannuation schemes.

### **Follow-up of issues raised in reports**

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

In fulfilling its goal of enhancing resource management in the public sector, the Office encourages auditees to act on matters highlighted in Reports to Parliament. In addition, an important role is played by the Economic and Budget Review Committee in the follow-up of issues raised in Auditor-General's Reports to Parliament.

The Government also took action to ensure that issues raised in Auditor-General's Reports were satisfactorily resolved. Two recent initiatives of the Government were:

- The Minister for Finance, in consultation with all Ministers, reported to the Parliament on how government bodies intended to address the issues raised by the Auditor-General. The Minister for Finance's report also covered progress made in implementing proposed actions; and
- The establishment within the Ministry of Finance of a Steering Committee to address unresolved matters contained in Auditor-General's Reports, management responses and progress made in implementing appropriate measures.

The Office is pleased that the positive action taken by the Ministry of Finance has led to a substantial reduction in the number of outstanding issues. For example, of the 250 issues covered by the Ministry's 1991 Report, 236 (94 per cent) were regarded as being issues of legitimate concern and warranting remedial action by administrative units and agencies. In each case the issue had been resolved or satisfactory action had commenced.

The Office considers that the attention paid to issues raised in its Reports will contribute to an improvement in overall resource management practices in the public sector, as well as enhancing public sector accountability and resource management performance.

### Perception of Reports

In an effort to gauge the usefulness of the Reports to readers, 2 user surveys were conducted during the year.

In the first survey, 20 selected Members of Parliament were sent questionnaires and asked to provide comments on the structure and presentation of the Auditor-General's Reports. Some of the responses included:

- *"... your Report on Ministerial Portfolios ... provides ... a rare look at the performance of the various government departments and instrumentalities ... your Reports are the only facts upon which Ministerial efficiency can be assessed ... your Reports will continue to be the watch-dog of the people."*
- *"... continue to prepare your information in a clear, accurate and unambiguous form ..."*
- *"... your Reports are powerful documents and a valuable protection mechanism."*

The second survey was sent to 150 recipients on the Office's mailing lists, and to 70 Members of Parliament not included in the first survey.

An extremely positive response was received to all issues canvassed in the questionnaire. The vast majority of respondents:

- found the Reports easy to read;
- considered that the Reports will improve accountability; and
- felt that the Reports encouraged economic, efficient and effective use of public resources.

Some responses to the questionnaire were:

- *"The Report continues to be of the highest quality."*
- *"Audit is an important tool of management for the monitoring of the financial control of any organisation."*
- *"The Report is a gold-mine, and well written and well presented."*
- *"An independent and authoritative Auditor-General is an integral part of government fiscal management."*
- *"The presentation is excellent and a model for all such parliamentary reports."*

The comments received from both user surveys confirm the value and relevance of Reports produced by the Office for parliamentarians, government, auditees and members of the public.

It is interesting to note that a number of Audit Offices and departmental and parliamentary reports are adopting the style of reporting and presentation used by the Office. The Queensland Electoral and Administrative Review Commission recommended in its report on public sector auditing that consideration be given by the Auditor-General of Queensland to following the format adopted in the Victorian *Report on Ministerial Portfolios*.

## RELATIONSHIP WITH PARLIAMENTARY COMMITTEES



Parliament House.

The importance attached to the satisfactory resolution of issues which the Auditor-General brings to the attention of Parliament is reflected in public hearings conducted by parliamentary committees. The Auditor-General provides information to Parliament and its various committees on the work of the Office, elaborates on findings contained in Reports and provides information on improvements which could be made to the financial and resource management of the State.

Within the past year there has been an increasing tendency for parliamentary committees to seek input from the Auditor-General and representatives of the Office on matters relevant to their inquiries. Instances of this relationship in 1991-92 were:

- The Auditor-General and senior members of the Office appeared before the Economic and Budget Review Committee (EBRC) to discuss certain audit findings and conclusions raised in the *Report on Ministerial Portfolios*.
- The Auditor-General and senior Office representatives also gave evidence to the Estimates Sub-committee of the EBRC during its hearings on private sector investment in the provision of public infrastructure.
- The Estimates Sub-committee's report to the Parliament on the 1990-91 Budget recommended that the Auditor-General be asked to conduct performance audits on specific matters. A number of the audits have been completed or are currently in progress.

- During an examination of commercial-in-confidence issues conducted by the Public Accounts Sub-committee of the EBRC, the Office presented evidence relating to the Bayside Development project.
- Members of the Office also appeared before the Public Accounts Sub-committee in the course of its examination of public debt management in Victoria.
- As part of an on-going program of co-operation with the Economic and Budget Review Committee, a member of the Office was seconded to assist with the Committee's research activities. This was the fifth such secondment.
- The Auditor-General and senior members of the Office presented evidence to the Public Bodies Review Committee (PBRC) which was inquiring into the corporatisation of government business enterprises.
- Senior Office executives participated in a conference on corporatisation organised by the PBRC held at Parliament House.
- A written submission was made to the Joint Committee on the Parliament of Victoria concerning implications for the Office of recommendations in the Strategic Management Review of the operations of the Parliament. The Auditor-General also appeared before the Committee.

## **THE OFFICE AND THE COMMUNITY**

It is important that there should be widespread community understanding of the role and responsibilities of the Office. The services provided to Parliament, Executive Government and auditees all contribute to enhancing the community's perception of the Office and its activities.

During 1991-92, the Office continued to enjoy a high public profile, due to the professional standing of its staff and its reporting of economic and resource management issues. Newspaper editorials confirmed the activities of the Office are in the public interest and supported the Office in its call for greater accountability and more efficient, effective and economic use of public resources.

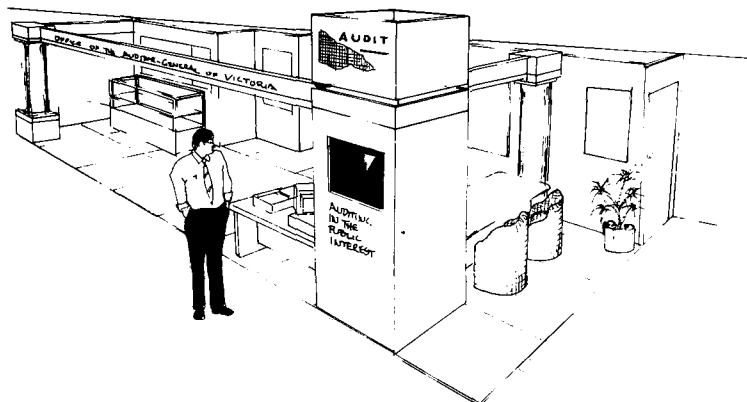
Parliamentary debates, questions and committee reports have always been a means by which information on the Office's external audit function has been disseminated but there has been a noticeably greater emphasis placed on the value of public sector auditing in recent years.

Within the past 12 months, debates in the Parliament have included reference to over 120 separate issues which had been covered in Auditor-General's Reports or which related to the contribution of audit to public sector accountability. Some public sector-wide matters, such as the level of State indebtedness, legality of swap transactions, expenditure without parliamentary authority, financial management inefficiencies, and the importance of audit independence were raised several times. Other areas of concern relating to specific programs included management of major development projects, sale and lease-back of rolling stock, fire protection services, integrated education for disabled children, and cost over-runs in health and transport services.

The media, through radio, television and newspapers, also highlight for the general community the key findings contained in the Reports and contribute towards generating debate and discussion on issues of importance to taxpayers.

The Office has also played an important part in furthering community understanding of its activities through:

- An extensive program of professional activities such as interstate and international visits, participation in major conferences, involvement with professional bodies and the external presentation of papers and seminars (further details are provided in Appendix 2);
- The widespread distribution of the information brochure *Auditing in the Public Interest*;
- The production and distribution of a corporate video entitled *Auditing the State of Victoria*; and
- Planning for participation in the Government exhibition at the Royal Melbourne Show in September 1992. The exhibition is designed to inform visitors of the Office's activities and the methods it uses to improve financial and resource management.



Artist's impression of the proposed Office display in the Government exhibition at the 1992 Royal Melbourne Show.

# HUMAN RESOURCES

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**T**he effective corporate management of human resources is recognised as being essential to the effective operations of the Office. During the year, the Office continued to implement a human resources management strategy aimed at providing a professional, highly skilled and motivated workforce.

## OFFICE ORGANISATION

### Auditor-General of Victoria

The Auditor-General of Victoria is **Ches Baragwanath**, FCPA, who was appointed in 1988. Mr Baragwanath previously held the positions of Assistant Auditor-General with the Australian National Audit Office, and Manager, Internal Audit at the State Electricity Commission of Victoria. During 1991-92 he was a member of the Australian Public Sector Accounting Standards Board and became Chairman of the Audit Centre of Excellence of the Australian Society of Certified Practising Accountants. Internationally, he was a member of the Board of Directors of the International Consortium on Government Financial Management and Australia's representative in the Public Sector Committee of the International Federation of Accountants.

### Office Executive

The Office Executive comprises the Assistant Auditor-General, who is responsible for the overall management of the Office, and 4 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 Executive,  
from left,  
Russell Walker,  
Graham  
Hamilton  
(standing),  
John Kehoe,  
Joe Manders  
(standing) and  
Trevor Wood.*





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An *Executive Support Unit* provides policy, research and administrative assistance to the Office Executive.

The members of the Office Executive are:

**Graham Hamilton** (*CPA, RCA*), *Assistant Auditor-General*.

Prior to his appointment as Assistant Auditor-General in 1990, Mr Hamilton gained extensive experience in the management of a range of audits while holding the positions of Director of Audit and Chief Director of Audit within the Office. Over recent years, he has maintained a strong focus on performance auditing issues and has overseen its expansion in the Office.

**John Kehoe** (*CPA*), *Chief Director of Audit*.

Mr Kehoe was appointed in 1989. Previously, he held the position of Director of Audit and acquired considerable audit experience in a variety of ministerial portfolios including the Treasury. He is the co-ordinator of a team undertaking peer reviews of the Office's financial audit processes.

**Joe Manders** (*CPA [Auditing], RCA*), *Chief Director of Audit*.

Mr Manders was appointed in 1989. He previously held the position of Director of Audit with particular responsibility for managing the audit of the Education and several other portfolios. He is also responsible for overseeing the strategic co-ordination and direction of the Office's financial audit methodology.

**Russell Walker** (*F CPA [Auditing]*), *Chief Director of Audit*.

Mr Walker was appointed in 1987. Previously, he held the position of Director of Audit managing a number of areas including the Transport portfolio. In recent years, he has had overall responsibility for preparation of the Auditor-General's *Report on the Finance Statement*. He is a member of the Australian Society of Certified Practising Accountants External Reporting Centre of Excellence and is also Deputy Chairman of the Society's Public Sector Accountants Committee.

**Trevor Wood** (*CPA [Auditing], RCA*), *Chief Director of Audit*.

Mr Wood was appointed in 1991. Prior to his appointment he was Director of Audit in charge of the Health portfolio. He is the co-ordinator for implementation of the Office Based Structure within the Office.

### Office structure

The organisation chart on page 39 shows the operating and reporting structure of the Office at 30 June 1992. The Office is divided into 5 operational groups, one of which is under the direction of the Assistant Auditor-General, while the others are managed by Chief Directors of Audit. The groups contain either Operational Audit Divisions, Performance Audit Divisions or Operational Support Divisions, each headed by a Director.

Each of the 9 *Operational Audit Divisions* has a diverse range of financial and performance audits which cover activities of administrative units and public bodies, with the allocation of audits to Divisions generally made on the basis of ministerial responsibility. A list of the main audit responsibilities of each Division is contained in the organisation chart. An *Information Technology Audit Division* is responsible for co-ordinating computer audits conducted by Operational Audit Divisions.

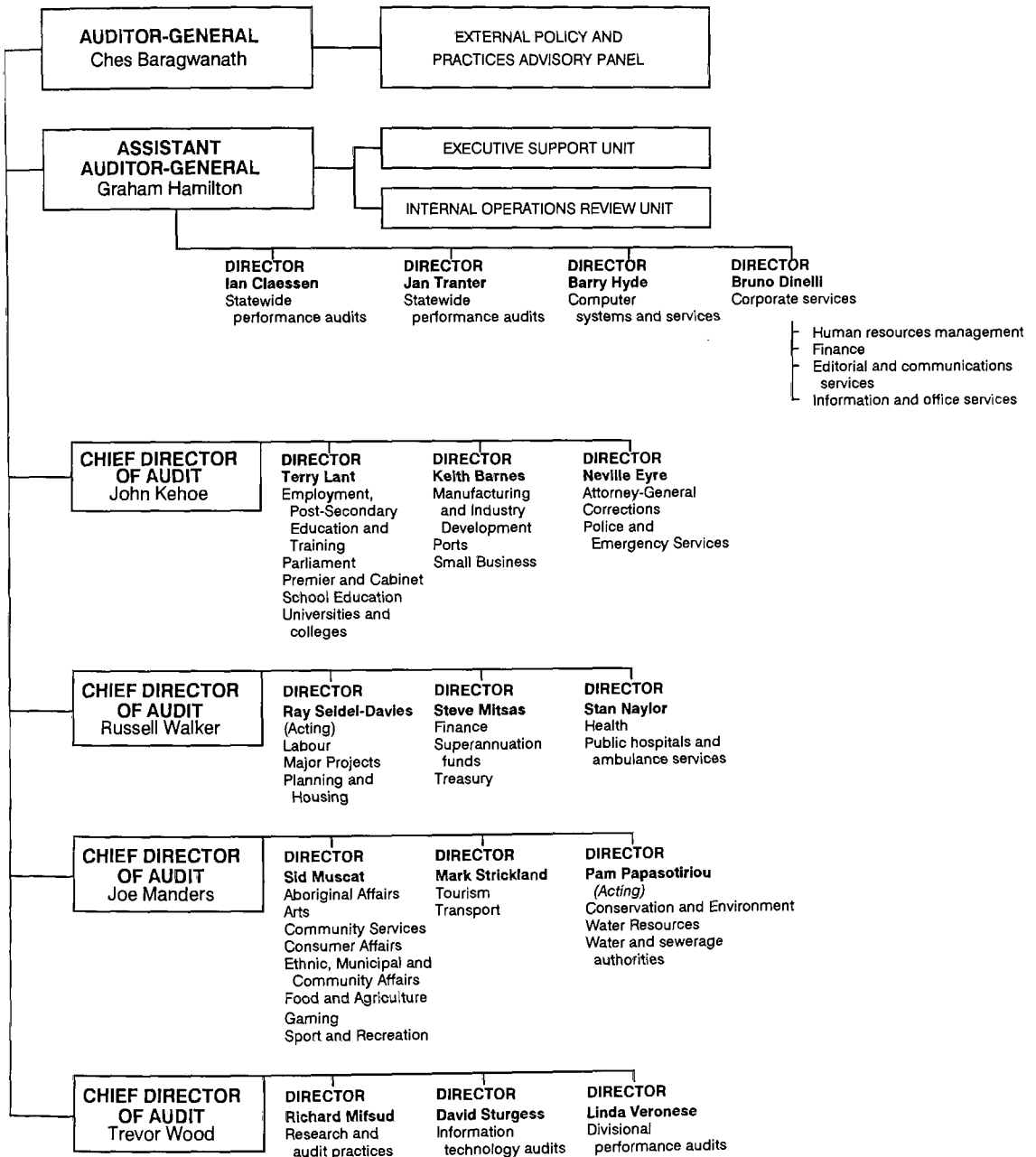
The responsibilities of the 3 *Performance Audit Divisions* include the management of major State-wide and divisional performance audits, and the provision of training and technical advice to Office staff on performance audits. Two of the Divisions also supply policy advice on performance auditing.

The *Research and Audit Practices Division* is responsible for providing technical advice to the Office Executive and audit staff on accounting and auditing policy and practice matters. The Division reviews current and emerging accounting and auditing issues within the public sector and provides comments to professional bodies and central agencies.

A *Computer Systems and Services Division* provides consultative and technical support to the Office on all matters dealing with 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 technological developments relevant to the Office, provides day-to-day operational support for current computing systems, and develops specialised and generalised computer-based audit tools for audit staff.

The *Corporate Services Division* is responsible for providing strategic and policy advice on workforce planning, financial management, marketing initiatives, professional development and information systems. At an operational level, the Division provides a range of support services including personnel, recruitment, training, accounting and payroll, information management, registry, office accommodation, and stores and transport. The Division is also responsible for co-ordinating the preparation of Auditor-General's Reports to Parliament as well as administering the Office's library and reference services.

**VICTORIAN AUDITOR-GENERAL'S OFFICE**  
**ORGANISATION CHART**



*Remy Szpak  
and Leesa  
Winning  
conducting  
internal audit  
of the Office.*



The *Internal Operations Review Unit* performs an internal audit and review function for the Office. The Unit reviews the Office's annual financial statements and provides assurances on their quality and undertakes operational reviews at the request of the Assistant Auditor-General.

### STAFFING PROFILE

At 30 June 1992, the Office employed 161 persons (102 males, 59 females). The majority of staff hold tertiary qualifications with 78 per cent being qualified accountants and 12 per cent coming from other educational backgrounds (e.g. science, economics, arts).

As a result of the expanded legislative mandate of the Office to conduct performance audits, funding was provided in the 1991-92 budget for an additional 12 positions. The majority of these positions were used to create a new Performance Audit Division which is staffed by a balanced mix of accountants and non-accountants.

There were 16 separations within the year, approximately 10 per cent of established positions. Although this is a substantial increase on the previous year, it was mainly attributable to the acceptance of resignation packages by 7 officers.

The following table shows the number of staff commencements and separations at various classification levels over the past 2 years.

#### Staff commencements and separations

Classifications	1990-91		1991-92	
	Commencements	Separations	Commencements	Separations
Audit staff -				
SES	-	1	1	-
Audit Manager	2	2	4	4
Audit Supervisor	2	2	1	2
Audit Senior	1	1	-	1
Auditor	10	-	-	-
Non-audit staff	7	3	6	9
<b>Total</b>	<b>22</b>	<b>9</b>	<b>12</b>	<b>16</b>

## SENIOR EXECUTIVE SERVICE

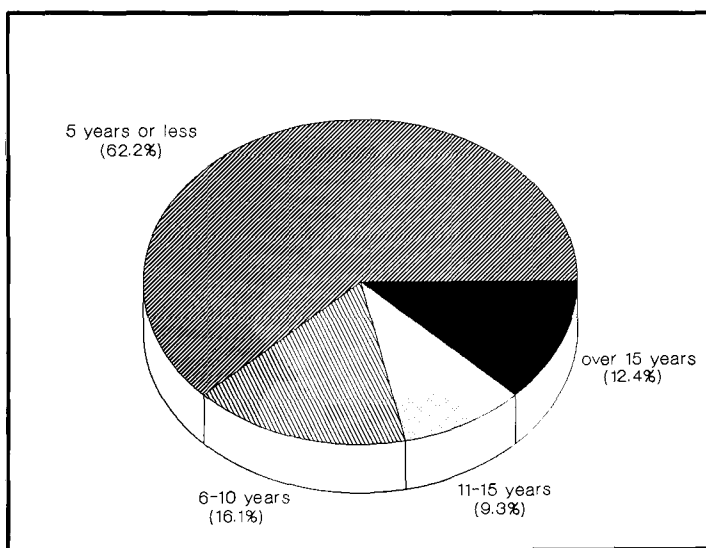
During the year no SES officers resigned from the Office. Additions to and promotion within the SES ranks were:

- Linda Veronese - Promoted from the Ministry of Transport to SES-2, Director of Audit.
- Richard Mifsud - Promoted to SES-2, Director of Audit.
- Steven Mitsas - Promoted to SES-1, Director of Audit.

## PROFILE OF SERVICE

The majority of staff have been in the Office less than 5 years, a reflection on the extensive recruiting campaigns up to 2 years ago (prior to Workforce Management restrictions) and to a commitment in recent years to recruiting performance audit staff with other than accounting qualifications. At the same time, the Office has been able to retain a substantial core of experienced officers who are familiar with all phases of its operations and who are able to pass this knowledge on to other staff.

The following graph provides a profile of length of service with the Office.



**LENGTH OF  
SERVICE OF  
STAFF AT  
30 JUNE 1992**

## RECRUITMENT

Significant human resource management activity during the year centred on recruitment to the new performance auditor positions. People were sought from various backgrounds and professional disciplines to complement the skills of accountants from within the Office.

### **Problems encountered**

During 1991-92 the Office continued to operate under strict recruitment constraints imposed by the Government and administered through the Department of Labour's Workforce Management Unit. As well as requiring that redeployees be considered on transfer before vacancies were advertised within the Public Service, government policy restricted the advertising of jobs outside the Public Service. In addition, early in 1991 the Government cancelled the graduate recruitment program which, over a long period of time has provided the nucleus of auditing staff.

The impact of this decision is now being felt, with many vacancies existing at the level at which graduate recruits are appointed.

The Office also experienced difficulties in attracting qualified accountants to middle and senior management ranks, but only gained approval from the Unit for the external advertisement of 3 positions during the year.

### **Updated selection procedures**

In accordance with the *Public Service Act* 1974, recruitment, promotion and advancement to and within the Office is from individuals selected solely on the basis of relative ability, knowledge and skills in fair and open competition. This ensures equal opportunity for all applicants.

Initiatives taken by the Office over the past year to re-inforce these principles and enhance the recruitment process included development of the Office's Selection Guidelines and refining job specifications, including key selection criteria.

### **Secondments**

Secondments to major accounting firms and government organisations are designed to establish avenues for the staff involved to expand and develop their skills. Some of the secondments in 1991-92 were connected with the implementation of the Office's EDP audit strategy while other assignments were a result of short term interchange programs organised through the Public Service Board.

During the year:

- Joseph Corponi (Director Corporate Services) and Jeff Reeves (Audit Supervisor) were seconded for 5 and 6 months respectively to Arthur Andersen to gain experience in IT audit work.
- Natarlie Phillips (Audit Senior) spent 6 months with Coopers and Lybrand working on IT audits.

- Dale Wirtanen (Audit Senior) was seconded to Price Waterhouse to gain further knowledge of computerised financial management information systems.
- Craig Burke (Senior Audit Manager) acted as a Senior Research Officer to the Economic and Budget Review Committee for 8 months.
- Robert Putamorsi and Peter Zyka (Audit Supervisors) participated in the 4 months Interchange Program. Their placements at the Ministry of Education and Training and the Department of Food and Agriculture respectively involved short-term work assignments and training.
- George Fazekas from the State Chemistry Laboratory was seconded to the Office under the Interchange Program for 4 months to participate in a performance audit.
- Jann Milic was seconded from the Ministry of Ethnic, Municipal and Community Affairs to a Performance Audit Division and was later appointed to an Audit Manager position within the Office.
- John Arnol was initially seconded from the Department of Consumer Affairs for 6 months to a Performance Audit Division and was subsequently appointed to an Audit Supervisor position.
- Terry Richards spent 3 months with the Office on secondment from Duesburys working on performance audits.

### OFFICE BASED STRUCTURE



The Public Service Board endorsed a new integrated Office Based Structure (OBS) which amalgamated the Administrative, Clerical and Keyboard classifications into a single 8 level structure with new job standards and, in some cases, new salary ranges. The major objectives of the revised structure are to:

- provide more flexibility in the design of office based jobs and the allocation of tasks that will lead to increased agency efficiency;
- create more varied and fulfilling jobs by allowing individuals to perform a wider range of duties;
- increase the skill levels of staff and provide appropriate training and development opportunities; and
- increase career opportunities for keyboard and clerical staff.

The Office established 2 Working Parties: one covering the audit area, the other for corporate services functions, to advise the Office Executive on the implementation of OBS.

## **WORKCARE**

During 1991-92, 6 work-related injuries were recorded in the Office's WorkCare Register. Medical costs of \$210 were incurred by the Office and 10.2 hours of time was lost.

## **OCCUPATIONAL HEALTH AND SAFETY**

The Office's Occupational Health and Safety Committee focuses on accident prevention in the workplace. The Committee, which comprises equal management and staff representation, regularly monitors health and safety issues, and aims to increase staff awareness through education.

During the past year, the Committee:

- arranged for the training of selected staff in St John's Ambulance first aid;
- addressed accommodation issues resulting from the relocation of the Office to 222 Exhibition Street in late 1990;
- distributed material on emergency evacuation procedures and conducted emergency evacuation exercises;
- established accommodation standards for staff required to work at remote locations; and
- arranged for eye sight testing of 39 staff who use computer equipment for considerable amounts of time. As a result, 5 officers were recommended for spectacles and, in accordance with government policy, the Office contributed to the cost.

## **EMPLOYMENT EQUITY OPPORTUNITY**

The Office's Equal Employment Opportunity Committee, originally established in 1984, revised its membership during 1991-92 and altered its name to the Employment Equity Opportunity Committee. In line with the Office's firm commitment to employment equity, the Committee began development of an action plan for the period 1992 to 1995.

## **STAFF TRAINING AND PROFESSIONAL DEVELOPMENT**

The Office places a strong emphasis on staff training and development. The Professional Development Unit has the primary responsibility for assessing individual and Office-wide training needs, designing and co-ordinating appropriate programs to meet those needs, and evaluating the contribution of training to the achievement of the Office's corporate goals.



### Development of training program

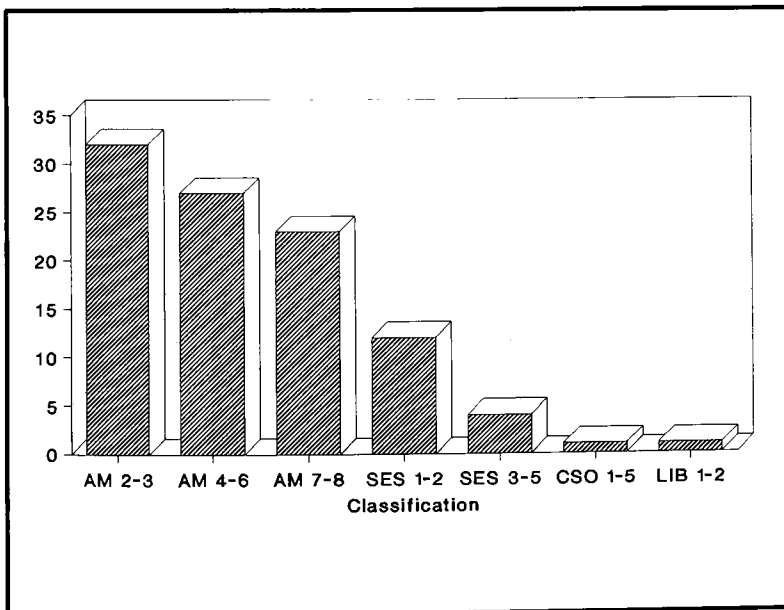
During 1991-92, the Professional Development Unit carried out an Office-wide analysis of the training and development needed to support the strategic directions set under the new Corporate Plan. As a result, a

series of training initiatives were implemented within the Office's professional development program. The program involved 2 070 staff days of structured training during 1991-92, an average of 13 days per staff member.



*Staff training - an essential element of maintaining the professional competence of Office staff.*

A large proportion of the training provided was targeted to the professional development of auditors and supervisors (AM2-6) as illustrated in the following graph.



**SHARE OF PROFESSIONAL DEVELOPMENT BY CLASSIFICATION, 1991-92**  
(per cent of individual time)

Senior managers were responsible for ensuring that the skills acquired from training courses were immediately utilised on the job. Regular monitoring of the application of those skills was conducted through the 6 monthly staff appraisals using the performance and development review scheme.

### Time and cost of training

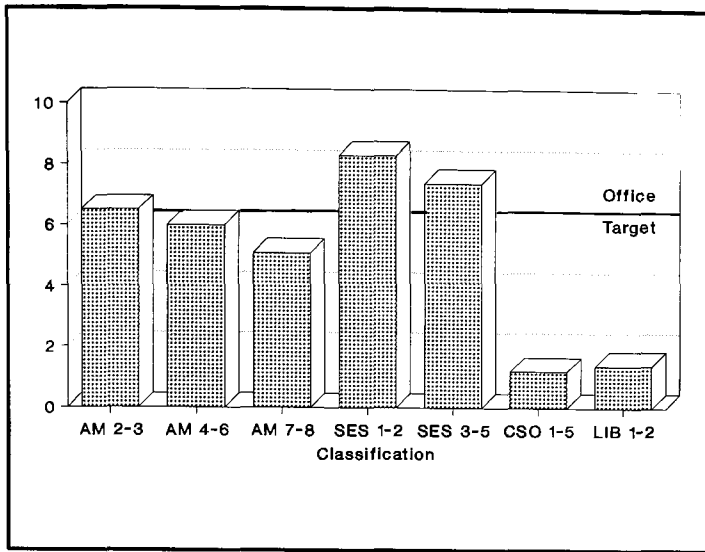
The percentage of the Office's 1991-92 salary expenditure spent on training activities as defined under the Federal Training Guarantee Levy was 5.5 per cent (1990-91, 5.4 per cent). This figure exceeded the Commonwealth Government's requirement of one per cent and the 1.5 per cent recommended by the Victorian Public Service Board and reflects the Office's commitment to meet the skill and knowledge demands placed upon its staff. A summary of training expenditure is provided in the following table.

#### Training courses and professional development days, 1991-92

<i>Item</i>	<i>Number of days</i>	<i>Costs/ Courses</i>	<i>Costs/ salary</i>	<i>Total</i>
		(\$)	(\$)	(\$)
Course attendance -				
Internal	1 177	7 391	138 521	145 912
External	172	16 474	25 382	41 856
Consultancies -	-	11 141	-	11 141
Training materials/equipment	-	18 971	-	18 971
Venues	-	5 012	-	5 012
Preparation/delivery	233	-	31 049	31 049
Miscellaneous	-	1 826	-	1 826
Study leave	488	-	52 312	52 312
Professional development undertaken	2 070	60 815	247 264	308 079
P.D. Unit time and staffing costs	424	-	71 315	71 315
<b>Total</b>	<b>2 494</b>	<b>60 815</b>	<b>318 579</b>	<b>379 394</b>

Appendix 3 summarises the extensive range of professional development activities undertaken during 1991-92.

The Office has set a target of 6 per cent of each officer's effective time spent on professional development activities. The following graph shows the actual percentage achieved by staff classification in 1991-92.



**PROFESSIONAL DEVELOPMENT COMPARED WITH OFFICE TARGET, 1991-92**  
(per cent of individual time)

### Course presentation

Individual staff members assist in determining professional development needs, and in designing and presenting courses or acting as course facilitators. Thirty experienced officers have been trained in presentation and facilitation methods and have conducted in-house courses.

Using internal staff resources rather than external consultants has resulted in considerable savings. In addition, because of their detailed knowledge of public sector auditing, experienced internal staff are able to present courses which specifically target operational and individual needs.

### Professional accreditation

The Office continued to provide support for accounting staff to attain professional accreditation with the Australian Society of Certified Practising Accountants, leading to CPA status. A series of 2-hour workshops which expand on the *Society Study Manual* were provided for the Core 1 (one officer), Core 2 (15 officers) and Segment Accounting (52 officers) participants. Two IT audit staff began completing accreditation with the EDP Audit Association.

### Study leave

The major use of study leave during 1991-92 was for the completion of CPA units. A total of 61 staff (67, 1990-91) received approvals to complete a semester of study. An additional 9 staff were granted leave to study part-time at tertiary institutions.

### **Mentor Scheme**

The Office continued to support the Mentor Scheme for graduate recruits (7 accounting graduates and 2 secondees). The Scheme is designed to support new staff convene regular 3-monthly meetings to discuss work-related issues and complete induction exercises designed to ensure a smooth and informative transition into the work environment.

### **DECLARATION OF PECUNIARY INTERESTS**

All relevant officers completed a declaration of pecuniary interests during 1991-92.

### **SOCIAL CLUB ACTIVITIES**

The Office Social Club was formed in 1984 to foster and organise social and sporting activities for staff. At 30 June 1992, over 80 per cent of Office staff were members of the Club.

Over the year, the Social Club was very active in organising a range of sporting and other events for its members. Social activities included happy hours, basketball matches, a car rally, ski trip, harness racing night, Annual Dinner Dance, Christmas picnic and the Office Christmas party.

Among the sporting highlights were a Golf Day and victories in the annual cricket match against the Department of the Treasury and in a football match against the Australian National Audit Office. The Office's *Effective Footwork* running team won the men's section of the Corporate Cup in the Spring series, and the Public Administration category in both the Spring and Autumn series.

# INFORMATION TECHNOLOGY

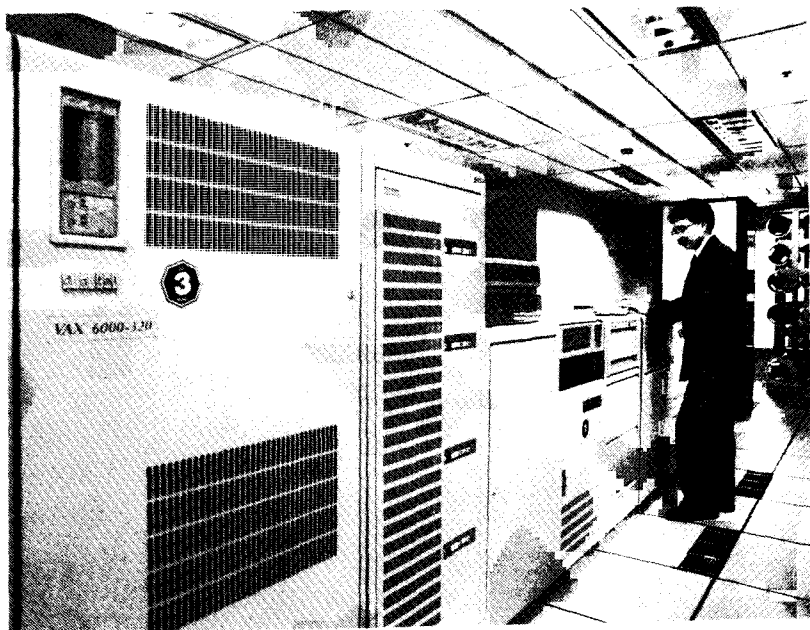
**I**nformation Technology (IT) continues to be an integral part of both the audit and administrative activities of the Office. Computers have enabled the Office to achieve significant productivity savings, improve the quality of audits and reports, and meet corporate objectives. The investment made in IT resources and staff training has and will continue to yield significant returns to the Office.

## PRODUCTIVITY INVESTMENTS FOR THE FUTURE

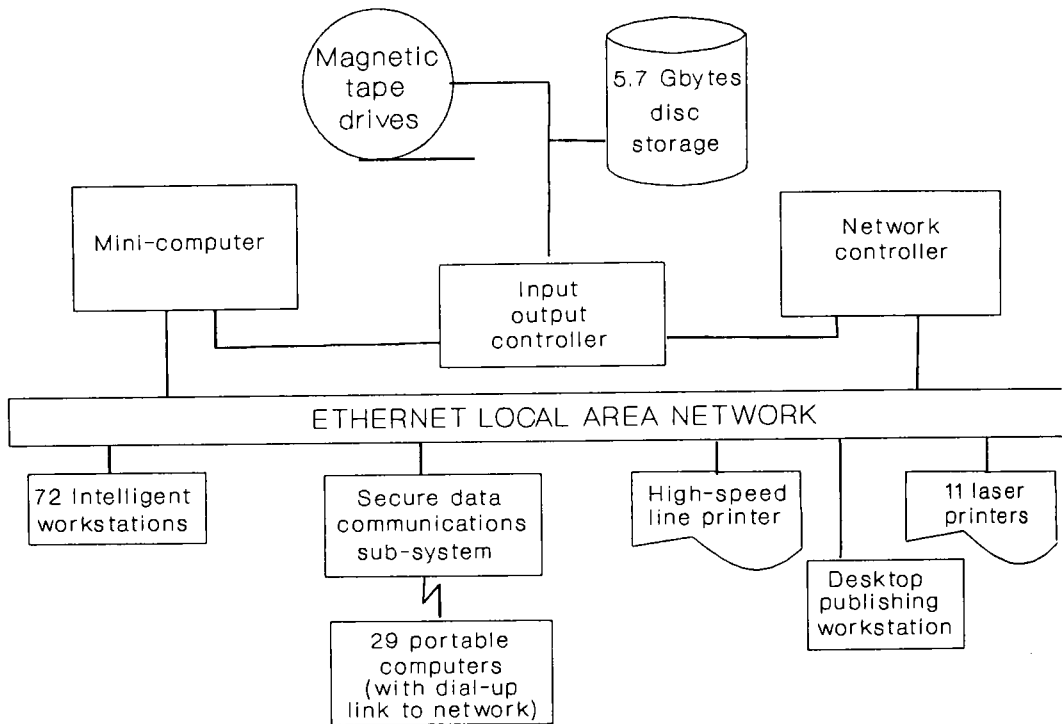
During the year, the Office enhanced its IT operations and systems by:

- Commencing development of a new IT Plan to guide computer activities over the next 5 years.
- Finalising a disaster recovery plan which addresses the risks associated with the computer facilities.
- Purchasing additional high speed hardware and software, including new work stations, laser printers, and new desk-top publishing packages.
- Enhancing the Audit Management Information System (AMIS) including:
  - performance audit planning;
  - contract administration;
  - generation of additional exception reports; and
  - automatic report generation based on user needs.

*Joseph Corponi  
at the control  
unit of the  
Office's  
extensive  
computer  
operations.*



The following chart illustrates the configuration of the Office's computer network which operates various software applications relating to financial management, human resources, analysis of auditee data and information management.



*Office Computer Network*

The Office has a number of stand alone applications which facilitate training, desk-top publishing and research.

### **SUPPLY OF SOFTWARE TO OTHER AUDIT OFFICES**

The Office's innovative approach to the use of IT in its operations has led to considerable interest being shown by other public and private sector organisations.

Arising from this interest, the Tasmanian and South Australian Audit Offices have adopted Victoria's Audit Management Information System. Assistance was provided to both Offices in the installation of the software and in the training of relevant staff.

# FINANCIAL MANAGEMENT

## FINANCIAL MANAGEMENT SYSTEMS

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

Consistent with its efforts to provide a more comprehensive framework for resource management and increased accountability over the expenditure of public moneys, the Office has commenced implementation of a new financial management system. This system will meet the objective of providing a fully integrated accrual/cash/commitment accounting system which will encompass both the external and internal financial requirements of the Office and will provide meaningful and timely information to assist in the decision-making process of the Executive.

## FINANCIAL STATEMENTS

The Annual Reporting Regulations require the Office to prepare traditional budget sector financial statements which account for the Office's parliamentary appropriations on a cash basis, i.e. report moneys actually received and spent during the year.

The Office also prepares, on a voluntary basis, accrual financial statements to provide readers with more meaningful information concerning its operations. These statements, which were first prepared in 1987, recognise total revenue earned, total costs incurred, asset balances, outstanding liabilities and the equity of the State in the Office and provide increased accountability over the management of public moneys.



*Members of the Office's Finance Section (from left Ray Gois, Catherine Richards, and Nicole Martin) preparing the Office's financial statements.*

## HIGHLIGHTS OF 1991-92

### Decrease in net cost of operating the Office

The cost to the Victorian taxpayer of operating the Office decreased substantially during 1991-92, both in nominal and in real terms.

The following table contains information extracted from the accrual financial statements, which shows that the Office, through increased productivity, was able to contain costs in previous years, and substantially reduce the costs of its operations in 1991-92. The decrease of \$1.4 million (20 per cent) is the result of lower finance charges, a decrease in contract agent costs and a significant decrease in superannuation expense, resulting from an actuarial review of the Office's future superannuation liability.

#### Operating costs, net outlays (\$'000)

<i>Item</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
Expenditure	7 854	9 596	12 761	16 228	<b>14 915</b>
Less: Income	3 640	4 970	7 347	9 164	<b>9 262</b>
Net outlays -					
Actual	4 214	4 626	5 414	7 064	<b>5 653</b>
Real terms (a)	4 214	4 278	4 734	6 014	<b>4 729</b>

(a) Adjusted to 1987-88 constant prices.

The increase in expenditure in 1989-90 shown in the above table was due to the recognition of superannuation expense for the first time.

The further increase in 1990-91 arose from a substantial adjustment to superannuation expense and the inclusion of accommodation expenses at the Office's new location for the first time, and a 20 per cent increase in the level of contract expenditure.

The following table shows operating costs by sub-program over the past 5 years.

#### Operating cost by sub-program (\$'000)

<i>Item</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
Audit operations	6 435	7 556	10 750	13 571	<b>12 413</b>
Support services	1 419	2 040	2 011	2 657	<b>2 502</b>
<b>Total</b>	<b>7 854</b>	<b>9 596</b>	<b>12 761</b>	<b>16 228</b>	<b>14 915</b>

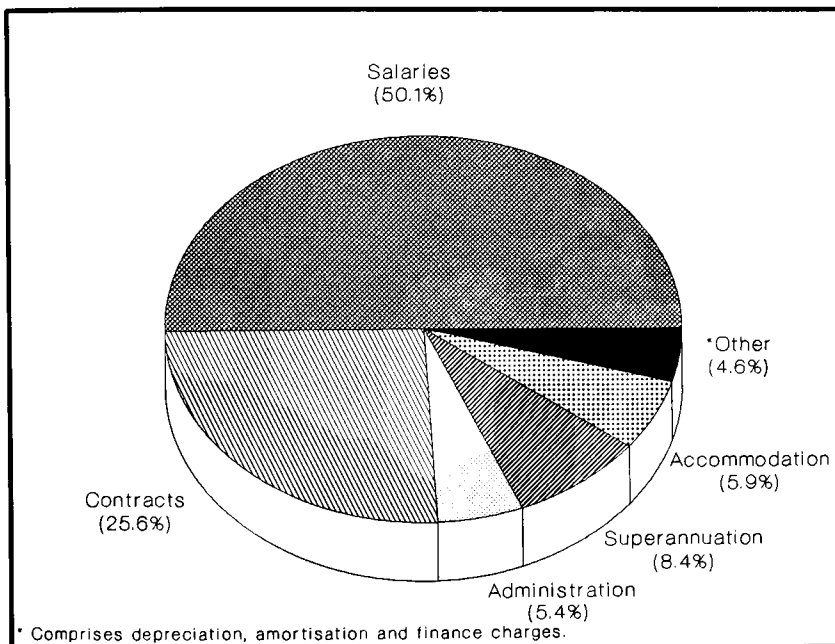


### Increase in revenue

The Government approved that the Office move to full cost recovery of all its direct and indirect costs, including employee benefits (such as superannuation) and accommodation costs, for all chargeable audits. The Office will achieve a position of full cost recovery in 1992-93.

Audit fees charged by the Office increased in 1991-92 in line with this requirement.

The following graph provides details of the Office operating costs for 1991-92 by type of expenditure:



**OPERATING COSTS BY TYPE OF EXPENDITURE, 1991-92 (per cent)**

## EXPLANATION OF ITEMS IN FINANCIAL STATEMENTS

### Major variations

The cash based - financial statements of the Office, prepared in accordance with the requirements of the *Annual Reporting Act 1983*, appear on pages 55 to 65. There were significant variations in some items within the financial statements between 1991-92 and the previous year. Information in relation to these variations is given below. Number references are to the corresponding items in the financial statements on page 57 of this Report.

#### (1) *Fees and charges*

Receipts from fees and charges were 12 per cent higher than in 1990-91. The increase was mainly attributed to higher recovery rates because of CPI adjustments and the Office's 3 year plan to move to full cost recovery of all direct and indirect costs.

#### (2) *Operating expenses*

The 24 per cent increase reflects the full 12 months expenditure on overheads (e.g. electricity, telephones) at the Office's new location and the supply, replacement and running costs of motor vehicles following the implementation of the SES car scheme.

#### (3) *Accommodation*

The 23 per cent increase in this item reflects the full 12 months expenditure on rental and related accommodation costs of the new Office location at 222 Exhibition Street, compared with only 6 months in 1990-91.

#### (4) *Works and Services expenditure*

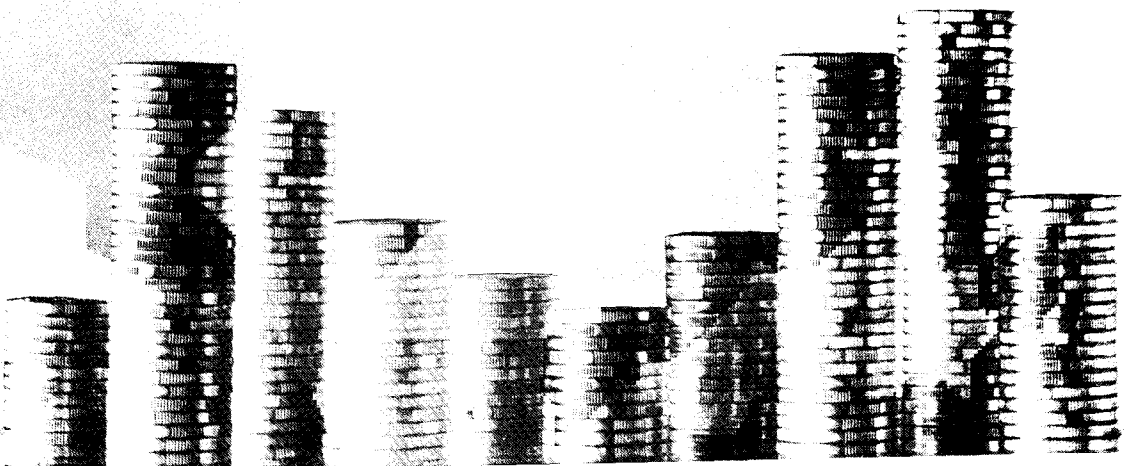
The large decrease of 62 per cent in the Works and Services item for the year was due to the fact that the 1990-91 expenditure included fit-out costs of the new Office location, together with the relocation costs of the IT facilities and other relocation expenses.

A U D I T V I C T O R I A

# Victorian Auditor-General's Office

## Financial Statements

For the year ended 30 June 1992



**VICTORIAN AUDITOR-GENERAL'S OFFICE**

**SUMMARY OF RECEIPTS AND PAYMENTS  
FOR YEAR ENDED 30 JUNE 1992**

<i>Item</i>			<i>1991-92</i>	<i>1990-91</i>
			\$	\$
<b>RECEIPTS - CONSOLIDATED FUND</b>				
Program 609 - Victorian Auditor-General's Office			<b>8 994 444</b>	8 043 578
<b>Total all receipts</b>			<b>8 994 444</b>	8 043 578
<b>PAYMENTS - APPROPRIATIONS CONSOLIDATED FUND</b>				
	<i>Special</i>	<i>Annual</i>		
	<i>1991-92</i>	<i>1991-92</i>		
	\$	\$		
Program 609 - Victorian Auditor-General's Office	<b>114 208</b>	<b>13 568 945</b>	<b>13 683 153</b>	14 058 567
<b>PAYMENTS - TRUST FUND</b>				
Program 609 - Victorian Auditor-General's Office			-	-
<b>Total all payments</b>			<b>13 683 153</b>	14 058 567

## VICTORIAN AUDITOR-GENERAL'S OFFICE

### PUBLIC ACCOUNT PROGRAM RECEIPTS AND PAYMENTS FOR YEAR ENDED 30 JUNE 1992

Ref.	*Item	Notes	Budget 1991-92	Actual 1991-92	Actual 1990-91
<b>VICTORIAN AUDITOR-GENERAL'S OFFICE (PROGRAM 609)</b>					
			\$	\$	\$
<b>RECEIPTS - CONSOLIDATED FUND</b>					
1.	Fees and charges			8 988 453	8 039 413
	Minor receipts	B		5 991	4 165
<b>Total gross program receipts</b>				<b>8 994 444</b>	<b>8 043 578</b>
<b>PAYMENTS - CONSOLIDATED FUND</b>					
<b>Special appropriation</b>					
	Salaries and allowances	C	118 800	114 208	111 412
<b>Annual appropriations</b>					
2.	<b>Operating expenses</b>				
	Administrative expenses	D	822 000	821 781	660 977
<b>Other recurrent services</b>					
	Salaries and associated costs and contract payments	E	11 514 000	11 321 001	11 047 623
3.	<b>Accommodation</b>				
	Rent, rates and other charges		901 000	829 259	671 769
<b>Total recurrent expenditure</b>			<b>13 237 000</b>	<b>12 972 041</b>	<b>12 380 369</b>
4.	<b>Works and Services expenditure</b>				
	EDP facilities and relocation expenses		748 000	596 904	1 566 786
<b>Total gross Consolidated Fund</b>			<b>14 103 800</b>	<b>13 683 153</b>	<b>14 058 567</b>
<b>PAYMENTS - TRUST FUND</b>					
<b>Total Trust Fund</b>			F	-	-
<b>Total gross program payments</b>				<b>13 683 153</b>	<b>14 058 567</b>

\* Refer to the Explanatory Statement on page 54.

## VICTORIAN AUDITOR-GENERAL'S OFFICE

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE A. SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial statements of the Victorian Auditor-General's 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.
- (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 Ministry of Finance for superannuation. However, these costs are identified in the supplementary accrual financial statements on pages 66 to 77.
- (d) 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 *Program Budget Outlays* published in respect of that financial year.
- (e) 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.
- (f) 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.

#### NOTE B. RECEIPTS

Minor receipts consist of the following amounts:

<i>Item</i>	<i>1991-92</i>	<i>1990-91</i>
	\$	\$
Appropriation of former years	1 408	551
Commission on -		
Group assurance deductions	546	528
Hospital and medical deductions	254	227
Union subscriptions	87	-
Interest	2 818	2 562
Small amounts paid in	878	297
<b>Total</b>	<b>5 991</b>	<b>4 165</b>

#### NOTE C. SPECIAL APPROPRIATION

The Auditor-General's salary is paid from a special appropriation by Parliament in accordance with section 4 (3) of the *Audit Act* 1958.

**NOTE D. RECURRENT EXPENDITURE****Administrative expenses**

Administrative expenses consist of the following amounts:

<i>Item</i>	<i>1991-92</i>	<i>1990-91</i>
	\$	\$
Travelling and subsistence	<b>27 273</b>	29 876
Office requisites and equipment, printing and stationery	<b>443 842</b>	373 487
Books and publications	<b>19 308</b>	17 094
Postal and telephone expenses	<b>65 217</b>	39 417
Motor vehicles - purchase and running expenses	<b>100 010</b>	73 197
Incidental expenses	<b>148 755</b>	105 234
EDP processing expenses, consultants and special projects	<b>17 376</b>	22 672
<b>Total</b>	<b>821 781</b>	660 977

**NOTE E.****Salaries and associated costs, and contract payments**

Salaries and associated costs, and contract payments consist of the following amounts:

<i>Item</i>	<i>1991-92</i>	<i>1990-91</i>
	\$	\$
Salaries and allowances	<b>6 534 034</b>	6 195 740
Overtime and penalty rates	<b>4 728</b>	2 216
Long service leave paid	<b>9 851</b>	24 894
Payroll tax	<b>466 018</b>	415 395
WorkCare	<b>45 881</b>	41 150
Employees' superannuation contribution in respect of officers seconded to the Office	<b>16 828</b>	15 280
Contract audit payments	<b>4 243 661</b>	4 352 948
<b>Total</b>	<b>11 321 001</b>	11 047 623

**NOTE F.****State Trust Account**

Nil.

**VICTORIAN AUDITOR-GENERAL'S OFFICE**  
**SUPPLEMENTARY INFORMATION AND STATEMENT OF BALANCES**  
**AS AT 30 JUNE 1992**

**SUPPLEMENTARY INFORMATION****Payments from appropriation of other administrative units at 30 June 1992**

Nil.

**Resources received and provided free of charge at 30 June 1992**

Nil.

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

An advance from the Public Account of \$10 000 (30 June 1991, \$9 000) was approved by the Treasurer for carryover to the 1992-93 financial year. At 30 June 1992, the Office Advance Account, being an account outside the Public Account, had a balance of \$8 809 (30 June 1991, \$10 454).

**Debtors**

At 30 June, the following amounts were outstanding:

<i>Item</i>	<i>At 30 June -</i>	
	<i>1992</i>	<i>1991</i>
	\$	\$
Outstanding audit fees	1 622 981	990 784
Number of bad debts written-off during the financial year	Nil	Nil
Aggregate amount of bad debts written-off during the financial year	Nil	Nil
Allowance for doubtful debts	Nil	Nil



**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>1992</i>	<i>1991</i>
	\$	\$
Office requisites, stationery etc.	<b>13 015</b>	10 757

**Creditors**

At 30 June, the following amounts were outstanding:

<i>Item</i>	<i>At 30 June -</i>	
	<i>1992</i>	<i>1991</i>
	\$	\$
Agent fees	<b>178 127</b>	606 029
General expenses	<b>156 839</b>	150 817
<b>Total</b>	<b>334 966</b>	756 846

**Employee entitlements**

At 30 June, the following employee entitlements were outstanding:

<i>Item</i>	<i>At 30 June -</i>	
	<i>1992</i>	<i>1991</i>
	\$	\$
Annual leave	<b>477 665</b>	439 977
Long service leave (a)	<b>1 307 354</b>	1 148 265
<b>Total</b>	<b>1 785 019</b>	1 588 242

- (a) 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.

**Capital commitments**

At 30 June 1992, nil (30 June 1991, nil).

**Leasing commitments**

As at 30 June 1992, the Office had entered into lease commitments which are summarised as follows:

<i>Leases</i>	<i>Operating lease</i>	<i>Finance lease</i>
	\$	\$
Not later than 1 year	593 609	449 050
Later than 1 year but less than 2 years	581 586	245 652
Later than 2 years but less than 5 years	1 744 758	242 834
Later than 5 years	3 455 281	-
<b>Total</b>	<b>6 375 234</b>	<b>937 536</b>

The above leases relate to 2 photocopiers, for equipment provided under the State Computer Lease Facility and the leasing costs of the Office's accommodation.

**Balance outstanding on loans**

At 30 June 1992, nil (30 June 1991, nil).

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**CERTIFICATION**

**STATEMENT BY THE PRINCIPAL ACCOUNTING OFFICER  
AND THE CHIEF ADMINISTRATOR**

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We certify that the financial statements for the Victorian Auditor-General's Office 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 above financial statements presents fairly the receipts of and payments made by, on behalf of or falling within the policy responsibility of the Office for the year ended 30 June 1992 and of the Supplementary Information and Statement of Balances as at 30 June 1992.



C. RICHARDS  
Principal Accounting Officer  
8 /10/1992



K.G. HAMILTON  
Deputy Chief Administrator  
8 /10/1992

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

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### Audit scope

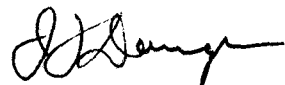
We have audited the financial statements of the Victorian Auditor-General's Office for the financial year ended 30 June 1992, consisting of the summary of receipts and payments and accompanying notes. The Victorian Auditor-General's Office is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Auditor-General.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the *Annual Reporting Act 1983* so as to present a view which is consistent with our understanding of the Office's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

### Audit opinion

In our 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 Victorian Auditor-General's Office during the year ended 30 June 1992.



J.F. DONGES  
KPMG Peat Marwick  
Approved Agent of the Auditor-General  
15/10/1992

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## AUDITOR-GENERAL'S REPORT

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### Audit scope

The accompanying financial statements of the Victorian Auditor-General's Office for the year ended 30 June 1992, comprising a summary of receipts and payments, program receipts and payments relating to that Office, and appendices and notes to the financial statements, have been audited. The Victorian Auditor-General's Office is responsible for the preparation and presentation of the financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on the statements as required by the *Annual Reporting Act 1983*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance the *Annual Reporting Act 1983* and comply with the requirements of that Act.

The audit opinion expressed on the financial statements has been formed on the above basis.

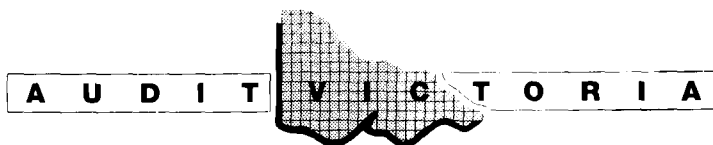
The report relating to the annual operations of the Office and any reference thereto in the financial statements are not subject to my audit.

### Audit opinion

In my opinion, the financial statements present fairly the financial transactions of the Victorian Auditor-General's Office for the year ended 30 June 1992 in accordance with the *Annual Reporting Act 1983* and comply with the requirements of that Act.

MELBOURNE  
15/10/1992

  
C.A. BARAGWANATH  
Auditor-General



# Victorian Auditor-General's Office

## Supplementary Accrual Financial Statements

For the year ended 30 June 1992



## VICTORIAN AUDITOR-GENERAL'S OFFICE

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 1992

<i>Item</i>	<i>Notes</i>	<i>1991-92</i>	<i>1990-91</i>
		\$	\$
<b>INCOME</b>			
Audit fees	1, 2	9 132 635	9 080 366
Gross proceeds from sale of fixed assets		123 869	79 612
Other income		5 991	4 165
<b>Total income</b>		<b>9 262 495</b>	<b>9 164 143</b>
<b>EXPENDITURE</b>			
Audit operations -			
Salaries, allowances and operating expenses	3	8 597 228	8 812 085
Contract auditing		3 815 759	4 759 269
Support services -			
Salaries, allowances and operating expenses	3	2 395 223	2 456 558
Finance charges		106 375	200 289
<b>Total expenditure</b>		<b>14 914 585</b>	<b>16 228 201</b>
<b>NET COST OF OPERATING THE OFFICE</b>	<b>9</b>	<b>5 652 090</b>	<b>7 064 058</b>

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**VICTORIAN AUDITOR-GENERAL'S OFFICE**
**BALANCE SHEET AS AT 30 JUNE 1992**

<i>Item</i>	<i>Notes</i>	<i>1991-92</i>	<i>1990-91</i>
		\$	\$
<b>ASSETS</b>			
Current asset -			
Cash at bank and in hand		9 109	10 754
Debtors and audits in-progress	4	2 830 953	2 686 493
Prepayments		84 868	143 201
		<b>2 924 930</b>	<b>2 840 448</b>
Non-current assets -			
Fixed assets	5	1 483 623	1 446 307
Leased assets	6	771 528	1 129 347
		<b>2 255 151</b>	<b>2 575 654</b>
<b>Total assets</b>		<b>5 180 081</b>	<b>5 416 102</b>
<b>LIABILITIES</b>			
Current liabilities -			
Creditors and accruals		334 966	756 846
Provision for employee entitlements	7	578 454	499 292
Finance lease liability	8	396 554	362 583
Departmental advance		10 000	9 000
Provision for employee superannuation	2(c)(iv)	511 000	550 000
		<b>1 830 974</b>	<b>2 177 721</b>
Non-current liabilities -			
Provision for employee entitlements	7	1 241 986	1 088 950
Provision for employee superannuation	2(c)(iv)	18 689 000	17 949 000
Finance lease liability	8	448 981	833 935
		<b>20 379 967</b>	<b>19 871 885</b>
<b>Total liabilities</b>		<b>22 210 941</b>	<b>22 049 606</b>
<b>Accumulated deficiency</b>	9	<b>(17 030 860)</b>	<b>(16 633 504)</b>
<b>TOTAL LIABILITIES AND ACCUMULATED DEFICIENCY</b>		<b>5 180 081</b>	<b>5 416 102</b>



## VICTORIAN AUDITOR-GENERAL'S OFFICE

### STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 1992

Item	Note	1991-92	1991-90
		\$	\$
		<b>Inflows</b>	<b>Inflows</b>
		<b>(Outflows)</b>	<b>(Outflows)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Payments -</b>			
Salaries and associated costs		(7 191 548)	(6 806 086)
Administrative expenses		(628 631)	(586 573)
Accommodation		(829 259)	(671 769)
Contract auditing		(4 243 661)	(4 352 948)
Finance charges		(106 375)	(200 289)
<b>Receipts -</b>			
Fees and charges		8 988 453	8 039 413
Other		5 991	4 165
<b>Net cash used in operating activities</b>	10	<b>(4 005 030)</b>	<b>(4 574 087)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of furniture and equipment		(323 405)	(1 119 572)
Finance lease payments		(360 274)	(321 331)
<b>Net cash used in investing activities</b>		<b>(683 679)</b>	<b>(1 440 903)</b>
<b>CASH FLOWS FROM GOVERNMENT</b>			
Receipts from appropriations		13 683 153	14 058 567
Payments of revenue collections to Consolidated Fund		(8 994 444)	(8 043 578)
Increase in Advance Account and payment of outstanding appropriation		1 612	3 010
Payments not reimbursed		(3 257)	(612)
<b>Net cash from government</b>		<b>4 687 064</b>	<b>6 017 387</b>
Net increase (decrease) in cash held		(1 645)	2 397
Cash at 1 July 1991		10 754	8 357
<b>Cash at 30 June 1992</b>		<b>9 109</b>	<b>10 754</b>

## VICTORIAN AUDITOR-GENERAL'S OFFICE

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 1992

#### NOTE 1. OFFICE OBJECTIVES AND FUNDING

The objectives of the Office are to:

- ▶ provide high quality, professional and cost-effective auditing services to the Victorian public sector;
- ▶ present independent, meaningful and timely reports to Parliament, Government and management; and
- ▶ promote and encourage the development of sound financial and resource management practices in the Victorian public sector.

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

The Office is funded by parliamentary appropriations, and all operational and administrative costs are paid from those appropriations. Under the *Annual Reporting Act* 1983 and other enabling legislation, public bodies (non-budget sector) are required to pay to the Consolidated Fund amounts to defray the costs and expenses of their audits.

The *Annual Reporting Act* 1983 does not empower the Office to recover the costs of the audits of the administrative units in the budget sector. As a consequence, audit fees of \$3.1 million have been forgone.

In the process of reporting on the Office as a single entity, all inter-fund transactions and balances have been eliminated.

#### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial statements have been prepared in accordance with Statements of Accounting Concepts and applicable Australian Accounting Standards. The statements have been prepared on the accrual basis of accounting using historical cost accounting and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies for the year are consistent with those of the previous reporting year.

(b) *Non-current assets*

*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. Fixed assets on hand prior 1 July 1986 are recorded in the accounts at valuation. All subsequent purchases are recorded at cost.

*Depreciation* - Fixed assets, excluding motor vehicles, are depreciated on a straight line basis over their estimated useful lives. In respect of motor vehicles, trade-in disposal prices compare favourably with acquisition costs (excluding sales tax), and no depreciation is charged on motor vehicles and the profit or loss adjustment is brought to account on disposal of the vehicles.

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

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(c) *Employee entitlements*

(i) *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".

(ii) *Annual leave*

The Office's accrued liability for annual leave not taken by staff at 30 June 1992 is classified as a current liability.

(iii) *Accrued days off*

The Office's obligation in respect of accrued days off not yet taken by staff at 30 June 1992 is classified as a current liability.

(iv) *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. It is the opinion of management that superannuation is an operating expense of the Office and should be recognised as such. Government contributions to the Fund are recognised, by this Office, as part of accumulated funds.

A full actuarial review was completed this financial year. Any changes in the present value of the unfunded future benefits is reflected in the deficit for the year. The actuary's estimate of the amount to be paid from the Fund in the next financial year is included in current liabilities.

The future contributions to be made by the Government are only brought to account when the Government pays its contribution to the State Superannuation Fund.

(d) *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.

**NOTE 3. OPERATING EXPENSES**

<i>Item</i>	<i>1991-92</i>	<i>1990-91</i>
	\$	\$
<b>Audit operations -</b>		
Salaries and allowances	5 853 090	5 485 925
Superannuation expense	991 689	1 899 717
Administration expenses	1 302 661	1 015 632
Depreciation	163 442	134 114
Amortisation	286 346	276 697
<b>Total audit operations</b>	<b>8 597 228</b>	<b>8 812 085</b>
<b>Support services -</b>		
Salaries and allowances	1 613 736	1 511 411
Superannuation expense	279 707	535 817
Administration expenses	367 417	286 460
Depreciation	46 099	37 827
Amortisation	80 764	78 043
Audit fees	7 500	7 000
<b>Total support services</b>	<b>2 395 223</b>	<b>2 456 558</b>

**NOTE 4. DEBTORS AND AUDITS IN PROGRESS**

<i>Item</i>	<i>30 June 1992</i>	<i>30 June 1991</i>
	\$	\$
Debtors	1 622 981	990 784
Audits-in-progress	1 207 082	1 695 097
Public Account	890	612
	<b>2 830 953</b>	<b>2 686 493</b>

No doubtful debts are provided as each public body is required by the *Annual Reporting Act 1983* or specific enabling legislation to pay an amount, as determined by the Auditor-General, to the Consolidated Fund to defray the cost of the audit.

## NOTE 5. FIXED ASSETS

Description	At cost/ valuation 30.6.92	Depreciation for 1991-92	Accumulated depreciation 30.6.92	Written down value	
				Closing	Opening
	\$	\$	\$	\$	\$
Furniture and fittings	1 040 850	(81 743)	167 800	873 050	907 705
Motor vehicles	283 894	-	-	283 894	256 708
EDP equipment	526 062	(112 634)	256 710	269 352	219 224
Library	70 833	(7 083)	31 422	39 411	37 147
Office equipment	57 928	(8 080)	40 012	17 916	25 523
<b>Total</b>	<b>1 979 567</b>	<b>(209 541)</b>	<b>495 944</b>	<b>1 483 623</b>	<b>1 446 307</b>

## NOTE 6. LEASED ASSETS

Item	At cost 30.6.92	Amortisation 1990-92	Accumulated amortisation 30.6.92	Net value 30.6.92	Net value 30.6.91
	\$	\$	\$	\$	\$
Equipment leased under State Computer Lease Facility	1 860 734	367 110	1 089 206	771 528	1 129 347

## NOTE 7. PROVISION FOR EMPLOYEE ENTITLEMENTS

Entitlement	Current liabilities	Non-current liabilities	Total	
			1991-92	1990-91
	\$	\$	\$	\$
Long service leave	65 368	1 241 986	1 307 354	1 148 265
Annual leave	477 665	-	477 665	439 977
Accrued days off	35 421	-	35 421	-
<b>Total shown in Balance Sheet</b>	<b>578 454</b>	<b>1 241 986</b>	<b>1 820 440</b>	<b>1 588 242</b>

**NOTE 8. FINANCE LEASE LIABILITY**

<i>Lease</i>	1991-92	1990-91
	\$	\$
<b>Lease payments due -</b>		
Not later than 1 year	449 050	486 082
Later than 1 year and not later than 2 years	245 652	495 275
Later than 2 years and not later than 5 years	242 834	519 067
<b>Minimum lease payments</b>	<b>937 536</b>	<b>1 500 424</b>
Deduct : Future finance charges	92 001	303 906
	<b>845 535</b>	<b>1 196 518</b>
Shown in Balance Sheet under -		
Current liabilities	396 554	362 583
Non-current liabilities	448 981	833 935
<b>Balance at 30 June</b>	<b>845 535</b>	<b>1 196 518</b>

**NOTE 9. ACCUMULATED FUNDS**

<i>Item</i>	<i>Note</i>	1991-92	1990-91
		\$	\$
Balance 1 July (deficiency)		(16 633 504)	(16 132 683)
Net operating deficit for the year		(5 652 090)	(7 064 058)
		<b>(22 285 594)</b>	<b>(23 196 741)</b>
Net amount contributed by government -			
Funds appropriated from Consolidated Fund	13 683 153		14 041 404
Expenditure by other agencies	5 187		63 877
Superannuation contribution	2(c)(iv) 570 396		501 534
		<b>14 258 736</b>	<b>14 606 815</b>
Less:			
Amounts paid to Consolidated Fund	8 994 444		8 043 578
Prior year adjustment	9 558	5 254 734	6 563 237
<b>Balance 30 June (deficiency)</b>		<b>(17 030 860)</b>	<b>(16 633 504)</b>

**NOTE 10. CASH FLOW STATEMENT****(a) Reconciliation of net cash used in operating activities to net cost of services**

For the purposes of the statement of cash flows, "cash" includes cash on hand and deposit accounts.

<i>Item</i>	<i>1991-92</i>	<i>1990-91</i>
	\$	\$
<b>Net cost of services</b>	<b>(5 652 090)</b>	<b>(7 064 058)</b>
Depreciation	209 541	171 941
Amortisation	367 110	354 740
Employee entitlements	232 198	190 547
Increase in current assets	<b>(85 849)</b>	<b>(1 127 038)</b>
Decrease in current liabilities	<b>(370 428)</b>	443 346
Loss on sale of motor vehicles	22 202	20 289
Expenditure - other agencies	890	612
Superannuation	1 271 396	2 435 534
<b>Net cash used in operating activities</b>	<b>(4 005 030)</b>	<b>(4 574 087)</b>

**(b) Non-cash financing activities***(i) Computer purchases*

During the year, computer hardware with an aggregate value of \$9 291 (30 June 1991, \$94 833) was acquired by means of a finance lease. This acquisition is not reflected in the Statement of Cash Flows.

*(ii) Expenditure on behalf of the Office*


Expenditure by other agencies on behalf of the Office amounted to \$5 187 (30 June 1991, \$9 715). This expenditure related to furniture and fittings acquired by the Department of Premier and Cabinet on behalf of the Office.

**CERTIFICATION OF  
SUPPLEMENTARY ACCRUAL FINANCIAL STATEMENTS**

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We, the undersigned, hereby certify that:

- ▶ in our opinion the supplementary accrual financial statements of the Victoria Auditor-General's Office present fairly the financial operations during 1991-92 and the financial position of the Office as at 30 June 1992;
- ▶ 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 and Statement of Accounting Concepts.



C. RICHARDS  
*Principal Accounting Officer*

MELBOURNE  
8/10/1992



K.G. HAMILTON  
*Deputy Chief Administrator*



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

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### Audit scope

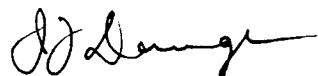
We have audited the supplementary accrual financial statements of the Victorian Auditor-General's Office for the financial year ended 30 June 1992, consisting of the profit and loss account, balance sheet, statement of cash flows and accompanying notes. The Victorian Auditor-General's Office is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Auditor-General.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting concepts and standards and statutory requirements so as to present a view which is consistent with our understanding of the Office's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

### Audit opinion

In our opinion, the supplementary accrual financial statements of the Victorian Auditor-General's Office are properly drawn up so as to give a true and fair view of the state of affairs of the Office at 30 June 1992 and the results and cash flows of the Office for the financial year ended on that date and in accordance with Statements of Accounting Concepts and applicable Accounting Standards.



J.F. DONGES  
KPMG Peat Marwick  
Approved Agent of the Auditor-General  
15/10/1992

# OFFICE PUBLICATIONS

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## PUBLICATIONS ISSUED OVER THE PAST 5 YEARS

### 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.*

### 1988-89

*First Report of the Auditor-General for the year ended 30 June 1988. (This Report accompanied Finance, 1987-88, 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 1988.*

*Report of the Auditor-General, Special Report No. 10 - Utilisation of Plant and Equipment and Youth Guarantee, November 1988.*

*Report of the Auditor-General, Special Report No. 11 - Financial Assistance to Industry, March 1989.*

*Report on Ministerial Portfolios, May 1989.*

### 1989-90

*Report of the Auditor-General on the Treasurer's Statement for the year ended 30 June 1989. (This Report accompanied Finance, 1988-89, 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 1989.*

*Report on Ministerial Portfolios, May 1990.*

*Report of the Auditor-General, Special Report No. 12 - Alfred Hospital, May 1990.*

*Report of the Auditor-General, Special Report No. 13 - State Bank Group - Impact on the financial position of the State, May 1990.*

### 1990-91

*Report of the Auditor-General on the Treasurer's Statement for the year ended 30 June 1990. (This Report accompanied Finance, 1989-90, 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 1990.*

*Report of the Auditor-General, Special Report No. 14 - Accommodation Management, October 1990.*

*Report of the Auditor-General, Special Report No. 15 - Met Ticket, November 1990.*

*Report on Ministerial Portfolios, April 1991.*

**1991-92**

*Report of the Auditor-General on the Finance Statement for the year ended 30 June 1991. (This Report accompanied the 1990-91 Finance Statement).*

*Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1991.*

*Report of the Auditor-General, Special Report No. 16 - Fire Protection, April 1992.*

*Report of the Auditor-General, Special Report No. 17 - Integrated Education for Children with Disabilities, May 1992.*

*Report on Ministerial Portfolios, May 1992.*

*Report of the Auditor-General, Special Report No. 18 - Bayside Development, May 1992.*

**SPECIAL REPORTS**

<i>Report no.</i>	<i>Title</i>	<i>Date issued</i>
1	<i>Works Contracts Overview - First Report</i>	June 1982
2	<i>Works Contracts Overview - Second Report</i>	June 1983
3	<i>Government Stores Operations and Departmental Cash Management</i>	October 1984
4	<i>Court Closures in Victoria</i>	November 1986
5	<i>Provision of Housing to Government Employees and Post-Project Appraisal Procedures within the Public Works Department</i>	December 1986
6	<i>Internal Audit in the Victorian Public Sector</i>	December 1986
7	<i>Motor Vehicles</i>	April 1987
8	<i>Foreign Exchange</i>	November 1987
9	<i>Land Utilisation</i>	November 1987
10	<i>Utilisation of Plant and Equipment and Youth Guarantee</i>	November 1988
11	<i>Financial Assistance to Industry</i>	March 1989
12	<i>Alfred Hospital</i>	May 1990
13	<i>State Bank Group - Impact on the financial position of the State</i>	May 1990
14	<i>Accommodation Management</i>	October 1990
15	<i>Met Ticket</i>	November 1990
16	<i>Fire Protection</i>	April 1992
17	<i>Integrated Education for Children with Disabilities</i>	May 1992
18	<i>Bayside Development</i>	May 1992

## INDEX OF ISSUES CONTAINED IN PAST REPORTS

- A**ccident Compensation Commission, improved financial position, *Report on Ministerial Portfolios, April 1991*, pp. 437-8
- Accommodation management, *Special Report No. 14, October 1990*
- Accountability within the Victorian public sector, *Second Report, March 1987*, pp. 11-45
- Accounting policies and disclosure practices, uniformity of, *Second Report, March 1987*, pp. 36-41
- Accrual accounting, case for the adoption of - limitation of departmental cash accounting and reporting, *Second Report, March 1987*, pp. 45-7
- Actuarial valuations, *Second Report, April 1988*, pp. 19-21
- Administrative arrangements legislation, *Second Report, October 1984*, pp. 9-10
- Alfred Hospital, *Special Report No. 12, May 1990*
- Annual Reporting Act 1983, *Second Report - October 1984*, pp. 2-6  
*March 1986*, pp. 3-6  
*March 1987*, pp. 16-18
- Asset recording, *Second Report, March 1987*, pp. 53-4
- Audit, internal-
- in the budget sector, update, *Report on the Treasurer's Statement, 1987-88*, pp. 32-7
  - in the Victorian public sector, *Special Report No. 6, December 1986*
- Audit legislation, need for modern, *Report on the Treasurer's Statement, 1988-89*, pp. 7-11
- Audit opinions on financial statements, qualified, *Report on Ministerial Portfolios - April 1988*, pp. 29-30  
*May 1989*, pp. 310-13  
*May 1990*, pp. 383-8  
*April 1991*, pp. 477-80
- Automotive training practices in TAFE Colleges, *Report on Ministerial Portfolios, May 1992*, pp. 96-101
- B**arristers, private, payments made to, *Report on Ministerial Portfolios, May 1992*, pp. 54-9
- Bayside Development, *Special Report No. 18, May 1992*
- Board members/directors of public bodies, responsibilities of, *Report on the Treasurer's Statement, 1988-89*, pp. 50-5
- Bus contracting services in the education sector, *Report on Ministerial Portfolios, May 1989*, pp. 59-72
- C**ash management -
- departmental, *Special Report No. 3, October 1984*
  - in public hospitals, *Report on Ministerial Portfolios, May 1992*, pp. 204-7
- Cleaning services within educational institutions, *Second Report, April 1988*, pp. 58-66
- Community Employment Program, *Report on the Treasurer's Statement, 1986-87*, pp. 28-34
- Community Health Centres, *Report on Ministerial Portfolios, May 1989*, pp. 107-15
- Companies, trusts and joint ventures, investments in -  
*Second Report, March 1987*, pp. 25-35  
*Report on the Finance Statement, 1990-91*, pp. 157-64
- Consolidated Fund, financial position of the, *Report on Ministerial Portfolios, May 1990*, pp. 359-63
- Consultants, engagement of, *Report on the Treasurer's Statement, 1987-88*, pp. 38-40
- Court closures in Victoria, *Special Report No. 4, November 1986*
- D**ebt centralisation, *Second Report, April 1988*, pp. 16-18
- Disaster recovery planning for computerised systems, *Report on Ministerial Portfolios, May 1989*, pp. 305-9
- E**mployee "bona-fides" and employee leave entitlements, *Second Report, March 1987*, pp. 51-2
- Employee leave entitlements, preliminary review, *Second Report, March 1986*, pp. 13-14
- Entertainment expenditure, *Report on Ministerial Portfolios, May 1990*, pp. 377-9
- F**inancial assistance to industry, *Special Report No. 11, March 1989*
- Financial management system, computerised, in the budget sector, *Report on the Treasurer's Statement, 1986-87*, pp. 46-52
- Financial reporting, developments in, *Second Report, April 1988*, pp. 26-8
- Fire protection, *Special Report No. 16, April 1992*

Flexible working hours in the public sector, *Report on Ministerial Portfolios, May 1992*, pp. 463-71

Foreign exchange, *Special Report No. 8, November 1987*

Fraud Investigations Branch, Accident Compensation Commission, *Report on Ministerial Portfolios, May 1992*, pp. 216-25

Health sector, management of waste disposal, *Report on Ministerial Portfolios, April 1991*, pp. 275-89

Health service agreements in public hospitals, *Report on Ministerial Portfolios, May 1992*, pp. 188-99

Housing for government employees, provision of, *Special Report No. 5, December 1986*

Insurance, *Report on the Treasurer's Statement, 1986-87*, pp. 34-7

Integrated education for children with disabilities, *Special Report No. 17, May 1992*

La Trobe University, building maintenance, *Report on Ministerial Portfolios, May 1992*, pp. 104-13

Land utilisation, *Special Report No. 9, November 1987*

Landata, *Report on Ministerial Portfolios, May 1990*, pp. 244-52

Medical practitioners private practice of, deficiencies in control, *Report on Ministerial Portfolios, April 1991*, pp. 247-64

Melbourne and Metropolitan Board of Works, waste management functions, *Report on Ministerial Portfolios, April 1991*, pp. 67-80

Met Ticket, *Special Report No. 15, November 1990*

Microcomputers in the public sector, *Report on Ministerial Portfolios, May 1990*, pp. 365-76

Motor vehicles, *Special Report No. 7, April 1987*

National Tennis Centre, financial viability of, *Report on Ministerial Portfolios, April 1991*, pp. 396-9

Nursing homes, public, evaluation of operation of, *Report on Ministerial Portfolios, April 1991*, pp. 264-75

Outstanding revenue, *Report on the Treasurer's Statement, 1986-87*, pp. 38-41

Overseas travel by public sector employees, *Report on Ministerial Portfolios, May 1992*, pp. 453-61

## Parliament-

- accountability to, *First Report - 1984-85*, pp. 4-9, *1985-86*, pp. 2-6
- reporting to (by departments and public bodies), *Second Report, March 1987*, pp. 19-24

Plant and equipment, utilisation of, *Special Report No. 10, November 1988*

Police Hospital, management of, *Report on Ministerial Portfolios, May 1992*, pp. 295-99

Police tendering procedures, *Report on Ministerial Portfolios, May 1990*, pp. 227-32

Post-project appraisal procedures within the Public Works Department, *Special Report No. 5, December 1986*

Privately sponsored projects, government funding of, *Second Report, March 1986*, p. 15

Program budgeting, *Report on the Treasurer's Statement, 1988-89*, pp. 44-9

Property assets, surplus, identification and sale of, *Report on Ministerial Portfolios, May 1992*, pp. 134-44

Property, lease, management of, *Report on Ministerial Portfolios, May 1992*, pp. 375-89

Rate of return reporting, *Second Report - March 1987*, p. 50  
*April 1988*, pp. 22-5

Rehabilitation management practices, Transport Accident Commission, *Report on Ministerial Portfolios, May 1992*, pp. 393-401

Resource management, enhancements to, *Report on the Treasurer's Statement, 1987-88*, pp. 21-7

Retrospective expenditure approvals, *Report on the Treasurer's Statement, 1988-89*, pp. 54-5

Risk management, *Report on the Treasurer's Statement, 1987-88*, pp. 28-31

Share market downturn, impact on investment holdings, *Second Report, April 1988*, pp. 9-15

## State -

- Bank Group, impact on the financial position of the State, *Special Report No. 13, May 1990*
- Bank and Tricontinental, effects of sale of, *Report on the Finance Statement, 1990-91*, pp. 27-36
- taxation, collection of, *Report on the Treasurer's Statement, 1988-89*, pp. 31-43

Stores operations, government -  
*Second Report, March 1986*, pp. 7-11  
*Special Report No. 3, October 1984*

Subsidiary companies, reporting and auditing requirements, *Fourth Report, April 1985*, pp. 3-6

Superannuation schemes, public sector, *Report on Ministerial Portfolios, April 1991*, pp. 264-75, May 1991, pp. 473-80

**T**axation, State, *Report on the Finance Statement, 1990-91*, pp. 111-47

Tender Board approval, failure to obtain, *Second Report - October 1984*, pp. 6-8  
*March 1986*, p.12

Transport Accident Commission, funding position, *Report on Ministerial Portfolios, April 1991*, pp. 437-8

**V**ictorian Schools Nursery, *Report on Ministerial Portfolios, May 1990*, pp. 100-4

**W**erribee Farm operations, *Report on Ministerial Portfolios, May 1989*, pp. 285-92.

WorkCare -

- administration of, within the Ministry of Education and Training, *Report on Ministerial Portfolios, April 1991*, pp. 172-87

- management of, in the State hospital system, *Report on Ministerial Portfolios, May 1992*, pp. 134-44

Works contracts overviews, *Special Reports Nos. 1 and 2, June 1982 and 1983*

Workshop operations, review of -

- Gas and Fuel Corporation, *Report on Ministerial Portfolios, May 1992*, pp. 243-7

- Port of Melbourne Authority, *Report on Ministerial Portfolios, May 1992*, pp. 258-66

- Public Transport Corporation, *Report on Ministerial Portfolios, May 1992*, pp. 347-74

World Congress Centre, financing of, *Report on the Finance Statement, 1990-91*, pp. 37-48

**Y**outh Guarantee, *Special Report No. 10, November 1988*

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## SMALL AGENCY REVIEWS

**A**dult Migrant Education Services, *Report on Ministerial Portfolios, April 1991*, pp. 153-68

Alpine Resorts Commission, *Report on Ministerial Portfolios, April 1991*, pp. 408-12

**C**ouncil of Adult Education, *Report on Ministerial Portfolios - May 1990*, pp. 111-20  
*April 1991*, pp. 168-72

**D**aratech, *Report on Ministerial Portfolios, May 1992*, pp. 148-60

**E**nvironment Protection Authority, *Report on Ministerial Portfolios, April 1991*, pp. 54-66

**G**eelong Regional Commission, *Report on Ministerial Portfolios, May 1992*, pp. 248-58

Government Employee Housing Authority, *Report on Ministerial Portfolios, April 1991*, pp. 219-32

Government Printing and Publishing Services, *Report on Ministerial Portfolios, April 1991*, pp. 212-18

**K**nowledge Victoria Limited, *Report on Ministerial Portfolios, April 1991*, pp. 455-62

**M**elbourne Theatre Company, *Report on Ministerial Portfolios, April 1991*, pp. 175-90

**S**tamp Duties Office, *Report on the Finance Statement, 1990-91*, pp. 117-42

State Film Centre of Victoria Council, *Report on Ministerial Portfolios, April 1991*, pp. 27-36

State Taxation Office, *Report on the Finance Statement, 1990-91*, pp. 143-7

**V**ictorian Accident Rehabilitation Council, *Report on Ministerial Portfolios, May 1992*, pp. 226-32

Victorian Prison Industries Commission, *Report on Ministerial Portfolios, April 1991*, pp. 116-31

Victorian Tourism Commission, *Report on Ministerial Portfolios, April 1991*, pp. 277-89



# PROFESSIONAL ACTIVITIES

## ATTENDANCE AT CONFERENCES

<i>Conference</i>	<i>Attended by</i>	<i>Topic</i>
<i>International</i>		
International Federation of Accountants	Auditor-General	Public Sector Sub-committee discussions on measurement of assets, compliance auditing, the financial reporting entity, Cancun, Mexico, March 1992
<i>Australasian</i>		
Meeting of Deputies to Australian Area Auditors-General	Assistant Auditor-General	Issues affecting Audit Offices, Wellington, May 1992
Australasian Senior Audit Executives Conference	Assistant Auditor-General, 4 Directors of Audit	Performance auditing, Jamberoo, New South Wales, June 1992
<i>Victorian</i>		
Victorian Public Sector Conference	Director of Audit, Manager Human Resources	Maximising efficiency and effectiveness in the Victorian public sector, Melbourne, July 1991
Office Annual Seminar	All Office staff	Recent achievements, future directions under new Corporate Plan, Melbourne, November 1991
Conference of Office Executive	Auditor-General, all members of Executive	Issues affecting Office operations, implementation of Corporate Plan, development of performance indicators, succession planning, Healesville, December 1991

## VISITORS TO OFFICE

<i>Visitor</i>	<i>Topic</i>
Auditor-General of Western Australia	Audit related issues, September 1991
Auditor-General of Tasmania	Recent developments in auditing, October 1991
Senior Manager, Queensland Treasury Department	Performance auditing, March 1992
Managing Analyst, New Zealand State Services Commission	Accommodation management, internal audit, reporting of key findings, March 1992
EDP Audit Manager, Queensland Audit Office	Policies, methodologies, IT systems, operational procedures, April 1992

## EXTERNAL PRESENTATIONS

<i>Date</i>	<i>Officers</i>	<i>Topic</i>
July 1991	John Kehoe	"Key Internal Control Issues for Program Managers". Paper presented to a seminar sponsored by the Ministry of Finance on "Improved Program Performance Through Better Internal Control"
August 1991	Joe Manders	"Protection of the Public Interest." Presented to the Fitzroy Rotary Club.
September 1991	Terry Lant	"The Canadian Comprehensive Auditing Foundation's 12 attributes for reporting on effectiveness and how an organisation can benefit by using the attributes as a measure of its performance". Presented to senior staff and Live Work Co-ordinators at Batman College of TAFE.
September 1991	Richard Mifsud	"External Reporting by Public Sector Organisations-Critical Issues and Future Directions". Presented to the Public Sector Accounting Conference.
October 1991	Joe Manders	"Accountability of Public Enterprises". Presented to public sector senior executives at a Corporatisation Conference held by the Public Bodies Review Committee.
November 1991	Terry Lant	"Annual Reporting Act 1983 and related Regulations - what it means to the Office". Presented to an Institute of Chartered Accountants seminar on accounting and audit of post-secondary educational institutions.
December 1991	Richard Mifsud	"Ethics and Responsibilities of the Accountant". Presented to the annual Comview Conference at La Trobe University.
December 1991	Richard Mifsud	"Risk-based Auditing in the 1990's - An External Audit Perspective". Presented to the Public Sector Auditing Conference conducted by IIR Conferences.
December 1991	Stan Naylor	"Internal Audit for Small Hospitals". Paper presented at the 1991 District Hospital Managers Conference.
March 1992	Stan Naylor	"Current Issues in Public Hospital Financial Reporting". Presentation at a seminar on Public Hospital Financial Reporting organised by the Institute of Chartered Accountants.
April 1992	Richard Mifsud	"Audit Views on Exposure Draft ED55 - Financial Reporting by Government Departments". Presentation at a seminar conducted by the Australian Accounting Research Foundation.
May 1992	Richard Mifsud	"Future Direction, and Challenges for Public Sector Auditing". Presented at the Financial Control in the Public Sector Conference organised by IIR Conferences.
May 1992	Richard Mifsud	"Public Sector Auditing and Public Sector Financial Management". Presentation to final year Monash University MBA students as part of their Public Sector Financial Management Unit Course.



# TRAINING COURSES ATTENDED

<i>Type and number of courses</i>	<i>Attendance</i>		<i>Total days of training</i>
	<i>Males</i>	<i>Females</i>	
<b><i>Internal courses</i></b>			
Accounting and auditing (16 courses)	199	96	489
Management and supervision (15 courses)	261	129	317
Public sector issues (12 courses)	37	11	83
Computer systems (9 courses)	96	63	108
Interpersonal and training skills (10 courses)	52	50	143
Health and safety (one course)	75	48	37
<b><i>External courses</i></b>			
Accounting and auditing (25 courses)	62	15	68
Management and supervision (6 courses)	8	5	47
Public sector issues (16 courses)	25	2	24
Computer systems (5 courses)	2	4	10
Interpersonal and training skills (3 courses)	3	-	5
Health and safety (3 courses)	2	2	8

# AUDIT RESPONSIBILITIES

## PARLIAMENT

Parliament of Victoria  
State Parliament Refreshment Rooms

## ADMINISTRATIVE UNITS

Aboriginal Affairs, Department of  
Arts, Ministry for the  
Attorney-General's Department  
Community Services, Department of  
Conservation and Environment, Department of  
Consumer Affairs, Ministry of  
Corrections, Office of  
Employment and Training, Department of  
Ethnic, Municipal and Community Affairs,  
Ministry of  
Finance, Ministry of  
Food and Agriculture, Department of  
Health Department Victoria  
Higher Education, Office of  
Labour, Department of  
Manufacturing and Industry Development,  
Department of  
Police and Emergency Services, Ministry for  
Police, Office of the Chief Commissioner of  
Premier and Cabinet, Department of the  
Public Prosecutions, Office of the Director of  
Public Service Board, Office of the  
School Education, Department of  
Small Business, Department of  
Sport and Recreation, Department of  
State Electoral Office  
Transport, Ministry of  
Treasury, Department of the  
Victorian Auditor-General's Office (a)  
Water Resources, Department of

## PUBLIC BODIES

Accident Compensation Commission  
Accident Compensation Tribunal  
Adult, Community and Further Education Board,  
Office of  
Advanced Dental Technicians Qualifications  
Board (b)  
Albert Park Committee of Management  
Incorporated

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

Architects Registration Board of Victoria  
Building Societies Reserve Board  
Bundoora Park Committee of Management  
Capital Works Authority  
Chiropractors Registration Board of Victoria (b)  
Chiropractors and Osteopaths Registration Board  
of Victoria (b)  
Coal Corporation of Victoria  
Construction Industry Long Service Leave Board  
Council of Adult Education  
Country Fire Authority  
Credit Co-operatives Reserve Board  
Dental Board of Victoria (b)  
Dental Technicians Licensing Committee (b)  
Dietitians Board of Victoria  
Docklands Authority  
Educational Administration, Institute of  
Egg Industry Licensing Committee  
Emerald Tourist Railway Board  
Environment Protection Authority  
Estate Agents Board  
Exhibition Trustees  
Friendly Societies Reserve Board  
Film Victoria  
Gas and Fuel Corporation of Victoria  
Geelong Performing Arts Centre Trust  
Geelong Regional Commission  
Government Employee Housing Authority  
Grain Elevators Board  
Greyhound Racing Control Board

(a) Independent audit conducted.

(b) Under legislation, the Auditor-General may  
audit at his discretion.

Guardianship and Administration Board	Roads Corporation
Harness Racing Board	Rural Finance Corporation of Victoria
Historic Buildings Council	Rural Water Commission of Victoria
Judicial Studies Board	Shrine of Remembrance Trustees
Latrobe Regional Commission	Small Business Development Corporation
Law Reform Commission	State Electricity Commission of Victoria
Legal Aid Commission	State Film Centre of Victoria Council
Liquor Licensing Commission	State Insurance Office
Loddon-Campaspe Regional Planning Authority	State Library of Victoria, Council of the
Marine Board of Victoria	State Swimming Centre Committee of Management
Medical Panels	State Training Board, Office of the
Melbourne and Metropolitan Board of Works	State Trust Corporation of Victoria
Melbourne Wholesale Fruit and Vegetable Market Trust	Supreme Court of Victoria
Mental Health Review Board	Surveyors Board of Victoria
Metropolitan Fire Brigades Board	Swan Hill Pioneer Settlement Authority
Mount Macedon Memorial Cross Committee of Management	TAB Gaming Operations
Murray Valley Citrus Marketing Board	Tattersall Gaming Operations
Museum of Victoria, Council of the	Tattersall Sweep Consultations
National Tennis Centre Trust	Tobacco Leaf Marketing Board
National Gallery of Victoria, Council of Trustees of the	Totalizer Agency Board
Northern Victorian Fresh Tomato Industry Development Committee	Transport Accident Commission
Occupational Health and Safety Authority	Upper Yarra Valley and Dandenong Ranges Authority
Olympic Park Management	Urban Land Authority
Optometrists Registration Board (b)	Victorian Accident Rehabilitation Council
Patriotic Funds Council of Victoria	Victorian Arts Centre Trust
Penguin Reserve Committee of Management	Victorian Casino Control Authority
Pharmacy Board of Victoria (b)	Victorian Conservation Trust
Physiotherapists Registration Board of Victoria (b)	Victorian Curriculum and Assessment Board
Planning and Housing, Department of	Victorian Dairy Industry Authority
Plumbers, Gasfitters and Drainers Registration Board	Victorian Debt Retirement Authority
Port Bellarine Committee of Management	Victorian Development Fund
Port of Geelong Authority	Victorian Dried Fruits Board
Port of Melbourne Authority	Victorian Economic Development Corporation
Port of Portland Authority	Victorian Egg Marketing Board
Prince Henry's Institute of Medical Research	Victorian Gaming Commission
Psychologists Registration Board of Victoria (b)	Victorian Government Major Projects Unit
Psychosurgery Review Board	Victorian Health Promotion Foundation
Public Advocate, Office of the	Victorian Institute of Forensic Pathology
Public Transport Corporation	Victorian Institute of Marine Sciences
Renewable Energy Authority Victoria	Victorian Nursing Council
	Victorian Post-Secondary Education Commission
	Victorian Prison Industries Commission

Victorian Psychological Council (*b*)  
Victorian Public Authorities Finance Agency  
Victorian Relief Committee  
Victorian Tertiary Admissions Centre  
Victorian Tourism Commission  
WorkCare Appeals Board  
Yarra Bend Park Trust  
Zoological Board of Victoria

### **POST-SECONDARY EDUCATIONAL INSTITUTIONS**

Ballarat University College  
Batman Automotive College of TAFE  
Box Hill College of TAFE  
Broadmeadows College of TAFE  
Central Gippsland College of TAFE  
Dandenong College of TAFE  
Deakin University  
East Gippsland Community College of TAFE  
Flagstaff College of TAFE  
Frankston College of TAFE  
Gordon Technical College  
Goulburn Valley Community College  
Hawthorn Institute of Education Ltd  
Holmesglen College of TAFE  
La Trobe University  
La Trobe University College of Northern Victoria  
Loddon-Campaspe College of TAFE  
Melbourne College of Decoration  
Melbourne College of Printing and Graphic Arts  
Melbourne College of Textiles  
Melbourne, University of  
Mines and Industries Ballarat Ltd, The School of  
Monash University  
Moorabbin College of TAFE  
Northern Metropolitan College of TAFE  
Outer Eastern College of TAFE  
Phillip Institute of Technology  
Prahran College of TAFE  
Richmond College of TAFE  
Royal Melbourne Institute of Technology Ltd  
South West College of TAFE  
Sunraysia College of TAFE

Swinburne Ltd  
Victoria University of Technology  
Victorian College of Agriculture and Horticulture  
Victorian College of Pharmacy (Monash University) Ltd  
Victorian College of the Arts  
Wangaratta College of TAFE  
Western Metropolitan College of TAFE  
William Angliss College, The  
Wimmera Community College of TAFE  
Wodonga College of TAFE

### **PUBLIC HOSPITALS AND STATE-FUNDED NURSING HOMES**

Alexandra District Hospital  
Alfred Group of Hospitals, The  
Altona District Hospital  
Anne Caudle Centre  
Apollo Bay and District Memorial Hospital  
Ararat and District Hospital  
Austin Hospital  
Bacchus Marsh and Melton Memorial Hospital  
Ballarat Base Hospital  
Beeac and District Hospital  
Benalla and District Memorial Hospital  
Bendigo Hospital, The  
Bethlehem Hospital Incorporated  
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 Ltd  
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 Hospital

Daylesford District Hospital	Maryborough and District Hospital
Dimboola District Hospital	Mercy Hospital for Women Incorporated
Donald District Hospital	Mildura Base Hospital
Dunmunkle Health Services	Monash Medical Centre
Dunolly District Hospital	Mordialloc-Cheltenham Community Hospital
East Gippsland Centre for Rehabilitation and Extended Care	Mornington Peninsula Hospital
East Gippsland Hospital	Mortlake District Hospital
Eastern Suburbs Geriatric Centre	Mount Eliza Centre, The
Echuca District Hospital Incorporated	Mt Alexander Hospital
Edenhope and District Memorial Hospital	Myrtleford District War Memorial Hospital
Eildon and District Community Hospital	Nathalia District Hospital
Elmore District Hospital	Nhill Hospital
Fairfield Hospital	North West Hospital
Geelong Hospital	Numurkah and District War Memorial Hospital
Gippsland Base Hospital	O'Connell Family Centre (Grey Sisters) Incorporated
Glenview Community Care Incorporated	Omeo District Hospital
Goulburn Valley Base Hospital	Orbost and District Hospital
Grace McKellar Centre	Ouyen and District Hospital
Hamilton Base Hospital	Ovens and Murray Hospital for the Aged
Hampton Rehabilitation Hospital	Ovens District Hospital
Healesville and District Hospital	Penshurst and District Memorial Hospital
Heathcote District Hospital	Peter MacCallum Cancer Institute
Heywood and District Memorial Hospital	Port Fairy Hospital
Inglewood Hospital	Portland and District Hospital
Kaniva District Hospital	Preston and Northcote Community Hospital
Kerang and District Hospital	Queen Elizabeth Centre
Kilmore and District Hospital	Queen Elizabeth Geriatric Centre
Kingston Centre	Ripon Peace Memorial Hospital
Koroit and District Memorial Hospital	Rochester and District War Memorial Hospital
Korumburra District Hospital	Royal Children's Hospital
Kyabram and District Memorial Community Hospital	Royal Dental Hospital of Melbourne
Kyneton District Hospital	Royal Melbourne Hospital, The
Latrobe Regional Hospital	Royal Victorian Eye and Ear Hospital
Lismore and District Hospital	Royal Women's Hospital
Lorne Community Hospital	Sandringham and District Memorial Hospital
Lyndoch, Warrnambool	Seymour District Memorial Hospital
Macarthur and District Memorial Hospital	Skipton and District Memorial Hospital
Maffra District Hospital	South Gippsland Hospital
Maldon Hospital	St Arnaud District Hospital
Manangatang and District Hospital	St George's Hospital and Inner Eastern Geriatric Service
Mansfield District Hospital	St Vincent's Hospital (Melbourne) Ltd
Maroondah Hospital	Stawell District Hospital

Swan Hill District Hospital  
 Tallangatta Hospital  
 Tawonga District General Hospital  
 Terang and District (Norah Cosgrave) Community Hospital  
 Timboon and District Hospital  
 Tweddle Child and Family Health Service  
 Wangaratta District Base Hospital  
 Waranga Memorial Hospital  
 Warracknabeal District Hospital  
 Warrambool and District Base Hospital  
 Werribee District Hospital  
 West Gippsland Hospital  
 Western Hospital  
 Westernport Memorial 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  
 Yarrawonga District Hospital  
 Yea and District Memorial Hospital

### **SUPERANNUATION FUNDS**

City of Melbourne Superannuation Fund Trustees  
 Coal Mine Workers' Pension Tribunal  
 Emergency Services Superannuation Board  
 Gas and Fuel Corporation Superannuation Fund  
 Holmesglen Constructions Superannuation Plan  
 Hospitals Superannuation Board  
 Legal Aid Commission Staff Superannuation Fund  
 Local Authorities Superannuation Board  
 Metropolitan Transit Authority Superannuation Fund  
 MMBW Employees' Superannuation Fund, Trustees of the  
 Parliamentary Contributory Superannuation Fund  
 Port of Geelong Authority Superannuation Fund

SECV Superannuation Fund  
 State Casual Employees Superannuation Board  
 State Employees Retirement Benefits Board  
 State Superannuation Board of Victoria  
 Transport Superannuation Board  
 Victorian Institute of Marine Sciences Superannuation Fund  
 Zoological Board of Victoria Superannuation Fund

### **COMPANIES AND JOINT VENTURES**

Australian Music Examinations Board (Vic) Ltd  
 Beave Pty Ltd (Receiver and Manager Appointed)  
 Circular Force Pty Ltd  
 Colin Badger Trust  
 Daratech Pty Ltd  
 David Syme Management Education Centre Pty Ltd  
 Deakin University Foundation Ltd  
 Goulburn Valley Driver Training Complex Ltd  
 Graduate School of Management Ltd  
 Infertility Medical Centre Pathology Services Trust  
 La Trobe University Housing Ltd  
 Loy Yang B Power Station Pty Ltd  
 Melbourne Business School Ltd  
 Metropolitan Transit Authority Investments Pty Ltd  
 Milake Pty Ltd  
 Monash ANZ Centre for International Briefing Pty Ltd  
 Monash University Foundation  
 Montech Pty Ltd  
 Obstetric and Diagnostic Ultrasound Services Trust  
 Overseas Projects Corporation of Victoria Ltd  
 Pelletray Pty Ltd  
 SECV Superannuation Pty Ltd  
 Sir John Monash Business Centre Pty Ltd  
 State Insurance Office Services Pty Ltd  
 State Insurance Office Superannuation Pty Ltd  
 Telematics Course Development Fund Trust  
 Unilink Ltd  
 Unimelb Ltd  
 Victorian Institute of Sport Ltd

Victorian Institute of Sport Trust  
 VICTRACC  
 Winsearch Ltd (Receiver and Manager Appointed)

## **WATER AND SEWERAGE AUTHORITIES**

Aireys Inlet Water Board	First Mildura Irrigation Trust
Alberton River Improvement Trust, Shire of	Geelong and District Water Board
Alberton Water Board	Glenelg River Improvement Trust
Alexandra River Improvement Trust, Shire of	Glenelg/Wannon Water Board
Alexandra, Shire of	Goorambat Water Board
Ararat, City of	Goomong Water Board
Ararat, Shire of	Gordon Water Board
Avoca River Improvement Trust	Goulburn Water Board
Avoca, Shire of	Hamilton Water Board
Avon-Macalister Rivers Management Board	Hampden, Shire of
Axedale Water Board	Heathcote Water Board
Bacchus Marsh, Shire of	Heytesbury, Shire of
Ballan, Shire of	Heywood Water Board
Ballarat Water Board	Hindmarsh Water Board
Beaufort Water Board	Horsham, City of
Beechworth, United Shire of	Kaniva, Shire of
Benalla Water Board	Kerang, Borough of
Bendigo Creek Improvement Trust	Kiewa Valley Water Authority
Bendigo Water Board	Korong, Shire of
Bet Bet, Shire of	Korumburra River Improvement Trust, Shire of
Birchip, Shire of	Korumburra Water Board
Black Dog Creek Improvement Trust	Kowree Water Board
Bridgewater Water Board	Kyabram, Town of
Bright District Water Board	Kyneton Water Board
Broken River Improvement Trust	Latrobe Region Water Authority
Bullock Creek Improvement Trust	Learmonth Water Board
Campaspe Region Water Authority	Leongatha Water Board
Camperdown, Town of	Lexton Water Board
Castlemaine and District Water Board	Lorne Water Board
Charlton Water Board	Lough Calvert Drainage Trust
Chiltern Water Board	Lower Kiewa Water Board
Cobram, Shire of	Macalister Water Board
Cohuna, Shire of	Macedon Region Water Authority
Colac District Water Board	Mallacoota Water Board
Creswick and District Water Board	Mansfield District Water Board
Deakin Water Board	Maryborough, City of
Devenish Water Board	Marysville Water Board
Donald Water Board	Melton, Shire of
East Gippsland River Management Board	Mid-Goulburn Regional Water Board
Euroa Water Board	Mid-Goulburn Rivers Management Board
	Mitchell River Management Board
	Mitchell Water Board
	Mitta Mitta River Improvement Trust
	Mooroopna Water Board
	Mortlake Water Board
	Mount Rouse, Shire of

## Appendix 4

Murtoa Water Board  
Myrtleford, Shire of  
Nathalia, Shire of  
Nhill Water Board  
Numurkah, Shire of  
Omeo, Shire of  
Orbost Water Board  
Ovens River Management Board  
Pental Island River Management Board  
Port Fairy Water Board  
Portland Water Board  
Pyalong Water Board  
Robinvale Water Board  
Rodney Water Board  
Romsey-Lancefield Water Board  
Rutherglen Water Board  
Sale, City of  
Sea Lake Water Board  
Shepparton Water Board  
Snowy River Improvement Trust  
South Gippsland Water Board  
Springhurst Water Board  
St Arnaud, Town of  
Stawell Water Board  
Stawell, Shire of  
Strathdownie Drainage Trust  
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 Management Board  
Tarwin Valley Water Board  
Tullaroop, Shire of  
Tungamah Shire 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  
Wycheproof Water Board  
Yarrawonga, Shire of  
Yatchaw Drainage Trust  
Yea River Management Board, Shire of  
Yea Water Board



*"In this era of open government, a concept which is largely accepted by all political parties, I believe it is necessary that light - full light - be shed upon the manner in which taxes, which impose heavy sacrifices upon every citizen, are used. Full light is the prerequisite of good order."*

C.A. BARAGWANATH



A U D I T I N G

I N T H E

P U B L I C

I N T E R E S T

