

Appendix G:

Unadjusted audit differences

Figure G1 summarises the unadjusted audit differences identified in our audits of material entities' financial reports and the AFR. Unadjusted differences were not material, individually or in aggregate, to the respective financial reports or the AFR.

Figure G1: Unadjusted audit differences more than \$25 million

Entity	Affected line items	Amount \$ m	Nature of the audit difference
Department of Treasury and Finance – Annual Financial Report of the State of Victoria	Property, plant and equipment and revaluation reserve	968.0	Data integrity issues at Barwon Water Corporation's scheduled asset revaluation resulted in an overstatement of asset values. The error was corrected in the corporation's financial report but not adjusted in the AFR, as DTF considered it immaterial at the AFR level.
Bayside Health	Property, plant and equipment and contributed equity	61.3	The Phillip Island Community Hospital was in use and controlled by Bayside Health from early 2026 but remained recorded by the Department of Health because ministerial approval to legally enact transfer was delayed.
Department of Health	Grant expenses and property, plant and equipment	151.0	Completed assets that were open, operating and controlled by health services remained recorded by the department. This overstated the department's net result and net assets.
Department of Families, Fairness and Housing	Redress scheme provisions	136.1	The redress scheme liability was overprovided for at 30 June 2026.
Department of Jobs, Skills, Industry and Regions	Fair value of assets and services received free of charge and retained earnings	63.2	Assets received free of charge were omitted from a 2022–23 Machinery of Government allocation statement and not designated as equity under Financial Reporting Direction 119 <i>Transfers through contributed capital</i> . They should have been recognised as income when control was obtained in 2022–23, rather than in 2025–26.
Department of Transport and Planning	Estimated net gain or loss arising from revaluation of the rail operators' long service leave liability and net result from transactions	28.6	The reported revaluation gain was entirely attributed to the change in bond rate. DTP could not determine how much was an other economic flow due to insufficient information from the rail operators.
	Commitments for expenditure – disclosure	161.5	A contingency amount was included in error, partly offset by ongoing expenditure contracts from 2024–25, which were omitted from the 2025–26 commitments disclosure.
North East Link State Tolling Corporation	Revenue from assets received free of charge and service concession assets (work in progress)	63.0	The estimated portion of additional construction costs under contractual arrangements were not recognised.
	Administered grant expenses and administered payables	31.4	Two months of Victorian Racing Industry payments were omitted from payables at 30 June 2026, as payments are based

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Department of Treasury and Finance			on wagering and betting tax liabilities and invoices received 2 months in arrears.
	Administered superannuation liability and remeasurement of superannuation defined benefit plans	64.0	The estimated ESSSuper investment assets rolled forward from 30 April differed from their actual value at 30 June 2026.
	Administered contributed capital and administered investment in VicTrack	75.0	VicTrack's contributed capital recorded in GGS differed from the amount disclosed in its financial report.
Department of Justice and Community Safety	Redress expenses and provisions	75.0	Estimated understatement of the Financial Assistance Scheme liability arising from inherent data limitations and assumptions used in the current provision model.
Source: VAGO.			