

Annual Report

2022–23





The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria. We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

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The Hon Shaun Leane MLC
President
Legislative Council
Parliament House
Melbourne

The Hon Maree Edwards MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

I am pleased to provide you with my *Annual Report 2022–23* for presentation to Parliament.

This report covers VAGO's activities for the period 1 July 2022 to 30 June 2023. It has been prepared according to the *Audit Act 1994* and the *Financial Management Act 1994*. It complies with the requirements of relevant Australian Accounting Standards and Interpretations, Standing Directions and Financial Reporting Directions.

Yours faithfully



Andrew Greaves
Auditor-General
31 October 2023

Foreword

Our vision is that through the work that we do, we positively impact the lives of Victorians.

This year marked the 1st year of our 2022–25 strategic plan. Building on unfinished business from our last plan, we have sharpened our focus on the ways we serve to strengthen the transparency and accountability of the public sector, so that it can deliver better public services.

It is pleasing then this year that we produced more reports to Parliament, faster and at a lower average cost, compared to the last two years, when we were significantly disrupted due to the COVID pandemic. We may not yet be back to 'business as usual', but we are close.

We can realise our strategic intent only with an engaged and capable workforce. Like many organisations in our profession, we continued this year to be challenged by labour market conditions that made it difficult to find and retain the skill sets we needed to deliver our mandate. This is why a central pillar of our new strategy is to deliver an enriched experience for our people. We renewed our focus on developing the capability of our front-line auditors, but this very much a work in progress.

We are also acutely aware of the reputational damage to the wider profession arising from recent well publicised and ongoing public inquiries into matters of integrity and conflicts of interest. We jealously guard our independence, and with this our reputation and standing as a reliable and authoritative source of truth for the Parliament and the public. We also place a premium on securing our information and maintaining strict confidentiality as required by the Audit Act.

I start my second seven-year term as Auditor-General with renewed energy and a strong desire to continue to 'raise the bar' – both for my office and for the public sector.

In closing I acknowledge and thank all my staff for their professionalism, dedication, and commitment to upholding our core values and delivering on our mission.



Andrew Greaves
Auditor-General



1. Our role and approach

Our unique position and access to information enables us to identify common issues and provide useful insights for parliamentarians, the public and the agencies we audit.

About VAGO

The Auditor-General is an independent officer of the Victorian Parliament, appointed on behalf of Victorians to scrutinise how well government spends public money.

The *Audit Act 1994* establishes the Auditor-General's mandate and the Victorian Auditor-General's Office (VAGO). It provides the legal basis for our powers and identifies the responsibilities of our role.

The *Constitution Act 1975* establishes the role of the Auditor-General and gives complete discretion in how the functions and powers of the role are performed and exercised.

Part of Victoria's integrity system

Together with the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Ombudsman and the Victorian Inspectorate, we are part of Victoria's integrity system.

We protect the public interest, helping to hold the government to account.

We achieve this by conducting financial and performance audits of public sector agencies and reporting on the results to Parliament.

Our unique position and access to information across the entire Victorian public sector allow us to identify common issues and provide useful insights for the agencies we audit.

We make recommendations on how to improve services and function more efficiently and effectively, and also provide collated information back to agencies through our data analytics dashboards.

Our services to Parliament and Victorians

We audit the financial reports of public sector agencies and provide opinions on performance statements.

The agencies we audit include government departments, statutory bodies, educational institutions, public hospitals, water corporations, insurers and local government councils.

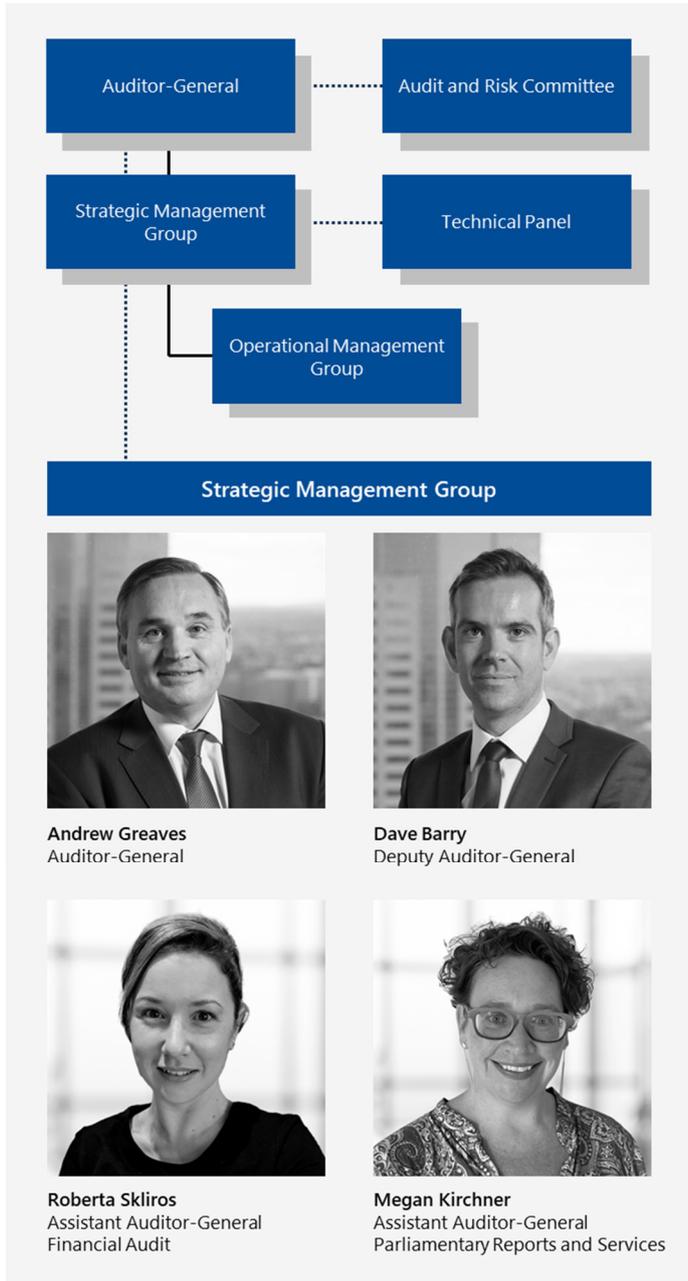
We also conduct performance audits that assess the effectiveness, efficiency, economy and compliance of government agencies, programs and services.

With our 'follow-the-dollar' powers, we are also able to audit non-government organisations that provide government services under contract.



Our governance

Our Strategic Management Group supports the Auditor-General by governing VAGO's strategic direction and alignment to our vision, values and purpose.



The Audit and Risk Committee independently assesses the effectiveness of VAGO's processes and controls across financial management, performance, sustainability and risk management.

The Operational Management Group leads business and divisional plans to achieve operational objectives, as well as VAGO's compliance with legislative, regulatory and policy instruments and standards.

The technical panel governs quality by considering significant accounting and auditing matters and their impact on our audit work.

Our people

We recognise that an organisation performs at its best when it understands, respects and celebrates the diverse qualities of its people. We are committed to building a diverse, safe and inclusive workplace, with a workforce that reflects the community we serve.



Our workforce

On 30 June 2023, VAGO employed 196 people, comprising:

- 54 in the Performance Audit (PA) division (since renamed to Parliamentary Reports and Services)
- 81 in Financial Audit (FA)
- 61 in audit support:
 - 37 in the Office of the Auditor-General (OAG)
 - 24 in Corporate Services (CS)

Of our total workforce:

- 58 per cent of our workforce were women (women made up 82 per cent of our part-time workers and 54 per cent of our executives)
- 3 per cent identified as a person with disability.

There are currently no staff who identify as Aboriginal or Torres Strait Islander.

See Appendix A for a detailed profile of the VAGO workforce.

Workplace health and safety

We aim to be an exemplar in safety and wellbeing in the public sector by providing a safe, supportive and respectful workplace.

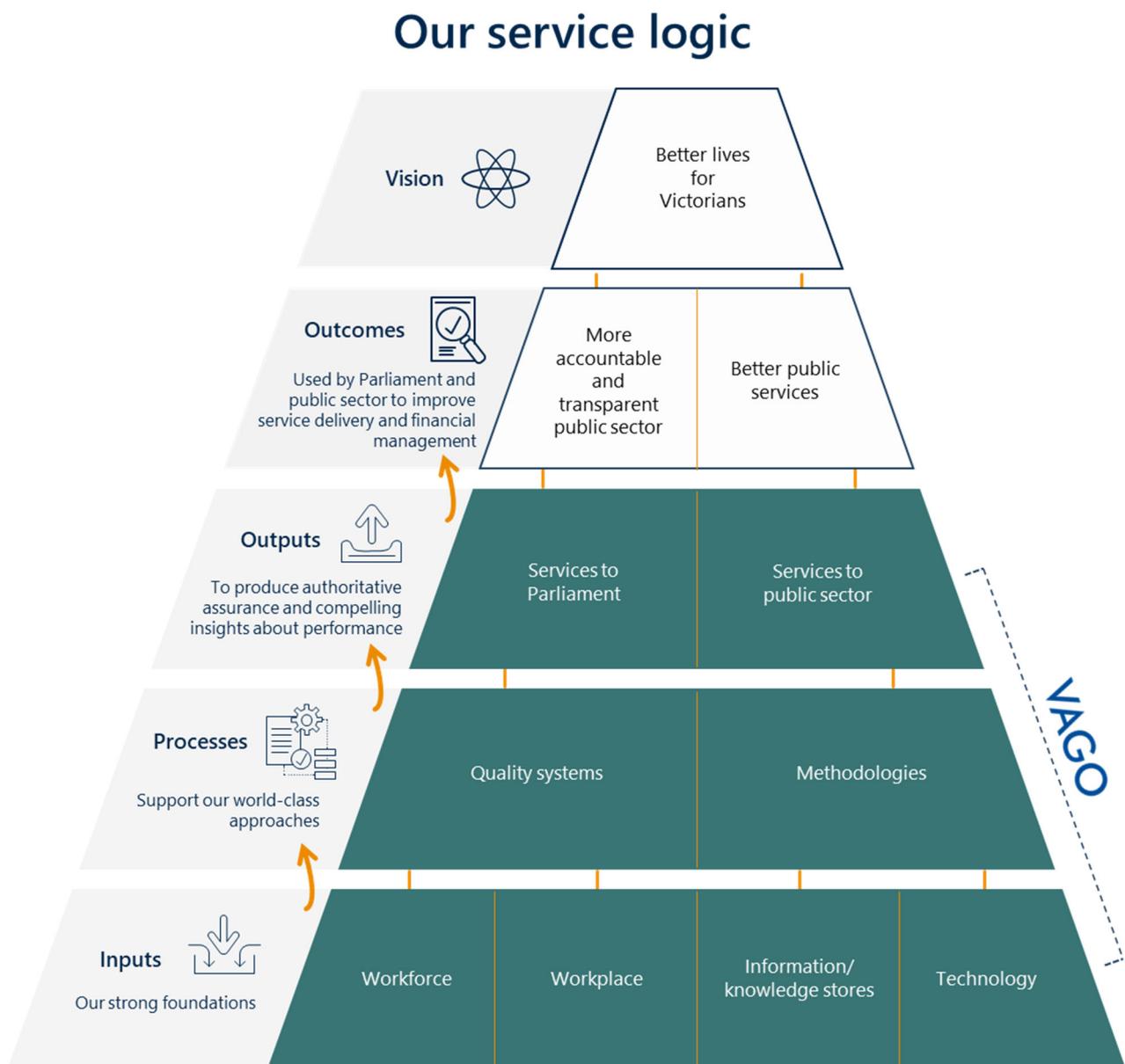
For more information see Appendix B.

Vision, goals and values

Our vision is better lives for Victorians.

Using our legislated powers, systems and resources, and the skills, knowledge and experience of our people, we work to achieve our goals of a more accountable and transparent public sector and better public services.

This is reflected in our service logic.





Our values



Respect



Innovation



Collaboration



Accountability

2022–25 strategic plan

Our 2022–25 strategy builds on the work from our ambitious 2017–21 plan, which we did not fully realise due to impacts of the COVID-19 pandemic. While those initiatives and our strategic direction served us well, we continue to look forward. We know we can achieve more and we will adapt to ensure our work remains relevant and effective.

2022–25 strategic plan

VAGO

Goals, objectives and strategies



1. A transparent and accountable public sector



1.1
Promote greater awareness and use of our work.



1.1.1
Produce and share contemporary public products.

1.1.2
Increase our direct community engagement.

1.2
Promote greater transparency.

1.2.1
Provide stronger advocacy.



2. Better public services



2.1
Make better use of our financial and non-financial data.



2.1.1
Leverage our information.

2.2
Improve engagement and entity-level reporting.

2.2.1
Implement NextGen sector reporting.



3. An enriched experience for our people



3.1
Provide professional development and career growth.



3.1.1
Refine organisation and audit delivery models.

3.1.2
Define and deliver a capability framework.

3.2
Enable our people.

3.2.1
Clarify and embed Better Normal approaches to the workplace.

3.2.2
Revisit and update audit quality management systems and the methodologies they support.

3.2.3
Refine and update our audit solutions and toolsets.



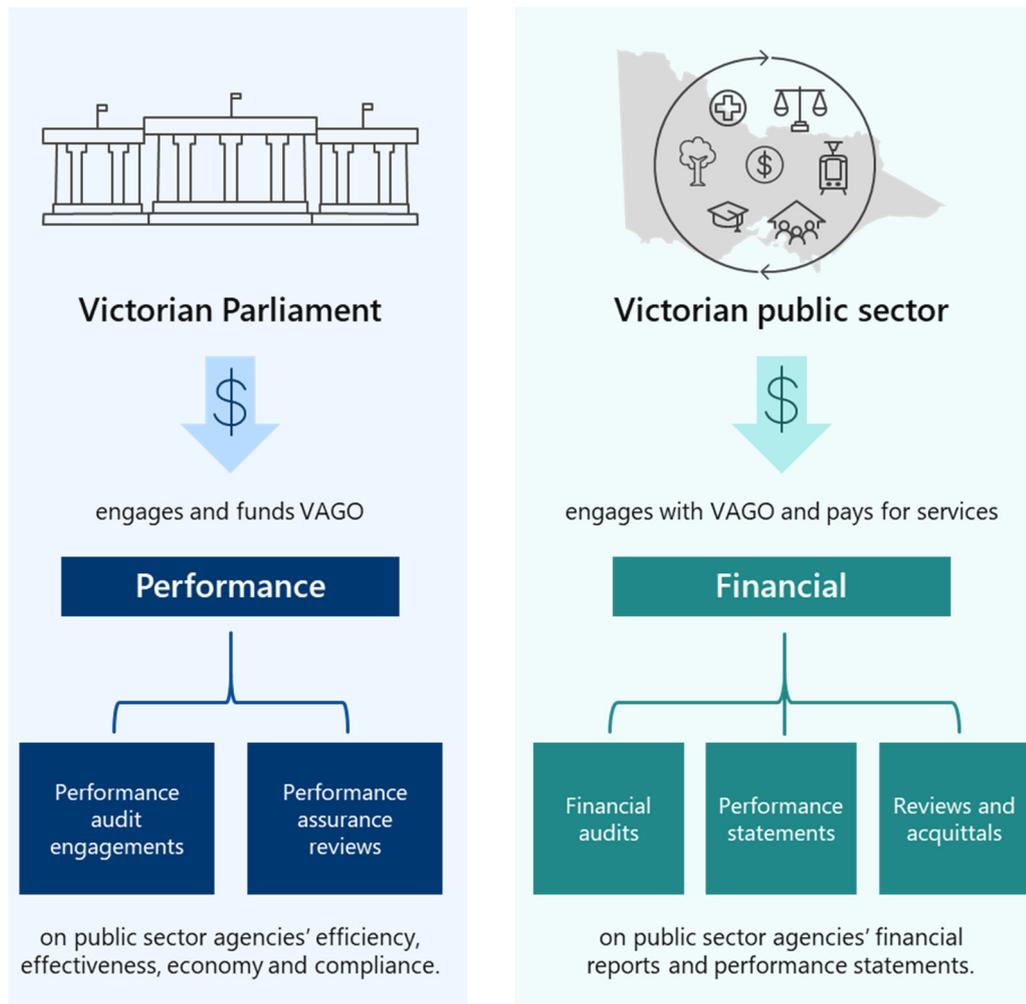
What we do and how we work

Our purpose is to inform Parliament and Victorians about the performance of the public sector and how to improve public services.

Our legislated function

Our sole legislated function is to report on reasonable and limited assurance engagements. Within this defined scope, we undertake:

- performance engagements (audits and reviews) of public sector entities for and on behalf of the Parliament
- attest engagements for the public sector on the financial and non-financial reports they prepare.



Performance engagements

What we assess Parliament funds us to determine whether public bodies are achieving their objectives and performing their services and activities effectively, economically, efficiently whilst complying with legislation.

Our ‘follow-the-dollar’ powers Performance engagements may involve using our ‘follow-the-dollar’ powers, which allow us to audit:

- community sector and for-profit organisations contracted to provide government services
- how government grant recipients use their funds.

Level of assurance ‘Level of assurance’ refers to the measure of the confidence we have in our conclusions. This confidence depends on the source, quality and quantity of evidence we obtain.

Type	Evidence	Assurance level
Performance audit engagement 	We obtain and verify evidence on agency performance from a variety of sources. 	Reasonable High confidence in our conclusion against the audit objective 
Performance assurance review 	We rely mainly on representations/evidence provided by the agency. 	Limited Sufficient confidence in our conclusion for it to be meaningful. 

How we select an assurance type While a performance audit engagement gives the highest level of assurance, a limited assurance review (where we obtain less evidence from agencies) helps us examine and report relatively quickly and cost effectively.

Section 20 of the *Audit Act 1994* gives us the power to undertake these reviews, which we generally use to focus on waste, probity and compliance. We can also assess economy, efficiency and effectiveness.

A limited assurance review often has a narrower scope, looking at:

- a specific activity or set of transactions
- a single issue of significant public interest.

We design our work program with the information needs of parliamentarians in mind, taking into account the nature of an issue and level of assurance required.

Financial engagements

How we are engaged

Under the *Audit Act 1994* (Audit Act) we must:

- audit all state and local government entities' annual financial reports and express an audit opinion on them
- where required, audit and express an opinion on local governments', water authorities' and TAFEs' performance reports
- review and express an opinion on the general government sector's estimated financial reports.

For Parliament, we also prepare sector-based reports on results of audits summarising the outcomes of our financial audits.

Level of assurance

The cost and practicality of achieving absolute assurance is generally not feasible.

The level of assurance that we are able to provide, which is a measure of the confidence we have in our conclusions, depends on the source, quality and quantity of evidence we obtain.

We design our work programs with the information needs of our report users in mind. We consider if we need to provide them with reasonable assurance or if a lower level of assurance may be appropriate, based on:

- **reliability**
 - **relevance**
 - **fair presentation**
 - **compliance** with the Australian Accounting Standards and relevant legislation.
-

Attest engagements

For attest engagements, the public sector entity that prepares the financial information is the engaging party and pays for the audit. Each entity's responsible officer certifies (or attests) that the entity's financial report is prepared properly and is reliable.

Public entities' financial reporting frameworks are set by law, while our audit objectives, scope and criteria are set by the Australian Auditing Standards, which we are required to comply with under the *Audit Act 1994*.

We provide our audit opinion on each attest engagement to the responsible party.

Results of audit reports

Our results of audits reports inform Parliament on the outcome of our financial audits of the local government, TAFE and university sectors. Each report analyses the sector's financial outcomes and risks to financial sustainability.

The reports also inform Parliament about common control and financial reporting weaknesses in the sector and include recommendations for improvement.

Financial review and acquittals

Financial reviews provide limited assurance that no material modifications need to be made to an entity's financial report for it to conform with the Australian Accounting Standards and relevant legislation.

Each year, we conduct an assurance review of the estimated financial statements contained in the state Budget. We provide our review opinion to the Treasurer to include in the Budget papers.

We may also be required or invited to provide audit opinions on grant acquittals or controls reports that agencies submit to grant funding bodies.

ACCOUNTABILITY



How we are accountable

We are accountable to the Parliament and all Victorians for how efficiently and effectively we perform our auditing services and how economically we use public resources.

The mechanisms we use to maintain accountability are:

- oversight by the Public Accounts and Estimates Committee (PAEC), including consulting with it on our budget, annual plans and audit specifications
- responding to and reporting on progress against recommendations made by our external financial and performance auditors appointed by PAEC
- publishing our performance measures and targets in Budget Paper 3: Service Delivery
- oversight by the Victorian Inspectorate, including providing six-monthly attestations on the use of our coercive powers
- monitoring and publishing gifts and benefits, and the Auditor-General’s expenses
- voluntarily publishing a transparency report.

External audits of our office

The *Audit Act 1994* requires us to be independently audited at least once every 4 years to determine whether the Auditor-General and VAGO are achieving their objectives effectively, economically and efficiently, and in compliance with relevant Acts.

In 2019–20, PAEC appointed Allen and Clark Consulting to conduct this audit. Allen and Clark Consulting tabled its report in Parliament on 4 August 2020, concluding that:

The Auditor-General and VAGO are operating in compliance with all relevant Acts of Parliament. Moreover, the Auditor-General and VAGO are, in all material respects, operating effectively, economically and efficiently and achieving their objectives in compliance under the Act.

We monitor our progress in implementing the report’s 31 recommendations through:

- periodic updates to our Operational Management Group and Audit and Risk Committee
- twice-yearly updates to PAEC.

Of the 31 recommendations made to our office in 2020, we ...

accepted:

- 24 in full
- 3 in part
- 3 in principle

did not accept:

1 recommendation.

At June 30 2023 we have ...

completed:

- 18 recommendations

partially completed:

- 12 recommendations.

Reporting our performance

Every year, we report against performance measures and targets agreed with the Assistant Treasurer. The Department of Treasury and Finance publishes our measures and targets each year in Budget Paper 3: Service Delivery, available on the [Victorian State Budget website](#).

Our 2022–23 performance against these measures is covered in the following sections:

- Section 2: A transparent and accountable public sector
- Section 3: Better public services
- Section 5: Performance statement

Note on our performance statement

This annual report includes our independently audited performance statement.

While we do not have to have this statement audited, we believe it is necessary to promote transparency and better public sector practice. It assures readers that our non-financial performance information is reliable, the same way the independent external audit opinion on our financial report provides assurance.

Oversight by the Victorian Inspectorate

The Victorian Inspectorate (VI) is an oversight body within Victoria's integrity system, with the power to scrutinise our activities.

It receives and assesses complaints made about us and examines our use of coercive powers. The VI also monitors our compliance with the *Audit Act 1994*.

We have worked with the VI to develop a self-reporting tool about the exercise of our coercive powers. We did not exercise these powers during the past financial year.

We understand that the VI received no complaints about VAGO in 2022–23.

Monitoring and publishing our expenses

The Standing Directions 2018 under the *Financial Management Act 1994* require us to publish our Gifts, Benefits and Hospitality Policy and register on our website.

Our Audit and Risk Committee monitors the Auditor-General's expenses. To further enhance transparency and accountability, we also voluntarily publish this information on our website.

Transparency report

In January 2023 we released our *2021–22 Transparency Report*.

We are not required by law to produce transparency reports. However, we choose to adopt the requirements of *the Corporations Act 2001* (to the extent they are relevant and appropriate) and further expand on our annual report disclosures.

Our transparency report details how our quality control system supports our auditors to perform high-quality financial and performance engagements, as well as:

- our investment in audit quality
- our legal structure, governance and finances
- how VAGO's internal quality control system aligns with the Australian Auditing Standards, relevant ethical requirements and applicable legal and regulatory requirements
- external reviews and audits of VAGO.

Our transparency report is available at www.audit.vic.gov.au/corporate-publications.

2.

A transparent and accountable public sector

The first goal in our 2022–25 strategic plan is a transparent and accountable public sector.

In this section we detail our work towards achieving that goal.

Improving transparency and accountability

To realise our goal of a more accountable and transparent public sector, our work needs to be relevant and timely, and meet the needs of our audiences.

We also need to advocate strongly for improving financial and non-financial performance across the public sector.

Promoting greater awareness and use of our work

As part of realising our 2022–25 strategic plan, we created a new organisational structure in our performance audit division. We moved from a departmental sector model to a structure that reflects the focus of parliamentary committees.

Our parliamentary reports and services branches

Economy and infrastructure



Parliamentary committee: Economy and Infrastructure
Relevant departments: DE, DJSIR, DTP and DTF

Environment and planning



Parliamentary committee: Environment and planning
Relevant departments: DEECA and DTP

Local and whole of government



Relevant agencies:
10 departments and 79 local councils

Legal and social issues



Parliamentary committee: Legal and social issues
Relevant departments: DFFH, DH, DGS, DJCS and DPC

<https://new.parliament.vic.gov.au/committees?tab=panel-joint-committees>

Focus of our performance engagements

Focus areas This year, our engagements focused on effectiveness. We have identified 'using the full breadth of our mandate' as an area for improvement.

Tabled reports in 2022–23, showing focus areas

Engagement focus	Category			
	Economy and infrastructure	Environment and planning	Legal and social issues	Local and whole of government
Number of reports tabled	8	3	6	2
Effectiveness	●●●●●●●●	●●●	●●●●●●	●●
Efficiency	●●		●●	
Economy	●			
Compliance	●●	●	●●	●●

● = primary focus ● = secondary focus

Our planned program of performance audits and reviews

In June 2022 we tabled our 2-year performance audit program plan: for 2022–23 and 2023–24.

In June 2023 we tabled our Annual Plan 2023–24.

Overview

The tables in this section detail our program and status by category for 2022–23 and 2023–2024.

We tabled 16 of our planned 21 reports, with 5 delayed and now tabling in the 2023–24 period. In addition, we:

- added one engagement to our work program after tabling our annual plan
- tabled 3 reports from the prior period.

This represents a significant improvement on the previous year, where the impact of the COVID-19 pandemic on both our office and the public sector saw delays across our program.

Aligning to parliamentary committees

The Parliament of Victoria is a bicameral system, meaning it has 2 houses:

- the Legislative Assembly (LA), with 88 members and 88 districts (one member per district)
- the Legislative Council (LC), with 40 members and 8 regions (5 members per region)

Committees formed by members from one house are either an LA or LC committee. Committees formed by members from both houses are joint committees.

We have organised our Parliamentary Reports and Services division to align with the 3 main LA and LC committees (Economy and Infrastructure, Environment and Planning, and Legal and Social Issues). We have also introduced the local and whole-of-government category for our work that extends beyond the standard parliamentary committee responsibility boundaries.

Planned and delivered reports addressing economy and infrastructure issues

Category	Audit/review	Planning period	Status		
			Tabled	In progress	Planned
Economy and infrastructure	<i>Quality of Major Transport Infrastructure Project Business Cases</i>	2021–22			
	<i>Maintaining Railway Assets Across Metropolitan Melbourne</i>	2022–23			
	<i>Effectiveness of Rail Freight Support Programs</i>	2022–23			
	<i>Collecting State-based Tax Revenue</i>	2022–23			
	<i>Supporting Students with Disability</i>	2022–23			
	<i>Principal Health and Wellbeing</i>	2022–23			
	<i>Major Projects Performance Reporting 2022[^]</i>	2022–23*			
	<i>Eloque: the Joint Venture between DoT and Xerox[^]</i>	2022–23*			
	<i>Effectiveness of the Tutor Learning Initiative</i>	2023–24			
	<i>Follow-up of Management of the Student Resource Package[^]</i>	2023–24			
	<i>Literacy and numeracy achievement outcomes for Victorian students[^]</i>	2023–24			
	<i>Delivering Victoria's Big Housing Build</i>	2023–24			
	<i>Compliance with emergency management requirements: transport</i>	2023–24			
	<i>Effectiveness of arterial road congestion initiatives</i>	2023–24			
	<i>Metro Tunnel Project: phase 3 – systems integration, testing and commissioning</i>	2023–24			
<i>Major projects performance reporting 2023</i>	2023–24				

 As planned  Delayed

[^] Assurance review * Added to work program after Annual Plan 2023–24 tabled.

Planned and delivered reports addressing environment and planning issues

Category	Audit/review	Planning period	Status		
			Tabled	In progress	Planned
Environment and planning	<i>Regulating Victoria's Native Forests</i>	2022–23	●		
	<i>Understanding Victoria's Contaminated Land</i> [^]	2022–23	●		
	<i>Protecting Victoria's Coastal Assets: follow-up</i> [^]	2022–23	●		
	<i>Illegal disposal of asbestos-contaminated materials</i>	2023–24		●	
	<i>Protecting the biosecurity of agricultural plant species</i>	2023–24		●	
	<i>Developing Fishermans Bend</i>	2023–24		●	
	<i>Domestic building oversight part 1: regulation</i> [^]	2023–24		●	
	<i>Domestic building oversight part 2: dispute resolution</i>	2023–24		●	

[^] Assurance review

Planned and delivered reports addressing legal and social issues

Category	Audit/review	Planning period	Status		
			Tabled	In progress	Planned
Legal and social issues	<i>Victoria's Alcohol and Other Drug Treatment Data</i>	2021–22			
	<i>The Effectiveness of Victoria Police's Staff Allocation</i>	2022–23			
	<i>Quality of Child Protection Data</i>	2022–23			
	<i>Maintaining the Mental Health of Child Protection Practitioners: follow-up[^]</i>	2022–23			
	<i>Correctional Services for People with Intellectual Disability or an Acquired Brain Injury</i>	2022–23			
	<i>Supporting Sexual and Reproductive Health</i>	2022–23			
	<i>Staff wellbeing in Fire Rescue Victoria</i>	2022–23			
	<i>Reducing the harm caused by drugs on Victorian roads</i>	2022–23			
	<i>Access to emergency healthcare</i>	2023–24			
	<i>Employee health and wellbeing in Victorian public hospitals</i>	2023–24			
	<i>Guardianship and decision-making for vulnerable adults</i>	2023–24			

[^]Assurance review

Planned and delivered reports addressing local and whole-of-government issues

Category	Audit/review	Planning period	Status		
			Tabled	In progress	Planned
Local and whole of government	<i>Regulating Private Pool and Safety</i>	2022–23			
	<i>Regulating Food Safety</i>	2022–23			
	<i>Contractors and consultants in the Victorian Public Service: spending</i>	2022–23			
	<i>Cybersecurity: Cloud Computing Platforms</i>	2022–23			
	<i>Responses to Performance Engagement Recommendations: Annual Status Update 2023^</i>	2022–23			
	<i>Fair Presentation of Service Delivery Performance 2022^</i>	2022–23			
	<i>Fair presentation of service delivery performance 2023^</i>	2023–24			
	<i>Responses to performance engagement recommendations: annual status update*</i>	2023–24			
	<i>Assuring the integrity of the Victorian Government's procurement activities</i>	2023–24			
	<i>Managing employee performance in the Victorian Public Service</i>	2023–24			
	<i>Managing state-significant risks</i>	2023–24			
<i>Financial management of local councils</i>	2023–24				

^Assurance review

Performance audits and reviews tabled in 2022–23

This year we tabled 14 performance audits and 5 reviews in Parliament.

We highlighted key governance issues, monitoring and reporting challenges, and instances of poor financial discipline. We also drew attention to successes and examples of good practices, including where we believe the public sector could learn from and follow methods and approaches.

Machinery of government changes

For some of our audits and reviews, the departments we examined were impacted by machinery of government (MoG) changes.

Central government departments showing MoG changes

Department	MoG change
DE Department of Education	Previously Department of Education and Training (DET). Training now falls under DJSIR.
DEECA Department of Energy, Environment and Climate Action	Previously Department of Environment, Land, Water and Planning (DELWP).
DFFH Department of Families, Fairness and Housing	Previously Department of Health and Human Services (DHHS)*.
DH Department of Health	
DGS Department of Government Services	New department responsible for selected functions previously performed by DPC and DTF.
DJCS Department of Justice and Community Safety	No change.
DJSIR Department of Jobs, Skills, Industry and Regions	Previously Department of Jobs, Precincts and Regions (DJPR).
DPC Department of Premier and Cabinet	No change.
DTF Department of Treasury and Finance	No change.
DTP Department of Transport and Planning	Previously Department of Transport (DoT). Planning function previously fell under DELWP.

Note: * This change occurred on 1 February 2021.
Source: VAGO.

Economy and infrastructure



The Parliamentary Economy and Infrastructure Committees can examine issues referred by the Legislative Assembly related to education and training, the economy, jobs, regions and transport.

The Committee can examine matters connected with the departments of Education (DE), Jobs, Skills, Industry and Regions (DJSIR), Transport and Planning (DTP) and Treasury and Finance (DTF).

Economy and infrastructure engagements

We conducted 8 economy and infrastructure engagements – 6 reasonable assurance engagements (audits) and 2 limited assurance reviews. The summaries in this section give a snapshot of each of these reports.

Reasonable assurance engagements (audits)

Reasonable assurance engagements tabled in 2022–23 (Economy and infrastructure)

Audit report	Tabled	Audit focus			
		Effectiveness	Efficiency	Economy	Compliance
<i>Quality of Major Transport Infrastructure Project Business Cases</i>	September 22	●		●	●
<i>Maintaining Railway Assets Across Metropolitan Melbourne</i>	March 23	●			
<i>Effectiveness of Rail Freight Support Programs</i>	June 23	●	●		
<i>Collecting State-based Tax Revenue</i>	June 23	●	●		
<i>Supporting Students with Disability</i>	June 23	●			
<i>Principal Health and Wellbeing</i>	June 23	●			

● = primary focus ● = secondary focus



Quality of Major Transport Infrastructure Project Business Cases

We looked at whether business cases for major transport infrastructure projects support informed investment decisions.

Transport infrastructure projects make up around 70 per cent of the state’s planned capital expenditure.

What we concluded

Business cases for 3 of the 4 projects we reviewed do not support fully informed investment decisions.

The audited agencies’ business case development and oversight processes for the projects were usually consistent with DTF and agency requirements. However, 3 business cases lacked sufficient analysis of alternative project options, and 2 lacked an assessment of the value for money the projects could provide under different scenarios. Agencies provided other advice but did not finalise these 3 business cases until after the government made significant financial commitments to them.

Without a comprehensive business case, decision-makers do not know whether the investments they make will maximise benefits to Victorian communities.

What we examined: DPC, DoT (now DTP), DTF, the Major Transport Infrastructure Authority (MTIA) and the Suburban Rail Loop Authority (SRLA).

We examined 4 transport infrastructure business cases against DTF’s Investment Lifecycle and High Value High Risk (ILHVHR) guidelines: Suburban Rail Loop (SRL) rail and precinct development project, Melbourne Airport Rail (MAR) project, Barwon Heads Road Upgrade and Mickleham Road Upgrade.

Engagement type: Reasonable assurance audit. **Tabled:** September 2022

[Link to full report](#)



Maintaining Railway Assets Across Metropolitan Melbourne

We looked at whether Melbourne’s metropolitan railway assets are maintained to deliver safe, reliable and punctual train services, and to optimise asset cost and performance.

Melbourne’s trains rely on a range of supporting infrastructure and technology. DTP pays private operator Metro Trains Melbourne (Metro) \$2.7 billion to maintain and renew these supporting assets over a 7-year franchise agreement.

What we concluded

Metro is maintaining Melbourne’s metropolitan railway infrastructure and technology to support reliable and punctual train services and keep passengers safe. However, DTP has not assessed whether Metro is optimising asset costs, and if the current maintenance and renewal approach will sustain asset performance in the long-term.

DTP does not have a long-term strategy for its railway infrastructure and technology assets. It also does not have an effective way to measure asset performance and assess Metro’s work. DTP needs this information to ensure the current agreement and any future contracts deliver value for money.

What we examined: DTP (manages the railway assets and the agreement), Metro (maintains and renews the assets) and VicTrack (the asset owner).

Engagement type: Reasonable assurance audit. **Tabled:** March 2023

[Link to full report](#)



Effectiveness of Rail Freight Support Programs

We looked at whether 2 programs to encourage more freight on rail have been effective: the Mode Shift Incentive Scheme and the Port Rail Shuttle Network.

The 2018 *Delivering the Goods – Victorian Freight Plan* confirmed the government’s intention to increase the share of freight moved by rail rather than road. Despite this, the share of rail freight going in and out of the Port of Melbourne by rail is now less than half its 2013–14 peak.

What we concluded

The department’s 2 programs have not yet fully realised the government’s intention to move more freight by rail.

Although the Mode Shift Incentive Scheme has kept some containers on trains that would have likely gone to trucks, it has not increased rail’s share of container freight in regional areas.

Delays in delivering the Port Rail Shuttle Network facilities and services mean the social, economic and environmental benefits from diverting metropolitan containers from road to rail are also delayed.

What we examined: DTP (responsible for the 2 programs) and V/Line.

Engagement type: Reasonable assurance audit. **Tabled:** June 2023

[Link to full report](#)



Collecting State-based Tax Revenue

We looked at whether DTF and the State Revenue Office (SRO) are optimising how they collect state-based tax revenue.

The government uses these taxes to fund essential public services, such as education, healthcare, infrastructure, police and public transport. It is therefore essential that SRO collects tax effectively and efficiently.

What we concluded

Despite many positive initiatives in recent years to better meet taxpayer needs, SRO and DTF cannot show that SRO has optimised how it collects tax.

SRO reliably collects the tax it knows about and the amount it collects has increased over the last 5 years. However, there is a very high likelihood that SRO could collect more tax by better analysing how effectively it is reducing the tax gap, which is the difference between the tax people and businesses owe and what they actually pay.

SRO does not do enough analysis to determine if it is collecting taxes efficiently. DTF and SRO’s public performance measures do not give a clear picture of SRO’s performance. DTF’s governance of SRO’s performance also requires clarification.

What we examined: How the SRO collect taxes and DTF’s oversight of SRO.

Engagement type: Reasonable assurance audit. **Tabled:** June 2023

[Link to full report](#)



Supporting Students with Disability

We looked at whether DE's Disability Inclusion (DI) program is set up to provide reasonable adjustments that allow students with disability to access and participate in education on the same basis as students without disability.

About one quarter of all Victorian students receive reasonable adjustments at school due to disability.

What we concluded

The department's DI program is designed to provide reasonable adjustments that allow students with disability and diverse learning needs to access and participate in education on the same basis as students without disability. However, some regions and areas are not implementing the program as effectively as others. In these cases, schools are less likely to take up all DI elements and put them into practice as the department intended.

The department's oversight of the program rollout means it is addressing barriers to implementation and continually improving DI for schools. Building on its program oversight and monitoring in the regions will help improve access and participation in education for students with a disability and diverse learning needs.

What we examined: How DE is implementing the DI program in year 1 of the statewide rollout. We did not examine DI outcomes for students with disability as part of this audit.

Engagement type: Reasonable assurance audit. **Tabled:** June 2023

[Link to full report](#)



Principal Health and Wellbeing

We looked at whether DE is protecting the health and wellbeing of its school principals.

As their employer, the department is responsible for protecting the health and wellbeing of all government school employees, including school principals, so far as is reasonably practicable. Principals experience worse health and wellbeing outcomes than the general population, especially relating to stress, burnout and sleeping troubles. They also experience mental injury more often than other school staff.

What we concluded

The department is not effectively protecting the health and wellbeing of its school principals.

The department has identified the key challenges that principals face. It has developed numerous strategies and initiatives to address them. Many principals use and appreciate these services. However, they have not improved principals' health and wellbeing.

The department needs to do more to reduce principal workload if it is to achieve better outcomes. The department also needs to better monitor, evaluate and report on those outcomes. It will then better understand principals' health and wellbeing and whether its initiatives are leading to desired outcomes.

What we examined: DE, including health and wellbeing outcomes of its principals over time.

Engagement type: Reasonable assurance audit. **Tabled:** June 2023

[Link to full report](#)

Limited assurance reviews

In addition to our issue-based engagements, which are different each year, we table a series of regular reviews.

In the economy and infrastructure category, we conduct yearly reviews on 2 aspects of public sector performance reporting: major projects and service delivery.

This year we did not conduct any other limited assurance reviews on economy and infrastructure topics.

Limited assurance reviews tabled in 2022–23 (Economy and infrastructure)

Review report	Tabled	Audit focus			
		Effectiveness	Efficiency	Economy	Compliance
<i>Major Projects Performance Reporting 2022</i>	September 22	●			
<i>Fair Presentation of Service Delivery Performance 2022</i>	March 23	●			●

● = primary focus ● = secondary focus.



Major Projects Performance Reporting 2022

We looked at whether the public sector transparently reports the performance of major projects against cost, time, scope and benefits.

As of May 2022, Victoria had committed to investing \$184 billion in capital projects. This is a net increase of \$40 billion from the same time last year. When the government spends public money on a major project, Parliament and the community deserve a clear explanation of the project's progress and outcomes.

What we concluded

DTF and public sector entities do not consistently report on major projects' performance in a transparent way. Without this information, Parliament and the community cannot hold responsible entities accountable.

We published a data analytics dashboard with this report. It shows how DTF could help Parliament and the community better understand how entities are managing Victoria's major projects.

Who we examined: DTF plus 13 public sector entities responsible for 133 major projects expected to cost more than \$100 million each.

Engagement type: Limited assurance review. **Tabled:** September 2022

[Link to full report](#)



*Fair
Presentation of
Service
Delivery
Performance
2022*

We looked at whether the public sector fairly presents its service delivery performance information.

The government spends public money to deliver goods and services to Victorians. Parliament and the community require accurate and fair reporting of the performance of those services.

What we concluded

Service delivery performance is not clearly visible to Parliament and the community. Departments do not fully follow the requirements of DTF's *Resource Management Framework* (RMF), and DTF's Budget Paper No. 3: Service Delivery (BP3) includes too much information that is not relevant to output budgeting. This extra information detracts from the primary purpose of BP3 and makes it harder to discern how well departments are delivering services.

Nothing came to our attention to indicate that departments' performance information is not accurate and reliable.

What we examined: Nine government departments' performance statements in DTF's BP3, focusing on 210 new performance measures and DET (now DE)'s presentation of school performance information.

Engagement type: Limited assurance review. **Tabled:** March 2023

[Link to full report](#)



The Parliamentary Environment and Planning Committees can examine matters connected with the Department of Energy, Environment and Climate Action (DEECA) and the Department of Transport and Planning and their related agencies.

Environment and planning engagements

We conducted 3 environment and planning engagements – one reasonable assurance engagement (audit) and 2 limited assurance reviews.

Reasonable assurance engagements (audits)

Reasonable assurance engagement tabled in 2022–23 (Environment and planning)

Audit report	Tabled	Audit focus			
		Effectiveness	Efficiency	Economy	Compliance
<i>Regulating Victoria's Native Forests</i>	October 22		●		

● = primary focus



**Regulating
Victoria's
Native Forests**

We looked at whether the Office of the Conservation Regulator (OCR) effectively regulates timber harvesting operations.

Victoria's native forests are precious natural assets, providing environmental, health and wellbeing, cultural and socio-economic benefits. Effective regulation of timber harvesting is crucial to ensure this resource is protected for future generations. The government established the OCR in 2019 to improve timber harvesting regulation and ensure harvesting does not adversely affect other forest values.

What we concluded

The OCR has made progress in improving timber harvesting regulation. However, it has further work to do to address the weaknesses in its systems, processes and reporting. This will support strong regulatory outcomes and improve its effectiveness in regulating timber harvesting in Victoria's native forests.

Who we examined: DELWP (now DEECA)'s Office of the Conservation Regulator (OCR).

Engagement type: Reasonable assurance audit. **Tabled:** October 2022

[Link to full report](#)

Limited assurance reviews

This year, our environment and planning work included 2 limited assurance reviews, one of which was a follow-up review, where we examine whether agencies are effectively responding to our recommendations from an earlier report.

Limited assurance reviews tabled in 2022–23 (Environment and planning)

Review report	Tabled	Audit focus			
		Efficiency	Effectiveness	Economy	Compliance
<i>Follow-up of Protecting Victoria's Coastal Assets</i>	August 22		●		
<i>Understanding Victoria's Contaminated Land</i>	March 23		●		●

● = primary focus ● = secondary focus



*Follow-up of
Protecting
Victoria's
Coastal Assets*

We looked at whether DELWP (now DEECA) has effectively responded to the recommendations from our 2018 audit Protecting Victoria's Coastal Assets.

DEECA has oversight of over 1,500 coastal protection assets (CPAs), with a total value of approximately \$1.13 billion. With climate change increasing the frequency and severity of erosion and inundation, it is timely to review the department's progress in addressing our 2018 audit.

What we concluded

Based on the evidence we obtained, nothing has come to our attention that the department has not addressed our recommendations for collection and management of CPA data and coastal hazard and risk assessment. It has also improved its asset management practices.

While DELWP has made progress, it is yet to complete addressing our recommendations relating to oversight and support for coastal managers and developing a sustainable funding model.

Who we examined: DELWP (now DEECA).

Engagement type: Limited assurance review (follow up). **Tabled:** August 2022

[Link to full report](#)



*Understanding
Victoria's
Contaminated
Land*

We looked at whether data on contaminated land published by DEECA and the Environment Protection Authority (EPA) is accurate, current and fit for purpose.

The government and community need to know if a site is contaminated so they can manage risks and plan how to use and develop the land. In 2019, DEECA and the EPA launched Victoria Unearthed to create and maintain a database of potentially contaminated sites.

What we concluded

Victoria Unearthed (VU) fulfils a 2016 inquiry recommendation to create a statewide database of potentially contaminated sites. However, it is not meeting its full potential to provide accurate, current and fit-for-purpose data about contaminated land. This is because DEECA and EPA have not evaluated if VU continues to meet users' needs, and VU has not kept all of its datasets complete and up to date.

Who we examined: DEECA and the EPA, focusing on their entity Victoria Unearthed.

Engagement type: Limited assurance review. **Tabled:** March 2023

[Link to full report](#)

Legal and social issues



The Parliamentary Legal and Social Issues Committees can examine matters connected with the departments of Families, Fairness and Housing (DFFH), Health (DH), Government Services (DGS), Justice and Community Safety (DJCS) and Premier and Cabinet (DPC).

Legal and social issues engagements

We conducted 6 legal and social issues engagements – 5 reasonable assurance engagements (audits) and one limited assurance review.

Reasonable assurance engagements (audits)

Reasonable assurance engagement tabled in 2022–23 (Legal and social issues)

Report	Tabled	Audit focus			
		Effectiveness	Efficiency	Economy	Compliance
<i>The Effectiveness of Victoria Police's Staff Allocation</i>	September 22	●	●		●
<i>Quality of Child Protection Data</i>	September 22	●			●
<i>Victoria's Alcohol and Other Drug Treatment Data</i>	October 22	●			
<i>Supporting Sexual and Reproductive Health</i>	May 23	●			
<i>Correctional Services for People with Intellectual Disability or an Acquired Brain Injury</i>	June 23	●	●		

● = primary focus ● = secondary focus.



The Effectiveness of Victoria Police's Staff Allocation

We looked at whether Victoria Police understands its frontline staffing needs and uses this information to make resourcing decisions aligned to its strategic objectives.

Victoria Police plays a critical role in ensuring a safe and secure society and the government invests significant money in its staffing. Victoria Police uses most of this funding for sworn officers.

What we concluded

Victoria Police's staffing needs are not clear because it does not have a strategic workforce plan. It does not have any modelling or forecasting to understand or plan for its staffing requirements – both current and long-term. Without knowing its future staffing needs, Victoria Police continues to rely on what it receives from the government, rather than providing evidence-based advice.

Victoria Police also cannot assure itself or the community that the 2,729 additional police officers it received as part of the \$2 billion Community Safety Statement (CSS) program delivered community safety outcomes. This is because the CSS program only had a short-form business case which was inadequate for the size of the investment. This diminishes transparency and information for decision makers. Victoria Police has not since attempted to assess the incremental benefits realised from the investment.

Who we examined: Victoria Police, including how it developed and uses its Staff Allocation Model.

Engagement type: Reasonable assurance engagement. **Tabled:** September 2022

[Link to full report](#)



Quality of Child Protection Data

We looked at whether DFFH has adequate controls to ensure that data in its Client Relationship Information System (CRIS) is reliable.

CRIS is central to how the department delivers child protection services. DFFH needs to ensure CRIS data is high quality so it can fulfil its obligations to vulnerable children and support its policies and decisions.

What we concluded

DFFH does not have adequate controls to ensure its child protection data is high quality.

We found examples of incomplete, inaccurate and inconsistent data. This means that DFFH may not have easy access to reliable data to help it make decisions about vulnerable children. These data quality issues may also prevent DFFH from using the data to monitor children's progress in out of home care.

Factors that contribute to poor quality data include that DFFH's child protection data does not comply with government data quality standards, CRIS is not fit for its intended purpose, and CRIS's data quality controls do not always work. Also, the workloads of CRIS users limit their capacity to correctly record information about children in a timely way.

DFFH told us that it is aware of these issues and is working on a plan to address them.

Who we examined: DFFH

Engagement type: Reasonable assurance engagement. **Tabled:** September 2022

[Link to full report](#)



Victoria's Alcohol and Other Drug Treatment Data

We looked at whether the DH's Victorian Alcohol and Drug Collection (VADC) dataset is high quality and achieving its intended benefits.

In 2020–21, over 40,000 Victorians accessed alcohol and other drug services through DH-funded providers. DH needs accurate data to make sure these services are effectively helping Victorians.

What we concluded

Data in the VADC does not accurately represent what service providers are doing for their clients. DH is responsible for the quality of VADC data and is working to improve it. However, there is a risk that DH's improvement program will not address all the root causes of the data quality issues, including service providers' limited data capabilities and capacities, and variation in the information technology systems they use to collect data.

Poor-quality data limits DH's ability to use it to plan services and manage providers' performance. It also means that service providers need to incur significant costs to address data quality issues.

Who we examined: DH, DFFH, and 4 alcohol and other drug (AOD) service providers.

Engagement type: Reasonable assurance engagement. **Tabled:** October 2022

[Link to full report](#)



Supporting Sexual and Reproductive Health

We looked at whether Victorian women can readily access sexual and reproductive health (SRH) information and services to support their health and wellbeing.

Women need access to SRH services to stay well and make critical choices about their lives, including if and when to have children. Since 2017, the government has set up 1800 My Options (a phone line and website) and 11 hubs (clinics). Victorians need to know if these programs are improving access to information and services, particularly for those in identified priority groups.

What we concluded

There are areas in Victoria where women cannot readily access SRH services.

While the 1800 My Options service allows Victorian women to readily access SRH information, the department does not know if its hubs are improving women and priority groups' access to SRH services. This is because it does not have a full understanding of service gaps and demand across the state or performance measures to monitor the hubs' ability to improve service access.

Who we examined: DH and 4 service providers: Women's Health Victoria, Monash Health, Gippsland Lakes Complete Health and Bendigo Community Health Services.

Engagement type: Reasonable assurance engagement. **Tabled:** May 2023

[Link to full report](#)



Correctional Services for People with Intellectual Disability or an Acquired Brain Injury

We looked at whether the corrections system meets the needs of people with intellectual disability or an acquired brain injury.

These prisoners are overrepresented in the corrections system and have history of returning to prison more often. It is important they get support to be safe in prison and to prepare them for life back in the community.

What we concluded

The corrections system does not fully meet the needs of people with intellectual disability or an acquired brain injury.

DJCS does not know how many prisoners have intellectual disability or an acquired brain injury and, of these, how many require specialised support. Both DJCS and DFFH have long waiting lists for programs and not enough specialised beds. So some prisoners will continue to miss out on services that could reduce their risk of reoffending.

Who we examined: DJCS and DFFH.
Engagement type: Reasonable assurance engagement. **Tabled:** June 2023

[Link to full report](#)

Limited assurance reviews

Limited assurance reviews tabled in 2022–23 (Legal and social issues)

Review report	Tabled	Audit focus			
		Effectiveness	Efficiency	Economy	Compliance
<i>Follow-up of Maintaining the Mental Health of Child Protection Practitioners</i>	March 23	●			

● = primary focus



Follow-up of Maintaining the Mental Health of Child Protection Practitioners

We looked at whether DFFH effectively responded to the recommendations from our 2018 audit *Maintaining the Mental Health of Child Protection Practitioners*.

Our 2018 audit found that unreasonable workloads had created workplace stressors that were harming the mental health of Child Protection Practitioners (CPPs). This undermined the effectiveness of their crucial and challenging frontline work.

What we concluded

Nothing has come to our attention that DFFH has not satisfactorily addressed our recommendations to: assess the effectiveness of current support tools, deliver specialised support services, and promote awareness of available support services and processes for raising mental health concerns.

While DFFH has made progress, it has more work to do to acquit our recommendations to advise government about risks and resources needed, improve demand forecasting, monitor CPP mental health more holistically, and improve CPPs' experiences in the court environment.

As a result, despite positive intent and action, the CPP workforce remains under-resourced, under supervised, and under pressure.

Who we examined: DFFH (previously DHHS).
Engagement type: Limited assurance review. **Tabled:** September 2022

[Link to full report](#)

Local and whole of government



Our Local and whole-of-government branch includes our work that extends beyond the standard parliamentary responsibility boundaries.

It includes our work across the 79 local government councils, as well as thematic or broad engagements and reviews connected with multiple cross-committee related agencies.

Local and whole-of-government engagements

We conducted 2 local and whole-of-government reasonable assurance engagements.

Reasonable assurance engagements (audits)

Reasonable assurance engagement tabled in 2022–23 (local and whole-of-government)

Audit focus

Report	Tabled	Effectiveness	Efficiency	Economy	Compliance
<i>Regulating Private Pool and Spa Safety</i>	February 23	●			●
<i>Regulating Food Safety</i>	June 23	●			●

● = primary focus ● = secondary focus.



Regulating Private Pool and Spa Safety

We looked at whether councils effectively implement private pool and spa safety barrier regulations.

Safety barriers can prevent young children drowning. Regulations require owners to register their pools and spas with their local council and certify their barriers comply with safety standards.

What we concluded

Councils cannot be sure they have found and minimised all potential safety risks associated with private pools and spas in their municipalities. This is because not all owners have registered their pools and spas and/or had certified their safety barriers by the due date.

The backlog of outstanding registrations and certifications will also make it difficult for councils to manage future certification deadlines.

Who we examined: We audited 5 councils and surveyed all 79 Victorian councils.

Engagement type: Reasonable assurance engagement. **Tabled:** February 2023

[Link to full report](#)



Regulating Food Safety

We looked at whether councils are complying with their legislative responsibilities for food safety to protect public health.

Robust food safety regulation and enforcement is necessary to prevent illness, hospitalisation and death caused by foodborne illness.

What we concluded

Audited councils are not complying with all their legislative responsibilities for food safety to protect public health. Not all audited councils are assessing or inspecting all food premises, systematically identifying unregistered food premises, meeting food sampling targets or reporting data to DH. Also, not all audited councils are reinspecting 3 months before registration renewal for all noncompliant food premises or those with complaints.

Who we examined: DH and 5 councils: City of Casey, City of Greater Geelong, Hepburn Shire Council, City of Kingston and Manningham City Council.

Engagement type: Reasonable assurance engagement. **Tabled:** June 2023

[Link to full report](#)

Embedding our work: Follow-up inquiries and reviews

Under the *Parliamentary Committees Act 2003* (Vic), the Public Accounts and Estimates Committee (PAEC) is responsible for conducting follow-up inquiries on selected VAGO audits.

We also conduct follow-up reviews of selected audits as well as a yearly review of how agencies are implementing our performance audit recommendations.

PAEC follow-up inquiries Through follow-up inquiries, PAEC examines the progress that has been made implementing audit recommendations, identifies any issues with implementation, and investigates new issues that may have arisen since the report was tabled.

In April 2023 PAEC resolved to conduct a follow up inquiry into our:

- 2019 *Follow up of Regulating Gambling and Liquor* report
- 2021 *Reducing the Harm Caused by Gambling* report.

PAEC conducted hearings for this inquiry in July 2023.

Our follow-up reviews We also conduct our own follow-up reviews of selected reports.

In 2022–23 we conducted 2 limited assurance follow-up reviews:

- Follow-up of our 2018 audit *Maintaining the Mental Health of Child Protection Practitioners*
- Follow-up of our 2018 audit *Protecting Victoria's Coastal Assets*.

In 2023–24 we plan to conduct a follow-up review of our 2020 audit *Management of the Student Resource Package*.

Increasing our engagement

Our primary stakeholders are parliamentarians, the public sector agencies we audit and the Victorian community. We are continually seeking better ways to engage with our stakeholders, including tailoring information to meet their needs.

We also actively engage with our peers and the accounting and auditing professions.

Sharing our work online and through social media

Our digital media goals

Our digital media engagement goals are to:

- continue finessing the way we identify and engage with our audience across multiple channels
 - promote and share our work to increase the reach and impact of our products
 - become an employer of choice and deliver improved recruitment and talent acquisition outcomes.
-

Uplifting digital engagement

This year we continued to uplift our digital engagement, marketing activities and social media presence. This included:

- updating the way we present our reports on our website, improving the experience for our audience
 - refining the messaging in our video summaries (shared on YouTube with links from our website, subscriber emails and other social media), to provide the most relevant information to our often time-poor audience
 - transitioning to a new email platform for our external communications, both to improve the reader experience and to give us a better understanding of recipient engagement (parliamentarians and subscribers).
-

Our key platforms

We proactively share content across multiple channels; our website, YouTube and social media channels.

The table below summarises engagement levels across our 3 main platforms: our website, YouTube and LinkedIn.

The popularity of some of our older videos indicates that interest in our work extends long after we table a report in Parliament.

Engagement with our communications platforms

Platform	Main purpose	Engagement (and comparison with last year where available)	Top report pages/posts
VAGO website	Present, share and display our past and future work program.	Total sessions: 261,642 Distinct users: 152,256 Average time on site: 126 sec	<ul style="list-style-type: none"> Melbourne Metro Tunnel Project Phase 2: Main Works Measuring and Reporting on Service Delivery 2022–23 Annual Plan
YouTube (report summary videos)	Host and share summary videos, such as tabled reports and industry forums.	Total views: 26,663 (+5.6%) Total impressions: 160,565 (+9.1%) Total subscribers: 105 (+27%) Total hours watched: 1,064 hours (+1%)	<ul style="list-style-type: none"> Melbourne Metro Tunnel phase 2: Main Works (June 2022) Occupational Violence Against Healthcare Workers (May 2015) Integrated Transport Planning (August 2021)
LinkedIn	Promote VAGO to potential employees and graduates. Build community understanding of our overall purpose and work. Share information about tabled reports and supporting products, such as data analytics dashboards and summary videos.	Total followers: 6,558 (+24%)	<ul style="list-style-type: none"> Better Normal Our Work: Departments consultant spend dashboard Our Advocacy: Budget independence for Victoria's Independent Officers of Parliament

Other online platforms

This year, we increased activity on Facebook, Instagram and X (previously named Twitter). These platforms promote VAGO and our work to members of the public and the media.

Posts on LinkedIn about our **work** and **advocacy** created the most **engagement**.

VAGO Victorian Auditor-General's Office (VAGO)
6,776 followers
11mo • 🌐

Victoria's integrity agencies: **Independent Broad-based Anti-corruption Commission (IBAC)**, **Victorian Auditor-General's Office (VAGO)** and the **Victorian Ombudsman**, have come together to present an evidence based paper outlining the need for greater budgetary independence.

The intention is to remove the politics from the debate so that governments of whatever stripe cannot be accused, fairly or otherwise, of interfering with the independence of those agencies whose job it is to hold them to account.

We have made a few recommendations to the Victorian Government. To find out what they are, visit <https://bit.ly/3D5DoYN>

#vago #victoria #government

Budget independence for Victoria's Independent Officers of Parliament

18 October 2022

ibac **Independent Broad-based Anti-corruption Commission**
VICTORIANombudsman
VAGO **Victorian Auditor-General's Office**

Other high-engagement content includes posts about our **workplace** and Better Normal principles.

VAGO Victorian Auditor-General's Office (VAGO)
6,779 followers
2mo • 🌐

Do you want to know how much Victorian Government departments are spending on consultants?

Our interactive Departments' reported consultant spend: 2017–18 to 2021–22 dashboard gives an overview of consultant spending over \$10,000, as published in departments' annual reports.

You can drill down and compare spending across departments, years and vendors and see total spending from 2017–18 to 2021–22.

Later this year we will release an audit report detailing our findings on contractor and consultant spend in the Victorian public service.

Follow the link to view our latest dashboard and find out more about our upcoming audit: <https://lnkd.in/g/urfb3ui>

Departments' reported consultant spend: 2017–18 to 2021–22 **VAGO**

Total spend for all departments across last 5 years

- \$671M Total consultant spend
- 1150 Number of distinct vendors
- \$362M Spend on top 3 vendors

Spend by vendor across last 5 years

Our top website post and video link was on the Melbourne Metro Tunnel (Phase 2) audit.

Melbourne Metro Tunnel project Phase 2: Main works

Tabled: 22 June 2022

Are the main tunnel and stations works for the Melbourne Metro Tunnel being delivered as planned?

Who and what we examined | **What we concluded** | **Our recommendations**

What we concluded

Significant time delays mainly due to COVID-19

Listening to our stakeholders

Engaging with PAEC We engaged with PAEC throughout the year, including on annual planning and audit topic selection. PAEC provided valuable feedback on our forward audit program, including ideas about potential areas of audit interest.

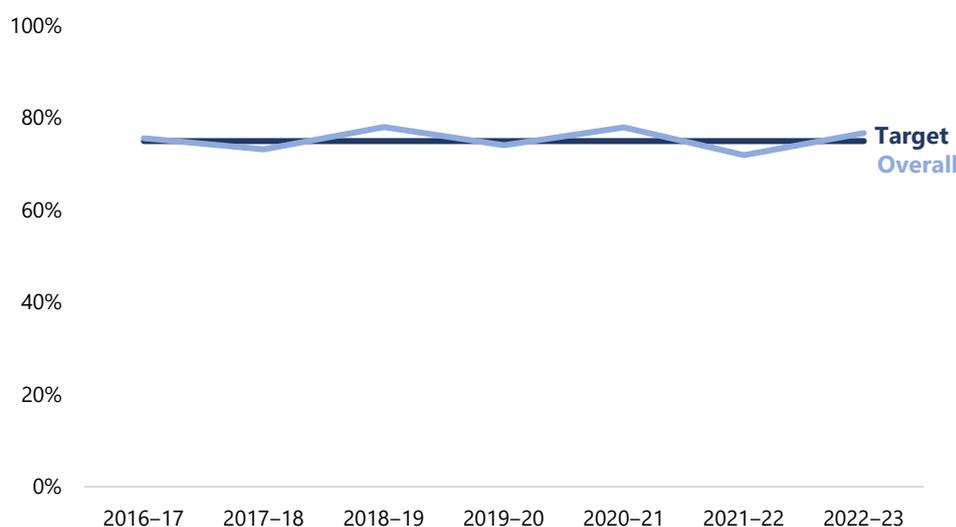
Briefing ministers and parliamentarians This year, we made changes to the way we brief parliamentarians on tabled reports. This was due in part to parliamentarians missing briefings due to their workload and schedules. Instead of running one briefing on the day a report is tabled, we now offer individual briefings to parliamentarians and their staff, either online or in person at a time that suits them. These briefings outline our audit findings and give an MP the opportunity to ask questions on areas of interest. Moving to this tailored approach has seen an increase in engagement.

Responding to enquiries We also responded to enquiries from parliamentarians throughout the year. On average, we took 26.3 days to finalise a response, missing our target of 20 days or fewer.

Survey of parliamentarians We did not survey parliamentarians this year given the timing of the 2022 election and parliament sitting dates recommencing in February 2023. Instead, we worked with the parliamentary members services team to deliver a dedicated 'lunch and learn' session for new and returning members of parliament in May 2023. The Strategic Management Group presented a briefing to parliamentarians and their staff on our office's powers and functions, our recently tabled reports and our planned future program. We will continue to work with members of parliament to enhance our products and services, and to make them more accessible, readable and relevant.

Survey of audited agencies (performance audits) After each performance engagement, we ask the agencies involved how they rate our processes, reporting and value. Overall satisfaction for 2022–23 tabled audits was 77 per cent, meeting our target of 75 per cent and an improvement on last year's result of 72 per cent.

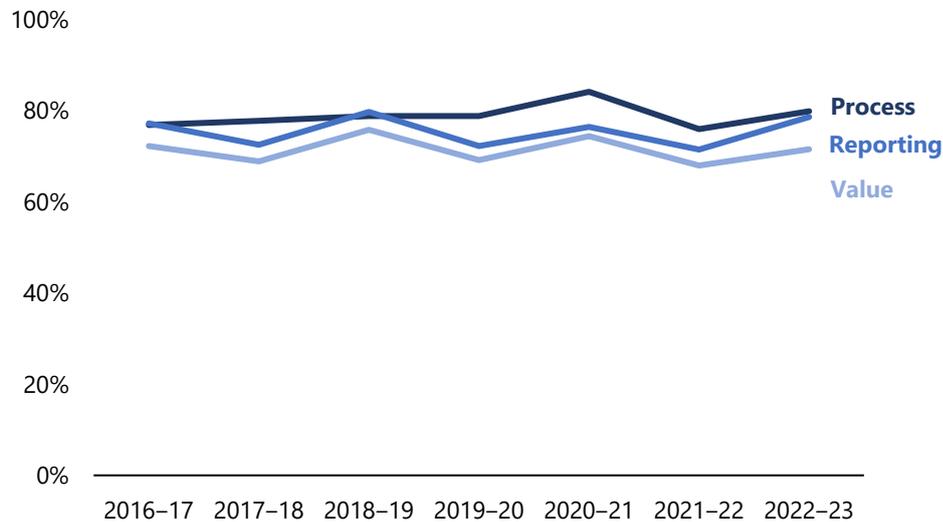
Overall satisfaction for performance auditees for 2022–23



Source: VAGO.

Scores across the dimensions of process (80 per cent) and reporting (79 per cent) are both higher than 2021–22, exceeding our target of 75 per cent. Improvement could still be made on the level of satisfaction with the value of our work, with 72 per cent satisfaction compared with 68 per cent last year.

Satisfaction of performance auditees by dimension



Source: VAGO.

Sourcing engagement topics from stakeholders

In developing our annual plan of engagement topics, we consult with the agencies we audit and a wide range of Victorian stakeholders.

To ensure our audit topics reflect issues of concern to parliamentarians and the public, our continuing aim is to increase the number of our audits originating from these sources.

This year, we received 175 requests and comments from the public and parliamentarians.

The correspondence comprised:

- 164 requests and comments from the general public
- 11 requests from parliamentarians.

Some of our 2023–24 planned audits relate to issues raised in these referrals, including:

- Delivering Victoria’s Big Housing Build
- Domestic building oversight part 1: regulation
- Domestic building oversight part 2: dispute resolution
- Withdrawal from Commonwealth Games 2026.

Increasing our engagement

Community health and aged care sector forum

In July 2022 we hosted a forum dedicated to our relatively new auditees in Victoria’s registered community health centre and aged care sector entities.

The forum was attended by the sector’s CFOs, CEOs, audit committee and board members.

Forums like this give us a better understanding of the auditee journey and allow us to build greater awareness and knowledge of our financial audit mandate.

Integrity Matters webinar In November 2022 we joined IBAC and VO in the Integrity Matters webinar. The session reached more than 800 attendees, predominantly employees from the Victorian local government and public sector.

IBAC Commissioner The Honourable Robert Redlich AM, KC, Victorian Ombudsman Deborah Glass OBE and Victorian Auditor-General Andrew Greaves came together to discuss and share their collective experience and insights on matters of integrity and why integrity matters.

Institute of Internal Auditor's Local Government Assurance Conference

In November 2022 we presented to the Institute of Internal Auditor's Local Government Assurance Conference.

We shared:

- highlights from our *Fraud Control Over Local Government Grants* performance engagement
 - highlights from our financial audits
 - categorisation of all recent performance engagement recommendations, irrespective of which councils were involved in our audits.
-

Audit committee forums

Our audit committee chair forums are important events that allows chairs and members to network with their peers and learn more about sector-wide topics and areas of interest. These forums provide direct access to the Auditor-General, VAGO and topic experts.

This year, we held forums on 8 July 2022 and 18 November 2022.

Promoting greater transparency

Beyond our own work, we influence and shape how well the public sector reports its own performance, especially its outputs and outcomes.

We want to influence improved reporting by public organisations and the sector by encouraging open and transparent reporting with publicly accessible information that is reliable, meaningful and timely. We will:

- advocate for better financial and non-financial performance reporting through direct participation and engagement with industry and professional bodies
- build on our existing annual financial and non-financial data analytics dashboards, seeking to better integrate, unify and visualise our insights for each major sector.

Providing stronger advocacy

Joint paper with IBAC and the Victorian Ombudsman

In October 2022, we collaborated with IBAC and the Victorian Ombudsman to prepare and release a joint paper, *Budget Independence for Victoria's Independent Officers of Parliament*.

We led the development of the paper, which discussed the current approach of other jurisdictions and set out a case to further strengthen the independence of Victoria's key integrity agencies.

[Link to paper](#)

VPSC updates to officer and executive guide

Also in October 2022 the VPSC updated its officer and executive guide for informing and advising ministers.

As part of the VPSC's release it acknowledged that much of the update was in response to our 2021 *Implementing a New Infringements Management System* performance engagement that recommended the Victorian Public Sector Commission in consultation with Department of Premier and Cabinet:

- strengthen leadership training and development to focus on, and facilitate conversations about, public servants':
 - role in providing advice to the government
 - expectations for full and frank advice
 - develop guidance for public servants on how to meaningfully engage with ministerial offices to appropriately convey risks and mitigation options for major projects and strategic activities.
-

Attending public sector forums and conferences Our staff regularly attend and present at forums and conferences for professionals across sectors. We attended the following events:

- Victorian Local Governance Association Connect webinars
- FinPro conference presentations, regional meetings and question-and-answer panel sessions
- Chartered Accountants Australia and New Zealand: Finance Business Tech Conference and events
- Certified Practising Accountant Australia (CPA Australia): Public Sector and Not-for-profit Committee events
- CPA Australia: Virtual Congress
- Australasian Council of Auditors General (ACAG): committees, events and webinars
- Departmental CFO forums and industry forums.

Professional and peer organisations Throughout the year we engaged with our peers from other audit offices through ACAG. We were involved in role-based subgroups focused on promoting and strengthening public sector auditing, including:

- Heads of Performance Audit (HOPA)
- Heads of Financial Audit (HOFA)
- Data Analytics
- Systems Assurance
- Financial Reporting and Advisory Committee (FRAC)
- Corporate Services.

We also engaged with the:

- Australian Accounting Standards Board
 - Australian Auditing and Assurance Standards Board.
-

3.

Better public services

The second goal in our 2022–25 strategic plan is better public services for Victorians.

This section details our work towards achieving that goal.

Working to improve public services for Victorians

Realising our goal of better public services for Victorians involves:

- making better use of our financial and non-financial data
- improving our engagement and entity-level reporting.

These objectives are underpinned by our ability to deliver our services effectively and efficiently, including leveraging our information for greatest benefit.

Our financial auditing services

All public sector agencies publish an annual report, which must include their financial and performance information. To do this, their financial reports and (where applicable) performance statements must be independently audited.

Our financial audits provide independent assurance to Parliament and the public that the information contained in a public sector entity's financial report is reliable, relevant and fair.

Scope and focus of our financial engagements

Our sector-based approach

Our financial auditing division is organised by sector.



Financial auditing services in 2022–23

Audit opinions issued

We issued 547 audit opinions on financial reports prepared by 501 agencies. We carried over 7 of these opinions from previous reporting periods.

We also issued 109 audit opinions on the performance statements of local councils, water agencies and TAFEs, and 120 acquittals for local councils and departments.

Parliamentary reporting on financial audits

Under the Act, we must report to Parliament the results of our audit of the state's financial report, which is prepared by the Treasurer.

We also report separately on the results of our audits for:

- local governments
- TAFEs
- universities.

Although not mandatory, the size and impact of these sectors make more detailed reporting a valuable tool for Parliament and the community.

Financial audit reports tabled in 2022–23

Category	Report	For financial period	Status		
			Tabled	In progress	Planned
Whole of government	<i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2021–22</i>	2021–22	●		
Local government	<i>Results of 2021–22 Audits: Local Government</i>	2021–22	●		
Education	<i>Results of 2021 Audits: Technical and Further Education Institutes</i>	2021	●		
	<i>Results of 2021 Audits: Universities</i>	2021	●		
	<i>Results of 2022 Audits: Technical and Further Education Institutes</i>	2022	●		
	<i>Results of 2022 Audits: Universities</i>	2022	●		

● As planned ● Delayed

Note: Results of 2021 Audits: Technical and Further Education Institutes and Results of 2021 Audits: Universities delayed from 2021–22 and tabled in July 2022 .

Listening to our stakeholders

Survey of audited agencies (financial audits)

We survey clients to better understand how we are performing.

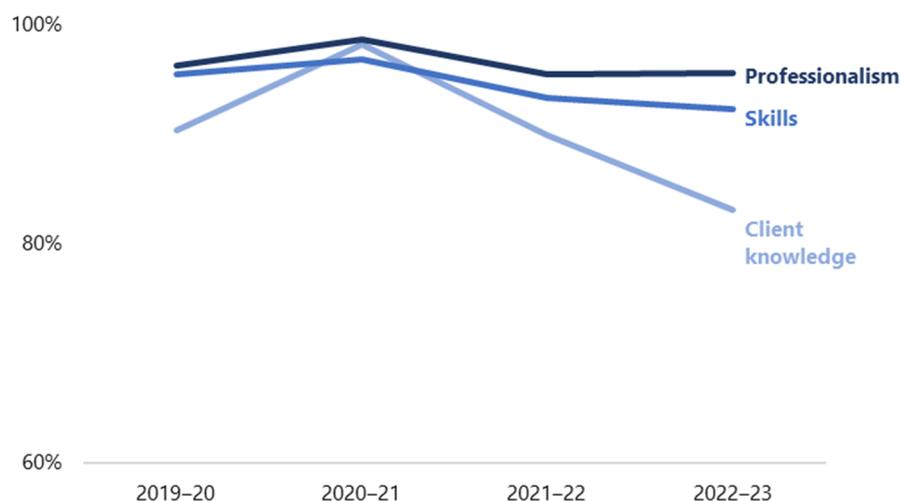
We received 250 responses across two rounds to our survey of audited agencies for financial audits this year, relating to their 2021-22 audits.

We explore how satisfied they are with our people, and whether our auditors:

- conducted themselves professionally during the audit
- had the right professional skills and knowledge
- demonstrated an adequate understanding of their organisation.

Financial auditees' average satisfaction with our people

Agency satisfaction with our auditors' ...

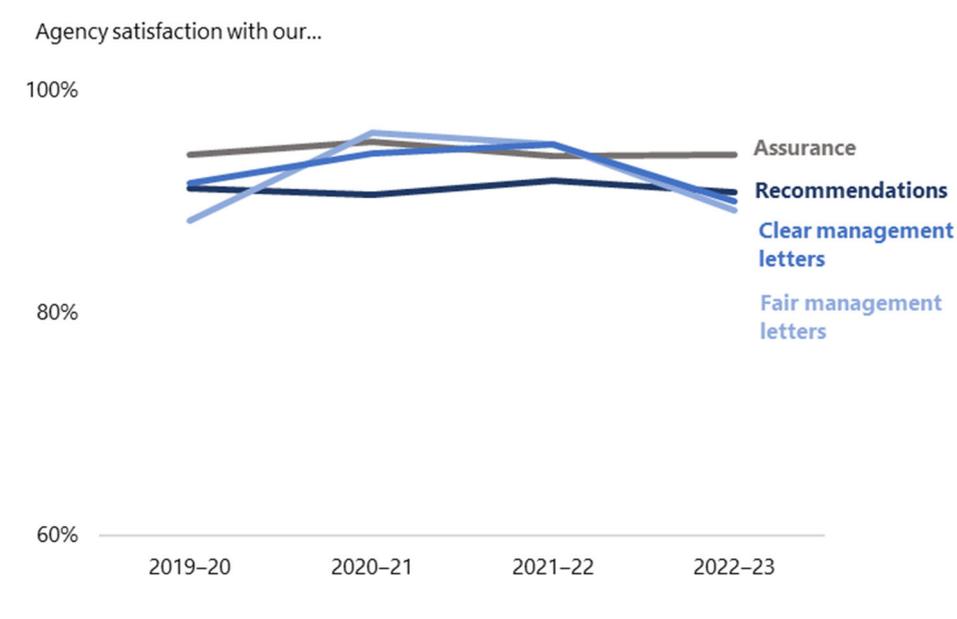


Source: VAGO.

We explore how satisfied our clients are with our outputs, and whether:

- they value our recommendations to improve the financial management and internal controls of their organisation
- they value the assurance obtained from the audit of statutory financial statements
- our management letters were balanced and fair
- our management letters clearly communicated audit findings and issues.

Financial auditees average satisfaction with our outputs



Source: VAGO.

We were challenged last year by an elevated turnover of financial audit staff post-COVID-19, and we needed to use an expanded contingent workforce to deliver our audits within the shortened timeframes in the lead-up to the last state election. This led to a lack of continuity of audit staff on a number of audits, which affected our clients' views of our understanding of their operations.

We will improve these outcomes by rebalancing our workload and improving the employee experience through learning and development and retention strategies.

Leveraging our data and expanding our contribution

Our ongoing presence in every public sector entity enables us to build a store of knowledge – tacit and explicit – about how the sector works and how it can be improved.

We continue to provide insights into ‘what good looks like’. We continue to assess how we can better extract value from our growing datasets to produce new insights.

Sharing our data insights

Transparent service performance

As part of our strategy to reform and enhance the reporting of service performance by the public sector, we again published a service performance data analytics dashboard on our website as part of our yearly audits on measuring and reporting on service delivery.

This dashboard allows users to:

- compare departmental performance
- drill down to examine performance trends for individual measures
- download raw data on output performance measures and conduct their own analysis.

We also publish a data analytics dashboard on our annual report webpage. This complements the audited performance statement in our annual report and provides a visual representation of our performance.

Sharing our public datasets

Where possible, we also share our public datasets to assist government sectors and industry associations further their advocacy work.

An example is the published financial data of local governments we shared with the Municipal Association of Victoria.

Drawing on our financial data and expertise

Engaging with the public sector

This year, our Financial Reporting Advisory (FRA) team published one financial reporting alert on 3 February 2023.

Significant accounting developments covered:

- key accounting and other developments relevant to 2022–23 financial statements
- Australian Accounting Standards Board (AASB) post-implementation reviews (PIRs): ITC 49, 50 and 51.

Content included a summary of significant amendments and the likely impact for affected Victorian public sector entities.

By sharing knowledge in this way, we aim to create awareness in the Victorian public sector, helping agencies respond to financial reporting developments in a timely fashion.

Engaging with the Australian Accounting Standards Board

The FRA team continue to engage regularly with the AASB to discuss how accounting standards are applied in the public sector.

Team members attended staff liaison meetings, provided feedback on AASB consultation documents, and participated in AASB project advisory panels (including the Fair Value project advisory panel and Not for Profit project advisory panel).

Engaging with the Australian Auditing and Assurance Standards Board

Our Audit Quality (AQ) team continue to engage with the Auditing and Assurance Standards Board (AUASB) to discuss auditing standards and potential implementation issues in the public sector.

The team gave feedback to the AUASB on the guidance standard *GS23 Special Considerations – Public Sector Engagements*. The team also provides feedback to the AUASB on other projects via ACAG and the project advisory group network.

Engaging with the Department of Treasury and Finance

This year, FRA continued to work closely with the accounting policy team at the Department of Treasury and Finance (DTF) on technical accounting matters.

Our FRA Director presented at the DTF a workshop, 'What's new for 30 June 2023 year-end reporting', for senior financial reporting personnel within the public sector involved in the preparation of departmental and agency annual reports.

Improving entity-level reporting and leveraging performance data

Dashboards and data visualisation

Our data analytics dashboards create better impact than static tables. We continue to receive positive feedback from our stakeholders and the community.

Dashboards published in 2022–23

Topic	Posted
Results of 2021 Audits: Universities	July 2022
Results of 2021 Audits: Technical and Further Education Institutes	July 2022
Fair presentation of service delivery performance 2022	September 2022
Annual Report 2021–22	September 2022
Major Projects Performance	September 2022
Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2021–22	October 2022
Results of 2021–22 Audits: Local Government	February 2023
Departments' reported consultant spend: 2017–18 to 2021–22*	June 2023
Reporting on Local Government Performance**	June 2023
Results of 2022 Audits: Universities	June 2023
Results of 2022 Audits: Technical and Further Education Institutes	June 2023

Notes:

* Companion product for Contractors and consultants in the Victorian public service: spending audit, which we will table in 2023.

** Uses data submitted by councils under the Local Government Performance Reporting Framework and published by Local Government Victoria (LGV).

Source: VAGO.

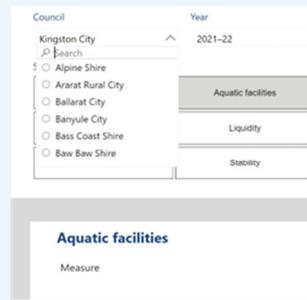
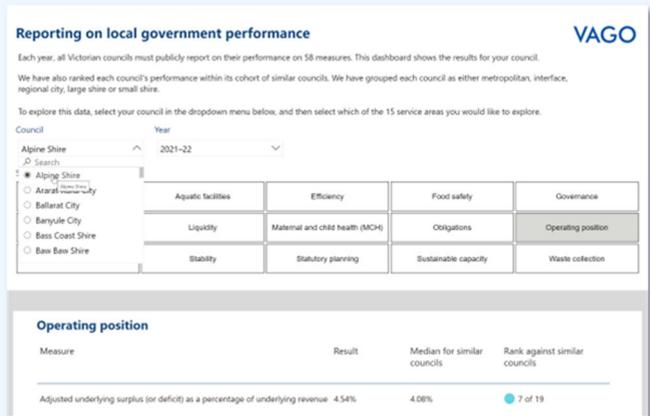
Examples of high-impact dashboards

By bringing together information from multiple sources, we can make publicly available information more accessible and meaningful to members of parliament and the public. Our work can make information that is sometimes difficult to find and compare more accessible.

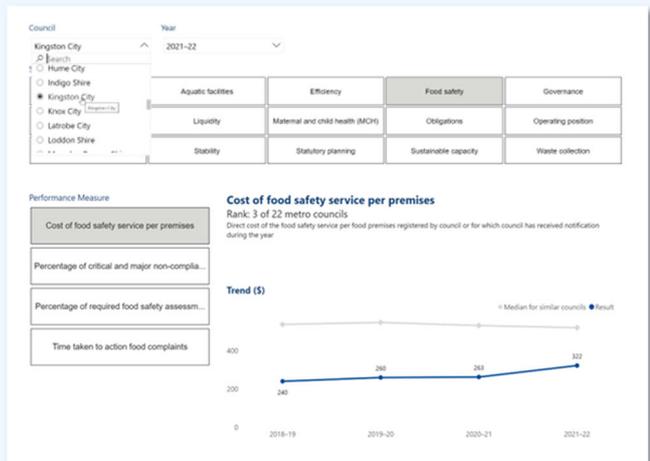
Dashboard example: Reporting on local government performance

Each year, all Victorian councils must report on their performance across 58 measures. Local Government Victoria (LGV) then publishes this data.

Our dashboard collects this performance data and allows users to explore it, including seeing how their council compares to similar ones.



Users can filter by department and see data by year and vendor.



Data is presented as text as well as visually.

www.audit.vic.gov.au/dashboards/reporting-local-government-performance

Dashboard example:

Departments' reported consultant spend: 2017–18 to 2021–22

This dashboard shows Victorian government departments' spending on consultants from 2017–18 to 2021–22.

This is data published by the departments in their annual reports.

It also shows spending on individual vendors.



*Note: Department of Transport includes spending by the Major Transport Infrastructure Authority and Suburban Rail Loop Authority.



Users can filter by department and see data by year and vendor.

www.audit.vic.gov.au/dashboards/departments-reported-consultant-spend-2017-18-2021-22

Our impact on agencies

In addition to measuring auditees' satisfaction, we also track their progress in responding to our work.

Agency responses to our recommendations

Agency responses for performance engagements

Our performance engagements identify opportunities for public agencies to improve how they work. We do this by uncovering risks, weaknesses and poor performance, as well as by sharing examples of better practice. We then make recommendations to agencies to address areas for improvement.

We conduct an annual review to monitor how the agencies we audit address our findings. This makes agencies' responses to our recommendations more transparent to Parliament and the community.

In ...	We examined ...	Of which ...	We found that agencies had ...
2022*	all 1,316 recommendations made in July 2018 – December 2021	<ul style="list-style-type: none"> 1296 were accepted 442 were accepted but unresolved 	completed 66 per cent of recommendations they accepted, taking a median of 11 months.
2023*	all 1,518 recommendations made in July 2018 – June 2022	<ul style="list-style-type: none"> 1469 were accepted 303 were accepted but unresolved 	completed 79 per cent of recommendations, taking a median of 12 months.

*Year report tabled

We tabled our 2023 annual status update on 30 August 2023.

Measuring completion

We measure the percentage of accepted performance audit recommendations that agencies report as completed across a 2-year period.

The 2022–23 result of 77 per cent remained slightly below our target.

Results of our review of outstanding performance audit recommendations

Criteria	2022–23 result	Prior year result	Target
Total recommendations under review	1,518		
Recommendations tabled in 2019–20 and 2020–21	597		
Number of those tabled recommendations accepted fully, in part or in principle	559		
Number of those accepted (fully, in part, or in principle) recommendations reported as complete	429		
Overall result	77%	78%	80%

Accepted performance audit recommendations the audited agencies reported as completed across a 2-year period.

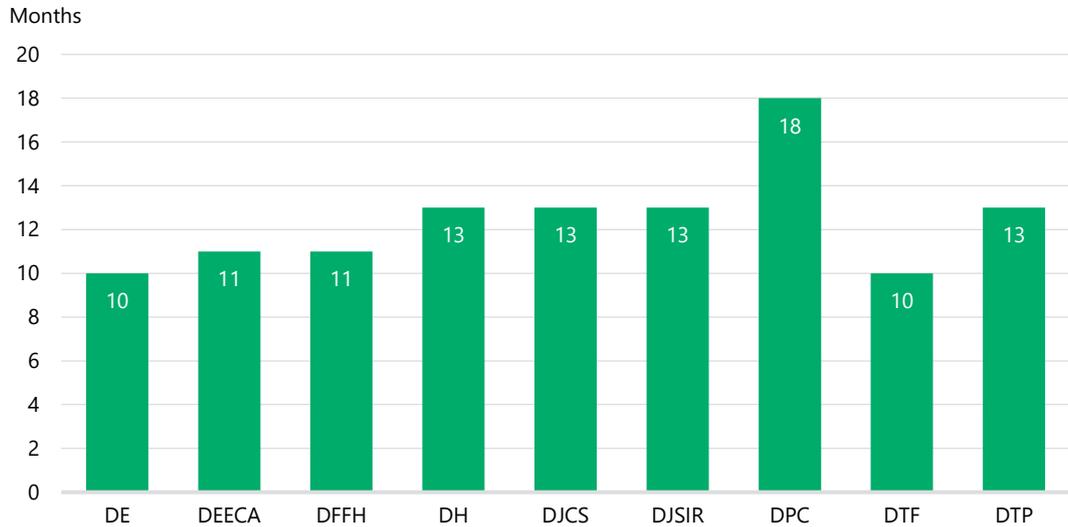
Source: VAGO.

Completion by agency

As part of our review, we look at the completion rate for individual agencies.

Agencies continue to complete actions in response to our recommendations. The median time taken to complete a recommendation after the audit tabled was 12 months.

Median number of months to complete a recommendation, by department



Notes: The Department of Government Services (DGS), established on 1 January 2023, is excluded. Acronyms used are for the Department of Education (DE), Department of Energy, Environment and Climate Action (DEECA), Department of Families, Fairness and Housing (DFFH), Department of Health (DH), Department of Justice and Community Safety (DJCS), Department of Jobs, Skills, Industry and Regions (DJSIR), Department of Premier and Cabinet (DPC), Department of Treasury and Finance (DTF), Department of Transport and Planning (DTP).
Source: VAGO.

Agency responses for financial audit

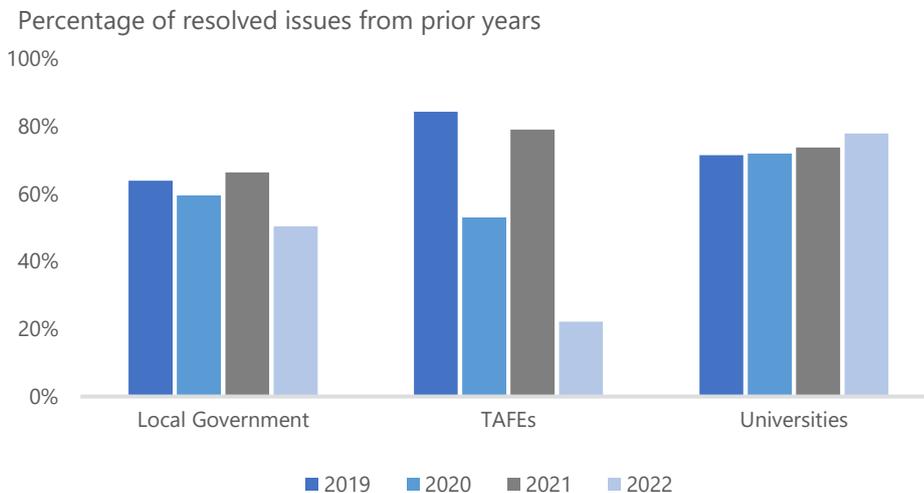
Our financial audits continue to make a measurable impact on internal controls.

We issue management letters to agencies:

- highlighting issues related to internal control weakness and other matters we find
- making recommendations to resolve these issues.

Agencies respond to these letters with their intended actions.

Percentage of issues raised by financial audit that have been resolved



Source: VAGO.

Delivering our services efficiently and effectively

As we continue to focus on realising our strategic goals of better public services and a transparent and accountable public sector, we must also deliver our own services efficiently and effectively.

We set ourselves high expectations. We strive to model what we audit: effectiveness, efficiency and economy, compliance with standards and legislation, and reliability.

Service delivery in 2022–23

Overview

Every year, we report against a set of performance measures and targets that we agree with the Assistant Treasurer. We report these measures and targets in our performance statement in this report. In addition, we also report our performance against cost and time measures.

Parliamentary reports and services

Average cost of our parliamentary reports

The average cost of our parliamentary reports in 2022–23 was \$438,360.

This is less than the 2021–22 average (\$683,636), and 18.1 per cent less than our 2022–23 target (\$535,400).

The lower average cost of our reports reflects the actual mix of audit engagements that we delivered, primarily in terms of scope and timeliness. This year, we tabled 2 additional results of financial audit reports from last year due to delays resulting from the pandemic. We also tabled 4 assurance reviews, both of which cost significantly less than the average.

Our performance statement details our performance measures further.

Delivering performance audit reports

This year our average time to complete performance audits (from initiation to tabling) was 10.1 months.

This is 3.2 months less than last year and 1.1 month more than our target of 9 months.

The average time to table our reports increased during the pandemic due to staff turnover, unplanned leave and client delays in providing information or responses to our draft reports. Reduced disruption since the pandemic, and improved project management in 2022–23, brought our result significantly closer to our target.

Delivering financial audit reports

The average time to produce our parliamentary reports on results of our financial audits after the balance date in 2022–23 was 6 months.

This is above our result last year and above our target of 5 months.

We tabled 6 financial audit parliamentary reports during 2022–23, 2 of which we carried over from 2021–22 and tabled in early-July 2022:

1. *Results of 2021 Audits: Technical and Further Education Institutes*
Delivered over target at 6.2 months.
2. *Results of 2021 Audits: Universities*
Delivered over target at 6.2 months.
3. *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2021–22*
Delivered within 3.9 months and within our target of 5 months as required by the Act.
4. *Results of 2021–22 Audits: Local Government*
Delivered over target at 7.8 months.
5. *Results of 2022 Audits: Technical and Further Education Institutes*
Delivered over target at 5.9 months.
6. *Results of 2022 Audits: Universities*
Delivered over target at 5.9 months.

Audit opinions on financial reports and performance statements

Average cost and timely delivery of audit opinions

The public sector agencies we audit pay us for the financial audit work we perform.

The Act allows us to recover reasonable costs only, so it is important that we continuously monitor and benchmark our service costs.

The average cost of the audit opinions we issued on financial statements during 2022–23 was \$55,189, above both our 2021–22 result and our target.

Average cost to deliver audit opinions in 2022–23

Financial service	2022–23 average	Prior year average	Target average
Audit opinions on financial statements	\$55,189	\$54,319	\$50,800
Audit opinions on performance statements	\$5,395	\$5,200	\$5,500
Audit opinions issued within statutory deadline	97.2%	96%	98%
Management letter to agencies within agreed timeframes	90.7%	90%	90%

Source: VAGO.

Delivering audit opinions

The average cost of audit opinions for both financial reports and performance statements again exceeds our target, which is capped by the Australian Bureau of Statistics Wage Index. Actual costs to complete audit opinions were above the index because we:

- experienced challenges with competitive labour market conditions and staff availability across the accounting industry, increasing internal staff costs and that of our audit service providers
- engaged a contingent workforce to help get our audit delivery back on track post-pandemic
- responded to the introduction of the updates to the Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement*, which required us to reconsider our knowledge and risk assessment of IT systems for all our audit clients, and used additional staff and outsourced IT expertise.

Meeting statutory timeframes

Agencies have statutory timeframes in which to complete their annual financial reports, and table their annual reports. This means our work must be timely.

Although we missed our target for issuing audit opinions, we met our target for final management letters, and our performance improved on our prior-year results.

Elevating our audit methods and tools

Performance auditing

Enhancing performance audit through data science

Performance audits are bespoke and qualitative, presenting unique opportunities for data analytics. We have therefore integrated the use of data analytics into our performance audit methodology.

We aim to perform annual planning supported by data analytics for annual planning, and to increase the data analytics capability of our staff.

While this opportunity will take time to realise, embedding data scientists within performance audit teams is already making an impact—on the way we plan for, gather and analyse evidence, and on the way we communicate our findings.

We see the impact of the data science team's work in our engagement statistics, such as the data analytics dashboards on our website. It has also been gratifying to be recognised by our peer audit offices, winning the Australasian Council of Auditors-General (ACAG) Innovation Award for the third year in a row:

- 2023: Received Innovation Award for analytics on Police Body Worn Cameras audit
- 2022: Received Innovation Award for Major Projects Performance data analytics dashboard
- 2021: Received Innovation Award for Accessibility of Tram Services audit

Engagements with data science input

These examples from our 2022–23 program demonstrate how our data scientists drive outcomes on performance engagements.

Data scientists worked in our performance engagements on ...	To ...
quality of child protection data	assess data quality issues affecting records of children in care
regulating native forests	develop a geospatial analysis of compliance with land-clearing regulations
services for alcohol and other drugs	assess data quality controls and systems used for data collection
maintaining metropolitan railway infrastructure	assess data quality, the completion and timeliness of metropolitan railway infrastructure maintenance
supporting sexual and reproductive health	analyse customer relationship management including demand and supply of services
school principal health and wellbeing	analyse personnel data including provision of wellbeing services, absences and compensation claims data
cybersecurity in the Victorian Public Service	provide internal subject matter advice on cybersecurity in the context of modern information technology
local government performance dashboard	produce a data analytics dashboard that allows members of the public to explore data on local government performance

use of consultants in the Victorian Public Service

develop a data analytics dashboard for the public on the use of consultants in the Victorian Public Service

Audit solutions and toolsets

In 2023 we performed a post-implementation review of our strategic audit planning process. We will implement actions resulting from our review as part of an update to our performance audit methodology. This update aims to:

- further integrate strategic audit planning into our performance engagements
- streamline our performance methods and approaches to focus on the key areas of risk and materiality
- replace our legacy audit toolsets with cloud-based solutions that facilitate more efficient and effective audits and reviews.

We will progressively implement these updates during 2023-24.

Financial auditing

Empowering financial auditors with data analytics

We used Empower, our in-house data analytics platform, to support financial audits for 53 clients. We developed 96 data analytics dashboards, which we updated periodically for our auditors.

The benefits of these dashboards include:

- providing our auditors with source data
 - assisting with planning analytics
 - assisting with sampling
 - enabling auditors to run computer-assisted audit techniques over data
 - assisting with more traditional substantive testing, such as fully recalculating material classes of revenue.
-

Our EPIC financial audit methodology

We continue to refine our Engage, Plan, Implement and Conclude (EPIC) methodology, and develop training and guidance to support our auditors.

We are well progressed with a project to replace our existing legacy audit toolset with a modern solution. Our project team has evaluated the market and is currently working with a single vendor on a potential replacement toolset.

4.

Our office and people

To be successful we need to empower our people and enrich their working experience.

We are committed to facilitating individual professional development and supporting teams with high quality systems and methodologies.

A values-driven organisation

The third pillar of our strategic plan is an enriched experience for our people.

Our people are at the heart of what we do, and we are committed to facilitating their professional development. We also support them with high-quality systems and methodologies.

Our values are accountability, collaboration, innovation and respect. These values shape our work, our culture and how we grow as an organisation. In 2022–23, we continued to promote and embed these values through team-building activities and by celebrating the outstanding efforts of our employees both day to day and more formally at recognition events.

Outcomes and achievements in 2022–23

This section sets out the last year's initiatives, achievements and outcomes organised by our four values. This demonstrates our ongoing leadership commitment as a values-driven organisation.



We empower others. We meet agreed commitments. We are responsible for, and transparent about, decisions and actions. We make decisions that withstand scrutiny.

Demonstrating accountability in all we do

- In this section** This section includes updates on:
- audit quality systems, models and methodologies
 - capability framework
 - risk management and security
 - gender pay gap, including reporting
 - workforce productivity and outcomes.
-

Audit quality systems, models and methodologies

- Updating audit quality management systems** Effective 15 December 2022 the AUASB released its new quality standards:
- *ASQM1 Quality Management for Firms that Perform Audits or Review of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*
 - *ASQM2 Engagement Quality Reviews*
 - *ASA 220 Quality Management for an Audit of a Financial Report and Other Historical Financial Information.*

Responding to these new requirements, we developed a framework for our system of quality management (SQM) underpinned by an assessment of audit quality objectives and risks. The SQM comprises our policies and procedures that we designed and implemented to mitigate quality risks. The launch of our SQM will occur in the fourth quarter of 2023, along with SQM awareness training for all staff. We will undertake an annual evaluation of our SQM and report the results of the evaluation in our next transparency report.

Capability framework

Enhancing financial audit capability

In response to extensive staff consultation on the current employee experience, we know that our financial auditors want:

- opportunities to learn, develop and grow
- a well-designed capability framework
- an aligned learning and development curriculum
- clear succession pathways.

This year we commenced the Enhancing FA's Capability project that will deliver a new structured capability framework, with a supporting learning and development curriculum and succession pathway. We have prepared a draft framework and transitional plan, and we expect to launch it next year.

Risk management and security

Zero-trust security

This year we continued our investment in strong and secure IT systems, adopting a zero-trust plan, based on Microsoft's zero-trust security model. Zero trust is a modern security strategy based on the principle: never trust, always verify.

Key features of our plan include:

- identity and access management
- device trust
- conditional access policies
- data protection
- threat protection
- analytics and monitoring
- information governance.

This plan further mitigates the risk of unauthorised access and data breaches.

Gender pay gap

Results

This year, our gender pay gap was 3 per cent in favour of men, compared to 0.3 per cent in 2021–22.

As of 30 June 2023, 59 per cent of our workforce identified as women, with:

- 115 women
- 77 men
- 2 self-described
- 2 who preferred not to say.

How we calculate the gender pay gap

The calculation includes all employees and employee types (part-time and casuals included) who identify as male and female but does not include those identifying as non-binary or self-described. This reflects our reporting obligations to the Workplace Gender Equality Agency (WGEA).

For more details, see Appendix A: Workplace profile and gender pay gap

Women as a proportion of part-time workers and executive

This year, the proportion of executive roles filled by women dropped slightly.

The proportion of part-time workers represented by women did not change in 2022–23. However, the proportional shift since before the pandemic indicates that more people are taking advantage of flexible working arrangements.

Proportion of part-time workers and executive roles held by women

	2022–23	2021–22	2020–21	2019–20
Part-time workers	82%	82%	90%	100%
Executive roles	42%	46%	44%	42%

Source: VAGO.

Note on how executive roles are counted

In 2022–23, the VPSC changed the definition of 'executive' to exclude substantive Victorian Public Service (VPS) staff acting in executive roles, who were counted as executives in previous years.

Comparison with national and Victorian results

While there is room for us to improve, our gender pay gap is significantly lower than the:

- national gap, which is 13.3 per cent
- Victorian gap, which is 13.4 per cent.

Source: Workplace Gender Equality Agency based on ABS survey data, February 2023.

Broadening our pay gap reporting

In the past, we have routinely calculated our gender pay gap using the mean (average) salaries of men and women. However, in 2022–23, we also assessed the pay gap via their median (middle) salaries.

We introduced this extra calculation ahead of changes in our reporting obligations to WGEA for the 2023–24 reporting year.

Going forward, WGEA will require employers to report their median gender pay gap and CEO salaries (which would typically skew the mean gender pay gap). The median pay gap is less influenced by staff who have high or low salaries, so gives a better indication of the pay gap for most of our small workforce.

For more information about our workforce profile (including gender, age ranges, VPS classification) and the gender pay gap at VAGO, see Appendix A.

Gender Equality Action Plan 2022–25

Our *Gender Equality Action Plan 2022–25* outlines a range of strategies we are implementing as part of our journey towards full gender equality.

In accordance with the *Gender Equality Act 2020*, we will prepare a report of our progress for the Victorian Commission for Gender Equality in the Public Sector in 2024.

Our plan is available at www.audit.vic.gov.au/corporate-publications.

Workforce productivity and outcomes

How we measure workforce production

We measure our workforce production as the total percentage of available paid staff hours that are charged to our 3 outputs:

- parliamentary reports and services
- audit opinions on financial and performance statements
- audit support services.

Staff are able to monitor their contribution to production targets and that of their direct reports using real-time data analytics dashboards.

Overall production effort

Our overall production effort this year was 54.5 per cent, slightly lower than our 2021–22 result of 55.4 per cent and our target of 60 per cent. We attribute this mostly to a lower-than-budgeted staff full-time equivalent (FTE) in our Performance Audit division.



We work well with colleagues and demonstrate support and trust. We learn and develop, and give constructive feedback. We share knowledge and insights.

Working collaboratively to enrich experiences and improve outcomes

In this section This section includes updates on the following:

- Embedding Better Normal in our workplace
 - Knowledge sharing
 - Professional collaborations
 - Our office community
-

Embedding Better Normal in our workplace

Promoting flexibility and work-life balance

To be an employer of choice, we need to provide our staff the most contemporary work practices possible. Work flexibility is central to achieving this.

To guide this, we designed and introduced our Better Normal principles in 2021. These do not prevent us from working 'together, together' with our peers, teams, or clients.

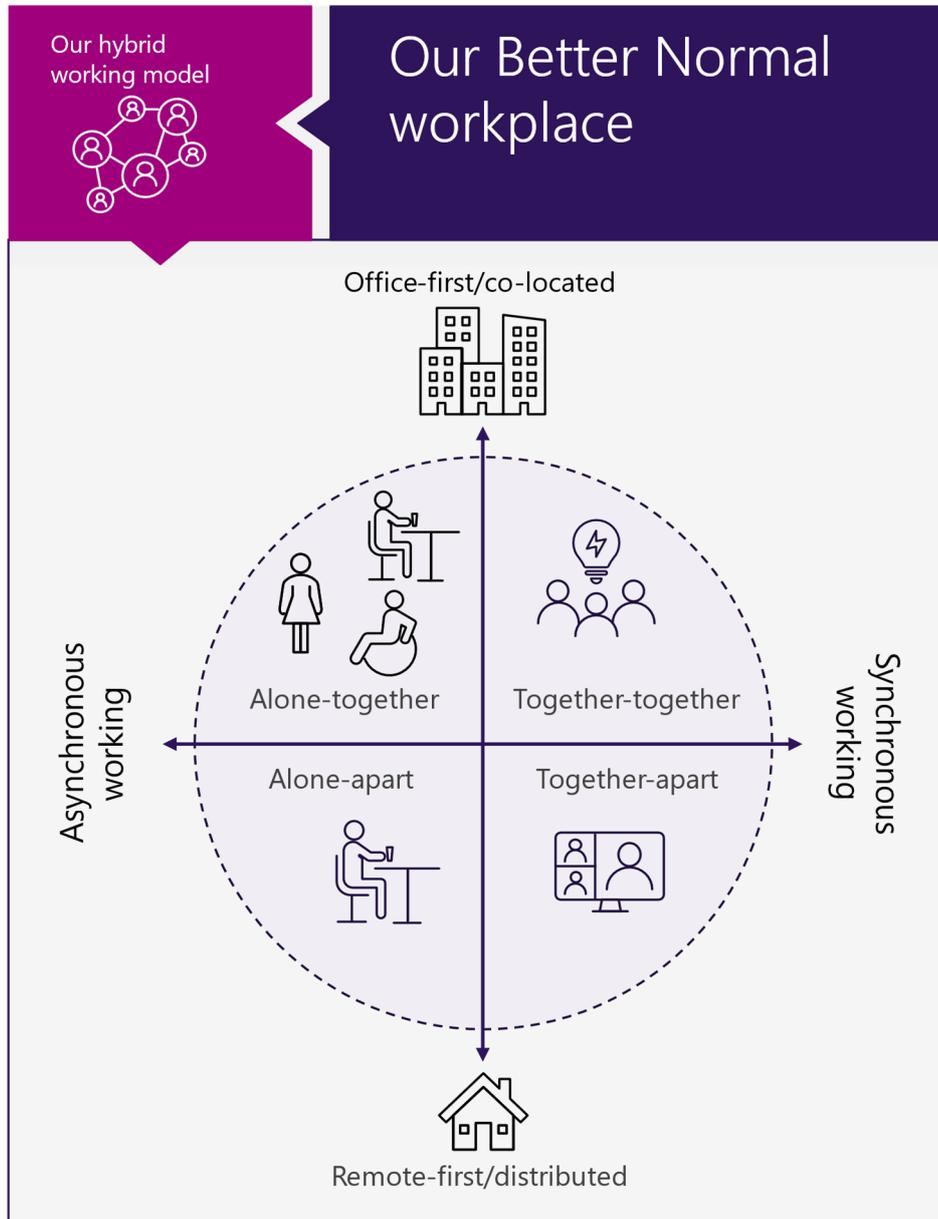
We come together when we believe being in-person will provide high-impact and high-value collaboration. This may include audit work, learning and development, team-building experiences or managing client-related matters.

In line with our Better Normal principles, we consider team preferences, value, impact and business needs when deciding how and when we connect with each other.

Synchronous and asynchronous working modes

Our Better Normal principles are inspired by Gartner's 'Intentional collaboration in a hybrid world' model. They encompass 4 modes of working, balancing high-value engagement with opportunities for deep focus.

The 4 modes of working



Source: VAGO, based on work published by Gartner.

Supplying home office equipment

Most of our staff choose to work from home for at least some of the time. To support this, while ensuring their comfort, safety and best working experience, we continue to supply all team members with a sit-stand desk, ergonomic chair, monitors and other equipment such as laptop risers and chair mats.

Staff can also choose to work from our office at 35 Collins Street, Melbourne.

Software for virtual workshops

We delivered several IT initiatives this year that supported effective, efficient, secure and collaborative work practices. For example, we implemented a collaborative platform to optimise virtual workshops.

Our teams are now better able to collaborate through mindmapping, project planning, and storyboarding online.

Knowledge sharing

Data and Analytics (DASA)

The Data Analytics and Systems Assurance (DASA) team is responsible for our Empower software, a product that allows our financial auditors to leverage information and improve audit quality and efficiency.

DASA provides formal and informal training, coaching and weekly 'tips and tricks' posts, which help our auditors embed digital knowledge in their work.

Lunch 'n' Learn sessions

Our regular Lunch 'n' Learn sessions supplement formal training offerings. Our more experienced staff share their knowledge and experience, lifting their colleagues' practical skills and capabilities.

Topics included audit appropriations and performance reporting, understanding audit toolsets, and strategic writing skills.

Live-streamed briefings and catch-ups

Each fortnight we come together for a stand-up briefing hosted by one of the 4 members of our Strategic Management Group. We record these events for those unable to attend the live event.

Professional collaboration

Maintaining professional networks

We support staff to attend industry conferences to maintain professional networks and currency in their profession.

This year a delegation of 11 staff attended the International Meeting of Performance Audit Critical Thinkers (IMPACT 2023) conference hosted by the Australian National Audit Office in Canberra.

Two new team members reflect on their first performance audit

When the Pacific Association of Supreme Audit Institutions (PASAI) invited us to submit an article for its newsletter, new VAGO Audit Manager Awanthini Danawansa and Graduate Analyst Jack Conlan took on the challenge.

Here's some of what they said about their first performance audit, *Supporting Sexual and Reproductive Health*.



PASAI newsletter June 2023

Tell us about your individual roles



AD: As the audit manager I wanted this engagement to be characterised by strong and open relationships with auditees ... I was always transparent about what we were expecting from auditees and about our findings, including negative ones. Regular and open communication was key to the good stakeholder relationships we developed, and the auditees have since thanked us for our partnership approach.



JC: I was a very new graduate and already assigned to another audit when I was asked to also jump on this audit. Joining Awanthini's team was a crash-course in prioritisation and time-management! I was excited to be working on this audit too – there was such potential for us to add value. Our audit was tabled at a time when its findings could be used to supplement the new 2022–2030 Women's Sexual and Reproductive Health Plan. It's rewarding to know that our recommendations have been accepted as part of that plan.

How do you rate the success of an audit?

AD & JC: A strong foundation and mentorship are critical to the successful performance of first-time auditors. We had a very knowledgeable and supportive mentor in our Engagement Leader, Elsie Alcordo. Elsie guided us every step of the way and provided valuable insights. She was always championing our abilities and encouraging us to approach new tasks with confidence.

What are you most proud of?

AD & JC: At VAGO we talk a lot about making a difference, and we're proud of producing a report that will help the agencies improve in this area. In our briefings with the Minister and MPs they were all extremely interested. They thanked us for looking into this important aspect of healthcare, which is often stigmatised, with respect and commitment.

Pacific Association of Supreme Audit Institutions: www.pasai.org/

Our office community

Assistance animal in the office

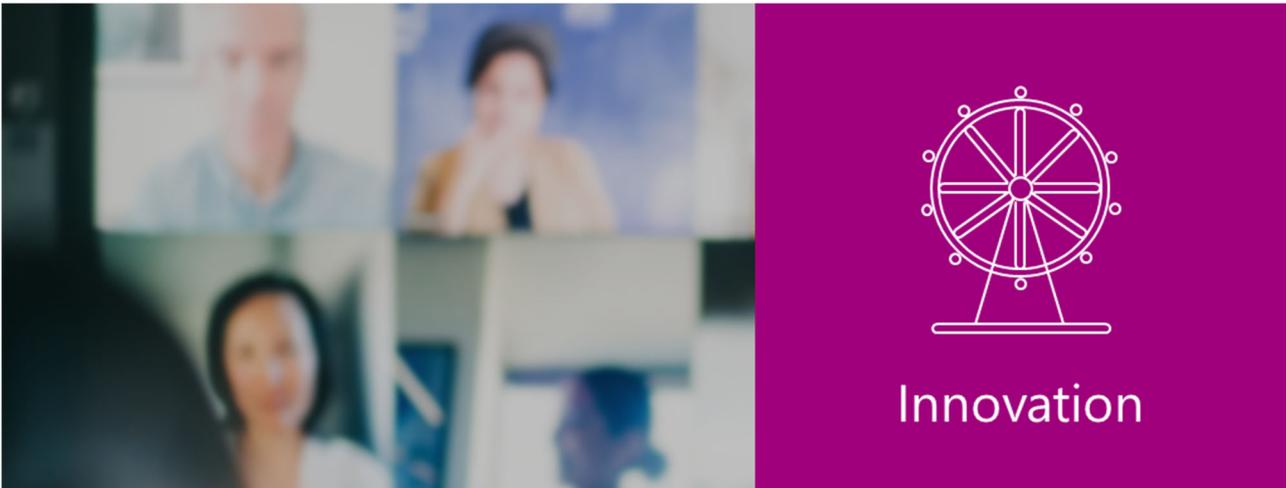
In 2022 staff in our Collins St office enjoyed the company of a 4-legged friend named Gunner, a Guide-Dog-in-training. Our office gave Gunner the chance to learn to be calm and relaxed in a work environment, recognise obstacles, cross busy roads, move through large crowds with ease and board public transport. We were proud to hear he had passed his official assessment and has since been matched with someone special to provide them with confidence, companionship and greater independence.



Fundraising

The VAGO Social Club ran events and campaigns throughout this year to encourage our people to donate to charities, including:

- CARE Australia Pakistan Flood Relief Appeal, to support those in Pakistan impacted by floods
- Breast Cancer Network Australia
- World's Greatest Shave to help beat blood cancer
- Fight Cancer Foundation.



We harness ideas to adapt and evolve. We have the courage to take informed risks and challenge the status quo. We embrace lessons from the new things we try.

Making innovation part of business as usual

- In this section** This section includes updates on the following:
- Continuous improvement through internal audit
 - Enhancing our financial audit capability uplift
 - Professional development.
-

Continuous improvement through internal audit

Internal audit We delivered another 5 internal audit reviews this year. Our internal audit program examines operational internal control systems, including administrative and financial information systems, to evaluate the extent that:

- information is accurate and reliable
- internal policies and external laws and regulations are followed
- resources are employed efficiently and effectively
- financial assets and information are safeguarded.

Reviews completed this year were:

- ERP System Implementation Phase 2
- ASP management and supervision
- risk management framework review
- financial management compliance framework
- management reporting effectiveness.

Internal audit recommendation ratings, 2022–23

Recommendations rating	2022–23
High	0
Moderate	10
Low	7
Opportunity	1
Total recommendations	18

Enhancing our financial audit capability

Financial audit technical training

Our Financial Reporting Advisory (FRA) team and Audit Quality (AQ) team conducted a 2-day training program in November 2022 for all financial audit staff. Its purpose was to enhance the technical knowledge and awareness of changes to the auditing standards to support staff in performing technically compliant audits and improve audit quality.

The FRA and AQ teams conducted this training face to face and all financial auditors collaborated on scenario-based case studies to reinforce the concepts learnt.

This training also covered the public sector framework to help new starters understand the strategic context.

Professional development

Data literacy

We continued to focus on data literacy this year. Staff led projects to lift capability in data visualisation and communication, and data engineering.

One project delivered was the data visualisation 'book club', which fostered a culture of storytelling with data. Our Dataviz Champions developed eLearning modules on how to use data to tell a story for our target audience. Our new infographic library is important for supporting staff to present complex data visually.

Staff also stretched their data science skills in 2022–23, creating and implementing a comprehensive global audit database. This centralises audit findings and best practices to facilitate informed decision-making in our Performance Audit division.

Jobs and Skills Exchange short courses

This year, our staff had access to updated short courses and micro-credentials through the Jobs and Skills Exchange (JSE), available to all Victorian Public Service employees.

Learning and development opportunities include public sector-focused courses on:

- data analytics
- agile project management
- coaching and leadership skills.

Formal training programs

We continued to deliver formal training for our staff, including:

- technical training for financial audits and performance engagements
- fundamentals of management

- Aboriginal and Torres Strait Islander cultural awareness training
- training about working effectively, including appropriate behaviour, time management and assertiveness skills.

New for this year, we added:

- procurement processes
 - data visualisation.
-

[Access to tertiary courses](#)

We also support our staff to undertake university or equivalent studies, ensuring they have the opportunity to acquire the essential skills required to perform their role to a high standard.

This year, 12 staff accessed study assistance through VAGO.



We celebrate diversity. We seek out, listen to and understand others' perspectives. We treat people with fairness and dignity, and protect confidentiality.

Building on a foundation of respect

In this section This section includes updates on the following:

- Diversity, inclusion and belonging
- Employee benefits and assistance
- Celebrating our people
- Listening to our people.

Diversity, inclusion and belonging

A plan for a truly inclusive workplace In June 2023 we published our *Diversity, Inclusion and Belonging Plan 2022–2025*, which comprises the following plans:

- Cultural Inclusion Action Plan
- Disability Inclusion and Accessibility Plan
- Gender Equality Action Plan
- LGBTQIA+ Inclusion Action Plan
- Reconciliation Action Plan

We delayed publication of our overall plan to recalibrate it in response to feedback, which indicated we had overcommitted on what was achievable. We worked diligently to refine our overall plan and incorporate actions into existing projects. As a result, it is better suited to our evolving needs as an organisation.

Our overall plan is available on the [Corporate publications](#) page of our website.



Reconciliation Action Plan Our Reconciliation Action Plan (RAP) is an important roadmap that helps us on our journey towards reconciliation with First Nations Australians. The RAP process is made up of 4 steps – Reflect, Innovate, Stretch and Elevate (or RISE).

We engaged 2 Aboriginal advisors to guide us in our journey and ensure that implementation of our RAP includes the voices of First Nations Australians.

This year we took the second step in this journey, with our Innovate RAP being conditionally endorsed by Reconciliation Australia.

We also:

- organised a film screening and facilitated discussion for staff to celebrate National Reconciliation Week
 - renewed our platinum partnership with Kinaway, the Victorian Aboriginal Chamber of Commerce, and encouraged staff to attend its cultural training programs.
-

Pride at VAGO

In June 2023, during Pride Month, we launched Pride at VAGO – a peer-support network for LGBTQIA+ staff and allies.

Pride at VAGO's mission is to create and maintain a visible presence and channels of communication and advocacy for LGBTQIA+ staff.

The network organises social events and works alongside senior leaders, HR and other internal groups to provide guidance, education and support in how to be a good ally.

Other diversity, inclusion and belonging initiatives

We also:

- introduced a flexible public holiday procedure to allow staff to substitute certain public holidays to an alternative day in accordance with their faith
 - regularly communicated to staff about days of significance for diversity and inclusion
 - worked on embedding diversity, inclusion and belonging as a leadership mindset and behaviour through our capability frameworks.
-

Employee benefits and assistance

Volunteer leave Our staff can access 2 days of paid leave each year to participate in a chosen volunteer program with a registered charity or not-for-profit organisation.

We offer this program over and above other leave entitlements in our enterprise agreement.

VPS Flood Policy Following the floods across Victoria in October 2022, the government developed a public sector-wide floods policy to support directly affected staff. This temporary policy remained in place until April 2023.

Under the policy, eligible employees could access additional support and assistance, including:

- up to 30 days paid leave
- up to 8 weeks salary paid in advance.

We made the flood policy available in addition to our Better Normal principles, where staff can choose alternative working arrangements to suit their individual circumstances.

Celebrating our people

All-staff forum and Values Awards

In March 2023, we held our first annual all-staff forum and Values Awards since the pandemic.

This all-day event included an interactive panel discussion with our Strategic Management Group, an audit client-focused scavenger hunt in Melbourne's CBD and a collaborative painting activity. We finished the day with an awards ceremony recognising staff who exemplify our values of accountability, collaboration innovation and respect.



International Women's Day Gala Dinner

As a proud supporter of the Institute of Public Administration Australia's Victorian division's annual gala dinner for International Women's Day, on 8 March we once again hosted 2 tables to demonstrate our commitment towards an inclusive and diverse public sector. This year's event featured a treaty and truth-telling discussion with esteemed First Nations Elders and leaders.

VAGO Social Club

Our Social Club continued to organise activities to help staff connect with colleagues and develop networks.

Activities this year included a picnic in the park, book and movie clubs, board game evenings and events for Christmas, Halloween and the end of financial year.

Listening to our people

People matter survey

Each year, the Victorian Public Sector Commission invites employees to provide feedback on their workplace by participating in the People Matter survey.

The 2023 People matter survey ran for 4 weeks from 29 May to 26 June and 81 per cent of VAGO employees took part – an increase from 75 per cent the previous year. Each year we analyse our results and take actions based on the feedback of our staff. Since 2019 we have also published our survey results on our website.

Our results are available at www.audit.vic.gov.au/how-we-are-accountable.

5.

Performance statement

Declaration in the performance statement

In our opinion, the measures used and results reported in the accompanying performance statement of the Victorian Auditor-General's Office in respect of the 2022–23 financial year are presented fairly, and are consistent with the Standing Directions under the *Financial Management Act 1994*.

The statement includes the 2022–23 performance measures agreed with the Assistant Treasurer as set out in Budget Paper No. 3, actual and comparative results achieved for the financial year against targets where applicable, and explanations of any significant and/or material variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the performance statement to be misleading or inaccurate.

We authorise the attached performance statement for issue on 15 August 2023.



Andrew Greaves

Auditor-General

Victorian Auditor-General's Office

Melbourne

15 August 2023



Lucy Smith

Acting Executive Officer

Victorian Auditor-General's Office

Melbourne

15 August 2023

5.1 Performance statement

Our performance statement makes reference to the 2022–23 performance measures agreed with the Assistant Treasurer as set out in Budget Paper No. 3. In the following tables, we report our actual and comparative results achieved for the financial year against targets for each of our output groups.

Output Group 1 – parliamentary reports and services

Performance measure	Unit of measure	2021–22 actual	2022–23 target	2022–23 actual	2022–23 per cent variation	Result	Notes
Quantity							
Average cost of parliamentary reports	(\$ thousand)	683.6	535.4	438.4	(18.1)	✓	3.1
Quality							
Percentage of performance audit recommendations accepted that are reported as implemented by audited agencies	(per cent)	77.9	80.0	76.9	(3.9)	×	
Overall level of external satisfaction with audit reports and services – parliamentarians	(per cent)	77.5	85.0	N/A	N/A	N/A	3.2
Timeliness							
Average duration taken to finalise responses to inquiries from members of parliament	(days)	18.0	≤ 20.0	26.4	32.0	×	3.3
Average duration taken to produce performance audit parliamentary reports	(months)	13.0	≤ 9.0	10.1	12.2	×	3.4
Average duration taken to produce financial audit parliamentary reports after the balance date	(months)	4.9	≤ 5.0	6.0	20.0	×	3.5
Cost							
Total output cost	(\$ million)	16.5	18.7	16.5	(11.8)	✓	3.6

Note: ✓ indicates that the target was achieved or bettered
 × indicates that the target was not met

Output Group 2 – audit opinions on financial and performance statements

Performance measure	Unit of measure	2021–22 actual	2022–23 target	2022–23 actual	2022–23 per cent variation	Result	Notes
Quantity							
Average cost of audit opinions issued on performance statements	(\$ thousand)	5.2	5.5	5.4	(1.8)	✓	
Average cost of audit opinions issued on the financial statements of agencies	(\$ thousand)	54.3	50.8	55.2	8.7	×	3.7
Quality							
External/peer reviews finding no material departures from professional and regulatory standards	(per cent)	86.7	100.0	88.2	(11.8)	×	3.8
Proportion of agencies disclosing prior-period material errors in financial statements	(per cent)	2.2	≤ 5.0	1.0	-	✓	
Timeliness							
Audit opinions issued within statutory deadlines	(per cent)	96.0	98.0	97.2	(0.8)	×	
Management letters to agencies issued within established time frames	(per cent)	90.0	90.0	90.7	0.8	✓	
Cost							
Total output cost	(\$ million)	31.3	28.9	35.6	23.2	×	3.9

Note: ✓ indicates that the target was achieved or bettered
 × indicates that the target was not met

5.2 Notes to the performance statement for the year ended 30 June 2023

1. Basis of preparation

The Victorian Auditor-General's Office (VAGO) must report annually on expected and actual performance as part of Parliament's departmental performance statement in Budget Paper No. 3. This information is not audited.

While we are not required to include an audited departmental performance statement in our Annual Report, Financial Reporting Direction (FRD) 8D requires departments to provide a comparison of output targets and actual performance in their annual report of operations, and reasons for any significant or material variances. While not applicable to us, FRD 27C also requires that the statement of performance must include the actual results achieved for the reporting period against the corresponding period's predetermined performance targets and indicators.

In the absence of any broad mandatory performance reporting standards, we have prepared this performance statement in a format consistent with that used in Budget Paper No. 3, and in line with the Standing Directions under the *Financial Management Act 1994*, Performance Management Framework, FRD 8D and FRD 27C.

This performance statement includes the performance measures, targets and results of our 2 performance output groups, with explanations of significant variations between targets and actual results. We deem significant as greater than a 5 per cent variance. We have not provided notes for variations within those thresholds.

Where applicable, the results in the performance statement have been prepared on bases consistent with those reported in the audited financial statements.

2. Output measures

The products and services we deliver are organised into 2 parliamentary output groups in Budget Paper No. 3. Output Group 1 covers parliamentary reports and services, and Output Group 2 covers audit opinions on financial and performance statements. We have performance measures and targets for quantity, quality, timeliness and cost, across both our output groups.

Output measure definitions

Performance measure	Dimension	Goal	Calculation
Output Group 1 – parliamentary reports and services			
Average cost of parliamentary reports	Quantity	Tracks the cost-efficiency of our products	Total lifecycle cost of parliamentary reports tabled during 2022–23 / Total number of parliamentary reports tabled during 2022–23 (excluding Annual Plan and Annual Report)
Percentage of performance audit recommendations accepted that are reported as implemented by audited agencies	Quality	Tracks our effectiveness and relevance across the public sector	Total number of accepted-in-principle, partially and fully accepted performance audit recommendations issued 2 and 3 years prior / Total number of accepted performance audit recommendations issued 2 and 3 years prior
Overall level of external satisfaction with audit reports and services - parliamentarians	Quality	Tracks overall level of external satisfaction with our reports and services	Total number of parliamentarians who stated they were satisfied or very satisfied / Total number of parliamentarians who responded to the question in the survey
Average duration taken to finalise responses to inquiries from members of parliament	Timeliness	Tracks the efficiency with which VAGO responds to inquiries from respective parliamentarians	Number of days between the date the inquiry is received and the date the response is sent out

Performance measure	Dimension	Goal	Calculation
Average duration taken to produce performance audit parliamentary reports	Timeliness	Tracks how efficient we are at utilising resources to produce our reports	Total number of months between the initiation date and tabling date of all performance audit parliamentary reports tabled during the financial year / Total number of performance audit parliamentary reports tabled during the financial year
Average duration taken to produce financial audit parliamentary reports after the balance date	Timeliness	Tracks how efficient we are at utilising resources to produce our reports	Total number of months between the balance sheet date of the sector and the tabling date of all financial audit parliamentary reports tabled during the financial year / Total number of financial audit parliamentary reports tabled during the financial year
Total output cost	Cost	Tracks the cost-efficiency of the whole of VAGO	Total expenditure allocated to the output group, net of recoup of salaries and expenses
Output Group 2 – audit opinions on financial and performance statements			
Average cost of audit opinions issued on performance statements	Quantity	Tracks the cost-efficiency of our products	Total lifecycle cost of audit opinions issued on performance statements during the financial year (actual or estimated) / Total number of audit opinions issued on performance statements during the financial year
Average cost of audit opinion issued on the financial statements of agencies	Quantity	Tracks the cost-efficiency of our products	Total lifecycle cost of audit opinions issued on financial statements during the financial year / Total number of audit opinions issued on financial statements during the financial year
External/peer reviews finding no material departures from professional and regulatory standards	Quality	Tracks the quality of our audit processes	Total number of financial audit engagement files subject to post-audit quality reviews during the financial year that contain material departures from professional and regulatory standards / Total number of financial audit engagement files subject to post-audit quality reviews during the financial year
Proportion of agencies disclosing prior period material errors in financial statements	Quality	Tracks the quality of our work outcomes	Total number of agencies disclosing a prior period material error during the financial year / Total number of agencies issued with an audit opinion during the financial year
Audit opinions issued within statutory deadlines	Timeliness	Tracks the timeliness of our work	Total number of audit opinions issued within 28 days of the receipt of finalised financial statements during the financial year / Total number of audit opinions issued during the financial year

Performance measure	Dimension	Goal	Calculation
Management letters to agencies issued within established timeframes	Timeliness	Tracks the timeliness of our work	Total number of finalised management letters issued to agencies within 28 days of the audit opinion being issued during 2022–23 / Total number of finalised management letters issued to agencies during the financial year
Total output cost	Cost	Tracks the cost-efficiency of the whole of VAGO	Total expenditure allocated to this output group net of recoup of salaries and expenses

3. Explanation of significant variances

3.1 The reduction in average costs of our parliamentary reports reflects the actual mix of audit engagements that we delivered, primarily in terms of their scope and timeliness.

We tabled 2 additional results of financial audit reports from the previous audit cycle in the current year due to delays following on from the pandemic, at an average cost of \$160,000, and 4 assurance reviews at an average cost of \$247,500, both of which are significantly less than the average cost of a performance audit.

3.2 We have not reported this measure for 2022–23 given the timing of the 2022 election and Parliament sitting dates recommencing from February 2023. We briefed new parliamentarians on our Office’s powers and functions in May 2023, the earliest date made available to us.

We have now issued a survey instrument and will report on the results as part of our 2023–24 measures.

3.3 Unanticipated staff turnover, unplanned leave and changes to the business unit and team responsible, affected the ability to respond to inquiries from members of parliament in line with the target. We note that the average duration was affected by 2 referrals that took a long time to resolve. Excluding these, the average for other referrals was 23 days.

3.4 The average duration increased during the pandemic due to staff turnover, unplanned leave and client delays in providing information or responses to our draft reports. Reduced disruption since the pandemic, and improved project management in 2022–23, brings the result significantly closer to the 2022–23 target.

3.5 Our results of financial audit reports were slightly delayed because we commenced our audit cycles later following the pandemic, in addition to experiencing workforce capacity challenges because of staff turnover and low labour market supply.

3.6 The tight labour market and unanticipated staff turnover resulted in an underspend in labour costs, with the average FTE for 2022–23 of 50.3 compared with the annual budgeted FTE of 56.5.

3.7 The average cost of audit opinions exceeds target, which is capped by the ABS Wage Price Index. Actual costs to complete financial audit opinions were above the index because we:

- experienced challenges with competitive labour market conditions and staff availability across the accounting industry, increasing internal staff costs and that of our audit service providers.
- engaged a contingent workforce to help rebase and get our audit delivery back on track post-pandemic.
- responded to the introduction of the updates to the Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement*, which required us to reconsider our knowledge and risk assessment of IT systems for all our audit clients. This required additional staff and the use of outsourced IT experts.

3.8 We did not achieve our target because our independent assessors concluded that 2 of the 17 audit files they reviewed had deficiencies in the audit evidence supporting the audit opinion. We have experienced a gradual improvement in this result for the past 3 years. We continue to assess the results of these reviews to determine and implement actions to improve audit quality.

3.9 The total output cost has increased consistent with explanations in 3.7. The variation mainly reflects that the way the target is determined requires reconsideration in light of actual market experience.

Independent Auditor's report



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Independent Auditor's Review Report to the Victorian Auditor-General's Office Report on the Performance Statement

Conclusion

We have reviewed the accompanying performance statement of the Victorian Auditor-General's Office which includes in respect of the financial year 2022-23 the performance indicators agreed with the Assistant Treasurer as set out in *Budget Paper No. 3*, actual and comparative results achieved for the financial year against targets where applicable, and explanations of any significant and/or material variance between the actual results and performance targets, together with the Declaration by the Auditor-General and Acting Executive Officer.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the performance statement does not fairly represent the measures used and results reported for the financial year 2022-23.

Auditor-General's Responsibility for the Performance Statement

The Auditor-General is responsible for the preparation of the performance statement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the performance statement to ensure that it fairly represents the measures used and results reported, consistent with the Standing Directions 2018 under the *Financial Management Act 1994*.

Auditor's Responsibility

Our responsibility is to express a conclusion on the performance statement based on our review. We have conducted our review in accordance with Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the performance statement does not fairly represent the measures used and results reported.

ASRE2405 requires that we comply with the ethical requirements relevant to the conduct of our review.

A review of the performance statement consists of making enquiries, primarily of persons responsible for the performance measures, and applying other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

We have complied with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* that are relevant to our review of the performance statement.



PKF
Melbourne, 15 August 2023



Steven Bradby
Director

6. Our financial management

Our primary financial objective is to provide cost-effective and value-adding audit and assurance services to Parliament and our public sector fee-paying clients.

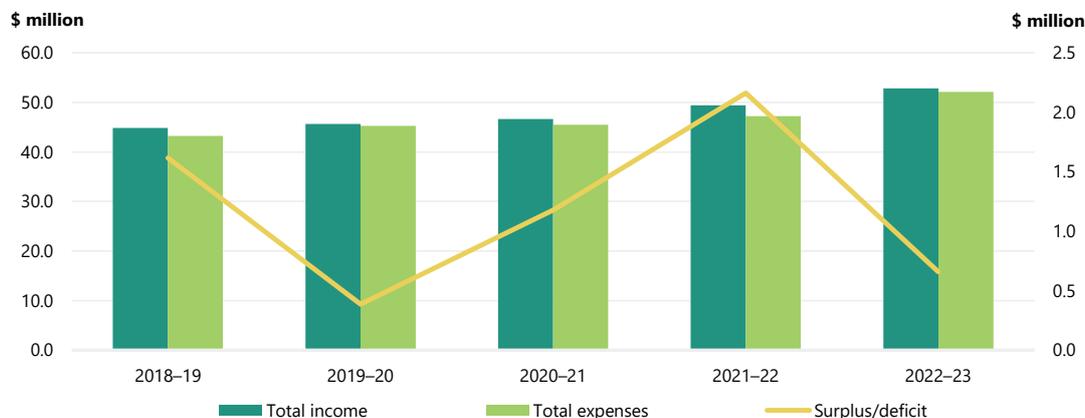
The nature and scope of our business does not change substantially outside legislative reform. As such, our financial performance and position are historically stable.

This year's financial results reflect our continued focus on organisational transformation and improvement activities.

6.1 Financial year in review

Our net financial result for the year was a surplus of \$0.7 million (2021–22: \$2.2 million).

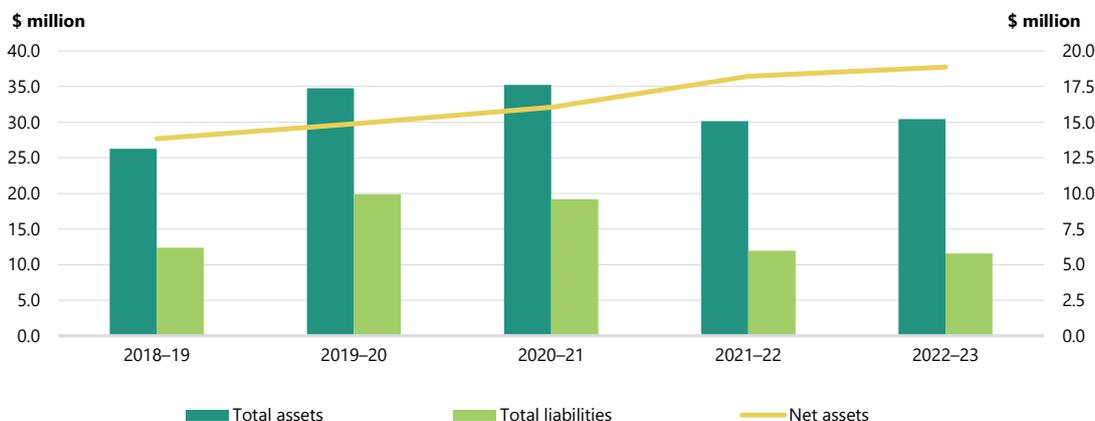
Five-year financial performance to 30 June 2023



Source: VAGO.

Our financial position at 30 June 2023 consisted of total assets of \$30.4 million and total liabilities of \$11.6 million, resulting in net assets of \$18.9 million (30 June 2022: \$18.2 million).

Five-year financial position to 30 June 2023



Source: VAGO.

Surplus/deficit

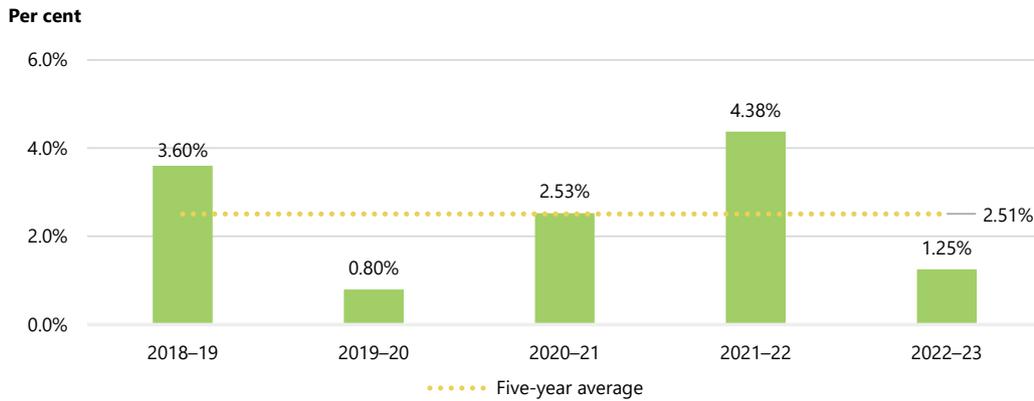
Consistent with our 5-year average result, we continue to operate sustainably and make an operating surplus.

We attribute this year's surplus mostly to cost savings as a result of ongoing staff vacancies in our Performance Audit business unit. We anticipate these positions will be filled in 2023–24 as part of the new business unit structure. We also significantly reduced our use of subject matter experts for our performance audits compared to the prior year.

We also realised cost savings from exiting our lease agreement for level 32, 35 Collins Street on 1 December 2021. This resulted in a reduced tenancy footprint and office operating costs. We estimate this saving to be around \$1.0 million.

Our medium-term financial aim is to **break even**, noting deficits may arise due to the timing of our organisational transformation activities.

Surplus as percentage of total income

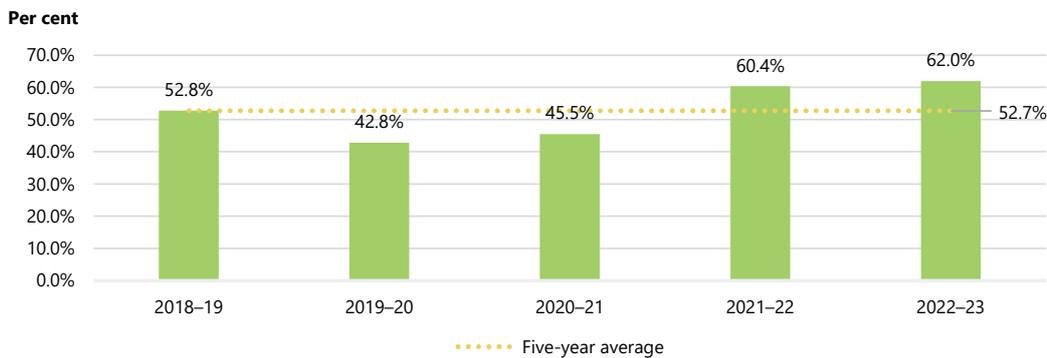


Source: VAGO.

Net assets

Our stable financial position is driven by our historical surpluses and sound fiscal management. We anticipate sufficient working capital to fund our operations over the forward estimates period.

Net assets as a percentage of total assets



Source: VAGO.

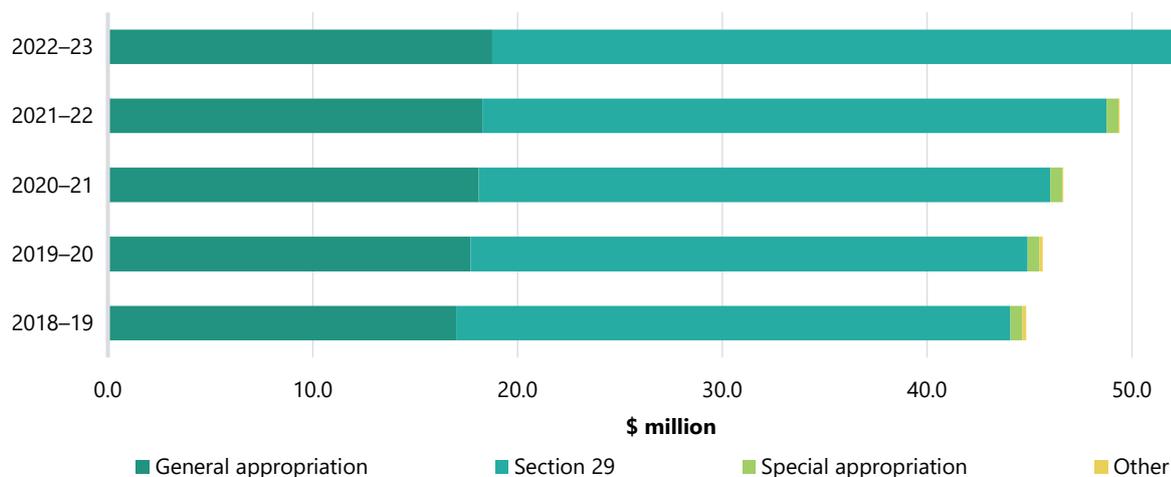
6.2 Financial performance

Income

Our total income has steadily increased over the past five years to \$52.8 million in 2022-23 (2021-22: \$49.4 million), reflecting indexation of our general appropriation and revisions to our section 29 income from financial audit engagement fees.

VAGO is funded through parliamentary appropriations and *Financial Management Act 1994* section 29 income.

Income from transactions



Source: VAGO.

Expenses

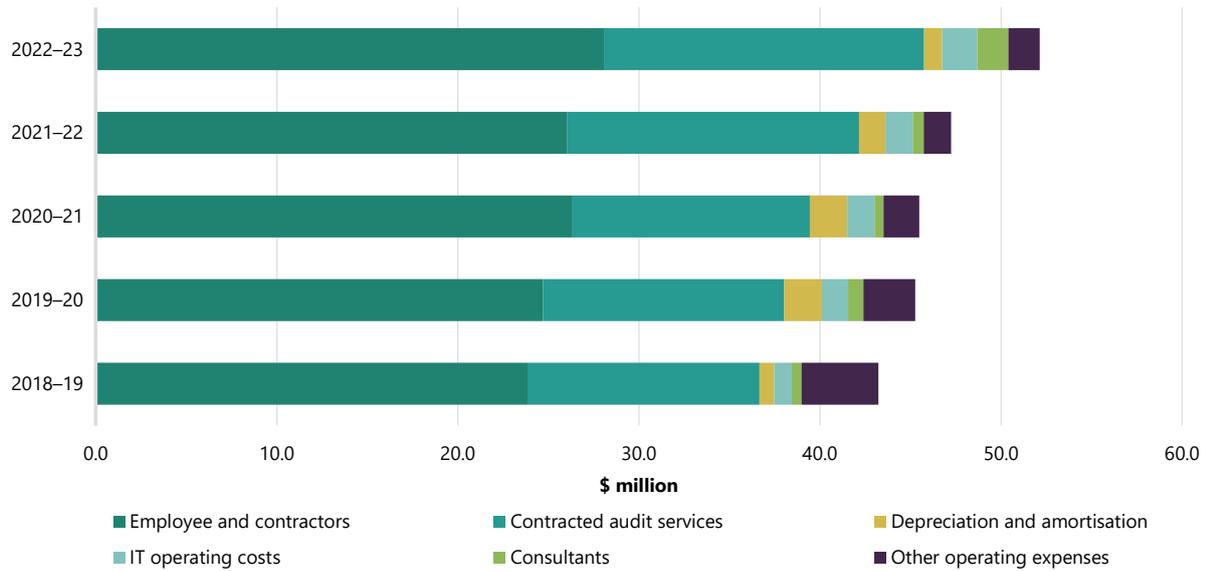
Most of our expenses consist of employees and contractors, and contracted audit service providers whom we engage to assist in completing our annual financial and performance statement audits and other assurance engagements.

Our employee and contractor cost of \$28.1 million (2021-22: \$26.0 million) increased due to additional employees and contractors required to complete our annual financial and performance statement audits in 2022-23, and to minimise the residual disruptions from COVID on our forward 2023 financial audit program. In addition, there was an increase to entitlements per the *Victorian Public Service Enterprise Agreement 2020*.

We are currently in the second year of our new audit service provider panel arrangement. Our expenditure for contracted audit services of \$17.7 million (2021-22: \$16.1 million) has been impacted by:

- increasing costs charged by our audit service providers (ASP) across the entire industry due to increased auditing standard and quality requirements
- rebasing historically low ASP costs as part of the new panel arrangement
- strategic changes to the composition of our outsourced and in-house audit engagements
- the timing of completion of work carried out up to 30 June 2023.

Expenses from transactions

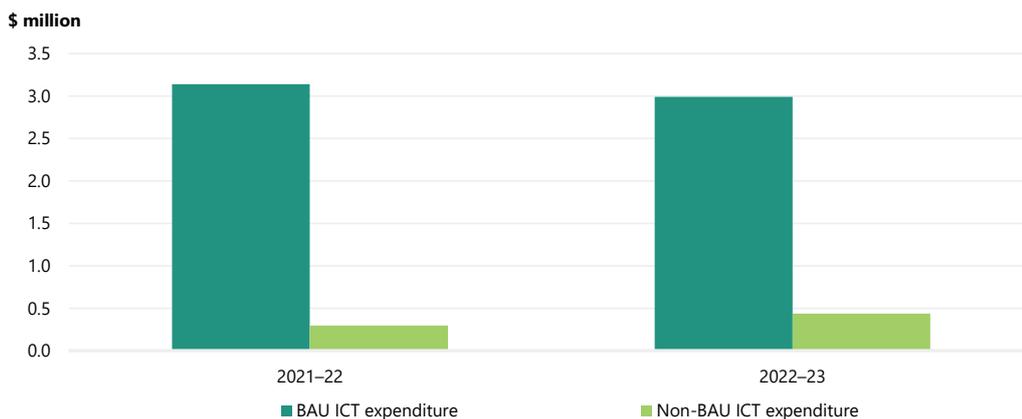


Source: VAGO.

Information and communications technology (ICT) expenditure

This year we incurred ICT expenditure (including employee and contractor costs, and depreciation) of \$3.1 million (2021-22: \$3.1 million). These costs reflect our ongoing investment in IT solutions to support the operational needs of the office and our staff.

ICT expenditure



Business as usual (BAU) ICT expenditure relates to ongoing activities to operate and maintain existing ICT.

Non-BAU ICT expenditure relates to extending or enhancing our current ICT capabilities.

Source: VAGO.

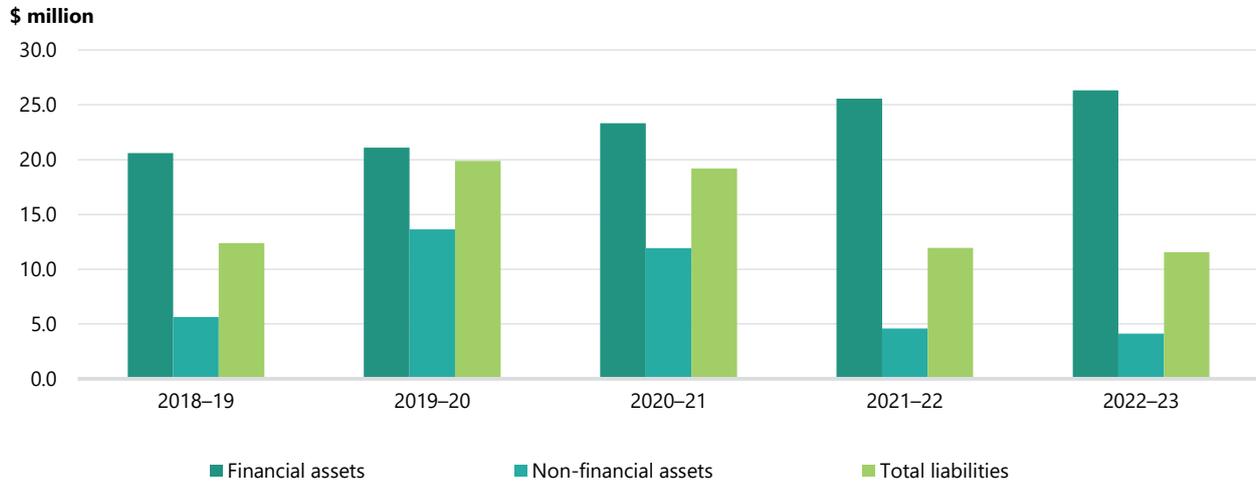
6.3 Financial position

Balance sheet

Our total financial assets balance of \$26.3 million (2021-22: \$25.6 million) increased due to the increase in the State Administration Unit receivable balance – that is, our accumulated surpluses, payables, movements in provisions and accumulated depreciation and amortisation net of asset acquisition.

The total liabilities balance of \$11.6 million (2021-22: \$11.9 million) was also impacted by the payables balance at 30 June 2023, which is dependent on the timing of audit service providers completing their audit deliverables.

Assets and liabilities movement



Source: VAGO.

6.4 Cash flows

Cash flow statement

As part of our government banking arrangement, receipts and payments transacted in our bank accounts are transferred to and from the State government.

Cash Flow Statement

	2022-23 (\$ thousand)	2021-22 (\$ thousand)	Movement from 2021-22 to 2022-23 (\$ thousand)	Percentage change from 2021-22 to 2022-23
Net cash flows from/(used in) operating activities	1 002	1 460	(458)	(31.4)
Net cash flows from/(used in) investing activities	(526)	(778)	252	(32.4)
Net cash flows from/(used in) financing activities	(476)	(682)	206	(30.2)
Net increase/(decrease) in cash held	-	-	-	-
Cash at the beginning of the financial year	-	-	-	-
Cash at the end of the financial year	-	-	-	-

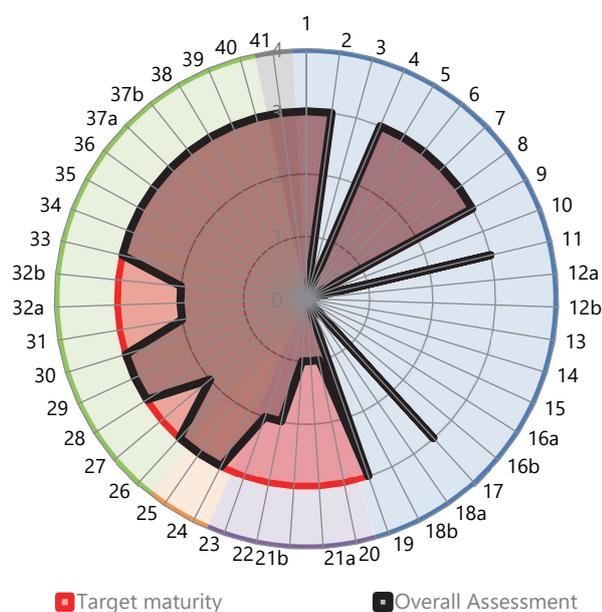
6.5 Other financial matters

Asset Management Accountability Framework (AMAF) maturity assessment

We have assessed our target maturity rating against the AMAF as 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirements, including a continuous improvement process to expand system performance above AMAF minimum requirements.

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements, published at www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework.

AMAF maturity assessment



Legend

Not applicable.....	N/A
Innocence.....	0
Awareness.....	1
Developing.....	2
Competence.....	3
Optimising.....	4
Unassessed.....	U/A

Source: VAGO.

AMAF maturity outcome

AMAF mandatory requirements

Outcome assessment

Leadership and Accountability (requirements 1–19)	We have met our target maturity level under the requirements within this category, where applicable.
Planning (requirements 20–23)	There is no material non-compliance reported in this category. We did not comply with the requirement for developing an asset management strategy as we did not assess any of our assets as critical (i.e. any failures would not result in the incapability to deliver important services).
Acquisition (requirements 24 and 25)	We have met our target maturity level under the requirements within this category.
Operation (requirements 26–40)	There is no material non-compliance reported in this category. Given we have not assessed any of our assets as critical, we have not established a process to identify potential asset performance failures, or a formal asset maintenance program.
Disposal (requirement 41)	We have met our target maturity level under the requirements within this category.

Local Jobs First

Under section 3 of the *Financial Management Act 1994*, we must apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria, and for strategic projects with a budget of \$50 million or more.

All projects valued at \$50 million or above are automatically classified as **Strategic Projects**, or as declared by the Minister for Industry Support and Recovery.

Local Jobs First Strategic

We currently have one Local Jobs First Strategic Project in progress, which commenced in 2020-21, valued in excess of the \$50 million threshold, to refresh our Financial Audit Services Panel. The project is based in metropolitan Melbourne representing 97 per cent of estimated local content, as advised by the Minister for Industry Support and Recovery.

In 2022-23, the outcomes reported from the implementation of the policy where information was provided were as follows:

- an average of at least 97 per cent of local content outcome was recorded.
- eight audit service providers have prepared a Local Industry Development Plan (LIDP) for contracts and successfully appointed as a principal contractor.

Performance audit consultants

In 2022-23, we paid \$171,600 to 5 consultants for performance audit related services (2021-22: \$639,000 to 9 consultants).

Payments to performance audit consultants

Performance audit consultants	2022-23 (\$ thousand)	2021-22 (\$ thousand)
4 Consulting Pty Ltd	-	38
Aspex Consulting	-	83
Cube Group	-	29
Frontier Economics Pty Ltd	79	170
Jeneva Pty Ltd	59	-
Risk Insights Pty Ltd	-	188
Riskwest Pty Ltd	-	79
Synergies Economic Consulting Pty Ltd	-	15
Tundra Interactive Pty Ltd	23	-
Victorian Government Solicitor	-	33
Other—2 (2021-22: 1)	11	4
Total	172	639

Financial audit contracted audit services

In 2022-23, we paid \$16.9 million to 18 audit firms and consultants for financial and performance statement audit services (2021-22: \$15.1 million to 32 audit firms and consultants).

Payments to financial audit contracted audit service providers

Audit service provider (ASP) and consultants	2022-23 (\$ thousand)	2021-22 (\$ thousand)
ASP panel members		
BDO Services Pty Ltd	410	178
Crowe Audit Australia	2 083	1 461
Ernst & Young	1 594	1 557
HLB Mann Judd (VIC Partnership)	2 818	2 811
Johnsons MME	344	526
KPMG	476	193
RSD Audit	3 277	1 863
RSM Australia Pty Ltd	3 413	3 246
Non-ASP panel members		
Accounting and Auditing Solutions	-	72
AFS & Associates Pty Ltd	12	93
Count Pro Pty Ltd	-	22
Crowe Horwath Albury	796	621
Crowe Horwath Vic	819	713
Crowe Murray Darling	-	21
Cumpston Sarjeant Pty Ltd	20	-
Davidsons Assurance Services Pty Ltd	-	30
DFK Kidsons	-	234
DMG Audit and Advisory	-	271
Frontier Economics Pty Ltd	95	77
LD Assurance	-	80
McLaren Hunt	-	339
McLean Delmo Bentleys Pty Ltd	-	372
Pitcher Partners	-	22
Pitcher Partners Corporate Pty Ltd	45	25
Protiviti Pty Ltd	678	196

Audit service provider (ASP) and consultants	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Shine Wing Australia	-	14
The Heron Partnership Pty Ltd	24	15
William Buck Audit (Vic) Pty Ltd	-	27
Other—2 (2021-22: 4)	2	19
Total	16 906	15 098

Other consultancies

In 2022-23, we engaged 19 consultants with a total fee payable greater than \$10,000 (excluding GST) (2021-22: 11 consultants).

We also engaged 4 consultants where the total fee payable was less than \$10,000, totalling \$20,400 (excluding GST) (2021-22: 9 consultants totalling \$45,600).

Consultancies—payments in excess of \$10,000 (excluding GST)

Consultant	Purpose of consultancy	Start date	End date	Approved project fee (\$ thousand)	2022-23 expenditure (\$ thousand)	Future expenditure (\$ thousand)
Office of the Auditor-General						
Audit Assist Pty Ltd	Quality assurance review	3-Feb-23	31-May-23	40	9	31
BizData Pty Ltd	Data analytics program	27-Sep-21	30-Jun-23	106	39	67
Audit Assist Pty Ltd	Quality assurance review	1-Jul-22	30-Jun-23	248	248	-
ContentSmith Group Pty Ltd	Digital marketing services	1-Feb-23	31-May-23	40	32	8
Denis J Thorn	Quality assurance review	19-Sep-22	05-Dec-22	48	48	-
Ernst & Young	Quality assurance review	7-Feb-22	31-Mar-22	18	12	6
Gordon M Robertson	Independence paper	1-Feb-23	31-May-23	39	39	-
McGlenn Consulting Group	Quality assurance review	20-Feb-22	31-May-22	26	15	-
McGlenn Consulting Group	Quality assurance review	21-Sep-22	10-Feb-23	46	46	-
O'Connor Marsden & Associates Pty Ltd	Quality assurance review	19-Sep-22	30-Sep-23	116	92	24
Orima Research Pty Ltd	Client survey program	20-May-22	20-Jul-22	14	4	4
Peter Wilkins	Independence paper	30-Jan-23	30-Jun-23	226	214	12
Servian Pty Ltd	Web application development	3-Oct-22	30-Apr-23	58	55	3
Studio Bravo Pty Ltd	Web application design	7-Oct-29	31-Oct-24	1 090	103	413
SW Accountants & Advisors	Internal audit	3-Feb-23	31-May-23	40	9	31

Consultant	Purpose of consultancy	Start date	End date	Approved project fee (\$ thousand)	2022-23 expenditure (\$ thousand)	Future expenditure (\$ thousand)
Financial Audit						
Pricewaterhouse Coopers Consulting (Australia) Pty Ltd	Enhancing FA Capability	14-Nov-22	31-May-23	724	699	25
Shane Garner Consulting	Executive consulting	02-Mar-23	15-May-23	23	23	-
Corporate Services						
Deloitte Consulting Pty Limited	STP phase 2 implementation	15-Nov-22	30-Jun-23	71	61	11
Indigenous Cultural Connections	Reconciliation Action Plan	01-Nov-22	31-Oct-24	41	8	32

Whole-of-government financial statements

We prepare a comprehensive operating statement for the Parliament portfolio that compares our actual financial statements and the budgeted financial information published in the *Statement of Finances 2022-23: Budget Paper No.5*. We prepared the financial data on a consolidated basis and included all general government sector entities within the portfolio. Financial transactions and balances are classified into either controlled or administered categories, in the context of the published statements in Budget Paper No.5.

Our comprehensive operating statement is not subject to audit and is prepared on the same basis as *Budget Paper No.5*. Budget figures align with *Budget Paper No.5* (shown in \$ millions).

Comprehensive operating statement for Parliament (including VAGO) for the financial year ended 30 June 2023

	Budget		Parliament (including VAGO) (\$ thousand)	Actual VAGO (\$ thousand)	Variance VAGO (\$ thousand)
	Parliament (excluding VAGO) (\$ thousand)	VAGO (\$ thousand)			
Income from transactions					
Output appropriations	244 568	49 525	294 093	52 125	2 600
Special appropriations	49 459	631	50 090	616	(15)
Sale of goods and services (including other income)	-	-	-	4	4
Fair value of services received free of charge or for nominal consideration	-	41	41	43	2
Total income from transactions	294 027	50 197	344 244	52 788	2 591
Expenses from transactions					
Employee benefits	190 604	27 959	218 563	28 067	(108)
Depreciation	36 457	991	37 448	1 010	(19)
Interest expense	1 650	68	1 718	58	10
Other operating expenses	67 193	21 179	88 372	22 966	(1 787)

	<i>Budget</i>		<i>Actual</i>		<i>Variance</i>
	Parliament (excluding VAGO) (\$ thousand)	VAGO (\$ thousand)	Parliament (including VAGO) (\$ thousand)	VAGO (\$ thousand)	VAGO (\$ thousand)
Total expenses from transactions	295 904	50 197	346 101	52 101	(1 904)
Net result from transactions (net operating balance)	(1 877)	-	(1 877)	687	687
Other economic flows – other comprehensive income					
Other	-	-	-	(27)	27
Total other economic flows – other comprehensive income	(1 877)	-	(1 877)	660	714
Comprehensive result	(1 877)	-	(1 877)	660	714

6.6 Financial statements

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Independent auditor's report	6-15
Comprehensive operating statement	6-17
Balance sheet	6-18
Cash flow statement	6-19
Statement of changes in equity	6-20

6.6.1 Notes to the financial statements

1. About this report	2. Funding delivery of our services	3. The cost of delivering our services	4. Key assets to support our output delivery
1.1 Basis of preparation and compliance	2.1 Summary of compliance with annual parliamentary and special appropriations	3.1 Employees and contractors	4.1 Property plant and equipment
	2.2. Disaggregated financial information	3.2 Contracted audit services	4.2 Depreciation and amortisation
		3.3 Other operating expenses	4.3 Fair value determination
			4.4 Right-of-use assets and lease liabilities
5. Other assets and liabilities	6. How we financed our operations	7. Risks and valuation judgements	8. Other disclosures
5.1 Receivables	6.1 Cash flow information	7.1 Financial instruments	8.1 Responsible persons
5.2 Other non-financial assets	6.2 Commitments for expenditure		8.2 Remuneration of executives
5.3 Payables	6.3 Contingent assets and contingent liabilities		8.3 Related parties
			8.4 Remuneration of auditors
			8.5 Subsequent events
			8.6 Australian Accounting Standards issued but not yet effective
			8.7 Glossary of technical terms
			8.8 Style conventions

Declaration in the financial statements

We prepared the attached financial statements for the Victorian Auditor-General's Office in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of the Victorian Auditor-General's Office at 30 June 2023.

At the time of signing, we are not aware of any circumstance that would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 15 August 2023.



Andrew Greaves

Auditor-General

Victorian Auditor-General's Office

Melbourne

15 August 2023



Anh Ha

Chief Financial Officer

Victorian Auditor-General's Office

Melbourne

15 August 2023



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Independent Auditor's Report to the Victorian Auditor-General's Office

Opinion

We have audited the accompanying financial statements of the Victorian Auditor-General's Office (the Entity), which comprise the Balance Sheet as at 30 June 2023, the Comprehensive Operating Statement, Cash Flow Statement, and Statement of Changes in Equity for the year then ended, notes to the financial statements, including material accounting policy information, and the declaration in the financial statements.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Victorian Auditor-General's Office as at 30 June 2023 and of its financial performance for the year then ended in accordance with Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements, and the financial reporting requirements of the *Financial Management Act 1994*.

Basis for opinion

We conducted our audit in compliance with the *Audit Act 1994*, and accordingly in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The Auditor-General is responsible for the other information. The other information comprises the information included in the Victorian Auditor-General's Office's annual report for the year ended 30 June 2023 but does not include the financial statements and our auditor's report thereon, nor the performance statement and our review report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Auditor-General's Responsibility for the Financial Statements

The Auditor-General is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Auditor-General determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Auditor-General is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Entity or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the *Audit Act 1994* and Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor-General.
- Conclude on the appropriateness of the Auditor-General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

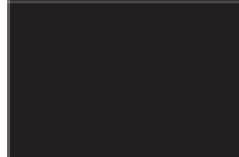
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Auditor-General with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF
Melbourne, 15 August 2023



Steven Bradby
Director

Comprehensive operating statement for the financial year ended 30 June 2023⁽ⁱ⁾

	Note	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Income from transactions			
Output appropriations	2.1	52 125	48 746
Special appropriations	2.1	616	600
Sale of services and other income		47	49
Total income from transactions		52 788	49 395
Expenses from transactions			
Employees and contractors	3.1.1	28 067	26 050
Contracted audit services	3.2	17 675	16 114
Depreciation and amortisation	4.2	1 010	1 453
IT operating costs		1 924	1 509
Consultants		1 716	599
Other operating expenses	3.3	1 709	2 079
Total expenses from transactions		52 101	47 804
Net result from transactions (net operating balance)		687	1 591
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ⁽ⁱⁱ⁾	6.1.1	(15)	436
Other gains/(losses) from other economic flows	3.1.2	(12)	135
Total other economic flows included in net result		(27)	571
Net result		660	2 162
Comprehensive result		660	2 162

The accompanying notes form part of these financial statements.

Notes:

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(ii) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from disposals of all non-financial assets.

Balance sheet as at 30 June 2023⁽ⁱ⁾

	Note	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Assets			
Financial assets			
Cash	6.1	-	-
Receivables	5.1	26 301	25 566
Total financial assets		26 301	25 566
Non-financial assets			
Property, plant and equipment	4.1	3 234	3 990
Intangible assets		488	231
Other non-financial assets	5.2	414	365
Total non-financial assets		4 136	4 586
Total assets		30 437	30 152
Liabilities			
Payables	5.3	3 700	3 602
Lease liabilities	4.4.1	2 442	2 918
Employee related provisions	3.1.2	5 427	5 424
Total liabilities		11 569	11 944
Net assets		18 868	18 208
Equity			
Accumulated surplus		13 938	13 278
Contributed capital		4 930	4 930
Net worth		18 868	18 208

The accompanying notes form part of these financial statements.

Note:

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Cash flow statement for the financial year ended 30 June 2023⁽ⁱ⁾

	Note	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Cash flows from operating activities			
Receipts			
Appropriation receipts from government		54 002	49 382
Receipts from other entities		616	600
Total receipts		54 618	49 982
Payments			
Payments to suppliers and employees		(52 985)	(47 158)
Goods and Services Tax paid to the ATO ⁽ⁱⁱ⁾		(573)	(1 184)
Interest and other costs of finance paid		(58)	(180)
Total payments		(53 616)	(48 522)
Net cash flows from/(used in) operating activities	6.1.1	1 002	1 460
Cash flows from investing activities			
Purchases of non-financial assets		(526)	(778)
Net cash flows from/(used in) investing activities		(526)	(778)
Cash flows from financing activities			
Repayment of lease liabilities		(476)	(682)
Net cash flows from/(used in) financing activities		(476)	(682)
Net increase/(decrease) in cash held		-	-
Cash at the beginning of the financial year		-	-
Cash at the end of the financial year	6.1	-	-

The accompanying notes form part of these financial statements.

Note:

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(ii) Goods and Services Tax paid to the Australian Taxation Office (ATO) is presented on a net basis.

Statement of changes in equity for the financial year ended 30 June 2023⁽ⁱ⁾

	Accumulated surplus (\$ thousand)	Contributed capital (\$ thousand)	Total
Balance at 1 July 2021	11 116	4 930	16 046
Net result for the year	2 162	-	2 162
Balance at 30 June 2022	13 278	4 930	18 208
Net result for the year	660	-	660
Balance at 30 June 2023	13 938	4 930	18 868

The accompanying notes form part of these financial statements.

Note:

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*

Notes to financial statements

1. About this report

The Victorian Auditor-General's Office (VAGO) and the Auditor-General's mandate is established pursuant to:

- the *Constitution Act 1975*, which establishes the role of the Auditor-General and authorises the Auditor-General's complete discretion in the performance and exercise of their functions and powers
- the *Audit Act 1994* (the Act), which establishes the Auditor-General's mandate, provides the legal basis for their powers, and identifies their responsibilities.

A description of VAGO's operations, principal activities and objectives is included in the Report of Operations, which does not form part of these financial statements.

1.1 Basis of preparation and compliance

These general-purpose financial statements:

- are prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) including Interpretations issued by the Australian Accounting Standards Board (AASB). They are presented consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*
- cover VAGO as an individual reporting entity and include its controlled activities
- are in Australian dollars and use the historical cost convention unless a different measurement basis is specifically disclosed in the associated notes
- apply an accrual basis of accounting whereby assets, liabilities, equity, income and expenses are recognised in the reporting period they relate to, regardless of when cash is received or paid
- have been rounded to the nearest \$1,000, unless otherwise stated.

Judgements, estimates and assumptions are made about financial information presented.

- Significant judgements applied are disclosed in Note 2 and Note 7.
- Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors believed reasonable under the circumstances. Actual results may differ from these estimates.

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

VAGO is an administrative agency acting on behalf of the Crown. Our address is: Level 31, 35 Collins Street, Melbourne, VIC, 3000.

2. Funding delivery of our services

2.1 Summary of compliance with annual parliamentary and special appropriations

Output appropriations

Income from the outputs VAGO provides to Parliament is recognised when the outputs are delivered. The Assistant Treasurer and Treasurer certify delivery in accordance with specified performance criteria which are outlined in the Department of Treasury and Finance budget papers.

Provision for outputs is disclosed as 'controlled' activities of VAGO.

Annual parliamentary appropriations are controlled by VAGO when applied by the Treasurer and recognised as income for the purposes defined under the *Appropriation Act 2016*.

	<i>Appropriations Act</i>	<i>Financial Management Act</i>	Total Parliamentary authority (\$ thousand)	Appropriations applied (\$ thousand)	Variance ⁽ⁱ⁾
	Annual appropriation (\$ thousand)	section 29 (\$ thousand)			
2022–23 controlled					
Provision for outputs	18 759	30 766	49 525	52 125	(2 600)
Recovery of cost of parliamentary reports	-	5	5	-	5
Total 2022–23	18 759	30 771	49 530	52 125	(2 595)
2021–22 controlled					
Provision for outputs	18 282	28 866	47 148	48 746	(1 598)
Recovery of cost of parliamentary reports	-	3	3	-	3
Total 2021–22	18 282	28 869	47 191	48 746	(1 595)

Note:

(i) The variance from estimate of 'Provision for outputs' in 2022-23 was due to the variability in financial audit fees charged and retained as per the section 29 agreement.

Special appropriations

Under section 94A(6) of the *Constitution Act 1975*, income related to remuneration and on-costs associated with the Auditor-General's position, are recognised when the amount appropriated for that purpose is due and payable to VAGO.

Authority	Purpose	<i>Appropriations applied</i>	
		2022-23 (\$ thousand)	2021-22 (\$ thousand)
The Constitution Act 1975, section 94A(6)	Costs associated with the Auditor-General	616	600

Financial Management Act section 29 annotated income agreements

Administered transactions are those undertaken on behalf of the State of Victoria where VAGO has no control or discretion.

The income which forms part of a section 29 agreement is recognised by VAGO as an administered item and the receipts paid into the consolidated fund.

Financial audit fees are measured on the consideration and terms specified in the service agreement with the audit client. VAGO recognises income progressively over time as the performance obligations for the services to the audit client are satisfied.

FMA section 29 annotated income agreements are approved by the Treasurer.

	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Fee for services		
Audit fees	30 766	28 866
Recovery of cost of parliamentary reports	5	3
Total annotated income agreements	30 771	28 869

2.2. Disaggregated financial information

We made the following judgements in allocating income and expenditure to specific outputs:

- Output appropriation income is allocated directly to the output funded by the appropriation.
- Other income is allocated on the basis of management estimates of the relative benefits accruing to each output.

We allocate expenses on the basis of management estimates of the direct hours worked by employees against each output. There were no amounts unallocated.

The distinction between controlled and administered items is based on VAGO's ability to deploy the resources for its own benefit (controlled items) or on behalf of the State (administered). VAGO remains accountable for transactions involving administered items but does not recognise them in its financial statements, except by way of note disclosure.

2.2.1 Departmental outputs

For a description of VAGO's outputs, refer to pages 5-2 to 5-8 in *the Report of Operations*.

Controlled income and expenses for the year ended 30 June 2023

	<i>Parliamentary reports and services</i> (\$ thousand)		<i>Audit opinions on financial and performance statements</i> (\$ thousand)		<i>Total</i> (\$ thousand)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Income from transactions						
Output appropriations	18 759	18 282	33 366	30 464	52 125	48 746
Special appropriations	328	316	288	284	616	600
Sale of services and other income	25	26	22	23	47	49
Total income from transactions	19 112	18 624	33 676	30 771	52 788	49 395

	<i>Parliamentary reports and services</i> (\$ thousand)		<i>Audit opinions on financial and performance statements</i> (\$ thousand)		<i>Total</i> (\$ thousand)	
	2022–23	2021–22	2022–23	2021–22	2022–23	2021–22
Expenses from transactions						
Employee expenses	12 922	12 375	15 145	13 675	28 067	26 050
Contracted audit services	154	969	17 521	15 145	17 675	16 114
Depreciation	538	765	472	688	1 010	1 453
IT operating costs	1 025	795	899	714	1 924	1 509
Consultants	914	466	802	133	1 716	599
Other operating expenses	910	1 095	799	984	1 709	2 079
Total expenses from transactions	16 463	16 465	35 638	31 339	52 101	47 804
Net result from transactions (net operating balance)	2 649	2 159	(1 962)	(568)	687	1 591
Other economic flows included in net result						
Net gain/(loss) on non-financial assets	(8)	230	(7)	206	(15)	436
Other gains/(losses) from other economic flows	(6)	71	(6)	64	(12)	135
Total other economic flows included in net result	(14)	301	(13)	270	(27)	571
Net result	2 635	2 460	(1 975)	(298)	660	2 162
Comprehensive result	2 635	2 460	(1 975)	(298)	660	2 162

Controlled assets and liabilities as at 30 June 2023

	<i>Parliamentary reports</i> (\$ thousand)		<i>Financial statement audit and assurance reports</i> (\$ thousand)		<i>Total</i> (\$ thousand)	
	2022–23	2021–22	2022–23	2021–22	2022–23	2021–22
Assets						
Financial assets	8 313	8 749	17 988	16 817	26 301	25 566
Non-financial assets	1 307	1 569	2 829	3 017	4 136	4 586
Total assets	9 620	10 318	20 817	19 834	30 437	30 152
Liabilities						
Total liabilities	3 657	4 087	7 912	7 857	11 569	11 944
Net assets	5 963	6 231	12 905	11 977	18 868	18 208

2.2.2 Administered items

Administered income includes recovery of audit costs incurred for performing financial and performance statement audits. VAGO does not control the income and assets arising from audit fees and collects these amounts on behalf of the State. The income and related assets are disclosed as Administered Items. As VAGO has an annotated income agreement for financial audit fees, the output appropriation used to fund the costs of financial audit services (see Note 2.1) is increased by an equivalent amount.

Administered expenses include payments made on behalf of the State and payments into the Consolidated Fund. Administered assets include government income earned but not yet collected. Administered liabilities include government expenses incurred but not yet paid.

Controlled and administered items of VAGO are consolidated into the financial statements of the State.

Administered (non-controlled) items for the financial year ended 30 June 2023

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Administered income from transactions		
Reimbursement of audit costs charged	33 366	30 464
Total administered income from transactions	33 366	30 464
Administered expenses from transactions		
Payments into the Consolidated Fund	33 366	30 464
Total administered expenses from transactions	33 366	30 464
Total administered net result from transactions (net operating balance)	-	-
Administered other economic flows included in administered net result		
Net gain / (loss) on non-financial assets	-	-
Total administered comprehensive result	-	-
Administered assets		
Financial assets ⁽ⁱ⁾	1 916	4 274
Non-financial assets (work in progress) ⁽ⁱⁱ⁾	11 339	4 090
Total administered assets	13 255	8 364
Administered liabilities		
Amounts owing to the state	13 255	8 364
Total administered liabilities	13 255	8 364
Total administered net assets	-	-

Note:

(i) Receivables are comprised of financial statement audit debtors and are deemed wholly collectable.

(ii) A change in the timing and frequency of our billing process for the 2023 and onwards audit cycle resulted in the increase of our work in progress balance.

3. The cost of delivering our services

3.1 Employees and contractors

Employee expenses include all costs related to employment, including superannuation.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for termination of employment. We recognise termination benefits when VAGO is either demonstrably committed to terminating an employee's employment according to a formal plan which has no possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Superannuation comprises employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

3.1.1 Employee benefits included in the Comprehensive Operating Statement

	Note	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Salaries and wages, annual leave and long service leave		25 765	23 876
Defined contribution superannuation expense	3.1.3	2 253	2 123
Defined benefit superannuation expense	3.1.3	49	51
Total employee expenses		28 067	26 050

VAGO does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees.

3.1.2 Employee benefits provisions in the Balance Sheet

We make a provision for benefits accruing to employees for wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Salaries and wages, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised:

- as current liabilities because VAGO does not have an unconditional right to defer their settlement
- at remuneration rates which are current at the reporting date and measured at undiscounted amounts, as it is expected the wages and salaries liabilities will be wholly settled within 12 months of reporting date.

No provision has been made for sick leave as it is non-vesting and not considered probable that the average sick leave taken in the future will be greater than the benefits accrued.

Employment on-costs such as payroll tax, the mental health and wellbeing surcharge, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment they relate to has occurred.

	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months	1 367	2 074
Unconditional and expected to settle after 12 months	465	-
Long service leave		
Unconditional and expected to settle within 12 months	455	421

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Unconditional and expected to settle after 12 months	2 044	1 890
Total provision for on-costs	777	738
Total current provisions for employee benefits	5 108	5 123
Non-current provisions		
Total non-current provisions for employee benefits	319	301
Total provisions for employee benefits	5 427	5 424
Reconciliation of movement in on-cost provision		
Opening balance	783	
Additional provisions recognised	43	
Closing balance	826	
Current	777	
Non-current	49	
Total provisions for on-costs	826	

Long-service leave

If	Then classified as	Because	Measured at
Unconditional	Current liability even where VAGO does not expect to settle within 12 months	VAGO does not have an unconditional right to defer settlement of the entitlement should an employee take leave within 12 months	Undiscounted value where VAGO expects to wholly settle within 12 months Present value where VAGO does not expect to wholly settle within 12 months
Conditional	Non-current liability	There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service	Present value

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates which are recognised as an 'other economic flow', in the net result.

3.1.3 Superannuation contributions

Superannuation contributions paid or payable for the reporting period form part of employee benefits in the Comprehensive Operating Statement.

	<i>Paid contribution for the year</i>		<i>Contribution outstanding at year end</i>	
	2022–23 (\$ thousand)	2021–22 (\$ thousand)	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Defined benefit plans				
State Superannuation Fund	49	51	-	-

	Paid contribution for the year		Contribution outstanding at year end	
	2022–23 (\$ thousand)	2021–22 (\$ thousand)	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Defined contribution plans				
Aware Super	1 170	1 019	-	44
Other employee nominated plans	1 101	1 137	-	41
Total⁽ⁱ⁾	2 320	2 207	-	85

Note:

(i) The total paid excludes accruals brought forward at 1 July 2022, and accruals carried forward at 30 June 2023, and therefore does not equal the totals in Note 3.1.1.

3.2 Contracted audit services

VAGO contracts certain audit services to external professional firms. These costs are recognised as an expense in the reporting period in which they are incurred. At the end of the reporting period, we make an estimate of the value of services provided but not yet invoiced. We recognise the value of services not yet invoiced as an accrual in the Balance Sheet, and as an expense in the Comprehensive Operating Statement.

3.3 Other operating expenses

Other operating expenses represent day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Training	558	534
Lease payments (accommodation)	244	413
Interest	58	180
Recruitment	428	166
Motor vehicles and travel costs	98	47
Other office expenses	323	739
Total other operating expenses	1 709	2 079

4. Key assets to support our output delivery

Property, plant and equipment

Property, plant and equipment (PPE) are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

They are subsequently measured at fair value less accumulated depreciation and impairment.

Fair value measurement

Assets carried at fair value and how their fair values were determined are disclosed in Note 4.3.

Fair value is normally determined by reference to the asset's current replacement cost.

4.1 Property, plant and equipment

	Gross carrying amount (\$ thousand)		Accumulated depreciation (\$ thousand)		Net carrying amount (\$ thousand)	
	2022–23	2021–22	2022–23	2021–22	2022–23	2021–22
Right-of-use asset—property	3 757	3 757	(1 899)	(1 425)	1 858	2 332
Right-of-use asset—vehicles	71	71	(28)	(18)	43	53
Leasehold improvements	1 722	1 722	(1 047)	(875)	675	847
Furniture, fittings and equipment	128	140	(128)	(140)	-	-
Computer software and equipment	1 431	1 662	(773)	(904)	658	758
Total property, plant and equipment	7 109	7 352	(3 875)	(3 362)	3 234	3 990

4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

	Right-of-use asset—property (\$ thousand)	Right-of-use asset—vehicles (\$ thousand)	Leasehold improvements (\$ thousand)	Furniture, fittings and equipment (\$ thousand)	Computer software and equipment (\$ thousand)	Total (\$ thousand)
Balance at 1 July 2021	7 758	177	2 813	26	253	11 027
Additions	-	-	-	-	648	648
Depreciation	(4 600)	(104)	(1 666)	-	-	(6 370)
Disposals	(826)	(20)	(300)	(26)	(143)	(1 315)
Balance at 30 June 2022	2 332	53	847	-	758	3 990
Additions	-	-	-	-	125	125
Disposals	-	-	-	-	(15)	(15)
Depreciation	(474)	(10)	(172)	-	(210)	(866)
Balance at 30 June 2023	1 858	43	675	-	658	3 234

4.2 Depreciation and amortisation

Useful lives

We depreciate property, plant and equipment as an expense on a straight-line basis, less any estimated residual value, over their estimated useful lives. We depreciate leasehold improvements and right-of-use assets over the shorter of the lease term or their useful lives.

Depreciation begins when the asset is available for use in the location and condition necessary for it to be capable of operating in the manner management intended.

We review estimated useful lives, residual values and depreciation methods at the end of each annual reporting period, and make adjustments where appropriate.

Asset class	Estimated useful life (years)
Right-of-use asset—property	8
Right-of-use asset—vehicles	3

Asset class	Estimated useful life (years)
Leasehold improvements	2–10
Furniture, fittings and equipment	2–10
Computer software and equipment	3–4

Impairment

We expect the recoverable amount of assets to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

4.3 Fair value determination

Fair value determination requires judgement and the use of assumptions. Changes to assumptions could have a material impact on the results and financial position of VAGO.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities (initial recognition at fair value and subsequently measured at amortised cost)
- plant and equipment.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

For those assets and liabilities for which fair values are determined, the following disclosures have been included:

- a reconciliation of the movements in fair values from the beginning of the year to the end
- details of significant unobservable inputs used in the fair value determination.

4.3.1 Fair value determination of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recognised at the balance date—consisting of cash, receivables, payables and borrowings—represent fair value. This is due to their short-term nature or the expectation that they will be paid in full by the end of the next reporting period.

4.3.2 Fair value determination: non-financial physical assets

We classify non-financial physical assets as Level 3 in the fair value hierarchy. There have been no transfers between levels during the period.

Note 4.1.1 reconciles movements in the carrying amount of plant and equipment, including those classified as Level 3.

Significant unobservable inputs have remained unchanged since June 2022.

4.3.3 Description of significant unobservable inputs to Level 3 valuations

2022-23 and 2021-22	Valuation technique	Significant unobservable inputs
Leasehold improvements	Current replacement cost	<ul style="list-style-type: none"> • Current replacement cost per unit • Useful life of leasehold improvement
Other plant and equipment	Current replacement cost	<ul style="list-style-type: none"> • Current replacement cost per unit • Useful life of other property, plant and equipment

4.4 Right-of-use assets and lease liabilities

VAGO as a lessee

We recognise right-of-use assets and lease liabilities at lease commencement date.

We initially measure right-of-use assets at cost, which comprises the initial amount of the lease liability adjusted for:

- lease payments made at or before the commencement date less lease incentives received
- initial direct costs incurred
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are then depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and periodically reduced by impairment losses where applicable. Right-of-use assets are subject to revaluation.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate from Treasury Corporation of Victoria (TCV). Generally, we use an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent to initial measurement, a liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in substance to fixed payments.

When a lease liability is re-measured, we make a corresponding adjustment to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and low value leases

We do not have any short-term leases with a term of 12 months or less or low-value asset leases (individual assets worth less than \$10,000).

4.4.1 Lease liabilities

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Maturity analysis—contractual undiscounted cash flows		
Less than one year	593	550
One to five years	1 967	2 543
More than five years	-	-
Total undiscounted lease liabilities	2 560	3 093
Less: future finance charges	(118)	(175)
Present value of minimum lease payments	2 442	2 918

Lease liabilities included in the Balance Sheet

Current	545	492
Non-current	1 897	2 426
Total lease liabilities	2 442	2 918

4.4.2 Amounts recognised in the Comprehensive Operating Statement

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Interest expense on lease liabilities	58	180

4.4.3 Amounts recognised in the Statement of Cashflows

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Repayment of lease liabilities	(476)	682

5. Other assets and liabilities

5.1 Receivables

Receivables consist of statutory receivables which are recognised and measured similarly to contractual receivables (except for the need for impairment) but are not classified as financial instruments as they do not arise from contracts. AASB 9 applies to the initial measurement of the statutory receivables. As a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Contractual		
Other receivables	24	24
Statutory		
Amounts owing from Victorian Government ⁽ⁱ⁾	26 277	25 542
Total receivables	26 301	25 566
Represented by		
Current receivables	8 860	8 555
Non-current receivables	17 441	17 011
Total receivables	26 301	25 566

Note:

(i) The total amount recognised as owing from the Victorian Government was \$26,301,000 (2021-22: \$25,566,000) of which \$8,860,000 (2021-22: \$8,555,000) is likely to be drawn down in the next financial year and is reported accordingly as a current receivable. The amount recognised as owing from the Victorian Government comprises previously applied Parliamentary appropriations not yet drawn down. The balance is represented by accumulated surpluses, payables, movements in provisions and accumulated depreciation and amortisation net of asset acquisition.

5.2 Other non-financial assets

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services or the part of expenditure made in one accounting period that covers a term extending beyond that period.

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Other non-financial assets		
Current prepayments	413	365
Non-current prepayments	1	-
Total other non-financial assets	414	365

5.3 Payables

Payables consist of:

- contractual payables, classified as financial instruments, measured at amortised cost. Accounts payable represent liabilities for goods and services provided prior to the end of the financial year that are unpaid.
- statutory payables are recognised and measured similarly to contractual payables, but not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

See Note 7.1.2 for the maturity analysis of contractual payables.

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Contractual		
Supplies and services ⁽ⁱ⁾	3 110	2 506
Amounts payable to government agencies	13	12
Lease incentive ⁽ⁱⁱ⁾	663	832
Other payables	7	-
Statutory		
GST (receivable)/payable	(276)	124
FBT payable	5	-
Other taxes payable ⁽ⁱⁱⁱ⁾	178	128
Total payables	3 700	3 602
Represented by		
Current payables	3 207	2 940
Non-current payables	493	662
Total payables	3 700	3 602

Note:

(i) Supplies and services principally comprise payables due for contracted audit services.

(ii) Lease incentive payable relates to funding provided by the lessor of VAGO's premises. This is amortised over the term of the lease and credited to the lease liability.

(iii) Excludes GST and FBT payable to government.

6. How we financed our operations

6.1 Cash flow information

Due to the State's investment policy and funding arrangements, we do not hold a cash reserve in our bank accounts. Cash received from generation of income is paid into the State's bank account ('public account'). Similarly, our expenditure is paid via the public account. The public account remits to us the cash required when payments to suppliers have cleared in our bank account.

6.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Net result for the period	660	2 162
Non-cash movements		
Loss/(gain) on disposal of non-current assets	15	(436)
Depreciation of non-current assets	1 010	1 453
Movements in assets and liabilities		
(Increase) /decrease in receivables	(735)	(2 244)
(Increase)/decrease in prepayments	(49)	283
Increase/(decrease) in payables	98	404
Increase/(decrease) in provisions	3	(162)
Net cash flows from/(used in) operating activities	1 002	1 460

6.2 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. We record these commitments at their nominal value inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

6.2.1 Lease commitments

	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Lease commitments payable		
Less than 1 year	253	242
Longer than 1 year but not longer than 5 years	1 103	1 108
5 years or more	-	-
Total lease commitments payable	1 356	1 350
Contract audit service commitments payable⁽ⁱ⁾		
Less than 1 year	12 207	8 534

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Longer than 1 year but not longer than 5 years	20 575	8 687
5 years or more	-	-
Total contract audit service commitments payable	32 782	17 221
Total commitments (inclusive of GST)	34 138	18 571
Less GST recoverable from the Australian Taxation Office	(3 103)	(1 688)
Total commitments (exclusive of GST)	31 035	16 883

Note:

(i) Contract audit service commitments relate to fees payable to professional firms for the conduct of financial statement audits on behalf of VAGO, and do not relate to leases accounted under AASB 16 *Leases*.

6.3 Contingent assets and contingent liabilities

At the reporting date, we are not aware of any contingent assets or contingent liabilities.

7. Risks and valuation judgements

7.1 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Certain financial assets and financial liabilities arise under statute rather than a contract (i.e. taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

VAGO applies AASB 9 *Financial Instruments* and classifies its financial assets based on the business model for managing the assets and its contractual terms.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by VAGO to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest

We initially recognise these assets at fair value plus any directly attributable transaction costs. We subsequently measure these assets at amortised cost using the effective interest method less any impairment.

We recognise the following assets in this category:

- cash
- receivables (excluding statutory receivables)

Categories of financial liabilities

We initially recognise financial liabilities at amortised cost on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, we measure these financial instruments at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability using the effective interest rate method. We recognise the following liabilities in this category:

- payables (excluding statutory payables)
- lease liabilities

Impairment of financial assets

We record the allowance for expected credit loss for the relevant financial instruments applying AASB 9's expected credit loss approach. Subject to AASB 9, impairment assessment include VAGO's contractual receivables and statutory receivables.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

7.1.1 Financial instruments: Categorisation

	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Contractual financial assets		
Receivables⁽ⁱ⁾		
Other receivables	24	24
Total contractual financial assets	24	24
Contractual financial liabilities at amortised cost		
Payables⁽ⁱ⁾		
Supplies and services	3 110	2 506
Amounts payable to government and agencies	13	12
Lease incentive	663	832
Other payables	7	-
Borrowings		
Finance lease liabilities	2 442	2 918
Total contractual financial liabilities	6 235	6 268

Note:

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable). Statutory financial assets will be used to cover payment of contractual financial liabilities.

7.1.2 Financial risk management objectives and policies

Our financial risk management program seeks to manage exposures to financial risks and the associated volatility of its financial performance.

We disclose details of the significant accounting policies and methods adopted with respect to each class of financial asset, financial liability and equity instruments in the notes to the financial statements. This includes the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised.

The main purpose in holding financial instruments is to prudently manage our financial risks within the legislative and government policy parameters.

Our main financial risks include credit risk, liquidity risk and interest rate risk.

We use different methods to measure and manage the different risks to which we are exposed. Primary responsibility for the identification and management of financial risks rests with the accountable officer.

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk associated with our contractual financial assets is minimal because the main debtor is the Victorian Government.

Financial instruments: Liquidity risk

The following table discloses the contractual maturity analysis for VAGO's contractual financial liabilities:

Maturity analysis of contractual financial assets and liabilities

2022–23	Carrying amount (\$ thousand)	Nominal amount (\$ thousand)	Maturity dates				
			Less than 1 month (\$ thousand)	1–3 months (\$ thousand)	3 months – 1 year (\$ thousand)	1–5 years (\$ thousand)	5+ years (\$ thousand)
Receivables							
Other receivables	24	24	24	-	-	-	-
Total contractual receivables	24	24	24	-	-	-	-
Payables							
Supplies and services	3 110	3 110	3 110	-	-	-	-
Amounts payable to government and agencies	13	13	13	-	-	-	-
Lease incentive	663	663	15	28	127	493	-
Other payables	7	7	7	-	-	-	-
Borrowings							
Finance lease liabilities	2 442	2 442	84	83	378	1 897	-
Total contractual financial liabilities	6 235	6 235	3 229	111	505	2 390	-

2021–22	Carrying amount (\$ thousand)	Nominal amount (\$ thousand)	Maturity dates				
			Less than 1 month (\$ thousand)	1–3 months (\$ thousand)	3 months – 1 year (\$ thousand)	1–5 years (\$ thousand)	5+ years (\$ thousand)
Receivables							
Other receivables	24	24	24	-	-	-	-
Total contractual receivables	24	24	24	-	-	-	-
Payables							
Supplies and services	2 506	2 506	2 495	11	-	-	-
Amounts payable to government and agencies	12	12	12	-	-	-	-

Maturity dates

2022–23	Carrying amount (\$ thousand)	Nominal amount (\$ thousand)	Less than 1 month (\$ thousand)	1–3 months (\$ thousand)	3 months – 1 year (\$ thousand)	1–5 years (\$ thousand)	5+ years (\$ thousand)
Lease incentive	832	832	14	28	127	663	-
Borrowings							
Finance lease liabilities	2 918	2 918	41	81	371	2 425	-
Total contractual financial liabilities	6 268	6 268	2 562	120	498	3 088	-

Interest rate exposure of financial instruments

Except for lease liabilities, our financial instruments are non-interest bearing. The carrying value and weighted average fixed interest rate exposure of finance lease liabilities in 2022–23 was \$43,000 at 2.75% (2021–22: \$53,000 at 2.75%).

8 Other disclosures

8.1 Responsible persons

We make the following accountable officer disclosures in accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*.

Remuneration

Remuneration received or receivable by the accountable officer during the reporting period was in the following range:

	2022–23 No.	2021–22 No.
\$550 000–\$559 999	-	1
\$560 000–\$569 999	1	-

Given the independent relationship of the Auditor-General with the Parliament, no government minister has any direct responsibility for the operations of VAGO.

Andrew Greaves, Auditor-General, held the Accountable Officer Position in relation to VAGO for the full year.

8.2 Remuneration of executives

The number of executive officers, other than the accountable officer, and their total remuneration during the reporting period are shown in the table below.

Total annualised employee equivalent measures full-time equivalent executive officers over the reporting period.

We measure remuneration amounts as required by AASB 119 *Employee Benefits*.

Remuneration of executive officers (including key management personnel disclosed in Note 8.3)⁽ⁱ⁾

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
Short-term employee benefits	4 945	5 013
Post-employment benefits	495	483
Other long-term benefits	63	15
Total remuneration	5 503	5 511
Total number of executives⁽ⁱⁱ⁾	29	29
Total annualised employee equivalents⁽ⁱⁱⁱ⁾	23.8	24.2

Note:

(i) Definitions for remuneration categories are disclosed in Note 8.7.

(ii) The total number of executive officers includes persons who meet the definition of key management personnel of the entity under AASB 124 *Related Party Disclosures* and are also reported in Note 8.3.

(iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.3 Related parties

VAGO is a wholly owned and controlled entity of the State of Victoria. Related parties of VAGO include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into at an arm's length basis.

Significant transactions with government-related entities

We received funding and made payments to the Consolidated Fund of \$52.8 million (2021-22: \$49.4 million) and \$33.4 million (2021-22: \$30.5 million).

During the year, we had the following government-related entity transactions:

	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Income from financial statement audits		
Department of Treasury and Finance	1 157	1 184
Department of Energy, Environment and Climate Action (previously Department of Environment, Land, Water and Planning)	765	389
Department of Transport and Planning (previously Department of Transport)	705	979
Other government related parties ⁽ⁱ⁾	26 106	29 125
Total significant transactions with government-related entities	28 733	31,677

Note:

(i) Transactions with other related parties are collectively, but not individually significant.

Key management personnel

Our key management personnel are the accountable officer and members of the Strategic Management Group (SMG), comprising:

- David Barry, Deputy Auditor-General
- Roberta Skliros, Assistant Auditor-General, Financial Audit
- Megan Kirchner, Assistant Auditor-General, Performance Audit (commenced 6 March 2023)
- Ben Hasker, Acting Assistant Auditor-General, Performance Audit (17 October 2022 to 5 March 2023)
- Sheraz Siddiqui, Acting Assistant Auditor-General, Performance Audit (1 July 2022 to 12 November 2022)

	2022-23 (\$ thousand)	2021-22 (\$ thousand)
Compensation of KMP		
Short-term employee benefits	1 441	1 440
Post-employment benefits	100	92
Other long-term benefits	37	-
Total⁽ⁱ⁾	1 578	1 532

Note:

(i) KMP are also reported in the disclosure of responsible persons (Note 8.1) and remuneration of executives (Note 8.2).

Transactions and balances with KMP and other related parties

There were no related party transactions that involved KMP, their close family members and their personal business interests in the current reporting period.

8.4 Remuneration of auditors

	2022–23 (\$ thousand)	2021–22 (\$ thousand)
PKF Melbourne		
Audit of the financial statements	39	37
Review of the performance statement	4	3
Total	43	40

Steven Bradby from PKF Melbourne was appointed to this position in 2020.

Parliament appoints the auditor of VAGO and the Public Accounts and Estimates Committee pays them in accordance with the *Audit Act 1994*.

For these payments, we disclose an amount equal to the fair value of services received free of charge or for nominal consideration.

8.5 Subsequent events

We had no events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue that would require adjustment to, or disclosure in the financial statements.

8.6 Australian Accounting Standards issued that are not yet effective

AASB issued new and revised accounting standards that become effective for reporting periods commencing after 1 July 2023. We do not expect to be materially impacted by these.

8.7 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

Administered item refers to VAGO lacking the capacity to benefit from that item in the pursuit of its objectives and to deny or regulate the access of others to that benefit.

Assets include property, plant and equipment and certain intangible assets. Intangible assets include computer software.

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result is the amount in the operating statement representing total change in net worth other than transactions with owners as owners.

Controlled item refers to the capacity of VAGO to benefit from that item in the pursuit of its objectives and to deny or regulate the access of others to that benefit.

Depreciation is an expense that arises from the consumption through wear or time of a physical or intangible asset. This expense is classified as a 'transaction' and reduces the 'net result from transactions'.

Employee benefits expenses include all costs related to employment including salaries and wages, mental health and wellbeing charges, fringe benefits tax, leave entitlements, termination payments, WorkCover premiums, defined benefits superannuation plans, and defined contribution superannuation plans.

Financial asset is any asset that is:

- cash

- a contractual right
- to receive cash or another financial asset from another entity
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity.

Financial liability is any liability that is:

- a contractual obligation
- to deliver cash or another financial asset to another entity
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial **statements** comprise:

- a Balance Sheet as at the end of the period
- a Comprehensive Operating Statement for the period
- a Statement of Changes in Equity for the period
- a Cash Flow Statement for the period
- notes of significant accounting policies and other explanatory information
- comparative information in respect of the preceding period

Interest expense represents costs incurred in connection with borrowings. It includes interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net operating balance or net result from transactions is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'. A positive net result represents a **surplus**, whilst a negative result is a **deficit**.

Net worth is calculated as assets less liabilities.

Non-financial assets are all assets that are not financial assets. It includes plant and equipment, intangible assets, prepayments and accrued income.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposals, impairments of non-current physical and intangible assets; and gains and losses arising from the revaluation of the long service leave liability.

Other long-term benefits include long service leave.

Payables includes short and long-term accounts payable, taxes and interest payable.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Receivables include amounts owing from government through appropriation receivable, short and long-term accounts receivable, and taxes receivable.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Supplies and services represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of VAGO.

8.8 Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts. The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx.x)	negative numbers
202x–2x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2022-23 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of VAGO's annual reports.

Appendix A: Workforce profile and gender pay gap

Profile of VAGO employees as at 30 June 2023

As at 30 June 2023	<i>All employees</i>		<i>Ongoing</i>			<i>Fixed-term and casual</i>	
	Number (headcount)	Full-time equivalent	Full-time (headcount)	Part-time (headcount)	Full-time equivalent	Number (headcount)	Full-time equivalent
Gender	To protect our employees' privacy, we have chosen not to publish a detailed breakdown of some data.						
Women	115						
Men	77						
Self-described	2	187.21	134	23	151.11	39	36.1
Prefer not to say	2						
Age							
15-24	15	14.2	11	-	11	43	3.2
25-34	76	74.29	60	7	65.29	9	9
35-44	61	57.62	40	11	48.02	10	9.6
45-54	29	28.4	15	3	17.4	11	11
Over 55	15	12.7	8	2	9.4	5	3.3
Classification							
VPS 1	-	-	-	-	-	-	-
VPS 2	9	8.6	6	-	6	3	2.6
VPS 3	46	44.2	33	3	35.2	10	9
VPS 4	28	26.69	22	3	24.09	3	2.6
VPS 5	50	47.43	39	10	46.43	1	1
VPS 6	36	33.48	28	6	32.58	2	0.9
Senior Technical Specialists	2	2	2	-	2	-	-
Executives	24	23.8	4	1	4.8	19	19
Auditor-General	1	1	-	-	-	1	1
Total employees	196	187.21	134	23	151.11	39	36.1

Profile of VAGO employees as at 30 June 2022

As at 30 June 2022	<i>All employees</i>		<i>Ongoing</i>			<i>Fixed-term and casual</i>	
	Number (headcount)	Full-time equivalent	Full-time (headcount)	Part-time (headcount)	Full-time equivalent	Number (headcount)	Full-time equivalent
Gender	To protect our employees' privacy, we have chosen not to publish a detailed breakdown of some data.						
Women	107						
Men	83	172.97	132	17	144.97	29	28
Self-described	1						
Age							
15-24	11	10.80	9	1	9.80	1	1.00
25-34	65	64.20	60	3	62.20	2	2.00
35-44	53	50.77	37	7	42.37	9	8.40
45-54	33	32.00	17	4	20.20	12	11.80
55-64	13	12.20	7	2	8.40	4	3.80
Over 64	3	3.0	2	-	2.00	1	1.00
Classification							
VPS 1	1	1.00	-	-	-	1	1.00
VPS 2	4	4.00	4	-	4.00	-	-
VPS 3	37	36.60	33	2	34.60	2	2.00
VPS 4	30	29.00	25	1	25.60	4	3.40
VPS 5	45	42.87	37	8	42.87	-	-
VPS 6	34	32.70	26	6	30.90	2	1.80
Senior Technical Specialists	2	2.00	2	-	2.00	-	-
Executives	24	23.80	5	-	5.00	19	18.80
Auditor-General	1	1.00	-	-	-	1	1.00
Total Employees	178	172.97	132	17	144.97	29	28.0

Audit service provider panel members

BDO Audit

Crowe Audit Australia

Deloitte Touche Tohmatsu

Ernst & Young

HLB Mann Judd

Johnsons MME Audit & Assurance Services

KPMG

RSD

RSM Audit

How we calculate the gender pay gap

This year we calculated our gender pay gap using both the median (middle) and mean (average) salaries of men and women. From 2023-24 the Workplace Gender Equality Agency (WGEA) requires all employers to report the median as well as the mean gender pay gap. They must also include CEO remuneration in their reporting to WGEA, which is likely to skew mean gender pay gaps, as CEO salaries may be much larger than other employees, and almost 80 per cent of CEOs are men.

We calculate the median pay gap by ranking male and female employees from the lowest to highest paid, and taking the salary of the person in the middle. We then find the difference between the middle paid man and the middle paid woman and express this as a percentage.

The average (or mean) pay gap is more influenced by staff who have higher salaries. We calculate the average pay gap by finding the difference between the average salary paid to men and the average salary paid to women, and expressing this as a percentage.

We also calculated our gender pay gap using the full-time equivalent (FTE) salaries for our part-time staff, consistent with the approach of the WGEA. This is a change from our reporting in previous years, which used actual salaries of part-time staff. We have recalculated our pay gaps from 2021-22 and 2020-21 to be consistent, which is why the results are different to what we reported previously.

Comparing median and mean gender pay gaps from past 3 years

Gender pay gap at VAGO

Date	Average (mean) gender pay gap	Median gender pay gap
30 June 2023	3.0% in favour of men	No pay gap
30 June 2022	0.3% in favour of men	12.4% in favour of women
30 June 2021	3.2% in favour of women	4.2% in favour of women

Note: We calculated our gender pay gaps based on the mean and median full time equivalent (FTE) base salary of men and women. We include staff who identify as men and women only because the number of employees with a self described or undisclosed gender identity is too small to analyse. We excluded inactive staff, casual staff and the Auditor-General.

The formulas we used were:

Median gender pay gap: $((\text{Median FTE base salary for men} - \text{Median FTE base salary for women}) / \text{Median FTE base salary for men}) * 100$.

Mean gender pay gap: $((\text{Mean FTE base salary for men} - \text{Mean FTE base salary for women}) / \text{Mean FTE base salary for men}) * 100$.

The mean pay gaps in 2020-21 and 2021-22 are different to what we have reported in previous annual reports. This is because we have re-calculated them using the same formula for consistency.

Source: VAGO.

Pay gap across VAGO's business units

Gender pay gap on 30 June 2023 in VAGO's business units

Business unit	Average (mean) gender pay gap	Median gender pay gap
Financial Audit	3.7% in favour of men	14% in favour of men
Performance Audit	2.4% in favour of men	2.6% in favour of men
Office of the Auditor-General	10.5% in favour of men	4.1% in favour of women
Corporate Services	0.3% in favour of women	8.3% in favour of men

Note: See notes for Figure 1 explain how we calculated the mean and median gender pay gaps.
Source: VAGO.

Appendix B: Workplace health and safety

Health and wellbeing strategies

Our health and wellbeing strategies this year included:

- maintaining access to our independent employee assistance program, used by 12.6 per cent of staff, compared to the industry average of 6.6 per cent
- requiring all staff to complete online training modules on workplace health and safety, ergonomics and appropriate behaviour
- reimbursing the cost of influenza vaccines to help our team to stay healthy over winter
- encouraging staff to make use of our Better Normal principles to maintain a healthy work-life balance.

WorkCover claims

Claims and rate	2019–20	2020–21	2021–22	2022–23
Number of standard claims*	1	1	1	-
Number of lost claims**	-	1	1	-
Rate of standard claims per 100 full-time equivalent staff	0.57	0.57	0.56	-
Average cost of claims	\$7,795	\$33,558	\$181,204	-

*Standard claims are those that have exceeded the employer excess or are registered as a standard claim.

**A lost-time claim is a claim with one or more days compensated by the Victorian WorkCover Authority (after employer excess) at 30 June 2023. They are a subset of standard claims.

Source: PSC Insurance.

Workplace health and safety indicators

Performance indicator	Performance
All new and existing staff are offered ergonomic assessments and required products are sourced and purchased	All employees were provided with access to a 'Safe Workstation Set-up' online module on commencement all employees were provided with the necessary products and equipment to enable effective work from home
All claims received are lodged with WorkCover within 10 working days for physical injury claims or 3 days for mental injury claims	100 per cent
All reported incidents and accidents are followed up within 24 hours and closed as soon as is practicable	100 per cent
Return-to-work plans are in place as soon as is practicable, and regularly monitored until complete	Not applicable as no return-to-work plans were required this year
A report on the number of claims and costs is provided to the operational management group as required	Reported as required

Source: VAGO.

Appendix C: General executive information

Our executive staff completed statements declaring whether their interests, shares in, and other benefits from business enterprises could give rise to a conflict of interest. We have processes to manage any such conflicts.

Annualised salary, by \$20,000 bands, for executive and senior non-executive staff, at 30 June 2023

Income band (salary) ^(a)	Senior Executive Service	Senior Technical Specialists
\$140,000–\$159,999	1	-
\$180,000–\$199,999	15	1
\$200,000–\$219,999	5	1
\$260,000–\$279,999	1	-
\$300,000–\$319,999	1	-
\$360,000–\$379,999	1	-
Total	24	2

Note:

(a) The salaries reported above are for the full financial year, at a one full-time equivalent rate, and exclude superannuation. The Auditor-General is not included in this table.

Source: VAGO.

Number of executive staff by classification, at 30 June 2023^(a)

	<i>Total (ongoing)</i>		<i>Man</i>		<i>Woman</i>		<i>Self-described</i>	
	No.	Variance ^(b)	No.	Variance	No.	Variance	No.	Variance
SES3	1	-	1	-	-	-	-	-
SES2	2	-	-	(1)	2	1	-	-
SES1	21	-	10	(1)	11	1	-	-
Total	24	-	11	(2)	13	2	-	-

Note:

(a) The Auditor-General is not included in this table.

(b) 'Variance' refers to variance in the numbers reported at 30 June 2023 compared to 30 June 2022.

Source: VAGO.

Appendix D: Audit and risk management

Audit and Risk Committee Chair's report for the year ended 30 June 2023

The Auditor-General appoints the Audit and Risk Committee to provide independent advice and assist in the discharge of their responsibilities for:

- the management of VAGO's risk, control and compliance framework
- the external accountability responsibilities as prescribed in the *Financial Management Act 1994*
- other relevant legislation and prescribed requirements.

All committee members are independent, non-executive members appointed for a term of three years and are eligible for reappointment subject to a formal review of the member's performance by the Auditor-General. All members have appropriate financial and industry expertise and an appropriate understanding of our operations.

Peter Niblett has been Chair of the Audit and Risk Committee since 1 May 2022. Rob Hogarth commenced as a member from the 24 August 2022 Audit and Risk Committee meeting.

The members of the Audit and Risk Committee for the year ended 30 June 2023 and their attendance at meetings are set out in the table below.

Audit and Risk Committee members for the year ended 30 June 2023

Committee member	Meetings held	Meetings attended
Peter Niblett (Chair)	4	4
Julie Fahey	4	3
Rob Hogarth (member from 24 August 2022)	4	4

The responsibilities of the committee are defined in its charter, which is approved by the Auditor-General, which are to:

- independently assess VAGO's financial and performance statements for completeness, consistency and conformity with accounting standards
- review the effectiveness of VAGO's internal control environment, covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable legislation and regulations.
- review and approve internal audit's annual audit work program, scope, progress, and any significant changes proposed
- meet periodically with the internal and external auditors, and maintain an open and transparent relationship
- consider recommendations made by the internal and external auditors and review the implementation of actions by management to resolve issues raised

- independently review and assess the effectiveness of VAGO's processes and controls across financial management, performance and sustainability, and risk management
- receive operational and risk management reports periodically, and briefings from the Auditor-General on significant issues affecting VAGO. During the year, the committee considered:
 - the Assurance Results Report from the external auditor for the year ended 30 June 2023, which identified no significant issues
 - status updates and review reports from the internal auditor, which include management's response to matters raised by internal audit, and progress on management remedial action
 - VAGO's operational management reports, risk management framework and risk register
 - the gifts, benefits and hospitality register and the Auditor-General's expenditure
 - policies and procedures in place for the development of VAGO's annual plan and budget and resource planning.

At the time of signing this report, the financial and performance statement for the year ended 30 June 2023 had been considered and recommended for adoption by the Auditor General.

The Audit and Risk Committee has met in camera with the Auditor-General, Deputy Auditor-General, the internal auditors, and the external auditors (as appropriate). The internal audit function was provided by SW Accountants and Advisors for the year ended 30 June 2023.



Peter Niblett

Chair, Audit and Risk Committee

15 August 2023

Financial Management Compliance Attestation Statement

I, Andrew Greaves, certify that the Victorian Auditor-General's Office has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.



Andrew Greaves

Auditor-General

Victorian Auditor-General's Office

15 August 2023

Internal audit

We appointed ShineWing Australia as our internal auditor in October 2019. The internal auditor reports to our Audit and Risk Committee and the Auditor-General. ShineWing performed the following internal audits this year:

- Audit Services Provider Management and Supervision Phase 2
- Cyber Security Review
- ERP System Implementation Phase 2
- Financial Management Compliance Framework
- Management Reporting Effectiveness
- Risk Management Framework Review

The internal auditor attended each meeting of our Audit and Risk Committee where reports are considered and the status of the internal audit program is discussed.

Environmental management

VAGO's environmental performance for 2022–23 and 2021–22

Indicator	2022–23	2021–22
Energy use		
Total energy usage segmented by primary source (MJ)	515,808	814,782
Electricity (MJ)—excluding Green Power(a)	434,354	681,777
Natural gas (MJ)	81,454	133,005
Green power (MJ)	-	-
Total greenhouse gas emissions from energy consumption (tonnes CO₂e)	53	89
Electricity (tonnes CO ₂ e)—excluding Green Power(a)	48	82
Natural gas (tonnes CO ₂ e)	5	7
Percentage of electricity purchased as Green Power	-	-
Units of office energy used per FTE (MJ/FTE)	2,772	4,479
Units of office energy used per office area (MJ/m ²)	198	313
Waste and recycling^(a)		
Paper use		
Total units of A4 equivalent copy paper used (reams)	67	54
Units of A4 equivalent copy paper used per FTE (reams/FTE)	<1	<1
75–100% recycled content	-	-
0–49% recycled content	100%	100%
Water consumption		
Total water consumption (kilolitres)	513	573
Units of office water used per FTE (kilolitres)	3	3

Indicator	2022–23	2021–22
Units of office water used per office area (kilolitres/m ²)	<1	<1
Travel and transport		
Total energy consumption by vehicle fleet (MJ)	175,881	223,652
Total distance travelled by fleet (km)	45,636	58,157
Total greenhouse gas emissions from vehicle fleet (tonnes CO ₂ e)	12	15
Greenhouse gas emissions from vehicle fleet per 1000km (tonnes CO ₂ e)	<1	<1
Total distance travelled by air	40,340	5,414
Greenhouse gas emissions		
Total greenhouse gas emissions associated with energy use (tonnes CO ₂ e)	53	89
Total greenhouse gas emissions associated with vehicle fleet (tonnes CO ₂ e)	12	15
Total greenhouse gas emissions associated with air travel (tonnes CO ₂ e)	10	1
Total greenhouse gas emissions associated with waste disposal (tonnes CO ₂ e)	<1	<1

Note:

(a) Waste and recycling data not available.

Source: VAGO.

Appendix E: Policies and compliance

Delegations

Under the Act, we report the names of any persons to whom the Auditor General delegated the power to express a written audit opinion. In 2022–23, the Auditor-General delegated this power to the following financial audit directors:

- Simone Bohan
- Sanchu Chummar
- Travis Derricott
- Charlotte Jeffries
- Janaka Kumara
- Paul Martin
- Tim Maxfield
- Dominika Ryan.

Building Act

We do not own or control any government buildings and therefore, have no responsibilities under the *Building Act 1993*.

Government advertising expenditure

We have no advertising expenditure to report.

Major contracts

We have no major contracts to report.

Local jobs first—Victorian Industry Participation Policy

We have one Local Jobs First Strategic Project in progress, which commenced in 2020-21, valued in excess of the \$50 million threshold, to refresh our Financial Audit Services Panel. The project is based in metropolitan Melbourne representing 97 per cent of estimated local content, as advised by the Minister for Industry Support and Recovery.

This year, the outcomes we reported from the implementation of the policy were that:

- there was an average of at least 97 per cent of local content
- eight audit service providers prepared a Local Industry Development Plan (LIDP) for contracts and were successfully appointed as a principal contractor.

National Competition Policy

We comply with the National Competition Policy, including complying with the requirements of the Department of Treasury and Finance's Competitive Neutrality Policy.

Oversight by the Victorian Inspectorate

This year, we had nothing to report to the VI as per requirements under the Act, and the Inspectorate did not review any of our activities.

We previously worked with the VI to develop a self-reporting tool about the exercise of our coercive powers. We did not exercise these powers during the financial year.

Work arrangements

We offer flexible work arrangements to staff in response to work demands and legislative obligations for employers to provide flexible working conditions. We encourage our staff to take advantage of these arrangements.

We operate under the Victorian Public Service Enterprise Agreement 2020 in providing leave for carers, as defined in the *Carers Recognition Act 2012*.

Merit and equity

Our policies and actions reflect our commitment to a workplace free from discrimination, harassment and bullying, and that support merit-based recruitment practices.

We also comply with the Victorian Charter of Human Rights and Responsibilities and the Code of Conduct for Victorian Public Sector Employees of Special Bodies.

Our selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. We also ensure that employees have been correctly classified in workforce data collections.

Public interest disclosures

Under the *Public Interest Disclosures Act 2012*, we cannot receive public interest disclosures.

Disclosures about VAGO officers may be made to IBAC or the VI.

Further information on VAGO's responsibilities is available at: www.audit.vic.gov.au/complaints-about-vago

Freedom of information

The *Freedom of Information Act 1982* broadly precludes us from disclosing information we gather during an audit, other than by reporting to Parliament.

The Act also precludes third parties from accessing any audit-related information and documents we hold.

Our administrative processes come under the state's freedom of information legislation. This year, we received one request for information. As it was for audit evidence, we could not provide it.

Further information on our obligations under the *Act* is available on our website.

Requests for access to non-audit-related information and documents we hold can be made to the Freedom of Information Officer:

- by email (enquiries@audit.vic.gov.au)
- by phone (03 8601 7000)
- in writing (Freedom of Information, Victorian Auditor-General's Office, Level 31, 35 Collins Street, Melbourne VIC 3000).

Appendix F:

Additional information available on request

This report and our website publish all information required by the Standing Directions 2018 under the *Financial Management Act 1994*.

We can provide further details on the information items listed below if requested, subject to the freedom of information requirements, if applicable:

- a statement that declarations of pecuniary interests have been duly completed by all relevant staff of the office
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of changes in prices, fees, charges, rates and levies charged by our office
- audit fees, which are revised every year
- details of overseas visits, including a summary of the objectives and outcomes of each visit
- details of assessments and measures to improve the occupational health and safety of staff
- a general statement on industrial relations in the office and details of time lost through industrial accidents and disputes
- a list of major committees we sponsor, the purposes of each, and the extent to which they have achieved their purposes
- further information on our environmental performance
- details of all consultants and contractors, including:
 - consultants and contractors engaged
 - services provided
 - spending committed to for each engagement.

This information can be requested from our Freedom of Information Officer, as listed in Appendix F.

The following information is available from our website:

- details of documents we published about our activities
- copies of all our reports since 1956.

Appendix G: Disclosure index

Our annual report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to demonstrate our compliance with statutory disclosure requirements.

Legislation	Requirement	Section
Ministerial directions		
Report of operations—Financial reporting direction (FRD) guidance		
Charter and purpose		
FRD 22	Manner of establishment and the relevant minister	1
FRD 22	Purpose, functions, powers and duties	1
FRD 22	Key initiatives and projects	1
FRD 22	Nature and range of service provided	1
Management and structure		
FRD 22	Organisational structure	1
Financial and other information		
FRD 8	Consistency of Budget and Departmental Reporting	6.5
FRD 10	Disclosure index	Appendix G
FRD 22	Employment and conduct principles	Appendix E
FRD 22	Workplace health and safety policy	Appendix B
FRD 22	Summary of the financial results for the year	6.1, 6.2
FRD 22	Significant changes in financial position during the year	6.3
FRD 22	Performance against budgetary objectives	5.1, 6.6
FRD 22	Major changes or factors affecting performance	6.2
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	Appendix E
FRD 22	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	Appendix E
FRD 22	Statement on National Competition Policy	Appendix E
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	Appendix E
FRD 22	Application and operation of the <i>Carers Recognition Act 2012</i>	Appendix E

Legislation	Requirement	Section
FRD 22	Disclosure of consultancies over \$10,000	6.5
FRD 22	Disclosure of consultancies under \$10,000	6.5
FRD 22	Disclosure of ICT expenditure	6.2
FRD 22	Asset maturity assessment	6.5
FRD 22	Statement of availability of other information	Appendix F
FRD 22	Summary of environmental performance	Appendix D
FRD 24	Reporting of environmental data by government entities	Appendix D
FRD 25	Local Jobs disclosures in the Report of Operations	6.5
FRD 29	Workforce data disclosures in the Report of Operations Public Service Employees	Appendix A
SD 5.2	Annual reporting	Annual report
Compliance attestation and declaration		
SD 5.1.4	Financial management compliance attestation	Appendix D
SD 5.2.3	Declaration in report of operations	Foreword
Financial report		
Declaration		
SD 5.2.2	Declaration in financial statements	6.6
Other requirements under Standing Directions 5.2.1		
SD 5.2.1(a)	Compliance with the FMA, Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions	6.6
Other disclosures as required by FRDs in notes to the financial statements		
FRD 9	Departmental disclosure of administered assets	6.6
FRD 13	Disclosure of parliamentary appropriations	6.6
FRD 21	Disclosures of responsible persons and executive officers in the financial report	6.6
FRD 103	Non-current physical assets	6.6
FRD 109	Intangible assets	6.6
FRD 110	Cash flow statements	6.6
FRD 112	Defined benefit superannuation obligations	6.6
FRD 114	Financial instruments	6.6
FRD 120	Accounting and Reporting Pronouncements Applicable to 2022-23 Reporting Period	6.6

Legislation	Requirement	Section
FRDs applicable to VAGO with no disclosures to make in 2022-23		
FRD 11	Disclosure of ex gratia expenses	-
FRD 12	Disclosure of major contracts	-
FRD 17	Wage inflation and discount rates for employee benefit	-
FRD 22	Subsequent events	-
FRD 22	Disclosure of government campaign advertising	-
FRD 30	Standard requirements for the publication	-
SD 5.2.1(b)	Compliance with <i>Model Financial Report for Government Departments</i>	-

Appendix H: Acronyms and abbreviations

Acronyms

AASB	Australian Accounting Standards Board
ACAG	Australasian Council of Auditors General
AMAF	Asset Management Accountability Framework
ARC	Audit and Risk Committee
ASP	audit service provider
AUASB	Auditing and Assurance Standards Board
BAU	business as usual
DASA	Data Analytics and Systems Assurance
FRA	Financial Reporting Advisory
DE	Department of Education
DEECA	Department of Energy, Environment and Climate Action
DFFH	Department of Families, Fairness and Housing
DGS	Department of Government Services
DH	Department of Health
DJCS	Department of Justice and Community Safety
DJSIR	Department of Jobs, Skills, Industry and Regions
DPC	Department of Premier and Cabinet
DTP	Department of Transport and Planning
DTF	Department of Treasury and Finance
FTE	full-time equivalent
IBAC	Independent Broad-based Anti-corruption Commission
LSL	long service leave
PAEC	Public Accounts and Estimates Committee
TAFE	technical and further education
VAGO	Victorian Auditor-General's Office
VI	Victorian Inspectorate
VPS	Victorian Public Service

Abbreviations

Audit Act	<i>Audit Act 1994</i>
CPA Australia	Certified Practising Accountants Australia
Financial Management Act	<i>Financial Management Act 1994</i>
