

Appendix C:

VAGO budget information

Victorian Auditor-General's Office

The purpose of the Victorian Auditor-General's Office is to help Parliament hold government to account and help the public sector to improve its performance. Under the *Audit Act 1994*, the Auditor-General audits financial statements prepared by Victorian public sector agencies and issues audit reports.

In addition, the Auditor-General carries out performance audits and assurance reviews to determine if authorities, operations or activities are operating effectively, economically and efficiently in compliance with all relevant Acts.

In March 2025, the Minister for Finance endorsed our proposed changes to our performance measures for 2025–26 as set out in Budget Paper 3: Service Delivery.

As concluded in our report, *Fair Presentation of Service Delivery Performance: 2024* tabled on 27 November 2024, we found that much of the output information reported by government agencies is not relevant or reliable. This meant that Parliament and the community could not properly assess performance or hold government to account.

To be relevant and reliable, output-based service performance measures must allow Parliament and the community to:

- understand what services are provided
- meaningfully assess performance in providing these services
- accurately and reliably assess performance results.

To this end, our proposed changes to our performance statement for 2025–26 (Figures C1 and C2), increase transparency and accountability by:

- separately disclosing measures for each service line
- improving accountability for our outputs by consistently calculating comparable measures for each service line
- removing process measures, which are publicly reported elsewhere.

Figure C1: Audit opinions on financial and performance statements

Performance measures	Unit of measure	2025–26 target	2024–25 expected actual ⁽ⁱ⁾	2024–25 target	2023–24 actual
Quantity					
Average cost of audit opinions issued on performance statements (New name from 2025–26: <i>Average fee of audit opinions issued on performance statements</i>) ⁽ⁱⁱ⁾	\$ thousand	6.1	5.7	5.9	5.4
Average fee of audit opinions issued on the financial statements of agencies (New name from 2025–26: <i>Average fee of audit opinions issued on the financial statement of agencies</i>) ⁽ⁱⁱ⁾	\$ thousand	64.5	63.0 ⁽ⁱⁱⁱ⁾	54.5	59.7
Quality					
External/peer reviews finding no material departures from professional and regulatory standards	per cent	N/A Discontinued measure	N/A Not yet available	100	77.8
Proportion of agencies disclosing prior period material errors in financial statements	per cent	≤5	0.4	≤5	0.4
Timeliness					
Audit opinions issued within statutory deadlines	per cent	98	98	98	98.4
Management letters to agencies issued within established timeframes	per cent	90	97	90	85.8
Cost					
Total output cost	\$ million	40.9	41.1 ^(iv)	31	41.1

Note:

(i) The 2024–25 expected actual are based on mid-year results and forecasted to full year expected outcomes where appropriate, and subject to change.

(ii) These measures report on the same activity as previously but have been renamed to make it clear that the measures represents the fee charged to our clients.

(iii) The average cost of audit opinions represents the audit fee we charge our clients. Under the *Audit Act 1994*, we recover all reasonable expenses associated with conducting audits. The rise in average audit fee reflects:

- increased audit effort required to complete audits by both our internal audit teams and external audit service providers, to address complex accounting issues
- additional costs relating to our continued investment in transformational projects, specifically to enhance our data analytics capabilities, upgrading our audit toolset software and upskilling staff to adapt to an evolving financial auditing profession
- increased workforce costs
- indexation of our 2024 cycle audit fees by 4% in line with the Australian Bureau of Statistics wage price index.

(iv) The target for 'Total output cost' has historically been escalated solely based on indexation in accordance with DTF guidance. As our actual results over time demonstrate, the target should be rebased to more accurately reflect our expected performance. DTF and the Minister for Finance have endorsed our proposal to revise this target for 2025–26, as set out in Budget Paper 3: Service Delivery).

Figure C2: Parliamentary reports and services

Performance measures	Unit of measure	2025–26 target	2024–25 expected actual ⁽ⁱ⁾	2024–25 target	2023–24 actual
Quantity					
Average cost of parliamentary reports ⁽ⁱⁱ⁾	\$ thousand	N/A Replaced measure	600.1 ⁽ⁱⁱⁱ⁾	574.1	525.8
Average appropriation applied for performance audit engagement parliamentary reports	\$ thousand	650	N/A New measure	N/A New measure	N/A New measure
Average appropriation applied for performance assurance review parliamentary reports	\$ thousand	300	N/A New measure	N/A New measure	N/A New measure
Average appropriation applied for financial audit parliamentary reports	\$ thousand	275	N/A New measure	N/A New measure	N/A New measure
Quality					
Percentage of performance audit recommendations accepted which are reported as implemented by audited agencies ^(iv)	per cent	N/A Replaced measure	N/A Not yet available	80	77.9
Percentage of performance audit engagement recommendations accepted which are reported as implemented by audited agencies	per cent	80	N/A New measure	N/A New measure	N/A New measure
Percentage of performance assurance review recommendations accepted which are reported as implemented by audited agencies	per cent	80	N/A New measure	N/A New measure	N/A New measure
Percentage of financial audit recommendations accepted which are reported as implemented by audited agencies	per cent	80	N/A New measure	N/A New measure	N/A New measure
Overall level of external satisfaction with audit reports and services – parliamentarians (New name from 2025–26: <i>Overall level of external satisfaction with parliamentary reports – parliamentarians</i>)	per cent	90	N/A Not yet available	85	90
Timeliness					
Average duration taken to finalise responses to inquiries from Members of Parliament	days	≤20	11.9	≤20	29.5
Average duration taken to produce performance audit parliamentary reports ^(v)	months	N/A Replaced measure	12	≤9	10.9
Average duration taken to produce performance audit engagement parliamentary reports	months	≤10	N/A New measure	N/A New measure	N/A New measure

Performance measures	Unit of measure	2025–26 target	2024–25 expected actual ⁽ⁱ⁾	2024–25 target	2023–24 actual
Average duration taken to produce performance assurance review parliamentary reports	months	≤7	N/A New measure	N/A New measure	N/A New measure
Average duration taken to produce financial audit parliamentary reports after balance date	months	≤5	6.5	≤5	6.3
Cost					
Total output cost	\$ million	20.8	19.4	20.1	18.0

Note:

(i) The 2024–25 expected actual are based on mid-year results and forecasted to full year expected outcomes where appropriate, and subject to change.

(ii) This measure has been replaced from 2025–26 with the next 3 measures. The new measures are based on the different types of engagements we conduct as each requires a different scope, audit evidence requirement in arriving at conclusions, average duration to produce and appropriation applied. There is no change to the way that this result is calculated.

(iii) The average cost of parliamentary reports is dependant on the timing and types of reports tabled. Of the 13 reports tabled to 3 April 2025, 3 are financial audit parliamentary reports and 3 are assurance reviews, both of which typically cost less than a performance audit due to their scope and level of assurance.

- Limited assurance reviews: \$519,200 (2023–24: \$287,700) – increase predominantly due to *Major Projects Performance Reporting 2024* (\$915,000), which included deep dive case studies on 8 projects with time, scope or cost variances.
- Performance audits: \$604,500 (2023–24: \$657,500)
- Financial audit parliamentary reports: \$285,000 (2023–24: \$299,300)

(iv) This measure has been replaced from 2025–26 with the next 3 measures. The new measures are based on the different types of engagements we conduct. There is no change to the 2025–26 targets.

(v) This measure has been replaced from 2025–26 with the next 3 measures. The new measures are based on the different types of engagements we conduct.