

About our annual plan

To provide assurance to the Parliament of Victoria and the Victorian community, the Victorian Auditor-General's Office conducts performance audits and financial audits.

A performance audit assesses whether agencies are meeting their aims effectively, using their resources economically and efficiently, and complying with relevant legislation. It provides assurance about activities that are performed well or represent best practice, and also identifies opportunities for further improvement.

A financial audit is an audit of the financial statements of an agency. It provides assurance that the financial statements present fairly the financial position, cash flows and results of operations for the year.

The budgeted cost of delivering our proposed audit program is included in Appendix A.

Performance audits

This year, and moving forward, we are adopting a new three-year planning cycle for our performance audit work program that will provide Parliament, the public sector and the Victorian community with better foresight of our short- to medium-term goals and priorities.

Our annual planning process has three substantive components:

- understanding the environmental context
- deciding potential areas for audit focus
- communicating these plans to relevant stakeholders and incorporating their feedback where appropriate.

Understanding the environmental context



Deciding which areas to audit

To maximise our value and accountability to Parliament, the public sector and the community, we focus our limited resources on areas where we can have the most impact.

In deciding which areas to audit, we use a rigorous approach to identify and prioritise potential performance audit topics. Our assessment process informs the development of a work program that balances predictability and responsiveness.

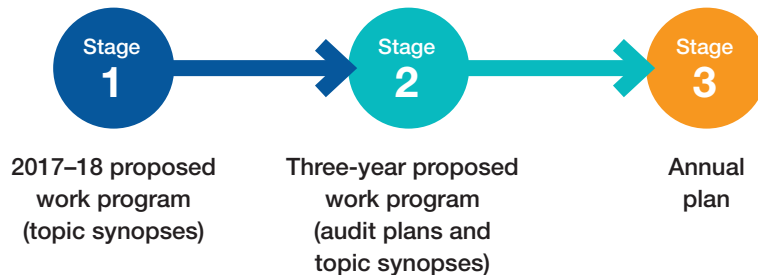
To ensure consistency in the selection process, each potential audit topic is assessed against the following factors:



Consulting on our work program

Once we have considered, assessed and moderated each topic based on its merits, we consult with the Public Accounts and Estimates Committee (PAEC), departments and other proposed agencies. We have expanded our consultation to be more transparent and to provide opportunities for considered feedback at multiple stages.

We consult in three stages with comprehensive information:



We thoroughly analyse all the feedback we receive to identify issues with proposed time lines and to better understand the impact of current or proposed public sector reforms on proposed audits. We refine and incorporate changes based on the feedback provided.

Follow-up audits

As part of our performance audit work program, we are also committed to conducting follow-up audits. Our follow-up audits aim to monitor agency progress in implementing actions from previous audits, and also verify that actions taken by agencies have been effective in addressing our recommendations.

To contribute to our selection of audits to follow-up, we undertook a comprehensive follow-up survey to assess agency actions on recommendations over a three-year period: 2012–13, 2013–14 and 2014–15.

The issues identified in the initial audit, as well as the risk and materiality of the subject matter, also inform the follow-up audit topics we select.

Finalising our work program

The table inside the front cover sets out the performance audits we intend to undertake over the next three years. This forecast provides us with more opportunities for early engagement with our stakeholders, and allows audited agencies to prepare for scheduled audits well in advance.

Performance audits are conducted in accordance with relevant standards issued by the Australian Auditing and Assurance Standards Board. These standards cover planning, conduct, evidence, communication, reporting and other elements of performance audits. Additional information about how we deliver our performance audits can be found in Appendix B.

Financial audits

Our financial audit program delivers a range of assurance services for public sector agencies. The program delivers reports to Parliament on the results of financial audits and on the Annual Financial Report of the State of Victoria. The program also delivers audit opinions on financial statements and performance statements of public sector agencies, an opinion on the Annual Financial Report of the State of Victoria and a review report on the estimated financial statements of the State of Victoria.

Public Accounts and Estimates Committee

The *Audit Act 1994* requires us to seek comments on our draft annual plan from PAEC. We value PAEC's input and also seek its suggestions on potential areas of government that may benefit from audit scrutiny.

PAEC has provided useful inputs into our annual plan, including proposed audits for our future audit program and suggestions to improve the scope of particular upcoming audits.

Our legislation also requires us to publish in the annual plan any changes to the draft plan suggested by PAEC that the Auditor-General does not adopt. We are pleased to report that PAEC had no further suggestions in this planning cycle.