

# 7.

## Our financial management

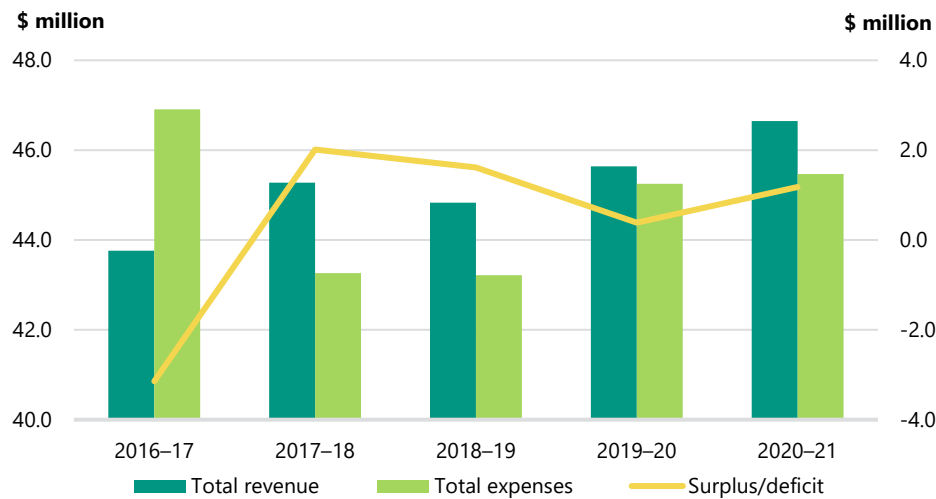
Our primary financial objective is to provide cost-effective and value-adding services to Parliament and our public sector fee-paying clients. The nature, scope and scale of our business does not change substantially outside of legislative reform. As such, our financial performance and position are historically stable.

This year's financial results reflect our ongoing focus on organisational transformation activities, the impacts of the COVID-19 pandemic and ongoing working from home arrangements.

## 7.1 Financial year in review

Our net financial result for the year was a surplus of \$1.2 million, compared with a surplus of \$387 000 in 2019–20.

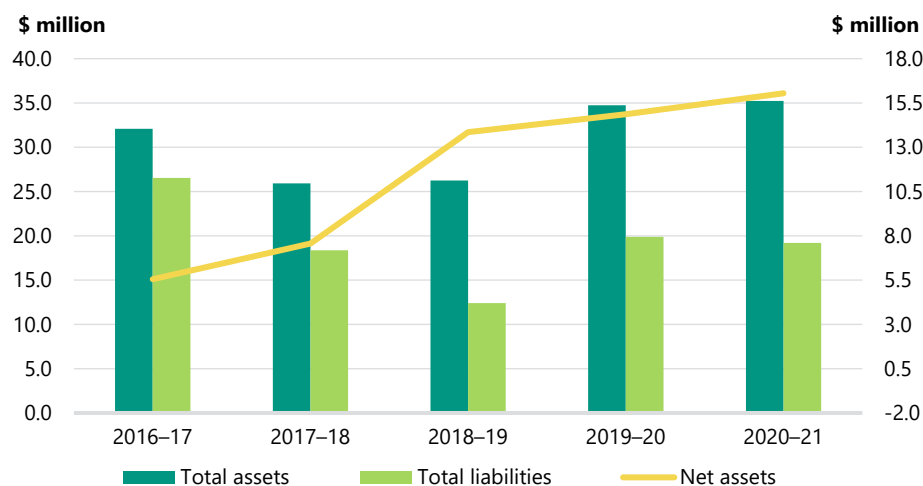
FIGURE 7A: Five-year financial performance to 30 June 2021



Source: VAGO.

Our financial position at 30 June 2021 continues to be strong, with total assets of \$35.2 million and total liabilities of \$19.2 million, resulting in net assets of \$16.0 million (30 June 2020: \$14.9 million).

FIGURE 7B: Five-year financial position to 30 June 2021



Source: VAGO.

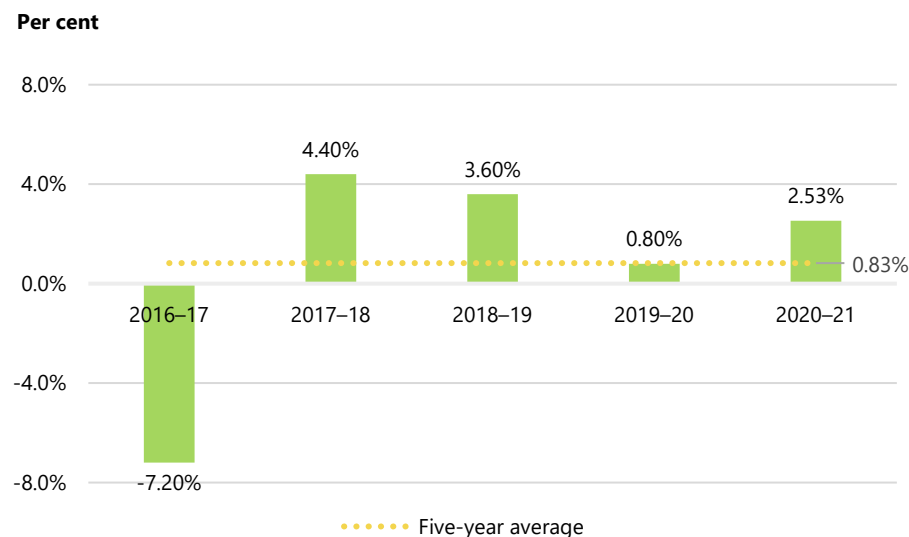
## Surplus/deficit

Consistent with our five-year average result, we continued to make a surplus.

This year's surplus was predominately attributed to reduced use of consultants and subject matter experts, and cost savings in general office and travel expenditure, offset by our continued investment in IT solutions to support our staff as the organisation transitioned to ongoing working from home arrangements.

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

FIGURE 7C: **Surplus/deficit as percentage of total revenue**



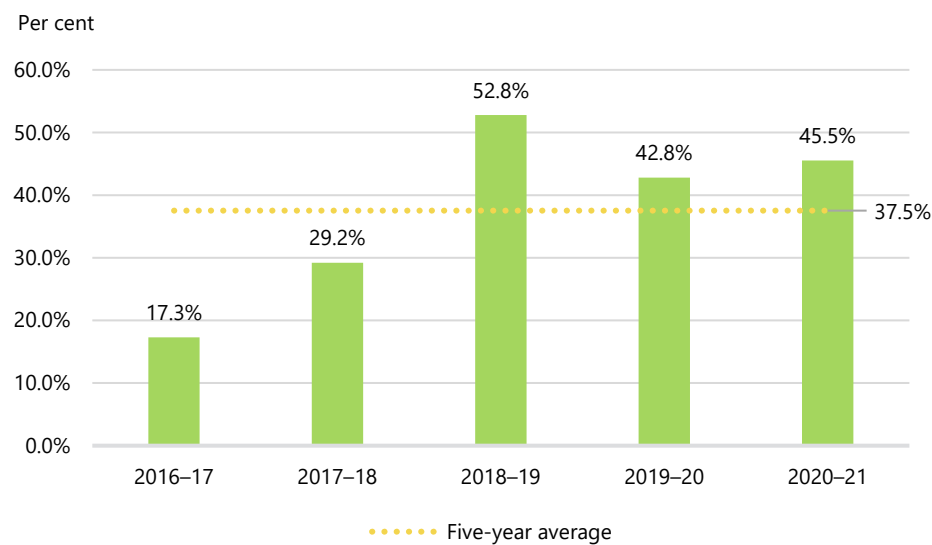
Source: VAGO.

**Deficits** are funded through our working capital reserves and are replenished in years with surpluses.

## Net assets

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

FIGURE 7D: **Net assets as a percentage of total assets**



Source: VAGO.

## The future

In light of our medium-term aim to break even, we have budgeted for a small deficit in 2021-22, as we continue to realise our staffing requirements given the scarcity of future resourcing, and continue to implement our organisational transformation activities.

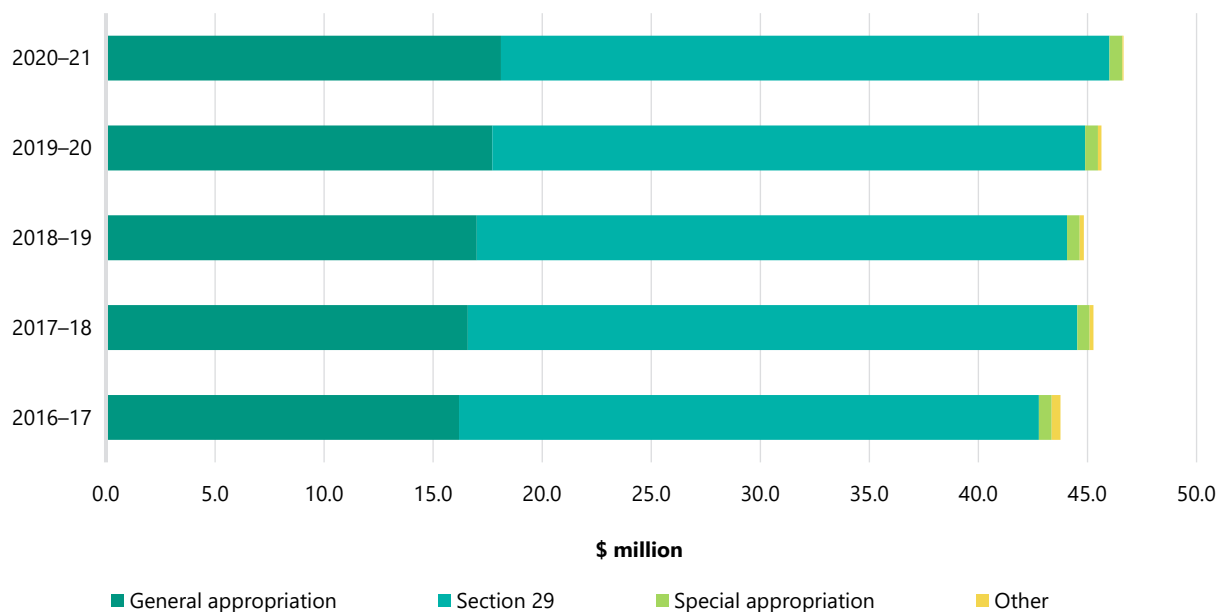
## 7.2 Financial performance

### Revenue

Our total revenue has steadily increased over the past five years to \$46.7 million in 2020–21, compared with total revenue of \$45.6 million in 2019–20, reflective of indexation of our general appropriation and revision to our section 29 revenue from audit engagement fees.

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

FIGURE 7E: Revenues from transactions



Source: VAGO.

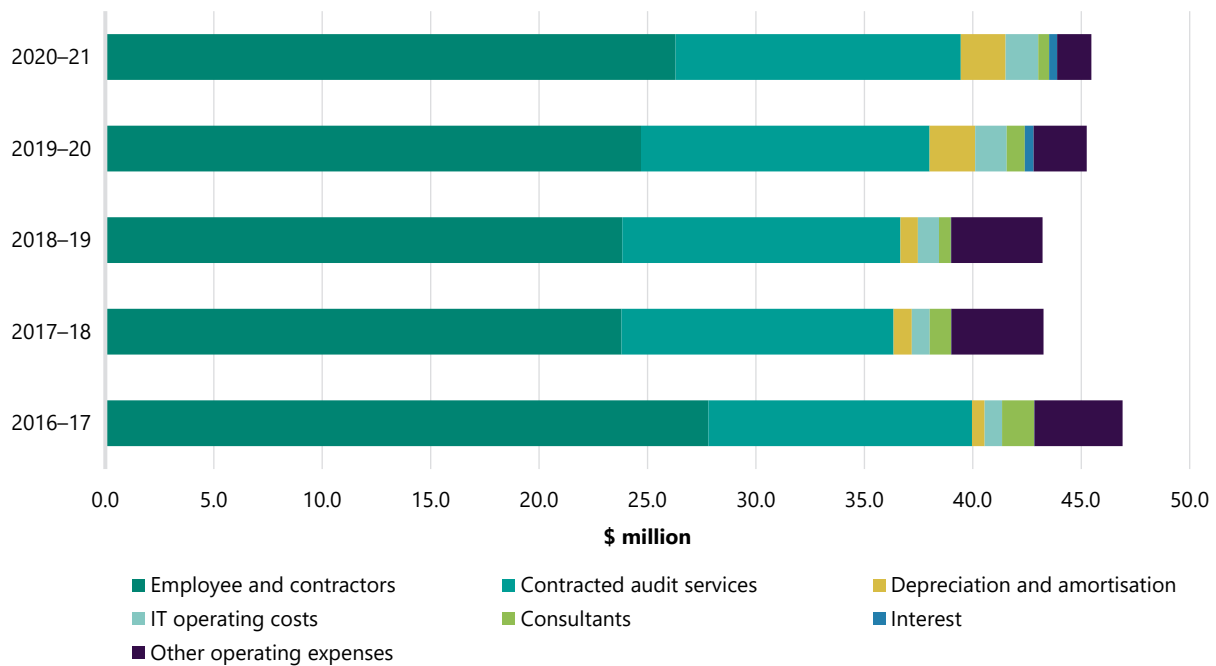
### Expenses

The majority of our costs consists of employee and contractors and contracted audit service providers whom we engage to assist in completing our annual financial and performance statement audits and other assurance engagements.

Our employee and contractor costs of \$26.3 million (2019–20: \$24.7 million) were impacted by the new *Victorian Public Service Enterprise Agreement 2020* in operation from October 2020, and additional contractors required to complete our annual financial and performance statement audits, given the disruption COVID-19 had to our capacity and ability to deliver our 2020 financial audit program.

Expenditure for contracted audit services of \$13.1 million (2019–20: \$13.3 million) is largely dependent on the timing of invoicing for work carried out up to 30 June 2021 by our audit service providers.

FIGURE 7F: **Expenses from transactions**



Source: VAGO.

IT operating costs of \$1.5 million (2019–20: \$1.5 million) reflect our ongoing investment in IT solutions to support the office, Financial Audit and Performance Audit business units, and enabling our staff with working from home arrangements. Conversely, this led to a reduction in other expenses to \$1.6 million (2019–20: \$2.4 million) due to cost savings in general office and travel expenditure.

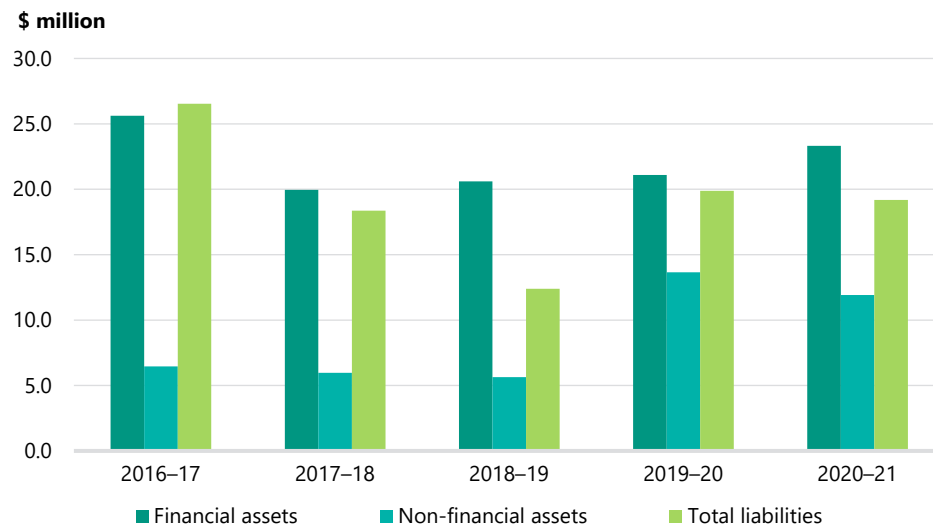
## 7.3 Financial position

### Balance sheet

Our total financial assets balance of \$23.3 million (2019–20: \$21.1 million) increased due to the State Administration Unit receivable balance—that is, our operating surpluses, offset by accumulated depreciation of plant and equipment, and the unwinding of our right-of-use asset relating to our leased office premises.

Our liabilities balance of \$19.2 million (2019–20: \$19.9 million) decreased slightly due to a lower payables balance at 30 June 2021—dependent on the timing of audit service providers invoicing compared to the timing of our payment runs, and the unwinding of our lease liabilities, offset by an increase in our employee provisions consistent with the increase in our employee and contractor costs.

FIGURE 7G: **Assets and liabilities movement**



Source: VAGO.

## 7.4 Cash flows

### Cash Flow Statement

Our daily bank balance is transferred to the State government as part of our government banking arrangement.

FIGURE 7H: **Cash Flow Statement**

	2020-21 (\$ thousand)	2019-20 (\$ thousand)	Movement from 2019-20 to 2020-21 (\$ thousand)	Percentage change from 2019-20 to 2020-21
Net cash flows from/(used in) operating activities	1 095	1 057	38	3.6
Net cash flows from/(used in) investing activities	(148)	(10 528)	(10 380)	95.6
Net cash flows from/(used in) financing activities	(947)	9 470	10 417	(110.0)
Net increase/(decrease) in cash held	–	(1)	1	100.0
Cash at the beginning of the financial year	–	1	(1)	(100.0)
<b>Cash at the end of the financial year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

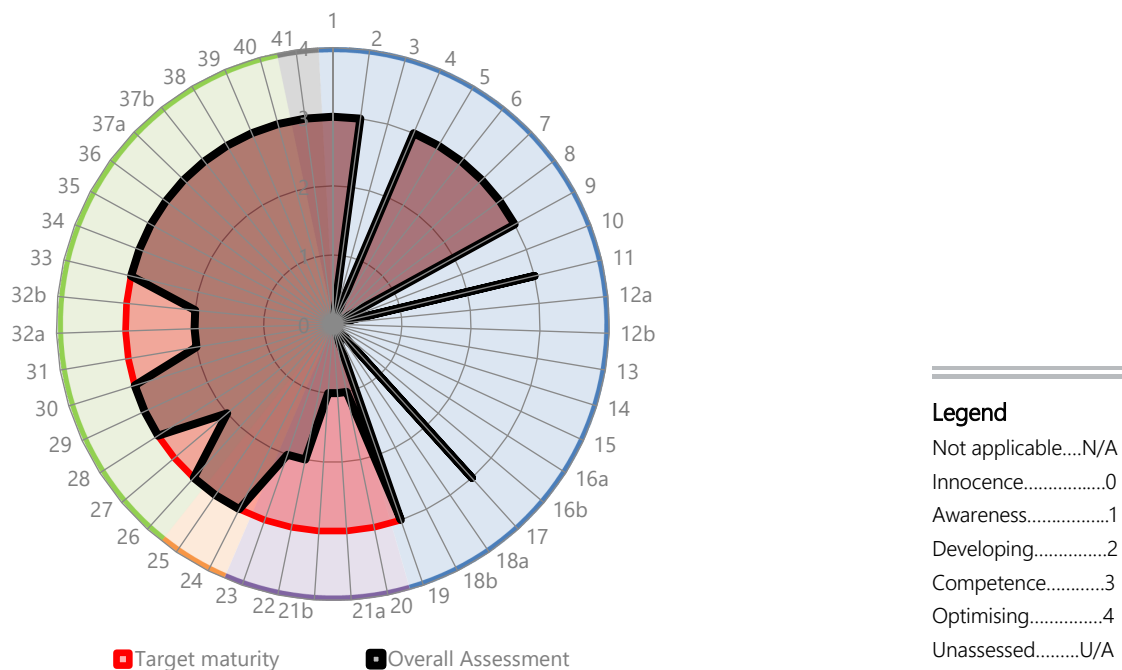
## 7.5 Other financial matters

### Asset Management Accountability Framework (AMAF) maturity assessment

The following section summarises VAGO's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements, which can be found at [www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework](http://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

VAGO's target maturity rating is '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.

FIGURE 7I: **AMAF maturity assessment**



Source: VAGO.



## AMAF mandatory requirements

## Outcome assessment

Leadership and Accountability (requirements 1–19)	Where applicable, VAGO has met its target maturity level under the requirements within this category.
Planning (requirements 20–23)	There is no material non-compliance reported in this category. VAGO did not comply with the requirement for developing an asset management strategy as VAGO did not assess any of their assets as critical (i.e. any failures would not result in the incapability to deliver important services). VAGO will review and document the need for an asset management strategy in 2021–22.
Acquisition (requirements 24 and 25)	VAGO has met its target maturity level under the requirements within this category.
Operation (requirements 26–40)	There is no material non-compliance reported in this category. Given VAGO has not assessed any of their assets as critical, VAGO has yet to establish a process to identify potential asset performance failures, or a formal asset maintenance program. VAGO will review and document the need for an asset maintenance program in 2021–22.
Disposal (requirement 41)	VAGO has met its target maturity level under the requirements within this category.

## Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Under section 3 of the *Financial Management Act 1994*, VAGO is required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide 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.

### Projects commenced—Local Jobs First Strategic

During 2020–21, VAGO commenced one Local Jobs First Strategic Project, 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.

The local content and jobs outcomes of this strategic project have not been finalised as this project is currently still in progress.

## Office of the Auditor-General consultancies

In 2020–21, we engaged three consultants with a total fee payable greater than \$10 000 (excluding GST) (2019–20: five consultants).

We engaged one consultant where the total fee payable was less than \$10,000, at a cost of \$8 800 (excluding GST) (2019–20: one consultant at a cost of \$1 500).

FIGURE 7J: **Consultancies—payments in excess of \$10 000 (excluding GST)**

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (\$ thousand)	Expenditure 2020–21 (\$ thousand)	Future expenditure (\$ thousand)
Risk Insights Pty Ltd	Limited assurance review	6-Jan-21	30-May-21	108	94	14
Orima Research Pty Ltd	Client survey program	16-Nov-20	16-Nov-21	91	91	–
Protiviti Pty Ltd	IT audit services	9-Jun-20	1-Oct-21	483	181	302

## Performance audit consultants

In 2020–21, we paid \$291 000 to nine consultants for performance audit related services (2019–20: \$934 000 to 15 consultants).

FIGURE 7K: **Payments to performance audit consultants**

Performance audit consultants	2020–21 (\$ thousand)	2019–20 (\$ thousand)
ARRB Group Ltd	10	–
Aspex Consulting	163	134
Guidera Consulting Group Pty Ltd	23	–
Synergies Economic Consulting Pty Ltd	64	–
Other—5 consultants	31	26
<b>Total</b>	<b>291</b>	<b>160</b>

## Financial audit contracted audit services

In 2020–21, we paid \$12.8 million to 37 audit firms and consultants that provided financial and performance statement audit related services (2019–20: \$12.4 million to 29 audit firms and consultants).

FIGURE 7L: **Payments to financial audit contracted audit services**

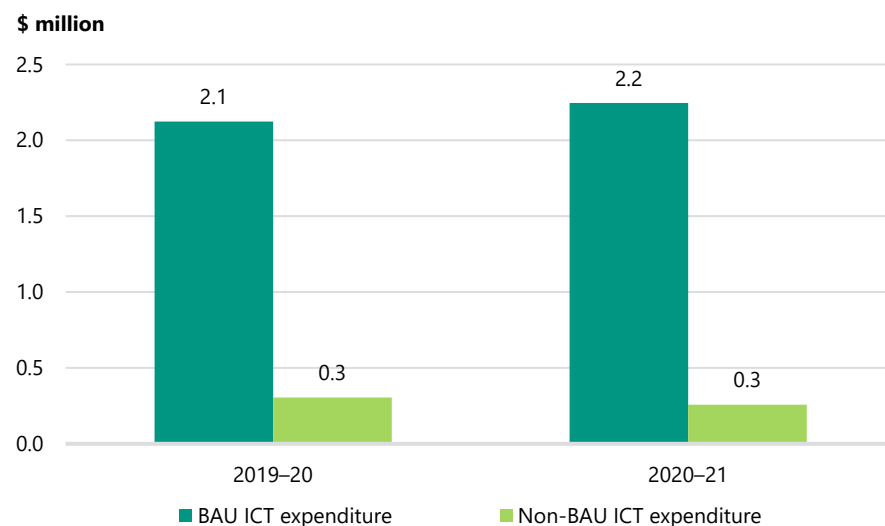
Audit service provider and consultants	2020–21 (\$ thousand)	2019–20 (\$ thousand)
Accounting and Auditing Solutions	53	71
AFS & Associates Pty Ltd	12	–
BDO East Coast Partnership	71	74

Audit service provider and consultants	2020–21 (\$ thousand)	2019–20 (\$ thousand)
Count Pro Pty Ltd	44	–
Crowe Horwath	813	879
Crowe Horwath Albury	440	431
Crowe Horwath Vic	481	493
Crowe Horwath West Vic	17	122
Davidsons Assurance Services Pty Ltd	44	43
Deloitte Access Economics Pty Ltd	–	112
Deloitte Financial Advisory Pty Ltd	20	–
DFK Kidsons	222	271
DMG Audit and Advisory	283	347
Ernst & Young	1 673	1 254
Frontier Economics Pty Ltd	66	65
Grosvenor Procurement Advisory	27	–
HLB Mann Judd (VIC Partnership)	2 470	2 615
Johnsons MME	584	519
KPMG	132	130
LD Assurance	80	94
McLaren Hunt	516	511
McLean Delmo Bentleys Pty Ltd	440	589
MGR Accountants Pty Ltd	–	15
Moore Stephens Audit (Vic)	30	51
Pitcher Partners	22	–
Pitcher Partners Corporate Pty Ltd	18	48
PPT Professional Pty Ltd	–	54
RSD Audit	1 099	1 087
RSM Australia Pty Ltd	2 868	2 473
Shine Wing Australia	38	–
The University of Melbourne	145	–
Other—9 service providers (5 in 2019–20)	51	27
<b>Total</b>	<b>12 804</b>	<b>12 375</b>

## Information and communications technology (ICT) expenditure

In 2020–21, we incurred ICT expenditure (including employee and contractor costs, and depreciation) to provide business-enabling ICT services of \$2.5 million (2019–20: \$2.4 million).

FIGURE 7M: ICT expenditure



Source: VAGO.

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

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

## Whole-of-government financial statements

Figure 7N 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 2020–21: Budget Paper No.4*. 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.4.

Figure 7N is not subject to audit and is prepared on the same basis as Budget Paper No.4.

Budget figures are as published in Budget Paper No.4 (shown in \$ millions).

FIGURE 7N: **Comprehensive operating statement for parliament (including VAGO)**  
for the financial year ended 30 June 2021 <sup>(i)</sup>

	Budget			Actual	Variance
	Parliament (excluding VAGO) (\$ thousand)	VAGO (\$ thousand)	Parliament (including VAGO) (\$ thousand)	VAGO (\$ thousand)	VAGO (\$ thousand)
<b>Income from transactions</b>					
Output appropriations	230 786	45 156	275 942	46 008	852
Special appropriations	55 357	601	55 958	596	(5)
Sale of goods and services (including other income)	–	40	40	45	5
Grants	14	–	14	–	–
<b>Total income from transactions</b>	<b>286 157</b>	<b>45 797</b>	<b>331 954</b>	<b>46 649</b>	<b>852</b>
<b>Expenses from transactions</b>					
Employee benefits	178 858	25 530	204 388	26 296	(766)
Depreciation	33 421	2 169	35 590	2 071	98
Capital asset charge	7 709	278	7 987	278	–
Other operating expenses	66 169	17 820	83 989	17 064	756
<b>Total expenses from transactions</b>	<b>286 157</b>	<b>45 797</b>	<b>331 954</b>	<b>45 709</b>	<b>88</b>
<b>Net result from transactions (net operating balance)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>940</b>	<b>940</b>
<b>Other economic flows – other comprehensive income</b>					
Other	–	–	–	239	239
<b>Total other economic flows – other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>239</b>	<b>239</b>
<b>Comprehensive result</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 179</b>	<b>1 245</b>

## 7.6 Financial statements

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### 7.6.1 Notes to the financial statements

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1.1 Basis of preparation and compliance	2.1 Summary of compliance with annual parliamentary and special appropriations	3.1 Employee benefits	4.1 Plant and equipment
	2.2. Disaggregated financial information	3.2 Contracted audit services	4.2 Depreciation and amortisation
		3.3 Other operating expenses	4.3 Fair value determination
			4.4 Right-of-use assets and lease liabilities
5. Other assets and liabilities	6. How we financed our operations	7. Risks and valuation judgements	8. Other disclosures
5.1 Receivables	6.1 Cash flow information	7.1 Financial instruments specific disclosures	8.1 Responsible persons
5.2 Other non-financial assets	6.2 Commitments for expenditure		8.2 Remuneration of executives
5.3 Payables			8.3 Related parties
			8.4 Remuneration of auditors
			8.5 Subsequent events
			8.6 Australian Accounting Standards issued that are not yet effective
			8.7 Glossary of technical terms
			8.8 Style conventions

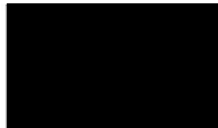
## Declaration in the financial statements

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 Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of the Victorian Auditor-General's Office at 30 June 2021.

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 25 August 2021.



Auditor-General  
Victorian Auditor-General's Office

Melbourne  
25 August 2021



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

Melbourne  
25 August 2021

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

### Opinion

We have audited the accompanying financial report of the Victorian Auditor-General's Office, which comprises the balance sheet as at 30 June 2021, the comprehensive operating statement, statement of changes in equity, and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration in the financial statements.

In our opinion the financial report presents fairly, in all material respects, the financial position of the Victorian Auditor-General's Office as at 30 June 2021 and of its financial performance for the year then ended in accordance with Australian Accounting Standards and the financial reporting requirements of the *Financial Management Act 1994*.

### Basis for opinion

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

### Other information

The Auditor-General is responsible for the other information. The other information comprises the information included in the Victorian Auditor-General's Office's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial 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 this other information, we are required to report that fact. We have nothing to report in this regard.

### The Auditor-General's Responsibility for the Financial Report

The Auditor-General is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, 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.

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

### Auditor's Responsibilities for the Audit of the Financial 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor-General.
- Conclude on the appropriateness of the Auditor-General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 entity 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.

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

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



**PKF**

**Melbourne, 25 August 2021**



**Steven Bradby**

**Partner**

## Comprehensive Operating Statement for the financial year ended 30 June 2021<sup>(i)</sup>

	Note	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Income from transactions</b>			
Output appropriations	2.1	46 008	44 895
Special appropriations	2.1	596	587
Sale of services and other income		45	157
<b>Total income from transactions</b>		<b>46 649</b>	<b>45 639</b>
<b>Expenses from transactions</b>			
Employee and contractors	3.1.1	26 296	24 699
Contracted audit services	3.2	13 147	13 309
Depreciation and amortisation	4.2	2 071	2 101
IT operating costs		1 501	1 451
Consultants		500	838
Interest		371	405
Other operating expenses	3.3	1 823	2 396
<b>Total expenses from transactions</b>		<b>45 709</b>	<b>45 199</b>
<b>Net result from transactions (net operating balance)</b>		<b>940</b>	<b>440</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	6.1.1	27	(5)
Other gains/(losses) from other economic flows	3.1.2	212	(48)
<b>Total other economic flows included in net result</b>		<b>239</b>	<b>(53)</b>
<b>Net result</b>		<b>1 179</b>	<b>387</b>
<b>Comprehensive result</b>		<b>1 179</b>	<b>387</b>

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.

## Balance Sheet as at 30 June 2021<sup>(i)</sup>

	Note	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Assets</b>			
<b>Financial assets</b>			
Cash	6.1	-	-
Receivables	5.1	23 322	21 099
<b>Total financial assets</b>		<b>23 322</b>	<b>21 099</b>
<b>Non-financial assets</b>			
Plant and equipment	4.1	3 092	3 616
Intangible assets		239	299
Right-of-use assets	4.4.1	7 935	9 181
Other non-financial assets	5.2	648	553
<b>Total non-financial assets</b>		<b>11 914</b>	<b>13 649</b>
<b>Total assets</b>		<b>35 236</b>	<b>34 748</b>
<b>Liabilities</b>			
Payables	5.3	4 838	5 141
Lease liabilities	4.4.3	8 766	9 646
Employee related provisions	3.1.2	5 586	5 094
<b>Total liabilities</b>		<b>19 190</b>	<b>19 881</b>
<b>Net assets</b>		<b>16 046</b>	<b>14 867</b>
<b>Equity</b>			
Accumulated surplus		11 116	9 937
Contributed capital		4 930	4 930
<b>Net worth</b>		<b>16 046</b>	<b>14 867</b>

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 2021<sup>(i)</sup>

	Note	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Appropriation receipts from government		46 950	47 723
Receipts from other entities		597	117
<b>Total receipts</b>		<b>47 547</b>	<b>47 840</b>
<b>Payments</b>			
Payments to suppliers and employees		(45 220)	(45 364)
Goods and Services Tax paid to the ATO <sup>(ii)</sup>		(583)	(684)
Capital asset charge payments		(278)	(330)
Interest and other costs of finance paid		(371)	(405)
<b>Total payments</b>		<b>(46 452)</b>	<b>(46 783)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.1.1	<b>1 095</b>	<b>1 057</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(148)	(10 633)
Sales of non-financial assets		-	105
<b>Net cash flows from/(used in) investing activities</b>		<b>(148)</b>	<b>(10 528)</b>
<b>Cash flows from financing activities</b>			
Proceeds from lease liabilities		247	10 454
Repayment of principal portion of lease liabilities		(1 194)	(984)
<b>Net cash flows from/(used in) financing activities</b>		<b>(947)</b>	<b>9 470</b>
<b>Net increase/(decrease) in cash held</b>		<b>-</b>	<b>(1)</b>
Cash at the beginning of the financial year		-	1
<b>Cash at the end of the financial year</b>	6.1	<b>-</b>	<b>-</b>

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 2021<sup>(i)</sup>

	Accumulated surplus (\$ thousand)	Contributed capital (\$ thousand)	Total
<b>Balance at 1 July 2019<sup>(ii)</sup></b>	<b>9 550</b>	<b>4 965</b>	<b>14 515</b>
Net result for the year	387	-	387
Capital appropriations	-	(35)	(35)
<b>Balance at 30 June 2020</b>	<b>9 937</b>	<b>4 930</b>	<b>14 867</b>
Net result for the year	1 179	-	1 179
<b>Balance at 30 June 2021</b>	<b>11 116</b>	<b>4 930</b>	<b>16 046</b>

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) The 1 July 2019 balance incorporates the initial application of AASB 16 *Leases*.

## 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 his functions and powers
- the *Audit Act 1994* (the Act), which establishes the Auditor-General's mandate, provides the legal basis for his powers, and identifies his responsibilities.

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

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

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#### 1.1 Basis of preparation and compliance

These general-purpose financial statements:

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

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

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

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

## 2. Funding delivery of our services

### 2.1 Summary of compliance with annual parliamentary and special appropriations

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

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by VAGO and are recognised as income when applied to the purposes defined under the *Appropriation Act 2016*.

#### Output appropriations

Income from the outputs VAGO provides to Parliament is recognised when the outputs have been delivered and the Assistant Treasurer and the Treasurer have certified delivery of the outputs in accordance with specified performance criteria as outlined in the Department of Treasury and Finance budget papers.

	Appropriations Act Annual appropriation (\$ thousand)	Financial Management Act 1994 section 29 (\$ thousand)	Total Parliamentary authority (\$ thousand)	Appropriations applied (\$ thousand)	Variance <sup>(i)</sup>
<b>2020–21 controlled</b>					
Provision for outputs	18 112	27 044	45 156	46 008	(852)
Recovery of cost of parliamentary reports	–	2	2	–	2
<b>Total 2020–21</b>	<b>18 112</b>	<b>27 046</b>	<b>45 158</b>	<b>46 173</b>	<b>(850)</b>
<b>2019–20 controlled</b>					
Provision for outputs	17 712	27 124	44 836	44 895	(59)
Conference fees	–	180	180	–	180
<b>Total 2019–20</b>	<b>17 712</b>	<b>27 304</b>	<b>45 016</b>	<b>44 895</b>	<b>121</b>

Note: (i) The variance from estimate of 'Provision for outputs' in 2019–20 and 2020–21 was due to the variability in financial audit fees charged and retained as per the section 29 agreement.

#### Special appropriations

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

Authority	Purpose	Appropriations applied	
		2020–21 (\$ thousand)	2019–20 (\$ thousand)
The <i>Constitution Act 1975</i> , section 94A(6)	Costs associated with the Auditor-General	596	587

## FMA section 29 annotated income agreements

Administered transactions are those that are undertaken on behalf of the State of Victoria over which 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. Where a section 29 agreement is in place, the relevant appropriation item will be increased by the equivalent amount at the point of income recognition.

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

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

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	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Fee for services</b>		
Audit fees	<b>27 044</b>	27 124
Conference fees	-	180
Recovery of cost of parliamentary reports	<b>2</b>	-
<b>Total annotated income agreements</b>	<b>27 046</b>	<b>27 304</b>

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

Expenses are allocated on the basis of management estimates of the planned direct hours worked by employees against each output. There were no amounts unallocated.

The distinction between controlled and administered items is based on VAGO's ability to deploy the resources 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 pages 45 to 52 in *the Report of Operations*.

### Controlled income and expenses for the year ended 30 June 2021

	Parliamentary reports (\$ thousand)		Financial statement audit and assurance reports (\$ thousand)		Total (\$ thousand)	
	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20
<b>Income from transactions</b>						
Output appropriations	18 112	17 712	27 896	27 183	46 008	44 895
Special appropriations	298	294	298	293	596	587
Sale of services and other income	23	75	22	82	45	157
<b>Total income from transactions</b>	<b>18 433</b>	<b>18 081</b>	<b>28 216</b>	<b>27 558</b>	<b>46 649</b>	<b>45 639</b>
<b>Expenses from transactions</b>						
Employee expenses	13 468	12 661	12 828	12 038	26 296	24 699
Contracted audit services	286	934	12 861	12 375	13 147	13 309
Depreciation	976	1 066	1 095	1 035	2 071	2 101
IT operating costs	708	735	793	716	1 501	1 451
Consultants	256	407	244	431	500	838
Interest	190	208	181	197	371	405
Other operating expenses	934	1 199	889	1 197	1 823	2 396
<b>Total expenses from transactions</b>	<b>16 818</b>	<b>17 210</b>	<b>28 891</b>	<b>27 989</b>	<b>45 709</b>	<b>45 199</b>
<b>Net result from transactions (net operating balance)</b>	<b>1 615</b>	<b>871</b>	<b>(675)</b>	<b>(431)</b>	<b>940</b>	<b>440</b>
<b>Other economic flows included in net result</b>						
Net gain/(loss) on non-financial assets	14	(3)	13	(2)	27	(5)
Other gains/(losses) from other economic flows	109	(25)	103	(23)	212	(48)
<b>Total other economic flows included in net result</b>	<b>123</b>	<b>(28)</b>	<b>116</b>	<b>(25)</b>	<b>239</b>	<b>(53)</b>
<b>Net result</b>	<b>1 738</b>	<b>843</b>	<b>(559)</b>	<b>(456)</b>	<b>1 179</b>	<b>387</b>
<b>Comprehensive result gain/(loss)</b>	<b>1 738</b>	<b>843</b>	<b>(559)</b>	<b>(456)</b>	<b>1 179</b>	<b>387</b>

## Controlled assets and liabilities as at 30 June 2021

	Parliamentary reports (\$ thousand)		Financial statement audit and assurance reports (\$ thousand)		Total (\$ thousand)	
	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20
<b>Assets</b>						
Financial assets	<b>8 563</b>	8 040	<b>14 759</b>	13 059	<b>23 322</b>	21 099
Non-financial assets	<b>4 375</b>	5 163	<b>7 539</b>	8 486	<b>11 914</b>	13 649
<b>Total assets</b>	<b>12 938</b>	<b>13 203</b>	<b>22 298</b>	<b>21 545</b>	<b>35 236</b>	<b>34 748</b>
<b>Liabilities</b>						
<b>Total liabilities</b>	<b>7 046</b>	<b>7 577</b>	<b>12 144</b>	<b>12 304</b>	<b>19 190</b>	<b>19 881</b>
<b>Net assets</b>	<b>5 892</b>	<b>5 626</b>	<b>10 154</b>	<b>9 241</b>	<b>16 046</b>	<b>14 867</b>

### 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. Accordingly, 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 yet to be collected. Administered liabilities include government expenses incurred but yet to be paid.

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for recognition of the controlled items in the financial statements. Both 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 2021

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Administered income from transactions</b>		
Reimbursement of audit costs charged	27 896	27 184
Miscellaneous income	2	-
<b>Total administered income from transactions</b>	<b>27 898</b>	<b>27 184</b>
<b>Administered expenses from transactions</b>		
Payments into the Consolidated Fund	27 898	27 149
<b>Total administered expenses from transactions</b>	<b>27 898</b>	<b>27 149</b>
<b>Total administered net result from transactions (net operating balance)</b>	<b>-</b>	<b>35</b>
<b>Administered other economic flows included in administered net result</b>		
Net gain / (loss) on non-financial assets	-	(35)
<b>Total administered comprehensive result</b>	<b>-</b>	<b>-</b>
<b>Administered assets</b>		
Financial assets <sup>(i)</sup>	5 146	4 744
Non-financial assets (work in progress)	2 396	2 727
<b>Total administered assets</b>	<b>7 542</b>	<b>7 471</b>
<b>Administered liabilities</b>		
Amounts owing to the state	7 542	7 471
<b>Total administered liabilities</b>	<b>7 542</b>	<b>7 471</b>
<b>Total administered net assets</b>	<b>-</b>	<b>-</b>

Note:

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

### 3. The cost of delivering our services

#### 3.1 Employee benefits

Employee expenses include all costs related to employment including wages and salaries, payroll tax, fringe benefits tax, leave entitlements, termination payments, WorkCover premiums, defined benefits superannuation plans and defined contribution superannuation plans.

The amounts recognised in relation to superannuation are the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

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

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

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##### 3.1.1 Employee benefits included in the Comprehensive Operating Statement

	Note	2020–21 (\$ thousand)	2019–20 (\$ thousand)
Salaries and wages, annual leave and long service leave <sup>(i)</sup>		<b>24 417</b>	22 725
Defined contribution superannuation expense	3.1.3	<b>1 830</b>	1 725
Defined benefit superannuation expense	3.1.3	<b>49</b>	45
Termination benefits		-	204
<b>Total employee expenses</b>		<b>26 296</b>	<b>24 699</b>

##### 3.1.2 Employee benefits provisions in the Balance Sheet

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.

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Current provisions</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	2 115	1 791
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	431	386
Unconditional and expected to settle after 12 months	2 001	1 887
<b>Total provision for on-costs</b>	<b>698</b>	<b>606</b>
<b>Total current provisions for employee benefits</b>	<b>5 245</b>	<b>4 670</b>
<b>Non-current provisions</b>		
<b>Total non-current provisions for employee benefits</b>	<b>341</b>	<b>424</b>
<b>Total provisions for employee benefits</b>	<b>5 586</b>	<b>5 094</b>
<b>Reconciliation of movement in on-cost provision</b>		
Opening balance	662	
Additional provisions recognised	81	
<b>Closing balance</b>	<b>743</b>	
Current	698	
Non-current	45	
<b>Total provisions for on-costs</b>	<b>743</b>	

### Wages and salaries, 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, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate 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 in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

## Long-service leave

If	Then classified as	Because	Measured at
Unconditional	Current liability even where VAGO does not expect to settle the liability within 12 months	VAGO does not have an unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months	<ul style="list-style-type: none"> <li>Undiscounted value where VAGO expects to wholly settle within 12 months</li> <li>Present value where VAGO does not expect to wholly settle within 12 months</li> </ul>
Conditional	Non-current liability	There is an unconditional right to defer the 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 is then recognised as an 'other economic flow', in the net result.

### 3.1.3 Superannuation contributions

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of VAGO.

	Paid contribution for the year		Contribution outstanding at year end	
	2020–21 (\$ thousand)	2019–20 (\$ thousand)	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Defined benefit plans</b>				
State Superannuation Fund	51	44	–	1
<b>Defined contribution plans</b>				
VicSuper	1 102	1 009	–	28
Other employee nominated plans	797	702	–	19
<b>Total<sup>(i)</sup></b>	<b>1 950</b>	<b>1 755</b>	<b>–</b>	<b>48</b>

Note:

(i) The total paid excludes accruals brought forward at 1 July 2020, and accruals carried forward at 30 June 2021, and therefore does not equal the totals in Note 3.1.1.

## 3.2 Contracted audit services

VAGO contracts certain audit services to external professional firms. 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 of the value of audit services provided to VAGO which have not yet been invoiced. The value of this uninvoiced work is recognised as an accrual in the Balance Sheet, and as an expense in the Comprehensive Operating Statement.

### 3.3 Other operating expenses

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

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
Training	475	574
Lease payments (accommodation)	492	519
Recruitment	201	304
Internal audit	138	137
Motor vehicles and travel costs	51	272
Other office expenses	466	590
<b>Total other operating expenses</b>	<b>1 823</b>	<b>2 396</b>

## 4. Key assets to support our output delivery

### Plant and equipment

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

Subsequently they are measured at fair value less accumulated depreciation and impairment. Fair value is normally determined by reference to the asset's current replacement cost and is summarised below by asset category.

### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 4.4 in connection with how those fair values were determined.

### Purpose groups

Under FRD 103I *Non-financial physical assets*, PE are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub-categorised according to the asset's 'nature', with each sub-category being classified as a separate class of asset for financial reporting purposes.

In accordance with Government purpose classifications, VAGO PE is used for the purpose of public administration.

## 4.1 Plant and equipment

	Gross carrying amount (\$ thousand)		Accumulated depreciation (\$ thousand)		Net carrying amount (\$ thousand)	
	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20
Leasehold improvements	4 750	4 750	(1 937)	(1 462)	2 813	3 288
Furniture, fittings and equipment	140	140	(114)	(86)	26	54
Computer software and equipment	1 015	907	(762)	(633)	253	274
<b>Total plant and equipment</b>	<b>5 905</b>	<b>5 797</b>	<b>(2 813)</b>	<b>(2 181)</b>	<b>3 092</b>	<b>3 616</b>

### 4.1.1 Reconciliation of movements in carrying amount of plant and equipment

	Leasehold improvements (\$ thousand)	Furniture, fittings and equipment (\$ thousand)	Computer software and equipment (\$ thousand)	Motor vehicles—leased (\$ thousand)	Total (\$ thousand)
<b>Balance at 1 July 2019</b>	<b>4 117</b>	<b>88</b>	<b>276</b>	<b>175</b>	<b>4 656</b>
Additions	–	–	167	–	167
Disposals	–	(5)	(29)	–	(34)
Transfer to right-of-use assets	–	–	–	(175)	(175)
Transfer to opening accumulated surplus due to AASB 16	(356)	–	–	–	(356)
Depreciation	(473)	(29)	(140)	–	(642)
<b>Balance at 30 June 2020</b>	<b>3 288</b>	<b>54</b>	<b>274</b>	<b>–</b>	<b>3 616</b>
Additions	–	–	108	–	108
Depreciation	(475)	(28)	(129)	–	(632)
<b>Balance at 30 June 2021</b>	<b>2 813</b>	<b>26</b>	<b>253</b>	<b>–</b>	<b>3 092</b>

## 4.2 Depreciation and amortisation

### Useful lives

All plant and equipment are depreciated as an 'expense from transactions' on a straight-line basis, less any estimated residual value, over their estimated useful lives. Leasehold improvements and right-of-use assets are depreciated over the shorter of the lease term and their useful lives.

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

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



Estimated useful lives for the different asset classes for current and prior years are included in the table below.

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

## Impairment

The recoverable amount of primarily non-cash-generating assets, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

## 4.3 Fair value determination

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of VAGO.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value
- plant and equipment.

### Fair value hierarchy

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

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

#### 4.3.1 Fair value determination of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recognised at the balance date, consisting of cash, receivables, payables and borrowings, represent fair value.

#### 4.3.2 Fair value determination: non-financial physical assets

All non-financial physical assets are classified as Level 3 significant unobservable inputs 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 plant and equipment, including those classified as Level 3.

Significant unobservable inputs have remained unchanged since June 2020.

**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.

#### 4.3.3 Description of significant unobservable inputs to Level 3 valuations

2020–21 and 2019–20	Valuation technique	Significant unobservable inputs
Leasehold improvements	Current replacement cost	<ul style="list-style-type: none"><li>• Current replacement cost per unit</li><li>• Useful life of leasehold improvements</li></ul>
Other plant and equipment	Current replacement cost	<ul style="list-style-type: none"><li>• Current replacement cost per unit</li><li>• Useful life of other property, plant and equipment</li></ul>

## 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.

The right-of-use asset is initially measured at cost which 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 right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and periodically reduced by impairment losses where applicable.

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 of 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 as 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 will be 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.

#### Short-term and low value leases

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

#### 4.4.1 Right-of-use assets

	Gross carrying amount (\$ thousand)		Accumulated depreciation (\$ thousand)		Net carrying amount (\$ thousand)	
	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20
Property	<b>10 380</b>	10 380	<b>(2 622)</b>	(1 311)	<b>7 758</b>	9 069
Vehicles	<b>204</b>	160	<b>(27)</b>	(48)	<b>177</b>	112
<b>Total right-of-use assets</b>	<b>10 584</b>	10 540	<b>(2 649)</b>	(1 359)	<b>7 935</b>	9 181

#### 4.4.2 Reconciliation of movements in carrying amount of right-of-use assets

	Property (\$ thousand)	Vehicles (\$ thousand)	Total (\$ thousand)
<b>Balance at 1 July 2019</b>	<b>10 380</b>	<b>175</b>	<b>10 555</b>
Additions	–	73	73
Disposals	–	(109)	(109)
Depreciation	(1 311)	(27)	(1 338)
<b>Balance at 1 July 2020</b>	<b>9 069</b>	<b>112</b>	<b>9 181</b>
Additions	–	157	157
Disposals	–	(63)	(63)
Depreciation	(1 311)	(29)	(1 340)
<b>Balance at 30 June 2021</b>	<b>7 758</b>	<b>177</b>	<b>7 935</b>

#### 4.4.3 Lease liabilities

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Maturity analysis—contractual undiscounted cash flows</b>		
Less than one year	1 427	1 370
One to five years	6 358	5 985
More than five years	2 173	3 842
<b>Total undiscounted lease liabilities</b>	<b>9 958</b>	11 197
Less: future finance charges	(1 192)	(1 551)
<b>Present value of minimum lease payments</b>	<b>8 766</b>	9 646
<b>Lease liabilities included in the Balance Sheet</b>		
Current	1 009	1 005
Non-current	7 667	8 641
<b>Total lease liabilities</b>	<b>8 766</b>	9 646

#### 4.4.4 Amounts recognised in the Comprehensive Operating Statement

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
Interest expense on lease liabilities	371	405

#### 4.4.5 Amounts recognised in the Statement of Cashflows

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
Total cash outflow for leases	(947)	9 470

## 5. Other assets and liabilities

### 5.1 Receivables

Receivables consist of statutory receivables which are recognised at fair value plus any directly attributable transaction costs, but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Contractual</b>		
Other receivables	6	–
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(i)</sup>	23 316	21 099
<b>Total receivables</b>	<b>23 322</b>	<b>21 099</b>
<b>Represented by</b>		
Current receivables	8 417	8 041
Non-current receivables	14 905	13 058
<b>Total receivables</b>	<b>23 322</b>	<b>21 099</b>

Note:(i) The total amount recognised as owing from the Victorian Government was \$23 322 000 (2019–20: \$21 099 000) of which \$8 417 000 (2019–20: \$8 041 000) is likely to be drawn down in the next financial year and is reported accordingly as a current receivable. The amount recognised as owing from the Victorian Government comprises previously applied Parliamentary appropriations not yet drawn down. The balance is represented by accumulated surpluses, payables, movements in provisions and accumulated depreciation and amortisation net of asset acquisition.

## 5.2 Other non-financial assets

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

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Other non-financial assets</b>		
Current prepayments	628	493
Non-current prepayments	20	60
<b>Total other non-financial assets</b>	<b>648</b>	<b>553</b>

## 5.3 Payables

Payables consist of:

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

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

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

For the maturity analysis of contractual payables, see Note 7.1.2.

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Contractual</b>		
Supplies and services <sup>(i)</sup>	1 395	1 039
Amounts payable to government and agencies	6	–
Lease incentive <sup>(ii)</sup>	2 765	3 233
Other payables	–	605
<b>Statutory</b>		
GST payable	585	93
FBT payable	11	15
Other taxes payable	76	156
<b>Total payables</b>	<b>4 838</b>	<b>5 141</b>
<b>Represented by</b>		
Current payables	2 540	2 376
Non-current payables	2 298	2 765
<b>Total payables</b>	<b>4 838</b>	<b>5 141</b>

Note: (i) Supplies and services is principally comprised of 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.

## 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 made via the public account. The public account remits to VAGO the cash required upon presentation of cheques by VAGO's suppliers or creditors.

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

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Net result for the period</b>	<b>1 179</b>	<b>387</b>
<b>Non-cash movements</b>		
(Gain)/loss on disposal of non-current assets	(27)	5
Depreciation of non-current assets	2 071	2 101
<b>Movements in assets and liabilities</b>		
(Increase) /decrease in receivables	315	(492)
(Increase)/decrease in prepayments	(95)	22
Increase/(decrease) in payables	(2 840)	(1 190)
Increase/(decrease) in provisions	492	224
<b>Net cash flows from/(used in) operating activities</b>	<b>1 095</b>	<b>1 057</b>

## 6.2 Commitments for expenditure

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

### 6.2.1 Lease commitments

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Lease commitments payable</b>		
Less than 1 year	633	628
Longer than 1 year but not longer than 5 years	2 986	3 084
5 years or more	801	1 871
<b>Total lease commitments payable</b>	<b>4 420</b>	<b>5 583</b>
<b>Contract audit service commitments payable<sup>(i)</sup></b>		
Less than 1 year	635	5 936
Longer than 1 year but not longer than 5 years	9	555
5 years or more	–	–
<b>Total contract audit service commitments payable</b>	<b>644</b>	<b>6 491</b>
<b>Total commitments (inclusive of GST)</b>	<b>5 064</b>	<b>12 074</b>
Less GST recoverable from the Australian Taxation Office	(460)	(1 098)
<b>Total commitments (exclusive of GST)</b>	<b>4 604</b>	<b>10 976</b>

Note:

(i) Contract audit service commitments relate to fees payable to professional firms for the conduct of financial statement audits on behalf of VAGO. At 30 June 2021, tenders for the 30 June 2022 and beyond audit cycles have not been finalised.

## 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 specific disclosures

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 all of its financial assets based on the business model for managing the assets and its contractual terms.

### Categories of financial assets under AASB 9

#### *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, and
- 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 the following assets in this category:

- cash
- receivables (excluding statutory receivables).

### Categories of financial liabilities under AASB 9

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 include VAGO's contractual receivables and statutory receivables.

### Derecognition of financial liabilities

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

### 7.1.1 Financial instruments: Categorisation

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Contractual financial assets</b>		
<b>Receivables<sup>(i)</sup></b>		
Other receivables	6	–
<b>Total contractual financial assets</b>	<b>6</b>	<b>–</b>
<b>Contractual financial liabilities at amortised cost</b>		
<b>Payables<sup>(i)</sup></b>		
Supplies and services	1 395	1 039
Amounts payable to government and agencies	6	–
Lease incentive	2 765	3 233
Other payables	–	605
<b>Borrowings</b>		
Finance lease liabilities	8 766	9 646
<b>Total contractual financial liabilities</b>	<b>12 932</b>	<b>14 523</b>

Note:

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

### 7.1.2 Financial risk management objectives and policies

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instruments are disclosed in the notes to the financial statements.

The main purpose in holding financial instruments is to prudently manage VAGO's financial risks within the legislative and government policy parameters.

VAGO's main financial risks include credit risk, liquidity risk and interest rate risk. These financial risks are managed in accordance with the financial risk management policy. VAGO uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

#### Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due.

Credit risk associated with VAGO's contractual financial assets is minimal because the main debtor is the Victorian Government.

### Financial instruments: Liquidity risk

The following table discloses the contractual maturity analysis for VAGO's contractual financial liabilities:

#### Maturity analysis of contractual financial liabilities<sup>(i)</sup>

2020–21	Carrying amount (\$ thousand)	Nominal amount (\$ thousand)	Maturity dates				
			Less than 1 month (\$ thousand)	1–3 months (\$ thousand)	3 months– 1 year (\$ thousand)	1–5 years (\$ thousand)	5+ years (\$ thousand)
Receivables							
Other receivables	6	6	6	-	-	-	-
<b>Total contractual receivables</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Payables <sup>(ii)</sup>							
Supplies and services	1 395	1 369	1 343	26	-	-	-
Amounts payable to government and agencies	6	6	6	-	-	-	-
Lease incentive	2 765	2 765	39	78	350	1 869	429
Borrowings							
Finance lease liabilities	8 766	8 774	88	178	837	5 550	2 121
<b>Total contractual financial liabilities</b>	<b>12 932</b>	<b>12 914</b>	<b>1 476</b>	<b>282</b>	<b>1 187</b>	<b>7 419</b>	<b>2 550</b>

2019–20	Carrying amount (\$ thousand)	Nominal amount (\$ thousand)	Maturity dates				
			Less than 1 month (\$ thousand)	1–3 months (\$ thousand)	3 months– 1 year (\$ thousand)	1–5 years (\$ thousand)	5+ years (\$ thousand)
Payables <sup>(ii)</sup>							
Supplies and services	1 039	1 039	1 038	-	1	-	-
Lease incentive	3 233	3 233	39	78	351	1 869	896
Other payables	605	605	605	-	-	-	-
Borrowings							
Finance lease liabilities	9 646	9 649	124	157	725	4 972	3 671
<b>Total contractual financial liabilities</b>	<b>14 523</b>	<b>14 526</b>	<b>1 806</b>	<b>235</b>	<b>1 077</b>	<b>6 841</b>	<b>4 567</b>

#### Note: Interest rate exposure of financial instruments

With the exception of lease liabilities, all of VAGO's financial instruments are non-interest bearing. The carrying value and weighted average fixed interest rate exposure of finance lease liabilities in 2020–21 was \$178 000 at 4.31% (2019–20: \$112 000 at 3.19%).

## 8. Other disclosures

### 8.1 Responsible persons

Given the independent relationship of the Auditor-General with the Parliament, no government minister has any direct responsibility for the operations of VAGO. 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*:

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 in connection with the position responsibility during the reporting period was in the following ranges:

	2020–21 No.	2019–20 No.
\$540 000–\$549 999 (substantive)	1	1

## 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.

The remuneration amounts disclosed below are measured on the same basis as required by AASB 119 *Employee Benefits*.

### Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.3)<sup>(i)</sup>

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
Short-term employee benefits	4 398	4 175
Post-employment benefits	405	380
Other long-term benefits	24	121
Termination benefits	-	55
<b>Total remuneration</b>	<b>4 827</b>	<b>4 731</b>
<b>Total number of executives<sup>(ii)</sup></b>	<b>26</b>	<b>26</b>
<b>Total annualised employee equivalents<sup>(iii)</sup></b>	<b>22.7</b>	<b>22.0</b>

Note:

(i) Definitions for remuneration categories are disclosed in Note 8.7.

(ii) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported in Note 8.3.

(iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

## 8.3 Related parties

VAGO is a wholly owned and controlled entity of the State of Victoria. Related parties of VAGO include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

### Significant transactions with government-related entities

VAGO received funding and made payments to the Consolidated Fund of \$46.6 million (2019–20: \$45.5 million) and \$27.9 million (2019–20: \$27.1 million).

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

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Revenue from financial statement audits</b>		
Department of Treasury and Finance	1 662	948
Department of Transport	1 145	815
Other government related parties <sup>(i)</sup>	25 421	25 420
<b>Total significant transactions with government-related entities</b>	<b>28 228</b>	<b>27 183</b>

Note:

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

### Key management personnel (KMP)

KMPs of VAGO include the Accountable Officer and members of the Senior Management Group (SMG), which includes:

- David Barry, Deputy Auditor-General
- Renee Cassidy, Assistant Auditor-General, Performance Audit
- Roberta Skliros, Assistant Auditor-General, Financial Audit

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>Compensation of KMPs</b>		
Short-term employee benefits	1 340	1 331
Post-employment benefits	85	80
<b>Total<sup>(i)</sup></b>	<b>1 425</b>	<b>1 411</b>

Note:

(i) KMPs 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

	2020–21 (\$ thousand)	2019–20 (\$ thousand)
<b>PKF Melbourne</b>		
Audit of the financial statements	37	37
Review of the performance statement	3	3
<b>Total</b>	<b>40</b>	<b>40</b>

Steven Bradby from PKF Melbourne was appointed to this position in 2020.

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.

## 8.5 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, or disclosure in our financial statements.

## 8.6 Australian Accounting Standards issued that are not yet effective

A number of new and revised accounting standards have been issued but become effective for reporting periods commencing after 1 July 2021. VAGO is not expected to be materially impacted by any of these new or revised accounting standards.

## 8.7 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

**Actuarial gains or losses on superannuation defined benefit plans** are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

**Administered item** generally refers to VAGO lacking the capacity to benefit from that item in the pursuit of its objectives and to deny or regulate the access of others to that benefit.

**Commitments** include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

**Comprehensive result** is the amount in the operating statement representing total change in net worth other than transactions with owners as owners.

**Controlled item** refers to the capacity of VAGO to benefit from that item in the pursuit of its objectives and to deny or regulate the access of others to that benefit.

**Depreciation** is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

**Employee benefits expenses** include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments, WorkCover premiums, defined benefits superannuation plans, and defined contribution superannuation plans.

**Financial asset** is any asset that is:

- cash
- a contractual right
- to receive cash or another financial asset from another entity
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

**Financial instrument** is any contract that gives rise to a financial asset of one entity and a financial liability of another entity.

**Financial liability** is any liability that is:

- a contractual obligation
- to deliver cash or another financial asset to another entity
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

**Financial statements** comprise:

- a Balance Sheet as at the end of the period
- a Comprehensive Operating Statement for the period
- a Statement of Changes in Equity for the period
- a Cash Flow Statement for the period
- notes comprising a summary of significant accounting policies and other explanatory information
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*

**Interest expense** represents costs incurred in connection with borrowings. It includes interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**Net operating balance or net result from transactions** is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.



**Net result** is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

**Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

**Non-financial assets** are all assets that are not financial assets. It includes plant and equipment, intangible assets, and prepayments and accrued income.

**Other economic flows included in net result** are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposals, impairments of non-current physical and intangible assets; and gains and losses arising from the revaluation of the long service leave liability.

**Other long-term benefits** include long service leave.

**Payables** includes short and long-term trade debt and accounts payable, taxes and interest payable.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Produced assets** include plant and equipment and certain intangible assets. Intangible produced assets include computer software.

**Receivables** include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, and taxes receivable.

**Remuneration** comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Supplies and services** represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of VAGO.

**Termination benefits** include termination of employment payments, such as severance packages.

**Transactions** are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

## 8.8 Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx.x)	negative numbers
201x–xx	year period

The financial statements and notes are presented based on the illustration for a government department in the *2020–21 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the VAGO’s annual reports.