

VAGO

Victorian Auditor-General's Office

Annual Report

2024–25

2024–
2025

Annual Report 2024–25

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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.

About this report

VAGO's *Annual Report 2024–25* details its progress in supporting the delivery of a more accountable and transparent public sector and better public services and details performance against our *Strategic Plan 2022–25*.

This report provides the Victorian Parliament and other important stakeholders, particularly the Victorian community, with an overview of the work we have undertaken in this 12-month period to deliver on our remit to provide assurance to Parliament and the community that taxpayer and ratepayer funds are being spent responsibly and services delivered appropriately. It also highlights where improvements have been identified.

This annual report fulfils VAGO's responsibilities under the *Audit Act 1994* and complies with the *Financial Management Act 1994* and other relevant legislation.

Auditor-General's foreword

I am pleased to present the 2024–25 annual report of the Victorian Auditor-General's Office (VAGO).

Delivering better lives for Victorians

At VAGO, our overarching vision remains clear: better lives for Victorians. We continue to serve Parliament and the community by scrutinising how public resources are used and whether the government is delivering what they set out to achieve efficiently, effectively, economically and in compliance.

Our mandate to help hold the state and local governments to account through our financial and performance audits is enshrined in both the *Constitution Act 1975* and the *Audit Act 1994* and is central to our independence, which is underpinned by principles of integrity and professionalism.

During 2024–25, we delivered 540 audit opinions and presented 21 reports to Parliament, reflecting our comprehensive and responsive work program. Amid fiscal pressures across Victoria, where the state's gross debt trajectory and the need for long-term fiscal sustainability remain matters of public concern, these audits shed light on financial outcomes along with areas for improvement within the public sector.

We continue to be concerned about the persistent weaknesses we find in entity control environments, especially related to information technology. Non-financial reporting to Parliament also requires further attention, investment and priority to improve the quality of material presented and to ensure that the evidence also supports the results.

During 2024–25, the importance of our work was recognised through the establishment of parliamentary inquiries into fraud and corruption control in local government and funding and services within local government, based on our reporting. Our work in the advocacy space is also helping shape many of the frameworks we and our clients operate within. Sustainability reporting continues to be one of our key areas of focus.

Protecting both the reputation and independence of the audit office and being seen to remain free of political interference is vital to ensuring our credibility and public confidence. Operating in an environment where our budget is determined by executive government creates 'real world challenges' in this regard. Along with the Victorian Ombudsman and the Independent Broad-based Anti-Corruption Commission, we continue to advocate for a more transparent process for our respective budgets, which we have been seeking since 2022.

Enhancing our work

During 2024–25, we have delivered significant improvements to the way we work, including:

- uplifting our performance audit methodology to ensure staff have the guidance and tools to support contemporary performance audit practice
- refreshing our continuous planning process, which alongside strategic analysis and stakeholder engagement, supported the delivery of our *Annual Plan 2025–26*, the first 3-year plan since 2021–22
- initiating direct outreach to the parliamentary press gallery to improve its understanding of our role, products and how it can engage with us to help build a broader understanding of our work more generally.

We also continued to use and enhance dashboards that support our parliamentary reports. We improved the visual presentation of data and our commentary, with more work planned in this space next year, including proactively sharing our own performance.

Building capability

Capability has been a central focus for us over the life of our current strategic plan. Developing and defining what we mean by capability has been the foundational work delivered for our divisions. Work is now underway to consolidate and extend these capability frameworks, which are also now a key part of our performance and development processes.

The Enhancing Financial Audit's Capability project, delivered in November 2024, included developing a comprehensive capability framework, establishing formal succession pathways and designing a structured learning and development curriculum, which saw over 130 learning pieces added to our learning platform in 2024–25.

As of the end of this financial year, 84 per cent of in-house audits are now using our new cloud-based financial audit toolset, that provides visibility across all audit files. The remaining audits will transition to using this toolset in the 2025–26 audit cycle. The next phase will focus on onboarding our extended workforce – our audit service providers – to further enhance the value provided to our clients.

Challenges

During 2024–25, after experiencing increased staff turnover and disengagement within our Parliamentary Reports and Services division, I commissioned an independent culture review, which identified issues around leadership, communication styles and workloads in that division.

I moved quickly to address these issues by agreeing to and implementing all the recommendations from the review, including establishing a staff advisory team, developing an organisational change proposal, and reviewing workloads. Although this work is ongoing, our People Matter Survey results in 2024–25 show a real and positive shift.

Public commentary and feedback on our reports, and our people and processes, has been positive, with the exceptions more notable by their rarity. I stand by the quality of our people and am proud that we uphold the best principles of integrity and professionalism in all our work.

Criticism of the timeliness of some of our reporting needs to take account of significant auditee-initiated delays we often experience in obtaining the information we require in our audits. The Public Accounts and Estimates Committee has recommended we keep track of the reasons for delays, which we will do, and if necessary we will report on these delays. Having said that it is pleasing that the timeliness of our Parliamentary reports has recently significantly improved and we expect this to continue as we bed down the changes to our methodologies and processes.

Looking ahead

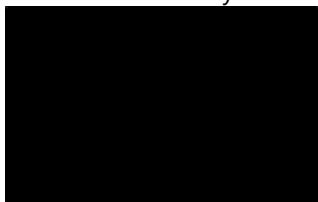
We remain focused on emerging risks and public service performance. Our annual plan outlines our audit priorities for 2025–26, driven by transparency, relevance and value to Victorians. We have another ambitious work plan, identifying 20 performance engagements, 2 results of financial audits reports, and the legislated Auditor-General's report on the Annual Financial Report of the State of Victoria, to deliver in the next 12 months.

Our new strategic plan for the next 4 years is underpinned by 9 strategic objectives, supporting 3 pillars: influence, innovate and inspire. There will be an increased focus on the use of technology, especially AI, and leading by example as we adapt to the evolving audit and public sector environment.

On 1 July 2026, we will mark 175 years since the appointment of the first Victorian Auditor-General. This milestone reminds us of the enduring role independent audit has played in strengthening transparency, accountability and trust in government. It is also an opportunity to reflect on our responsibility to ensure our work remains relevant and impactful for future generations.

Acknowledgements

I acknowledge and thank all my staff for their professionalism, dedication and commitment to upholding our core values and delivering on our mission. I also thank Parliament, public sector agencies, audit stakeholders and the Victorian community for their collaboration and trust.



Andrew Greaves

Auditor-General

Our year in numbers

About us

209
employees



57%

identified as women
(women made up 89% of our part-time workers and 36% of our executives)

2%

identified as a person with disability

1 staff member

identified as Aboriginal or Torres Strait Islander

We delivered

21 reports

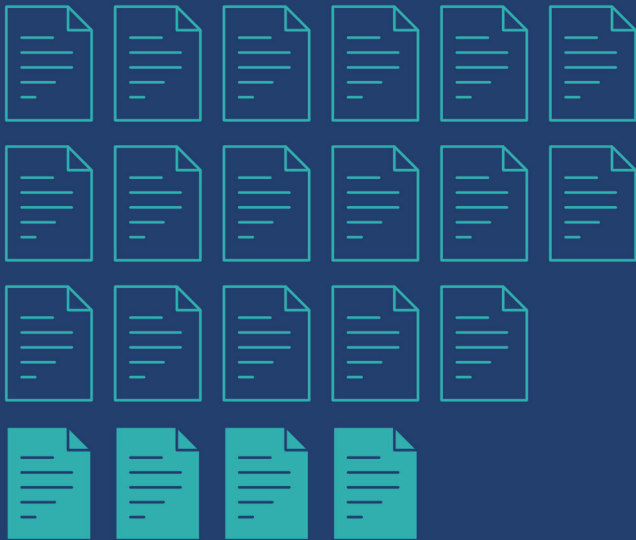
to Parliament including

17

performance engagement reports

4

financial audit reports



We issued

540

audit opinions on financial reports for

536

public sector entities



110

opinions on performance statements

292

grant acquittals

98.5%

of audit opinions on financial reports within statutory deadlines

96.5%

of management letters within agreed timeframes



of our financial audits now use our cloud-based financial audit toolset, with our in-house analytics platform managing around **21 billion records**



Our feedback

94%

of MPs agree our reports provide valuable information

90%

of MPs felt reports and services helped improve public sector administration

81%

of audited agencies accepted our recommendations

71%

of performance engagement auditees agree our reports will help them improve the audited activity

96%

of CFOs see value for their organisations from our work

93%

of audit committee chairs see value for their organisations from our work

We celebrated

Helping shape many of the frameworks we and our clients operate within, including improving public sector performance reporting

A refreshed continuous planning process leading to our first 3-year annual plan since 2021

All but 216 of 1,207 accepted recommendations since July 2019 have been resolved

Completing 170 projects over the past 4 years to deliver on 6 strategic objectives

1.

Our role and approach

About VAGO

VAGO's role

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

The *Constitution Act 1975* establishes the Auditor-General's role and gives the Auditor-General complete discretion in how they perform and exercise their functions and powers.

The *Audit Act 1994* establishes the Auditor-General's mandate and the Victorian Auditor-General's Office (VAGO), outlining our responsibilities and providing the legal basis for our powers.

Vision, goals and values

Our vision is better lives for Victorians.

Our goals are a more accountable and transparent public sector and better public services.

We use our legislated powers, systems and resources as well as the skills, knowledge and experience of our people to achieve our goals and vision.

Our work is underpinned by 4 key values.

Our values



Respect

We celebrate diversity.

We seek out, listen to and understand others' perspectives.

We treat people with fairness and dignity, and protect confidentiality.



Innovation

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.



Collaboration

We work well with colleagues and demonstrate support and trust.

We learn and develop, and give constructive feedback.

We share knowledge and insights.



Accountability

We empower others.

We meet agreed commitments.

We are responsible for, and transparent about, decisions and actions.

We make decisions that withstand scrutiny.

Our function

We provide assurance to Parliament and the Victorian community that public service agencies are effectively and efficiently delivering services and using public money. We achieve this through an annual program of audits and reviews. This program comprises performance engagements and attest engagements.

Our performance engagements assess the effectiveness, efficiency, economy and compliance of government agencies, programs and services. With our follow-the-dollar powers, we can audit non-government organisations that provide services under government contracts.

Our attest engagements involve auditing the financial reports and performance statements public sector agencies prepare and assessing if they fairly present their results in line with relevant standards and legislation.

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

Our role in Victoria's integrity system

We are a key part of Victoria's integrity system alongside the Independent Broad-based Anti-Corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria (IOV).

We protect the public interest by helping Parliament and the public to hold the government accountable.

We achieve this by:

- providing independent assurance that public funds are accounted for accurately and transparently, and government programs and services are being delivered effectively, efficiently, economically and in compliance with relevant laws
- supporting transparency and accountability. Our reports are tabled in Parliament and encourage scrutiny
- gaining system-wide insights. VAGO takes a whole-of-system view, identifying systemic issues and recommending improvements across sectors.

Our role is complementary to those of the other integrity agencies. VAGO does not investigate corruption or misconduct – that is the role of bodies like the Independent Broad-based Anti-Corruption Commission or the Victorian Ombudsman.

Instead, we complement them by:

- providing audit evidence that may highlight systemic risks or weaknesses
 - referring matters of concern (for example, potential fraud or corruption) to relevant integrity bodies
 - auditing the integrity bodies themselves, ensuring they are also accountable.
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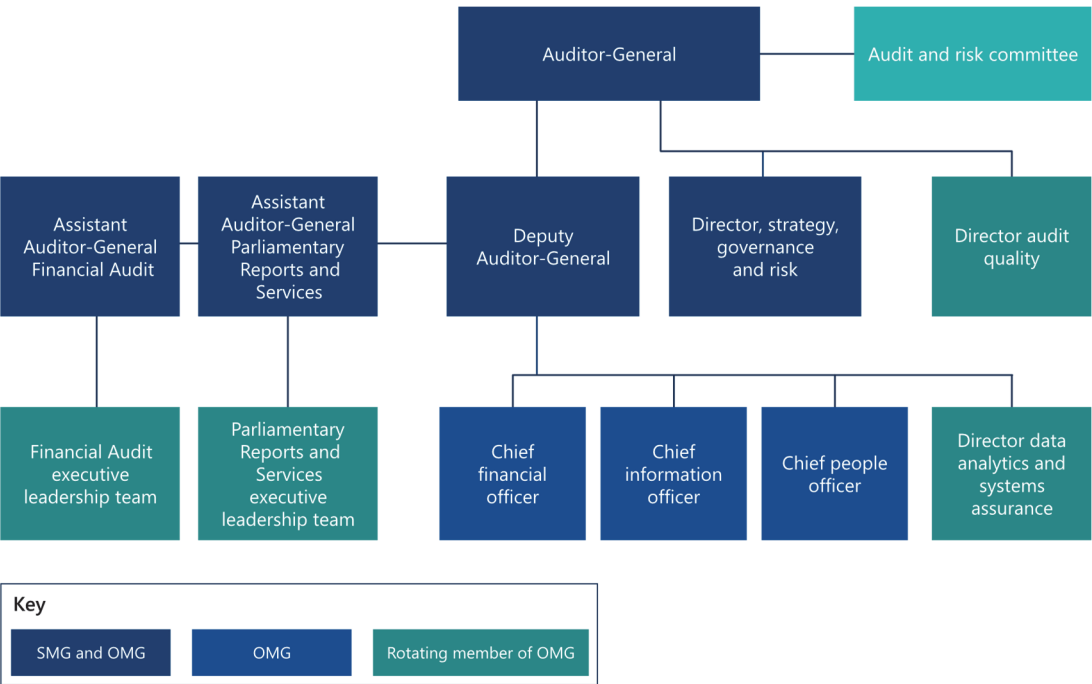
Our governance arrangements

Our governance arrangements promote effective and accountable strategic and operational oversight of our work.

Our structure Our office is structured across 4 business units:

- The Office of the Auditor-General, led by the Auditor-General, is responsible for overseeing and delivering audit quality, strategy, governance, risk and strategic communications.
- Corporate Services, led by the Deputy Auditor-General, is responsible for delivering finance, human resources, information technology (IT) services and data analytics and systems assurance.
- Financial Audit (FA), led by the Assistant Auditor-General Financial Audit, delivers our attest engagement program.
- Parliamentary Reports and Services (PRS), led by the Assistant Auditor-General Parliamentary Reports and Services, delivers our performance audit and assurance review program.

Figure 1: Our leadership structure



Source: VAGO.

Note: SMG stands for strategic management group, OMG stands for operational management group.

Governance groups and committees

Our strategic management group is responsible for setting and monitoring VAGO's strategy, overseeing good cultural governance and our performance from an outcomes and sustainability perspective and ensuring we have strong executive leadership.

Figure 2: Our strategic management group



Source: VAGO.

Our operational management group oversees and enhances the efficiency, effectiveness and integrity of our operations and is responsible for monitoring performance, managing risks, ensuring compliance with policies and regulations and driving continuous improvement in operational practices. The group oversees strategic workforce management, technology and infrastructure development and crisis response, while fostering a culture of accountability, innovation and collaboration.

Our audit and risk committee reports to the Auditor-General and independently reviews and assesses the effectiveness of our systems and controls for financial management, performance and sustainability and risk management.

Our workforce

On 30 June 2025, VAGO employed 209 people, comprising:

- 87 in FA
- 71 in PRS
- 51 in audit support, including:
 - 13 in the Office of the Auditor-General
 - 38 in Corporate Services.

Of our total workforce:

- 57 per cent identified as women (women made up 89 per cent of our part-time workers and 36 per cent of our executives)
- 2 per cent identified as a person with disability.

There is currently one staff member who has disclosed they are Aboriginal or Torres Strait Islander.

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

Our strategic plan







Our *Strategic Plan 2022–25* provided the roadmap for where VAGO was heading as an organisation and how we responded to challenges and opportunities.

Strategic Plan 2022–25 The *Strategic Plan 2022–25* encompassed and was supported by each audit and corporate division’s business plan and was built around our desired outcomes for:

- a more accountable and transparent public sector
- better public services
- an enriched experience for our people.

Under the *Strategic Plan 2022–25* we established 6 key strategic objectives and 10 strategies that underpinned our work during this 4-year period.

Figure 3: *Strategic Plan 2022–25* goals, objectives and strategies

VAGO						2022–25 Strategic Plan					
 Goal		1. A transparent and accountable public sector 		2. Better public services 		3. An enriched experience for our people 					
 Objective		1.1 Promote greater awareness and use of our work	1.2 Promote greater transparency	2.1 Make better use of our financial and non-financial data	2.2 Improve engagement and entity level reporting	3.1 Provide professional development and career growth	3.2 Enable our people				
 Strategy		1.1.1 Produce and share contemporary public products 1.1.2 Increase our direct community engagement	1.2.1 Provide stronger advocacy	2.1.1 Leverage our information	2.2.1 Implement NextGen sector reporting	3.1.1 Refine organisation and audit delivery models 3.1.2 Define and deliver a capability framework	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				

Source: VAGO.

During the period of the current strategic plan, we have undertaken more than 170 projects and a significant number of additional actions to support the implementation of the 6 strategic objectives that align to our primary goals. An assessment of our progress overall shows we achieved many of the things we set out to do but have some things left to complete. These have been considered in preparing our new strategic plan.

Figure 4: Strategic plan achievements 2022–25

Strategy	We will	Status
Our goal: A transparent and accountable public sector		
Produce and share contemporary public products	Continue to refine our parliamentary products and associated web content so they are more accessible and understandable	Achieved
Increase our direct community engagement	Extend and increase direct outreach to the public, emphasising citizen engagement with, and participation in, our work	In part
Provide stronger advocacy	Enhance financial and non-financial performance reporting through our direct participation and engagement with industry and professional bodies	Achieved
	Build on work already undertaken on our annual financial and non-financial dashboards	
Our goal: Better public services		
Leverage our information	Take a strategic perspective and consider the value we can extract from our growing perennial datasets to produce new insights into how public services, and their delivery systems and processes, can be improved	In part
Implement NextGen sector reporting	Re-evaluate the format and content of all information we provide to those charged with governance, both in our attest and direct engagements	In part
Our goal: An enriched experience for our people		
Refine organisation and audit delivery models	Reflect on our audit delivery models and organisational structures to determine whether and how these can be improved	In part
	Consider proper allocation of responsibility and authority over resources, audit design and implementation	
Define and deliver a capability framework	Continue our focus on a high-quality pipeline of talent	In part
	Refresh our suite of technical programs for both financial and performance engagements	
Clarify and embed Better Normal approaches to the workplace	Continue to adapt workspaces as we evolve and refine our ways of working post COVID	Achieved
Revisit and update audit quality management systems and the methodologies they support	Adopt the new quality management standards using the risk-based approach embedded within them	Achieved
	Integrate our strategic audit planning into planning for our performance engagements	
	Continue to streamline our financial and performance methods approaches	
Refine and update our audit solutions and toolsets	Replace our legacy audit toolsets with native cloud-based solutions that facilitate more efficient and effective audits and reviews	In part
Source: VAGO.		
We detail our progress against these objectives in this final year of operating under this plan in Chapter 5.		

The next 4 years

Our new *Strategic Plan 2025–29* covering the next 4-year period, building on and continuing work set out in our current plan, will remain focused on achieving more open and accountable government, a modern fit-for-purpose audit office, and a future-ready agile workforce. It is underpinned by 9 strategic objectives that sit under 3 pillars: influence, innovate and inspire.

The *Strategic Plan 2025–29* can be found on our website (audit.vic.gov.au).

Figure 5: Strategic plan pillars and objectives



Source: VAGO.

How we are accountable

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

How we stay accountable

We maintain our accountability through:

- oversight by the Public Accounts and Estimates Committee (PAEC), including consulting with it on our budget, annual plans, and audit specifications
- external audits by independent auditors PAEC selects. This includes annual audits of our financial and performance statements and a performance audit every 4 years, which examines and reports on the quality of our financial and performance reporting and resource management
- publishing our performance measures and targets in Budget Paper No. 3: Service Delivery (BP3) and our annual reports
- oversight by IOV, including providing an attestation every 6 months on how we have used our coercive powers
- monitoring and publishing gifts and benefits and the Auditor-General's expenses
- voluntarily publishing a transparency report.

PAEC

Throughout the year we engaged with PAEC on annual planning and topic selection. This relationship provided valuable feedback and insights on our forward audit program, including ideas about potential engagements.

2023–24 performance audit

MartinJenkins was appointed by PAEC to undertake a performance audit on us. Its report, tabled in Parliament on 30 July 2024, identified several strengths, including our:

- policies and processes for defining and ensuring independence
- contribution to an effective and efficient public service
- staff professionalism
- contemporary methodology, tools and techniques
- focus on quality and continuous improvement
- focus on staff wellbeing and development.

The report also made 19 recommendations to us to:

- resolve issues affecting people, culture and organisational development
- improve the efficiency and effectiveness of our performance audits
- improve the value and impact of our audits
- realise opportunities for improving our organisational efficiency and effectiveness.

Of the 19 recommendations, we ...

accepted:

- 10 in full
- 2 in part
- 7 in principle.

At 30 June 2025 we have ...

- completed 10 recommendations
- partially completed 8 recommendations
- subsumed one recommendation into an existing recommendation in progress.

See our website for a copy of the performance audit report. The next performance audit is scheduled for 2027–28.

2019–20 performance audit

Allen + Clark Consulting's report, tabled in Parliament by PAEC on 4 August 2020, concluded 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'.

Of the 31 recommendations, we ...

accepted:

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

At 30 June 2025 ...

- we have completed 27 recommendations
- 2 are in progress
- 2 are being addressed with recommendations from the 2023–24 performance audit (including a previous recommendation that had not originally been accepted).

did not accept one recommendation.

Oversight by IOV

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

We did not exercise our coercive powers in 2024–25 and IOV has advised it has not received any complaints in relation to VAGO during the past financial year.

System of quality management

As reported previously, in November 2023 we replaced our quality control framework with a new system of quality management to enhance the robustness of our approach to quality. This has served to embed audit quality in all aspects of our business and supports our ongoing desire for continuous improvement.

This year, the annual evaluation of the system was undertaken by our internal auditors. They found VAGO had established a comprehensive framework for managing audit quality, successfully incorporating governance structures and risk assessment processes that assist ongoing monitoring mechanisms supporting compliance with relevant professional standards.

They further noted the system of quality management provides a strong foundation to support audit quality, with clear leadership accountability, documented methodologies across key business areas, and established processes for engagement quality review and oversight.

An evaluation of our system of quality management as part of our *Transparency Report 2024* also provides reasonable assurance our objectives for the 2023–24 year were achieved.

You can learn more about our system of quality management and the results of our evaluations in our annual transparency report.

Transparency report

Our *Transparency Report 2024* is our fifth report in this series and outlines:

- our investment in audit quality
- our legal structure, governance and finances
- our system of quality management and how it aligns with the Australian Auditing Standards, relevant ethical requirements and applicable legal and regulatory requirements
- external reviews and audits of us.

The transparency report expands on and is an adjunct to our annual report. We produce it to help stakeholders understand how we support our auditors to undertake high-quality audits.

While we are not required to produce a transparency report, we choose to adopt the requirements of the *Corporations Act 2001* to the extent they are relevant and appropriate to us, exemplifying our desire to be fully transparent about our operations.

See our website for a copy of the *Transparency Report 2024*.

Monitoring and publishing our expenses

We publish information on our gifts, benefits and hospitality policy and register on our website as required by the *Standing Directions 2018* under the *Financial Management Act 1994*.

Our audit and risk committee monitor the Auditor-General's expenses. We also publish these expenses on our website for improved scrutiny and transparency. In 2024–25 this amounted to \$13,465.52 to support attendance at professional conferences, an increase of \$2,510.61 on the previous year due to flight costs.

2.

What we do and how we work

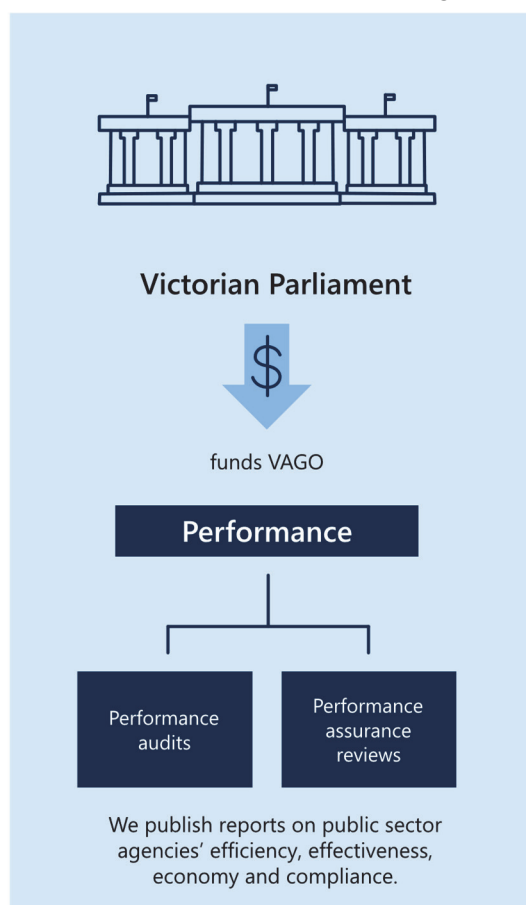
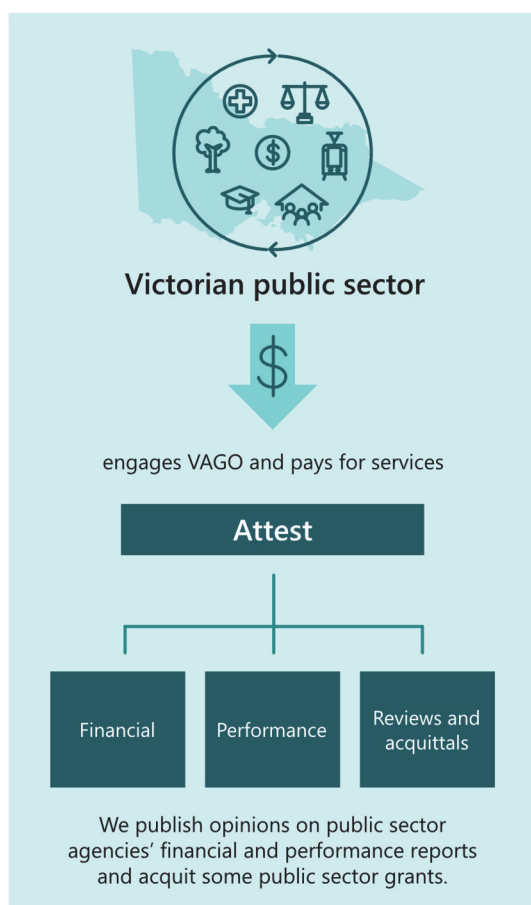
What we do

Our legislative function

Our legislated function is to undertake and report on reasonable and limited assurance engagements to determine if public sector bodies are complying with legislation while effectively, economically and efficiently achieving their objectives, providing their services and performing their activities.

Within this defined scope, we:

- undertake performance engagements (audits and reviews) of public sector entities – for and on behalf of Parliament – to assess if government agencies, programs and services are effectively meeting their performance objectives, using resources economically and efficiently, and complying with legislation.
- provide financial audit services, also referred to as our attest engagements, to help maintain accountability, transparency and effective financial administration within the Victorian public sector. Our audit opinions provide Parliament and the community with confidence that financial reports and performance statements are reliable for informed decision-making.



Our attest engagement program

The focus of our attest engagements As detailed in our *Annual Plan 2024–25*, our program of delivering attest services to public sector agencies is mandated under the *Audit Act 1994*. We:

- express an audit opinion on all state and local government entities' financial and, where relevant, performance statements
 - express a review opinion on Budget Paper No. 5: Statement of Finances, Chapter 1 – Estimated financial statements for the general government sector (otherwise known as the state Budget)
 - express an audit opinion on the Annual Financial Report of the State of Victoria (AFR)
 - review grant acquittal certificates.
-

Financial reports When we audit an entity's financial report, we assess if it fairly presents the entity's financial results in line with relevant standards and legislation.

In this way, we provide Parliament and others who rely on Victorian public sector financial reports with independent assurance that the information in those reports is reliable. This means they can use the reports with confidence.

We then provide an independent opinion on the financial report that confirms the reliability of the published financial information.

In this regard, we help keep the Victorian public sector transparent and accountable to Parliament and the community for its financial management.

Performance statements We also audit some entities' performance statements and provide an audit opinion on their reliability and completeness in the following sectors:

- local government
- technical and further education (TAFE)
- water.

Performance statements contain an entity's target and actual results against mandatory performance indicators. Entities establish these indicators through the relevant minister's direction.

Our assurance confirms the reliability of each entity's published performance information.

Review opinion of the state Budget Each year, the government prepares estimated financial statements as part of its budget as required by the *Financial Management Act 1994*. This is often referred to as the state Budget.

The purpose of these statements is to set out the projected financial results for the general government sector based on the government's stated and expected financial policies and assumptions.

Under the *Audit Act 1994*, we review the estimated financial statements to confirm they have been prepared consistently with relevant accounting policies, targets and policy strategies and objectives.

Our opinion is included in Chapter 1 of Budget Paper No. 5: Statement of Finances and is also published on our website.

The audit of the state's AFR The Auditor-General's audit opinion on the AFR is a significant piece of assurance we provide Parliament and the Victorian community.

The AFR consolidates over 271 state-controlled entities' financial results. While we audit and provide opinions on these entities' individual financial reports, we also audit and provide an opinion on the consolidated AFR.

Our opinion on the AFR provides assurance that the State of Victoria's published financial outcomes, and the general government sector within it, are reliable. This means users can confidently rely on the information to inform decisions.

Grant acquittals Some public sector entities are given grants to provide specific services to the community. Entities must use these funds appropriately and meet the terms and conditions of the grant agreement. Part of our work is understanding and testing the use of grants to provide confidence that public funds are used as agreed.

Results of audits reports to Parliament We must table, by 24 November each year, a report on our audit of the Annual Financial Report of State of Victoria.

We also table other results of audit reports which analyse local government, TAFEs and university sectors' financial outcomes and risks to their financial sustainability. We highlight common internal control and financial reporting issues and make recommendations for improvement. We aim to table these reports within 5 months of the relevant sector's financial year end.

We also produce a dashboard as a companion product to each report, including the Auditor-General's report on the AFR. These dashboards allow users to explore the individual financial outcomes of entities as well as gaining an overall sector perspective.

Our performance engagement program

What we assess Parliament also funds us to determine if public sector bodies are complying with legislation while effectively, economically and efficiently:

- achieving their objectives
- providing their services
- performing their activities.

Our follow-the-dollar powers We can use our follow-the-dollar powers during our performance engagements, which allow us to evaluate the way government funds are used by private entities, including:

- community sector and for-profit organisations contracted to provide government services
- government grant recipients.

What we choose to audit Each year we deliver around 20 performance engagements, dependent on a range of factors, including:

- the complexity and/or breadth of each proposed engagement
- ability of auditees to provide data and information in a timely way
- our internal resources.

We select engagement topics from a breadth of areas, including those suggested to us by members of Parliament (MPs) and members of the public, to inform an annual work program that delivers credible and authoritative reports that are relevant, timely and informative.

These topics are outlined in our annual plan, which sets the direction for the next 3 years.







Figure 6: Our strategic audit planning framework



Source: VAGO.

Level of assurance

The 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 audits 	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 

While a performance audit engagement gives the highest level of assurance, a limited assurance review (where we obtain a lower standard of evidence from agencies) can help us examine and report relatively quickly and cost effectively.

We generally use these limited assurance reviews to promote transparency and to consider issues of waste, probity and compliance. We can also use them to assess economy, efficiency and effectiveness. A limited assurance review often has a narrower scope and looks at:

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

We design our work program with MPs' information needs in mind considering the nature of an issue and required level of assurance.

3.

What we delivered

Services to the public sector

Our attest program for 2024–25

In 2024–25 we issued 540 audit opinions on financial reports prepared by 536 public sector agencies.

We also issued 110 audit opinions on the performance statements of local councils, water agencies and TAFEs, meeting our target, and 292 grant acquittals for local councils and departments.

Reports and services to Parliament

2024–25 parliamentary reporting program

Our reports to Parliament reflect the issues that we judge matter most to Victorians and parliamentarians – whether it is government services for vulnerable communities, adapting to climate change and managing growth, or the transparency and accountability of government.

During 2024–25 we tabled 5 fewer reports than planned, largely due to unanticipated staff turnover and unplanned leave.

As outlined in our *Annual Plan 2024–25*, we planned to deliver ...

26 reports in total to Parliament:

- 15 reasonable assurance reports
- 7 limited assurance review reports
- 3 results of financial audits reports

and we delivered ...

21 reports in total:

- 10 reports, of which:
- 6 reports were tabled as planned
 - 4 reports were carried over from 2023–24.
- 7 reports, of which:
- 6 reports were tabled as planned
 - one report was originally planned as an audit.
- 3 reports, of which:
- one report was tabled as planned
 - 2 reports were merged into one
 - one report was carried over from 2023–24.

the *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24*

one report as planned.

Reports still in progress

As of 30 June 2025, 9 reports to Parliament from previous annual plans were still in progress. Three of these, including *Financial Management of Local Councils*, which was carried over from 2023–24, are planned to be tabled prior to the tabling of this annual report.

Another engagement, Maintaining the condition of state-managed roads, originally due to be tabled in 2024–25, has been moved to our 2025–26 program.

Appendix A contains a detailed reconciliation of our 2024–25 parliamentary reports program.

Parliamentary reports snapshot

The focus of performance engagements

Our 2024–25 performance engagement reports covered a diverse range of topics highlighting governance issues and monitoring and reporting challenges. We also noted good practices, reporting on these to set a better example for others to follow.

Figure 7: Performance engagements tabled in 2024–25

Sector	Tabled reports
Whole of Government 	<i>Building a Capable and High-performing Public Service Workforce</i> (August 2024, report 2) <i>Quality of Victoria's Critical Data Assets</i> (May 2025, report 15) <i>Contractors and Consultants: Management</i> (June 2025, report 18) <i>Auditor-General's Report on the Annual Financial Report of the State of Victoria 2023–24</i> (November 2024, report 5) <i>Responses to Performance Engagement Recommendations: Annual Status Update 2024</i> (October 2024, report 4) <i>Fair Presentation of Service Delivery Performance 2024</i> (November 2024, report 6)
Local Government 	<i>Reporting on Local Government Performance: Follow-up</i> (February 2025, report 8) <i>Results of 2023–24 Audits: Local Government</i> (April 2025, report 13)
Environment and Planning 	<i>Protecting the Biosecurity of Agricultural Plant Species</i> (October 2024, report 3) <i>Recycling Resources from Waste</i> (April 2025, report 12) <i>Developing Fishermans Bend</i> (June 2025, report 21)
Health and Families 	<i>State Trustees' Financial Administration Services</i> (April 2025, report 11) <i>The Orange Door: Follow-up</i> (May 2025, report 16) <i>HealthShare Victoria Procurement</i> (June 2025, report 19)
Economy and Infrastructure 	<i>Major Projects Performance Reporting 2024</i> (February 2025, report 9) <i>Managing Disruptions Affecting Victoria's Public Transport Network</i> (March 2025, report 10) <i>Domestic Building Insurance</i> (May 2025, report 14)
Education and Justice 	<i>Staff Wellbeing in Fire Rescue Victoria</i> (November 2024, report 7) <i>Work-related Violence in Government Schools</i> (May 2025, report 17) <i>Results of 2024 Audits: TAFEs and Universities</i> (June 2025, report 20) <i>Results of 2023 Audits: Technical and Further Education Institutes</i> (July 2024, report 1)

Source: VAGO.

Whole of Government

Building a Capable and High-performing Public Service Workforce

A capable and high-performing workforce is essential to providing high-quality services, avoiding waste and maintaining public confidence in the Victorian public service. We found the Department of Families, Fairness and Housing, the Department of Transport and Planning and the Victorian Public Sector Commission have policies, plans, strategies and practices in place throughout the employee lifecycle to support capable and high-performing workforces. Most of their policies and supporting materials align to the guidance the Victorian Public Sector Commission gives all agencies.

These agencies have also established processes and practices that encourage managers to set clear job expectations and promote continuous learning and improvement. The Victorian Public Sector Commission does not have a systematic development or review process to ensure its guidance reflects better practice.

Quality of Victoria's Critical Data Assets

Data quality issues are a recurring theme in our audits. The government needs trusted, high-quality data to make decisions confidently, develop informed policy and deliver services well.

We found government agencies are not assuring the quality of their critical data assets in line with the *Data Quality Information Management Framework* standard:

- Most agencies do not have clearly defined approaches for identifying their critical data assets.
- Data management governance arrangements in place do not clearly focus on maintaining and improving critical data assets' quality.
- None of the agencies completed the required data quality management plan and data quality statement for each critical data asset.

Without a consistent approach to assuring critical data assets' quality, agencies risk giving advice and making decisions based on unreliable information.

Contractors and Consultants: Management

Government departments use contractors and consultants to help them achieve their priorities. But consistently outsourcing work that public servants have traditionally done can deskill the Victorian public service.

We conducted this audit to see if the Victorian public service gets value for money when it uses contractors and consultants. We examined all 10 departments and looked at 3 departments in more detail.

We found all departments' processes to procure and report on contractors and consultants comply with requirements. But, because they do not have to report how much they spend on contractors, there is a lack of transparency about how they use these public funds.

Auditor-General's Report on the Annual Financial Report of the State of Victoria 2023–24

This report shares outcomes of our audit on the state's financial report and our independent perspective on the state's financial outcomes and risks to fiscal sustainability.

We found the 2023–24 AFR is free from material error, and we issued an unmodified (clear) audit opinion on it.

However, the report also highlights several structural and emerging fiscal risks, including:

- rising interest costs and continued high levels of debt
- growing employee expenses, now a major portion of total operating costs
- inflationary pressures and intensified service demand
- limited capacity to generate new revenue, paired with cost overruns on infrastructure projects.

The report also outlines our continuing concerns over persistent weaknesses in control environments, especially related to IT controls and the quality of financial information submitted by material entities. Issues include delays, errors in classifications, and staff turnover impacting reporting reliability. We also observed that prior recommendations – especially around data quality and IT deficiencies – remain largely unresolved and are reiterated in this report.

We also made 4 recommendations this year:

- that the Department of Treasury and Finance (DTF):
 - develop and publicly report a long-term financial plan to anchor decisions and manage risks
 - enhance reporting on progress against savings and efficiency targets
 - that the Department of Premier and Cabinet conduct a post-implementation review of the 2022 machinery of government changes
 - that material entity chief financial officers (CFOs) strengthen quality assurance processes and ensure documentation and training for financial submissions.
-

*Responses to
Performance
Engagement
Recommendations:
Annual Status
Update 2024*

We conduct performance engagements to assess if Victorian public sector agencies and their programs and services are operating effectively, economically, efficiently and in compliance with relevant Acts.

Our performance engagements include findings and recommendations to agencies about how they can improve their performance, which agencies may accept in full, in part, in principle, or not at all, and provide a target date for completing them.

We tabled 87 reports between 1 July 2019 and 30 June 2024 that made 1,260 recommendations to 84 agencies, of which 96 per cent were accepted. Of the accepted recommendations, 991 (82 per cent) had been completed.

During this review we also found of the 1,207 accepted recommendations, only 216 (18 per cent) remain unresolved with progress made on all but 14 of the outstanding recommendations.

*Fair
Presentation of
Service Delivery
Performance
2024*

All government departments publish a performance statement each year. It is important departments fairly present information in performance statements so the Parliament and the community can easily understand their responsibilities and performance.

We assessed if DTF's performance statement helps users understand its service delivery responsibilities and performance.

In each of the last 3 years we have found much of the output performance information reported by departments is not relevant or reliable.

We continue to find systemic issues with the Resource Management Framework's requirements and how departments apply them. This means Parliament and the community cannot:

- properly assess performance
- fully hold government to account for its performance.

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

- understand what services the department provides
 - meaningfully assess the department's performance in providing these services
 - accurately and reliably assess performance results.
-

Local Government

Reporting on Local Government Performance: Follow-up

Effective performance reporting is essential for councils to stay accountable to their communities and improve services. Our 2019 audit reviewed how effectively councils used the Local Government Performance Reporting Framework to report performance and improve services. We examined Local Government Victoria (LGV) and 5 councils.

This report assesses LGV and councils' progress in implementing their agreed actions in response to our 2019 recommendations. We found that LGV and audited councils have made significant progress in implementing their agreed actions.

LGV completed 4 of its 5 agreed actions. Of the 5 audited councils, 3 have completed their agreed actions. No council set targets for all the Framework's performance indicators, so their agreed actions only partially address that recommendation. Only LGV and 2 councils set target dates for their agreed actions.

Result of 2023– 24 Audits: Local Government

The Victorian local government sector consists of 104 agencies, including 79 councils. Each council prepares a financial report and a performance statement, both of which we audit.

The local government sector generated a lower surplus in 2023–24 because councils did not receive any financial assistance grants in advance. Expenses increased by 4.4 per cent while revenue and income decreased by 2.4 per cent. Cash reserves declined but are still sufficient to meet short-term obligations. Assets grew due to revaluations and higher capital works, but the sector continues to underspend.

This report found councils' financial reports and performance statements are reliable and we issued clear audit opinions on all financial reports and performance statements finalised for the 2023–24 financial year. Nonetheless, some councils can strengthen their reporting processes and improve the timeliness of their reporting. We made 7 recommendations in this report suggesting ways to support this goal.

Environment and Planning

Protecting the Biosecurity of Agricultural Plant Species

If plant pests or diseases enter Victoria, this can damage Victoria's agriculture industry, economy and environment, and Victorian producers could lose access to domestic and international markets. We examined if Agriculture Victoria effectively prepares for, prevents, manages and responds to plant pests and diseases in Victoria.

We found it is mostly effective at doing this, but it is not meeting all its surveillance and compliance targets and could improve how it documents its risk-based rationale to prioritise prevention activities. Capability gaps also mean Agriculture Victoria may not have enough trained and technical staff to respond to future plant pest emergencies.

Recycling Resources from Waste

Victoria produces over 14 million tonnes of waste each year. We examined if Victoria is on track to meet the 3 recycling and waste diversion targets in the government's circular economy policy and action plan, *Recycling Victoria: A new economy*.

We found the Department of Energy, Environment and Climate Action and other responsible agencies have built Victoria's capacity to recover and reprocess waste. However, they are only on track to deliver one of the 3 recycling targets:

- They are on track for every Victorian household to have access to a food organics and garden organics waste service by 2030.
- They are not on track to divert 80 per cent of waste going to landfill by 2030.
- It is not clear if they are on track to halve the amount of organic material that goes to landfill.

The department needs to collect better data about waste flows, especially the types of waste in landfill, to measure its progress more accurately and make its future projections more reliable.

**Developing
Fishermans Bend**

The Fishermans Bend precinct is Australia's largest urban renewal project. In 2018, the Victorian Government released the *Fishermans Bend Framework* to guide its transformation to 2050.

We found public agencies are not on track to deliver all projects and outcomes outlined in the framework as originally intended. While short-term projects have been delivered, many medium and long-term projects are deferred or delayed.

While some of the key planning documents that were meant to be completed in 2019 have been developed, many are undrafted or still to be finalised. Public reporting about progress is limited. Work has begun to develop an evaluation methodology for monitoring progress against the framework. The framework's delivery has been extended by at least 5 years to 2055.

Health and Families

**State Trustees'
Financial
Administration
Services**

Victorians who cannot manage their own money due to disability, dementia or mental illness rely on State Trustees if they have no-one else. We found that State Trustees' financial administration services do support the rights and interests of its clients.

State Trustees has updated its procedures and operations since the changes to the Guardianship and Administration Act came into effect in 2020. These changes require State Trustees to find out its clients' will and preferences and follow them as far as possible, unless there is a risk of serious harm. Following a funding boost in 2022 it also visited more clients and strengthened its complaints processes. However, it is not always clear to us how State Trustees' reasons for declining clients' requests for extra money match the Act's requirements.

**The Orange
Door: Follow-up**

Family violence remains a significant issue in Victoria. In a 2020 audit we examined if support and safety hubs, now known as The Orange Door, and operating nationwide, provided effective and efficient support for families and those affected by family violence.

In this follow-up review, we examined if the Department of Families, Fairness and Housing has implemented the action plan it developed in response to our 2020 report.

We found the department has fully completed 4 of its 9 actions and partially completed 5. It still has outstanding work, including to:

- deliver its full-service model, including after-hours services and integration with related service systems
 - update and develop key documents
 - roll out a statewide tool for child wellbeing and risk assessments
 - finish reviewing governance arrangements.
-

**HealthShare
Victoria
Procurement**

HealthShare Victoria is an independent statutory authority that manages procurement and logistics for Victoria's public health system. It negotiates collective agreements that health services must use where relevant.

We found HealthShare Victoria cannot show that its collective agreements deliver measurable cost savings and benefits to health services. While HealthShare Victoria reports estimated savings, it does not track or validate if they are achieved. HealthShare Victoria's approach to benchmarking the price of goods and services in its collective agreements has significant gaps. It does not have a formal process for assessing how competitive its collective agreements are. While there is a

compliance framework to make sure health services use collective agreements, there are gaps in how spending is managed outside of these agreements. HealthShare Victoria has begun work to address this.

Economy and Infrastructure

Major Projects Performance Reporting 2024

Major projects are specialised and complex. Changes to a project's cost, time and scope can impact originally intended project benefits.

We found public entities in scope do not consistently and transparently report major projects' performance information in a way that is useful to the Parliament or the public.

Internal analysis by both entities and DTF is often high quality and meaningful, but it is not typically publicly reported. Entities also are not systematically assessing the impact of material changes to a project's originally approved parameters, and their project benefits measurement systems are often immature, with unclear roles and responsibilities. These weaknesses can be addressed through strengthened guidance from DTF.

Managing Disruptions Affecting Victoria's Public Transport Network

An estimated 1 million people use Victoria's public transport network every day to get to school, work, healthcare and to connect with their community.

We found transport bodies and public transport operators have a sound framework for managing unplanned disruptions and emergencies. But there are some inconsistencies for the Department of Transport and Planning.

While operators have effectively responded to unplanned disruptions and emergencies, the Department of Transport and Planning has not always provided support in line with its obligations. Despite a steady increase in planned disruptions during the audit period, the Department of Transport and Planning, the Victorian Infrastructure Delivery Authority and public transport operators minimised the impact on passengers through effective scheduling and management.

Domestic Building Insurance

Domestic building insurance compensates homeowners for losses relating to incomplete or defective domestic building work. We did this review to examine how well domestic building insurance is being managed to protect homeowners.

We found the way domestic building insurance arrangements are managed has improved, but there are still gaps. The Victorian Managed Insurance Authority has policies to manage its domestic building insurance effectively, but it could be more transparent with homeowners about its claims processes and timelines and how it reaches its claims decisions. Not having key performance indicators for the claims process limits its ability to track and improve its performance.

The Victorian Building Authority does not make sure building surveyors have verified if a valid domestic building insurance policy is in place before it issues a building permit number to them.

Education and Justice

Staff Wellbeing in Fire Rescue Victoria

Every workplace is responsible for protecting, promoting and supporting its workers' mental health and wellbeing. Emergency services organisations, such as Fire Rescue Victoria (FRV), have a heightened responsibility to support staff who are regularly exposed to or impacted by fires, medical emergencies and rescue situations.

We found FRV is supporting its staff to maintain their mental health. But it has gaps to address, including in how it identifies, monitors and manages mental health and wellbeing risks.

Work-related Violence in Government Schools

School staff have a right to be safe at work. Work-related violence resulting from student behaviour ranges from verbal abuse to physical assaults.

We found the Department of Education takes reasonable steps to provide a safe work environment, but it does not record or report incident numbers completely. This means it does not have a clear overall picture of work-related violence resulting from student behaviour. The department does not:

- comprehensively review its policies to manage work-related violence incidents
- systematically collect lessons learned from how it responds to incidents.

These gaps limit the department's ability to take reasonable steps to maintain a workplace that is safe from work-related violence resulting from student behaviour.

Results of 2023 Audits: Technical and Further Education Institutes

This report, tabled on 31 July 2024, presents the results of our 2023 financial audits, shares our independent insights on the sector's financial outcomes and highlights common issues.

We issued clear audit opinions for all TAFE financial reports and TAFE performance statements, consistent with the previous year.

The TAFE sector generated a net surplus largely due to one-off government grants. However, spending is increasing for some, faster than their revenue growth. If the declining net deficit trend continues for these TAFEs, without effective management of expenditure or own-source revenue growth, their long-term financial sustainability is at risk.

This report was tabled late due to extended audit work across the education sector's 31 December 2023 year end.

Results of 2024 Audits: TAFEs and Universities

This report presents the results of our 2024 financial audits, shares our independent insights on the sectors' financial outcomes and highlights common issues. This report also combined both sectors, TAFE and university, into a single hybrid report for the first time.

We issued clear audit opinions for all TAFE and university financial reports and TAFE performance statements. Both sectors produced good-quality reports and met legislated reporting timelines.

The TAFE sector generated a net surplus largely because of one-off grants. Its revenue grew from training and own-source revenue, and it managed costs. TAFEs met their short-term financial obligations, but emerging financial pressures exist.

The university sector delivered improved financial results from strong investment returns and higher domestic student enrolment. Most universities ended 2024 with strong balance sheets. But to remain financially resilient, they need to plan for potential government policy changes.

Our work and parliamentary committees

Parliamentary committees

The Parliament of Victoria has 2 houses:

- the Legislative Assembly, which has 88 members and 88 districts (one member per district)
- the Legislative Council, which has 40 members and 8 regions (5 members per region).

There are different parliamentary committees, including:

- legislative council committees
- legislative assembly committees
- joint committees, which are formed by members from both houses.

Some of our performance audits received attention from these committees in 2024–25. These are discussed below.

Inquiry into fraud and corruption control in local government: a follow up of two Auditor-General reports

On 11 November 2024, PAEC resolved to conduct a follow-up inquiry into the Victorian Auditor-General's reports number 40: *Fraud and Corruption Control—Local Government*, tabled on 19 June 2019, and number 316: *Fraud Control Over Local Government Grants* tabled on 11 May 2022.

After seeking submissions, the committee held an initial day-long public hearing at the end of March 2025 where the actions taken by Victorian integrity and government agencies to address the issues raised in the findings and recommendations of the 2 audits were among matters examined. Staff from the Auditor-General's office appeared as witnesses.

A number of local councils from across metropolitan and regional Victoria also appeared before PAEC, which plans to table its report no later than 20 November 2025.

Inquiry into local government funding and services

The Legislative Council Economy and Infrastructure Committee tabled its final report on 28 November 2024.

The wide-ranging probe, announced in May 2023, considered cost-shifting from state and federal governments, rate capping and the sustainability of current revenue structures, and the strain rapid population growth is putting on budgets and asset management, specifically in the outer suburbs.

It concluded rising costs of infrastructure and service delivery are outpacing grant funding, forcing councils to reduce or eliminate services. The report urges reviews of the rating system and rate cap formula, streamlined applications for higher rate caps, growth and climate resilience funds for struggling councils, more untied funding, and programs supporting asset renewal and maintenance.

The committee found the Auditor-General's annual report on local government financial position forms a valuable baseline for local government viability and cited both the 2022–23 report and the associated dashboard. Reference was also made to our 2014 report *Shared Services in Local Government*.

*Inquiry into the
2026
Commonwealth
Games bid*

In August 2023, the Victorian Legislative Council directed a select committee of 9 members be appointed to inquire into, consider and report on the 2026 Commonwealth Games and the progress of the regional infrastructure build. The final report was tabled on 1 April 2025.

The committee drew on the Auditor-General's audit, *Withdrawal from 2026 Commonwealth Games*, which was tabled on 20 March 2024, to inform its recommendations. It suggested the Auditor-General's findings align with the issues it observed in the Commonwealth Games bid, particularly regarding:

- early-stage feasibility
- business case development
- cost estimation
- governance arrangements.

The committee aligned its recommendations with issues raised in the Auditor-General's report, particularly in calling for:

- stronger central oversight
 - improved risk management frameworks
 - enhanced transparency in project decision-making.
-

4.

Delivering services efficiently and for influence

We delivered

17

performance
engagement reports

10

reasonable
assurance audits



\$681,200
average cost



12.0 months
average duration

7

limited assurance
reviews



\$430,100
average cost



7.6 months
average duration

4

financial audit
reports

3

results of
financial audits



\$275,000
average cost



6.6 months
average duration

1

report on the Annual
Financial Report of the
State of Victoria



\$395,500
average cost



4.8 months
duration

We issued

540

audit opinions on
financial statements



\$62,000
average cost



110

opinions on performance
statements



\$5,600
average cost



292

grant acquittals



Opinions

98.5%

issued within statutory deadlines



Management letters

96.5%

issued within agreed timeframes



Cost of audits

Importance of the cost of audits

Measuring the cost of producing an audit is a valuable performance measure because it provides insight into the efficiency of resource management of our audit processes. It also enables benchmarking over time and across similar audits, supporting our efforts to identify opportunities for improved productivity without compromising audit quality.

Our financial audit costs

Under the *Audit Act 1994*, we are required to recover all reasonable expenses associated with conducting our attest audits. The average cost of audit opinions represents the typical audit fee we charge our clients.

The current mechanism for setting this target each year, which establishes the increase in our annual targets, is based on an indexation percentage. Our actual costs have, however, continued to increase above the set indexation over time and we have been seeking an increase to our target to more accurately reflect expected costs for several years.

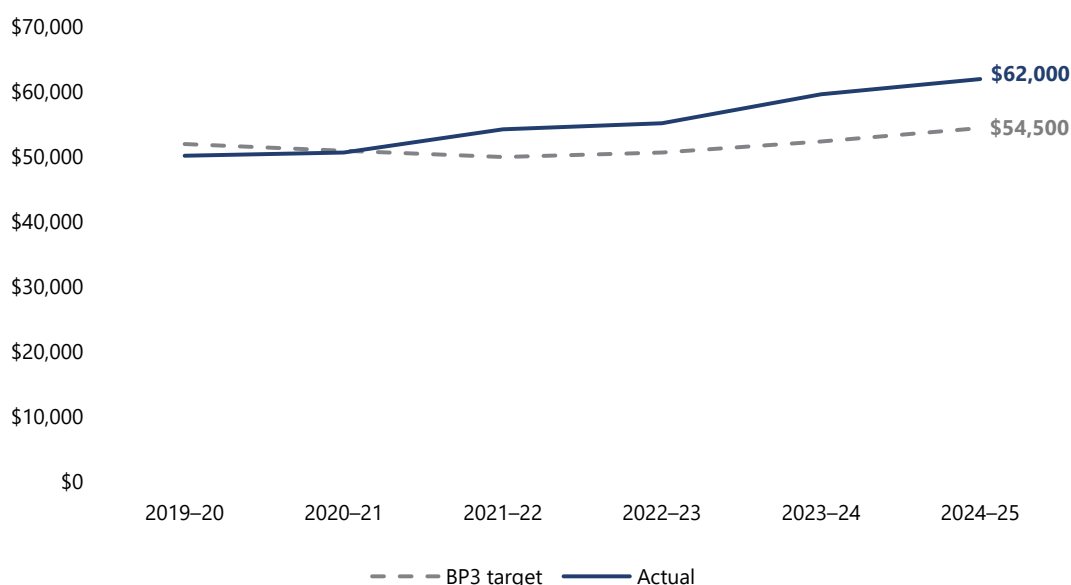
In 2024–25 the average cost per financial report audit opinion was \$62,000. This includes the cost of auditing the state, university and local government sectors. While this is 13.8 per cent above our target of \$54,500, it remains consistent with our results for the past 6 years, reflecting the impact of the disparity in our actual costs versus the targeted costs required of us by the budget process.

The Minister for Finance has approved a rebase for 2025–26 to a more realistic target of \$64,500, which better aligns with the average audit fee we charge our clients.

The rise in average audit fee in the 2024–25 year 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 per cent in line with the Australian Bureau of Statistics wage price index.

Figure 8: Financial audit costs



Source: VAGO.

Benchmarking financial audit costs

VAGO is affiliated with the Australasian Council of Auditors-General (ACAG), an organisation established more than 60 years ago to support the sharing of information and intelligence between audit offices across Australasia.

We evaluate our performance against the national average of other state and territory audit offices. In 2024–25, when benchmarked with our peers our average cost compared favourably to the ACAG average.

Figure 9: VAGO opinion types compared to ACAG averages

Opinion type	2023–24			2024–25		
	VAGO	ACAG		VAGO	ACAG	
State/territory government opinions	\$77,885	\$129,386	✓	\$80,598	\$120,086	✓
Local government opinions	\$77,642	\$80,735	✓	\$78,573	\$88,791	✓

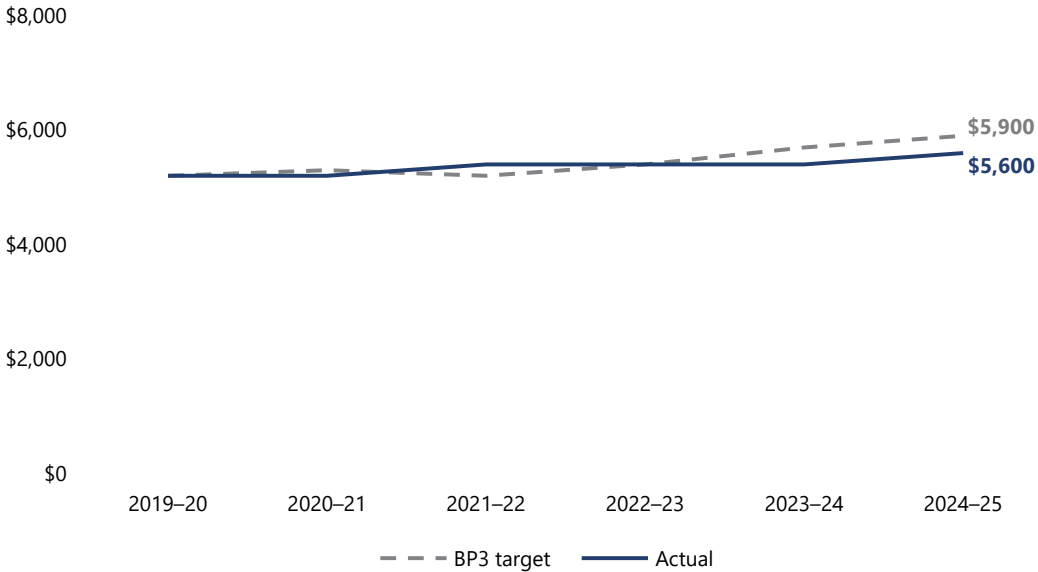
Note: ACAG averages are calculated by dividing the number of opinions issued into the actual costs for a financial year. Our BP3 target in Figure 16 is the average of the actual lifecycle costs for an audit, noting that a financial audit typically spans 2 financial years. Both are useful measures.

Source: VAGO.

Average cost of audit opinions issued on performance statements

In 2024–25 the average cost for audit opinions issued on performance statements was \$5,600. This is below our target of \$5,900 and consistent with our results of the last 5 years.

Figure 10: Average cost of opinions on performance statements

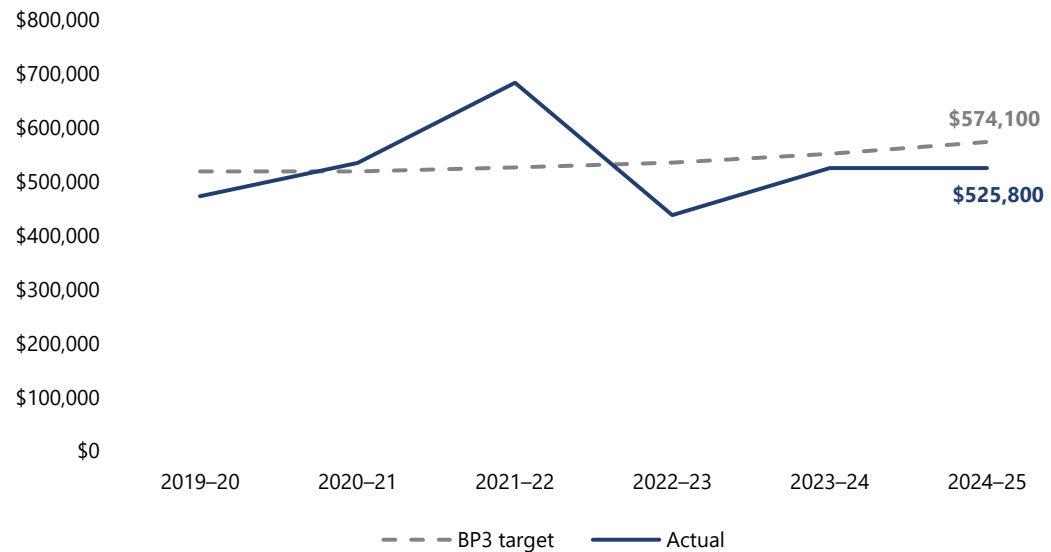


Source: VAGO.

Our parliamentary reporting costs

In 2024–25 the average cost of the 21 parliamentary reports we tabled was \$525,800. This is 8.4 per cent below our target of \$574,100, due largely to the proportionally higher number of lower-average-cost limited assurance reviews tabled this year. It is also below the long-run average cost of \$530,000 over the past 6 years.

Figure 11: Parliamentary report costs



Note: Average cost varies for different types of engagement.
Source: VAGO.

Figure 12: Cost of different types of parliamentary reports in 2024-25

Type of report	Number tabled	Lowest cost	Highest cost	Average cost
Performance audit*	10	\$535,000	\$885,000	\$681,200
Performance review**	7	\$219,502	\$915,000	\$430,100
Results of audits	3	\$190,000	\$365,000	\$275,000
<i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023-24</i>	1	-	-	\$395,000
Overall result	21			\$525,800

Note: *Reasonable assurance audit **Limited assurance review.
Source: VAGO.

Timeliness of our audits

Importance of timeliness in auditing

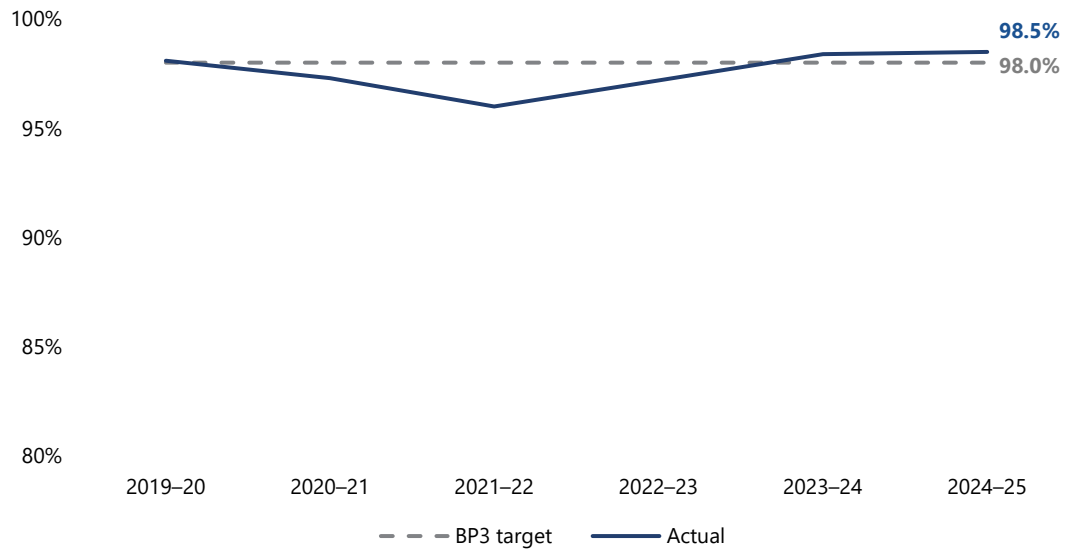
Legislation, such as the *Financial Management Act 1994* and the *Local Government Act 2020*, requires public sector agencies to prepare financial reports and performance statements within set timelines. The *Audit Act 1994* sets the statutory deadlines for auditing these reports and issuing our audit opinion.

Measuring the time taken to produce a parliamentary report is an important performance measure because it reflects how effectively we deliver value to stakeholders when it matters most. Timely audits ensure findings and recommendations are relevant and can inform decision-making while issues are still current.

Timeliness of issuing our audit opinions

In 2024-25 we issued 98.5 per cent of audit opinions within the statutory deadline, exceeding our target to deliver 98 per cent of opinions within the deadline. This is a further improvement on 2023-24 when we issued 98.4 per cent of audit opinions within the statutory deadline.

Figure 13: Percentage of audit opinions issued within the statutory deadline from 2019–20 to 2024–25



Source: VAGO.

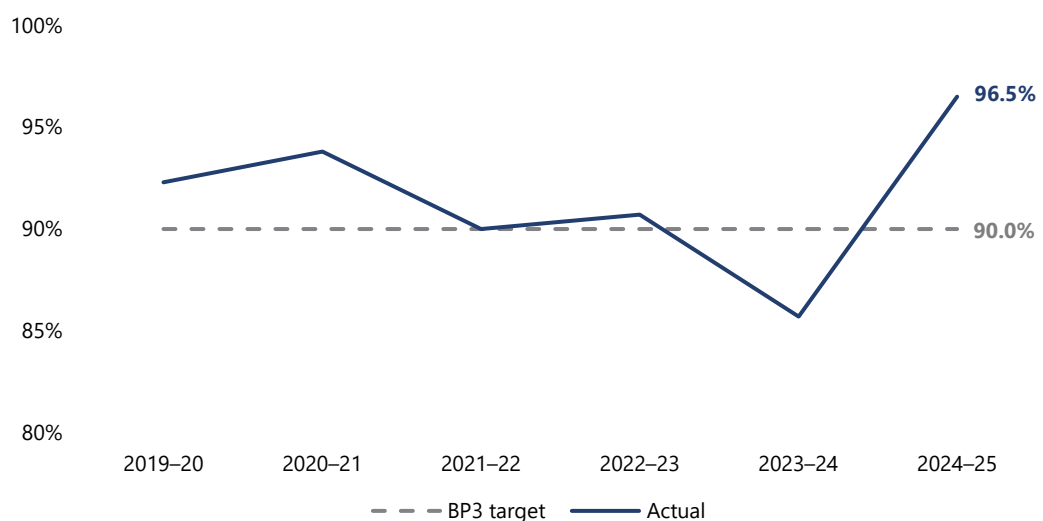
Timeliness of management letters

Part of our financial audit process is to send management letters to agencies highlighting internal control weaknesses and financial reporting matters we identify during our audits with recommendations on how to resolve them. Agencies respond to these letters with their intended actions.

In 2024–25 we issued 96.5 per cent of management letters within agreed timelines, exceeding our target of 90 per cent. This is a significant improvement in the timeliness of final management letters in 2023–24 when we issued 85.8 per cent of management letters in the agreed timelines and did not reach our target.

The improvement in this year's results reflects our strong focus on getting back on track to meet our audit deliverable timelines, given the post-pandemic impacts have largely been resolved.

Figure 14: Percentage of management letters issued within established timeframes from 2019–20 to 2024–25



Source: VAGO.

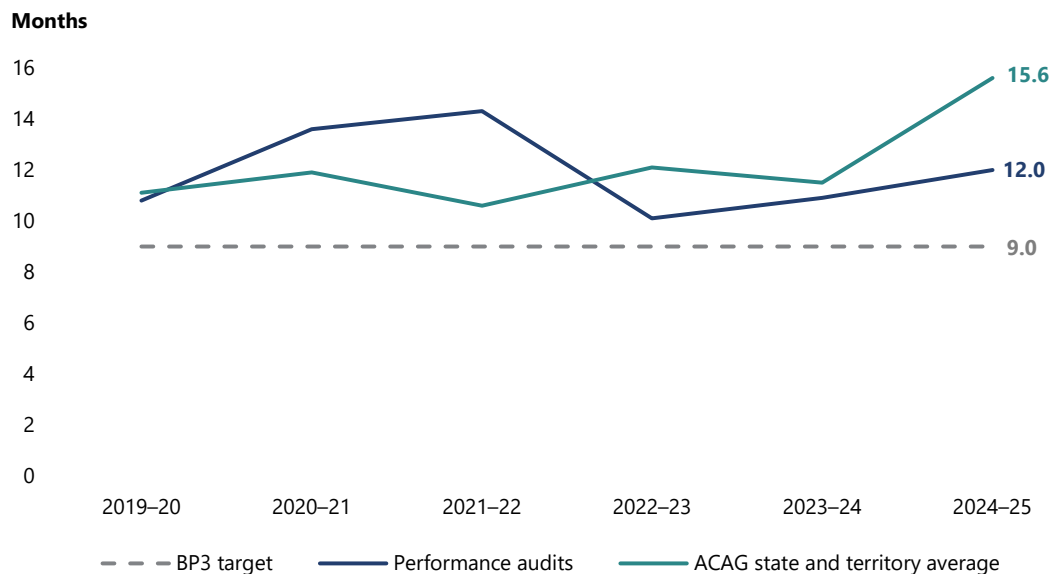
Time taken to complete a performance engagement

We undertake 2 types of performance engagements: performance audits and performance reviews. Reviews provide limited assurance and are typically delivered in less time than an audit, which provides reasonable assurance, which is a higher standard.

It took an average of 10.2 months (10 months in 2023–24) to produce all our performance engagements, which is above our target of 9 months. This includes:

- average duration to produce performance audit parliamentary reports: 12.0 months (10.9 months in 2023–24)
- average duration to produce assurance review parliamentary reports: 7.6 months (6.4 months in 2023–24).

Figure 15: Time taken for performance engagement reports



Note: As with average cost, average duration also varies for different types of engagement.
Source: VAGO.

Five audits were carried over from 2023–24 largely due to unanticipated staff turnover and unplanned leave. For these audits, we also gave auditees additional time to review the report or provide additional data to ensure fair and accurate reporting. We also deferred tabling one audit to enable one department to finalise a related statutory process.

Four of these 5 audits were tabled in 2024–25, the remaining audit will be tabled in 2025–26. This increased the average duration to produce performance audit parliamentary reports compared to our target for the year.

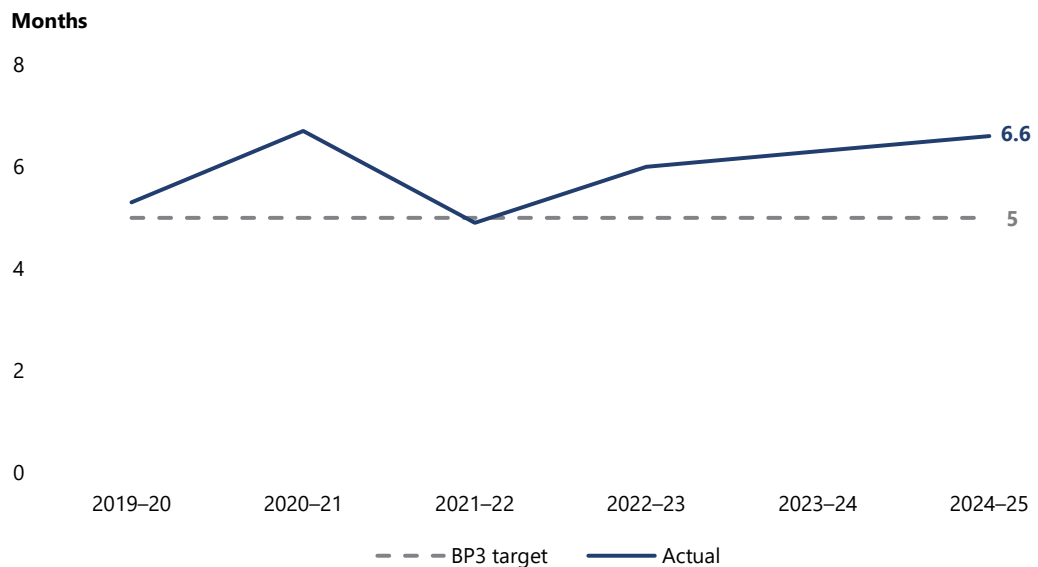
If we exclude these 4 reports and focus on those we started in 2024–25, the average duration for performance engagements tabled during the year was 8.6 months (9.7 months for audits and 7.6 months for assurance reviews). This significant improvement reflects the changes we made to our methodology and our planning processes over the past 18 months.

Following the finalisation of our review into our methodology and planning, and in response to matters raised in a review of PRS culture during the year, we initiated a '*PRS Sustainable Delivery Review*' in March 2025. This will consider the resourcing, workload and process for performance audits and reviews. We expect this will help us streamline our processes with the potential to further improve our timeliness.

Average time taken to produce financial audit parliamentary reports

The average time taken to produce financial audit parliamentary reports after the relevant financial year end balance date was 6.6 months (6.3 months in 2023–24) missing our target of 5 months.

Figure 16: The average time to produce financial audit parliamentary reports after the balance date



Source: VAGO.

We tabled the *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24* within 4.8 months, ahead of our target. This is the only report we are required to present to Parliament under section 57(1) of the *Audit Act 1994*. Its timely completion was made possible by the financial reporting timelines set by DTF, which requires the significant entities we audit to finalise their financial reports within defined timeframes. These timelines enable the efficient conduct of audits for both the individual entities and the AFR. In addition to this, substantial audit effort by our internal audit teams and audit service providers is essential to meet the reporting deadline.

Three reports missed their target dates:

- *Results of 2023–24 Audits: Local Government* took 9.1 months to complete, primarily due to a delayed start caused by late financial reporting across the sector. Of the 79 councils, 48 submitted draft financial and performance statements to audit after the agreed deadlines. As a result, only 27 had received audit opinions by 30 September, increasing to 51 per cent by 31 October 2024. One council remained outstanding on 31 March 2025. This delay meant report production, which is contingent on analysis and drafting following the completion of audits, could not start until late October to early November 2025. The extended timeline impacted staff availability, slowing report completion.
- *Results of 2023 Audits: Technical and Further Education Institutes*. This report was tabled on the 31 July 2024, 2 months after the target date. This was due to extended audit work across the education sector's 31 December 2023 year-end. The TAFE and university audit teams prioritised completing these audits first, as parliamentary reporting can only proceed once audits are finalised.
- *Results of 2024 Audits: TAFEs and Universities*. Following a decision to combine both sectors into a single hybrid report for the first time for the 31 December year-end, our *Results of 2024 Audits: TAFEs and Universities* report was delayed ensuring content was appropriately integrated and the report was clear and consistent. Although delivery took slightly longer, the delay was less than a month.

Outlook

Changes to our performance measures

As we concluded in our report *Fair Presentation of Service Delivery Performance: 2024*, tabled on 27 November 2024, and consistent with our previous reviews on this topic, we have found much of the output performance information reported by Victorian Government entities is not relevant or reliable.

We were successful this year in requesting changes to our own performance measures for next year onwards. These changes increase transparency by separately disclosing measures for each service line we provide and that improve accountability for our outputs by consistently calculating comparable measures for each service line. We also removed measures which we report publicly elsewhere such as in our transparency report. These changes are outlined in detail below.

Cost and timeliness by parliamentary report type

In 2025–26 we will report on disaggregated cost and timeliness measures for our parliamentary reports program in our performance statement. These changes reflect the differing scopes and resource requirements for the 3 different types of reports.

The overall average cost of parliamentary reports will be discontinued and replaced with separate average appropriation applied measures for 3 types of performance engagement parliamentary reports:

- for performance audit engagements, the target will be \$650,000
- for performance assurance reviews, the target will be \$300,000
- for financial audit reports, the target will be \$275,000.

Similarly, the average duration to produce performance engagement reports will be replaced by 2 separate measures:

- for performance audit engagements, the target will be 10 months or less
- for performance assurance reviews, the target will be 7 months or less.

The financial audit report timeliness measure remains unchanged at 5 months or less.

Quality measures by parliamentary report type

In line with the changes to the timeliness and cost measures outlined above, 3 new measures will report the percentage of recommendations accepted and subsequently implemented by audited agencies for each type of performance engagement, improving accountability and transparency without changing target levels. All will have a target of 80 per cent.

Increased total output cost target

The total output cost target for our reports to parliament in 2025–26 will increase to \$20.8 million (up from \$20.1 million in 2024–25). This reflects indexation based on the wage price index, as it has in previous years.

Changes to BP3
measures for
parliamentary
reports at a
glance

Figure 17: Changes to VAGO's performance measures (BP3 targets) for 2025–26 reports to Parliament

Current measure	Current target	New measure	2025–26 target	Rationale
Average cost of parliamentary reports	\$574,100	Replaced with 3 measures: <ul style="list-style-type: none"> • Average appropriation applied for performance audit engagement parliamentary reports • Average appropriation applied for performance assurance review parliamentary reports • Average appropriation applied for financial audit parliamentary reports 	Replaced with 3 new targets: <ul style="list-style-type: none"> • \$650,000 for performance audit engagement parliamentary reports • \$300,000 for performance assurance review parliamentary reports • \$275,000 for financial audit parliamentary reports 	Disaggregated cost measures for our parliamentary reports program reflect the differing scopes and resource requirements for the 3 different types of reports.
Average time to produce performance audit parliamentary reports	≤9 months	Replaced with 2 measures: <ul style="list-style-type: none"> • Average duration taken to produce performance audit engagement parliamentary reports • Average duration taken to produce performance assurance review parliamentary reports 	Replaced with 2 targets: <ul style="list-style-type: none"> • ≤10 months for performance audit reports • ≤7 months for performance assurance review reports 	As with cost measures, timeliness also reflects the differing scopes and resources requirements for the different types of reports.

Percentage of performance audit recommendations accepted, which are reported as implemented by audited agencies		Replaced with 3 measures: <ul style="list-style-type: none"> Percentage of performance audit engagement recommendations accepted which are reported as implemented by audited agencies Percentage of performance assurance review recommendations accepted which are reported as implemented by audited agencies Percentage of financial audit recommendations accepted which are reported as implemented by audited agencies 	All 3 have the same target: 80%	Improving accountability and transparency.
Total cost (\$ million)	\$20.1	No change to the measure	\$20.8	Increased target reflects indexation of the 2024–25 target, based on Australian Bureau of Statistics wage price index for the private sector, in line with prior years.

Source: VAGO.

Fees for financial audits

The 'average cost of audit opinions issued on the performance statements of agencies' will be renamed 'average fee of audit opinions issued on the performance statements of agencies', and the target will increase to \$6,100 (from \$5,900 in 2024–25).

Similarly, 'average cost of audit opinions issued on the financial statements of agencies' will be renamed to 'average fee of audit opinions issued on the financial statements of agencies', and the target will increase to \$64,500 (up from \$54,500 in 2024–25).

The revised 2025–26 targets reflect the requirement under section 13 of the *Audit Act 1994* that we recover all reasonable expenses associated with conducting financial statement audits, noting our costs have increased substantially due to labour market conditions and substantial increases in the price we pay our audit service providers, who we engage under open tenders.

Increased costs are also being driven by the increased time and specialist and senior expertise required for audits due to the increasing complexity of agency operations, and more contentious auditing and accounting issues related to accounting for major projects, mergers, machinery of government changes, and to more material transactions with complex structures.

Quality measures for our attest program

The measure of external and peer reviews identifying no material departures from professional and regulatory standards will be discontinued, as it is a process quality measure rather than an output quality measure.

While it remains relevant to our work program, the auditing standard *ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* (ASQM 1) requires us to conduct an annual evaluation of our quality management system, and we already publicly report on this. This is done through our transparency report which is available on our website and includes results from our engagement quality inspection program.

Total output cost for our attest program

The target for total output cost for our attest program 2025–26 will also increase to \$40.9 million (up from \$31.0 million in 2024–25), reflecting a change in the measurement basis of this target, reflecting our budgeted total output costs to break even.

This target has historically been escalated based on indexation in accordance with DTF guidance. As our actual results over time demonstrate, this target needed to be remeasured to reflect our expected cost in delivering our attest audit services.

The increase in total output cost for delivering audit opinions on financial and performance statements has also been driven by our investment in transformational projects aimed at adapting to the evolving financial auditing profession. This includes enhancing our data analytics capabilities, upskilling staff and addressing the challenges of a hybrid working environment.

Changes to BP3 measures for financial audits at a glance

Figure 18: Changes to VAGO’s financial and service performance measures (BP3 targets) for 2025–26 reports to Parliament

Current measure	Current target	New measure	2025–26 target	Rationale
Average cost of audit opinions issued on performance statements	\$5,900	Average fee of audit opinions issued on performance statements	\$6,100	Measure has been renamed to make it clear the measure represents the fee charged to our clients and not the cost we incur. Target increase reflects indexation based on the Australian Bureau of Statistics wage price index for the private sector, in line with previous years.
Average cost of audit opinions issued on the financial statements of agencies	\$54,500	Average fee of audit opinions issued on the financial statements of agencies	\$64,500	Measure has been renamed to make it clear the measure represents the fee charged to our clients and not the cost we incur. Target increase recognises that actual costs have increased substantially due to labour market conditions and supplier costs. Increased costs are also being driven by the increased time and specialist and senior expertise required for audits due to the increasing complexity of agency operations, including contentious issues, major projects, mergers, machinery of government changes and complex transactions.

External/peer reviews finding no material departures from professional and regulatory standards	100%	Measure discontinued	N/A	Removing inefficiency and duplication. This measure is already reported in our transparency report, which is made publicly available on our website.
Total cost	\$31.0 million		\$40.9 million	This target has historically been escalated based on indexation in accordance with DTF guidance. As our actual results over time demonstrate, this target needed to be remeasured to reflect our expected cost in delivering our attest audit services, which has been higher than the indexation set by DTF.

Note: N/A stands for not applicable.
Source: VAGO.

Satisfaction

We want our clients to value our work, so it makes an impact.

Our parliamentary survey

Each year we survey parliamentarians to understand how well we are serving them.

Among those who responded to our latest survey, there is high awareness of the reports and services provided by the Auditor-General and general satisfaction with the accessibility of our products and services, including our online offerings and briefings.

The *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24* was the most referenced report.

MPs' satisfaction with our work



90%

felt reports and services helped improve public sector administration



87%

felt issues were communicated clearly



79%

felt reports and services assisted them with their roles



94%

felt reports provided valuable information

Feedback from MPs

'I greatly respect the work.'

'I have the highest regard for the Auditor-General and his office.'

'VAGO's work is critically important to ensure transparency and identify areas for improvement.'

Client satisfaction with our work

Percentage of clients who agree our work will help them improve

71%

of performance engagement auditees

93%

of audit committee chairs

96%

of CFOs

CFO satisfaction with management letters

94%

agree we communicate findings and issues clearly

94%

agree we are balanced and fair

What MPs told us

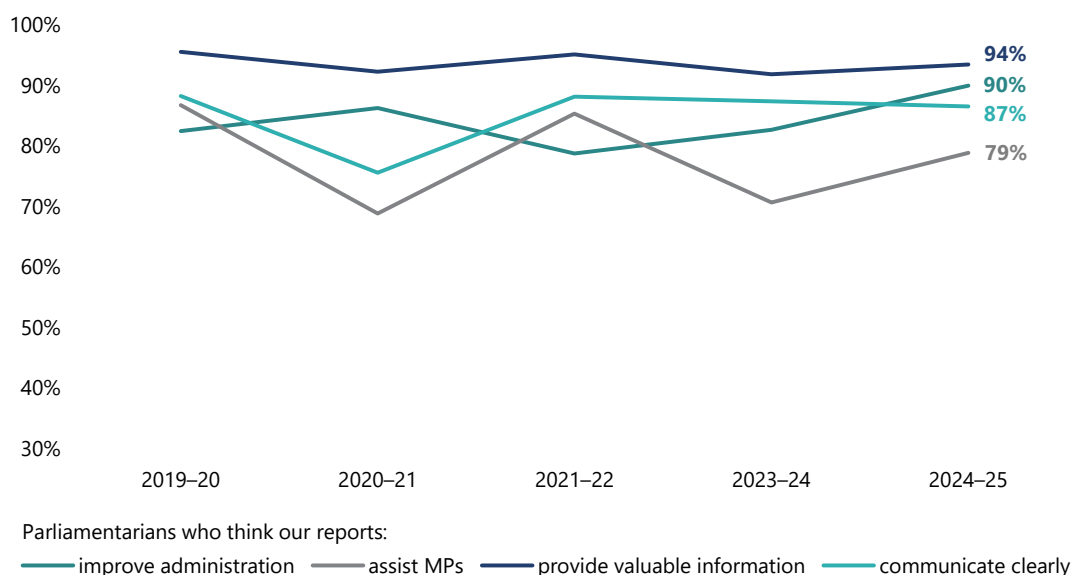
While generally satisfied with the Auditor-General's reports and services, the current year results reflect parliamentarians' views the performance audits and assurance reviews addressed issues of significance and parliamentary key areas of interest less than previous years. We recently established a parliamentary engagement framework and are making changes to the way we engage with parliamentarians to understand this shift.

That said, feedback on our performance more generally remained positive:

- 94 per cent of respondents agreed our reports provide valuable information on public sector performance (up from 92 per cent in 2023–24)
- 90 per cent felt reports and services helped improve public sector administration (up from 83 per cent in 2023–24)
- 87 per cent felt issues were communicated clearly (consistent with 87 percent in 2023–24)
- 79 per cent felt reports and services assisted parliamentarians with their roles (up from 71 per cent in 2023–24).

The overall satisfaction rating of 79 per cent was down on the 90 per cent achieved in 2023 and below our target of 85 per cent.

Figure 19: Percentage of MPs satisfied with our work from 2019–20 to 2024–25



Note: There was no survey in 2022–23.
Source: VAGO.

We note these results were from a relatively small sample size of 33 parliamentarians representing a 26 per cent response rate, on a par with 2023–24, when 36 responses were received.

We continue to work with MPs and their offices to enhance our products and services and to make them more accessible, readable and relevant.

This year we developed and implemented a communication and engagement framework to support this work. We also commissioned research to support the continuous improvement of our reports and dashboards to better support the needs of Parliamentarians and their offices. In response to this engagement with Parliamentarians, we are focusing on creating a unified and cohesive approach to VAGO dashboards which will also be in a central hub for ease of transparency and engagement.

What our public sector auditees have told us about our performance reports

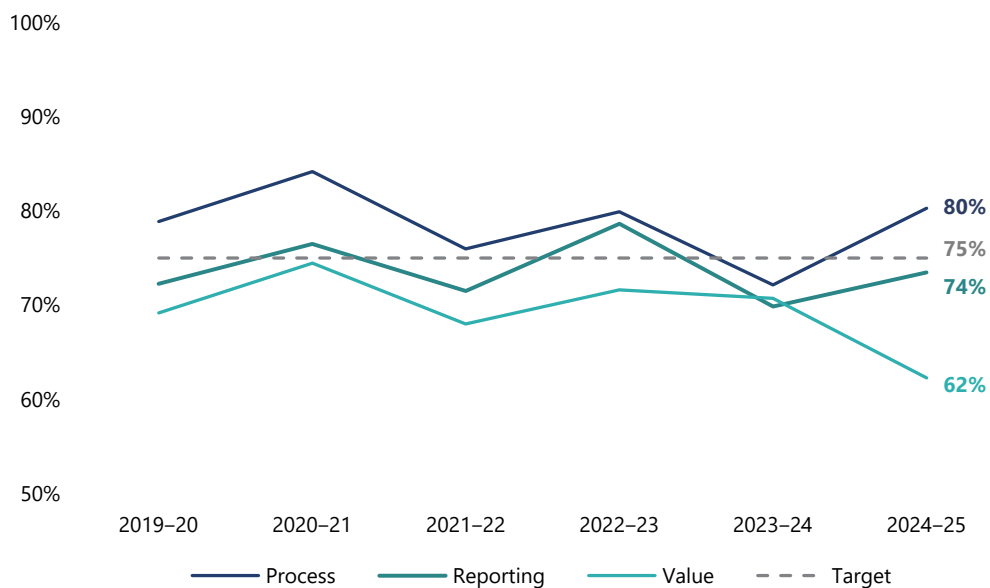
To understand if our clients value our work, we ask auditees a series of questions after we table a performance engagement report. We ask about how satisfied they were with the audit process, their view on the final report and the value of the report to the organisation.

In 2024–25, of our performance engagement auditees who responded, 71 per cent agreed our performance engagement will help them improve the audited activity:

- 80 per cent were happy with the process (up from 72 per cent in 2023–24)
- 74 per cent were happy with our reporting (up from 70 per cent in 2023–24)
- 62 per cent were happy with the value provided (down from 71 per cent in 2023–24).

In 2025–26 we will be working to better understand the drivers of agency value to improve this rating.

Figure 20: Percentage of auditees happy with process, reporting and value provided



Source: VAGO.

Client feedback on our financial parliamentary reports

Each year, we conduct 2 rounds of surveys to gather feedback from financial audit clients. The surveys target key stakeholders, made up of audit committee chairs and CFOs. The first round focuses on financial year-end clients (30 June), while the second round focuses on calendar year-end clients (31 December).

In 2024–25, audit committee chairs were asked for their views on the clarity and usefulness of our most recent reports to Parliament on financial audit results:

- 100 per cent of those who responded agreed the reports were easy to understand
- 87 per cent agreed the reports communicated significant issues and their implications clearly.
- 84 per cent indicated the reports provided a balanced perspective.

Figure 21: Audit committee chair views on our financial audit parliamentary reports.

Measure	Round 1	Round 2	Combined totals
Easy to understand	100	100	100
Communicated significant issues clearly	87.7	83.3	87
Provided a balanced perspective	82.4	100	84

Source: VAGO.

Note: The totals reflect a weighted average based on sample size.

Of the CFOs who responded, 94 per cent agreed reports communicated significant issues and their implications clearly (same as 2023–24) and provided a balanced perspective (up from 90.6 per cent in 2023–24).

Figure 22: CFO views on our financial audit parliamentary reports

Measure	Round 1	Round 2	Combined totals
Communicated significant issues clearly	93	100	94
Provided a balanced perspective	94	95	94

Source: VAGO.

Note: The totals reflect a weighted average based on sample size.

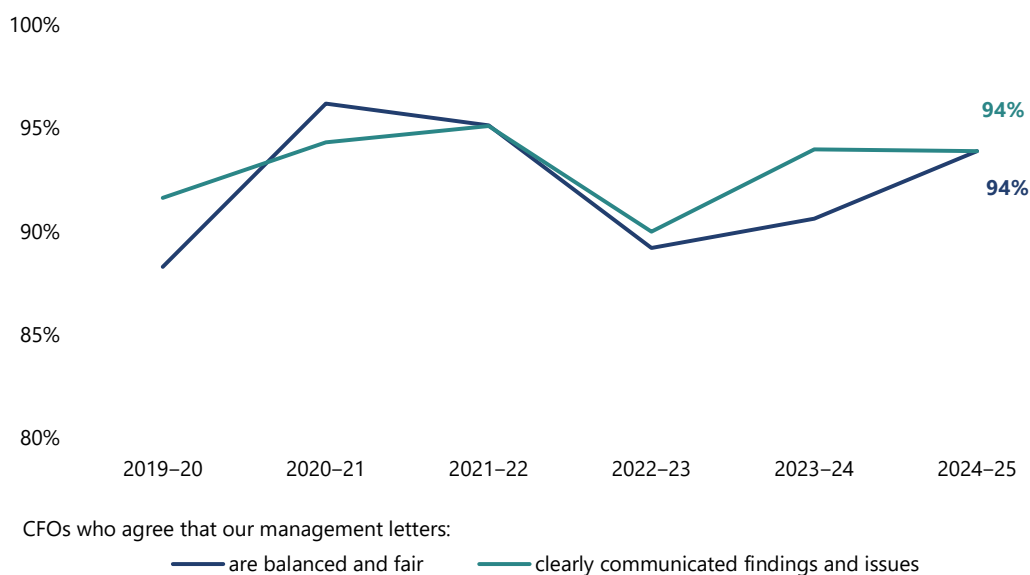
Client satisfaction with management letters and recommendations from our financial audits

We provide an audit management letter at the conclusion of a financial audit outlining findings related to internal controls, operational inefficiencies and financial practices. We also offer recommendations for improvement. This letter is distinct from the auditor's opinion on the financial statements, focusing instead on process enhancements and risk mitigation.

Regarding our management letters, of the 219 responses from CFOs to our survey:

- 94 per cent agreed the letters clearly communicated findings and issues, matching the 2023–24 result (94 per cent)
- 94 per cent also agreed the management letters were balanced and fair (91 per cent in 2023–24).

Figure 23: CFOs' satisfaction with our management letters from 2019–20 to 2024–25



Source: VAGO.

In 2024–25, 93 per cent of CFOs and 96 per cent of the 158 audit committee chairs also either agreed or strongly agreed our recommendations will improve their organisation's financial management and internal controls. This compares to 94 per cent and 91 per cent respectively in 2023–24.

Our impact

Our audit impact

When we audit the performance of public sector agencies, we often identify opportunities to improve how they work. We make recommendations to help them address the risks and root causes of any poor performance.

Similarly, part of our financial audit process includes sending management letters highlighting internal control weakness and other matters we identify during our audits with recommendations to resolve them. Agencies respond to these letters with their intended actions. We also provide recommendations in our results of financial audit parliamentary reports to drive change across the public sector.

Performance engagement recommendations

The agencies we audit are not legislatively required to accept, complete or publicly report on our recommendations. Consequently, we conduct an annual review to monitor how agencies have addressed our findings.

In 2024–25, 81 per cent of audited agencies accepted our recommendations, which is above our target of 80 per cent. It is also a further improvement on 2023–24 (77.6 per cent).

On a broader scale, of the 1,260 recommendations from reports we tabled between 1 July 2019 and 30 June 2024, agencies:

- accepted 1,207 (96 per cent), which is the same as 2023–24
- completed 991 (82 per cent) of accepted recommendations (down from 85 per cent in 2023–24)
- have taken a median of 11 months to complete them (compared to 13 months in 2023–24).

There are 216 accepted recommendations (18 per cent) that are unresolved, plus 25 from before July 2019. These largely relate to disaster recovery planning, protecting Victoria's coastal assets and managing public sector records. This compares to 15 per cent in 2023–24.

The 2025 findings can be found in our *Responses to Performance Engagement Recommendations: Annual Status Update 2025* report on our website.

Responses to tabled reports

While not obliged to implement our recommendations, it is generally acknowledged they provide opportunity to improve the way organisations and departments do their work. Some examples of recommendations made and implemented during 2024–25 are described below.

The Orange Door: Follow-up

In the community services arena, we followed up on one of the state's most important social reforms – the network of family violence support hubs, known as The Orange Door. Created after Victoria's Royal Commission into Family Violence, it aims to provide a single-entry point for family violence victims to access support. Advocacy groups for family violence survivors acknowledged the expansions and improvements but echoed the need for 24/7 services and better integration, as highlighted in our report.

Following the audit, the Department of Families, Fairness and Housing announced it would fast-track the rollout of after-hours support and finalise The Orange Door governance review within 2025.

Work-related Violence in Government Schools

Stakeholders welcomed our recommendations to the Department of Education to improve incident reporting completeness, regularly evaluate the effectiveness of response strategies and to update policies based on incident learnings to keep teachers and staff safe from violent or aggressive student behaviour. The teachers' union and principal associations reiterated violence is not 'just part of the job' and pressed for more support and training in line with our report.

As a result of our audit, the Department of Education agreed to bolster its incident reporting systems to capture all incidents, including near misses and to strengthen oversight of schools' risk controls.

Staff Wellbeing in Fire Rescue Victoria

Prompted by recognition that first responders face high-stress and traumatic incidents regularly, our *Staff Wellbeing in Fire Rescue Victoria* audit, which identified several gaps in FRV's approach, drew interest from firefighter associations and occupational health experts.

The United Firefighters Union welcomed VAGO's findings and urged FRV to implement a formal mental health plan, citing the intense pressures on members. FRV's management agreed to all recommendations outlined in the audit giving additional momentum to ongoing initiatives such as FRV's move to introduce mandatory mental health checks and resilience training.

Financial audit recommendations

As part of our financial audit program, we issue management letters to agencies outlining internal control weaknesses and other matters identified during our audits. These letters set out practical, risk-rated recommendations, and agencies provide formal management responses detailing the actions they will take and the timeframes for implementation.

In addition, our reports to Parliament include recommendations, often focused on strengthening financial management and governance, to drive system-wide improvement and support effective oversight. We monitor agencies' progress and may follow up in subsequent audits and reports.

Prior-period issues

Following our advice last year for TAFEs, universities and local government to increase focus on closing out long-standing issues, we saw an improvement in 2024–25 on the percentage of internal control issues entities resolved from prior years.

For TAFEs in 2024, there were 10 open prior-period issues across 7 TAFEs, compared to 14 across 6 TAFEs in 2023, and a reduction in IT-related issues from 9 in 2023 to 4 in 2024. While a positive result for legacy issues, we also found 15 new internal control and financial reporting issues for TAFEs, a threefold increase on those noted in 2023.

For universities, only one prior-period issue remained outstanding for 2024, compared to 3 unresolved issues from 2 universities the previous year. While the open issue does relate to IT systems, this shows universities have worked to address our concerns raised in our 2023 report about long-outstanding IT issues, with only a single university still addressing a prior-period issue.

Unresolved issues among local government entities increased to 103 in 2023–24 from 96 in 2022–23. This has been a trend year-on-year over the past 3 years and shows councils are not addressing issues within the recommended timeframe.

IT issues remain the key challenge for all sectors.

We continued to find significant weaknesses in IT system controls of material entities as reported in our *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24* with 37 prior-period IT control deficiencies remaining unresolved, along with 65 new issues identified, reflecting ongoing weaknesses in their control environments.

Other references and use of our work

Examples of ways our work has been referenced or used during the 2024–25 year include:

- The Department of Families, Fairness and Housing has published the findings and recommendations from VAGO's *Planning Social Housing* audit on its website, along with an action plan.
- In its 2023–24 annual report, the Victorian Building Authority notes the presentation of a consolidated report to their board as recommended by VAGO, following allegations of bullying and harassment and cultural issues. This report has been absorbed into the responsibilities of the CEO.
- The website of Local Government Finance Professionals, the association that supports and represents local government finance professionals in Victoria, links to VAGO publications and advice including ongoing and planned performance audit engagements. In 2024–25 it specifically referenced *Responses to Performance Engagement Recommendations: Annual Status Update 2024* and *Protecting the Biosecurity of Agricultural Plant Species*.
- Local Government Victoria references VAGO and its work specifically in its *Local Government Better Practice Guide: Preparing Council's Annual Report: 2024–25 Edition*.
- In 2024, as part of a report into the *Australian Government Commitment to the Melbourne Suburban Rail Loop East Project*, the Australian National Audit Office referenced a 2022 VAGO report into the *Quality of Major Transport Infrastructure Business Cases*.
- Two entities have also made updates to their BP3 measures based on VAGO's recommendations through our series of reports on the Fair Presentation of Service Delivery Performance. Both the Department of Energy, Environment and Climate Action and Department of Justice and Community Safety have modified and discontinued measures. These updates are captured in the *Response to Recommendations: Annual Status Update 2025* report.

Outlook

We recognise that when we communicate successfully, parliamentarians and the Victorian public understand what we do and what we are saying. This means they are better informed about how the Victorian public sector is performing, which supports them to effectively scrutinise and improve it. They can also engage with us easily, share their ideas for audits, or partner with us to act on our insights, realising the full value and importance of our work.

During 2024–25 we have continued to meet with key stakeholders, sharing our findings directly and via our website, but we also recognise there is still more work to do in this space.

With methods of communication continuing to evolve and the way people prefer to receive and engage with information changing, to ensure we maximise the opportunities to reach those we want to influence, a priority going forward lies in reviewing the way we communicate our findings to further enhance engagement with key stakeholders and the public to better reach those we want to influence.

Enhancing our stakeholder engagement and increasing our outreach is one of the key pillars of our new *Strategic Plan 2025–29*. The key objective underpinning this goal is to build more productive relationships with Parliament, media and the public to better respond to their evolving information needs.

This will be achieved by modernising our digital presence and embracing a proactive communications posture supported by the development of an organisation-wide communications and engagement strategy during 2025–26.

We currently use routine assessment measures to evaluate how our work contributes to improved outcomes for citizens and how it is perceived by key stakeholders. When it comes to accurately measuring impact, we also recognise additional indicators are needed to better assess, document and communicate the effect that our work has on public administration in Victoria.

We will also continue to evolve our reporting on, and visualisation of, public sector performance and leverage technology to implement the best format and content of public reporting to support increased scrutiny and transparency of those we audit by the public generally.

5.

Meeting our strategic objectives

Delivering our strategic plan

Measuring Performance

In this chapter, we report on our progress this year in delivering on the final year of our 4-year *Strategic Plan 2022–25*, showing how operational activities, improvements to our systems, processes and methodologies, and stakeholder engagement have collectively driven us toward our objectives. It outlines key deliverables achieved, challenges addressed and next steps as we continue to build value across our core priorities:

- A transparent and accountable public sector: our goal is to continue to be a source of credible, authoritative assurance about the performance of the public sector.
 - Better public services: we ensure we strengthen our role to continue to help the public sector understand and ameliorate risks to efficient and effective service delivery.
 - An enriched experience for our people: we aspire to be an organisation that supports our staff to develop and to be highly productive and positively engaged.
-

A transparent and accountable public sector

Our goals and progress

Parliamentary accountability is a cornerstone of effective government. Publicly reporting the results of our work to Parliament and all Victorians means they are both better informed and better able to hold the government accountable.

We want to be a source of credible, authoritative assurance about the public sector's performance and deliver reports that are well regarded, balanced and fair.

Our goal is to build on our success in contributing to a more transparent and accountable public sector by promoting:

- greater awareness and use of our work
 - greater transparency.
-

2024–25 achievements

During the past year:

- We continued to use and enhance dashboards to support our parliamentary reports across performance audits, the reports of financial audits, and our report on the AFR to promote transparency and accountability by visualising report data and findings, making them more understandable and accessible.
- We focused on writer and reviewer learning pathways to ensure our reports remain easy to read and engage with. We also ensured our timelines allowed us to develop a suite of supporting products to increase understanding of our reports.
- We developed and implemented a framework to guide engagement with parliamentarians, with work to develop a comprehensive communications and engagement strategy currently underway.

- We initiated direct outreach to the parliamentary press gallery to increase its understanding of our role and products and how it can engage with us.
 - We overhauled our approach to correspondence and referrals – improving the experience for MPs and the public when they engage with us.
 - We invested in our digital channels and a strategy to support them, allowing us to communicate directly with our audience in ways they like to consume our products.
-

Improved parliamentary products and performance audit methodology

In 2024–25 we continued to refine and evolve our parliamentary products and associated web content to support our vision for an integrated suite of digital content that is more accessible, understandable and usable while maintaining our strongly held values of reliability, relevance and timeliness.

We also delivered a significant uplift in our performance audit methodology by:

- reinforcing a risk-based approach to engagement planning, ensuring reports are targeted and deliver impact
- developing key guidance documents to support the practical application of the Australian Standards on Assurance Engagements in VAGO's performance audits and assurance reviews
- developing new manuals and tools to drive effective professional practice across the engagement cycle
- streamlining our products for auditees, enabling clear communication of our findings to stakeholders and a 'no surprises' approach.

These updates will support staff and enhance our engagement process from planning to reporting. New methodology and templates were embedded at the end of 2024.

A refreshed annual planning process

In 2024–25, we refreshed our continuous planning process, recognising the importance of using regularly updated, high-quality information to guide our work. This enhanced approach enables more agile and informed decision-making, ensuring our planning activities remain aligned with current risks, opportunities and stakeholder priorities across the public sector.

A key component of this new process was the creation of 19 knowledge banks – centralised information hubs designed to store, monitor and maintain accurate, timely and relevant data on public sector performance. These knowledge banks provide a solid foundation for evidence-based planning and reporting.

Together with strengthened strategic analysis and stakeholder engagement, the new planning framework supported the development of our *Annual Plan 2025–26*. This plan, tabled on 18 June 2025 in Parliament, marks a significant milestone as the first 3-year plan produced since 2021–22, setting a clear, longer-term direction for our audit program and reinforcing our commitment to continuous improvement and transparency.

Engaging with parliamentarians

In 2024–25 we continued to engage with parliamentarians with the aim of better understanding their needs and developing opportunities for MPs to input into, and receive insights from, our work. This year we developed and implemented a communication and engagement strategy to support this work. We also commissioned research to support the continuous improvement of our reports and dashboards to better support the needs of parliamentarians and their offices. In response to the engagement with dashboards, we are focusing on creating a unified and cohesive approach to our dashboards, which will also be in a central hub for ease of transparency and engagement.

We continue to offer online or in-person briefing sessions for MPs about tabled reports. These briefings provide parliamentarians and their staff with an overview of our audit findings and the opportunity for questions.

In 2024–25 we briefed numerous MPs or their staff on several of our reports including:

- *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24*
 - *Recycling Resources from Waste*
 - *Managing Disruptions Affecting Victoria's Public Transport Network*
 - *Fair Presentation of Service Delivery Performance: 2024*
 - *Domestic Building Insurance*
 - *State Trustees' Financial Administration Services*
 - *The Orange Door: Follow-up*
 - *Results of 2023–24 Audits: Local Government*
 - *Results of 2023 Audits: Technical and Further Education Institutes*
 - *Results of 2024 Audits: TAFEs and Universities.*
-

Responding to enquiries

In 2024–25 we received 372 pieces of correspondence from parliamentarians, other public sector organisations, and members of the public, which was a significant increase on the 265 received the previous year, which was also a 50 per cent increase on the year prior.

This included:

- 311 from the public (249 in 2023–24)
- 21 from MPs and local government councillors (16 in 2023–24)
- 24 from the public sector
- 16 from PAEC.

On average, we took 11.7 days to finalise a response to MPs, easily meeting our target of 20 days or less, and an average of 19 days responding to all other correspondence received, well ahead of our target of 28 days or less.

Audit topics from MPs and the public

When developing our annual plan, we consult with the agencies we audit and encourage MPs and the public to suggest audit topics to ensure our work program reflects relevant issues. Also, throughout the year we engaged with PAEC on annual planning and topic selection. This relationship provided valuable feedback and insights on our forward audit program, including ideas about potential engagements.

Three audits tabled in 2024–25 related to issues raised in referrals from MPs and the public. They are:

- *Recycling Resources from Waste*
- *Domestic Building Insurance*
- *Managing Disruptions Affecting Victoria's Public Transport Network.*

Of the correspondence we received in 2024–25:

- 126 items were referred to the relevant sector directors for consideration in our annual planning process
 - 62 were added to our continuous planning pipeline
 - 9 informed the topics below selected for our *Annual Plan 2025–26*:
 - Maintaining the condition of state-managed roads
 - Managing Victoria's firefighting fleet
 - Government support for major events
 - Supporting the transition out of native forest logging
 - Delivering school infrastructure projects
 - Out-of-home care services
 - Upgrading the fines management system
 - Victorian Energy Upgrades program.
-

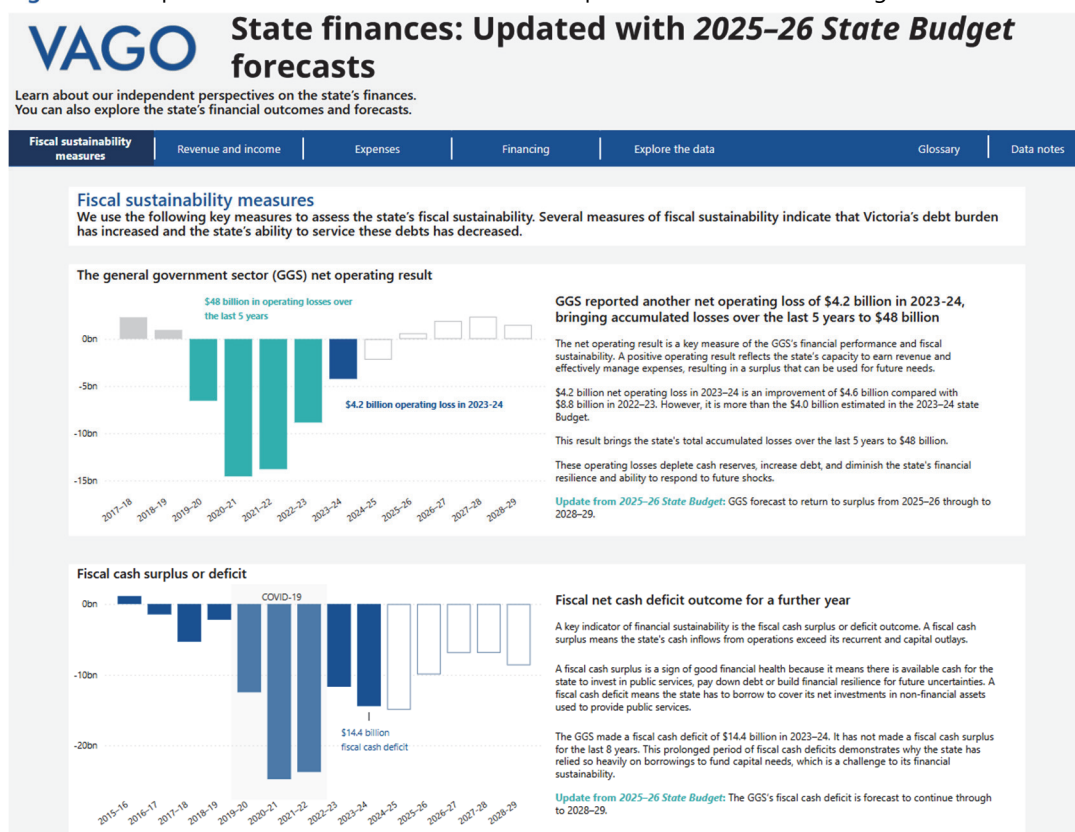
Dashboard reporting

Our dashboard and data visualisation products allow easier analysis and deeper exploration of the information presented compared with static tables of information. This in turn increases scrutiny and improves public services.

During this financial year we designed and issued additional user-focused dashboards that track relevant data providing a visual snapshot of our findings.

In 2024–25 we again updated our report on the AFR dashboard to include state Budget information, sharing this update the same day the Budget was released to make it easier for Victorians to digest the information.

Figure 24: Snapshot of the state's finances dashboard updated for the 2025–26 Budget



Source: VAGO.

We also published the following dashboards in 2024–25:

- Results of 2023 Audits: TAFEs
- Results of 2023–24 Audits: Local Government
- Results of 2024 Audits: TAFEs and Universities
- Major Projects Performance Reporting 2024
- Departments' Reported Consultant Spend: 2017–18 to 2023–24
- Responses to Performance Engagement Recommendations: Annual Status Update 2024

View our dashboards on our website (audit.vic.gov.au).

Public sector advocacy programs

We play a leadership role in influencing and shaping how well the public sector reports its performance by making information publicly available that is reliable, meaningful and timely. We also use our knowledge and expertise to support change that will lead to improvements in processes and outcomes.

During 2024–25 we have helped shape many of the frameworks we, and our clients, are operating within.

This includes:

- simplification of public sector reporting
- fair value in the public sector
- public sector performance reporting.

Simplified reporting

Aligning with our strategic goal to improve public sector reporting, we successfully influenced the adoption of simplified financial reporting across government, and performance reporting layouts across local government sectors. We continue to work with local government, the university sector and our clients to support and improve their financial reporting.

We support the underlying objective to provide useful information in a simple and concise manner, which is also a key focus area for our office. We have shared our observations and feedback with DTF. We sought consideration of impacts based on the timing of transition, and the preparation of model financial statements to help organisations interpret the new requirements.

We are also leading by example by simplifying and streamlining our own internal financial reporting, reducing content and page count and enhancing simplicity and clarity. We continue to advocate to the Australian Accounting Standards Board (AASB) to prioritise the Public Sector Financial Reporting Framework project and maintain strong focus and action on public sector-specific reporting reforms.

Fair value in the public sector

During this period, we responded to the AASB's proposed amendments to fair-value measurement and began addressing implementation challenges, working also with regulators to understand their approach to assessing the impact of these requirements, which took effect 31 December 2024.

The valuation of non-financial assets and the applicability of these amendments will be a key focus area for us in 2025–26.

We will continue to help shape the public sector narrative by challenging the broader appropriateness and applicability of fair-value measurement.

Preparedness for climate accountability

We initiated a project in 2022 to proactively research, advocate and prepare for anticipated climate-related reporting and assurance requirements. While this is largely contingent on developments outside VAGO's control, we continue to monitor, build understanding and prepare for changes likely to impact the public sector reporting and scope of our audit mandate.

We continue to engage with key stakeholders, including AASB, the Auditing and Assurance Standards Board, DTF and LGV. These interactions allow us to share our experiences and learn about other jurisdictions' progress and plans while also collaborating with other audit offices to co-design audit methodology and identify training needs.

Communicating our work

Effective communication is crucial in achieving our strategic objectives.

We are committed to producing and sharing products that can be accessed and used by the public. This means continuing to improve the readability of our reports by:

- writing in plain English
- applying information-mapping to structure our reports
- using more graphic elements.

We continue to proactively share content across multiple channels, including our website, YouTube and social media channels.

We structure our reports in line with audience-focused plain language and clear communication principles and include report snapshots with clear infographics to aid audience engagement. Reports are available on our website as PDFs and in HTML and are supported by additional digital content including summary videos and interactive dashboards.

Figure 25: Digital engagement statistics for our website, YouTube and LinkedIn

Platform	Main purpose	Change from 2023–24	Top report/pages/posts
VAGO website	<ul style="list-style-type: none"> Present, share and display our past and future work program 	<ul style="list-style-type: none"> 266,564 total sessions (-9%) 157,356 unique users (-9%) 2.2 minutes actively spent on website (on a par with last year) 	<ul style="list-style-type: none"> <i>Withdrawal from 2026 Commonwealth Games</i> (2024) <i>Major Projects Performance Reporting 2024</i> (2025) <i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24</i> (2024)
YouTube	<ul style="list-style-type: none"> Host and share videos, including summaries of tabled reports and our industry forums 	<ul style="list-style-type: none"> 23,441 total views (-13%) 185,389 total impressions (+10%) 565 total subscribers (+12%) 888 total hours watched (-12%) 	<ul style="list-style-type: none"> <i>Community Health Program</i> (2018) <i>Withdrawal from 2026 Commonwealth Games</i> (2024) <i>Occupational Violence Against Healthcare Workers</i> (2015)
LinkedIn	<ul style="list-style-type: none"> Promote VAGO to potential employees and graduates Build the public's understanding of our overall purpose and work Share information about tabled reports and supporting products, such as data analytics, dashboards and report summary videos 	<ul style="list-style-type: none"> 8,016 followers (+841) 17,096 page views 	<ul style="list-style-type: none"> <i>Results of 2023–24 Audits: Local Government</i> <i>Results of 2024 Audits: TAFEs and Universities</i> <i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24</i>

Source: VAGO.

Presentations and engagement

Representatives from our office hosted, presented and engaged with other key stakeholders throughout 2024–25:

- We presented to the Local Government Finance Professions twice during the year.
- We presented to the Department of Justice and Community Safety's audit and risk committee and briefing the chair of DTF's audit and risk committee on the findings of our *Fair Presentation of Service Delivery Performance: 2024* report.
- We presented to the audit and risk committees of the Department of Premier and Cabinet, the Department of Justice and Community Safety, and the Country Fire Authority on our *Managing State-significant Risks* report.
- The Auditor-General presented to the Australia and New Zealand School of Government's Executive Master of Public Administration program on the topic of analysing fiscal sustainability using trend analysis and spoke about financial sustainability challenges at the conference of Local Government Finance Professionals.
- We hosted 2 forums for the chairs and members of our clients' audit committees, where we explored the latest and emerging public-sector trends and insights.
- Our FA directors actively participated in a range of forums during the audit planning phase, sharing key insights and risks for the upcoming audit cycle. This included presentations at departmental and portfolio agency CFO forums, as well as to industry bodies such as the Water Industry Sector Interest Group.
- We regularly attended and presented at all our clients' audit committees.

Better public services

Our goals

We play a key role in helping the public sector understand and mitigate risks to efficient and effective service delivery.

By better leveraging the information we hold, we have a unique opportunity to maximise the value and impact of work. We continue to seek opportunities to evolve our product offerings and provide insights about the public sector and how it delivers services.

Our goal is to enhance our ability to contribute to better public services by:

- making better diagnostic use of the financial and non-financial data we will continue to accumulate and store in our audit system, and
 - improving how we engage and communicate with the public sector with a focus on sharing the better practice approaches we observe.
-

2024–25 achievements

- We developed and published a high-level data science strategy and our Information Technology and Digital Strategy 2024–26. These informed how we have adopted modern digital technologies, platforms and data-driven practices to:
 - best support our strategic objectives
 - improve outcomes for staff and clients.
 - In our engagements we not only look for areas of improvement, but also what is working well, and in 2024–25 have placed a greater emphasis on highlighting good audit practice in our reports to support agencies and departments to learn and grow from each other.
-

Identifying what is working well

Sharing our observations of what is working well allows other public agencies to learn from and adopt good practices. This is an important part of our commitment to better public services for Victorians.

Some examples of things we have identified and highlighted where auditees are 'doing it well' include:

- central coordination teams overseeing performance reporting and encouraging better practice
 - increased emphasis on value for money in contractor and consultant management, and compliance with procurement and service guidelines. This, along with guidance to staff specifically around verifying completed actions, is a positive step to help business areas implement audit actions transparently
 - evidence of effective value management approaches being applied on major projects to mitigate scope and cost challenges.
-

An enriched experience for our people

We employed 209 people

87

in Financial
Audit



71

in Parliamentary Reports
and Services



13

in the Office of the
Auditor-General



38

in Corporate
Services



Of our total workforce

57%

identified as women
(women made up 89% of
our part-time workers and
36% of our executives)

2%

identified as a person
with disability

1 staff member

identified as Aboriginal
or Torres Strait Islander



Our goals

Our people are central to us achieving our purpose and delivering quality outcomes. We aim to attract and retain talented and committed people by:

- providing professional development and career growth
- equipping them with technology, methodology and accessible workspaces
- supporting them to be highly productive and positively engaged.

Our goal is to foster an enquiring and capable workforce, willing to embrace technology and with a thirst for knowledge and growth. We will do this by continuing to build on our achievements in workforce experience and engagement by:

- providing professional development and career growth
- enabling our people with workspace, technology and methodology.

2024–25 achievements

- Better Normal is one of our greatest strengths and much of our focus has been on embedding this in our organisation through our ways of working and providing staff with access to high-quality physical and digital workspaces that support flexible, collaborative and effective work.
 - We have also delivered a complete update of our performance engagement methodology, including the tools and guidance to support staff and transition of our in-house audits to a new cloud-based financial audit toolset.
 - Our People Matter Survey results have shown a steady uplift in employee engagement across the board during the period of this strategic plan, and we are now tracking well ahead of comparison agencies – particularly in the pride staff take in working for VAGO, satisfaction and sense of belonging gained in working with us.
 - Capability has also remained a huge focus for VAGO.
-

Capability frameworks

We continue to embed capability in our performance and development processes.

After launching capability frameworks in 2023–24, to support our people in their daily work, in 2024–25 we began integrating these into our professional development plan process for our audit staff, further enhancing professional development and career growth opportunities.

For our financial auditors, we aligned the goals in our cloud-based management platform to the FA capability framework, ensuring they are supported and aligned to individual roles and organisational strategy.

While there is more work to be done, including expanding these resources to support non-audit staff, we acknowledge the progress made to date and commit to continue to invest and mature our frameworks to support our staff to progress and develop in their roles. This work is captured in our human resources plan.

Learning and development

As part of a structured learning and development curriculum for FA endorsed in August 2024, we partnered with RMIT University to deliver an accredited 'Foundations of IT' course to enhance systems assurance capabilities. We are also working with LinkedIn Learning to provide a wide range of professional development content mapped to the curriculum.

More than 130 learning pieces have already been uploaded to our in-house learning platform, with 23 new modules in development and a total of 870 learning modules planned over the next 2 to 4 years.

During 2024–25 we also:

- delivered leadership development to all people leaders in FA and directors in PRS
 - scheduled leadership development for all other people leaders at VAGO
 - delivered personal leadership sessions for FA team members
 - launched an enterprise-wide learning platform, with the aim of aggregating all learning from across VAGO and external sources to one area
 - uplifted talent acquisition capabilities and processes through recruitment of a senior manager as well as improving our recruitment processes
 - successfully delivered graduate attraction, recruitment and development processes in-house
 - designed and endorsed a VAGO succession management framework
 - progressively launched contemporary tools, processes and documents.
-

Growth and retention

Our priority is to support growth from within.

This includes supporting various flexible work arrangements to promote work-life balance along with secondment opportunities.

As part of our sourcing strategy for learning content we continue to collaborate with universities, Chartered Accountants Australia and New Zealand and CPA Australia to strengthen our talent pipeline.

Recognising the audit industry and public sector continue to evolve, we have also begun early workforce planning and exploring co-sourcing opportunities to align with anticipated audit scope expansion. This has included a redesign of our recruitment processes to target skills and qualifications beyond traditional accounting, specifically with relevance to environmental, social, governance, and sustainability reporting.

Additionally, during 2024–25, we conducted research into barriers to progression, with recommendations to improve retention to be considered in 2025–26, and finalised our approach to managing peak workflow periods with manager guidelines and supplier options within FA.

We have also in-sourced the recruitment for our graduate intake and modernised our graduate program, which will be rolled out to support our 2026 intake.

Our IT and digital strategy

We recognise technology as a critical enabler and have continued to invest and pioneer the use of new and emerging technologies aimed at improving efficiency, service delivery and engagement.

Our aspiration, captured in our Information Technology and Digital Strategy 2024–26, is to harness new technologies and new ways of working that best support our strategic objectives and improve operational capabilities and efficiency.

This year, alongside leveraging the Microsoft suite and continuing to streamline our back-office practices and processes, we have also put more investment into our audit products and data analytics capability and continued to progress our key transformational projects.

Caseware

Legacy tools were identified in the previous strategic plan period as a significant challenge for FA. In response, we launched the Audit Software Replacement Toolset project, which led to the adoption of a native cloud-based solution designed to provide full visibility across all audit files.

During 2024–25, we continued to transition our in-house audits to this new cloud-based financial audit toolset. As of the end of this financial year, 84 per cent of in-house audits are now using Caseware, with the remainder transitioning in the 2025–26 audit cycle.

Looking ahead, the next phase will focus on onboarding our extended workforce – our audit service providers – to further enhance the value provided to our clients.

Empower

In July 2024, we completed our launch of Empower 2.0 – an advanced version of our in-house analytics platform initially introduced in November 2019. The rebuilt platform provides better data protection, faster performance, and a smoother user experience.

In the past year, it has supported audits of financial reports for 54 clients, managing around 21 billion records and providing auditors with direct access to raw data, interactive visualisations and practical tools to simplify audit planning and execution.

A key focus this year has been exploring opportunities to gain assurance from data extraction and automation.

We have also begun exploring the next phase of Empower's development to incorporate testing capabilities for general IT and information processing controls.

Leveraging the power of our rebuilt in-house analytics platform, Empower, within the audit toolset has also enabled us to deliver a more data-driven approach, ensuring our audits meet public-sector audit best practices.

By providing auditors the raw data and pre-constructed analysis to conduct audits more efficiently and effectively, they can focus more on high-value activities that require professional judgement and critical thinking, which can lead to greater job satisfaction and a stronger sense of purpose in their work. Exposing our staff to modern tools and analytics also contributes to upskilling and professional growth.

Ways of working We have continued to refine and embed our ways of working.

A range of initiatives are now in place to encourage staff participation and engagement, including Values Awards at business unit and enterprise levels, our Better Normal principles and use of Microsoft Teams. Social events and groups keep people connected.

Our approach combines the best of office-based, client-site and virtual work while being purposeful when we come together. Recognising, however, remote working poses challenges for social learning, a key element of our 70/20/10 learning model, we are consciously working to improve the quality of in-person and hybrid interactions.

During 2024–25 we undertook extensive consultation internally to support an update to our Better Normal principles with a renewed focus on together-together days, learning and development experiences and peer networks. We have also created structures for incidental interactions that are vital for social and on-the-job-learning.

A highlight on our calendar is the all-staff forum where employees from across the organisation can meaningfully connect outside the workplace, hear from leadership, offer feedback and share ideas. Run by staff for staff, the forum fosters collaboration and supports a stronger organisational culture. This is also one of 2 opportunities each year to celebrate our people with the presentation of our Values Awards for employees who contribute to influencing organisational culture and enhanced wellbeing and happiness in the workplace.

Business units facilitate connection and collaboration with divisional forums that complement the annual all-staff forum.

Celebrating and enabling diversity

We recognise an organisation performs at its best when it understands, respects and celebrates the diverse qualities of its people.

Since endorsing *Our Diversity, Inclusion & Belonging Plan 2022–25*, we have continued to mature our capability as an organisation with diversity working groups helping foster a sense of belonging, and inclusion and diversity champions supporting diversity initiatives.

Since the plan's implementation we have reviewed existing recruitment processes and advertising templates, including a statement of reasonable adjustments, through the lens of the social model of disability to reduce barriers to employment for candidates and staff with disabilities.

We have also delivered mandatory cultural awareness training for all employees and continued to inform and educate employees in cross-cultural attitudes, practices, norms, behaviours and communications. We provide respectful workplace refresher training, include diversity statements in our job advertisements, and have built our diversity calendar with days of cultural significance and celebrations for diversity groups.

In 2024–25 we:

- updated the existing appropriate behaviour policies and resources to reinforce constructive behaviour, language and interactions in the workplace
- leveraged data from the People Matter Survey to better understand and improve the experiences of culturally diverse staff, including introducing culturally inclusive workforce initiatives and practices
- supported staff to list characteristics such as cultural identity and faith to measure success against future diversity initiatives
- provided a leadership program for FA designed to create a more inclusive, engaging and productive workplace.

We also recognised cultural and diversity events such as NAIDOC Week, Diwali, Lunar New Year, International Day for the Elimination of Racial Discrimination, Eid, Harmony Day, Wear it Purple Day, and International Day Against Homophobia, Biphobia and Transphobia, to name a few. These celebrations help us recognise the diversity of our workplace and encourage our employees to learn more about other cultures and groups.

Disability inclusion and accessibility

We aim to be an employer of choice where meaningful employment opportunities are equally accessible and where we embrace unique skills and abilities.

During 2024–25 we:

- continued to raise awareness and increase visibility of people with disability by sharing stories and data on days of significance and in standard communications, including this annual report
 - promoted and implemented the Victorian Public Sector Commission's accessibility guidelines to support accessible and inclusive work practices
 - leveraged data from the People Matter Survey to better understand and improve the experiences of staff with disability in the workplace
 - increased knowledge of accessibility features across our suite of digital applications.
-

Gender diversity remains strong

We remain committed to:

- supporting the growth and development of talented women
- eliminating gender discrimination
- removing barriers to equal participation.

This year, the number of women as a percentage of our total full-time equivalent workforce was 58 per cent, consistent with last year. The representation of women in middle management was 65 per cent, compared with 66 per cent last year. The percentage of women in senior and executive management roles decreased to 47 per cent, compared to 53 per cent in 2023–24.

In 2024–25 the average gender pay gap was 10.9 per cent in favour of men (6.7 per cent in 2023–24) and the median was 4.1 per cent in favour of men (1.4 per cent in 2023–24)

Some of our achievements this year included:

- providing leadership development work to achieve greater gender equality at senior levels in FA
 - continuing to include pay gap data by business unit in our annual report, to provide greater transparency and help identify where disparities are most pronounced
 - providing career support and encouraging flexible work arrangements for all employees, including those on long-term leave
 - revising, consulting on and updating our Better Normal principles, enabling all employees to participate fully in the workforce, advance their careers and share opportunities on equal terms.
-

LGBTQIA+ inclusion

Sexuality and gender identity are major parts of who we are as people, and we aim to create a visibly inclusive and safe workplace where employees can be their authentic selves.

In 2024–25 we:

- continued to develop connections with the VPS Pride Network to remain up to date on contemporary and best-practice LGBTQIA+ inclusion. We also have our own Pride Network within VAGO to provide a safe space for LGBTQIA+ employees to network and connect
 - supported staff to list their pronouns in their email signatures and Microsoft Teams profiles.
-

Reconciliation

Our vision for reconciliation is to work in partnership with Victorian Aboriginal and Torres Strait Islander communities, embedding their voice in our work.

In 2024–25 we:

- began a review of cultural learning needs within our organisation
 - began development of a cultural learning strategy, anti-discrimination policy, and data sovereignty document including protocols for collection and use of data from Aboriginal and Torres Strait Islander organisations, communities and individuals to safeguard their rights
 - provided opportunity for leaders to participate in formal and structured cultural learning.
-

Our Diversity, Inclusion & Belonging Plan 2022–2025

Our Diversity, Inclusion & Belonging Plan 2022–2025 outlined bold objectives and ambitious strategies, some of which, due to resourcing issues, are still in train. These include improving our collection of LGBTQIA+ data and investigating opportunities for procurement of goods and services from Aboriginal and Torres Strait Islander businesses.

We remain committed to the delivery of our plan and outstanding actions will be revisited as part a refresh in 2025–26 and development of future engagement plans.

Challenges

During 2024–25, after experiencing increased staff turnover and disengagement within PRS, we commissioned an independent review, which identified issues around leadership, communication styles and workloads.

We have moved quickly to address these, implementing all the recommendations from the review, including establishing a staff advisory team, developing an organisational change proposal, initiating a review of workloads and milestones, and uplift of training across both technical and behavioural skills.

We also recommitted to our core values, and implemented monthly surveys to gauge staff sentiment, monitor issues or concerns, and identify opportunities for improvement.

While work is ongoing, in 2024–25 we saw a positive uplift in our People Matter Survey results. Specifically, for PRS, compared to the previous year, the 2025 results represented a significant improvement across staff wellbeing (55 per cent fewer reported negative work emotions), engagement (up 21 per cent), inclusion (44 per cent improvement), and leadership indicators (improvements of 78 per cent for managers and 46 per cent for senior leaders).

We will continue in 2025–26 to consolidate and improve on these results with a particular focus on leadership and safety climate.

Outlook

Because we recognise our future success depends critically on engaging and developing our people, they have been given prominence again in our new strategic plan for 2025–29. Much of our effort over the coming years will be directed at investing in our workforce and equipping them with knowledge, skills and tools to be future ready.

To support our aim to foster a culture where we celebrate our differences and an environment where employees feel safe and empowered to bring their authentic selves to work and feel they truly belong, in the period ahead we will also be:

- reviewing and updating *Our Diversity, Inclusion & Belonging Plan 2022–2025*, along with our approach to engagement plans
 - focusing on leadership development to better support future leaders to transition into more senior roles, recognising our need for diverse and gender-equitable representation at these levels
 - embedding VAGO's values in the employee lifecycle and flow of work.
-

6.

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 2024-25 financial year are presented fairly and are consistent with the Standing Directions under the *Financial Management Act 1994*.

The statement includes the 2024-25 performance measures agreed with the 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 2025.



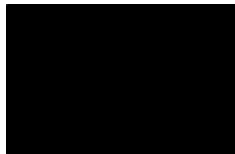
Andrew Greaves

Auditor-General

Victorian Auditor-General's Office

Melbourne

15 August 2025



Anh Ha

Chief Financial Officer

Victorian Auditor-General's Office

Melbourne

15 August 2025

6.1 Performance statement

Our performance statement makes reference to the 2024-25 performance measures agreed with the 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.

Figure 6A: Output Group 1—Parliamentary reports and services

Performance measure	Unit of measure	2023-24 actual	2024-25 actual	2024-25 target	2024-25 per cent variation	Result	Notes
Quantity							
Average cost of parliamentary reports	(\$ thousand)	525.8	525.8	574.1	(8.4)	✓	3.1
Quality							
Percentage of performance audit recommendations accepted which are reported as implemented by audited agencies	(per cent)	77.6	81.3	80.0	1.6	✓	
Overall level of external satisfaction with audit reports and services - parliamentarians	(per cent)	90.0	78.8	85.0	(7.3)	✗	3.2
Timeliness							
Average duration taken to finalise responses to inquiries from Members of Parliament	(days)	29.5	11.7	≤20	(41.5)	✓	3.3
Average duration taken to produce performance audit parliamentary reports	(months)	10.9	12.0	≤9	32.8	✗	3.4
Average duration taken to produce financial audit parliamentary reports after the balance date	(months)	6.3	6.6	≤5	32.2	✗	3.5
Cost							
Total output cost	(\$ million)	18.0	19.6	20.1	(2.4)	✓	

Note: ✓ indicates that the target was achieved or bettered.

✗ indicates that the target was not met.

Figure 6B: Output Group 2—Audit opinions on financial and performance statements

Performance measure	Unit of measure	2023-24 actual	2024-25 actual	2024-25 target	2024-25 per cent variation	Result	Notes
Quantity							
Average cost of audit opinions issued on performance statements	(\$ thousand)	5.4	5.6	5.9	(4.4)	✓	
Average cost of audit opinions issued on the financial statements of agencies	(\$ thousand)	59.7	62.0	54.5	13.8	✗	3.6
Quality							
External/peer reviews finding no material departures from professional and regulatory standards	(per cent)	77.8	87.5	100.0	(12.5)	✗	3.7
Proportion of agencies disclosing prior period material errors in financial statements	(per cent)	0.4	2.2	≤5	(56.3)	✓	3.8
Timeliness							
Audit opinions issued within statutory deadlines	(per cent)	98.4	98.5	98.0	0.5	✓	
Management letters to agencies issued within established time frames	(per cent)	85.8	96.5	90.0	7.2	✓	3.9
Cost							
Total output cost	(\$ million)	41.1	40.5	31.0	30.6	✗	3.10

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

6.2 Notes to the performance statement for the year ended 30 June 2025

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) 8 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 27 also requires that the statement of performance must include the actual results achieved for the reporting period against the corresponding period's pre-determined 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 8 and FRD 27.

This performance statement includes the performance measures, targets and results of our two 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 two parliamentary output groups in *Budget Paper No. 3*.

- Output Group 1 covers parliamentary reports and services
- 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.

Figure 6C: 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 2024-25 / Total number of parliamentary reports tabled during 2024-25 (excluding Annual Plan and Annual Report)
Percentage of performance audit recommendations accepted which 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 engagement recommendations issued two and three-years prior / Total number of accepted performance engagement recommendations issued two and three 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
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 (reasonable assurance) 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

Performance measure	Dimension	Goal	Calculation
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
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 2024-25 / 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 average cost of parliamentary reports is dependent on the timing and types of reports tabled. Of the 21 reports tabled in 2024-25, four are financial audit parliamentary reports and seven are assurance reviews, both of which typically cost less than a performance audit due to their scope and level of assurance.
- Limited assurance reviews: \$430,100 (2023-24: \$287,700) – increase predominantly due to *Major projects performance reporting: 2024* (\$915,000), which included deep dive case studies on eight projects with time, scope or cost variances. Excluding this review, the average cost of limited assurance reviews was \$349,300.
 - Performance audits: \$681,200 (2023-24: \$657,500)
 - Financial audit parliamentary reports: \$305,000 (2023-24: \$299,300)
- 3.2 While the majority of Parliamentarians were satisfied with the Auditor-General's reports and services, the current year results reflect Parliamentarians' views that the Auditor-General's performance audits and assurance reviews addressed issues of significance and Parliamentarian key areas of interest less than previous years. VAGO recently established a parliamentary engagement framework and is making changes to the way it engages with Parliamentarians to understand this shift.

- 3.3 The current year results reflect resolution of previous year vacant staff positions arising from unanticipated turnover and organisational changes.
- 3.4 Five audits were carried over from 2023-24 largely due to unanticipated staff turnover and unplanned leave. Additionally, for these audits we gave auditees additional time to review the report or provide additional data to ensure fair and accurate reporting. Four of these audits have been tabled to date. The remaining audit is expected to be tabled in early 2025-26. Excluding these audits the average duration of parliamentary reports for all other performance engagements tabled during the year was 8.6 months (9.7 months for audits and 7.6 months for assurance reviews).
- As a result, this increased the average duration to produce performance audit parliamentary reports compared to our target for the year:
- Average duration to produce performance audit parliamentary reports: 12.0 months (2023-24: 10.9 months)
 - Average duration to produce assurance review parliamentary reports: 7.6 months (2023-24: 6.4 months).
- 3.5 Three reports missed their target dates, which impacted achieving our financial audit parliamentary report target, explained as follows:
- *Results of Audits: TAFEs 2023* was tabled on 31 July 2024, two months after the target date. This was due to extended audit work across the education sector's 31 December 2023 year-end. The TAFE and university audit teams prioritised completing these audits first, as parliamentary reporting can only proceed once audits are finalised.
 - *Results of 2023-24 Audits: Local Government* was tabled on 3 April 2025, just over four months later than target. Delays in financial reporting across the sector affected resource availability and, in turn, slowed down report production. As noted in our report, 48 of 79 councils submitted their draft financial reports and performance statements to audit after the agreed timelines, with delays ranging from 7 days to over 4 weeks.
 - *Results of 2024 Audits: TAFE and Universities* was tabled on 19 June 2025, just over two weeks later than planned. This was our first combined report for both sectors at the 31 December year-end, alongside the release of a joint dashboard. Additional time was taken to integrate content and ensure clarity and consistency.
- 3.6 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 ABS wage price index.
- The Minister for Finance has approved a rebase to this target for 2025-26 to \$64,500 to accurately reflect the average audit fee we charge our clients based on the above factors.
- 3.7 We did not achieve our target because our independent inspectors concluded that 2 of the 16 engagement files inspected had deficiencies in audit evidence supporting the audit opinion. To reduce the performance variation, we will assess the root cause of key ongoing and emerging themes to enable us to identify effective solutions. This measure has been discontinued for 2025-26 as under the (ASQM1), we conduct an annual evaluation of our system of quality management, including the results of our engagement quality inspection program (EQIP), in our Transparency report which is made publicly available on our website.
- 3.8 A material prior period error, under Australian Accounting Standards, is a significant mistake or omission in past financial reports that could affect decisions made by users of those reports. These errors can come from miscalculations, incorrect use of accounting rules, missing information, or misinterpreted facts.
- Over the past year, more of these errors have been identified than in the previous year, typically attributed to:

- Agencies uncovering new information, such as assets they did not know they owned, which require correcting past reports.
- Past mistakes by agency financial report preparers have come to light and corrected accordingly.
- Audit teams have changed their approach or reassessed risk, uncovering issues not picked up earlier.

We note there is no single reason for the increase in total, as each case reflects different facts and the specific circumstances of the agency involved.

3.9 The improvement in this year's results reflects our strong focus on getting back on track to meet our audit deliverable timelines, given the post-pandemic impacts have largely been resolved.

3.10 The increase in total output costs for delivering audit opinions on financial and performance statements is largely correlated to the increase in the audit fee we charge our clients, as outlined in variance 3.6.

The Minister for Finance has approved a rebase to this target for 2025-26 to \$40.9 million to accurately reflect the total output cost we incur with respect to our audit opinions on financial and performance statements.

Independent Auditor's Review Report to the Victorian Auditor-General's Officenexia.com.au**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 2024-25 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 Chief Financial 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 2024-25.

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 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. ASRE 2405 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.

**Nexia Melbourne Audit Pty Ltd**

Melbourne

Dated this 15th day of August 2025**Advisory. Tax. Audit.****Andrew S. Wehrens**

Director

Registered Audit Company 291969

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7.

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.

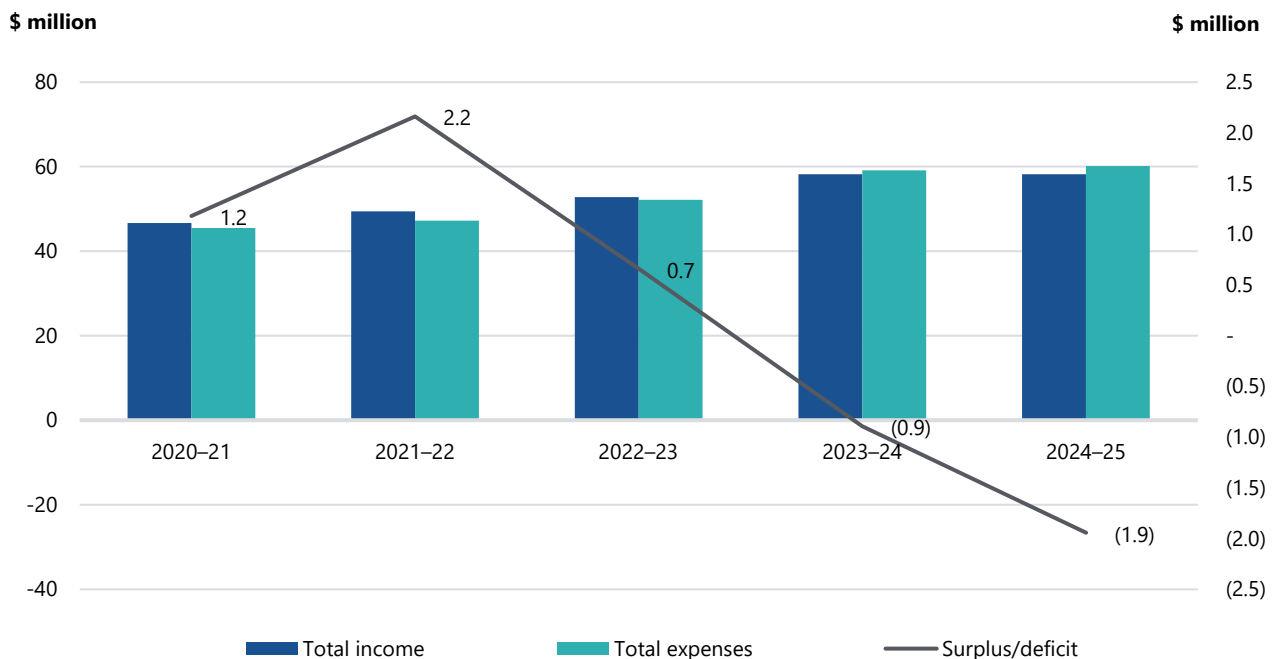
This year's financial results continue to reflect our investment in organisational transformation and improvement activities.

7.1 Financial year in review

This year we incurred a planned operating deficit of \$1.9 million (2023-24: deficit of \$900,000). The cumulative 5-year operating result is a \$1.3 million surplus.

This year's deficit reflects our ongoing journey to fully recover the costs we incur in undertaking our financial audits through audit fees, as well as our continued commitment to deliver a number of significant transformational projects, including: our in-house audit analytics tool, Empower; our cloud-based financial audit toolset, Caseware Cloud; and audit staff capability uplift.

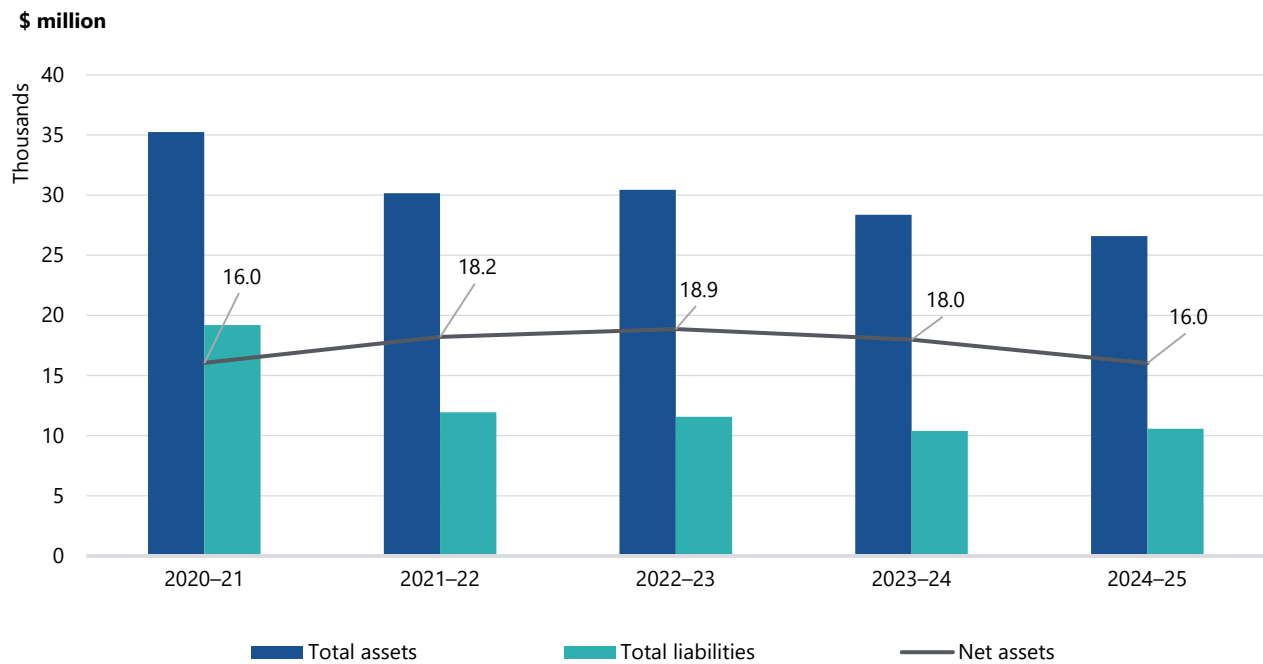
Figure 7A: Five-year financial performance to 30 June 2025



Source: VAGO.

At year end we held net assets of \$16.0 million (30 June 2024: \$18.0 million), with the decrease reflecting our current year deficit.

Figure 7B: Five-year financial position to 30 June 2025



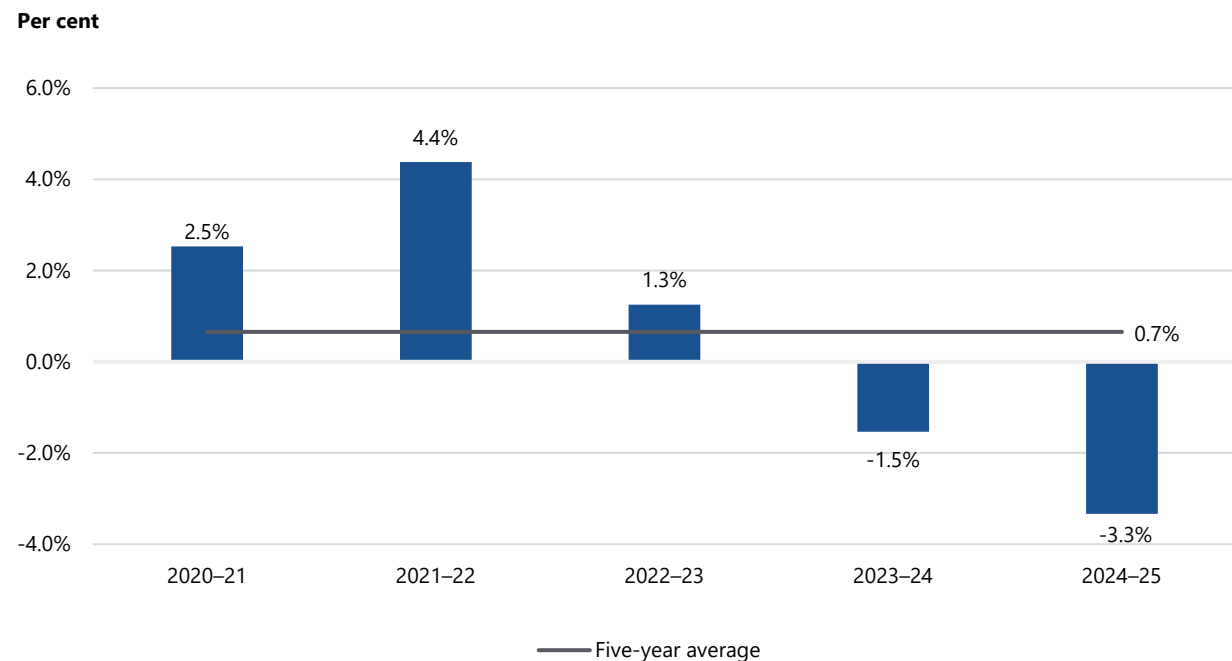
Source: VAGO.

Surplus/deficit

With the exception of the last two years of planned deficits, we have maintained a positive operating margin over the past 5 years at an average of 0.7 per cent of income.

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

Figure 7C: Operating result as a percentage of total income



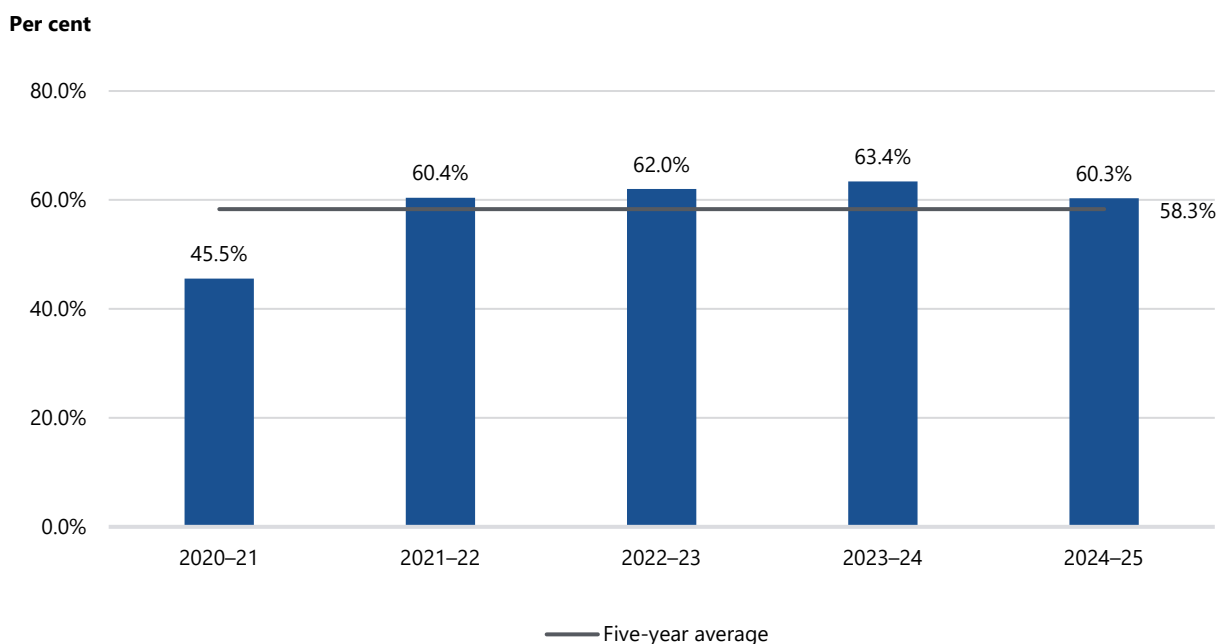
Source: VAGO.

Net assets

Our stable financial position is driven by our strong historical surpluses arising from sound fiscal management. Additionally, as we do not utilise debt as a funding source, we anticipate a sufficient net asset base to fund our operations over the forward estimates period.

Net assets as a percentage of total calculates the percent of total assets that an entity owns outright, clear from debt obligations. A higher (or lower) ratio indicates that less (or more) of the entity's assets are funded with debt and therefore is a lower (or higher) financial risk.

Figure 7D: Net assets as a percentage of total assets



Source: VAGO.

7.2 Financial performance

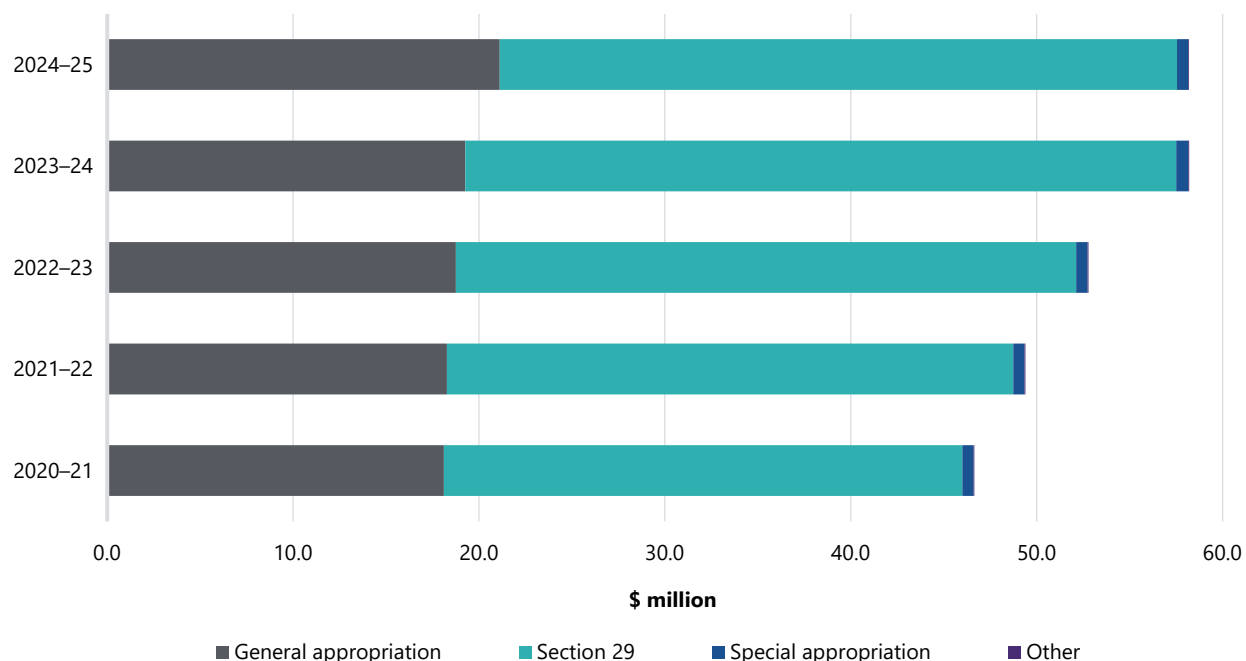
Income

Our total income increased over the past five years to \$58.2 million in 2024-25 (2023-24: \$58.2 million), reflective of indexation of our general appropriation and financial audit engagement fees (which forms our section 29 income), and the timing of delivery of our annual audit program.

We also rebase our financial audit engagement fees where additional audit effort or costs are required to complete the audit (e.g. Machinery of Government changes, accounting challenges, or passing on increases in our contracted audit services costs).

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

Figure 7E: Income from transactions



Source: VAGO.

Expenses

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

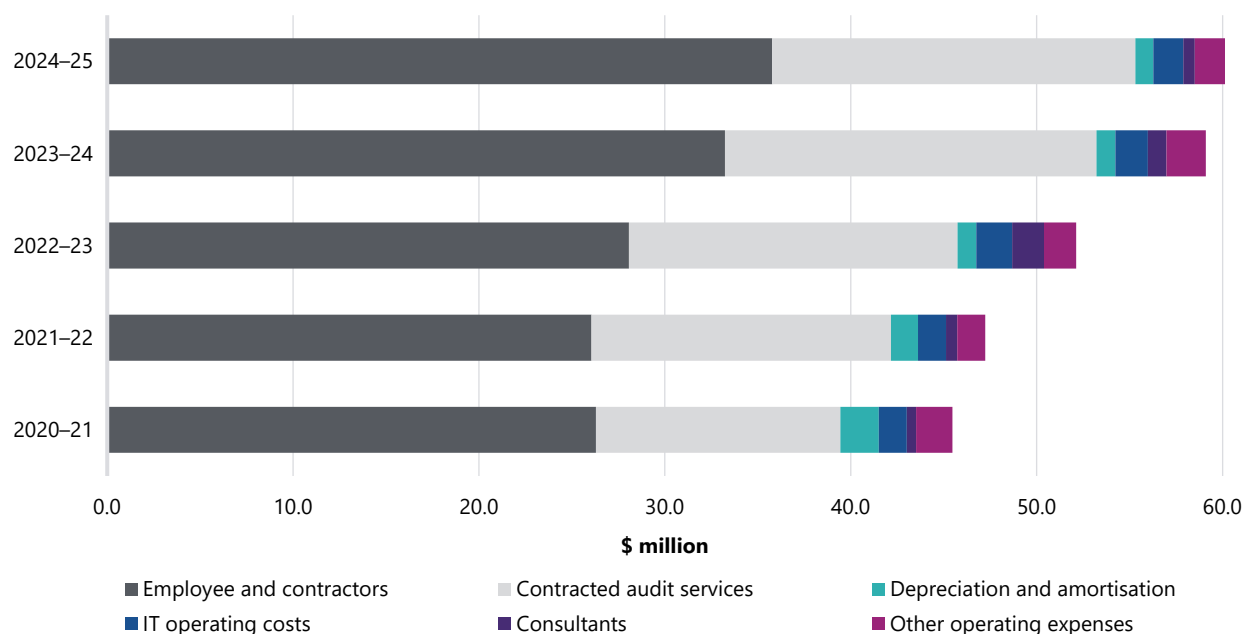
Our employee and contractor cost of \$35.7 million (2023-24: \$33.2 million) has largely been driven by:

- increases to entitlements per the *Victorian Public Service Enterprise Agreement 2024*, effective 1 May 2024 and partially from 1 May 2025, including a one-off lump sum cost of living payment for all VPS employees totalling \$1.1 million
- increase in the employer superannuation guarantee from 11.0% to 11.5% from 1 July 2024
- ongoing investment in our non-production workforce to deliver our organisational transformation and improvement projects—predominantly relating to our:
 - cloud-based financial audit toolset, Caseware Cloud
 - in-house audit analytics tool, Empower
 - employee capability framework and associated learning and development programs.

Our expenditure for contracted audit services of \$19.4 million (2023-24: \$20.0 million) is impacted by:

- the level of audit effort by our audit service providers (ASP) to complete the 2025 audit program, and the timing of completion of work carried out up to 30 June 2025
- annual indexation of fees charged by our ASPs.

Figure 7F: Expenses from transactions



Source: VAGO.

Information and communications technology (ICT) expenditure

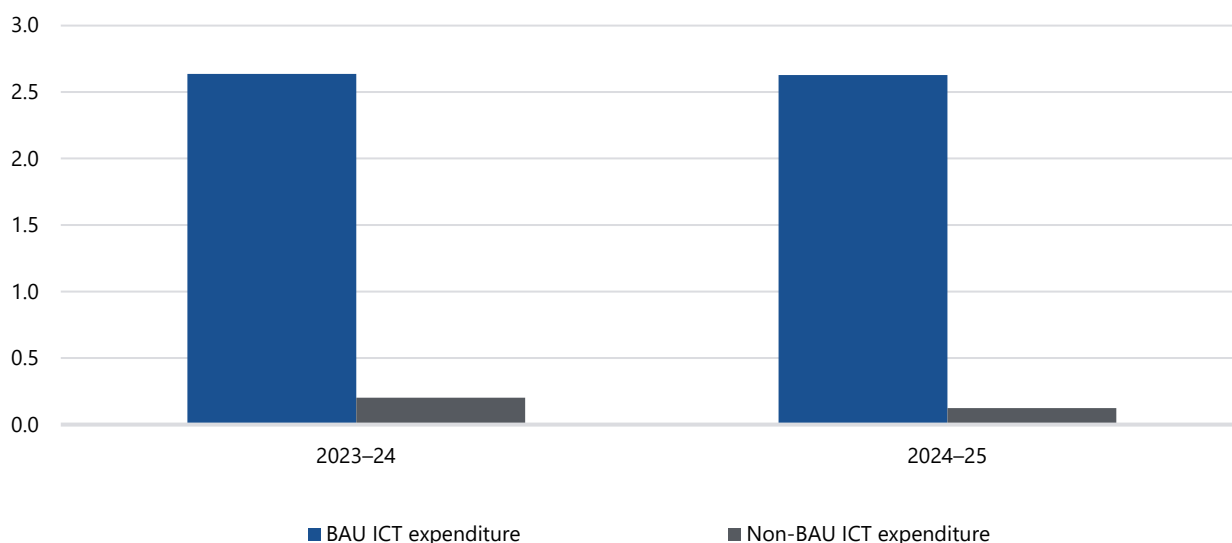
In 2024-25, we incurred ICT expenditure (including employee and contractor costs, and depreciation) to provide business-enabling ICT services of \$2.8 million (2023-24: \$2.8 million).

Our current year ICT expenditure reflects:

- a cost optimisation review undertaken over our data consumption costs
- the continued migration of our IT services from physical infrastructure (IaaS) to application (PaaS) and software platforms (SaaS)
- continued reduction in consultants utilised for our in-house audit analytics tool, Empower.

Figure 7G: ICT expenditure

\$ million



Source: VAGO.

7.3 Financial position

Balance sheet

Our total financial assets balance of \$23.7 million (2023-24: \$24.9 million) decreased due to the decrease in the State Administration Unit receivable balance — directly as a result of this year’s planned deficit.

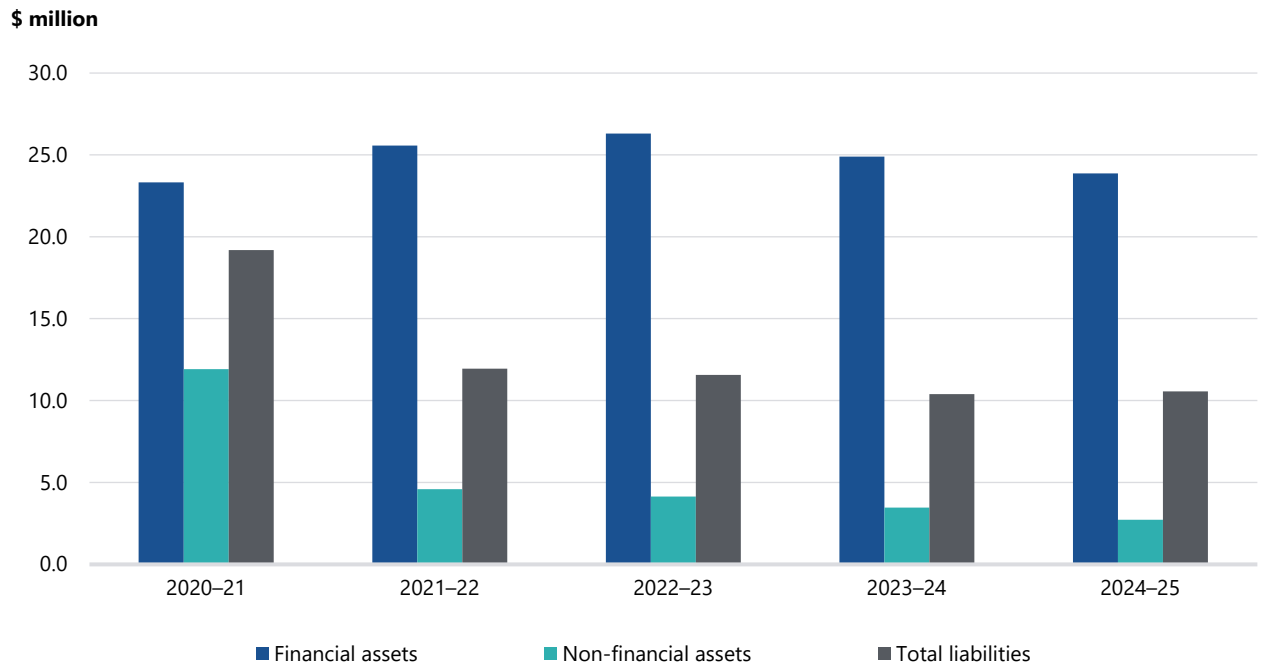
The total liabilities balance of \$10.6 million (2023-24: \$10.4 million) was also impacted by the payables balance at 30 June 2025, which is dependent on the timing of audit service providers completing their audit deliverables, as well as other accruals.

The State Administration Unit (SAU) serves two primary functions:

- (a) as a mechanism for recording transaction flows and balances within the Public Account; and
- (b) a means of capturing certain relationships and balances between the Government (with DTF as the ‘corporate head office’) and Departments.

Our SAU balance is made up of our accumulated surpluses, payables, movements in provisions and accumulated depreciation and amortisation net of asset acquisition.

Figure 7H: Assets and liabilities movement



Source: VAGO.

7.4 Cash flows

Cash flow statement

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

Figure 7I: Cash Flow Statement

	2024-25 (\$ thousand)	2023-24 (\$ thousand)	Movement from 2023-24 to 2024-25 (\$ thousand)	Percentage change from 2023-24 to 2024-25
Net cash flows from/(used in) operating activities	791	816	(25)	(3.1)
Net cash flows from/(used in) investing activities	(250)	(271)	21	(7.7)
Net cash flows from/(used in) financing activities	(541)	(545)	4	(0.7)
Net increase/(decrease) in cash held	-	-	-	-
Cash at the beginning of the financial year	-	-	-	-
Cash at the end of the financial year	-	-	-	-

7.5 Other financial matters

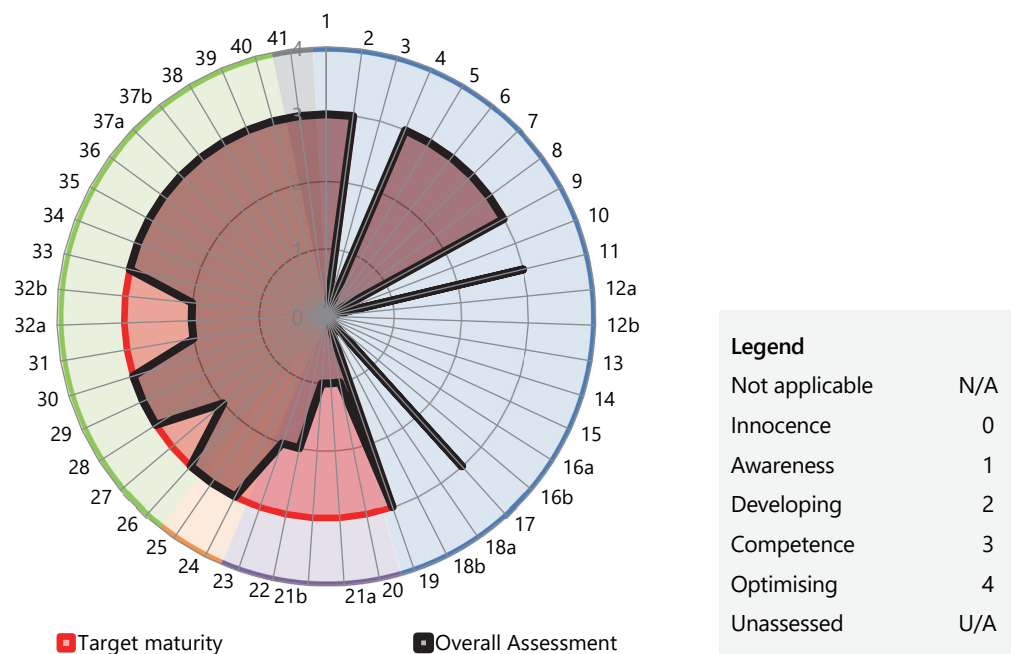
Asset Management Accountability Framework (AMAF) maturity assessment

The following section summarises our assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF).

We have assessed our target maturity rating 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.

Figure 7J: AMAF maturity assessment



Source: VAGO.

Figure 7K: 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 need to 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 are required to 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 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 2024-25, the outcomes reported from the implementation of the policy, where information was provided, was an average of at least 97 per cent of local content.

Performance audit consultants

In 2024-25, we recognised \$460,500 in expenses from 4 consultants, relating to performance audit related services (2023-24: \$121,900 to 7 consultants).

Figure 7L: Performance audit consultant expenses

Performance audit consultants	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Alex Dordevic	-	32
Cube Group	335	11
Hof Consulting	-	34
Jeneva Pty Ltd	78	-
Plan2Place Consulting	39	-
Tundra Interactive Pty Ltd	9	26
Villamanta Disability Rights Legal Service Inc	-	11
Other—0 (2023-24: 2)	-	8
Total	461	122

Financial audit contracted audit services

In 2024-25, we recognised \$19.0 million in expenses from 15 audit firms and consultants who provided financial and performance statement audit related services (2023-24: \$19.9 million to 16 audit firms and consultants).

Figure 7M: Financial audit contracted audit service provider expenses

Audit service provider (ASP) and consultants	2024-25 (\$ thousand)	2023-24 (\$ thousand)
ASP panel members		
BDO Services Pty Ltd	497	578
Crowe Audit Australia	1,995	1,840
Crowe Horwath Albury	976	1,027
Crowe Horwath Vic	745	677
Ernst & Young	1,986	2,059
HLB Mann Judd (VIC Partnership)	3,595	3,482
Johnsons MME	385	373
KPMG	745	787
RSD Audit	3,744	3,608
RSM Australia Pty Ltd	3,669	3,917
Consultants		
Bateup Actuarial & Consulting Services Pty Ltd	-	20
Cumpston Sarjeant Pty Ltd	55	13
Frontier Economics Pty Ltd	83	126
Pitcher Partners Corporate Pty Ltd	29	46
Protiviti Pty Ltd	460	1,301
The Heron Partnership Pty Ltd	9	20
Total	18,973	19,874

Other consultancies

In 2024-25, we engaged 7 consultants with a total expense greater than \$10,000 (excluding GST) (2023-24: 10 consultants).

In 2024-25, we engaged 10 consultants where the total expense was less than \$10,000 (excluding GST), totalling \$41,600 (2023-24: 0 consultants).

Figure 7N: Consultancies expenses in excess of \$10,000 (excluding GST)

Consultant	Purpose of consultancy	Start date	End date	Approved project fee (\$ thousand)	Expenditure 2024-25 (\$ thousand)	Future expenditure (\$ thousand)
Office of the Auditor-General						
Happell Media Pty Ltd	VAGO 150-year anniversary update	1-Feb-24	24-Dec-25	30	10	20
Orima Research Pty Ltd	Client survey program	17-Jul-24	30-Jun-26	225	141	84
SEC Newgate Australia	Strategic communication support	1-Dec-24	30-Jun-25	37	20	17
Parliamentary Reports and Services						
Russell Performance Co.	Management Consulting	17-Jul-24	2-Dec-24	97	97	-
Sandra D Parker	Management Consulting	1-Feb-25	31-Jan-27	35	15	20
Corporate						
Servian Pty Ltd	Data analytic tool	30-Jan-23	30-Jun-23	14	14	-
WeTechCareOfYou	Microsoft Power Automate workflow development	11-Dec-24	28-Feb-25	35	17	-

Review expenditure

In 2024-25, we undertook the following reviews with the total cost of \$247,000 (excluding GST). Details of reviews have been combined and outlined below.

Review	Purpose of review	Scope	Anticipated outcomes	Estimated cost 2024-25 (\$ thousand)	Final cost if completed (\$ thousand)	Publicly available
Quality assurance review	To undertake engagement quality assurance reviews	Evaluate compliance with the Audit Act 1994 and other mandatory requirements	External/peer reviews finding no material departures from professional and regulatory standards	109	204	No
Internal audit	Independent assurance on risk management, governance, and internal control processes	Identify weaknesses in internal controls, processes, and procedures	Recommendations for improvement for any weaknesses identified	139	533	No

Whole-of-government financial statements

Figure 7O is a comprehensive operating statement for the parliament portfolio that provides a comparison between our actual financial statements and the budgeted financial information as published in the *Statement of Finances 2024-25: Budget Paper No.5*. The financial data has been prepared on a consolidated basis and includes 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.

Figure 70: Comprehensive operating statement for parliament (including VAGO) for the financial year ended 30 June 2025

	Budget			Actual	Variance
	Parliament (excluding VAGO) (\$ thousand)	VAGO (\$ thousand)	Parliament (including VAGO) (\$ thousand)	VAGO (\$ thousand)	VAGO (\$ thousand)
Income from transactions					
Output appropriations	269,767	52,020	321,787	57,555	5,535
Special appropriations	56,745	663	57,408	601	(62)
Fair value of services received free of charge or for nominal consideration	-	43	43	40	(3)
Total income from transactions	326,512	52,726	379,238	58,196	5,470
Expenses from transactions					
Employee benefits	222,653	29,463	252,116	35,771	(6,308)
Depreciation	41,091	991	42,082	963	28
Interest expense	2,034	38	2,072	36	2
Other operating expenses	62,503	22,234	84,737	23,352	(1,118)
Total expenses from transactions	328,281	52,726	381,007	60,122	(7,396)
Net result from transactions (net operating balance)	(1,769)	-	(1,769)	(1,926)	(1,926)
Other economic flows – other comprehensive income					
Other	-	-	-	(16)	(16)
Total other economic flows – other comprehensive income	-	-	-	(16)	(16)
Comprehensive result	(1,769)	-	(1,769)	(1,942)	(1,942)

Note:

(i) This funding has been fully spent/applied in the current financial year.

(ii) The variance from the budgeted output appropriations in 2024-25 was due to the variability in financial audit fees charged based on completion of performance obligations, and retained as per the section 29 agreement.

7.6 Financial statements

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7.6.1 Notes to the financial statements

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1.2 Reissue of Financial Report	2.2. Disaggregated financial information	3.2 Contracted audit services	4.2 Other non-financial assets
		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
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	6.3 Contingent assets and contingent liabilities		8.3 Related parties
			8.4 Remuneration of auditors
			8.5 Ex-gratia expenses
			8.6 Subsequent events

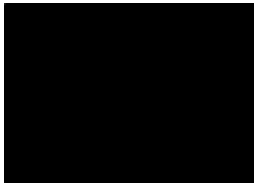
Declaration in the financial statements

The attached financial statements for the Victorian Auditor-General's Office have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance 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 2025 and financial position of the Victorian Auditor-General's Office at 30 June 2025.

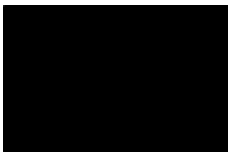
At the time of signing, we are not aware of any circumstance that would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 1 October 2025.



Andrew Greaves
Auditor-General
Victorian Auditor-General's Office

Melbourne
1 October 2025



Anh Ha
Chief Financial Officer
Victorian Auditor-General's Office

Melbourne
1 October 2025

Independent Auditor's Report to the Victorian Auditor-General's Office**Report on the Audit of the Financial Report**nexia.com.au**Opinion**

We have audited the accompanying financial report of the Victorian Auditor-General's Office ("VAGO"), which comprises the balance sheet as at 30 June 2025, the comprehensive operating statement, cash flow statement, and statement of changes in equity for the year then ended, notes to the financial report, including material accounting policy information, and the declaration in the financial report.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Victorian Auditor-General's Office as at 30 June 2025 and of its financial performance and of its cash flows for the year then ended in accordance with Australian Accounting Standards including interpretations and other mandatory professional reporting requirements, and 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 Report 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 Victorian Auditor-General's Office 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 report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter

We draw attention to Note 1.2 of the financial statements, which describes an amendment to the previous signed version of the financial statements dated 13 August 2025. Our opinion is not modified in respect of this matter.

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 2025 but does not include the financial report and our auditor's report thereon, nor the performance statement and our review report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, 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 the other information, we are required to report that fact. The Victorian Auditor-General's Office's annual report is expected to be made available to us after the date of this independent auditor's report.

The Auditor-General's Responsibility for the Financial Report

The Auditor-General is responsible for the preparation and fair presentation of the financial report 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 report that is free from material misstatement, whether due to fraud or error.

Advisory. Tax. Audit.

Registered Audit Company 291969

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Nexia Australia

Independent Auditor's Report to the Victorian Auditor-General's Office (cont.)

In preparing the financial report, the Auditor-General is responsible for assessing the Victorian Auditor-General's Office'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 the Auditor-General either intend to liquidate the Victorian Auditor-General's Office or to cease operations, or have no realistic alternative but to do so.

The Auditor-General is responsible for overseeing the Victorian Auditor-General's Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 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 this financial report.

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 report, 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 Victorian Auditor-General's Office'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 Victorian Auditor-General's Office'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 report 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 Victorian Auditor-General's Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Victorian Auditor-General's Office to express an opinion on the Victorian Auditor-General's Office financial report. We are responsible for the direction, supervision, and performance of the Victorian Auditor-General's Office audit. We remain solely responsible for our audit opinion.

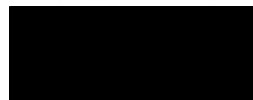
We communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nexia Melbourne Audit Pty Ltd

Melbourne

Dated this 1st day of October 2025



Andrew S. Wehrens

Director

Comprehensive Operating Statement for the financial year ended 30 June 2025⁽ⁱ⁾

	Note	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Income from transactions			
Output appropriations	2.1	57,555	57,506
Special appropriations	2.1	601	647
Sale of services and other income		40	51
Total income from transactions		58,196	58,204
Expenses from transactions			
Employees and contractors	3.1.1	35,771	33,236
Contracted audit services	3.2	19,542	19,985
Other operating expenses	3.3	4,809	5,883
Total expenses from transactions		60,122	59,104
Net result from transactions (net operating balance)		(1,926)	(900)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ⁽ⁱⁱ⁾		(20)	-
Other gains/(losses) from other economic flows		4	6
Total other economic flows included in net result		(16)	6
Net result		(1,942)	(894)
Comprehensive result		(1,942)	(894)

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) '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 2025⁽ⁱ⁾

	Note	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Assets			
Financial assets			
Cash	6.1	-	-
Receivables	5.1	23,872	24,894
Total financial assets		23,872	24,894
Non-financial assets			
Property, plant and equipment	4.1	1,667	2,424
Other non-financial assets	4.2	1,055	1,044
Total non-financial assets		2,722	3,468
Total assets		26,594	28,362
Liabilities			
Payables	5.2	2,795	2,372
Lease liabilities	4.4.1	1,356	1,897
Employee related provisions	3.1.2	6,411	6,119
Total liabilities		10,562	10,388
Net assets		16,032	17,974
Equity			
Accumulated surplus		11,102	13,044
Contributed capital		4,930	4,930
Net worth		16,032	17,974

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 2025⁽ⁱ⁾

	Note	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Cash flows from operating activities			
Receipts			
Appropriation receipts from government		62,722	62,296
Receipts from other entities		601	647
Total receipts		63,323	62,943
Payments			
Payments to suppliers and employees		(61,713)	(61,307)
Goods and Services Tax paid to the ATO(ii)		(783)	(773)
Interest and other costs of finance paid		(36)	(47)
Total payments		(62,532)	(62,127)
Net cash flows from operating activities		791	816
Cash flows from investing activities			
Purchases of non-financial assets		(250)	(271)
Net cash flows used in investing activities		(250)	(271)
Cash flows from financing activities			
Repayment of lease liabilities		(541)	(545)
Net cash flows used in financing activities		(541)	(545)
Net increase/(decrease) in cash held		-	-
Cash at the beginning of the financial year		-	-
Cash at the end of the financial year		-	-

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 2025⁽ⁱ⁾

	Accumulated surplus (\$ thousand)	Contributed capital (\$ thousand)	Total
Balance at 1 July 2023	13,938	4,930	18,868
Net result for the year	(894)	-	(894)
Balance at 30 June 2024	13,044	4,930	17,974
Net result for the year	(1,942)	-	(1,942)
Balance at 30 June 2025	11,102	4,930	16,032

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 are 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 his 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.

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

1.1 Basis of preparation and compliance

These general-purpose financial statements:

- are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101)
- 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).
- apply AAS paragraphs applicable to not-for-profit entities, where appropriate
- cover VAGO as an individual reporting entity and include all of 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.

VAGO is a Tier 2 entity in accordance with FRD 101, effective 1 July 2024 as it is not a 'significant entity'. These financial statements are the first general purpose financial statements prepared in accordance AASB 1060.

VAGO's prior year financial statements were general purpose financial statements prepared in accordance with AAS (Tier 1).

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

- Significant judgements applied are disclosed in the notes where amounts are affected by those judgements.
- 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.

Material accounting policies applied are disclosed in the respective notes of these financial statements and 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.

Comparative information has been presented in accordance with Tier 2 requirements, which have not affected the recognition or measurement of reported amounts.

1.2 Reissue of Financial Report

This financial report replaces the version signed on 13 August 2025. The revision relates to Note 2.1, which now separately discloses the Treasurer's Advance supplementation funding of \$1.427 million in accordance with appropriation disclosure requirements. The amounts recognised as revenue and employee expenses were correct in the earlier version, and this revision relates only to classification and disclosure of the Authority amount only as disclosed in Note 2.1.

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 have been delivered and the Assistant Treasurer and Treasurer have certified delivery of the outputs in accordance with specified performance criteria as 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*.

	Appropriations Act		Financial Management Act			
	Annual appropriation (\$ thousand)	Advance from Treasurer (\$ thousand) ⁽ⁱ⁾	section 29 (\$ thousand)	Total Parliamentary authority (\$ thousand) ⁽ⁱⁱ⁾	Appropriations applied (\$ thousand) ⁽ⁱⁱⁱ⁾	Variance ⁽ⁱⁱⁱ⁾
2024-25 controlled						
Provision for outputs	19,697	1,427	38,546	59,670	57,555	2,115
Total 2024-25	19,697	1,427	38,546	59,670	57,555	2,115
2023-24 controlled						
Provision for outputs	19,269	-	32,496	51,765	57,506	(5,741)
Total 2023-24	19,269	-	32,496	51,765	57,506	(5,741)

Note:

(i) The Treasurer's Advance supplementation funding amount of \$1.427 million was to meet the costs of the *Victorian Public Service Enterprise Agreement 2024*.

(ii) This funding has been fully spent/applied in the current financial year. The variance from estimate of 'Provision for outputs' in 2024-25 was due to the variability in financial audit fees charged based on completion of performance obligations, 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	Appropriations applied	
		2024-25 (\$ thousand)	2023-24 (\$ thousand)
The <i>Constitution Act 1975</i> , section 94A(6)	Costs associated with the Auditor-General	601	647

FMA 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. The relevant appropriation item will be increased by the equivalent amount of income recognition.

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

Financial audit fees are measured based on the consideration and terms specified in the engagement letter with the audit client. VAGO recognises income progressively over time as the performance obligations for the services to the audit client are satisfied, in accordance with AASB 15 *Revenue from Contracts with Customers*.

Any income recognised over time deemed not recoverable is written off as at 3 distinct phases of the financial audit process — planning, interim and final. The income recognised at the end of the financial year represents the best estimate by management of the recoverable income.

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Fee for services		
Audit fees	38,546	32,496
Total annotated income agreements	38,546	32,496

2.2 Disaggregated financial information

Judgement is required in allocating income and expenditure to specific outputs. The following judgements were made in making the allocations:

- Output appropriation income is allocated directly to the output funded by the appropriation.
- Expenses are either allocated directly to the output where identifiable, otherwise on the basis that management estimates of the in-house revenue of each output. There were no amounts unallocated.

The distinction between controlled and administered items is based on VAGO's ability to deploy the resources in question 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 the VAGO's outputs, refer to *Report of Operations*.

Controlled income and expenses for the year ended 30 June 2025

	Parliamentary reports and services (\$ thousand)		Audit opinions on financial and performance statements (\$ thousand)		Total (\$ thousand)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Income from transactions						
Output appropriations	20,410	19,269	37,145	38,237	57,555	57,506
Special appropriations	310	324	291	323	601	647
Sale of services and other income	21	25	19	26	40	51
Total income from transactions	20,741	19,618	37,455	38,586	58,196	58,204
Expenses from transactions						
Employee expenses	16,672	15,357	19,099	17,879	35,771	33,236
Contracted audit services	537	121	19,005	19,864	19,542	19,985
Other operating expenses	2,427	2,484	2,382	3,399	4,809	5,883
Total expenses from transactions	19,636	17,962	40,486	41,142	60,122	59,104
Net result from transactions (net operating balance)	1,105	1,656	(3,031)	(2,556)	(1,926)	(900)
Other economic flows included in net result						
Net gain/(loss) on non-financial assets	(10)	-	(10)	-	(20)	-
Other gains/(losses) from other economic flows	2	3	2	3	4	6
Total other economic flows included in net result	(8)	3	(8)	3	(16)	6
Net result	1,097	1,659	(3,039)	(2,553)	(1,942)	(894)
Comprehensive result	1,097	1,659	(3,039)	(2,553)	(1,942)	(894)

Controlled assets and liabilities as at 30 June 2025

	Parliamentary reports and services (\$ thousand)		Audit opinions on financial and performance statements (\$ thousand)		Total (\$ thousand)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Assets						
Financial assets	7,798	7,565	16,074	17,329	23,872	24,894
Non-financial assets	889	1,054	1,833	2,414	2,722	3,468
Total assets	8,687	8,619	17,907	19,743	26,594	28,362
Liabilities						
Total liabilities	3,450	3,157	7,112	7,231	10,562	10,388
Net assets	5,237	5,462	10,795	12,512	16,032	17,974

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 2025

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Administered income from transactions		
Reimbursement of audit costs charged	36,430	38,087
Total administered income from transactions	36,430	38,087
Administered expenses from transactions		
Payments into the Consolidated Fund	36,430	38,087
Total administered expenses from transactions	36,430	38,087
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⁾	6,754	2,049
Non-financial assets (accrued income)	10,930	15,832
Total administered assets	17,684	17,881
Administered liabilities		
Amounts owing to the state	17,684	17,881
Total administered liabilities	17,684	17,881
Total administered net assets	-	-

Note:

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

3. The cost of delivering our services

3.1 Employees and contractors

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

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

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Salaries and wages, annual leave and long service leave	32,540	30,493
Defined contribution superannuation expense	3,188	2,693
Defined benefit superannuation expense	43	50
Total employee expenses	35,771	33,236

3.1.2 Employee benefits included in the Comprehensive Operating Statement

A provision is made for benefits accruing to employees in respect of 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 settlement of these liabilities
- 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.

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.

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.

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Current provisions		
Annual leave	2,161	2,000
Long service leave	2,382	2,552
Provision for on-costs	919	896
Total current provisions for employee benefits	5,462	5,448
Non-current provisions		
Employee benefits	789	560
Provision for on-costs	160	111
Total non-current provisions for employee benefits	949	671
Total provisions for employee benefits	6,411	6,119

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	<ul style="list-style-type: none"> • 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.

3.2 Contracted audit services

VAGO contracts certain audit services to external professional firms. Costs incurred under such contracts are recognised as an expense in the reporting period in which they are incurred. At the end of the reporting period, an estimate is made on the value of audit services provided to VAGO not yet invoiced. The value of uninvoiced work is recognised as an accrual in the Balance Sheet (Note 5.2), 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.

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
IT operating costs	1,615	1,748
Depreciation and amortisation	963	1,012
Consultants	616	1,006
Training	554	509
Lease payments (accommodation)	302	285
Recruitment	248	662
Motor vehicles and travel costs	74	139
Other office expenses	437	522
Total other operating expenses	4,809	5,883

4. Key assets to support our output delivery

Property, plant and equipment

Property, plant and equipment (PPE) are measured initially at cost. 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 and Note 4.4.

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)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Right-of-use asset—property	3,757	3,757	(2,848)	(2,374)	909	1,383
Leasehold improvements	1,722	1,722	(1,392)	(1,219)	330	503
Furniture, fittings and equipment	-	128	-	(128)	-	-
Computer software and equipment	1,710	1,542	(1,282)	(1,004)	428	538
Total property, plant and equipment	7,189	7,149	(5,522)	(4,725)	1,667	2,424

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

	Right-of-use asset—property (\$ thousand)	Leasehold improvements (\$ thousand)	Computer software and equipment (\$ thousand)	Total (\$ thousand)
Balance at 1 July 2024	1,383	503	538	2,424
Additions	-	-	113	113
Disposals	-	-	(20)	(20)
Depreciation	(474)	(173)	(203)	(850)
Balance at 30 June 2025	909	330	428	1,667

4.1.2 Depreciation and amortisation

All property, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

- Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term.
- Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

	Useful life (years)
Right-of-use asset—property	8
Leasehold improvements	10
Furniture, fittings and equipment	4-5
Computer software and equipment	3-4
Intangible assets	5

4.2 Other non-financial assets

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Intangible assets ⁽ⁱ⁾	542	518
Prepayments	513	526
Total other non-financial assets	1,055	1,044

Note:

(i) \$137,000 was capitalised in 2024-25 relating to Empower, our in-house audit analytic tool arising from product enhancements.

4.2.1 Intangible assets

	Gross carrying amount (\$ thousand)		Accumulated depreciation (\$ thousand)		Net carrying amount (\$ thousand)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Audit data analytic tool	697	560	(155)	(42)	542	518
Other ERP/HCM	874	1,238	(874)	(1,238)	-	-
Total intangible assets	1,571	1,798	(1,029)	(1,280)	542	518

4.2.2 Reconciliation of movements in carrying amount of intangible assets

	Audit data analytic tool (\$ thousand)	Other ERP/HCM (\$ thousand)	Total (\$ thousand)
Balance at 1 July 2024	518	-	518
Additions	137	-	137
Disposals	-	-	-
Amortisation	(113)	-	(113)
Balance at 30 June 2025	542	-	542

Initial recognition

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated, including:

- the technical feasibility of completing the intangible asset so that it will be available for use
- an intention to complete the intangible asset and use it
- the ability to use the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible produced assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives.

Produced intangible assets have useful lives of five years.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Significant intangible assets

We have capitalised software development expenditure for the development of our in-house audit analytics tool, Empower, which has a useful life of five years.

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.

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.

Assets and liabilities carried at fair value

- Financial assets and liabilities (initial recognition at fair value and subsequently measured at amortised cost)
- Plant and equipment

Disclosures reported

- 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 approximate fair value, due to:

- their short-term nature
- the expectation that they will be paid in full by the end of the 2025-26 reporting period
- fair value not materially differing from the carrying amount.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities is applicable for annual reporting periods beginning on or after 1 January 2024. We have not assessed any significant impact of AASB 2022-10 or material changes in value for our non-financial physical assets

4.3.2 Fair value determination: non-financial physical assets

All non-financial physical assets are held at fair value and classified as Level 3 in the fair value hierarchy.

There have been no transfers between levels during the period.

Note 4.1.1 provides a reconciliation of movements in the carrying amount of property, plant and equipment, all of which have been classified as Level 3.

Significant unobservable inputs have remained unchanged since 30 June 2024.

4.3.3 Description of significant unobservable inputs to Level 3 valuations

2024-25 and 2023-24	Valuation technique	Significant unobservable inputs
Right-of-use asset—property	Current replacement cost	<ul style="list-style-type: none">• Current replacement cost per unit• Useful life of Right-of-use asset—property
Leasehold improvements	Current replacement cost	<ul style="list-style-type: none">• Current replacement cost per unit• Useful life of Leasehold improvements
Furniture, fittings and equipment Computer software and equipment	Current replacement cost	<ul style="list-style-type: none">• Current replacement cost per unit• Useful life of Furniture, fittings and equipment, and Computer software and equipment

4.4 Right-of-use assets and lease liabilities

VAGO as a lessee

VAGO recognises a right-of-use asset and a lease liability at the lease commencement date.

VAGO's right-of-use asset and lease liability relates to its office premises lease, located at level 31, 35 Collins Street, Melbourne 3000 Victoria. The lease agreement term is 10 years, ending 31 May 2027.

The right-of-use asset is initially measured at cost (and subject to revaluation) and comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received
- any 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.

The lease liability is initially measured at the present value of the 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 as provided by Treasury Corporation of Victoria (TCV). Generally, VAGO uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 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, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, a corresponding adjustment is made 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.

4.4.1 Lease liabilities

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Maturity analysis—contractual undiscounted cash flows		
Less than one year	604	576
One to five years	786	1,390
Total undiscounted lease liabilities	1,390	1,966
Less: future finance charges	(34)	(69)
Present value of minimum lease payments	1,356	1,897
Lease liabilities included in the Balance Sheet		
Current	580	540
Non-current	776	1,357
Total lease liabilities	1,356	1,897

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 and, 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.

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Current receivables—comprising of:		
Contractual	34	85
Statutory ⁽ⁱ⁾	8,648	7,918
Total current receivables	8,682	8,003
Non-current receivables—statutory⁽ⁱ⁾		
Total non-current receivables	15,190	16,891
Total receivables	23,872	24,894

Note:

(i) The total current receivable amount recognised as statutory is likely to be drawn down in the next financial year, and 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 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.

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.

Payables for supplies and services have an average credit period of 14 days.

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Contractual		
Supplies and services ⁽ⁱ⁾	1,807	2,033
Amounts payable to government agencies	12	16
Lease incentive ⁽ⁱⁱ⁾	324	493
Other payables	-	17
Statutory		
GST (receivable)/payable	367	(423)
FBT (receivable)/payable	(3)	4
Other taxes payable ⁽ⁱⁱⁱ⁾	288	232
Total payables	2,795	2,372
Represented by		
Current payables	2,640	2,048
Non-current payables	155	324
Total payables	2,795	2,372

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, VAGO does not hold a cash reserve in its bank accounts. Cash received from generation of income is paid into the State's bank account ('public account'). Similarly, VAGO's expenditure is paid via the public account. The public account remits to VAGO the cash required when payments to suppliers have cleared in VAGO's bank account.

6.2 Commitments for expenditure

Commitments for future expenditure include operating commitments arising from contracts. These commitments are recorded 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 Commitments

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*.

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Lease commitments payable		
Less than 1 year	277	269
Longer than 1 year but not longer than 5 years	268	562
Total lease commitments payable	545	831
Contract audit service commitments payable		
Less than 1 year	14,048	9,703
Longer than 1 year but not longer than 5 years	364	15,197
Total contract audit service commitments payable	14,412	24,900
Other commitments payable		
Less than 1 year	1,992	1,940
Longer than 1 year but not longer than 5 years	2,538	475
Total other commitments payable	4,530	2,415
Total commitments (inclusive of GST)	19,487	28,146
Less GST recoverable from the Australian Taxation Office	1,772	2,559
Total commitments (exclusive of GST)	17,715	25,587

6.3 Contingent assets and contingent liabilities

At the reporting date, VAGO was 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.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

VAGO recognises cash and receivables (excluding statutory receivables) in this category.

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured 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. VAGO recognises the following liabilities in this category:

- payables (excluding statutory payables)
- lease liabilities.

Impairment of financial assets

VAGO records 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 includes 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

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Contractual financial assets		
Receivables⁽ⁱ⁾		
Other receivables	34	85
Total contractual financial assets	34	85
Contractual financial liabilities at amortised cost		
Payables⁽ⁱ⁾		
Supplies and services	1,807	2,033
Amounts payable to government and agencies	12	16
Lease incentive	324	493
Other payables	-	17
Borrowings		
Lease liabilities	1,356	1,897
Total contractual financial liabilities	3,499	4,456

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.

8. Other disclosures

8.1 Responsible persons

The following disclosures are made relating to the Accountable Officer in accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*.

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.

Remuneration

Remuneration received or receivable by the Accountable Officer during the reporting period was in the following range: \$620,000–\$629,999 (2023-24: \$600,000–\$609,999).

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 provides a measure of full-time equivalent executive officers over the reporting period.

Remuneration of executive officers⁽ⁱ⁾

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Total remuneration	6,500	6,213
Total number of executives⁽ⁱ⁾	28	32
Total annualised employee equivalents⁽ⁱⁱ⁾	23.7	22.2

Note:

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures.

(ii) 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

VAGO received funding and made payments to the Consolidated Fund of \$58.0 million (2023-24: \$58.2 million) and \$36.3 million (2023-24: \$38.1 million).

During the year, VAGO had the following government-related entity transactions:

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Income from financial statement audits		
Department of Treasury and Finance	1,453	1,287
Department of Transport and Planning	955	589
Department of Justice and Community Safety	939	778
Department of Families, Fairness and Housing	896	543
Department of Energy Environment and Climate Action	845	-
Victorian WorkCover Authority	710	244
Department of Education	709	561
Department of Health	567	647
University of Melbourne	533	524
Greater Western Water	532	310
Other government related parties (<\$500,000) ⁽ⁱ⁾	33,317	28,414
Total significant transactions with government-related entities	41,456	33,897

Note:

(i) Transactions with other related parties are collectively, but not individually significant.

Key management personnel (KMP)

KMP of VAGO include the Accountable Officer and members of the Strategic Management Group (SMG).

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Total remuneration⁽ⁱ⁾	2,011	1,827

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 key management personnel and other related parties

There were no related party transactions that involved key management personnel, their close family members and their personal business interests in the current reporting period.

8.4 Remuneration of auditors

	2024-25 (\$ thousand)	2023-24 (\$ thousand)
Nexia Melbourne Audit Pty Ltd (2023-24: PKF Melbourne Audit & Assurance Pty Ltd)		
Audit of the financial statements	38	42
Review of the performance statement	2	4
Total	40	46

The auditor of VAGO is appointed by Parliament and paid by the Public Accounts and Estimates Committee in accordance with the *Audit Act 1994*.

As the remuneration of the auditor is paid by the Public Accounts and Estimates Committee, the amount disclosed above is equal to the fair value of services received free of charge or for nominal consideration.

Andrew Wehrens of Nexia Melbourne Audit Pty Ltd was appointed as the auditors of VAGO from 2024-25.

8.5 Ex-gratia expenses

Ex-gratia expenses are the voluntary payments of money or other non-monetary benefit that are not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

VAGO has made ex-gratia payments totalling \$88,000 during 2024-25 (2023-24: Nil) and recognised as an expense within Note 3.1 Employee and contractors.

8.6 Subsequent events

VAGO 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 the financial statements.

8.

Appendices

Appendix A: Reconciliation of parliamentary engagement program

Appendix B: Workforce profile and gender pay gap

Appendix C: Workplace health and safety

Appendix D: General executive information

Appendix E: Audit and risk management

Appendix F: Policies and procedures

Appendix G: Additional information available on request

Appendix H: Disclosures index

Appendix I: Acronyms

Appendix A:

Reconciliation of parliamentary engagement program

Figure A1: Reconciliation of our parliamentary engagement program to our *Annual Plan 2024–25*

Category	Audit/review	Planning period	Tabled	In progress at June 30 2025
Whole of Government	<i>Building a Capable and High-performing Public Service Workforce</i>	2023–24	✓	
	<i>Quality of Victoria's Critical Data Assets</i>	2024–25	✓	
	<i>Contractors and Consultants: Management</i>	2024–25	✓	
	<i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24</i>	2024–25	✓	
	Implementation of departmental savings and efficiencies (now called Delivering Savings Under the COVID Debt Repayment Plan)	2024–25		✓*
	<i>Responses to Performance Engagement Recommendations: Annual Status Update 2024</i>	2024–25	✓	
	<i>Fair Presentation of Service Delivery Performance 2024</i>	2024–25	✓	
	Cybersecurity of IT Servers	2024–25		✓
Local Government	<i>Reporting on Local Government Performance: Follow-up</i>	2024–25	✓	
	<i>Result of 2023–24 Audits: Local Government</i>	2024–25	✓	
	Financial Management of Local Councils	2023–24		✓*
Environment and Planning	<i>Protecting the Biosecurity of Agricultural Plant Species</i>	2023–24	✓	
	Recovering and reprocessing resources from waste (now called <i>Recycling Resources from Waste</i>)	2024–25	✓	
	<i>Developing Fishermans Bend</i>	2023–24	✓	
	Managing the transition of energy supply to renewables (now called Managing the Transition to Renewable Energy)	2024–25		✓
	Natural disaster recovery and resilience (now called Relief and Recovery Funding for the 2022 Floods)	2024–25		✓
Health and Families	Financial decision-making for vulnerable adults (now called <i>State Trustees' Financial Administration Services</i>)	2024–25	✓	
	<i>The Orange Door: Follow-up</i>	2024–25	✓	
	<i>HealthShare Victoria Procurement</i>	2024–25	✓	

Category	Audit/review	Planning period	Tabled	In progress at June 30 2025
	Elective surgery in Victoria (now called Planned Surgery in Victoria)	2024–25		✓*
Economy and Infrastructure	<i>Major Projects Performance Reporting 2024</i>	2024–25	✓	
	<i>Managing Disruptions Affecting Victoria's Public Transport Network</i>	2024–25	✓	
	<i>Domestic Building Insurance</i>	2024–25	✓	
	Maintaining the Condition of State-managed Roads	2025–26		✓
	Realising the benefits identified in the Suburban Rail Loop business case (now called Delivering the Suburban Rail Loop)	2024–25		✓
	Accessibility of Tram Services: Follow-up	2024–25		✓
Education and Justice	<i>Staff Wellbeing in Fire Rescue Victoria</i>	2023–24	✓	
	<i>Work-related Violence in Government Schools</i>	2024–25	✓	
	<i>Results of 2023 Audits: Technical and Further Education Institutes</i>	2023–24	✓	
	<i>Results of 2024 Audits: TAFEs and Universities</i>	2024–25	✓	
	Free TAFE	2024–25		✓

Note: Items marked with an asterisk are scheduled to table before the tabling of this annual report.
Source: VAGO.

Appendix B:

Workforce profile and gender pay gap

Figure B1: Profile of VAGO employees as of 30 June 2025

As of June 2025	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	Full-time equivalent	Full time (headcount)	Part time (headcount)	Full-time equivalent	Number (headcount)	Full-time equivalent
Gender							
Men	88	87.6	60	2	61.6	26	26
Women	119	114.6	87	16	99.0	16	15.6
Self-described	1	1.0	1	-	1.0	-	-
Prefer not to say	1	1.0	1	-	1.0	-	-
Age							
15–24	7	7.0	5	1	6.0	1	1
25–34	79	77.7	66	4	68.7	9	9
35–44	70	67.1	46	11	54.3	13	12.8
45–54	40	39.6	22	1	22.8	17	16.8
Over 55	13	12.8	10	1	10.8	2	2
Classification							
VPS 1	-	-	-	-	-	-	-
VPS 2	4	4.0	4	-	4.0	-	-
VPS 3	45	44.2	32	3	34.2	10	10
VPS 4	38	37.4	33	1	33.6	4	3.8
VPS 5	49	46.2	37	10	44.2	2	2
VPS 6	48	47.5	41	4	44.5	3	3
Senior technical specialists	2	2.0	2	-	2.0	-	-
Executives	22	21.8	-	-	-	22	21.8
Auditor-General	1	1.0	-	-	-	1	1
Total employees	209	204.1	149	18	162.5	42	41.6

Note: Workforce profile data excludes inactive employees, employees on long leave or those on external secondment.

Source: VAGO.

How we calculate the gender pay gap

In line with the requirements of the Workplace Gender Equality Agency, this year we calculated our gender pay gap using both the median (middle) and mean (average) base salaries of men and women. Given the small size of our organisation, we have, however, excluded the Auditor-General's salary from our mean and median pay gap

calculations for the purposes of our annual report to provide a more accurate representation of the gap in salaries between our men and women employees.

The median pay gap is calculated by ranking men and women 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 of the middle-paid man's salary.

The average (or mean) pay gap is more easily influenced by staff who have higher salaries. We calculated 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 of the average salary paid to men.

We also calculated our gender pay gap using the full-time equivalent (FTE) extrapolated salaries for our part-time staff, consistent with the approach of the Workplace Gender Equality Agency and excluded casual employees from our calculations.

Figure B2: Comparing median and mean gender pay gaps from the last 3 years

Date	Average (mean) gender pay gap	Median gender pay gap
30 June 2025	10.9% in favour of men	4.1% in favour of men
30 June 2024	6.7% in favour of men	1.4% in favour of men
30 June 2023	3.0% in favour of men	No pay gap

Note: We calculated our gender pay gaps based on the mean and median base salaries of employees who identify as men and women. This is 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: $((\text{median base salary for men} - \text{median base salary for women}) / \text{median base salary for men}) * 100$
- mean gender pay gap: $((\text{mean base salary for men} - \text{mean base salary for women}) / \text{mean base salary for men}) * 100$.

Pay gap across VAGO's business units

Figure B3: Gender pay gap on 30 June 2025 in VAGO's business units

Business unit	Average (mean) gender pay gap	Median gender pay gap
FA	2.4% in favour of women	9% in favour of women
PRS	20.6% in favour of men	24.5% in favour of men
Office of the Auditor-General	35.7% in favour of men	7% in favour of women
Corporate Services	18.4% in favour of men	16.8% in favour of men

Note: See the note for Figure B2 explaining how we calculated the mean and median gender pay gaps.

Source: VAGO.

Appendix C:

Workplace health and safety

Health and wellbeing strategies

Our health and wellbeing strategies this year included:

- maintaining access to our independent employee assistance program, which was used by an average of 12 per cent of staff. This is almost double the industry average of 8 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 stay healthy over winter
- encouraging staff to make use of our Better Normal principles to maintain a healthy work-life balance
- celebrating safety and wellbeing events such as National Safe Work month and R U OK? Day

Figure C1: WorkCover claims

Claims and rate	2020–21	2021–22	2022–23	2023–24	2024–25
Number of standard claims*	1	1	-	-	-
Number of lost claims**	1	1	-	-	-
Rate of standard claims per 100 FTE staff	0.57	0.56	-	-	-
Average cost of claims	\$7,795	\$33,558	-	-	-

Note: *Standard claims are claims 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 2025. They are a subset of standard claims.

Source: Employers Mutual Limited.

Figure C2: 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 setup' online module and the offer of an in-person assessment with an ergonomic specialist on commencement. All employees were provided with the necessary products and equipment to enable effective remote work
All claims received are lodged with WorkCover within 10 working days for physical injury claims or 3 days for mental injury claims	100%
All reported incidents and accidents are followed up within 24 hours and closed as soon as is practicable	100%

Source: VAGO.

Appendix D:

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.

Figure D1: Annual salary, by \$20,000 bands, for executive and senior non-executive staff at 30 June 2025

Income band (salary) ^(a)	Senior executive service	Senior technical specialists
\$200,000–\$219,999	10	1
\$220,000–\$239,999	4	1
\$240,000–\$259,999	5 ^(b)	-
\$280,000–\$299,999	1	
\$340,000–\$359,999	1	
\$420,000–\$439,999	1	-
Total	22	2

Note:

^(a)The salaries reported above are for the full financial year, at a one FTE rate, and exclude superannuation. The Auditor-General is not included in this table.

^(b) There is one employee on a part-time basis at a 0.8 FTE.

Source: VAGO.

Figure D2: Number of executive staff by classification at 30 June 2025^(a)

	Total		Men		Women		Self-described	
	No.	Variance	No.	Variance	No.	Variance	No.	Variance
SES 3	1	-	1	-	-	-	-	-
SES 2	2	-	1	1	1	(1)	-	-
SES 1	19	(1)	12	-	7	(1)	-	-
Total	22	(1)	14	1	8	(2)	-	-

Note:

^(a)The Auditor-General is not included in this table.

^(b)'Variance' refers to the variance in the numbers reported at 30 June 2025 compared to 30 June 2024.

Source: VAGO.

Appendix E:

Audit and risk management

Audit and risk committee chair's report for the year ended 30 June 2025

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* (Victoria)
- other relevant legislation and prescribed requirements.

All committee members are independent, non-executive members appointed for a term of 3 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.

Julie Fahey reached the end of the maximum term allowable under the audit and risk committee charter at the end of 2024. After a competitive recruitment process, Emma Olivier was appointed as a member from January 2025.

The members of the audit and risk committee for the year ended 30 June 2025 and their attendance at meetings are set out in the table below.

Figure E1: Audit and risk committee meetings attendance for the year 30 June 2025

Meeting	Rob Hogarth	Julie Fahey (until 31/12/24)	John Gavens	Emma Olivier (from 01/01/25)
August 2024	C	M	M	
November 2024	C	M	M	
March 2025	C		M	M
May 2025	C		M	M
Total meetings attended	4	2	4	2

Note: C-Chair, M-Member
Source: VAGO.

The main responsibilities of the audit and risk committee 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 the internal audit annual work program, scope, progress and any significant changes proposed
- meet periodically with the internal and external auditors, as appropriate, 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.

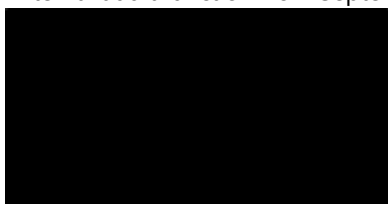
During the year, the committee considered:

- the independent performance audit of the Auditor-General and VAGO
- 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 actions
- VAGO's operational management reports, risk management framework, risk appetite 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 2025 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 through to the end of contract in October 2024. Following a competitive procurement process Synergy Group Australia was appointed to provide VAGO's internal audit function from September 2024.



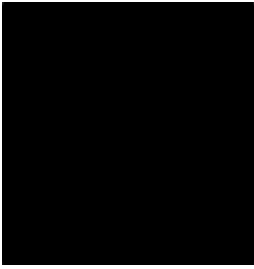
Rob Hogarth

Chair, Audit and Risk Committee

1 October 2025

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

1 October 2025

Internal audit

We appointed Synergy Group as our internal auditor in September 2024. They completed the following internal audits and reviews during the year:

- system of quality management review
- review of internal audit charter.

The following internal audits commenced during the year and were finalised after 30 June 2025:

- follow-up of implementation of internal audit and PAEC recommendations
- financial controls (payroll).

Prior to the appointment of Synergy Group our internal auditors were SW Accountants and Advisors. They conducted the following internal audit during the year:

- project governance and business benefits realisation.

All internal audit reports and reviews were provided to the audit and risk committee and the Auditor-General.

Environmental management

Figure E2: VAGO's environmental performance for 2024–25 and 2023–24

Indicator	2024–25	2023–24
Total energy usage segmented by primary source (MJ)	504,137	500,965
Electricity (MJ) excluding green power	433,699	428,040
Natural gas (MJ)	70,438	72,925
Green power (MJ)	-	-
Total greenhouse gas emissions from energy consumption (tonnes CO₂e)	108	101
Electricity (tonnes CO ₂ e) – excluding green power	104	97
Natural gas (tonnes CO ₂ e)	4	4
Percentage of electricity purchased as green power	-	-
Units of office energy used per FTE (MJ/FTE)	2,580	2,428
Units of office energy used per office area (MJ/m ²)	536	532
Waste and recycling^(a)		
Paper use		
Total units of A4 equivalent copy paper used (reams)	86	110
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)	490	610
Units of office water used per FTE (kilolitres)	3	3
Units of office water used per office area (kilolitres/m ²)	<1	<1

Indicator	2024–25	2023–24
Travel and transport		
Total energy consumption by vehicle fleet (MJ)	33,460	59,578
Total distance travelled by fleet (km)	9,784	14,328
Total greenhouse gas emissions from vehicle fleet (tonnes CO ₂ e)	2	4
Greenhouse gas emissions from vehicle fleet per 1,000 km (tonnes CO ₂ e)	<1	<1
Total distance travelled by air (km)	55,817	59,935
Greenhouse gas emissions		
Total greenhouse gas emissions associated with energy use (tonnes CO ₂ e)	108	101
Total greenhouse gas emissions associated with vehicle fleet (tonnes CO ₂ e)	2	4
Total greenhouse gas emissions associated with air travel (tonnes CO ₂ e)	11	12
Note: ^(a) Waste and recycling data not available. Source: VAGO.		

Appendix F:

Policies and procedures

Delegations

Under the *Audit Act 1994*, we report the names of any persons to whom the Auditor-General delegated the power to express a written audit opinion. In 2024–25, the Auditor-General delegated this power to the following FA directors:

Simone Bohan

Sanchu Chummar

Travis Derricott

Charlotte Jeffries

Janaka Kumara

Tim Loughnan (28 January 2025 to 17 April 2025)

Paul Martin

Tim Maxfield

Dominika Ryan (1 July 2024 to 8 January 2025)

Building Act

We do not own or control any government buildings and therefore, are exempt from notifying our compliance with the building and maintenance provisions of the *Building Act 1993*.

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, where information was provided, we achieved an average of at least 97 per cent of local content.

National Competition Policy

We comply with the National Competition Policy, including complying with the requirements of DTF's Competitive Neutrality Policy.

Oversight by IOV

This year, we had nothing to report to IOV as per requirements under the *Audit Act 1994*, and IOV did not review any of our activities. We previously worked with IOV 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 operated under the *Victorian Public Service Enterprise Agreement 2024* 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 the Independent Broad-based Anti-Corruption Commission or IOV. Further information on VAGO's responsibilities is available at: www.audit.vic.gov.au/complaints-about-vago.

Freedom of information

The *Audit Act 1994* 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 5 requests for information relating to:

- local council spending and financial management
- university subsidiary company fees and charges
- government grants
- reports from regulators on psychiatrists

We resolved all freedom of information requests within 16 business days under our target of 20 days. No access to information was provided as all requests either concerned matters outside the scope of our audit powers or related to information already publicly available through our reports. Applicants were also referred to relevant public reports or to the appropriate agency.

During 2024–25, 2 requests were subject to a complaint/internal review by Office of the Victorian Information Commissioner (OVIC). Neither were upheld. However, we did proactively review our privacy policy and our approach to handling freedom of information requests in response.

Further information on our obligations under the *Audit Act 1994* 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 G:

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 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 on our website:

- details of documents we published about our activities
- copies of all our reports since 1956.

Appendix H:

Disclosures 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.

Figure H1: Disclosures index

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	2
FRD 22	Nature and range of service provided	2
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 H
FRD 22	Employment and conduct principles	Appendix F
FRD 22	Workplace health and safety policy	Appendix C
FRD 22	Summary of the financial results for the year	7.1, 7.2
FRD 22	Significant changes in financial position during the year	7.3
FRD 22	Performance against budgetary objectives	6.1, 7.6
FRD 22	Major changes or factors affecting performance	7.2
FRD 22	Application and operation of Freedom of Information Act 1982	Appendix F
FRD 22	Compliance with building and maintenance provisions of the Building Act 1993	Appendix F
FRD 22	Statement on National Competition Policy	Appendix F
FRD 22	Application and operation of the Public Interest Disclosures Act 2012	Appendix F
FRD 22	Application and operation of the Carers Recognition Act 2012	Appendix F
FRD 22	Disclosure of consultancies over \$10,000	7.5
FRD 22	Disclosure of consultancies under \$10,000	7.5
FRD 22	Disclosure of reviews	7.5
FRD 22	Disclosure of ICT expenditure	7.2
FRD 22	Asset maturity assessment	7.5

Legislation	Requirement	Section
FRD 22	Statement of availability of other information	Appendix G
FRD 22	Summary of environmental performance	Appendix E
FRD 24	Reporting of environmental data by government entities	Appendix E
FRD 25	Local Jobs disclosures in the Report of Operations	7.5
FRD 29	Workforce data disclosures in the Report of Operations Public Service Employees	Appendix B
SD 5.2	Annual reporting	Annual report
Compliance attestation and declaration		
SD 5.1.4	Financial management compliance attestation	Appendix E
SD 5.2.3	Declaration in report of operations	Auditor-General's foreword
Financial report		
Declaration		
SD 5.2.2	Declaration in financial statements	7.6
Other requirements under Standing Direction 5.2.1		
SD 5.2.1(a)	Compliance with the Financial Management Act 1994, Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions	7.6
Other disclosures as required by FRDs in notes to the financial statements		
FRD 9	Departmental disclosure of administered assets	7.6
FRD 13	Disclosure of parliamentary appropriations	7.6
FRD 21	Disclosures of responsible persons and executive officers in the financial report	7.6
FRD 103	Non-current physical assets	7.6
FRD 109	Intangible assets	7.6
FRD 110	Cash flow statements	7.6
FRD 112	Defined benefit superannuation obligations	7.6
FRD 114	Financial instruments	7.6
FRD 120	Accounting and Reporting Pronouncements Applicable to 2022–23 Reporting Period	7.6
FRDs applicable to VAGO with no disclosures to make in 2024–25		
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	Major contracts	-
FRD 22	Disclosure of government campaign advertising	-
FRD 22	Procurement complaints	-

Legislation	Requirement	Section
FRD 22	Disclosure of social procurement activities under the Social Procurement Framework	-
FRD 30	Standard requirements for the publication	-
SD 5.2.1(b)	Compliance with Model Financial Report for Government Departments	-
Audit Act 1994		
s75 (2)(a)	Comply with the Financial Management Act 1994	See above
s75 (2)(b)	An account of the implementation of the Annual Plan	Appendix A
s75 (2)(c)	The names of any person the Auditor-General has delegated power	Appendix F
s75 (2)(d)	Resolutions of Parliamentary Committees	N/A
s75 (2)(e)	Summary of our quality control policies and procedures	1
s75 (2)(f)	Additional auditing and assurance standards applied during the year	N/A

Source: VAGO.

Appendix I:

Acronyms

Acronyms

We use the following acronyms in this report:

Acronym	Full spelling
AASB	Australian Accounting Standards Board
ACAG	Australasian Council of Auditors-General
AFR	Annual Financial Report of the State of Victoria
ASQM1	Australian Standard on Quality Management
BP3	Budget Paper No. 3: Service Delivery
CFO	chief financial officer
DTF	Department of Treasury and Finance
FA	Financial Audit
FRD	Financial Reporting Direction
FRV	Fire Rescue Victoria
FTE	full-time equivalent
IOV	Integrity Oversight Victoria
IT	information technology
LGV	Local Government Victoria
MP	Member of Parliament
PAEC	Public Accounts and Estimates Committee
PRS	Parliamentary Reports and Services
TAFE	technical and further education
VAGO	Victorian Auditor-General's Office