



**ANNUAL REPORT  
1994-95**

**VICTORIAN  
AUDITOR-GENERAL'S  
OFFICE**

*Auditing in the  
Public Interest*



# ANNUAL REPORT, 1994-95

## OUR VISION

Through the achievements of our staff to be recognised as a world leader in the provision of public sector audit services.

## OUR MISSION

To strive for excellence in the provision of independent audit services in order to enhance accountability to the Parliament and efficient and effective use of public resources in Victoria.

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## THE YEAR IN REVIEW

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### **Commitment and professionalism of Office staff**

The passing of another year of operations has served to further emphasise the rapidly changing and increasingly complex nature of the Office's responsibilities undertaken on behalf of the Parliament and Victorian taxpayers. Factors such as corporatisation and, in some cases, privatisation of government business enterprises, major restructuring in various portfolios, and substantial outsourcing of significant activities have reinforced the growing sophistication and complexity of issues addressed by the Office. These factors also highlight the importance of the Office's function as an independent and reliable source of information to the Parliament.

It was a year which also saw a widening of the market imbalance between private and public sector audit remuneration conditions and consequential losses of highly marketable audit personnel. This disturbing situation increased the pressures on Office staff and led to the Office commissioning a consultancy review, which is currently in course, of private and public sector salary markets across Australia for non-executive audit positions.

I am very pleased to report that staff of the Office have responded to the challenges which have resulted from the above developments with exceptional commitment and professionalism.

### **Responsibility for the audit of municipal councils**

From time-to-time, decisions are taken by the Parliament or at government level which serve to reinforce external confidence in the role and functions of the Office. One such decision occurred during the year when the Minister for Local Government requested the involvement of the Office in the conduct of due diligence audit reviews, at merger dates, of amalgamated municipal councils under the Government's extensive reform of local government. This action was later followed by legislative amendments which assigned responsibility to the Auditor-General for the annual audit of municipal councils, municipal libraries and companies associated with councils.

The Office looks forward to applying its established high quality standards of audit performance to this latest and important addition to its responsibility base.

### Other highlights

Other highlights of the year's operations included:

- the tabling in the Parliament of 6 Reports (4 special performance audit reports, the *1995 Report on Ministerial Portfolios* and the *Report on the Finance Statement for the year ended 30 June 1994*) encompassing a wide range of audit subject matters;
- amendments to the audit legislation which extended the requirement for annual consultation with the Public Accounts and Estimates Committee and annual funding from the Parliament to now cover all performance audits undertaken by the Office;
- implementation within the Office of the Government's new employment structure for non-executive staff, incorporating a performance-based remuneration framework;
- completion of a pilot program associated with further upgrading of the electronic features of the Office's Victorian Financial Audit Methodology which will result in a largely paperless approach to the conduct of financial audits; and
- a significant contribution by the Office to the professional development of Indonesian Government executives with particular emphasis on training in performance auditing.

Each of the above highlights are addressed in this Annual Report. In addition, the Report includes a summary of the main achievements of the Office during the first year of its current Corporate Plan and of the key qualitative and quantitative performance targets which it has set for 1995-96. The pursuit of these performance targets will be a major area of attention for the Office during the current year as it strives to make further inroads into the achievement of its principal goals under the Corporate Plan and to consolidate its reputation as an organisation advanced by world standards in the field of public sector auditing.

  
C.A. BARAGWANATH  
Auditor-General



# ACHIEVING CORPORATE OBJECTIVES

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## Our Vision

*Through the achievements of our staff to be recognised as a world leader in the provision of public sector audit services.*

## Our Mission

*To strive for excellence in the provision of independent audit services in order to enhance accountability to the Parliament and efficient and effective use of public resources in Victoria.*

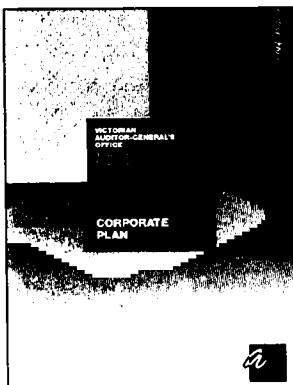
## Principles underpinning the Corporate Plan

The Office's current Corporate Plan covers the 3 year period 1994-95 to 1996-97. It represents the third Corporate Plan adopted by the Office and was developed following extensive consultation with, and contributions from, both staff and client agencies.

Changes in the overall structure of the Government, introduction of public sector management reforms, new audit legislation, escalating developments in information technology and an organisational restructure within the Office early in 1994 were important factors influencing assessments of the Office's business environment and formulation of the principles to guide development of the new Corporate Plan.

The Office takes pride in its past achievements and is committed under the Corporate Plan to further build on its strengths in order to confidently meet the challenges confronting public sector auditing throughout the 1990s and into the 21st century. Uppermost of these challenges will be the preservation of the Office's independence and integrity which lies at the cornerstone of the Office's mission.

The Office is also committed to excellence in performance in order to ensure that its Reports to the Parliament not only enhance accountability but, through constructive value-added input, lead to more efficient and effective management of Victoria's public resources.



In the final analysis, as reflected in the Office's vision, the continuing integrity, professionalism and hard-working qualities of its staff will be the most significant means through which the Office can confidently approach the challenges ahead.

*Key elements of the Corporate Plan*

The Corporate Plan identifies the following 4 strategic directions to guide corporate activity over the 3 year planning period:

- ❶ Provide a work environment which recognises the importance of a professional, highly motivated and skilled workforce as the Office's most valuable resource;
- ❷ Ensure that the services provided by the Office satisfy the expectations of the Parliament, the community and client agencies;
- ❸ Maintain a strong focus on financial auditing and deliver such services in a manner consistent with best professional practice; and
- ❹ Build on the Office's substantial achievements to preserve its position at the leading edge of performance auditing by world standards.

The Plan documents under each of these strategic directions a series of principal tasks, action targets and expected qualitative outcomes. A number of "improvement teams" have been established throughout the Office to co-ordinate implementation of the various actions outlined in the Corporate Plan. Annual Business Plans for each of the audit business groups and support areas have been developed to complement the Corporate Plan and to ensure that Office operations are clearly directed to achieving corporate goals. The Office's Board of Management has overall responsibility for monitoring the achievement of outcomes specified in the Corporate Plan.

**Features of Office performance during the year**

**A** summation of the main features of the Office's performance during 1994-95 against strategic directions embodied in the Corporate Plan is presented on pages 6 to 9.

# Strategic Direction No. 1

## *Principal tasks*

- Implement strategies to ensure that the ongoing skill mix and resourcing needs of the Office are adequately addressed.
- Introduce an incentive-based performance appraisal scheme which recognises and rewards achievement.
- Promote a sense of teamwork in the Office and a culture which values professionalism, integrity, commitment and achievement.
- Optimise productivity through the implementation of strategies which will enable all staff to develop and achieve the highest level of job satisfaction.

## *Action targets*

- Re-assess, on an annual basis, the adequacy of the Office's workforce management plan in terms of skill mix and resources.
- Implement, during 1994-95, an incentive-based performance assessment scheme for all non-executive staff.
- Review all Office policies and strategies by December 1995 to ensure that they emphasise the values of teamwork, professionalism, integrity, commitment and achievements of staff.
- Have available to all staff at all levels an annual professional development program which adequately meets the diverse needs of a highly motivated and skilled workforce.

# Strategic Direction No. 2

## *Principal tasks*

- Implement strategies aimed at promoting a professional relationship with our clients.
- Introduce an expanded marketing strategy to enhance the community's awareness and confidence in the role and activities of the Office.
- Explore opportunities for using the expertise developed within the Office to improve the standard of public administration.

## *Action targets*

Levels of client satisfaction with the Office's services and products, derived from periodic client service surveys, at least equal to targeted benchmarks.

Develop and implement, by July 1995, a marketing strategy aimed at reinforcing the community's awareness and confidence in the work and activities of the Office.

Formulate and implement, by July 1995, an Office policy on the pursuit of opportunities for utilising the Office's acquired skills and knowledge to improve the standard of public administration.

***Provide a work environment which recognises the importance of a professional, highly motivated and skilled workforce as the Office's most valuable resources.***

***Features of 1994-95 activity***

- Resource and skill mix requirements for 1995-96 were initially determined at individual business group level and subsequently consolidated Office-wide at 31 March 1995.
- New incentive-based performance assessment scheme for non-executive staff was implemented with effect from 1 July 1995.
- Initial focus directed towards availability to staff of advanced audit methodologies and allocation to individuals of the latest computer hardware and software. In addition, emphasis was placed on early commencement of performance-based assessment scheme as a basis for rewarding staff achievements.
- Professional development activities were organised and presented in line with the approved program for the year.

***Target for 1995-96***

- Finalisation of requirements for 1996-97 by 31 March 1996.
- Staff satisfaction level of 75 per cent with implementation of scheme.
- Staff satisfaction level of 75 per cent with effectiveness of Office policies and strategies in emphasising corporate values.
- Staff satisfaction level of 75 per cent in terms of adequacy of professional development program in meeting their training and development needs.

***Ensure that the services provided by the Office satisfy the expectations of the Parliament, the community and client agencies.***

***Features of 1994-95 activity***

- With 3 separate client surveys covering Members of Parliament, client agencies and the community planned for 1995-96, the year's focus has been on strategies aimed at further advancing the client service culture. Relevant activities have included enhanced communication protocols for client meetings, issue of client information kits, and special meetings with Chief Executive Officers inviting suggestions for audit topics.
- By July 1995, development of a wide-ranging marketing strategy was well advanced. Because of the task's complexity and a need to effectively address marketing issues relating to all 3 client categories, a revised completion date of November 1995 has been set for this action.
- Revisions of the financial audit and performance audit methodologies have included an emphasis on maximising value-added outcomes to clients from audit services. In addition, work has commenced on establishing a more formal process for recording cost savings and management improvements arising from audit recommendations.

***Target for 1995-96***

- Client satisfaction levels (Members of Parliament, client agencies and the community) of 70 per cent with the Office's services and products.
- Implementation of marketing strategy by 30 November 1995.
- Acceptance level of 90 per cent of audit recommendations as identified to the Parliament in annual *Response by the Minister for Finance to the Auditor-General's Reports*



## Strategic Direction No. 3

### *Principal tasks*

- Progressively enhance the Office's financial audit methodology so that it continues to reflect best practice.
- Effectively apply the financial audit methodology and improve the cost-effectiveness and timeliness of the audit process.
- Contribute to quality outcomes in financial audits through the provision to staff of state-of-the-art tools and techniques.

### *Action targets*

- Complete an annual revision and upgrading of the Office's financial audit methodology with a continuing focus on its risk-based qualities and advanced information technology features.
- Furnish all annual audit opinions on financial statements in accordance with time targets agreed with client agencies.
- Complete high quality financial audits, including the production of audit reports, within cost and time budgets.
- Effectively implement the electronic application of the Office's Victorian Financial Audit Methodology by December 1996.

## Strategic Direction No. 4

### *Principal tasks*

- Continually enhance and effectively apply the Office's performance audit methodology to reflect cost-effective business principles, value-added concepts and international developments.
- Improve the cost-effectiveness and timeliness of the audit reporting phase through enhanced project management.
- Establish a framework for effective consultations with the Parliament's Public Accounts and Estimates Committee for the selection and funding of departmental performance audits.

### *Action targets*

- Conduct an annual review and enhance the Office's Victorian Performance Audit Methodology to ensure that it retains its advanced status by world standards.
- Produce quality performance audit reports on significant topics to the Parliament, Government and client agencies during each parliamentary session within agreed budgeted costs and time frames.
- Annually update the Office's performance audit database to confirm that the project selection process is soundly based and adequately reflects changes in the public sector environment.
- Have in place, by December 1994, a framework agreed with the Public Accounts and Estimates Committee for timely and effective consultations on the Office's annual departmental performance audit program and its funding.

***Maintain a strong focus on financial auditing and deliver such services in a manner consistent with best professional practice.***

***Features of 1994-95 activity***

- Upgrading of electronic features of Office's financial audit methodology was completed by April 1995.
- Time targets have been agreed with agencies as part of client liaison process for June 1995 financial audit cycle.
- Cost and time budgets for June 1995 financial audits were reviewed as part of a process of determining the risk grading and resultant resourcing needs for each audit.
- Pilot program covering application of the methodology's advanced electronic features to selected 1994-95 financial audits was completed.

***Target for 1995-96***

- Annual revision of methodology to be finalised by February 1996.
- For 1994-95 financial statements, 95 per cent of opinions issued within established targets.
- A total of 85 per cent of June 1995 financial audits completed within approved cost and time budgets.
- Quality material produced for reports to Parliament in all cases.
- Launching of upgraded methodology for application to all financial audits by 31 October 1995.

***Build on the Office's substantial achievements to preserve its position at the leading edge of performance auditing by world standards.***

***Features of 1994-95 activity***

- A major revision of the methodology, based on the Office's experiences over recent years and on international developments, was well advanced at 30 June 1995.
- Cost and time budgets for performance audits were agreed with the Public Accounts and Estimates Committee. External quality assessments of performance audit reports have been sought from client agencies and international audit organisations.
- Major revision of performance audit database was completed as part of the upgrading of the performance audit methodology.
- Agreed framework for periodic consultation with Public Accounts and Estimates Committee is now in place. Two meetings, in November 1994 and June 1995, were held with the Committee on the 1995-96 performance audit program.

***Target for 1995-96***

- Completion of enhancements to methodology by 31 October 1995.
- A total of 85 per cent of performance audits completed within cost and time budgets.
- Positive external assessments received for 70 per cent of audits.
- Identification of any further refinements to database to be finalised by 30 June 1996.
- Continuation of liaison with the Committee in accordance with agreed framework.

**Parliament's  
assessment of  
corporate performance**

The final arbiter in assessing whether the Office has been effective in achieving its corporate outcomes is the Parliament itself. To this end, an independent performance audit is conducted at 3 yearly intervals by an auditor appointed by the Parliament on the recommendation of the Public Accounts and Estimates Committee. This performance audit seeks to determine whether the Auditor-General is achieving his or her objectives effectively, and is doing so efficiently and economically.

On 27 April and 2 May 1995, the Legislative Assembly and Legislative Council respectively approved, on the Committee's recommendation, the appointment of Mr Alan Talbot of Price Waterhouse to undertake the second performance audit of the Office (the inaugural audit was conducted Mr Fergus Ryan of Arthur Andersen in 1992).

Mr Talbot's audit commenced in early May 1995. At the date of preparation of this Annual Report, the audit was substantially completed.

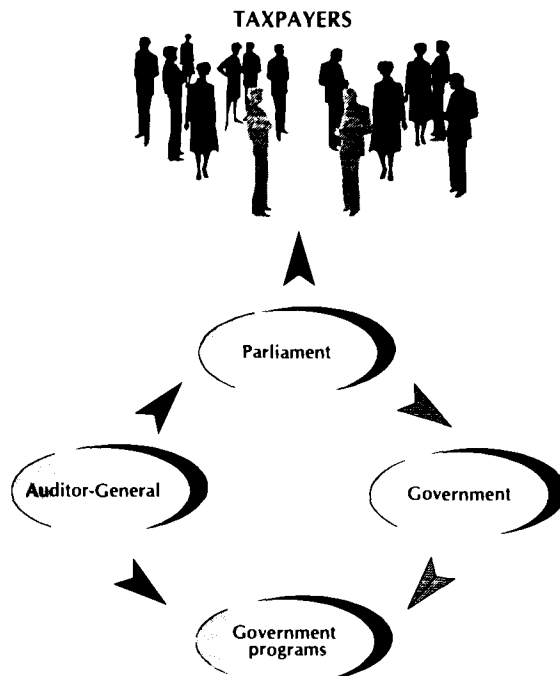


## SERVING THE PARLIAMENT AND THE COMMUNITY

### "AUDITING IN THE PUBLIC INTEREST"

A strong commitment to ensuring that Office operations are directed towards achieving maximum benefit for all Victorians is a key element of the Office's corporate theme "*Auditing in the Public Interest*".

Expectations from the community for the delivery by government of new and improved services have seen an increasing focus placed on resource management and accountability issues in the public sector. In turn, this focus has accentuated the community's awareness and expectations of the important role played by the Office in the accountability process through the provision of independent and reliable assessments of the financial operations and management of public sector resources in Victoria.



The current public sector environment in Victoria is undergoing major change on several fronts, including significant restructuring of agencies, corporatisation of business enterprises, pursuit of privatisation strategies, outsourcing of functions, downsizing of internal resources and an emerging emphasis on the quality of performance measurement and reporting. These changes serve to reinforce, from the viewpoint of the Parliament and taxpayers, the importance of the Office's key role in the public accountability process.

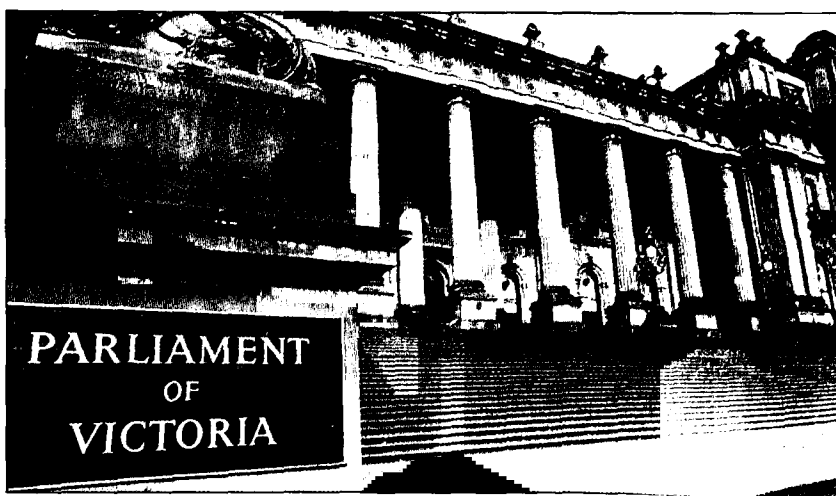
## REPORTS OF THE AUDITOR-GENERAL

The presentation of periodic Reports of the Auditor-General to the Parliament is the principal means by which the Office fulfills its accountability obligations.

Each year, the Office presents 4 types of Reports to the Parliament:

- A *Report on the Government's annual Statement of Financial Operations* (previously known as the Finance Statement) during the Spring Session;
- A *Report on Ministerial Portfolios* (which addresses, on a portfolio basis, matters mainly arising from financial audits) during the Autumn Session;
- *Special Reports* (tabled throughout the year) on the results of individual performance audits; and
- The *Annual Report* of the Office (tabled during the Spring Session) covering its operations and performance.

*The presentation to the Parliament of Auditor-General's Reports fulfills the Office's accountability obligations.*



The Office places major priority on the quality of Auditor-General's Reports to the Parliament in terms of both content and format. While fundamental matters such as the analysis of financial operations and compliance with legislative requirements are addressed in Reports, the scope of subjects contained in the Reports has, for some years, encompassed wider performance audit issues dealing with assessments of economy, efficiency and effectiveness in resource management within the Victorian public sector. In this regard, Reports over recent years have featured health, safety and environmental issues of high significance to the community.

For the first time, "*In Brief*" information brochures were prepared and distributed with each Special Report tabled in Parliament during the Autumn 1995 Session. These brochures, which contained background notes on the particular audit review, overall audit conclusions and key findings, were distributed with the Reports to Members of Parliament to assist the Members in their analysis of the matters addressed by audit.

### **Availability of Reports**

Copies of all Reports of the Auditor-General and of the *Annual Report* of the Office, are distributed to Audit Offices within Australia and equivalent overseas bodies, to client agencies, and to many professional organisations and interested parties. The Office also incorporates its Reports into a CD-Rom which is compiled and marketed by the Canadian Auditor-General's Office. Participation in this project enables the Office's Reports to reach a world-wide audience interested in auditing-based issues and specific audit projects undertaken by the Office.

Auditor-General's Reports to the Parliament are available to the public for purchase through the Office, which is located at Level 14, 222 Exhibition Street, Melbourne, or through the Government's Information Victoria bookshop at 318 Little Bourke Street, Melbourne. Information on all Auditor-General's Reports is also available on the VICROML CD-Rom produced by the Victorian Government. Requests for copies of Reports may also be made on email at the Office's Internet address of [vicaud1@vicnet.net.au](mailto:vicaud1@vicnet.net.au)

**Adding value to public sector resource management**

*Identification of potential revenue or cost savings*

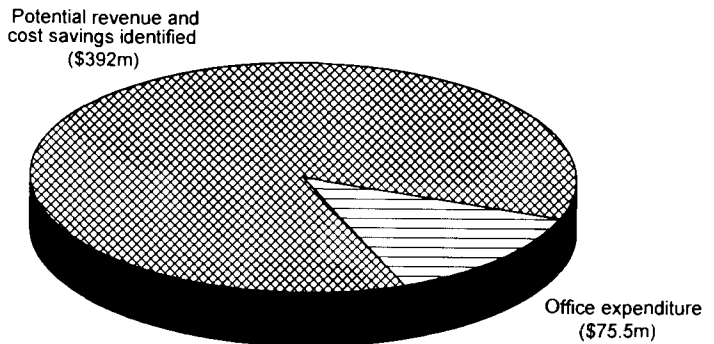
As previously mentioned, Reports of the Auditor-General to the Parliament are designed to provide value-added audit suggestions for reinforcing accountability and enhancing resource management within the public sector.

A measure of the value-added, in terms of encouraging improved resource management, derived from information contained in Auditor-General's Reports can be determined from:

- opportunities for potential additional revenue or cost savings identified by audit in reports; and
- the level of acceptance of audit recommendations by the Executive Government or individual client agencies.

The value of the Office to Victorian taxpayers from Auditor-General's Reports presented to the Parliament is clearly demonstrated in the following chart, which compares the total potential revenue or cost savings identified in Auditor-General's Reports over the past 5 years and the cost of Office operations over that period.

**POTENTIAL REVENUE OR COST SAVINGS  
RELATIVE TO OFFICE EXPENDITURE, 1990-91 TO 1994-95**



The chart shows that, over the 5 year period 1990-91 to 1994-95, the Office's Reports to Parliament have identified a total of \$392 million in potential revenue and cost savings, compared with total Office expenditure of \$75.5 million over the same period.

*Follow-up of audit recommendations by Minister for Finance*

Since 1992, the Minister for Finance has tabled an annual report in the Parliament detailing action taken by public sector agencies in addressing recommendations contained in Auditor-General's Reports. Over the past 3 years, management within government agencies have addressed a high percentage of audit recommendations on avenues available to improve resource management and accountability within the public sector.

Analysis by audit of the current status of matters documented in the report issued by the Minister for Finance in November 1994 indicates that positive action has been taken by client agencies in respect of 73 per cent of audit recommendations.

The initiative by the Government to implement an annual follow-up of matters raised in the various Reports of the Auditor-General significantly contributes to improved resource management within the public sector, and enhances the sector's accountability.

**Reports issued during the year**

**T**he majority of Reports of the Auditor-General issued during 1994-95 were prepared under the authority of the *Audit Act* 1994. A total of 7 Reports, including the *1993-94 Annual Report* of the Office, were tabled in the Parliament. A summary of the scope and findings of each Report follows.

*Report of the Auditor-General on the Finance Statement, October 1994*

This Report accompanied the Government's Finance Statement (prepared by the Minister for Finance) and provided a detailed financial analysis to the Parliament of the budget sector's financial result for the year ended 30 June 1994, and the sector's financial position at that date.

The Report outlined the significant improvement that occurred in the State's finances during the 1993-94 financial year, as represented by:

- a \$5.5 billion reduction in the level of State liabilities; and
- the achievement of a Consolidated Fund surplus of \$798 million (before taking account of non-recurring major transactions and the repayment of borrowings) compared with the equivalent position of a deficit of \$1.1 billion in 1992-93.



The Report strongly advocated the timely introduction of whole-of-government reporting for the State to further enhance accountability to the Parliament over public sector resource utilisation and management. It also highlighted the need to maintain the positive momentum to address deficiencies in recording and reporting of budget sector assets.

Among the other key issues contained in the Report were:

- an analysis of Consolidated Fund receipts and payments, including information on the Government's asset sales program and the outcomes of the privatisation of the Totalizator Agency Board, and of the operation of employee departure programs; and
- a review of budget liabilities and commitments, including detailed comment on the State's aggregate liabilities, budget sector borrowings, unfunded superannuation liabilities, finance charges, financial commitments and contingent liabilities.

The Report also included findings arising from an information technology audit review of the Project and Resource Management System, known as PARMS, at VicRoads. The audit findings included identification of weaknesses in the strategic planning and project management framework and significant delays in project development. The Report also found that there was a need for formal contractual arrangements and well-structured cost budgetary controls to be implemented for PARMS.

*Special Report No. 32  
- A Competent  
Workforce: Professional  
Development*

Special Report No. 32 examined the practices in place to manage training and development of staff in the Victorian public sector. Over \$200 million is directed each year to professional development of around 200 000 public sector staff.

The review found that there was scope for significant improvement in mechanisms in place within agencies to ensure the Government derives maximum value for its substantial annual investment in training and development activities.

From a central agency perspective, the audit found that the provision of strategic advice to agencies on emerging issues could be enhanced. At the individual agency level, there was a lack of detailed performance indicators for key program outcomes linked to defined staff competencies. Consequently, it was not possible for audit to assess the impact of training and development on organisational performance.

However, it was particularly pleasing for audit to be able to report that, in the agencies reviewed, senior management recognised the importance of professional development, especially in view of the technical and specialised nature of their agencies, and training was generally regarded by course participants to be of a high quality in terms of course content and presentation.

In July 1995, the Office of the Public Service Commissioner notified the Victorian public service of the availability of scholarships for staff who have enrolled or intend to enrol in the September or November 1995 intakes of the Public Sector Management Course. This initiative was identified by that Office as "**... part of the Office response to the Auditor-General's Special Report No. 32, A Competent Workforce, Professional Development, November 1994.**"

*Special Report No. 33  
- Handle with Care:  
Dangerous Goods  
Management*

This Special Report evaluated whether the existing legislative framework and the activities of government agencies were conducive to minimising the risks arising from the management of dangerous goods in Victoria.

The review confirmed that the activities associated with dangerous goods within Victoria present potential risks to the safety of the community, employees, private property, public infrastructure and the environment if they are not successfully managed and controlled. In this regard, audit concluded that, until effective risk assessments are undertaken, regulatory agencies will not be in a position to substantiate whether the focus and level of their activities relating to dangerous goods are appropriate to reduce risks to an acceptable level or whether available resources are effectively targeted to areas of greatest need.

Key findings of the review included:

- large numbers of relatively small dangerous goods sites throughout Victoria were not subject to inspections or had received only limited inspection coverage;
- certification was not required that vehicles licensed to carry dangerous goods were adequately maintained and were roadworthy;
- over 200 dangerous goods incidents within the State were reported to the Occupational Health and Safety Authority in 1993-94; and
- weaknesses in accountability over the follow-up of recommendations made by the Coode Island Review Panel.



*Major incidents involving dangerous goods were examined and reported upon by the Office in May 1995.*

Following the tabling of the Report, the Premier of Victoria stated that "... ***given that the Auditor-General has done this work [we will] take the Report seriously and see what we can do to address the shortcomings he has found ... [we will] take on board any recommendations and take them on board very seriously indeed***".

Special Report No. 34  
- *Managing Parks for Life: The National Parks Service*

Special Report No. 34 examined the management practices and strategies of the National Parks Service, and concentrated on management of the Service from a global viewpoint, rather than in terms of the specific management of the 100 parks and reserves controlled by the Service.

One of the key issues to emerge from the review was that the National Parks Service had not been in a position to assess its own effectiveness in the management of parks and conservation reserves, principally because of a long-standing, unco-ordinated approach to strategic management.

The review also identified that poor information systems and inadequate consultation with some external parties meant that opportunities to capitalise on tourism development or service delivery were not always identified or considered by the Service.

The Report drew attention to the momentum for positive change which was quickly gathering pace within the Service during the course of the audit review. With a long-term goal of achieving world's best practice, many aspects of the management of national parks and conservation reserves were under review, or at the early stages of reform. The Report also specifically recognised the professionalism and commitment displayed by staff of the Service at both head office and in the various park locations visited by audit across the State.



*The Office's Special Report on the operations of the National Parks Service was widely acknowledged for its positive contribution to parks management*

The Minister for Conservation and Environment, in a press release circulated at the time of the Report's tabling, welcomed the Report and said that the Government supported the Auditor-General's recommendations to improve environmental monitoring, management and information systems. The Minister went on to say that **"... the Auditor-General's constructive comments about the future of the National Parks Service will assist the Government in setting the right priorities for parks management and achieving the best outcomes for Victoria's parks and the staff that manage them"**.

The Secretary to the Department of Conservation and Natural Resources referred to the Report as "**comprehensive**" and "**constructive**" and commented that "**... the Report would be useful in assisting the National Parks Service in advancing its objectives of developing and maintaining a world class parks system**". The National Parks Service has distributed the Report to its various regions throughout Victoria as part of its aim to ensure that the Report's findings and recommendations are conveyed to all of its staff.

*Special Report No. 35  
- Equality in the  
Workplace: Women in  
Management*

Special Report No. 35 examined whether Victorian public sector agencies were making the most effective use of the talents that women can bring to the decision-making processes of Government. The Report included an analysis of the representation of women in management and a comprehensive public sector-wide attitudinal survey of men and women to establish factors impacting on the appointment of women to managerial positions.

The survey of 2 600 women and 1 720 men was co-ordinated by the Office and conducted by a private sector market research firm. The results of the survey provided a valuable data source for the review.

The key findings of the review included:

- in most government organisations, managerial positions are predominantly held by men;
- in terms of the whole public sector, the representation of women in management (as a proportion of total management positions) is significantly higher than the private sector;
- a change in attitudes and behaviour in the workplace towards women would enhance their representation and effectiveness in decision-making roles;
- a number of family-related policies and training and development opportunities should be introduced for the benefit of both men and women; and
- promotion should always be based on merit in terms of capabilities and not on whether the prospective appointee is male or female.

Following the tabling of the Special Report, the Attorney-General described the situation outlined in the Report as "disappointing" and said that **"... the Government will follow-up specific criticism"**. The Director of the Office of Women's Affairs welcomed the Report and said that **"... the Special Report of the Auditor-General will be an important resource for agencies intent on creating workplaces which fully recognise and develop the management skills and competencies of their employees, both men and women"**.

In addition, the Office of the Public Service Commissioner has recently announced a specific initiative under which its Public Sector Management Course will be used to promote the development of women with potential to move to middle management. In announcing the initiative, that Office indicated that **"... this issue has been raised both by the Karpin Report and the Auditor-General's Report on Women In Management (Special Report Number 35)"**.

*Report on Ministerial Portfolios, May 1995*

The Auditor-General's *Report on Ministerial Portfolios* to the Parliament, which is tabled annually, is a major output of the Office. The 1995 Report was tabled in the Parliament during May 1995 and outlined the results of audit reviews of ministerial portfolios undertaken during the preceding 12 months period.

Key issues addressed in the Report included:

- identification of the Gas and Fuel Corporation's liability for land remediation of \$75 million, based on the expected future use of 349 contaminated properties, with an estimated maximum exposure of \$244 million;
- a significant long-term leasing arrangement entered into by the SECV in July 1994 which was in excess of its accommodation requirements, with only 33 per cent of floor space occupied at March 1995;
- an estimated gross exposure to GASCOR and Generation Victoria for petroleum rent resource tax of \$1 billion in the event of a court ruling entirely in favour of the gas suppliers;
- gaming machine assets of the TAB, which had been written-down by \$48.5 million over 2 years, disposed of to TABCORP at well below their true value;

- an outline of the Government's strategies to improve and maintain the quality of drinking water in Victoria and the main actions required by water authorities in respect of:
  - catchment management practices;
  - effective water storage management;
  - adequacy of water treatment and disinfection processes; and
  - maintenance of drinking water distribution systems;



*The Report on Ministerial Portfolios outlined strategies to improve and maintain the quality of drinking water in Victoria.*

- concern as to the financial viability of a large metropolitan public hospital and 2 large country hospitals without additional financial support from the Department of Health and Community Services;
- substantial erosion over the years of the real value of financial assistance provided to eligible recipients of municipal, water and sewerage rate concessions;
- an assessment of the efficiency and effectiveness of resource management processes in place to support the judicial operation of the Magistrates' Court;
- an analysis of the substantial increase in compensation payments by the Crimes Compensation Tribunal over the 6 year period to June 1994;
- the continuing deterioration in the financial position of the Solicitors' Guarantee Fund;

- a major review of the engagement and management of consultants within the public sector;
- an assessment of the budget position and patronage levels of the Public Transport Corporation;
- a review of the Government's reform and privatisation program for the electricity supply industry which audit described as arguably the most significant structural and resource management change within the public sector in the history of the State;
- the need for reporting by government agencies of actual performance against qualitative and quantitative targets and for the attestation of such information by the Auditor-General;
- an update of matters previously reported by audit concerning the use of illegal computer software within the public sector; and
- the importance, from the public accountability perspective, of the Auditor-General having full access to Executive Officer contracts.

Following the release of the 1995 *Report on Ministerial Portfolios*, significant parliamentary and media attention was directed towards a number of items included in the Report. The print media highlighted topics such as the petroleum rent resources tax, reform of the electricity industry, the SECV's new head office accommodation, land remediation by the Gas and Fuel Corporation, the decline in use of country rail transport since contracting-out, financial difficulties with certain public hospitals and the level of expenditure incurred on consultancies.

In addition, specific attention from the electronic media was directed to the right of access by audit to Executive Officer contracts, the financial difficulties of public hospitals and the need for water authorities to improve their water quality and storage processes.

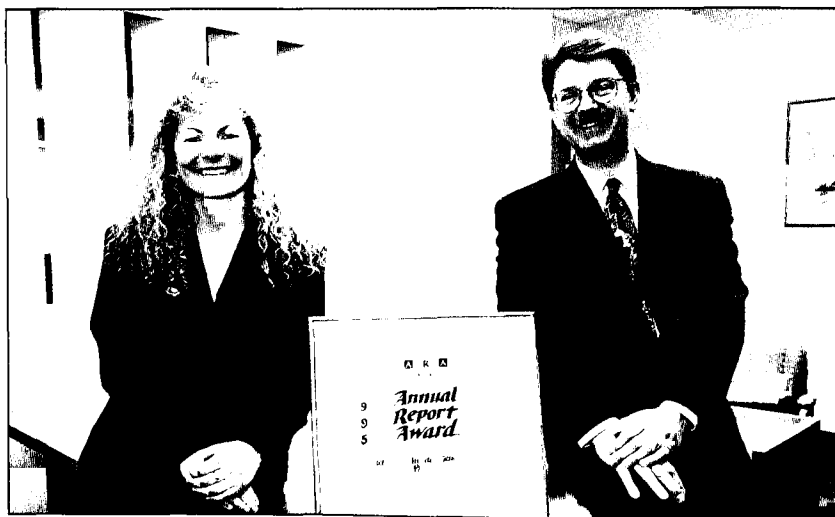


*1993-94 Annual  
Report of the Victorian  
Auditor-General's  
Office*

The 1993-94 Annual Report of the Office provided an overview of Office activities for the year and incorporated the Office's audited financial statements.

During 1994-95, Annual Report Awards Australia Inc. continued with its sponsorship of an Australia-wide Annual Report Awards Scheme designed to encourage the meaningful presentation of information in annual reports. Almost 400 organisations entered their annual report for the Awards. The Office entered its *1993-94 Annual Report* in the Scheme and was assessed as having achieved a high standard of excellence in annual reporting and received a **Silver Award**. This was the seventh consecutive Award received by the Office and was presented at an awards ceremony in Sydney in July 1995.

*Kim McCarthy and John Olesky from the Corporate Communications Section proudly display the Office's seventh consecutive Annual Report Award.*



A representative from the Office participated as an adjudicator on the judging panel of reports of other public sector organisations. The Office's involvement with the adjudication process of the Awards Scheme is viewed as a positive contribution to raising the overall standard of annual reporting in the Australian public sector.

The Office's Annual Report attracts strong interest from government agencies and the general public. Copies are widely distributed throughout Australia and overseas, and some organisations regard the Office's Annual Report as a model in reporting.

**Community awareness of the Office's activities**

The Office considers that it is essential that there is widespread community confidence in its role and activities. Accordingly, the Office is in the process of finalising a marketing strategy designed to promote awareness and understanding within the community of the role and functions of the Office and its contributions to enhancing financial management and accountability within the Victorian public sector.

Debates and questions within the Parliament and reports of Parliamentary Committees have continued to focus on issues raised in Reports of the Auditor-General.

The media, through radio, television and newspapers, highlighted key findings contained in the Office's Reports to the Parliament and contributed towards generating community debate and discussion on issues of importance to taxpayers.

During the year, the Office itself played an important part in furthering community understanding of its activities. Activities included:

- An extensive program of professional activities such as international and interstate visits, participation in major conferences, involvement with professional bodies, and external presentation of papers and seminars (further details are provided in Appendix 2). Selected staff also gave presentations to a number of educational institutions, and community and special interest groups.
- The widespread distribution of an "information package" to client agencies and interested organisations. The package includes a copy of the Office's Corporate Plan, an Annual Report and the Office's information brochure entitled *"Auditing in the Public Interest"*;
- The distribution of the Office's corporate video entitled *"In the Public Interest"* to Parliament, client agencies, educational institutions and to community groups; and

- Participation, by establishing an Office information stand, in the Government Exhibition at the 1994 Royal Melbourne Show. The Exhibition, which had the theme "Government services for Victoria", attracted more than 300 000 visitors, many of whom visited the Office's information stand. The main purpose of the Office's display was to inform the community of the wide-ranging auditing services provided to the Parliament, government and taxpayers of Victoria. The Exhibition provided an ideal venue for staff to interact with the public, and strengthened relationships between the Office and the community.

An "audit game" was a popular feature with visitors to the Office's information stand at the 1994 Royal Melbourne Show. A visitor commented: "You are our financial guardians ... we appreciate the work you do for us".



## RELATIONSHIP WITH PARLIAMENTARY COMMITTEES

The satisfactory resolution of issues raised by the Auditor-General is a significant measure of the Office's effectiveness in the performance of its audit function on behalf of the Parliament and the community. Parliamentary committees play an important role in this process in addressing specific matters raised in Reports by the Auditor-General.

*Public Accounts and  
Estimates Committee*

It is through liaison with the Parliament's all party Public Accounts and Estimates Committee that the Auditor-General's relationship with the Parliament is principally put into effect. The Auditor-General and senior representatives of the Office are regularly called upon to assist the Committee with its inquiries and investigations to:

- give evidence on the work of the Office;
- elaborate on the findings contained in Auditor-General's Reports tabled in Parliament; and
- provide information on improvements that could be made to the management of public sector resources in Victoria.



*Hearings of the Public  
Accounts and Estimates  
Committee provide an  
opportunity for the  
Office to elaborate on  
findings contained in  
Auditor-General's Report.*

During 1994-95, the following liaison occurred with the Committee:

- In October 1994, the Auditor-General and members of the Office Executive met with the Committee to discuss the Office's Corporate Plan covering the 3 year period 1994-95 to 1996-97;
- During October and November 1994, senior management of the Office had extensive discussions with a consultant appointed by the Committee to develop, in conjunction with the Office, a suite of measurable objectives and related performance indicators to complement the Office's Corporate Plan;

- In November 1994, the Acting Auditor-General and an Assistant Auditor-General consulted with the Committee on the Office's 1995-96 performance audit program;
- On 31 January and 1 February 1995, the Auditor-General and Deputy Auditor-General attended the 9th Biennial Conference of Australasian Council of Public Accounts Committees, which was hosted by the Victorian Committee; and
- In June 1995, the Auditor-General and members of the Office Executive met with the Committee to discuss matters raised in Reports of the Auditor-General presented to the Parliament during the 1995 Autumn Session. The meeting also discussed the Office's final performance audit program for 1995-96.

The Office continued to provide research assistance to the Committee through the secondment of an officer during the year.

As mentioned in an earlier section of this Annual Report, both Houses of the Victorian Parliament resolved during the 1995 Autumn Session to appoint, on the recommendation of the Committee, Mr Alan Talbot of Price Waterhouse to undertake the second performance audit of the Office. The inaugural performance audit had earlier been conducted by Mr Fergus Ryan of Arthur Andersen in 1992. At the time of preparation of this Annual Report, Mr Talbot's audit was substantially completed.

The Office values the importance of an effective professional relationship with the Public Accounts and Estimates Committee. Under the strong leadership and guidance of the Committee's current Chairperson, the Hon. G. Graeme Weideman MP JP, the Office's relationship with the Committee has been consistently at its highest level.

*Interstate  
parliamentary  
committees*

During the year, the Office provided input to a number of inquiries conducted by interstate parliamentary committees, including:

- in April 1995, the Auditor-General and an Assistant Auditor-General gave evidence at a hearing of the Commonwealth Parliament's Joint Committee of Public Accounts on an appropriate accountability framework for government grants;
- in April 1995, 3 senior Office staff presented evidence to the Commonwealth Parliament's Joint Committee of Public Accounts in relation to the Committee's examination of accrual reporting and accounting in the Commonwealth public sector; and
- in May 1995, the Auditor-General attended the Western Australian Standing Committee on Estimates and Financial Operations to discuss public accountability issues.



## FEATURES OF AUDIT OPERATIONS

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### LEGISLATION

In May 1994, new audit and financial management legislation, namely, the *Audit Act 1994* and the *Financial Management Act 1994*, were passed by the Parliament to operate with effect from 1 July 1994. The 2 Acts represent the legislative framework for the Government's major reform of financial management and accountability within the Victorian public sector.

#### **Funding of performance audits from the Parliament's appropriation**

The 1994 amendments to the audit legislation included important provisions which serve to reinforce the relationship of the Auditor-General with the Parliament. In this regard, the amendments provided for the Auditor-General's annual program for performance audits within departments to be determined by the Auditor-General in consultation with the Public Accounts and Estimates Committee of the Parliament. The amendments also provided for the cost of departmental performance audits to be met from moneys appropriated to the Parliament.

Further amendments to the *Audit Act 1994* during 1994-95, which became effective from 14 June 1995, extended the requirement for consultation with the Public Accounts and Estimates Committee and funding of performance audits beyond departmental audits to encompass all performance audits (departments and public bodies).

An amount of \$1.7 million, relating to the estimated cost of departmental performance audits commenced after 30 June 1994, was included as the inaugural provision within the Parliament's appropriation for funding of 1994-95 departmental performance audits. The final cost for the year of these audits totalled \$1.65 million which was initially met from the Office's recurrent appropriation during the year and subsequently reimbursed from the Parliament's appropriation to the Consolidated Fund at year end.

For 1995-96, the provision within the Parliament's appropriation has been increased to \$3.68 million to encompass the cost of all performance audits (both in progress at 30 June 1995 and planned to commence during 1995-96). It is emphasised that this higher appropriation does not constitute provision of additional funding to the Office. It simply reflects the reimbursement to the Consolidated Fund from the Parliament's appropriation of the estimated costs in 1995-96 of all performance audits which will be initially charged, as usual, to the Office's unchanged recurrent budget base.

**Assumption of responsibility for the audit of municipal councils**

An important amendment to the *Audit Act* 1994, passed by the Parliament with effect from 1 July 1995, involved the assignment to the Auditor-General of responsibility for the annual audit of municipal councils, municipal libraries and companies associated with councils.

In introducing the legislation to the Parliament, the Minister for Local Government indicated that the aim of bringing local government within the purview of the Auditor-General was to:

- ensure greater consistency in accounting treatments and disclosures across the State, thereby substantially improving the usefulness of financial information provided by councils for performance evaluation and monitoring;
- make it easier for the Government and ratepayers to identify significant financial issues impacting on all councils; and
- enable the Government and the community to gain a snapshot of the health of local government.

*During the year, the Office assumed responsibility for the audit of all municipal councils in Victoria. The new audit responsibilities will assist the Government and ratepayers to identify significant financial issues impacting on the ability of all councils to provide services to the community.*





It can be seen that the Minister has signalled to the Parliament that the Government expects significant benefits to flow from the Auditor-General assuming responsibility for the audit of municipal councils.

From the Auditor-General's perspective, benefits such as those outlined by the Minister have already been achieved in other sectors where similar reforms have been introduced. For example, it has been generally acknowledged that, since 1989, the quality of financial management and reporting by Victorian public hospitals has significantly improved as a consequence of the appointment of the Auditor-General as the auditor of those entities.

It is expected that similar benefits will accrue to the Parliament, the Government, municipal councils and ratepayers from the Auditor-General's appointment as the external auditor of councils.

The Auditor-General has agreed that the majority of audits of municipal councils will be undertaken by private sector contractors who will be subject to the Office's quality review standards.

## **DUE DILIGENCE AUDIT REVIEWS OF MUNICIPAL COUNCILS**

**D**uring 1993, the Government embarked on a program of reforming the administration of local government which culminated in a reduction in the number of Victoria's municipal councils from 210 to 78 by January 1995.

In April 1994, the Minister for Local Government requested the Auditor-General to conduct due diligence audit reviews of the newly-formed municipal councils. These reviews encompass a comprehensive examination of the consolidated financial position of amalgamated municipalities as at merger dates and submission of a wide-ranging report to government-appointed Commissioners within councils.

By 30 June 1995, 47 municipal councils had requested the Auditor-General to undertake due diligence audit reviews and 12 due diligence audit reports had been issued to Commissioners. At the date of preparation of this Annual Report, a further 10 reports had been provided to Commissioners.

*Members of the Office's municipal councils audit team (from left: Stan Naylor, Steve Mitsas and Russell Walker) were engaged in the successful conduct of due diligence audit reviews following the amalgamation of municipal councils.*



Because of resource constraints within the Office, the Auditor-General determined to utilise external private sector contractors to undertake the due diligence assignments, with contractors operating under the Office's overall quality review standards. At 30 June 1995, an amount of \$342 000 had been paid to private sector contractors for due diligence audits.

The due diligence reports issued by the Office have been highly regarded and have provided significant value and direction to Commissioners in the management of their municipalities. Major audit findings to date have included:

- poor asset management practices;
- inappropriate asset acquisitions;
- a lack of prudent financial management and long-term budgeting;
- commercial developments undertaken when not economically viable, or where the risks are borne by ratepayers;
- former councils committing new Commissioners to excessive or unnecessary expenditure in the period prior to amalgamation;
- a lack of oversight of committees of management appointed by councils;
- generous staff gratuity schemes;
- large investment holdings transferred interstate;
- loan funding obtained when not required; and
- conflicts of interests of former councillors.



The value of these due diligence reports was recognised by the Minister for Local Government when, in August 1994, he publicly stated that the report on one particular council "... **set new standards for municipal auditing and covered many matters that may not have come to light if not for amalgamation**". He further stated that he was "... **particularly concerned at the prospect that current audit procedures may be inadequate for the requirements of modern local government ...**" and he would "... **initiate discussions with the Auditor-General to examine whether he should have an ongoing role in local government auditing**".

As previously mentioned, legislative responsibility for the annual audit of municipal councils was assigned to the Auditor-General with effect from 1 July 1995.

## AREAS OF AUDIT 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 departments and certain other independent budget sector agencies. These organisations are financed by annual and special parliamentary appropriations and their financial operations are processed through, or come under the control of, the central accounting system operated by the Department of Treasury and 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 departments, are not generally funded by parliamentary appropriations and are not subject to budgetary controls imposed by the Department of Treasury and Finance.

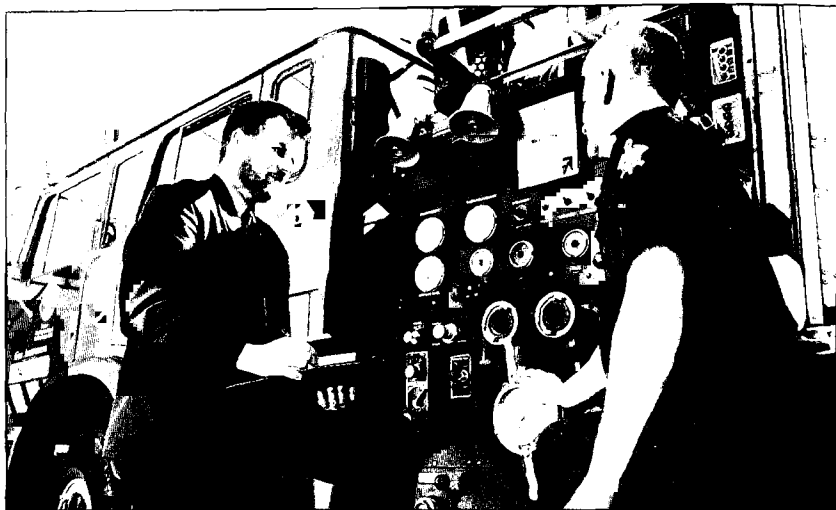
## AUDIT RESPONSIBILITIES

At 30 June 1995, the Auditor-General had specific responsibilities for the audit of the Government's Annual Statement of Financial Operations and for both financial and performance audits of 586 public sector organisations comprising:

- Parliament and the State Parliament Refreshment Rooms;
- 12 departments and 6 independent budget sector agencies;
- 153 public bodies, such as government business undertakings, commissions and committees of management;
- 35 educational institutions including universities;
- 133 public hospitals, State-funded nursing homes and ambulance services;
- 19 superannuation funds;
- 103 companies and joint ventures;
- 78 municipal councils; and
- 45 water and sewerage authorities.

A complete list of audit responsibilities at 30 June 1995 is provided in Appendix 3.

*The financial and performance audit of public safety organisations are part of the Office's audit responsibilities across Victoria.*



### **Audit of government financial assistance**

In addition to the above audits, July 1994 amendments to the *Audit Act 1994* (section 20) provide the Auditor-General with powers of access to documents of private or public sector recipients of government financial assistance for the purpose of determining whether such assistance has been applied economically, efficiently and effectively, or of evaluating the performance of government programs.

The authority provided under section 20 was utilised, for the first time, by the Office during 1994-95 on a performance audit dealing with *Promoting Industry Development*. At the time of preparation of this Annual Report, the performance audit was substantially finalised and a Report is scheduled for presentation to the Parliament during the 1995 Spring Session.

The Office is also responsible for the provision to the Commonwealth Government of audited statements in respect of special purpose grants to the State.

## AUDIT PROCESS

### Financial and performance audits

The Auditor-General, when carrying out the statutory audit responsibilities of the position, conducts 2 types of audits which may be classified as "*financial audits*" and "*performance audits*".

Any audit assignment which directly relates to the objective of forming an opinion on the annual financial statements of a public sector entity is regarded as a "*financial audit*". The conduct of these audits provides assurances to Parliament and the community regarding the fair presentation of financial information contained in financial statements of public sector entities.

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

Adherence to legislation by public sector agencies is examined in conjunction with the Auditor-General's statutory mandate to carry out both financial and performance audits; not as a separate and distinct audit function.

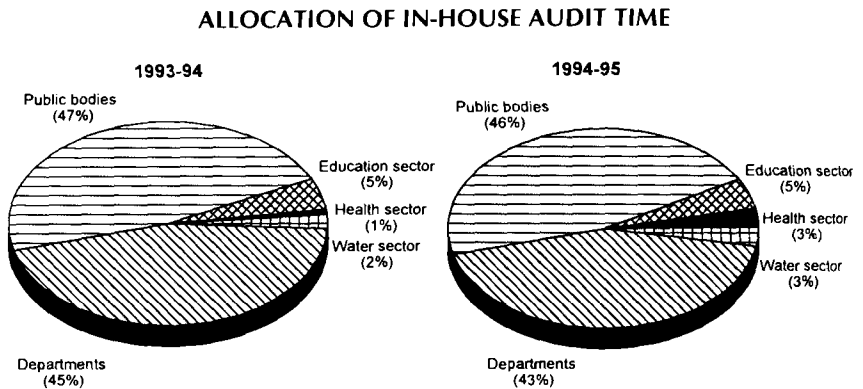
Financial and performance audits are conducted as separate assignments by separate business groups within the Office. However, the knowledge gained during a financial audit of an entity is a useful source of information in identifying potential performance audit subjects.



*On-line editing of audit reports has introduced major efficiencies into the Office's audit processes.*

**Allocation of audit time**

The following chart shows the percentage of aggregate in-house audit time (covering both performance and financial audit activities) for 1993-94 and 1994-95.



Decreases in the percentage of time allocated to departments (45 to 43 per cent) and to public bodies (47 to 46 per cent) have arisen from productivity savings and further reductions in staff numbers.

**Audit methodologies**

*Victorian Financial Audit Methodology*

During 1994-95, the Office continued to utilise its Victorian Financial Audit Methodology (VFAM) on financial audits. The methodology incorporates a rigorous audit planning process which enables audit staff to more directly assess the relevant risk components of each financial audit. Through the extensive use of audit software during the planning, testing and evaluation phases, together with the use of computer audit data analysis and extraction packages, the Office is able to achieve significant efficiencies on financial audit engagements.

Over the past year, the Office has provided a further series of intensive in-house and residential training courses for staff to ensure that they continue to enhance their expertise in all facets of the methodology.

Monitoring the progress of the implementation of VFAM is of vital importance. For this reason, the Office has in place a structured framework (including a peer review process) for assessing both strategic and operational issues associated with the quality and efficiency of the use of the methodology within the Office. The strategic control and co-ordination of the methodology is the responsibility of the Office's VFAM Strategic Review Unit.

In late 1994, the Office piloted the use of a state-of-the-art, computer-based audit support system, which involves major upgrading of VFAM's electronic features and encompasses fully integrated audit planning, testing and workpaper modules. This upgrading of VFAM will essentially result in a largely paperless approach to the conduct of financial audits within the Office.

Intensive training in VFAM's new advanced software was conducted in November 1994 and involved some 20 staff on 2 separate 3-day programs. The trained staff were then involved in pilot application of the software on selected audits over the following 6 months. Feedback from the pilot program has been positive and the Office is now moving to extend the application of this new audit support system to all other financial audits.

*Victorian Performance  
Audit Methodology*

Performance audits are carried out within the Office in accordance with the Office's Victorian Performance Audit Methodology (VPAM). This methodology is specifically aligned to the Auditor-General's complete legislative mandate for performance audits and provides a conceptual and policy framework for procedures to be followed during the planning, resourcing, implementation and reporting phases of an audit.

The adoption of a soundly-based audit methodology lays the foundation for ensuring that performance audits add value in terms of financial and resource management and are conducted efficiently, effectively and, in the public interest.



*The operations of Victoria's public health facilities are regularly reviewed by the Office's financial and performance audit staff.*



In line with the Office's corporate planning process, a working party was established to revise VPAM which has served the Office well over the past 4 years. As a consequence, an extensive upgrading of VPAM has recently been completed by the Office drawing heavily on performance audit experiences over the last few years.

Substantial changes have been incorporated into VPAM in several areas including project selection, cost-effective business principles, value-added concepts and international developments. These changes have been made to ensure that VPAM retains its advanced status by world standards and is relevant in today's dynamic public sector auditing environment. Aspects of VPAM that have posed the greatest challenge to staff in its practical application and have consequently required significant revision included project management, reporting processes and the use of questionnaires and surveys in evaluating the views of users of government services.

The Office is confident that the revised version of VPAM represents state-of-the-art auditing practice and will assist the Office to preserve its position at the leading edge of performance auditing by world standards.

### **Information systems audit**

**T**he Office continues to place emphasis on the development and application of computer-assisted audit techniques to provide improved audit coverage and to carry out efficient and effective audits. A variety of computer programs have been either developed in-house or purchased to interrogate and analyse information maintained by client agencies on computer files.

As an integral element of the Office's financial audit methodology, preliminary assessment of information systems (IS) controls were carried out during 1994-95 at client agencies with significant computerised financial information systems. These assessments were undertaken in order to develop audit's understanding of clients' IS controls and to assist audit in forming a view on the integrity and security of computer operations.

As in previous years, all preliminary assessments and subsequent detailed reviews, based on the results of the preliminary control assessments, were performed by the Office's IS specialist audit staff. As part of this process, value-added feedback was provided to client agencies on the development and implementation of computerised information systems with a view to enhancing the efficiency and effectiveness of the systems.

In May 1995, the Director of the Office's Information Systems Audit Group (Mr David Sturgess) in his capacity as Chairperson of the Australian Society of CPAs IT Audit Cell, co-authored an information guide entitled "Information Technology Risks and Response: A Brief Guide for Practitioners and Management". Feature articles on the development and content of the information guide were widely covered in accounting publications.

During the year, the publication of an information guide, co-authored by David Sturgess of the Office, was widely reported in the financial media.

**Technology - limit the risks**

*The reliance of modern businesses on their computer systems is almost total. Some computer crashes could take companies with them. PATRICIA HOWARD reports on how to minimise the risks of over-reliance.*

...ages of technology within their operations. For example, each computer based operation should be fully documented in case future staff changes.

Management needs to maintain a clear involvement in the process to ensure the advantages of using computer technology flow through to the business's day-to-day processes and make the most of upcoming opportunities. Management needs maintain a pragmatic approach to introducing new technology and consider a full range of options such as outsourcing or downsizing.

Even the cost of training staff should be approached carefully. Management should always question whether the new software or computer technology is to the business.

"Management looking at installing new information technology really needs to consider it on its merits, including the full range of costs and benefits associated with it."

...legal security.

Administrative controls range from maintaining detailed records to where each piece of equipment is located to ensuring a secure and efficient filing system for all hardware and software documents, and adhering to all copyright and licensing requirements.

It also involves making sure staff are appropriately trained before they use the computer technology, and assigning appropriate responsibility for each function to relevant staff members.

Legal services largely deals with terms of data use programs. This means restricting staff access to information outside their normal job functions, preventing the confidentiality of certain reports and limiting access to them, and setting up phone systems that stop users inappropriately changing access records.

In particular, managers need to look at introducing passwords restricting access to certain applications, as well as virus protection, detection and recovery processes.

Management also needs to make sure there are appropriate maintenance, system maintenance and transaction processing.

Beyond this, managers need to ensure the physical security of the system in terms of such as security, emergency power switches, and ensuring the walls and ceiling surrounding the main computer room

**Audit research**

*Audit research and practices*

The ability to keep abreast of developments in financial reporting and financial and performance auditing issues is important for the Office if it is to maintain an authoritative and expert position in accounting and auditing policy and practice matters. As well as providing guidance to all staff on current and emerging issues which impact on its auditing responsibilities, the Office is involved in a number of initiatives which often result in valuable contributions to the development of public sector-wide financial reporting reforms.

During the year, the Office made a number of submissions to the Australian Accounting Research Foundation, the professional accounting bodies and the Department of Treasury and Finance in relation to exposure drafts and discussion papers issued by these organisations.

*Richard Mifsud (left) and Remy Szpak from the Technical Group developed a "Technical News" information newsletter during 1995 for distribution to Office audit staff.*



#### *Library information resources*

The Library is the Office's major source of reference material, government reports, annual reports, legislation and audit reports from Australian and international sources. Electronic retrieval of information is achieved through several on-line databases, which hold both local and world-wide information. CD-Roms have been chosen to support the broad areas of the Office's research requirements.

In line with the Office's Corporate Plan and its performance audit mandate, there has been an increasing emphasis by the library on improving information collection and dispersal to performance audit staff in order to support their research activities and develop specialised research skills. These activities directly assist the conduct of performance audits.

#### **Client consultative process**

Communication between the Office and client agencies is a vital component of the audit process and significant attention is directed within the Office to ensure that this aspect of audit operations is always soundly-based and managed efficiently and professionally.

Entry meetings are held with Departmental Secretaries and Chief Executive Officers within public bodies to discuss areas which may be of concern to management, the proposed audit coverage and timetable, and the 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.

Regular liaison with client agencies occurs during the course of each audit. At the conclusion of the review, discussions are held with executive management of the organisation on matters arising from the audit. The advantages of these discussions include improved communication and co-operation with management and pro-active input by audit in identifying matters of risk relevant to the organisation, and in improving public sector resource management.

*Regular meetings with client agencies assists both organisations to maintain positive, co-operative and professional relationships. Barry Butt (right) and representatives from the Goulburn Valley Region Water Authority discuss the timetable for the preparation and audit of the financial statements.*



The Office also meets at least annually with executive management of client agencies to invite their suggestions for audit topics. These discussions complement the wider client communication framework in place for ongoing financial and performance audit activities and are aimed at canvassing input from executive representatives of client agencies on issues such as:

- the major government policies relevant to their entity's areas of responsibility;
- features of current corporate and business plans and, in particular, key goals of the agency and strategies in place to facilitate their achievement;
- suggestions on potential audit subject matters, based on their assessment of risk and other factors influencing the strategic or operational environment of their organisations; and
- any major risk exposures in respect of the wider ministerial portfolio.

These annual discussions have proved to be extremely valuable to the Office in forging positive and constructive relationships with its client agencies.

The Government has recognised the importance of establishing an appropriate internal control framework within each public sector agency. One element of this framework is an audit committee whose role includes liaison with external auditors on behalf of Departmental Secretaries and Chief Executive Officers. The Auditor-General has strongly encouraged the establishment of these committees and Office staff regularly attend audit committee meetings to communicate on matters such as proposed objectives and scope of audits, outcomes of the external audit process and issues impacting on financial statements.

In addition to the ongoing consultation with client agencies, the Auditor-General and Deputy Auditor-General meet periodically with Government Ministers to discuss matters of emerging significance within ministerial portfolios and to enhance the working relationship of the Office at ministerial level.



*Communications with clients  
- on location - assists Office  
staff to better understand issues  
confronting client agencies.*

Under an important government initiative during 1994-95, a Consultative Group was established between the Department of Treasury and Finance and the Office as a forum for regular interaction and discussion on matters of mutual interest. The broad aims of the Group are to:

- enhance the exchange of information and views;
- achieve early resolution of problems identified within agencies;
- improve the standard of accounting information management and the integrity of reporting within the public sector; and
- strengthen the quality of resource management and the accountability of public sector agencies to the Parliament.

Monthly meetings of the Consultative Group took place during 1994-95 and were very productive in terms of identifying and addressing the key issues impacting on the Government's major financial management reforms.

### **Assessments of audit services by client agencies**

It is important to the Office that the audit services it provides to client agencies are delivered in a timely, efficient and professional manner. In this regard, feedback from clients serves as a valuable indicator of the Office's performance and quality of service delivery.



*Joy Patton maintains ongoing liaison with client agencies. Feedback on the services provided to clients by the Office is a valuable performance indicator of the quality of service delivery.*

During 1994-95, a number of client agencies acknowledged the professionalism and timeliness of the Office's audit services, as well as the valuable contribution these services had made towards their operations. A sample of favourable comments is presented below:

***"In considering this report in its entirety, the positive manner in which it is presented must be commended. While the report recognises major initiatives and changes within the Magistrates' Court's jurisdiction over the past 10 years, it recommends a number of further initiatives to enhance service delivery in this jurisdiction. Your comments, with particular emphasis on strategic planning, management improvement and revised statistical reporting add constructively to a scenario that will allow the Magistrates' Court to further develop its business plan, building on the firm foundation already established. I also make specific comment upon the positive working relationship between officers of our respective departments in the production of this report. In particular, audit is to be commended for its positive approach and the way in which it conducted the investigation."***

*Secretary, Department of Justice*

***"On behalf of the Audit Committee, Chief Executive and financial staff of Geelong Hospital, I write to express our appreciation for the constructive and energetic contribution that you have made since assuming responsibility for the Health audit. Without compromising your professional independence, we have always felt comfortable in seeking your advice or opinion on accounting issues which we believed were not 'black and white'. Please accept our thanks for a job well done ..."***

*Director of Financial Services, The Geelong Hospital*

***"The Manager of the Internal Audit Division ... wishes me to express his appreciation for the manner in which members of your staff conducted the audit. [Your staff] have been most helpful in providing advice and counsel during and since the audit. I trust the excellent liaison which exists between members of your staff and members of the Internal Audit Division will continue, to the mutual benefit of our respective organisations."***

*Chief Commissioner of Police*

***"On behalf of the Board of Management and staff at Fairfield Hospital, I would like to thank you very much for your friendly co-operation and assistance ... We have greatly valued your advice, and the collaborative approach to audit matters."***

*Executive Director, Fairfield Hospital*

***"I would like to take the opportunity to thank your staff for the very professional way in which they have undertaken the audit and the considerable effort they have given along with senior National Parks Service staff to ensure that the final report is comprehensive and a strong basis for improvement of the National Parks Service."***

*Secretary, Department of Conservation and Natural Resources*

***"I would like to take this opportunity to thank your Office for the assistance extended to my Finance Branch during your review of the 1993-94 Annual Report, particularly with the emerging issues arising from the preparation of the Department's financial statements in accordance with AAS29. Improved communication between our respective organisations can only improve the financial statements audit process."***

*Acting Secretary, Department of Finance*

***"The Board of Management of the Anne Caudle Centre, especially members of the Board's Audit Committee were extremely pleased that [members] of your Office were able to attend a recent meeting of the Audit Committee ... My Board believes that the fostering of a closer relationship between your Office and the operations of the Centre can be nothing by beneficial and will promote a more comprehensive understanding of the responsibilities of each agency."***

*Chief Executive Officer, Anne Caudle Centre*



### Engagement of private sector contractors

The majority of government agencies have a common annual balance date of 30 June and an obligation to report their audited yearly results to the Parliament within a specified period (in many cases, 3 months) after balance date. Because of in-house resource constraints, the Office has found it necessary and expedient to engage, under contractual arrangements, contractors from the private sector to assist in the discharge of its financial audit responsibilities. In addition, the Office engages contractors from time-to-time to provide expert advice to performance audit personnel on projects requiring specialist involvement.

The engagement by the Office of private sector contractors during the year comprised 4 principal categories, namely:

- contractors to undertake audits, mainly of non-metropolitan water authorities, public hospitals and post-secondary educational institutions;
- contractors to undertake due diligence audits of municipal councils;
- limited-term contracting of professionals to overcome resource shortages at critical times in the year; and
- specialists to provide expert advice to performance audit teams.



*Andrea Seal plays a key role in the maintenance of accurate records of the audits conducted by private sector contractors engaged by the Office.*

Payments by the Office, during 1994-95, for auditing services provided by private sector contractors totalled \$3.6 million. The following tables outline information on the extent of private sector involvement in services provided to the Office as contractors of the Auditor-General.

**PAYMENTS FOR CONTRACTED AUDITING SERVICES**  
(\$)

1990-91	1991-92	1992-93	1993-94	1994-95
4 353 000	4 244 000	4 600 000	3 066 000	3 646 000

**CONTRACT PAYMENTS, 1994-95**  
(\$)

<i>Firm</i>	<i>Amount</i>
Coopers and Lybrand	673 000
KPMG Peat Marwick	318 000
Ernst & Young	281 000
Day Neilson	268 000
Price Waterhouse	261 000
Deloitte Touche Tohmatsu	256 000
Arthur Andersen and Co.	253 000
Armitage Downie and Co.	224 000
Andrew Frewin & Richmond	111 000
Grant Thornton	104 000
Other (a)	897 000
<b>Total</b>	<b>3 646 000</b>

(a) Comprises payments to contractors of less than \$100 000.

The increase in payments to contractors in 1994-95, compared with the previous year, was due mainly to the involvement of the Office in the conduct of the previously described due diligence audit reviews of municipal councils and the assignment to contractors of additional audits.

All private sector audit contractors are required to perform in accordance with the Office's quality control standards and, in all contracted audits, the Auditor-General retains total audit responsibility.

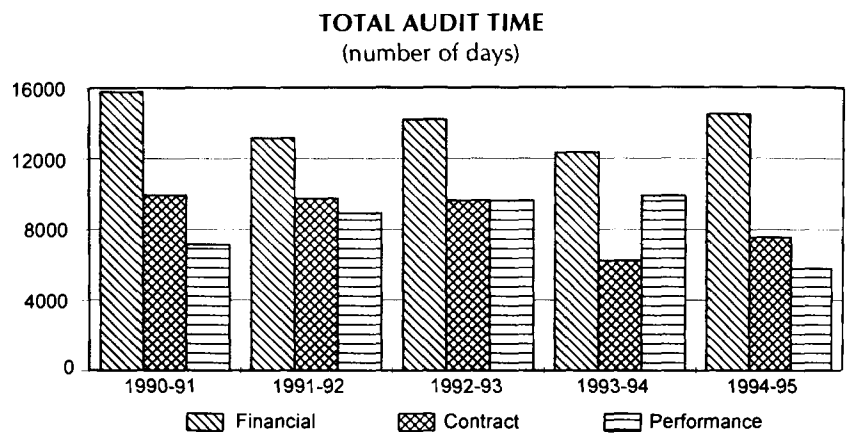
The Office utilises a central contracting review team which is responsible for the co-ordination of all major aspects of contracted financial audits.

### Engagement of consultants

There were no consultancies arranged by the Office during the year.

### Allocation of resources to audits

The following chart depicts the trends in audit time between in-house and contracted financial audit resources and resources directed to performance audits over the past 5 years.



The Office restructure in March 1994 established business units dedicated exclusively to financial or performance audits. The higher level of time allocated to financial audits in 1994-95 is the direct result of the significant number and growing complexity of additional audit responsibilities assigned under legislation to the Auditor-General. The lower level of time absorbed on performance audit activities in 1994-95 essentially reflects the establishment of the specialist performance audit business groups within the Office under its restructure and the resultant sharper focus in the current year on performance audits.

### Output of the Office

The output of the Office consists of:

- Presentation of Auditor-General's Reports to the Parliament. These Reports contain comments on the more significant matters addressed in each audit, or on special matters which the Auditor-General thinks fit to report. Refer to Appendix 1 for Reports issued by the Office;

- Audit reports and management letters to client organisations, drawing attention to observations arising from the audit, together with appropriate recommendations. Copies of the annual audit reports are also forwarded to the Minister for Finance and the responsible Minister;
- Audit opinions on clients' financial statements; and
- Audit reports to the Commonwealth Government on expenditure of various funds provided by the Commonwealth to the State.

In addition to producing reports, the quality and cost of audit services provided by the Office is regarded to be of utmost importance. In this regard, the Office introduced, during 1992-93, performance indicators which provide, over time, an indication of the cost-effectiveness of its audit services.

The performance indicators show the annual cost to the Office of auditing (for audits conducted in-house), each million dollars of assets held by clients, or their income and expenditure transactions. This data is compared with similar data for audits undertaken by private sector contractors. For 1993-94 and 1994-95, the indicators have disclosed that in-house auditing costs are considerably less expensive than similar costs incurred by contractors. The following table illustrates the position for 1994-95.

AVERAGE COST OF AUDIT SERVICES, 1994-95

Audits undertaken by -	Average cost per \$million of -		
	Income	Expenditure	Assets
	(\$)	(\$)	(\$)
<b>In-house staff</b>	<b>131</b>	<b>115</b>	<b>64</b>
Contractors	493	555	250

Notwithstanding the above cost differentials, the Office is obliged to continue to contract-out audits due to a range of factors including its restricted capacity to increase in-house resources and to meet workloads during periods of peak activity.

## EXTERNAL ADVICE TO THE AUDITOR-GENERAL

### External Policy and Practices Advisory Panel

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, which is appointed by the Auditor-General, has proved to be a most valuable source of information and guidance on emerging accounting and auditing issues.

At 30 June 1995, members of the Panel were:

- Ms E. Alexander, Partner, Price Waterhouse;
- Professor B.J. Garner, Professor of Computing, Deakin University;
- Mr D.T. Greenall, Chartered Accountant;
- Mr R.C. Trethevan, Fellow of the Australian Society of Certified Practising Accountants, previously with the Australian Securities Commission;
- Mr E. McL. Holmes, Chartered Accountant; and
- Mr W.J. McGregor, Executive Director, Australian Accounting Research Foundation.

*Members of the External Policy and Practices Advisory Panel, together with members of the Office Executive, provide the Auditor-General with valuable advice and opinions on public sector accounting and auditing developments.*



During the year, the Panel met on 3 occasions and provided advice to the Auditor-General on a range of matters including:

- feedback from Panel members on relevant external developments;
- Reports of the Auditor-General tabled in the Parliament;
- key emerging accounting and financial reporting issues; and
- amendments to audit and local government legislation.

## AUSTRALASIAN COUNCIL OF AUDITORS-GENERAL

The Australasian Council of Auditors-General (ACAG) was established in 1994 as a result of a study conducted by a former Victorian Auditor-General. The prime purpose of ACAG is to foster and promote the development of public sector auditing in the Australasian region through the following key functions:

- developing and issuing authoritative pronouncements as to the nature, scope, independence and role of the Auditors-General in the context of the Australasian scene;
- facilitating the setting of core strategic directions for Audit Offices;
- co-ordinating the development of a professional quality assurance program for participating Audit Offices; and
- contributing to the enhancement of parliamentary liaison functions across the areas of responsibility of Auditors-General.

Membership of the Council is open to the Auditors-General within Australia, New Zealand, Fiji and Papua New Guinea. Associate membership of the Council is available to any other interested jurisdiction.

*Auditors-General from Australia and New Zealand attended the Australasian Council of Auditors-General meeting held in Brisbane in July 1994.*



During 1994-95, ACAG met on 3 occasions and addressed a range of strategic issues including:

- further development and exchange of information on best practice data and contemporary developments in public accountability;
- enhancement of intra-office communications through the use of the Internet facility;
- interaction with parliamentary public accounts committees; and
- representation on the Public Sector Accounting Standards Board Consultative Committee.

As part of its contribution to the operations of the Council, the Office has commenced investigations into the use of the Internet to communicate information relating to Reports presented by the various Auditors-General to their respective Parliaments.

## INVOLVEMENT WITH ACCOUNTING AND AUDITING PROFESSION

### 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 Australasian Auditors-General, links have been established with the various Audit Offices across Australia through annual conferences, circulation of information on developments in auditing matters, and exchange visits of key audit and management personnel.

In June 1995, the Office hosted the biennial Conference of Australasian Senior Audit Executives Conference. The theme of the Conference was "*In pursuit of best practice in performance auditing*". The Conference was attended by representatives of Auditors-General across Australia and the New Zealand Audit Office.

During the year, a senior performance audit director of the Office visited, for one month, the United Kingdom National Audit Office and the Audit Commission for Local Authorities and the National Health Service in England and Wales. The main purpose of this visit was to gather information on the latest techniques and practices in performance auditing within these 2 highly regarded organisations.

Additional information on activities of the Office during 1994-95 in relation to liaison with other Audit Offices can be found in Appendix 2.

### International visitors

During 1994-95, the Office hosted a number of distinguished international visitors from overseas Audit Offices. The visitors included Sir John Bourn KCB, United Kingdom Comptroller-General and Auditor-General (in July 1994); Mr George Morfitt, Auditor-General for British Columbia (in March 1995); and Mr Andrew Foster, Controller, Audit Commission in the United Kingdom (in May 1995).



*The Office received many distinguished overseas visitors during the year, including Sir John Bourn KCB, United Kingdom Comptroller-General and Auditor-General. Mr Ches Baragwanath (left) presented Sir John with a gift as a memento of his visit to Victoria.*



While visiting the Office, all 3 overseas visitors held discussions with senior executives on a broad range of contemporary auditing issues. All visitors also addressed staff at a Senior Management Discussion Group and provided Office staff with valuable insights into auditing procedures and experiences in their respective organisations.

## PROFESSIONAL ACTIVITIES

The Office is involved in a wide range of activities connected with the Australian accounting and auditing profession, and public sector management. These activities include involvement with international audit organisations, attendance at international meetings and hosting international and interstate visitors.

A number of the Office's senior staff hold senior positions and memberships in a variety of professional bodies, committees and societies. These include membership with Centres of Excellence of the Australian Society of Certified Practising Accountants (ASCPA), the ASCPA Program Advisory Panel (CPA Auditing Programs), Public Sector Committee of the ASCPA, Public Sector Accounting Standards Board Consultative Group and Board membership of the EDP Auditors Association.

Many Office staff are at the forefront of their profession and are valued as speakers on public sector auditing and related issues. A number of staff made external presentations throughout the year and further details are provided in Appendix 2.

**Provision of training to Indonesian Government executives**

The Office made a significant contribution during 1994-95 to the professional development of Indonesian Government executives through a number of training programs. Relevant activities were as follows:

- In September 1994, the Office provided major input into a course on operational auditing run by Swinburne University of Technology for 31 executives from the National Finance and Development Audit Agency of the Government of Indonesia. This contribution involved approximately 3 weeks of training in the area of performance auditing and included a number of visits to organisations which had been the subject of previous performance audits conducted by the Office;
- In March 1995, staff from the Office presented a course on performance auditing which was organised by the Monash Mt Eliza Business School for 20 internal auditors from a range of Indonesian Government Departments and State Owned Enterprises; and
- During March 1995, the Office contributed to a course run by Swinburne University of Technology for Indonesian Government executives on the Build, Own and Operate and Build, Own and Transfer arrangements in relation to government infrastructure projects.

*The Office's involvement in audit training for Indonesian Government executives and auditors was expanded during the year. The training program included visits to recent performance audit sites, including the National Tennis Centre in Melbourne.*



The feedback received by the Office in respect of its contributions to these courses from both the Indonesian participants and the 2 Universities involved in co-ordinating the courses was very positive. The Program Director, Monash Mt Eliza Business Centre wrote, ***"I write to thank you and your staff for the high level of interest and expertise extended to the 20 Indonesian participants on our recent Management Audit Program. They were very impressed by your professionalism and the friendly manner always displayed by your staff. For our part what was done for them at such short notice was beyond our expectations"***.



## HUMAN RESOURCES

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### OFFICE ORGANISATION

#### Office Executive

The Office Executive which acts as a Board of Management, comprises, in addition to the Auditor-General, the Deputy Auditor-General and 3 Assistant Auditors-General, each of whom is responsible for a discrete business group with either financial or performance audit functions, together with a support or policy group. In addition, the Deputy Auditor-General retains a variety of overall corporate management responsibilities and deputises in the absence of the Auditor-General.



- **Ches Baragwanath** (FCPA),  
*Auditor-General of Victoria*

Mr Baragwanath was appointed to the position in 1988 after previous service with the Australian National Audit Office and the then State Electricity Commission of Victoria. He was the inaugural Chairman of the Australian Society of Certified Practising Accountants (ASCPA) Audit Centre of Excellence, the Australian representative on the Public Sector Committee of the International Federation of Accountants during the period 1990-1992 and is a former President of the Victorian Division of the ASCPA.



- **Graham Hamilton** (CPA, RCA),  
*Deputy Auditor-General*

Before being appointed as Deputy Auditor-General in 1990, Mr. Hamilton gained extensive experience in the management of a wide range of financial and performance audits. Over recent years, he has maintained a strong focus on performance auditing and has overseen its expansion and continued development in the Office.



- **John Kehoe** (CPA),  
*Assistant Auditor-General*

Appointed in 1989, Mr Kehoe previously held the position of Director of Audit and acquired substantial audit experience in a variety of ministerial portfolios. He is the co-ordinator of a team undertaking peer reviews of the Office's financial audit processes and has responsibility for the overall direction of the Office's central team overseeing the work of private sector audit contractors.



- **Joe Manders** (CPA [Auditing], RCA)  
*Assistant Auditor-General*

Prior to his appointment in 1989, Mr Manders held the position of Director of Audit with responsibility for managing financial and performance audits in several major ministerial portfolios. He is currently responsible for the strategic management and direction of one of the Office's 2 performance audit business groups and of the Office's corporate activities.



- **Russell A. Walker** (FCPA [Auditing]),  
*Assistant Auditor-General*

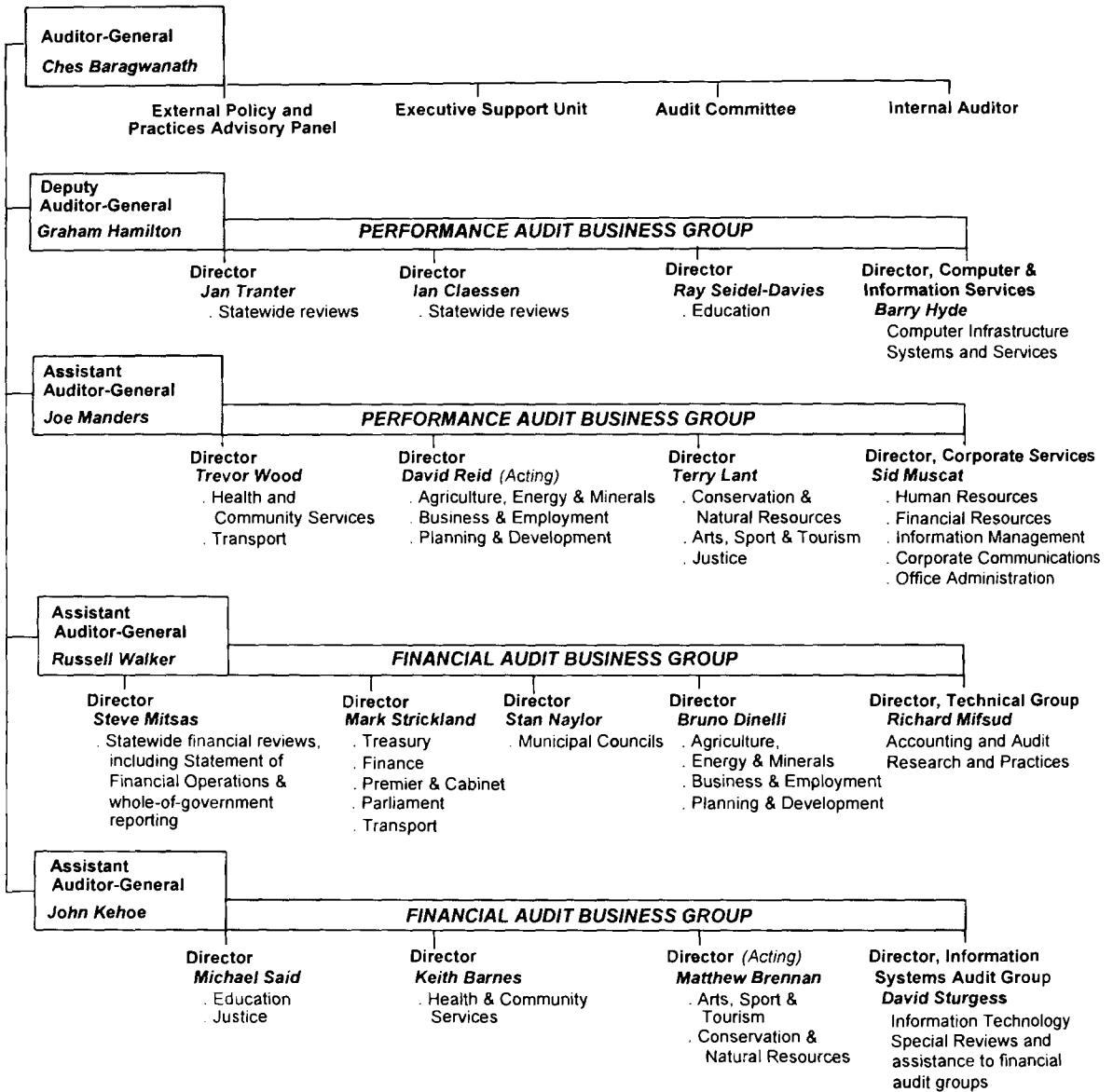
Appointed to the position in 1987, Mr Walker has, over recent years, maintained a strong focus on financial auditing with responsibility for the strategic co-ordination and direction of the Office's financial audit methodology. He has overall responsibility for the preparation of the Auditor-General's Report on the Government's annual *Statement of Financial Operations*. He is a member of the External Reporting Centre of Excellence of the Australian Society of Certified Practising Accountants and represents the Australasian Council of Auditors-General on Consultative Groups to the Public Sector Accounting Standards Board.

**Organisation structure** The organisation chart of the Office at 30 June 1995 is presented on page 62. The chart reflects the revised organisational structure which was progressively implemented within the Office during 1994. Under this structure, separate business groups for financial and performance audits were established as a means of facilitating a sharper focus on the delivery of quality financial and performance audit services to the Victorian Parliament and client agencies.

The 4 service areas of the Office have the following responsibilities:

- *Information Systems Audit Group* - conducting information systems audits in conjunction with business audit units dealing with financial audits;
- *Technical Group* - technical advice to the Office Executive and staff on accounting and auditing policy and practice matters. The area reviews current and emerging accounting and auditing issues within the public sector and provides comments to professional bodies and central agencies;
- *Computer Information Services* - consultative and technical support to the Office on all matters dealing with information technology. The area is responsible for implementation of the Office's information technology strategic plan which involves both audit and administrative computing systems. The area also monitors technological developments relevant to the Office, provides day-to-day support for current computing systems, and develops specialised and generalised computer-based audit tools for audit staff; and
- *Corporate Services* - strategic and policy advice on workforce planning, financial management, and publishing and marketing initiatives. At an operational level, the area contributes a range of services including human resource management, recruitment, clerical, accounting and payroll, information management, accommodation, registry, stores and transport.

# ORGANISATION CHART



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

An *Audit Committee* oversees the preparation and audit of the Office's annual financial statements.

## STAFF OF THE OFFICE

### Employment arrangements for non-executive staff

As outlined in the *1993-94 Annual Report* of the Office, the Government introduced, in May 1994, a new employment structure for non-executive personnel within the Victorian public service. Under this structure, the existing occupational categories covering Victoria's public servants were amalgamated into one 5-band category (a process generally known as "broad banding").

In 1994-95, the Office's implementation proposals for the new employment structure were approved by the Office of the Public Service Commissioner and the Department of Business and Employment. Following these approvals, employment agreements were offered to all non-executive staff. An important element of the agreements was the linking of remuneration to a performance-based framework.

At 30 June 1995, 111 non-executive staff (89 per cent) had agreed to transfer to the new employment arrangements.



*Sid Muscat and Janet Riley from the Corporate Services Group discuss elements of new employment agreements with Draga Horvat.*



In terms of performance-based pay procedures, the Office has introduced a Performance Management and Review System. Under this System, staff are required to complete, in conjunction with their supervisors, periodic performance improvement plans which contain performance targets and provide the basis for encouraging staff to constantly strive for improving levels of performance.

### **Staffing profile**

**D**uring 1994-95, the Office's staffing level fell from 147 people (145.2 equivalent full-time [EFT]) at 30 June 1994 to 141 (140.2 EFT) at 30 June 1995.

### *Market imbalance between private and public sector audit salaries*

Since 1 January 1995, the staff separations from the Office have involved a large number of key staff members with several going to private sector positions. In these cases, the difference between the officers' remuneration and that offered to them in their new positions has been substantial. This situation and recent media articles point to a sizeable market imbalance between salaries for private and public sector audit positions.

In order to ensure that the Office retains its capacity to manage its substantial audit responsibilities on behalf of the Parliament, the Office has initiated, subsequent to 30 June 1995, an extensive consultancy review of private and public sector salary markets across Australia for non-executive audit positions.

The Office is hopeful that the consultancy review will produce information on the complete range of work value and remuneration conditions in both the private and public sectors and be the catalyst for the establishment of a salary structure for non-executive staff which more accurately reflects the market environment.

At the date of preparation of this Annual Report, the consultancy review was in course and is expected to be finalised during November 1995.

The following tables summarise staffing data relating to the Office at 30 June 1995 and on staff commencements and separations for the year.

**AGGREGATE WORKFORCE DATA,  
AT 30 JUNE 1995**

<i>Employ- ment status</i>	<i>Male</i>		<i>Female</i>		<i>Total staff</i>		<i>Variations from previous year</i>
	<i>(no.)</i>	<i>(EFT)</i>	<i>(no.)</i>	<i>(EFT)</i>	<i>(no.)</i>	<i>(EFT)</i>	
	Permanent	94	94.0	46	45.2	140	139.2
Temporary			1	1.0	1	1.0	-6.0
<b>Total</b>	94	94.0	47	46.2	141	140.2	-5.0

**STAFF COMMENCEMENTS AND SEPARATIONS  
(Permanent staff)**

<i>Classifications</i>	<i>1993-94</i>		<i>1994-95</i>	
	<i>Commence- ments</i>	<i>Separat- ions</i>	<i>Commence- ments</i>	<i>Separat- ions</i>
Executive Officer	1	2	-	1
Audit Manager	1	6	1	5
Audit Senior	-	10	2	19
Auditor	18	10	15	1
Non-audit staff	1	6	4	2
<b>Total</b>	<b>21</b>	<b>34</b>	<b>22</b>	<b>28</b>

### Executive Officers

In May 1995, the Office of the Public Service Commissioner announced that the Government had introduced a new broadbanded framework for Executive Officers. Under this framework, the number of levels within the Executive Officer remuneration structure was reduced from 9 to 3.

The following table summarises Executive Officer staffing at 30 June 1995.

**PROFILE OF EXECUTIVE OFFICER POSITIONS  
AT 30 JUNE 1995**

<i>Classification</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Variation from previous year</i>
<i>Filled positions -</i>				
EO 1	-	-	-	-
EO 2	4	-	4	-
EO 3	12	1	13	-
<i>Total filled positions</i>	16	1	17	
<i>Vacant positions</i>			2	
<b>Total positions</b>			<b>19</b>	

In accordance with the Directions of the Minister for Finance, remuneration levels for Executive Officers are included within the Office's annual financial statements in a later section of this Annual Report.

**Declaration of  
Pecuniary Interests**

All relevant officers completed a Declaration of Pecuniary Interests during 1994-95.

**Graduate recruitment**

The Office is particularly pleased to be now in a position to take action in the highly important area of graduate recruitment following the earlier lifting, in 1993-94, of government restrictions. As a major auditing organisation, benchmarked by the Parliament's performance auditor against the Big 6 chartered accounting firms, the Office views annual graduate recruitment as a vital element of its overall resource planning.

Following the Office's successful reintroduction of graduate recruitment in early 1994 through media advertising, the Office followed a similar approach for its recruitment of financial audit graduates in 1995. The 1995 advertising campaign proved also to be very successful and 14 graduate recruits were selected for appointment and commenced within the Office in May 1995.

The lifting of government restrictions on graduate recruitment has also allowed the Office to resume recruitment strategies at university campuses. Early in 1995, representatives from the Office attended campuses at 4 universities, namely, Victoria University of Technology (Footscray), Swinburne University of Technology, the University of Ballarat and La Trobe University (Bendigo) as part of the year's campus recruitment program.

Information days were held at these 4 campuses during March 1995 and selected students were interviewed on campus and later within the Office. As a result of this process, 10 students have been offered employment in the financial audit business groups, with a planned starting date in March 1996.

## Secondments

For many years now, secondments to and from the Office have provided avenues for staff to expand their skills and professional knowledge. These secondments have been arranged at various levels and have involved both private and public sector organisations within Australia or overseas.

In 1994-95, the Office continued to give emphasis to staff secondment opportunities with 3 secondment arrangements approved during the year. Staff involved in the 1994-95 secondments were:

- Corrie Cavarra (Auditor), to the Victorian Casino and Gaming Authority; and
- 2 officers, Sharon Waldron (Audit Senior) and John DiTirro (Auditor), to Coopers and Lybrand, Chartered Accountants.

In addition, the following secondments, which were arranged during the previous year, continued in 1994-95:

- Lilian Spencer to the Public Accounts and Estimates Committee (who returned to the Office following completion of the secondment);
- Paul Casha to the Office of the Chief Commissioner of Police (who subsequently was appointed to a permanent position within that Office);
- Catherine Richards to the Museum of Victoria (and was later appointed to a permanent position within the Museum); and
- Peter Owen from the State Revenue Office (who returned to that Office during the year).

In addition to the above arrangements, various internal secondment programs were continued as a means of broadening the experience and skill base of staff.

**Acknowledgment of retirees' past services**

The Office considers its employees to be its most valuable resource. While current staff members are seen as vital to the immediate and future direction of the Office, past contributions to the Office's professional reputation and community standing from the services of retired employees are highly regarded.

Each year, the Office recognises the services and achievements of retirees with a retired officers' luncheon which is attended by about 20 retirees, including past Auditors-General.

**TRAINING AND DEVELOPMENT OF STAFF**

**Annual professional development program**

The Office's Professional Development Unit is responsible for providing a broad range of training and development activities for all Office staff. The work of the Unit is central to maintaining a high level of professional competence for all staff. As well as providing specialist advice and support for staff, the Professional Development Unit prepares, implements and evaluates an annual professional development program within the Office. This program provides all staff with a structured framework to further develop their personal and professional skills in line with organisational objectives set out in the Office's Corporate Plan.

*Professional development activities in 1994-95*

The following table summarises professional development activities undertaken during 1994-95.

**TRAINING COURSES ATTENDED, 1994-95**

Course title	No. of courses	No. of days	
		Male	Female
<i>Internal courses -</i>			
Accounting and Auditing	19	360	152
Management and Supervision	11	68	18
Computer Systems	3	40	21
Interpersonal and Training skills	6	157	89
On-the-job Training Programs	14	67	27
<i>External courses -</i>			
Accounting and Auditing	30	73	23
Management and Supervision	5	4	3
Computer Systems	6	4	16
Interpersonal and Training skills	3	5	-
On-the-job Training Programs	5	2	3
<b>Total</b>	<b>102</b>	<b>780</b>	<b>352</b>

Information relating to the costs of the various professional development courses held during the year and to associated staff times and salary costs is presented in the following table.

**PROFESSIONAL DEVELOPMENT DAYS AND COSTS, 1994-95**

<i>Course attendance</i>	<i>Days</i>	<i>Salary cost</i>	<i>Cost of courses</i>	<i>Total</i>
	<i>(No.)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Internal	999	112 283	7 489	119 772
External	180	25 802	50 756	76 558
Other costs -				
Contractors	..	..	19 535	19 535
Preparation and delivery	255	34 329		34 329
Training materials, equipment and venues	..	..	23 642	23 642
Study leave	252	23 180	..	23 180
PD Unit time and staffing costs	398	71 664	..	71 664
<b>Total</b>	<b>2 084</b>	<b>267 258</b>	<b>101 422</b>	<b>368 680</b>

*Induction training for new graduates*

Following the Office's graduate intake of 14 staff in May 1995, the Professional Development Unit co-ordinated a comprehensive induction program. The new graduates received intensive training over a 2 week period in the Office's Victorian Financial Audit Methodology and its software packages, systems and procedures. The induction training was supplemented with on-the-job training.

Each new graduate was assigned to a mentor officer under a mentor scheme which, since its introduction in 1987, has been a very successful source of guidance and support to graduates in the early stages of their professional careers. The mentor scheme provides a unique opportunity for the new graduates to achieve a smooth transition into their new workplace environment as well as to develop greater self-confidence.

*Professional accreditation*

The Office has encouraged and supported existing accounting staff and incoming graduates to attain professional accreditation with the Australian Society of Certified Practising Accountants, leading to CPA status. A total of 21 staff are currently undertaking segments of the CPA accreditation program.

### *Senior Management Discussion Group*

The Office has continued to keep senior management informed on key contemporary issues in public sector resource management through a series of Senior Management Discussion Group meetings during the year. Guest speakers have included Members of Parliament and Chief Executive Officers from within the public and private sectors. During 1994-95, the range of topics included:

- Functions and strategies of the UK National Audit Office;
- Reforms within the public hospital sector;
- Strategies adopted by the Melbourne Convention and Tourism Authority in promoting tourism;
- Current initiatives in financial management;
- The work of the Audit Commission in the UK;
- Management of change within the public sector; and
- Features of public sector auditing within British Columbia.

### *Performance management*

The Office's Performance Management and Review System, as described in an earlier paragraph of this Report, is the principal framework through which the Office seeks to plan, monitor, evaluate and develop the work performance of staff under the Victorian Public Service Non-Executive Officer Pay Structure. The System incorporates a mechanism for identification of specific training needs of staff as an important by-product of periodic staff appraisals. The identified training needs constitute an important source of information to guide development of the annual professional development program.

*John Clarke (left) and George Peters from the Professional Development Unit explain the principles of the Office's new Performance Management and Review System to graduate Sharelle Cook.*



## **OCCUPATIONAL HEALTH AND SAFETY**

### **Occupational Health and Safety Committee**

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

Key activities undertaken by the Committee during 1994-95 involved:

- An analysis of the history of the Office's WorkCover claims as a means of establishing whether there was any inherent causal link between potential health and safety risks in the Office environment and the lodgement of actual WorkCover claims. The analysis revealed that the nature of claims was random with no obvious causal pattern apparent;
- The seeking of responses from Office staff regarding perceived health and safety risks; and
- Development of draft policies on general safety awareness and alcohol and drug dependence.

The Committee is currently examining the adequacy of ergonomics in off-site client agency locations. The objective of this assessment is to establish the appropriateness of facilities that are provided to audit staff by client agencies and the identification of potential health and safety risks.

In addition, the Committee intends to assess the health implications to staff from the use of portable computers. Particular emphasis will be directed to the importance of correct posture and strategies to minimise risks which could arise from increased usage of screen-based equipment.



## EQUAL EMPLOYMENT OPPORTUNITY

### Merit and equity principles

In terms of its obligations for Equal Employment Opportunity (EEO), the Office, through its Board of Management is firmly committed to merit and equity principles. In this context, the Office has the following processes in place to promote equality:

- involvement of all staff in the development of the Office's Corporate Plan;
- an appropriate EEO policy and an EEO Committee, consistent with government requirements;
- application of merit principles for key decision-making on staff matters, i.e. promotions, secondments and assignments of higher duties;
- submissions for training by all staff are considered without bias; and
- provision of information to staff about issues relating to EEO.

In addition to the above practices, the Office has commenced the conduct of a survey of all its staff to canvass their views on a range of EEO issues.

### Equity Employment Committee

The Office has in place an Equity Employment Committee comprising staff and management representatives. The Committee's key functions include:

- receiving and promulgating any pronouncements, revised policy and guidance issued by central agencies dealing with EEO;
- monitoring the application of EEO principles within the Office;
- liaising with the Office's Grievance Committee on any matters relating to EEO; and
- providing high level advice to the Board of Management on EEO issues.

The Committee is currently re-assessing its aims and scope as an initial step in the development of its action plan for 1996 to 1999.

*Family-related policies*

In terms of family-related policies, the Office has adopted a number of specific strategies including:

- access to flexitime to assist men and women to meet their childcare responsibilities;
- availability of leave without pay for career breaks; and
- approval of part-time employment arrangements in certain circumstances to assist staff with family commitments.

*Representation of women in management*

For several years, the Office has recognised the important contribution made by women in the workforce, and particularly in management positions. This recognition is inherent in the Office's Vision Statement and is consistent with its commitment to EEO principles.

During 1993-94 and 1994-95, the percentage of women in management positions (VPS-4 and above) was constant at around 23.5 per cent. In addition, the Office has a large proportion of women in its management feeder group (VPS-2 and VPS-3) with 41.1 per cent women at this level at 30 June 1995 (42.9 per cent at 30 June 1994).

## **SOCIAL CLUB ACTIVITIES**

The Office's Social Club was established in 1984 with the aim of engendering and enhancing a spirit of friendship and team work, and to maintain a high level of staff morale. At 30 June 1995, over 90 per cent of Office staff were members of the Social Club.

The Social Club Committee is very active in arranging a variety of social and sporting activities, and continually seeks feedback and suggestions for new functions. The Committee greatly appreciates the support for Social Club events which is received from all levels of Office staff.

The major highlights of the 1994-95 Social Club calendar were the Annual Office Dinner Dance and the Office Christmas party. Other Social Club activities organised for staff included a ski weekend, a harness racing night, regular happy hours and various sporting events. These sporting events included a golf day, an Australian Rules football match, a soccer match, and the Office's Annual Cricket Match against the Department of Treasury and Finance. The Social Club has continued its sponsorship of the Office's *Effective Footwork* running team.

*Social Club activities such as the Mt Buller ski trip provided an opportunity for staff to mix and socialise together away from the work environment.*





## INFORMATION TECHNOLOGY

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### Importance of information technology

Information technology has become increasingly important to the Office as it strives to achieve higher levels of quality service and increased productivity. Over the past few years, the Office has moved to a position where each auditor is now assigned a portable computer to perform audit activities. Virtually every audit and administrative activity of the Office is heavily dependent on computer-based facilities.

Data communications facilities in computers assigned to staff enable information to flow between the Office network and portables. This allows work to be backed-up to the central facility and enables management review either centrally or at the client location. In this way, benefits derived from the new technology include a quicker audit, improved quality control, enhanced documentation, and easier management and review of the audit process.

Information technology is changing fundamental work practices with benefits accruing to both clients and the Office.

*Andrew Larmour, from the Computer Information Services Group, assisted with commissioning a new computer network file server which will significantly improve response times.*



### The Office's IT strategic plan

The Office's IT strategic plan covering the period 1992 to 1996 supports the Office's Corporate Plan and has 6 key targets. These targets are to:

- foster and further develop the IT culture in the Office;
- enhance the Audit Management Information System (AMIS);
- enhance computer support for financial and performance auditing;
- provide computer access to more reference material;
- improve communications within the Office; and
- enhance report preparation and production facilities.

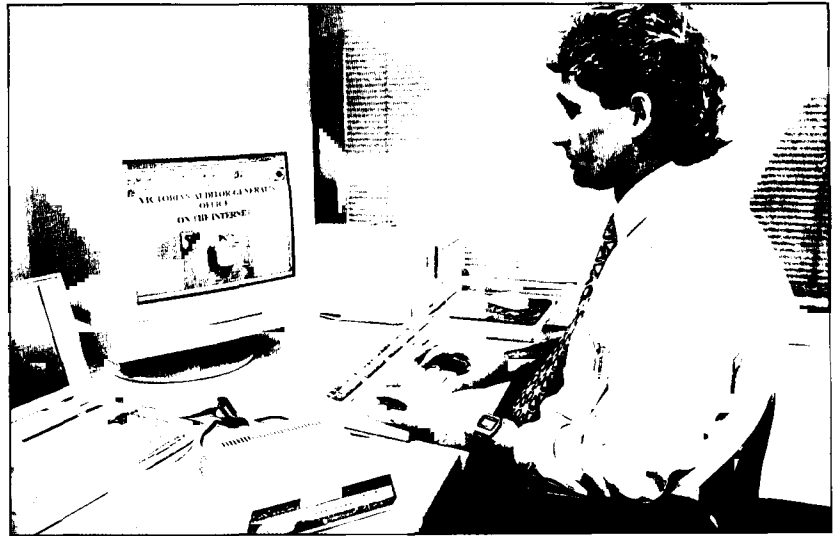
In effect, the strategic plan supports the Office philosophy which seeks the achievement of the highest standards in auditing through the provision to staff of the latest in equipment and audit tools.

### Achievements during the year

During the year, all tasks outlined in the 1994 Computer Information Services Group Business Plan were achieved. Major tasks completed included:

- Implementation of new Windows-based software for the Office's financial audit methodology which will result in a largely paperless audit;
- Upgrade of computer network file servers and cabling to significantly improve response times. This process has been a major task and further work will continue through to December 1995;
- Major software upgrades to the network operating system and associated system software were completed to provide improved support for Windows-based client workstations and portables;
- Conversion of the electronic mail and scheduler applications to run under the Windows operating system. All staff were trained to use the new software;
- The Office's Audit Management Information System (AMIS) was further enhanced to incorporate revised annual planning features including automatic generation of exception reports and a module to cater for information sought by the Office's internal auditor;

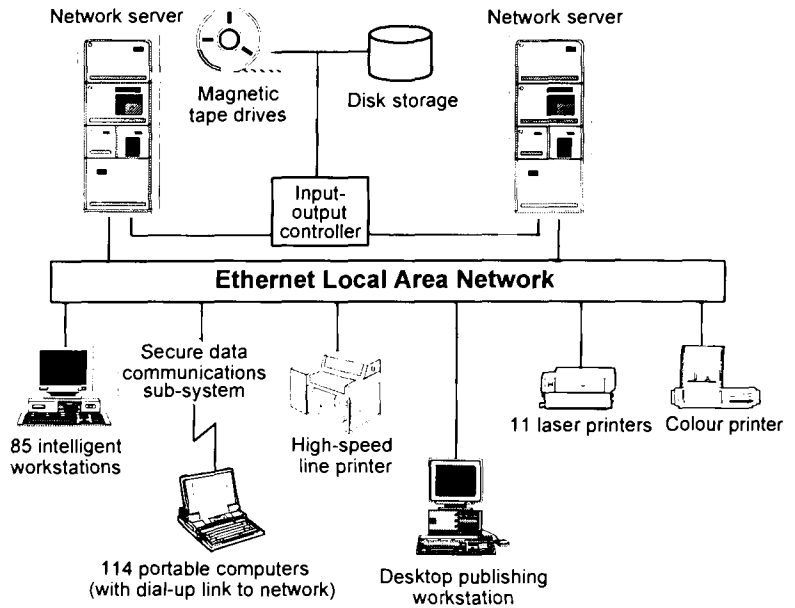
- Installation on the network and all portable computers of an information technology resource guide (as a computer-based help file) describing the information technology facilities and services available;
- Expansion of desktop publishing facilities by the installation of a colour scanner and colour printer, and streamlining report editing processes through the use of a large video monitor;
- Extensive computer analysis of client data for financial and performance audits was undertaken as part of the audit process; and
- Commencement of work on using the Internet as a means of communicating with clients, peers and the public.



*The use of the Internet as an efficient and timely medium of communicating with clients and the community is currently under development by Barry Hyde.*

These achievements have made the technology easier to use and more accessible to staff especially when working outside the Office. Other benefits include improvement in the quality and efficiency of the financial audit process and the provision of an information technology infrastructure to support the Office's operations for the next 4 years.

OFFICE COMPUTER NETWORK



Tasks for 1995-96

Key tasks for the coming year will be focused on utilising the facilities provided by the recent network upgrade and the linking of portables to the network. Major tasks to be accomplished this year are:

- Support the Office-wide implementation of the VFAM financial audit methodology. This task is one of the major activities for the year and will involve extensive training of staff;
- Replacement of network workstations to further improve response times. With the extensive use of Windows-based applications, many of the workstations need to be replaced;
- Commencement of the conversion of the Audit Management Information System (AMIS) to a Windows application to include a graphical user interface to better accommodate business needs and changing usage patterns;
- Upgrade portables to enable internal and faster data communication facilities and to enable connection direct to the Office network (rather than via docking stations);
- Conversion of the Office's central text retrieval package to Windows;

- Provision of access to the Internet from the Office Library and creation of an Office home page for client communication;
- Upgrade of the Office Library catalogue software to provide improved facilities for library and audit staff; and
- Commencement of the process of gaining standards endorsement for the Computer Information Services Group.





## FINANCIAL MANAGEMENT

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### FINANCIAL HIGHLIGHTS

#### Decrease in net cost of operating the Office

The Office is funded by annual parliamentary appropriations which meet the cost of day-to-day operations. In accordance with legislative provisions, the Office recovers fees, either from client agencies or from the Parliament's appropriation for the audits it undertakes. Fees are computed on the basis of full cost recovery and adjusted annually in line with cost movements. Income from audit fees is repaid to the Consolidated Fund.

The Office has constantly aimed to achieve productivity gains in line with the focus on improved public sector resource management. For some years now, productivity gains have translated into decreasing costs to the Victorian taxpayer of operating the Office.

The following table presents information extracted from the audited financial statements on the operations of the Office for the last 5 years.

#### NET OUTLAYS ON OPERATIONS (\$'000)

<i>Item</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>
Expenditure	16 228	14 915	16 919	13 612	15 481
Audit fee income	9 164	9 263	11 552	10 117	12 637
<b>Net outlays</b>	<b>(7 064)</b>	<b>(5 652)</b>	<b>(5 367)</b>	<b>(3 495)</b>	<b>(2 844)</b>

The table below shows operating costs of the Office in respect of its 2 sub-programs, namely, Audit Operations and Support Services, over the past 5 years.

**OPERATING COST BY SUB-PROGRAM**  
(\$'000)

<i>Item</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>
Audit Operations	13 571	12 413	14 558	11 835	13 251
Support Services	2 657	2 502	2 361	1 777	2 230
<b>Total</b>	<b>16 228</b>	<b>14 915</b>	<b>16 919</b>	<b>13 612</b>	<b>15 481</b>

Expenditure levels in 1994-95 were significantly influenced by the Office's involvement in the conduct of due diligence audit reviews within the local government sector and increased outlays on computer infrastructure.

**Future impact of new responsibilities**

The magnitude and complexity of new audit responsibilities assigned to the Auditor-General during 1994-95 as a result of either legislation or machinery of government decisions are likely to further impact on the level of expenditure incurred by the Office during 1995-96.

The major elements of the additional audit responsibilities which have been assigned to the Auditor-General relate to:

- substantial restructure by the Government of the electricity, water (both metropolitan and rural) and gas industries;
- remaining due diligence audit reviews of municipal councils; and
- assumption by the Auditor-General of responsibility for the annual audit of municipal councils, associated companies and municipal libraries.

In all the above cases, the impact on the Consolidated Fund will be cost neutral as the additional outlays associated with the new audit responsibilities will be recovered as audit fees from client agencies.

## REPORTING OF FINANCIAL STATEMENTS

Since 1987, the Office has, in addition to the preparation of cash-based financial statements required by legislation, voluntarily prepared and published supplementary financial statements on an accrual basis.

In 1993-94, with the approval of the Minister for Finance, the Office's accrual-based financial statements became its prime and only basis for reporting and this basis has continued during the current year in line with the requirements of the *Financial Management Act 1994*.

**VICTORIAN  
AUDITOR-GENERAL'S  
OFFICE**



# **FINANCIAL STATEMENTS**

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**for the year ended  
30 June 1995**

## STATEMENT OF OPERATIONS

for the year ended 30 June 1995

Item	Notes	1994-95	1993-94
		(\$)	(\$)
<b>EXPENDITURE</b>			
Salaries and associated costs	4	7 951 995	7 455 123
Superannuation	1(e)(v), 4	710 325	423 606
Contract audits	4	3 801 374	3 048 985
Administration	4	1 695 800	1 446 815
Depreciation and amortisation	4	676 728	512 299
Finance charges	4	19 356	24 181
<b>Total expenditure</b>		<b>14 855 578</b>	<b>12 911 009</b>
<b>INCOME</b>			
Audit fees	5	12 580 920	10 098 779
Other income		47 090	7 112
Net income from disposal of non-current assets		9 247	11 043
<b>Total income</b>		<b>12 637 257</b>	<b>10 116 934</b>
<b>(NET COST) FROM OPERATING THE OFFICE BEFORE ABNORMAL ITEMS</b>		<b>(2 218 321)</b>	<b>(2 794 075)</b>
<b>ABNORMAL ITEMS</b>	14	<b>(626 007)</b>	<b>(701 310)</b>
<b>(NET COST) FROM OPERATING THE OFFICE AFTER ABNORMAL ITEMS</b>	12	<b>(2 844 328)</b>	<b>(3 495 385)</b>
<b>INCOME FROM GOVERNMENT</b>			
Special appropriation	3	154 674	114 804
Recurrent appropriation		14 192 325	13 174 536
Capital appropriation		982 000	78 000
Other income		42 684	-
Other appropriation		-	435 606
Assumption of liabilities			11 938
		<b>15 371 683</b>	<b>13 814 884</b>
Less:			
Amounts paid to the Consolidated Fund		<b>(12 488 067)</b>	<b>(10 049 421)</b>
<b>Net income from government</b>		<b>2 883 616</b>	<b>3 765 463</b>
<b>CHANGE IN NET ASSETS RESULTING FROM OPERATIONS</b>		<b>39 288</b>	<b>270 078</b>

**BALANCE SHEET**

as at 30 June 1995

<i>Item</i>	<i>Notes</i>	<i>1994-95</i>	<i>1993-94</i>
		(\$)	(\$)
<b>ASSETS</b>			
Current assets -			
Cash at bank and in hand		4 905	15 179
Debtors and audits-in-progress	6	3 563 730	3 661 970
Prepayments		184 984	288 521
		<b>3 753 619</b>	3 965 670
Non-current assets -			
Fixed assets	7	2 892 061	2 052 032
Leased assets	8	15 157	206 235
Trust fund	9	153 256	-
		<b>3 060 474</b>	2 258 267
<b>Total assets</b>		<b>6 814 093</b>	6 223 937
<b>LIABILITIES</b>			
Current liabilities -			
Creditors and accruals		379 909	157 326
Provision for employee entitlements	9	636 324	361 465
Finance lease liability	10(a)	19 309	216 993
Departmental advance		5 000	20 000
		<b>1 040 542</b>	755 784
Non-current liabilities -			
Provision for employee entitlements	9	1 828 017	-
Finance lease liability	10(a)	1 426	17 607
		<b>1 829 443</b>	17 607
<b>Total liabilities</b>		<b>2 869 985</b>	773 391
<b>EQUITY</b>			
Accumulated surplus	11	3 944 108	5 450 546
<b>Total liabilities and equity</b>		<b>6 814 093</b>	6 223 937

FINANCIAL STATEMENTS

Victorian Auditor-General's Office

Item	Notes	1994-95 (\$) Inflows (Outflows)	1993-94 (\$) Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments -</b>			
Salaries and associated costs		(8 628 463)	(7 604 675)
Administrative expenses		(988 522)	(837 315)
Accommodation		(620 591)	(758 231)
Contract audits		(3 659 647)	(3 066 601)
Finance charges		(19 356)	(24 181)
<b>Receipts -</b>			
Fees and charges		12 471 964	10 048 140
Other		16 103	1 281
<b>Net cash used in operating activities</b>	12	<b>(1 428 512)</b>	<b>(2 241 582)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of non-current assets	13	(1 241 239)	(858 498)
Finance lease payments		(213 865)	(217 839)
<b>Net cash used in investing activities</b>		<b>(1 455 104)</b>	<b>(1 076 337)</b>
<b>CASH FLOWS FROM GOVERNMENT</b>			
Receipts from appropriations		15 328 999	13 367 340
Other income		42 684	-
Payments of revenue collections to the Consolidated Fund		(12 488 067)	(10 049 421)
(Decrease)/increase in Advance Account and payment of outstanding appropriation		(10 179)	10 812
Payments not reimbursed		(95)	(4 821)
<b>Net cash from government</b>		<b>2 873 342</b>	<b>3 323 910</b>
Net increase (decrease) in cash held		(10 274)	5 991
Cash at 1 July 1994		15 179	9 188
<b>Cash at 30 June 1995</b>		<b>4 905</b>	<b>15 179</b>

## SUMMARY OF COMPLIANCE WITH EXTERNALLY - IMPOSED FINANCIAL DIRECTIVES

for the year ended 30 June 1995

	Note	1994-95			1993-94		
		Appropriation		Expenditure	Appropriation		Expenditure
		(\$) Original	(\$) Total	(\$)	(\$) Original	(\$) Total	(\$)
RECURRENT Program 609	2	16 438 000	16 553 000	14 192 325	14 330 000	14 330 000	13 174 536
WORKS AND SERVICES		982 000	982 000	982 000	78 000	78 000	78 000
SPECIAL (a)		116 000	155 000	154 674	118 000	118 000	114 804
<b>TOTAL</b>		<b>17 536 000</b>	<b>17 690 000</b>	<b>15 328 999</b>	<b>14 526 000</b>	<b>14 526 000</b>	<b>13 367 340</b>

(a) The Auditor-General's remuneration is paid from a special appropriation by Parliament in accordance with section 4(4) of the *Audit Act 1994*.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1995

### 1 SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial statements have been prepared in accordance with applicable Australian Accounting Standards and are consistent with the requirements of the *Financial Management Act 1994*. 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 with the exception of:***

***Employee Entitlements - a change in the basis of determining employee entitlements in compliance with Australian Accounting Standard AAS30 on "Accounting for Employee Entitlements".***

***The long service leave liability for 1994-95 of \$1 848 241 is recognised and shown in the Balance Sheet. For 1993-94, the long service leave liability was disclosed by this Office as liabilities assumed by the Government. The opening adjustment as at 1 July 1994 of \$1 611 162 has been reflected in the equity (refer to note 11).***

***The comparative figures for 1993-94 have been disclosed on the basis of corresponding to the disclosures specified for the current reporting period.***

- (b) *Appropriations*  
Appropriations, whether special, recurrent, works and services or other, are recognised as revenues in the period in which the Office gains control of the appropriated funds.
- (c) *Other income*  
Other income is recognised as revenue in the period in which the Office gains control of the funds as provided.
- (d) *Non-current assets*  
***Fixed 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 to 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), therefore 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 the lesser of either the estimated useful life of the leased asset or the lease period.

(e) *Employee entitlements*

(i) *Provision for long service leave*

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, as at the reporting date, to Commonwealth Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. An estimate of the entitlements likely to be payable within the next financial year is classified as a current liability within the Balance Sheet.

(ii) *Annual leave*

The Office's accrued liability for annual leave not taken by staff at 30 June 1995 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 1995 is classified as a current liability.

(iv) *Performance incentive payments*

The Office's obligations in respect of the Executive Officers' performance incentive payments at 30 June 1995 is classified as a non-current liability.

(v) *Superannuation*

In the past, while employees have contributed directly to the State Superannuation Fund, the Office's obligations to the Fund have not been met by the Government until the time when members become eligible for benefits. Commencing in 1994-95, the Government provided funding to the Office, as part of its recurrent appropriation, in respect of employer's superannuation contributions which have been recognised as income from government and expenditure of the Office in the Statement of Operations.

The Office contributes towards the State Superannuation Fund and the Victorian Superannuation Fund for employees who are members of the Revised and New schemes, and the VicSuper scheme respectively. The rates used as the basis for determining superannuation contributions to the Funds are as laid down by the Department of Treasury and Finance and the *Commonwealth Superannuation Guarantee (Administration) Act 1992*. The Office also contributes towards private complying superannuation funds for other employees in compliance with the requirements of the abovementioned Act.

No liability is shown for superannuation in the Balance Sheet as the Government has advised that it intends to reflect the aggregate budget sector liability for superannuation in the financial statements of the Department of Treasury and Finance.

(f) *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 AAS17 on "Accounting for Leases", 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.

(g) *Rounding*

All figures in the financial statements and the notes thereto have been rounded off to the nearest dollar, unless specifically stated to be otherwise.

## 2 PROGRAM OF THE OFFICE

Program 609 is the only major program undertaken by the Office. The objectives of this program are to independently audit and report on the operations of the public sector in order to improve accountability and encourage economic, efficient and effective use of public resources.

The Office is funded by parliamentary appropriations. All resources controlled by the Office in order to carry out its functions have been included in the financial statements. A major function of the Office is the legislative role of the Auditor-General to provide external auditing services on behalf of the Parliament to public sector agencies. Audit fee income generated is required to be paid into the Consolidated Fund.

## 3 APPROPRIATIONS

### *Reconciliation of appropriations to government income*

<i>Item</i>	<i>1994-95</i>	<i>1993-94</i>
	(\$)	(\$)
Total appropriations	<b>15 328 999</b>	13 802 946
Other government income -		
Other income (a)	<b>42 684</b>	-
Assumption of liabilities	-	11 938
<b>Income from government</b>	<b>15 371 683</b>	13 814 884

(a) During the year, the Office received a grant of \$5 850 from Information Victoria to partially offset expenses associated with the Office's participation in the Victorian Government Exhibition at the 1994 Royal Melbourne Show. The balance of other income represents funding from the Victorian Government in respect of employee voluntary redundancy packages in line with the Government's micro-economic reform initiatives.

**4 OPERATING EXPENSES**

<i>Item</i>	<i>1994-95</i>	<i>1993-94</i>
	(\$)	(\$)
Audit operations -		
Salaries and associated costs	<b>6 427 943</b>	6 138 325
Superannuation	<b>571 457</b>	347 357
Contract audits	<b>3 801 374</b>	3 048 985
Administration	<b>1 356 830</b>	1 179 418
Depreciation	<b>390 706</b>	251 986
Amortisation	<b>153 721</b>	168 099
<b>Total audit operations</b>	<b>12 702 031</b>	11 134 170
Support services -		
Salaries and associated costs	<b>1 524 052</b>	1 316 798
Superannuation	<b>138 868</b>	76 249
Administration	<b>329 720</b>	258 897
Depreciation	<b>94 945</b>	55 314
Amortisation	<b>37 356</b>	36 900
Finance charges	<b>19 356</b>	24 181
Audit fees	<b>9 250</b>	8 500
<b>Total support services</b>	<b>2 153 547</b>	1 776 839
<b>Total</b>	<b>14 855 578</b>	12 911 009

**5 INCOME**

Income includes the proceeds from audit fees and miscellaneous income which are controlled by the Office.

*Net income from disposal of non-current assets*

<i>Item</i>	<i>1994-95</i>	<i>1993-94</i>
	(\$)	(\$)
Proceeds from disposal of motor vehicles	<b>255 102</b>	200 539
Less: cost of motor vehicles	<b>245 855</b>	189 496
<b>Net income</b>	<b>9 247</b>	11 043

**6 DEBTORS AND AUDITS IN PROGRESS**

Item	30 June 1995	30 June 1994
	(\$)	(\$)
Debtors	1 195 127	2 666 723
Audits-in-progress	2 570 978	1 691 736
Others	30 987	-
Public Account	95	4 821
	<b>3 797 187</b>	<b>4 363 280</b>
Less:		
Bad debts written off (a)	233 457	701 310
	<b>3 563 730</b>	<b>3 661 970</b>

(a) Subsequent to balance date, in accordance with Regulation 8(b) of the Financial Management Regulations 1994, the Acting Premier approved the write-off of an amount totalling \$60 357 relating to the 1992-93 audit fees owed by a public hospital (included in the bad debts written-off figure).

**7 FIXED ASSETS**

Description	At cost/ valuation 30.6.95	Depreciation for 1994-95	Accumulated depreciation 30.6.95	Written-down value	
				Closing	Opening
	(\$)	(\$)	(\$)	(\$)	(\$)
Furniture and fittings	1 290 964	(139 869)	(551 038)	739 926	835 014
Motor vehicles	434 011	-	-	434 011	392 273
EDP equipment	2 575 818	(333 552)	(890 567)	1 685 251	791 126
Library	70 833	(7 083)	(52 672)	18 161	25 244
Office equipment	74 708	(5 147)	(59 996)	14 712	8 375
<b>Total</b>	<b>4 446 334</b>	<b>(485 651)</b>	<b>(1 554 273)</b>	<b>2 892 061</b>	<b>2 052 032</b>

**8 LEASED ASSETS**

Item	At cost 30.6.95	Amortisation 1994-95	Accumulated amortisation 30.6.95	Net value 30.6.95	Net value 30.6.94
	(\$)	(\$)	(\$)	(\$)	(\$)
Equipment leased under State Computer Lease Facility	1 860 734	(191 077)	(1 845 577)	<b>15 157</b>	206 235

**9 PROVISION FOR EMPLOYEE ENTITLEMENTS**

Entitlement	Current liabilities	Non-current liabilities	Total	
			1994-95	1993-94
	(\$)	(\$)	(\$)	(\$)
Long service leave	184 824	1 663 417	<b>1 848 241</b>	-
Annual leave	396 858	-	<b>396 858</b>	319 895
Accrued days off	34 837	-	<b>34 837</b>	41 570
Accrued salary on costs	19 805	-	<b>19 805</b>	-
Performance Incentive Scheme (a)	-	164 600	<b>164 600</b>	-
<b>Total shown in Balance Sheet</b>	<b>636 324</b>	<b>1 828 017</b>	<b>2 464 341</b>	<b>361 465</b>

(a) In accordance with the terms of the *Public Sector Management Act 1992*, an amount of \$153 256 set aside for Executive Officers' performance pay entitlements, but excluding on-costs of \$11 344, has been paid into the "Performance Incentive Payments Scheme Trust Account". The proceeds of this Account are invested with the Treasury Corporation of Victoria.

**10(a) FINANCE LEASE COMMITMENTS**

At the reporting date, the Office had the following obligations under finance leases (the sum of which is recognised as a liability after deduction of future finance lease charges included in the obligation):

Lease	1994-95	1993-94
	(\$)	(\$)
Lease payments due -		
Not later than 1 year	<b>19 867</b>	227 630
Later than 1 year and not later than 2 years	<b>1 472</b>	16 827
Later than 2 years and not later than 5 years	-	1 572
Minimum lease payments	<b>21 339</b>	246 029
Deduct: Future finance charges	<b>604</b>	11 429
Lease liability	<b>20 735</b>	234 600
Shown in Balance Sheet under -		
Current liabilities	<b>19 309</b>	216 993
Non-current liabilities	<b>1 426</b>	17 607
<b>Balance at 30 June</b>	<b>20 735</b>	<b>234 600</b>

**10 (b) OPERATING LEASE COMMITMENTS**

Lease	1994-95	1993-94
	(\$)	(\$)
Not later than 1 year	<b>630 913</b>	621 568
Later than 1 year but less than 2 years	<b>625 551</b>	616 007
Later than 2 years but less than 5 years	<b>1 848 021</b>	1 848 020
Later than 5 years	<b>1 812 579</b>	2 428 610
<b>Total</b>	<b>4 917 064</b>	5 514 205

The above operating leases relate to leasing costs associated with the Office's accommodation and 2 photocopiers.

**11 EQUITY AND CHANGES IN EQUITY**

Equity represents the residual interest in the net assets of the Office. The Government holds the equity interest in the Office on behalf of the community.

Item	1994-95	1993-94
	(\$)	(\$)
Accumulated surplus		
Balance 1 July	<b>5 450 546</b>	5 180 468
Reinstatement of long service leave liability previously assumed by the Government	<b>(1 611 162)</b>	-
Financial effect of change to accumulated surplus at 1 July 1994 arising from adoption of Australian Accounting Standard AAS30 on "Accounting for Employee Entitlements"	<b>65 436</b>	-
Adjusted balance 1 July	<b>3 904 820</b>	5 180 468
Change during period	<b>39 288</b>	270 078
<b>Balance 30 June</b>	<b>3 944 108</b>	5 450 546

**12 CASH FLOW STATEMENT**

*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>	1994-95	1993-94
	(\$)	(\$)
Net cost of services	<b>(2 844 328)</b>	(3 495 385)
Items not involving cash -		
Depreciation	<b>485 651</b>	307 300
Amortisation	<b>191 077</b>	204 999
Bad debts written-off	<b>233 457</b>	701 310
Expenditure - other agencies	-	12 000
Superannuation	-	423 606
	<b>910 185</b>	1 649 215
Investing activity -		
Net income from disposal of non-current assets	<b>(9 247)</b>	(11 043)
Change in operating assets and liabilities -		
Increase/(decrease) in employee entitlements	<b>557 150</b>	(75 064)
(Increase) in current assets	<b>(21 406)</b>	(218 328)
(Increase) in non-current assets	<b>(228 449)</b>	(4 108)
Increase/(decrease) in current liabilities	<b>207 583</b>	(86 869)
	<b>514 878</b>	(384 369)
<b>Net cash used in operating activities</b>	<b>(1 428 512)</b>	(2 241 582)

**13 PURCHASE OF NON-CURRENT ASSETS**

<i>Item</i>	1994-95	1993-94
	(\$)	(\$)
Payments for acquisition of furniture and fittings, computer equipment etc.	<b>1 241 239</b>	858 498



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**ABNORMAL ITEMS**

<i>Item</i>	1994-95	1993-94
	(\$)	(\$)
Income from government -		
Assumption of superannuation liabilities	-	5 070 000
Expenditure -		
Superannuation	-	(5 070 000)
Bad debts written-off	<b>233 457</b>	701 310
Employee entitlements	<b>392 550</b>	-
<b>Net abnormal items</b>	<b>626 007</b>	701 310

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**EXECUTIVES' REMUNERATION**

Details of numbers of Executive Officers in relevant income bands are as follows:

<i>Income band</i>	1994-95	1993-94
Less than \$100 000	<b>11</b>	13
\$100 000 to \$109 999	<b>2</b>	1
\$110 000 to \$119 999	<b>1</b>	2
\$120 000 to \$129 999	<b>2</b>	2
\$130 000 to \$139 999	<b>1</b>	1
<b>Total number of Executives</b>	<b>17</b>	19

**CERTIFICATION OF FINANCIAL STATEMENTS**

We, the undersigned, hereby certify that:

- in our opinion the financial statements of the Victorian Auditor-General's Office present fairly, in all material respects, the financial operations during 1994-95 and the financial position of the Office as at 30 June 1995;
- 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 other mandatory professional reporting requirements and the requirements of the *Financial Management Act 1994*.



H. S. SOONG

*Principal Accounting Officer*

MELBOURNE 10/10/1995



C. A. BARAGWANATH

*Auditor-General*

## INDEPENDENT AUDITOR'S REPORT

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### Audit scope

We have audited the accompanying financial statements of the Victorian Auditor-General's Office for the year ended 30 June 1995, comprising the statement of operations, balance sheet, statement of cash flows and notes to the financial statements. 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 in accordance with section 17 of the *Audit Act* 1994.

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 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 with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and comply with the requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with our understanding of the Office's financial position and the results of its operations and its cash flows.

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

### Audit opinion

In our opinion, the financial statements present fairly the financial position of the Victorian Auditor-General's Office as at 30 June 1995 and the results of its operations and its cash flows for the financial year ended on that date in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the *Financial Management Act* 1994.



D.N. BARTLEY  
KPMG

10 / 10 / 1995



## APPENDIX 1 OFFICE PUBLICATIONS

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### PUBLICATIONS ISSUED OVER THE PAST 5 YEARS

- 1990-91**     *Report of the Auditor-General on the Treasurer's Statement, year ended 30 June 1990.*  
*Annual Report of the Office of the Auditor-General, year ended 30 June 1990.*  
*Special Report No. 14 - Accommodation Management, October 1990.*  
*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, year ended 30 June 1991.*  
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*Special Report No. 17 - Integrated Education for Children with Disabilities, May 1992.*  
*Special Report No. 18 - Bayside Development, May 1992.*  
*Report on Ministerial Portfolios, May 1992.*

- 1992-93**      *Report of the Auditor-General on the Finance Statement, year ended 30 June 1992.*  
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*Special Report No. 19 - Salinity, March 1993.*  
*Special Report No. 20 - National Tennis Centre Trust and Zoological Board of Victoria, April 1993.*  
*Special Report No. 21 - Visiting Medical Officer Arrangements, April 1993.*  
*Special Report No. 22 - Timber Industry Strategy, May 1993.*  
*Special Report No. 23 - Information Technology in the Public Sector, May 1993.*  
*Special Report No. 24 - Open Cut Production in the Latrobe Valley, May 1993.*  
*Report on Ministerial Portfolios, May 1993.*
- 1993-94**      *Report of the Auditor-General on the Finance Statement, year ended 30 June 1993.*  
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*Special Report No. 25 - Aged Care, September 1993.*  
*Special Report No. 26 - Investment Management, November 1993.*  
*Special Report No. 27 - Management of Heritage Collections, November 1993.*  
*Special Report No. 28 - Legal Aid Commission of Victoria and Office of the Value-General, November 1993.*  
*Special Report No. 29 - International Student Programs in Universities, November 1993.*  
*Special Report No. 30 - Grants and Subsidies to Non-Government Organisations, March 1994.*  
*Special Report No. 31 - Purchasing Practices, May 1994.*  
*Report on Ministerial Portfolios, May 1994.*
- 1994-95**      *Report of the Auditor-General on the Finance Statement, year ended 30 June 1994.*  
*Annual Report of the Victorian Auditor-General's Office, year ended 30 June 1994.*  
*Special Report No. 32 - A Competent Workforce: Professional Development, November 1994.*  
*Special Report No. 33 - Handle with Care: Dangerous Goods Management, May 1995.*  
*Special Report No. 34 - Managing Parks for Life: The National Parks Service, May 1995.*  
*Special Report No. 35 - Equality in the Workplace: Women in Management, May 1995.*  
*Report on Ministerial Portfolios, May 1995.*

**SPECIAL REPORTS ISSUED BY THE OFFICE**

Report number and title	Date issued
1 Works Contracts Overview - First Report	June 1982
2 Works Contracts Overview - Second Report	June 1983
3 Government Stores Operations and Departmental Cash Management	October 1984
4 Court Closures in Victoria	November 1986
5 Provision of Housing to Government Employees and Post-Project Appraisal Procedures within the Public Works Department	December 1986
6 Internal Audit in the Victorian Public Sector	December 1986
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20 National Tennis Centre and Zoological Board of Victoria	April 1993
21 Visiting Medical Officer Arrangements	April 1993
22 Timber Industry Strategy	May 1993
23 Information Technology in the Public Sector	May 1993
24 Open Cut Production in the Latrobe Valley	May 1993
25 Aged Care	September 1993
26 Investment Management	November 1993
27 Management of Heritage Collections	November 1993
28 Legal Aid Commission of Victoria and Office of the Valuer-General	November 1993
29 International Student Programs in Universities	November 1993
30 Grants and Subsidies to Non-Government Organisations	March 1994
31 Purchasing Practices	May 1994
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- V**aluer-General, Office of, *Special Report No. 28, November 1993*
- Victorian Accident Rehabilitation Council, *Report on Ministerial Portfolios, May 1992*, pp. 226-32
- Victorian Arts Centre Trust, *Report on Ministerial Portfolios, May 1994*, pp. 51-69
- Victorian Gaming Commission, *Report on Ministerial Portfolios, May 1994*, pp. 69-74
- Victorian Institute of Marine Sciences, *Report on Ministerial Portfolios, May 1994*, pp. 147-55
- Victorian Prison Industries Commission, *Report on Ministerial Portfolios, April 1991*, pp. 116-31
- Victorian Tourism Commission, *Report on Ministerial Portfolios, May 1990*, pp. 277-89
- Z**oological Board of Victoria, *Special Report No. 20, April 1993*



## APPENDIX 2 PROFESSIONAL ACTIVITIES

### ATTENDANCE AT CONFERENCES

<i>Conference</i>	<i>Participants</i>	<i>Topic</i>
<b>International</b>		
United Kingdom National Audit Office Directorate Conference, Edinburgh, July 1994	J. Tranter (as part of a one month visit to the UK National Audit Office).	Examination of issues impacting on public sector auditing in the UK.
New Zealand Library and Information Association/ Australian Library and Information Association Conference, Wellington, November 1994	E. Quick	Discussions and evaluation of developments in electronic document delivery and resource sharing, and copyright law.
<b>Interstate</b>		
Australian Council of Auditors-General, Brisbane, July 1994	C. Baragwanath and T. Lant	Inaugural meeting of the Council and development of a range of strategic issues.
Australasian Evaluation Society, Canberra, September 1994	R. Seidel-Davies and J. Milic	Evaluation: Making Performance Count.
Australian Council of Auditors-General, Darwin, October 1994	C. Baragwanath and T. Lant	Determination of issues impacting on Council members.
Women in the Workplace Conference, Sydney, October 1994	C. Estallo	The Economic Imperative.
Information Online and Ondisc 95 Conference and Exhibition, Sydney, January 1995	E. Quick	Library services exhibition and product review.
International Convention of Accountants, Canberra, March 1995	R. Mifsud and R. Walker	Alternative modes of service delivery in government and of government business enterprises.
20th Biennial Australasian Area Auditors-General Conference, Hobart, March 1995	C. Baragwanath	Discussions on current issues in public sector management including the role of Auditors-General.
Northern Territory Public Sector Accounting Group Inc., Darwin, June 1995	C. Baragwanath	Looking beyond Whole of Government Reporting.

ATTENDANCE AT CONFERENCES - *continued*

<i>Conference</i>	<i>Participants</i>	<i>Topic</i>
<b>Victoria</b>		
The Code of Practice for the Building and Construction Industry, Melbourne, September 1994	T. Wood	Address critical areas and the requirements for compliance in the Building and Construction Industry.
Australian Human Resources 1994, Melbourne, October 1994	P. Brown	Benchmarking and Human Resources Management Issues.
101 Tax Facts 1994, Melbourne, November 1994	M. Salter	Tax facts, traps and planning points for corporations.
The New Business of Local Government, Melbourne, November 1994	S. Mitsas and M. Dodson	How local government will operate in the future.
Australian Society of Certified Practising Accountants, Melbourne, November 1994	R. Szpak, C. Pagnon and M. Dodson	Re-inventing Government - New Zealand Style
Victorian Hospitals' Association Annual Conference, Melbourne, November 1994	S. Naylor	Beyond Casemix
Annual Office Seminar, Melbourne, November 1994	All office staff	Future directions of the Office and recent achievements.
Royal Australian Institute of Public Administration Australia, Melbourne, December 1994	N. Daicos	Outsourcing, Evaluation and Contract Management Risks and Rewards
9th Biennial Conference of Australasian Council of Public Accounts Committee, Melbourne, January - February 1995.	C. Baragwanath and G. Hamilton	Various accountability topics involving Public Accounts Committees.
Non-Executive Officers Pay Structure Seminar, Melbourne, March 1995	All Office staff	Introduction to Non Executive Officers Pay System.
Audit Office Senior Executive Conference, Healesville, June 1995	G. Hamilton, J. Manders, J. Tranter, R. Seidel-Davies, T. Wood, D. Reid, L. Brohm, J. Thwaites and J. Clarke	"In Pursuit of Best Practice in Performance Auditing". Discussion on future directions and business operations of the Office.
Information Systems Audit and Control Association Conference, Melbourne, May 1995	D. Sturgess, N. Bohan, K. D'Rosario, C. Cotronis, L. Zytek, W. Turrie, J. Ang and M. Nguyen	How much technology do we really need to audit effectively?
State Congress Australian Society of Certified Practising Accountants, Melbourne, October 1994	Selected audit staff	Accounting topics.
Australian Health Services Financial Management Association Conference, Melbourne, May 1995	J. Kehoe, K. Barnes and L. Fewster	HealthCare Refocused.

### EXTERNAL PRESENTATIONS

<i>Officers</i>	<i>Date</i>	<i>Topic</i>
C. Baragwanath	November 1994	" <i>Why things had to change</i> ". Address given at Australian Society of Certified Practising Accounts. Special Seminar for MPs.
Russell Walker	March 1995	" <i>Public sector reporting entity concepts</i> ". Presentation International Convention of Accountants, Canberra.
John Kehoe	May 1995	" <i>Financial reporting requirements</i> ". Presentation to Australian Health Services Financial Management Association.
Richard Mifsud	May 1995	" <i>Role of audit in the public sector</i> ". Presentation at Monash University Graduate School of Government.
Mark Peters	May 1995	" <i>Performance auditing</i> ". Presentation at accounting students Swinburne University of Technology.

### VISITORS TO THE OFFICE

<i>Visitor</i>	<i>Topic</i>
Sir John Bourn, KCB, UK Comptroller and Auditor-General and 2 representatives from his Office, July 1994.	Discussions on a range of matters relating to the UK National Audit Office.
Dr Peter Wilkins, Performance Audit Manager, Western Australia Auditor-Generals Office, November 1994	Discussions on performance audit issues.
Mr Jim Mitchell, Deputy Auditor-General, NSW Audit Office, February 1995.	Information exchange on Office structure, performance auditing and other audit related matters.
Mr George Morfitt, FCA, Auditor-General, British Columbia, Canada, March 1995	Discussions on role and activities of the Auditor-General of British Columbia's Office.
Mr Okie Bread, South African Audit Office, 26 April 1995.	Exploration of communication links with Auditor-General's Office in South Africa.
Mr Andrew Foster, UK Audit Commission, England, 25 May 1995.	General discussions on the role and responsibilities of the UK Audit Commission and the difference in audit projects.
Mr Eric Lumley, Assistant Auditor-General, Mr Jack Khier, Director of Policy and Planning and Mr Greg Gibson, Director of Audit, NSW Audit Office, May 1995.	Exchange of information relating to financial audit issues and methodologies.



## APPENDIX 3 AUDIT RESPONSIBILITIES

### Parliamentary bodies

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Parliament of Victoria  
State Parliamentary Refreshment Rooms

### State accounts

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Statement of Financial Operations of Victoria

### Departments and other independent budget sector agencies

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Agriculture, Energy and Minerals, Department of  
Arts, Sport and Tourism, Department of  
Business and Employment, Department of  
Conservation and Natural Resources, Department  
of  
Directorate of School Education  
Health and Community Services, Department of  
Justice, Department of  
Ombudsman, Office of the  
Registrar-General, Office of the  
Planning and Development, Department of  
Police, Office of the Chief Commissioner of  
Premier and Cabinet, Department of the  
Public Prosecutions, Office of the Director of  
Public Service Commissioner, Office of the  
Regulator-General, Office of the  
State Electoral Office  
Transport, Department of  
Treasury and Finance, Department of

### Public bodies

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Adult, Community and Further Education Board,  
Office of the  
Advanced Dental Technicians Qualifications  
Board  
Alpine Resorts Commission  
Ambulance Officers Training Centre  
Andersons Creek Cemetery Trust  
Anti-Cancer Council  
Architects Registration Board of Victoria  
Australian Grand Prix Corporation  
Ballarat General Cemeteries and Crematorium  
Bendigo Cemeteries Trust  
Board of Studies  
Brothel Licensing Board  
Building Control Commission  
Bundoora Park Committee of Management

Cheltenham Cemeteries Trust  
Chiroprodists Registration Board  
Chiropractors and Osteopaths Registration Board  
Coal Corporation of Victoria  
Construction Industry Long Service Leave Board  
Council of Adult Education  
Country Fire Authority  
County Court of Victoria  
Crimes Compensation Tribunal  
Dental Board of Victoria  
Dental Technicians Licensing Committee  
Docklands Authority  
Eastern Regional Waste Management Group  
Electricity Services Victoria  
Emerald Tourist Railway Board  
Environment Protection Authority  
Estate Agents Council  
Estate Agents Disciplinary and Licensing Appeals  
Tribunal  
Estate Agents Licensing Authority  
Exhibition Trustees  
Fawkner Crematorium and Memorial Park  
Film Victoria  
GASCOR  
Gas Transmission Corporation  
Geelong Cemeteries Trust  
Geelong Performing Arts Centre Trust  
Generation Victoria  
Government Employee Housing Authority  
Grain Elevators Board  
Greyhound Racing Control Board  
Guardianship and Administration Board  
Harness Racing Board  
Historic Building Council  
Judicial Studies Board  
Keilor Cemeteries Trust  
Latrobe Regional Commission  
Legal Aid Commission of Victoria  
Lilydale Memorial Park and Cemetery  
Liquor Licensing Commission  
Loddon-Campaspe Regional Planning Authority  
Marine Board of Victoria  
Medical Practitioners Board  
Melbourne City Link Authority  
Melbourne Exhibition Centre Trust  
Melbourne Market Authority  
Melbourne Sports and Aquatic Centre  
Melbourne Water Corporation  
Memorial Park Altona, The

Mental Health Review Board  
 Metropolitan Fire Brigades Board  
 Mildura Cemetery Trust  
 Murray Valley Citrus Marketing Board  
 Murray Valley Wine Grape Industry Committee  
 Museum of Victoria, Council of the  
 National Gallery of Victoria, Council of  
 Trustees of the  
 National Tennis Centre Trust  
 Necropolis Springvale, The  
 Northern Regional Waste Management Council  
 Northern Victorian Fresh Tomato Industry  
 Development Committee  
 Nurses Board of Victoria  
 Olympic Park Management  
 Optometrists Registration Board  
 Patriotic Funds Council of Victoria  
 Penguin Reserve Committee of Management  
 Pharmacy Board of Victoria  
 Physiotherapists Registration Board  
 Plumbers, Gasfitters and Drainers Registration  
 Board  
 Police Board of Victoria  
 Port of Geelong Authority  
 Port of Melbourne Authority  
 Port of Portland Authority  
 Powernet Victoria  
 Preston Cemetery Trust  
 Prince Henry's Institute for Medical Research  
 Prothonotary  
 Psychosurgery Review Board  
 Public Advocate, Office of the  
 Public Transport Corporation  
 Queen Victoria Women's Centre Trust  
 Recycling and Resource Recovery Council  
 Registrar of Probates  
 Renewable Energy Authority of Victoria  
 Road Safety Accident Prevention Trust Account  
 Roads Corporation  
 Royal Botanic Gardens Board  
 Rural Finance Corporation of Victoria  
 Rural Water Corporation  
 Sheriff's Office  
 Shrine of Remembrance Trustees  
 Small Business Development Corporation  
 Solicitors' Guarantee Fund  
 South Eastern Regional Waste Management  
 Council  
 State Electricity Commission of Victoria  
 State Film Centre of Victoria Council  
 State Insurance Office  
 State Library of Victoria, Council of the  
 State Swimming Centre Committee of  
 Management  
 State Training Board, Office of the  
 State Trust Corporation of Victoria  
 Supreme Court of Victoria

Surveyors Board of Victoria  
 TABCO Club Keno Business Segment  
 TABCO Gaming Business Segment  
 Tattersall Club Keno Business Division  
 Tattersall Gaming Machine Division  
 Tattersall Sweep Consultation  
 Templestowe Cemetery Trust  
 Totalizator Agency Board  
 Tourism Victoria  
 Transport Accident Commission  
 Treasury Corporation of Victoria  
 Upper Yarra Valley and Dandenong Ranges  
 Authority  
 Urban Land Authority  
 Victorian Arts Centre Trust  
 Victorian Casino and Gaming Authority  
 Victorian Conservation Trust  
 Victorian Dairy Industry Authority  
 Victorian Debt Retirement Fund  
 Victorian Dried Fruits Board  
 Victorian Financial Institutions Commission  
 Victorian Health Promotion Foundation  
 Victorian Institute of Forensic Pathology  
 Victorian Institute of Marine Sciences  
 Victorian Interpreting and Translating Service  
 Victorian Meat Authority  
 Victorian Plantations Corporation  
 Victorian Power Exchange  
 Victorian Prison Industries Commission  
 Victorian Psychological Council  
 Victorian Relief Committee  
 Victorian Strawberry Industry Development  
 Committee  
 Victorian Tertiary Admissions Centre  
 Victorian Workcover Authority  
 Waste Management Council  
 Water Training Centre  
 Werribee Cemetery Trust  
 Western Regional Waste Management Group  
 Yarra Bend Park Trust  
 Zoological Board of Victoria

### **Universities and other educational institutions**

Ballarat, University of  
 Box Hill College of TAFE  
 Broadmeadows College of TAFE  
 Casey College of TAFE  
 Central Gippsland 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 of TAFE  
 Hawthorn Institute of Education Ltd



Holmesglen College of TAFE  
 John Batman College of TAFE  
 La Trobe University  
 La Trobe University College of Northern Victoria  
 Loddon-Campaspe College of TAFE  
 Melbourne, University of  
 Melbourne College of Textiles  
 Monash University  
 Moorabbin College of TAFE  
 Northern Metropolitan College of TAFE  
 Outer Eastern College of TAFE  
 Royal Melbourne Institute of Technology  
 South West College of TAFE  
 Sunraysia College of TAFE  
 Swinburne University of Technology  
 Victoria University of Technology  
 Victorian College of Agriculture and Horticulture 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, State-funded nursing homes and ambulance services**

Alexandra and District Ambulance Service  
 Alexandra District Hospital  
 Alfred Group of Hospitals, The  
 Altona District Hospital  
 Ambulance Services Victoria -  
     Metropolitan Region  
     North Eastern Region  
     North Western Region  
     South Eastern Region  
     South Western Region  
     Western Region  
 Angliss Hospital, The  
 Anne Caudle Centre  
 Ararat and District Hospital  
 Austin and Repatriation Medical Centre  
 Bacchus Marsh and Melton Memorial Hospital  
 Bairnsdale Regional Health Service  
 Ballarat Base Hospital  
 Beechworth Hospital, The  
 Benalla and District Memorial Hospital  
 Bendigo Hospital, The  
 Bethlehem Hospital Inc.  
 Birregurra and District Community Hospital  
 Boort District Hospital  
 Box Hill Hospital  
 Bright District Hospital  
 Bundoora Extended Card Centre  
 Burwood and District Community Hospital  
 Caritas Christi Hospice Ltd

Casterton Memorial Hospital  
 Clunes District Hospital  
 Cobram District Hospital  
 Cohuna District Hospital  
 Colac District Hospital  
 Coleraine and District Hospital  
 Corangamite Regional Hospital Services  
 Corryong District Hospital  
 Dandenong Hospital  
 Dimboola District Hospital  
 Donald District Hospital  
 Dunmunkle Health Services  
 Echuca Regional Health Inc.  
 Edenhope and District Memorial Hospital  
 Fairfield Hospital  
 Geelong Hospital  
 Gippsland Base Hospital  
 Gippsland Southern Health Service  
 Goulburn Valley Base Hospital  
 Grace McKellar Centre  
 Hamilton Base Hospital  
 Hampton Rehabilitation Hospital  
 Healesville and District Hospital  
 Heathcote District Hospital  
 Heidelberg Hospital  
 Hesse Rural Health Service  
 Heywood and District Memorial Hospital  
 Inglewood Hospital  
 Kaniva District Hospital  
 Kerang and District Hospital  
 Kilmore and District Hospital  
 Kingston Centre  
 Kyabram and District Memorial Community Hospital  
 Kyneton District Hospital  
 Latrobe Regional Hospital  
 Lorne Community Hospital  
 Maffra District Hospital  
 Maldon Hospital  
 Manangatang and District Hospital  
 Mansfield District Hospital  
 Maroondah Hospital  
 Maryborough and District Health Service  
 Mercy Public Hospitals Inc.  
 Mildura Base Hospital  
 Monash Medical Centre  
 Mordialloc - Cheltenham Community Hospital  
 Mornington Peninsula Hospital  
 Mount Eliza Centre, The  
 Mt Alexander Hospital  
 Myrtleford District War Memorial Hospital  
 Nathalia District Hospital  
 Nhill Hospital  
 North West Hospital  
 Numurkah and District War Memorial Hospital  
 O'Connell Family Centre (Grey Sisters) Inc.  
 Omeo District Hospital

Orbost and District Hospital  
 Otway Health and Community Services  
 Ouyen and District Hospital  
 Peshurst and District Memorial Hospital  
 Peter James Centre, The  
 Peter MacCallum Cancer Institute  
 Port Fairy Hospital  
 Portland and District Hospital  
 Preston and Northcote Community Hospital  
 Queen Elizabeth Centre  
 Queen Elizabeth Centre, Ballarat, The  
 Ripon Peace Memorial Hospital  
 Rochester and Elmore District Health Service  
 Royal Children's Hospital  
 Royal Dental Hospital of Melbourne  
 Royal Melbourne Hospital, The  
 Royal Victorian Eye and Ear Hospital  
 Royal Women's Hospital, The  
 Sandringham and District Memorial Hospital  
 Seymour District Memorial Hospital  
 Skipton and District Memorial Hospital  
 South Gippsland Hospital  
 St Arnaud District Hospital  
 St George's Hospital and Inner Eastern Geriatric Service  
 St Vincent's Hospital (Melbourne), Ltd  
 Stawell District Hospital  
 Swan Hill District Hospital  
 Tallangatta Hospital  
 Tawonga District General Hospital  
 Terang and Mortlake Health Services  
 Timboon and District Hospital  
 Tweddle Child and Family Health Service  
 Wangaratta District Base Hospital  
 Waranga Memorial Hospital  
 Warracknabeal District Hospital  
 Warrnambool and District Base Hospital  
 West Gippsland Hospital  
 Western Highlands Health Service  
 Western Hospital  
 Westernport Memorial Hospital  
 Willaura and District Hospital  
 Williamstown Hospital  
 Wimmera Base Hospital  
 Wodonga District Hospital  
 Wonthaggi and District Hospital  
 Wycheproof District Hospital  
 Yarram and District Health Services  
 Yarrawonga District Hospital  
 Yea and District Memorial Hospital

### **Superannuation funds**

City of Melbourne Superannuation Fund  
 Coal Mine Workers' Pension Fund  
 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  
 Melbourne Water Corporation Employees' Superannuation Fund  
 Parliamentary Contributory Superannuation Fund  
 Port of Geelong Superannuation Fund  
 State Casual Employees Superannuation Board  
 State Employees Retirement Benefits Board  
 State Superannuation Fund  
 Transport Superannuation Board  
 Victorian Electricity Industry Superannuation Fund  
 Victorian Superannuation Board  
 Victorian Superannuation Fund  
 Zoological Board of Victoria Superannuation Fund

### **Companies, trusts and joint ventures**

Albury Gas Company Ltd  
 Aluminium Smelters of Victoria Pty Ltd  
 Alufin Pty Ltd  
 Aluvic Castings Pty Ltd  
 Aluvic Services Pty Ltd  
 Australian Music Examinations Board (Vic.) Ltd  
 Blackspots Projects Trust Account  
 Circular Force Pty Ltd  
 Citypower Ltd  
 Citytech Pty Ltd  
 City West Water Ltd  
 Daratech Pty Ltd  
 Deakin University Foundation Ltd  
 Deakin University Foundation Trust  
 Dynosis Pty Ltd  
 Driver Education Centre of Australia  
 Eastern Energy Ltd  
 Ecogen Pty Ltd  
 Energy Brix Australia Corporation  
 Energy Business Centre Pty Ltd  
 Everton Dell Pty Ltd  
 GFE Resources Ltd  
 Graduate School of Management Foundation Ltd  
 Graduate School of Management Ltd  
 Hazelwood Power Corporation Ltd  
 Health Computing Services Ltd  
 Holding Trust, The  
 Institute of Innovation and Enterprise Ltd  
 Japlin Pty Ltd  
 La Trobe University Housing Ltd  
 Loy Yang Power Ltd  
 Loy Yang B Power Station Pty Ltd  
 Melbourne Business School Ltd  
 Melbourne Parks and Waterways  
 Meltech Services Pty Ltd  
 Milake Pty Ltd  
 Mines and Industries Ballarat Ltd, The School of  
 Monash International Pty Ltd  
 Monash IVF Pathology Services Pty Ltd  
 Monash IVF Pathology Services Trust

Monash IVF Pty Ltd  
 Monash Merchandising Company Pty Ltd  
 Monash Merchandising Unit Trust  
 Monash Mt Eliza Graduate School Ltd  
 Monash Ultra Sound Pty Ltd  
 Monash Ultra Sound Trust  
 Monash University Foundation  
 Monash-ANZ Centre for International  
 Briefing Pty Ltd  
 Montech Pty Ltd  
 Mycell International Pty Ltd  
 National Academy of Music Ltd  
 National Electricity Pty Ltd  
 National Power Pty Ltd  
 Neurometric Systems Pty Ltd  
 Opalwood Pty Ltd  
 Open Learning Agency of Australia Pty Ltd  
 Overseas Projects Corporation of Victoria Ltd  
 Pelletray Pty Ltd  
 Powercor Australia Ltd  
 PowerWorks Pty Ltd  
 Qualitative Solutions and Research Pty Ltd  
 Radius Computing Pty Ltd  
 RMIT Foundation  
 RMIT Ltd  
 RMIT Student Union  
 School of Forestry Creswick Ltd  
 Securities Finance Corporation Ltd  
 SECV International Pty Ltd  
 Sir John Monash Business Centre Pty Ltd  
 Solaris Power Ltd  
 South East Water Ltd  
 Southern Hydro Ltd  
 Southgate Control Ltd  
 Southgate Hotel Management Pty Ltd  
 Southgate Trust  
 Swinburne Ltd  
 TAC Property Investments Pty Ltd  
 Technisearch Pty Ltd  
 Telematics Course Development Fund Trust  
 Tiber Pines Pty Ltd  
 Tricontinental Australia Ltd  
 Tricontinental Corporation Ltd  
 Tricontinental Holdings Ltd  
 Twin Waters Resorts Pty Ltd  
 Unilink Ltd  
 Unimelb Ltd  
 United Energy Ltd  
 Utilities Insurance Pty Ltd  
 Vicfleet Pty Ltd  
 Victorian Education Foundation  
 Victorian Education Foundation Pty Ltd  
 Victorian Electricity Industry Superannuation Pty  
 Ltd  
 Victorian Funds Management Corporation  
 Victorian Institute of Sport Ltd  
 Victorian Institute of Sport Trust

Victorian University of Technology Foundation Ltd  
 Victorian Medical Consortium Pty Ltd  
 Vistel Ltd  
 Water Ecoscience Pty Ltd  
 Western Institute Foundation Ltd  
 Western Melbourne Business Development Pty Ltd  
 Yallourn Energy Ltd  
 Yarra Valley Water Ltd

### **Water and sewerage authorities**

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Aireys Inlet Water Board  
 Alberton River Improvement Trust, Shire of  
 Avoca River Improvement Trust  
 Barwon Region Water Authority  
 Broken River Management Board  
 Bullock Creek Improvement Trust  
 Central Gippsland Region Water Authority  
 Central Highlands Region Water Authority  
 Colac Region Water Authority  
 Coliban Region Water Authority  
 East Gippsland Region Water Authority  
 East Gippsland River Management Board  
 First Mildura Irrigation Trust  
 Gippsland Rural Water Authority  
 Glenelg Region Water Authority  
 Glenelg River Improvement Trust  
 Glenelg-Wannon Water Board  
 Goulburn-Murray Rural Water Authority  
 Goulburn Valley Region Water Authority  
 Grampians Region Water Authority  
 Kiewa-Murray Region Water Authority  
 Korumburra River Improvement Trust, Shire of  
 Lake Wellington Rivers Authority  
 Lower Goulburn Waterway Management Authority  
 Lower Murray Region Water Authority  
 Mid-Goulburn Regional Water Board  
 Mitchell River Management Board  
 Myrtleford, Shire of  
 North Central Waterways Management Board  
 Ovens Region Water Authority  
 Ovens River Management Board  
 Pental Island River Management Board  
 Portland Coast Region Water Authority  
 Snowy River Improvement Trust  
 Southern Rural Water Authority  
 South Gippsland Region Water Authority  
 South West Water Authority  
 Sunraysia Rural Water Authority  
 Tambo Nicholson River Management Board  
 Tarwin River Management Board  
 Upper Goulburn River Management Authority  
 Upper North East River Management Authority  
 Westernport Water Board  
 Western Region Water Authority  
 Wimmera-Mallee Rural Water Authority

**Municipal councils**

Alpine Shire Council	Manningham City Council
Ararat Rural City Council	Maribyrnong City Council
Ballarat City Council	Maroondah City Council
Banyule City Council	Melbourne City Council
Bass Coast Shire Council	Melton Shire Council
Baw Baw Shire Council	Milawa Shire Council
Bayside City Council	Mildura Rural City Council
Boroondara City Council	Mitchell Shire Council
Brimbank City Council	Moira Shire Council
Buloke Shire Council	Monash City Council
Campaspe Shire Council	Moonee Valley City Council
Cardinia Shire Council	Moorabool Shire Council
Casey City Council	Moreland City Council
Central Goldfields Shire Council	Mornington Peninsula Shire Council
Colac-Otway Shire Council	Mount Alexander Shire Council
Corangamite Shire Council	Moyne Shire Council
Darebin City Council	Murrindindi Shire Council
Delatite Shire Council	Nillumbik Shire Council
East Gippsland Shire Council	Northern Grampians Shire Council
Frankston City Council	Port Phillip City Council
Gannawara Shire Council	Pyrenees Shire Council
Glen Eira City Council	Borough of Queenscliffe
Glenelg Shire Council	South Gippsland Shire Council
Golden Plains Shire Council	Southern Grampians Shire Council
Greater Bendigo City Council	Stonnington City Council
Greater Dandenong City Council	Strathbogie Shire Council
Greater Geelong City Council	Surf Coast Shire Council
Greater Shepparton City Council	Swan Hill Rural City Council
Hepburn Shire Council	Towong Shire Council
Hindmarsh Shire Council	Warrnambool City Council
Hobsons Bay City Council	Wellington Shire Council
Horsham Rural City Council	West Wimmera Shire Council
Hume City Council	Whitehorse City Council
Indigo Shire Council	Whittlesea City Council
Kingston City Council	Wodonga Rural City Council
Knox City Council	Wyndham City Council
La Trobe Shire Council	Yarra City Council
Loddon Shire Council	Yarra Ranges Shire Council
Macedon Ranges Shire Council	Yarriambiack Shire Council



## APPENDIX 4 STAFF CLASSIFICATION

Detailed information on the classification and gender of permanent staff at 30 June 1995 is set out in the following table.

CLASSIFICATION BY  
GENDER FOR PERMANENT STAFF, AT 30 JUNE 1995

Classification	Full-time			Part-time		
	Male	Female	Total	Male	Female	Total
VPS-5	23	9	32	-	2	2
VPS-4	3	1	4	-	-	-
VPS-3	21	12	33	-	1	1
VPS-2	22	17	39	-	-	-
VPS-1	-	2	2	-	-	-
<b>Total</b>	<b>69</b>	<b>41</b>	<b>110</b>	<b>-</b>	<b>3</b>	<b>3</b>
AM 8	1	-	1	-	-	-
AM 7	1	-	1	-	-	-
AM 6	1	-	1	-	-	-
AM 5	1	-	1	-	-	-
AM 4	-	-	-	-	-	-
AM 3	-	-	-	-	-	-
AM 2	-	1	1	-	-	-
AM 1	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>
CSO 5	1	-	1	-	-	-
CSO 4	1	-	1	-	-	-
CSO 3	2	-	2	-	-	-
CSO 2	-	-	-	-	-	-
CSO 1	1	-	1	-	-	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive Officers	16	1	17	-	-	-
<b>Total</b>	<b>94</b>	<b>43</b>	<b>137</b>	<b>-</b>	<b>3</b>	<b>3</b>

Note: Actual numbers do not include the Auditor-General or temporary staff.



**VICTORIAN  
AUDITOR-  
GENERAL'S  
OFFICE**

*Auditing in the  
Public Interest*

***"The public officials whose objectivity  
and usefulness I came to value most highly  
in a quarter of a century around the  
Commonwealth and Victorian Parliaments  
included the Auditors-General.***

***The authority of Auditors-General to report  
publicly to Parliament on what public bodies are  
doing is one of the most valuable safeguards of  
the public interest available to us. Their  
independence and objectivity should at all costs  
be protected ..."***

**Race Matthews**

*Member of the Australian Parliament (1972 - 1975)*

*Member of the Victorian Parliament (1979 - 1992)*



**VICTORIAN  
AUDITOR-  
GENERAL'S  
OFFICE**