

APPENDIX A

Submissions and comments

We have consulted with the Department of Education and Training and the 8 public universities in Victoria, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Responses were received as follows:

Department of Education and Training	20
University of Melbourne	21



Department of
Education and Training

Office of the Secretary

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Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Auditor-General

Thank you for your letter of 17 June 2021 inviting the Department of Education and Training (the Department) to provide submissions or comments on the proposed audit report *Results of 2021 Audits: Universities* (the Report).

The Department welcomes the Report and its findings. I note your conclusion that the financial reports of the universities and their controlled entities are reliable. I support the recommendation made, and also note that your recommendation is similar to that made in the audit report *Results of 2020 Audits: Universities*.

The eight university Acts contain no general Ministerial power of direction over universities. The legislative responsibilities of the Minister for Training and Skills and Minister for Higher Education under the Acts are limited to making some Council appointments, approving the acquisition, disposal and leasing of some land, approving certain commercial activities, and approving the amendment of university statutes.

I am therefore supporting, rather than formally accepting, the recommendation in the Report.

I recognise the work from VAGO and the universities that has led to the audit opinions for all Victorian universities this year, especially given the impact of the COVID-19 pandemic in 2021. If your team would like to discuss this issue further, you may contact Ms Jane Ward, Executive Director, Higher Education and Workforce, Department of Education and Training, on (03) 9059 5233 or by email:

[Redacted email address]

Yours sincerely

Jenny Atta
Secretary

27 / 6 / 2022

Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Privacy and Data Protection Act 2014*. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address





24 June 2022

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne VIC 3000
By email: [REDACTED]

Dear Mr Greaves,

RE: Proposed Report on the Results of 2021 Audits: Universities

I am writing in response to the invitation to comment on the Proposed Report on the Results of 2021 Audits: Universities specifically in relation to the reasoning for the delay in finalising the University of Melbourne audit.

The University of Melbourne has responded to references relating to the reasons for the delay and recommend that the report reflect a more balanced explanation attributing the responsibility for the delay to all involved.

Outlined below is the suggested revised wording reflecting a more balanced and accurate representation of the reason for the delay.

1. Underpayment of casual wages and impact on timeliness of financial statements

We do not agree with the summary provided on the timeliness of reporting for underpayment of casual wages on page 4 and 18 of the report. The draft text explains that the delay was due solely to the time taken by University management to assess the financial impacts and provide information for audit. Both the University of Melbourne and VAGO/EY needed time to assess as such the summary should be updated to reflect what had occurred. We suggest the updated text below is reflected in the report:

Page 4 – Reporting timeliness: universities

The University of Melbourne did not receive an audit opinion within the statutory timeframe because more information and time was needed to assess the estimated financial impact of the underpayments to casual academic and professional employees.

Page 18 – Underpayment of casual wages and impact on timeliness of financial statements

In late 2020 the university sector across Australia uncovered issues with wage underpayments, mainly in relation to casual academic and professional staff.

During 2021, most Victorian universities assessed whether underpayments had occurred and began making back payments to affected staff, in some cases dating back 7 years.

This issue significantly affected the timing of the University of Melbourne's financial report preparation and subsequent audit. During 2021, University management commenced an extensive review, with the assistance of external specialists, of payment practices across the institution and employee entitlements under the

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University of Melbourne's Enterprise Agreements to assess the extent of the issue. As a result of this exercise, the University has identified situations where staff may not have been paid appropriately for work performed in accordance with the Enterprise Agreements.

At the time of the audit, University management had undertaken work to estimate a provision for the underpayments to affected staff. As part of the auditor's assessment of the completeness and accuracy of the estimated provision, the auditors required further information to support the estimate for the audit assessment. The collation of that further evidence by management and also review undertaken by the auditors was a significant process that meant significant additional time was required to finalise the audit of the 2021 financial report.

There will be further work undertaken by the University in 2022 to finalise the calculation of specific amounts owed to individual staff, and for payments to be made.

2. Audits of controlled entities still in progress

On page 4 of the report, it was reported that Melbourne Business School Limited audit is still in progress as at 6 June 2022. We note that the audit report was delivered on 6 June 2022 and as such should be reflected as a completed audit.

We also write on behalf of the following controlled entities of the University of Melbourne. With exception to the below, there are no further comments on the content of the report.

- Australian Music Examinations Board (VIC) Ltd
- Goulburn Valley Equine Hospital Pty Ltd
- Melbourne Business School Limited
- Melbourne Teaching Health Clinic Ltd
- Melbourne University Publishing Ltd
- Mt Eliza Graduate School of Business and Government Ltd
- Nossal Institute Limited
- UM Commercialisation Pty Ltd
- UM commercialisation Trust
- UoM Commercial Ltd
- UoM International Holdings Limited

The delay in completing the University of Melbourne controlled entity audits shown on page 4 of the report was largely caused by the casual wages matter. Both management of the controlled entities and VAGO/EY needed time to assess whether the matter applied to each entity. At the time of this letter, our analysis has concluded that the matter is not applicable, with two entities, the Goulburn Valley Equine Hospital Pty Ltd and UM Commercialisation Pty Ltd still being assessed.

Yours sincerely,



Katerina Kapobassis
Chief Financial Officer