

VICTORIA

ANNUAL REPORT

of the

**OFFICE OF THE
AUDITOR-GENERAL**

for the year ended 30 June 1987

prepared in accordance with the
Annual Reporting Act 1983

MELBOURNE
F. D. ATKINSON, GOVERNMENT PRINTER
1987



13 October 1987

The Hon. J. Cain, M.P.,
Premier of Victoria,
2 Treasury Place,
MELBOURNE. 3002

Dear Mr Cain,

*Annual Report of the Office of the Auditor-General
for the year ended 30 June 1987*

As required by section 8 of the *Annual Reporting Act* 1983, I am enclosing the report of the operations and audited financial statements of the Office of the Auditor-General for the year ended 30 June 1987.

For your information, I have included on page 1 a list of significant events concerning my Office's operations during the year. Of particular significance is the fact that, despite increases in the complexities and volume of audit responsibilities, the net cash outlays in operating the Office continued to decline. This is illustrated by the table on page 17 which shows that the cost of auditing \$1 000 of budget sector transactions decreased from 10 cents in 1984-85 to 7 cents in 1986-87.

Yours sincerely,

R. G. HUMPHRY
Auditor-General

**OFFICE OF THE AUDITOR-GENERAL
OF VICTORIA**

1 Macarthur Street, Melbourne 3002
Telephone 651 6012
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SENIOR MANAGEMENT OF THE OFFICE
(at September 1987)

Auditor-General	R.G. Humphry
Assistant Auditor-General	F. Belli
<i>Group 1 - Audit Operations</i>	
Chief Director	R.A. Walker (L.J. Fewster at 30 June 1987)
Directors	I.D. Claessen B. Dinelli (acting) N.N. Eyre S. Naylor (acting) J. Norman (on external secondment) G.D. Towers
<i>Group 2 - Audit Operations</i>	
Chief Director	K.G. Hamilton
Directors	J.E. Kehoe T.V. Lant J.W. Manders M.E. Strickland T. Wood
<i>Group 3 - Operational Support</i>	
Chief Director	J. Pinnis
Directors	G.R. Galvan (acting) M.C. Kane K.K. Lee

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SIGNIFICANT EVENTS, 1986-87

During the year a number of significant events took place and are discussed later in this report. These were:

- * under a revised corporate strategy, emphasis was placed on close communication with Parliamentary Committees such as the Economic and Budget Review Committee and senior executives of central agencies (*pages 12-13*);
- * the tabling in Parliament of 7 major reports focusing on provision of more meaningful information and enhancement of the quality of financial management of the State (*pages 10-11*);
- * an increase in audit responsibilities both in number and complexity, while net operating costs of the Office continued to decline in real terms (*page 17*);
- * adoption by the Office of a comprehensive financial reporting framework which more accurately reflects the full cost of audit operations (*page 14*);
- * development of draft provisions for modern audit legislation (*page 14*);
- * completion of major audit reviews of the operation of Rate of Return Reporting systems in several large public bodies (*page 12*);
- * a decision by the Administrative Appeals Tribunal to exempt certain audit working papers from access under Freedom of Information legislation (*page 24*);
- * adoption of an information technology strategy leading to development of audit management information systems (*page 15*);
- * liaison with the accounting profession and involvement with an international public sector accounting committee (*pages 20-3*); and
- * continued commitment to the professional development of all staff (*pages 15-16*).

OFFICE OF THE AUDITOR-GENERAL

INTRODUCTION

This report describes the functions and operations of the Office of the Auditor-General and presents the audited financial statements of the Office for the year ended 30 June 1987. The report focuses on matters relative to the organisation and management of resources available to the Auditor-General during the year, and is submitted to the Parliament under section 8 of the *Annual Reporting Act 1983*.

MISSION STATEMENT OF THE OFFICE

The Auditor-General is responsible for the external audit of the financial affairs and activities of government. The Office of the Auditor-General is the machinery by which the legislative functions of the Auditor-General are carried out in Victoria. The Office therefore plays an important role in the accountability of the Executive to Parliament and in enhancing resource management in the Victorian public sector. Within this framework the mission of the Office is:

- (1) To support the Auditor-General in the provision of independent and objective analysis, evaluation and opinions to Parliament and the Executive which will assist in their assessment of the financial performance of public entities in terms of:
 - (i) fair presentation of financial statements;
 - (ii) adherence to legal and other requirements; and
 - (iii) maintenance of management procedures and systems to achieve economy and efficiency in the management of public resources and effectiveness in implementing government programs.
- (2) To promote and encourage the development of sound financial and resource management in the public sector by the provision of professional external audit services to its auditees.

SCOPE OF AUDIT ACTIVITIES

Areas of operation

In Victoria, public sector activities are divided into 2 main areas of operation, generally referred to as the *budget* and *non-budget* sectors.

The *budget* sector includes all departments of the State. These are financed by annual and special Parliamentary appropriations and their financial operations are processed through, or come under the control of, the central accounting system operated by the Department of Management and Budget.

The *non-budget* sector comprises a large number of public bodies, many of which are established by separate legislation. These bodies enjoy greater financial autonomy than departments, are not generally funded by Parliamentary appropriations and are not subject to budgetary controls by the Department of Management and Budget.

Audit philosophy and process

To assist the Auditor-General in discharging his statutory audit responsibilities, the Office has adopted the audit process generally described as *comprehensive auditing*. This term is descriptive of an approach to the overall audit task, rather than a type of audit in its own right. The comprehensive audit process involves the attestation of financial statements, an examination of the compliance with legal and administrative regulation, and an assessment of the economy, efficiency and effectiveness of auditee operations.

The comprehensive audit approach does not mean that at each and every audit there is a comprehensive examination of the total operations of an auditee. Rather, in the course of each audit cycle the Office examines carefully selected segments of an auditee's operations against the whole range of criteria dictated by environmental factors, audit risk and materiality.

Associated with this approach is the need to direct more audit attention to issues having direct impact on the adequacy of resource management in the public sector. The Auditor-General's charter does not extend to reviewing the merits of government policy, but covers management efficiency and effectiveness in implementing government policies by agencies.

From the audit process the Auditor-General provides to Parliament the information it needs to assess the financial performance of government organisations in terms of fair presentation of financial statements, compliance with legal and other requirements, and maintenance of adequate management systems to obtain economy, efficiency and effectiveness of operations.

In addition to informing Parliament, reviews of management systems provide independent assessments and constructive suggestions to auditees to enable them to enhance financial and resource management, and improve accountability within the public sector.

Forms of audit reports

The output of the Office culminates in the presentation of reports to Parliament as follows:

- * annual audit reports and management letters to auditee organisations, drawing attention to observations arising from the audit together with appropriate recommendations. Copies of annual audit reports are also forwarded to the Treasurer and the responsible Minister and ultimately provide the substance for the reports tabled in Parliament;
- * audit reports containing the opinions of the Auditor-General on financial statements, which are published within auditees' annual reports with the financial statements to which they refer;
- * audit reports to the Commonwealth Government as to expenditure of various funds provided by the Commonwealth to the State; and
- * Auditor-General's Reports to Parliament, which contain comments arising from the audits undertaken during the year, or on special matters which the Auditor-General thinks fit to report. A list of reports tabled in Parliament by the Auditor-General since 1976-77 is contained in Appendix 5.

Audit responsibilities

At 30 June 1987, the Auditor-General had specific responsibilities for 415 audits as follows:

- * 25 administrative units declared to be departments to which the provisions of the *Annual Reporting Act* 1983 apply, and the accounts of Parliament. The audit of departments includes branches and regional district offices located throughout Victoria;

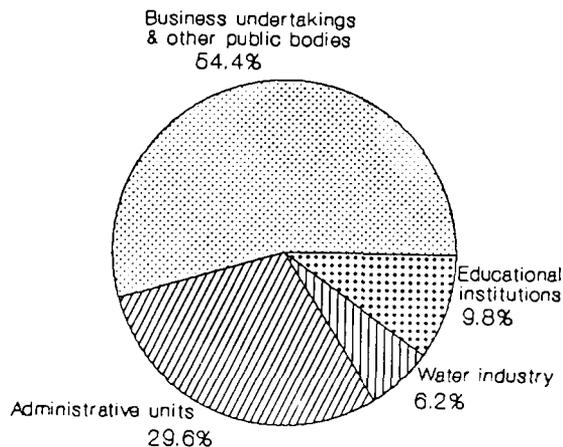
- * 8 government business undertakings and 13 superannuation funds which have been declared to be public bodies for the purposes of the *Annual Reporting Act 1983*;
- * 132 public bodies not subject to the *Annual Reporting Act 1983*, the reporting and auditing requirements of which are prescribed by individual statutes;
- * 175 water and sewerage authorities comprising water boards, municipalities, river improvement/drainage trusts and rivers management boards. In the main, the audit of water bodies is conducted by private practitioners appointed as agents of the Auditor-General;
- * 58 post-secondary and tertiary educational institutions comprising universities and associated companies, colleges of advanced education, and technical and further education colleges.

In addition, the Office is responsible for the provision of audited statements to the Commonwealth in respect of special purpose grants to the State.

The Auditor-General is not responsible for the audit of local government bodies, the State Bank and public hospitals.

The chart below indicates the percentage of audit time devoted during 1986-87 to the various audit areas detailed above for which the Auditor-General has responsibility. A complete list of audit responsibilities at 30 June 1987 is provided in Appendix 1 and a list of changes in audit responsibilities during 1986-87 is contained in Appendix 2.

AUDIT TIME, 1986-87



ORGANISATION

Office Executive

Chief administrators are directly responsible to, and take direction from, Ministers. The Auditor-General is however not subject to Ministerial direction and reports directly to the Parliament. The Office Executive comprises the Assistant Auditor-General who is responsible for the overall management of the Office, and 3 Chief Directors. They are responsible for advising the Auditor-General on policy issues and for the overall planning and co-ordination of Office operations.

The corporate management structure is shown in the Office's organisation chart on page 6 of this report. There are 3 major functional activities in the Office's organisational structure. These are the Office Executive, the 2 Audit Operations Groups and the Operational Support Group.

The Auditor-General also receives independent expert advice from the External Policy and Practices Advisory Panel on a broad range of financial policy and operational issues. The Internal Operational Review Unit carries out an internal audit and review function, while the Executive Support Unit provides policy, research and administrative assistance to the Executive.

Audit operations sub-program

Group and divisional structure

Field audit operations are carried out by 2 Groups, each under the management of a Chief Director who operates under broad policy guidelines and is responsible for day-to-day operations. Both Groups comprise 4 operational divisions and 1 division responsible for special projects, each of which is headed by a Director of Audit.

Each of the operational divisions has a diverse range of audits which cover activities of departments and public bodies, with the allocation of audits to divisions being made on the basis of Ministerial responsibility. A list of the current audit responsibilities of each division is contained in the organisation chart.

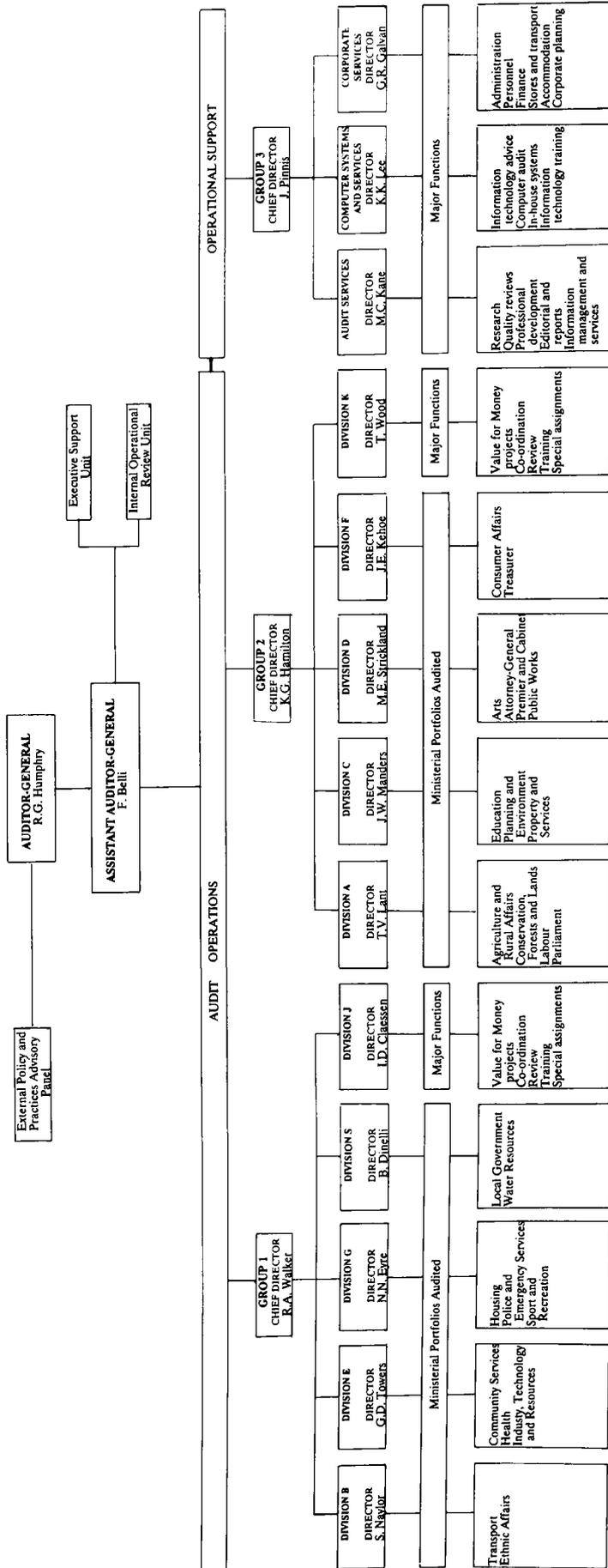
The divisions responsible for special projects conduct and co-ordinate across-the-board audit assignments and provide technical advice and training to Office staff on the value for money component of the operational audit.

A support unit provides administrative assistance to each Group.



Field auditors involved in stocktaking activities at a railway maintenance workshop.

OFFICE OF THE AUDITOR-GENERAL
OF VICTORIA





Inspection of rolling stock within the transport sector.

Audit planning and control

Long-term strategic plans projecting Office activity over the next 5 years are the basis for all audit work. A strategic plan for each auditee is maintained on a computerised planning system which provides the base information for preparation by divisions of the detailed annual audit plan at each auditee.

Areas for audit are chosen on the basis of perceived audit risk and materiality, and the work is scheduled to allow for the effective utilisation of human resources.

A computerised management information system is used to monitor, on a fortnightly basis, the progress of each audit activity. The system also progressively reports the cost of conducting all audit work and has the ability to raise audit fees for chargeable audits and to compute notional fees for non-chargeable audits.

All audits are conducted by professionally qualified staff using the Office's comprehensive audit process, and in accordance with Australian Auditing Standards. With the exception of the smaller and specialised audits, all attest audit work is undertaken using systems-based methodology.

Support services sub-program

The Operational Support Group operates under the direction of a Chief Director and comprises 3 Divisions, each headed by a Director. The Audit Services Division and the Computer Systems and Services Division provide professional support services to the operational audit divisions. The Corporate Services Division provides corporate services for the Office.

Audit Services Division

The Audit Services Division is responsible for training staff in both audit management and practice, and for technical advice and consultancy assistance to audit staff on accounting and auditing matters.

In addition, it undertakes research on developments in accounting and auditing theory and practice affecting the public sector, develops Office practices and standards, liaises with Parliamentary Committees, co-ordinates the preparation of the Auditor-General's reports to Parliament, and administers the library and reference services of the Office.

Computer Systems and Services Division

The Computer Systems and Services Division provides consultative and technical support to the Office on all matters relating to information technology. The Division is organised into 2 Sections: the Computer Audit Services Section, and the Computer Systems Development and Operations Section.

The Computer Audit Services Section is responsible for supporting operational audit divisions by assisting them in planning and conducting audits in the larger and more complex computer environments, developing and encouraging the use of specialised and generalised computer-assisted audit tools, and co-ordinating and conducting the computer audit training of operational audit staff.

The Computer Systems Development and Operations Section is responsible for developing and maintaining administrative and audit systems used by the Office. It is currently involved in implementing the Office's information technology strategic plan which involves upgrading the current microcomputer-based local area network to a minicomputer and associated network.



Development of computer audit tools.

Corporate Services Division

The Corporate Services Division is responsible for the provision of the corporate services of the Office. The services include personnel administration, recruitment, general administration (office accommodation, security, secretarial services), accounting and financial management, and other office services such as registry, stores and transport.

Panel of advisors

During 1986-87, the External Policy and Practices Advisory Panel met with the Auditor-General on 4 occasions providing valuable independent advice on issues raised in audit reports to Parliament.

Members of the Panel at 30 June 1987 were:

Mr G. Cumming, partner, Lockwood Partners, Echuca;

Mr D. T. Greenall, principal, Greenall and Associates;

Mr H. N. Hewitt, partner, Touche Ross and Co.;

Mr K. M. Stevenson, director, Australian Accounting Research Foundation; and

Mr R. Watts, managing director of a private company.

The Panel was expanded to 5 in September 1986 with the inclusion of Mr K.M. Stevenson. In December 1986 Mr D.G. Neilson retired from the Panel, having made a most valuable contribution during his period of membership since the inception of the Panel in 1982. Mr Neilson's position was filled by Mr D.T. Greenall in March 1987.

REVIEW OF OFFICE ACTIVITIES, 1986-87

AUDIT OPERATIONS SUB-PROGRAM

Reports to Parliament

Auditor-General's reports provide information to Parliament on the adequacy of organisations' resource management processes including comment on any significant deficiencies and suggestions for corrective action. It is the prerogative of Parliament and of the Executive to act on reports of the Auditor-General as they think fit.

In essence, Auditor-General's reports to Parliament are reports by exception and, as such, do not purport to be balanced accounts of the operations of individual government departments and public bodies. This is why these reports may seem to emphasise shortcomings without always giving credit for situations where no significant irregularities were observed.

Reports of the Auditor-General are prepared under the authority of the *Audit Act* 1958 and are tabled in Parliament. During 1986-87, the following reports were tabled:

First Report

Tabled in September 1986, this report accompanied the Treasurer's Statement and provided comment on the Statement together with matters of broad scope interest concerning the operations of public sector organisations.

Second Report

Tabled in March 1987, this report provided additional comments on matters of broad scope interest and included information on significant matters arising out of the audits of departments and public bodies.

Special Reports

Issued periodically, special reports comment on the findings of major audit reviews in departments and public bodies.

* *Special Report No. 4 - Court Closures in Victoria*

Tabled in November 1986, this report made recommendations regarding a number of management efficiency issues relating to the closure of court houses in Victoria since 1965.

* *Special Report No. 5 - Provision of Housing to Government Employees, and Post-Project Appraisal Procedures within the Public Works Department*

Tabled in December 1986, this report contained recommendations on aspects of the provision of government housing to employees in a number of departments and public bodies, and the methods of evaluation of completed works contracts undertaken by the Public Works Department.

* *Special Report No. 6 - Internal Audit in the Victorian Public Sector*

Tabled in April 1987, this report commented on the quality and effectiveness of Internal Audit within the Victorian public sector, focusing on the adequacy of its structure, organisation, staffing, authority and scope.

* *Special Report No. 7 - Motor Vehicles*

Tabled in April 1987, this report addressed the efficiency and effectiveness of the systems used by a selected group of government departments and public bodies to control the acquisition, utilisation and disposal of motor vehicles.

Annual Report of the Office of the Auditor-General

An annual report of the Office was prepared for tabling by the Premier in September 1986 in accordance with the *Annual Reporting Act 1983*. It provided an overview of Office activities for the year as well as incorporating the Office's audited financial statements.

Annual reports of the Office do not include comments on, or references to, audit findings contained in the Auditor-General's reports to Parliament prepared under the *Audit Act 1958*.

Each of the Auditor-General's reports was made available to the general public for purchase through the publications outlets of the Victorian Government Printing Office. Copies of these reports and of the Office annual report were also distributed by the Office to auditees, to government Audit Offices within Australia and in certain other countries, and to a number of other relevant organisations and interested individuals.



Executive meeting considering material for inclusion in reports to Parliament.

Rate of Return Reporting

For 1985-86 unaudited supplementary Rate of Return Reporting (RRR) financial statements, which incorporate the translation of traditionally derived historical cost information into current year values, have been included in the annual reports of 5 of the business undertakings gazetted under the *Annual Reporting Act* 1983. These organisations are as follows:

Gas and Fuel Corporation of Victoria;
Grain Elevators Board;
Melbourne and Metropolitan Board of Works;
Port of Melbourne Authority; and
State Electricity Commission of Victoria.

The introduction of RRR represents an important financial and economic reporting initiative and, to assist in its effective implementation, the Office agreed to conduct special audit reviews of public bodies' RRR systems and processes. While these reviews entailed a major commitment of scarce audit resources, involvement of audit at an early stage will ultimately facilitate presentation of audited RRR financial statements by the above bodies.

Contract audits

There is an ongoing practice of engaging private practitioners to act as agents of the Auditor-General. In the main, audits of water and sewerage authorities, established under the *Water and Sewerage Authorities (Restructuring) Act* 1983 and the *River Improvements Act* 1958, are conducted under such agreements.

The agent is provided with audit guidelines and, on completion of the audit, all working papers of the agent are reviewed by staff of the Office. The Auditor-General provides the audit opinion on the financial statements, fixes levels of remuneration to agents and collects fees charged to auditees for audit services.

During the year 153 annual audits of local water and sewerage authorities were finalised for which agents were paid \$399 124.

Audit consultative process

Each year meetings are held with the senior management of auditee organisations prior to the commencement of the annual audit. The objective of these meetings is to discuss areas of concern to management, the proposed audit coverage, the timetable, and where applicable, the annual audit fee.

In addition, these meetings provide the forum for discussion with senior management on the internal auditor's annual audit plan so as to avoid unnecessary duplication with external audit coverage and ensure a more cost effective audit.

Prior to the issue of reports or management letters by the Office at the conclusion of the audit, or a segment of the audit, discussions on the overall observations and recommendations arising from the audit are held with senior management of the organisation.

During 1986-87 the Office further enhanced its consultative process with the introduction of regular meetings with senior officers from the central agencies. These meetings address significant audit issues and perceived financial management deficiencies in departments and public bodies as they arise. Auditee management is also informed and consulted at an early stage and this involves briefings with Ministers when considered necessary.

The advantages to be gained from such discussions include:

- * early resolution of problems identified by audit;
- * a proactive audit role in improving financial management in government;
- * improved communication and co-operation with management; and
- * positive action from auditees on matters raised by this Office.

SUPPORT SERVICES SUB-PROGRAM

Relationship with Parliamentary Committees

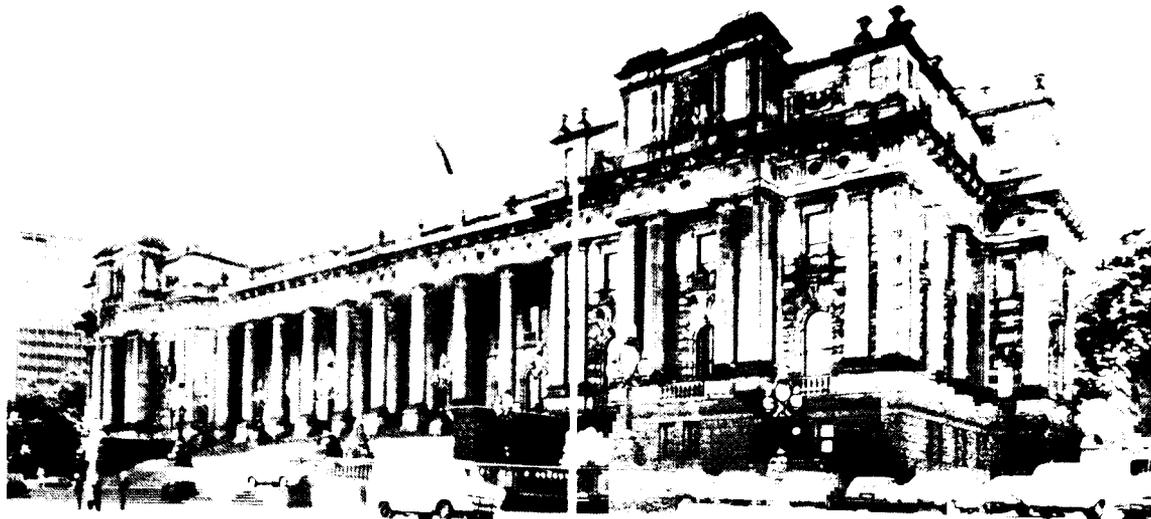
Economic and Budget Review Committee (EBRC)

The Auditor-General has no executive powers to put into effect recommendations contained in reports to Parliament. Rather, consideration of audit comments and recommendations is a matter for the Parliament, individual Ministers, central agencies and auditee bodies.

At the Parliamentary level the EBRC performs, as part of its functions, an ongoing review of matters contained in Auditor-General's reports to Parliament. The Office endeavours to provide every assistance to the work of the Committee. In 1986-87 representatives of the Office attended a number of meetings with Committee members, providing further information on report findings and making submissions on a number of specific Committee references.

Estimates Committee

An Upper House Estimates Committee was established in September 1986 to review the 1986-87 Budget Estimates. The Auditor-General attended a number of Committee hearings and provided advice on a range of matters relating to the State's finances.



The Parliament of Victoria.

Draft audit legislation

In response to the Government's objective of reforming the State's resource management and accountability legislation, the Office drafted provisions for a revised Audit Act, which were submitted to the Treasurer late in 1986.

The draft legislation aims to:

- * remove many outmoded audit requirements which have been entrenched in the Audit Act since early this century;
- * enhance financial and resource management in the Victorian public sector by more clearly defining the Auditor-General's responsibilities in the provision of professional audit services; and
- * upgrade the Office's functions and structure consistent with world-wide trends in public sector auditing.

Financial management enhancements

During the year, the Office received the Treasurer's approval to replace its financial recording and reporting system, maintained on a government mainframe computer, with an in-house microcomputer-based accounting system.

To coincide with the implementation of the new system, the quality of financial information provided to senior management of the Office was enhanced through:

- * a new chart of accounts;
- * the provision of meaningful and timely financial information to users;
- * establishment of an expenditure commitment register; and
- * establishment of a fixed assets register.

Supplementary financial information on an accrual basis

Consistent with the general thrust of greater accountability over the expenditure of public moneys and as a means of providing more relevant information for effective decision making, the Office has voluntarily prepared supplementary financial information on an accrual basis (pages 34-42).

These statements, prepared in accordance with conventional accounting standards, are designed to supplement the annual financial statements of the Office presented in accordance with Regulations under the *Annual Reporting Act* 1983 (pages 25-33). In the main, the Regulations follow traditional budget sector practices of accounting for annual appropriations from Parliament on the cash basis, that is only moneys actually received and disbursed during the year are reported in the financial statements.

As these Regulations provide, in audit opinion, only minimum reporting requirements, the Office has taken the initiative to enhance its reporting process beyond the basic requirement to record cash transactions by providing more meaningful statements which recognise total revenue earned and costs incurred, together with asset balances, outstanding liabilities and the equity of the State in the Office.

Because of the inability to access relevant data in relation to costs met by other agencies on behalf of the Office, and also due to some limitations in the historical recording of the assets, it has been necessary to include in the supplementary statements certain estimates of costs and internal assessments as to the valuation of existing assets. These are fully explained in the notes forming part of the supplementary statements.

Staff salary management information system

During the year a new staff salary management information system was introduced. This system provides a fortnightly record of the Office's staffing situation, as well as accurate details of progressive salary expenditure, comparisons against budgeted expenditure to date and projections of expenditure over the full financial year based on current expenditure patterns.

The introduction of this system provides management with the ability to monitor and manage salary budgets with greater accuracy.

Corporate planning

An important activity of the Office during the year was the review of its corporate plan. The review process culminated in the issue of a concise document reflecting a consensus among management and staff on the key issues facing the Office for the 5 year period 1986-87 to 1990-91, and how best to deal with these issues.

The mission statement detailed on page 2 focuses specifically on the key service activities of the Office undertaken on behalf of Parliament, the Executive Government and auditee management. Within this context, the Office decided that the theme *productivity through professionalism* would be the cornerstone underlying strategic decisions and related action plans for the coming years.

The corporate plan identifies 4 key strategic issues under which several goals, strategies and action targets have been developed to guide the activities of the Office over the next 5 years. The 4 strategic issues are:

- * services to Parliament, Executive Government and auditees;
- * audit methodology;
- * information technology; and
- * resource management.

The goals and strategies presented within the plan under each strategic issue were devised from consideration of the opportunities and constraints likely to emerge during the period of the plan and an analysis of the Office's internal operations. The various goals and strategies and the proposed targets in each area constitute the basis by which the performance of the Office over the plan period will be evaluated.

Information technology

Since the Office's Information Technology Strategy Plan was approved in April 1986, several steps have been taken towards its implementation including:

- * upgrading the Office Audit Management Information System which involves the construction of a data model of Office information flows and requirements;
- * inviting tenders for the supply of information technology hardware and software for the first phase of the Plan; and
- * reviewing all applications to determine priorities for implementation.

Professional development

The Office has an ongoing commitment to professional development in order to maintain the high level of skill required to professionally discharge its operational responsibilities.

The professional development program conducted in 1986-87 covered:

- * accounting and auditing;
- * information technology and EDP auditing;
- * communication skills; and
- * management and supervision skills.

Courses were conducted by in-house and external presenters. A summary of training courses contained in the Office's professional development program conducted during the year is contained in Appendix 3.

In addition to attending courses under the professional development program, officers attended selected external conferences and conventions. The more significant of these are listed in this report under *Professional activities*.

In March 1987, a 3 day residential senior management conference was convened to consider the Office mission statement, overall objectives and implementation strategies proposed in the revised corporate plan. Senior representatives from the New South Wales Audit Office also attended this conference and were able to provide invaluable input to the discussions.

Performance and Development Review Scheme

The Performance and Development Review Scheme is designed to monitor work performance and identify the training needs of each officer below Director of Audit level through a process of annual assessment and counselling. The Scheme provides a mechanism to review and discuss officers' performance and career aspirations, and provides valuable input to the preparation of the annual professional development program of the Office.

Officers occupying Senior Executive Service (SES) level positions in the Office, i.e. Assistant Auditor-General, Chief Directors of Audit and Directors, are required to prepare annual performance improvement plans under a performance management framework established by the Public Service Board. The contents of plans are negotiated between SES officers and their supervisors. The plans and officers' performance are progressively reviewed during each year and a final grading of performance is determined at the end of the year.

Office accommodation

Office operations and productivity continued to be hampered by sub-standard accommodation during the year. The inadequate working environment provided in the 2.5 floors occupied by the Office now has a 9 year history of representations by this Office to the Department of Property and Services and the Public Works Department.

An Office Accommodation Planning Brief was completed in July 1986 in conjunction with the Department of Property and Services. It identified that there was a need for a more appropriate Office layout, and that the floor space occupied by the Office was 30 per cent less than specified under Public Service standards. The findings of this brief have been pursued with the Department of Property and Services, but to date no remedial action has been forthcoming.

The current Office accommodation is a serious disincentive to staff morale and efficiency, and the situation is deteriorating with the expansion of Office responsibilities and installation of modern support equipment requiring additional space, appropriate furniture and improved air conditioning.

To alleviate some of the immediate accommodation pressures, an interim relocation of operational sections was carried out during the year to draw together related functions, improve communications and make best use of the limited space available.

RESULTS OF SUB-PROGRAM OPERATIONS

Despite an increase in audit responsibilities over the past 3 years (number of audits for 1984-85 were 382; 1985-86, 376; and 1986-87, 415), the net cash outlays in operating the Office program continued to decline in real terms. This position is illustrated in the following table:

OPERATING COSTS, NET CASH OUTLAYS (\$'000)

<i>Item</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>
Payments -			
Audit operations	(a) 4 250	(a) 4 567	4 786
Support services	(a) 1 139	(a) 1 223	1 282
Total payments	5 389	5 790	6 068
Less receipts	1 600	2 078	2 505
Net cash outlays -			
Actual	3 789	3 712	3 563
Real terms (b)	3 618	3 229	2 768

(a) Adjusted for comparative purposes.

(b) Adjusted to 1983-84 constant prices.

PROGRAM INDICATORS

<i>Item</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>
Number of audits completed	(a)	302	318
Budget sector audits -			
Value of transactions (b) (\$million)	21 448.3	23 563.3	25 245.7
Audit cost incurred (\$million)	2.2	2.2	1.8
Audit cost per \$1 000 (c) (cents)	10	9	7
Number of reports presented to Parliament	6	3	7

(a) Not available.

(b) Excludes transactions between Consolidated Fund and Trust Fund.

(c) Cost of auditing each \$1 000 of budget sector transactions.

STAFFING MATTERS

Staffing levels

At 30 June 1987 the Office employed 164 persons (150 at 1 July 1986). The Office's average staffing level during the year was 150.3 (equivalent figure not available for the previous financial year).

Recruitment

As a result of the campus interview program conducted early in 1986, 21 accounting graduate recruits were appointed to Auditor positions in February 1987. This number was supplemented by a further 4 officers recruited through the year as a result of advertisement.

Recruitment of suitably qualified audit staff continued to be difficult with the Office facing increasing competition for staff from both public and private sectors. Nonetheless, the Office is maintaining the thrust of its recruitment program and has extended it by offering employment to a number of non-accounting graduates and other professionals.

This year the recruitment program covered the campuses of country as well as metropolitan tertiary institutions. Senior officers, accompanied by recent graduates, visited the campuses of 13 tertiary education institutions (14 in 1985-86) and conducted preliminary interviews with 110 final year accountancy students.

At 30 June 1987, 20 offers of employment had been accepted, including 3 by graduates commencing duty in July 1987. The results of the 1986-87 program, together with comparative figures for 1985-86 (in brackets), are shown in the following table:

CAMPUS RECRUITMENT PROGRAM

<i>Item</i>	<i>Females</i>	<i>Males</i>	<i>Total</i>
First interview	46 (34)	64 (77)	110 (111)
Offer of second interview	25 (19)	35 (54)	60 (73)
Attendance at second interview	17 (17)	25 (40)	42 (57)
Employment offer	13 (14)	15 (18)	28 (32)
Acceptance	5 (10)	15 (14)	20 (24)

Senior Executive Service

Sixteen staff of the Office are members of the Senior Executive Service (SES). Formal performance assessments for the determination of performance pay levels for those officers were carried out for the 12 months ended 30 September 1986. In addition, new performance improvement plans were developed for 1986-87.

During the year 3 officers from the administrative ranks joined the SES. They were: Mr I.D. Claessen, Mr M.E. Strickland and Mr K.K. Lee.

Mr M. De Jong, Director of Audit (SES-1) retired from the Office in December 1986.

Organisational initiatives

A number of organisational changes were effected during the year. These included:

Executive support

The support area for the Auditor-General and Assistant Auditor-General has been restructured and now contains a secretary and a newly created Executive Officer position to provide a range of policy and research support.

Information management

The Office has moved to improve its information management with the creation of an Information Manager position. This position supports the implementation of the Office's Future Information Technology strategy and is responsible for identifying and documenting all information flows within the Office and for co-ordinating the computerisation and ongoing storage of, and access to, that information.

The Information Manager has functional responsibility for the Office's registry, library, Freedom of Information and word processing facilities.

Computer systems and services

The former EDP Division was reorganised during the year and re-titled Computer Systems and Services Division.

The Division is now structured into two Sections: Computer Audit Services (providing computer audit support), and Computer Systems Development and Operations (which is responsible for implementing, developing and maintaining the Office's administrative and audit systems).

Keyboard/clerical support

The provision of keyboard and clerical support throughout the Office was reviewed and this resulted in the abolition of the centralised word processing pool and the implementation of three Group-based clerical officer support units.

Each support unit provides a range of clerical, secretarial and keyboard support to the Chief Directors, Directors and other staff within their respective Groups.

Management believe many benefits will accrue from this new structure, including:

- * more variety of work for support staff;
- * greater flexibility of support services;
- * increased career path for ex-keyboard staff;
- * greater ease in recruiting support staff; and
- * decreased audit staff time spent on clerical non-audit duties.



Supervisor of a clerical officer support unit evaluating new word processing software.

Other staffing initiatives

Secondments

Three secondments at middle management level were arranged for staff of the Office during 1986-87.

Ms J.B. Tranter, Audit Supervisor, undertook a 4 month secondment with the ANZ Bank where she was involved in the development of audit plans for global treasury operations and subsequent audit activities emanating from those plans.

Mr M.J. Campbell, Audit Supervisor, was seconded for 6 months to the Australian Accounting Research Foundation where he undertook a variety of research projects on accounting and auditing issues.

Mr J. Norman, Director of Audit, was seconded to the Department of Community Services for a period of 9 months. Mr Norman will undertake a number of projects relating to financial management improvements within the Department.

Administrative trainees

Two placements were made in the Office under the Public Service Board's Administrative Trainee Scheme. During their 3 month attachment to the Office the trainees were engaged either on research/development projects relating to the audit function or on specific field audit assignments.

Youth Guarantee Scheme

Two appointments were made in the word processing area under the Youth Guarantee Scheme during 1986-87. The Scheme seeks to reduce some of the difficulties encountered by young people in obtaining training and work experience.

PROFESSIONAL ACTIVITIES

The Office has continued its involvement in a range of activities connected with the accounting and auditing profession and public sector management. In 1986-87 this included:

International meetings and overseas visits

International Federation of Accountants Public Sector Committee

The Auditor-General is the accounting bodies' Australian representative on the newly formed International Federation of Accountants (IFAC) Public Sector Committee. The Committee has representatives from a range of world accounting/auditing and regulatory bodies and is proceeding towards the development of public sector accounting and auditing standards for international application.

The Auditor-General attended meetings of the Committee held in London in January 1987 and in Vancouver in April 1987.

Annual Conference of the Canadian Comprehensive Auditing Foundation

Mr T.V. Lant, Director of Audit, attended the 7th Annual Conference of the Canadian Comprehensive Auditing Foundation held in Ontario, Canada in December 1986. Mr Lant also attended the Foundation's 3 day course on *Auditing Human Resources* and visited the Ontario Provincial Auditor's Office.

Discussions with New Zealand Audit Office

A Senior Audit Manager, Mr. M. Adamek, spent 3 days in June 1987 with senior management of the New Zealand Audit Office discussing methods of operation and resource issues relating to value for money auditing.

International and interstate visitors

Controller of the Audit Commission for Local Authorities England and Wales

Mr J. Banham, the Controller of the Audit Commission for Local Authorities in England and Wales had extensive discussions with the Office Executive concerning the operations and experiences of the Commission since its formation in 1983.

Queensland Treasury

Mr P. Forster from the Queensland Treasury met with representatives from the Office to discuss the preferred role and status of Internal Audit.

United States Rotary Exchange

A Rotary Exchange visitor from the United States, Mrs A. Ellis, held general discussions with the Office on government auditing and financial management.

External papers and presentations

Officers have been involved in the presentation of papers and conduct of seminars. These are shown in Appendix 4.

Major research papers and presentations delivered in 1986-87 included:

- * R.G. Humphry, Auditor-General *Forces for Change in Public Sector Resource Management and the Role of Accountants.* Australian Society of Accountants, University of Melbourne 1986 Research Lecture.
- * R.G. Humphry, Auditor-General *International Developments in Government Financial Management.* Keynote address to National Government Accounting Convention.
- * J. Pinnis, Chief Director (Operational Support) *Developments in Information Technology Audit in Government.* National Government Accounting Convention.

Participation in major conferences

Confederation of Asia and Pacific Accountants (CAPA) Conference

Office staff attended sessions of the CAPA Conference held in Melbourne in November 1986.

National Government Accounting Convention

The Auditor-General and Chief Director (Operational Support) each presented a paper at the Convention, which was held in Perth during February/March 1987 and was also attended by several other senior members of the Office.

Institute of Internal Auditors

A representative of the Office attended the 1987 South Pacific Regional Convention of Internal Auditors held in Adelaide in May 1987.

National meetings of EDP auditors

Two members of the Office attended meetings centred on EDP audit which were held in Perth during March 1987. The annual Government EDP Auditors Seminar involved representation from Audit Offices around Australia and New Zealand for interchange of information and discussions on matters of common concern, while the National Conference of the EDP Auditors Association dealt with current trends in EDP audit technology.

Conference of Australia Area Auditors-General

Auditors-General from the Commonwealth, all Australian States and New Zealand, and representatives of the Papua New Guinea Auditor-General attended the 16th biennial Conference in Darwin from 22 to 26 June 1987. Mr M.C. Kane, Director Audit Services, accompanied the Auditor-General to the Conference.

The Conference provides a forum for the discussion of issues of common concern to Audit Offices. Subject areas discussed in Darwin included mechanisms for improving co-operation and sharing of resources between Offices, recent developments in information technology and audit methodology, and improving public sector financial management and accountability.

Involvement with professional bodies

There continued to be a strong involvement by members of the Office in the activities of various professional bodies and specialist committees, including the:

- * Australian Administrative Staff College Association;
- * Board of EDP Auditors Association;
- * Canadian Comprehensive Auditing Foundation;
- * Disciplinary Committee (Australian Society of Accountants, Victorian Division);
- * Government Accountants Committee (Australian Society of Accountants, at National and Victorian levels);
- * Government Accounting and Audit Discussion Group (Institute of Chartered Accountants);
- * International Consortium on Governmental Financial Management;
- * Public Sector Accounting Standards Board (Australian Accounting Research Foundation);
- * Public Sector Committee (International Federation of Accountants); and
- * Royal Australian Institute of Public Administration.

Relationship with interstate Audit Offices

The sharing of information and professional expertise in the audit area is a valuable mechanism for improving the efficiency and cost-effectiveness of State and Commonwealth Audit Offices in Australia. In addition to the regular meetings at senior level of Auditors-General and Deputy Auditors-General, links have been established at middle management level through annual meetings of EDP auditors in the public sector, circulation of information on developments, and exchange visits of key audit and management personnel between the various Audit Offices.

In 1986-87 this co-operation was strengthened through:

- * conduct of a joint project to identify more cost-effective techniques and methods for the effective application of systems-based auditing in the Victorian and New South Wales Audit Offices;
- * implementation within the Office of a professional development information system based on work done by the South Australian Audit Office;
- * attendance at a Senior Management Conference organised by the Victorian Office of 6 representatives from the New South Wales Audit Office;
- * participation by an Audit Manager from the Victorian Office on a professional development course conducted by the New South Wales Audit Office; and
- * regular exchange of information between the various Offices on research projects and professional standards and practices.

OCCUPATIONAL HEALTH AND SAFETY

With the proclamation of the Occupational Health and Safety Act on 1 October 1985, the Office was required to establish a Workplace Health and Safety Committee comprising equal Victorian Public Service Association and management-nominated members.

The Committee was established in July 1986 with the primary role of considering, instigating, developing and recommending to management measures to ensure the health and safety at work of Office employees.

The Committee met on a regular basis during the year and submitted reports to management on the following matters:

- * the adequacy of the Office in meeting workplace environment standards as prescribed by the Screen-Based Equipment Agreement;
- * health and safety hazards existing within the Office; and
- * a smoking policy within the Office.

Appropriate action was subsequently taken by management which improved the overall health and safety conditions within the Office workplace.

TECHNOLOGICAL CHANGE

The Office's Joint Technological Change Standing Committee proposed a set of consultation guidelines to be followed by the Office when introducing technological change. The guidelines were accepted by the Auditor-General and the Office subsequently issued an Employee Impact Statement related to the implementation of the Future Information Technology (FIT) project.

EQUAL EMPLOYMENT OPPORTUNITY

The Office Consultative Committee on Equal Employment Opportunity (EEO) continued its activities during the year in accordance with the Action Plan for 1986-87. The Committee was established in 1984 in line with State Government policy on EEO with the primary role of translating the policies laid down in the *Action Plan for Women in the Victorian Public Service* (issued by the Public Service Board) into objectives, actions and responsibilities specific to the Office.

FREEDOM OF INFORMATION

During the year a total of 11 requests were processed by the Designated Officer under the Freedom of Information legislation.

Two internal reviews were conducted by the Principal Officer pursuant to section 51 (1) of the Act.

One applicant submitted an appeal to the Administrative Appeals Tribunal against the decision of the Principal Officer to deny access to audit working papers. Subsequent to the end of the financial year, the Tribunal upheld the decision of the Principal Officer not to release the documents.

DECLARATION OF PECUNIARY INTERESTS

All relevant officers completed a declaration of pecuniary interests during 1986-87.

SOCIAL CLUB ACTIVITIES

The Office Social Club was formed in 1984 to foster and organise social and sporting activities for staff. At 30 June 1987 the club had 103 members, or approximately two-thirds of the total Office staff.

Activities organised for members and their friends during the year included such major functions as a dinner dance, children's Christmas picnic and staff Christmas party, as well as smaller functions catering for more specialised interests, such as a night at the harness racing, squash and football competitions, and *happy hours*.

EXPLANATION OF MAJOR VARIATIONS OF ITEMS WITHIN FINANCIAL STATEMENTS

There were variations between 1986-87 and the previous year in some items within the financial statements of the Office. Information in relation to these variations and any significant variations from the budget figure are given below. Number references are to the corresponding items in the financial statements on page 26 of this report.

1. Receipts

Revenue generated was 21 per cent higher than in 1985-86. The increase was mainly attributed to higher recovery rates and an increase in audit responsibilities.

2. Administrative expenses

The increase in expenditure for this item was due to:

- (1) implementation of the Senior Executive Service Car Policy Scheme;
- (2) higher than anticipated Government Computer Services processing costs due to the development of new audit tools; and
- (3) additional equipment acquired to implement the Office's Clerical Officer restructure program.

3. Contract auditing

Payments made to agents were below the budgeted figure as delays by some local water and sewerage authorities in preparing and finalising financial statements resulted in audits planned for 1986-87 still being unallocated at 30 June 1987.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 1987

OFFICE OF THE AUDITOR-GENERAL

SUMMARY OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 1987

RECEIPTS - CONSOLIDATED FUND

	<u>1986-87</u>	<u>1985-86</u>
	\$	\$
Program - Office of the Auditor-General	2 504 911	2 078 023
Total All Receipts	<u>2 504 911</u>	<u>2 078 023</u>

**PAYMENTS - APPROPRIATIONS
CONSOLIDATED FUND**

	<u>Special</u> <u>1986-87</u>	<u>Annual</u> <u>1986-87</u>		
	\$	\$		
Program - Office of the Auditor- General	85 533	5 978 386	6 063 919	5 768 578

PAYMENTS - TRUST FUND

Program - Office of the Auditor- General	<u>3 610</u>	<u>21 556</u>
Total All Payments	<u>6 067 529</u>	<u>5 790 134</u>

OFFICE OF THE AUDITOR-GENERAL

PUBLIC ACCOUNT PROGRAM RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 30 JUNE 1987

<u>*Ref.</u>	<u>Note</u>	<u>Budget</u> <u>1986-87</u> \$	<u>Actual</u> <u>1986-87</u> \$	<u>Actual</u> <u>1985-86</u> \$
RECEIPTS - CONSOLIDATED FUND				
1.			2 487 016	2 071 531
	(h)		<u>17 895</u>	<u>6 492</u>
			<u>2 504 911</u>	<u>2 078 023</u>
PAYMENTS - CONSOLIDATED FUND				
Special Appropriation				
	(i)	<u>83 761</u>	<u>85 533</u>	<u>82 516</u>
Annual Appropriations				
<u>Recurrent Expenditure</u>				
	(j)	5 096 220	5 160 469	4 803 520
2.	(k)	330 000	400 860	388 767
3.		510 000	399 124	460 991
<u>Non-Recurring Items</u>				
		-	-	19 288
		<u>5 936 220</u>	<u>5 960 453</u>	<u>5 672 566</u>
<u>Works & Services Expenditure</u>				
		<u>130 000</u>	<u>17 933</u>	<u>13 496</u>
		<u>6 149 981</u>	<u>6 063 919</u>	<u>5 768 578</u>

<u>*Ref.</u>	<u>Note</u>	<u>Budget</u> <u>1986-87</u> \$	<u>Actual</u> <u>1986-87</u> \$	<u>Actual</u> <u>1985-86</u> \$
PAYMENTS - TRUST FUND				
State Trust Accounts				
Accident Compensation		-	-	21 556
Youth Guarantee				
Traineeship		-	3 610	-
TOTAL TRUST FUND		-	3 610	21 556
TOTAL PROGRAM PAYMENTS		<u>6 149 981</u>	<u>6 067 529</u>	<u>5 790 134</u>

* Reference is to the explanatory statement on page 24 of this report.

OFFICE OF THE AUDITOR-GENERAL

NOTES TO THE FINANCIAL STATEMENTS

- (a) The financial statements of the Office have been prepared on the basis that the transactions of the Public Account are reported on a cash basis with the exception of payments for salaries which are reported on an accrual basis.
- (b) The financial details provided in Appendix A to the financial statements relate to transactions outside the Public Account.
- (c) The financial statements specify only identifiable direct costs and do not reflect the total cost of Office operations. The statements do not include amounts paid on behalf of the Office by other administrative units such as the payments by the Department of Management and Budget for superannuation and by the Public Works Department for rent, cleaning and telephone services.
- (d) There have been no expenditures of a capital nature on the Office's behalf by the Public Works Department during the financial year.
- (e) A reference in the financial statements to a "Budget" figure means:
 - (i) in the case of a special appropriation, the amount included in the Estimates in respect of that appropriation; and
 - (ii) in the case of an annual appropriation, the amount provided in the Estimates to be appropriated by the relevant Annual Appropriation Act.
- (f) A reference in the financial statements to an "Actual" figure means the payments actually made by the Office in respect of the item to which it refers.
- (g) The receipts and payments set out in the financial statements include receipts and payments which come within the overall responsibility of the Office whether or not they have been collected or paid by the Office.

Receipts

- (h) The "Minor Receipts" figure of \$17 895 is made up of the following amounts:

	<u>1986-87</u>	<u>1985-86</u>
	\$	\$
Appropriation of Former Years	7 464	5 917
Commission on Group Assurance		
Deductions	455	359
Commission on Hospital & Medical		
Deductions	183	191
Interest	9 793	-
Small amounts paid in	-	25
	<u>17 895</u>	<u>6 492</u>

Special Appropriation

- (i) The Auditor-General's salary is specially appropriated by Parliament in accordance with Section 4 (3) of the Audit Act 1958.

Recurrent Expenditure

- (j) The "Salaries and Associated Costs" figure is made up of the following amounts:

	<u>1986-87</u>	<u>1985-86</u>
	\$	\$
Salaries and Allowances	4 782 479	4 385 466
Overtime and penalty rates	4 709	3 939
Payments in lieu of Long Service Leave	56 058	142 102
Payroll Tax	286 538	272 013
Work Care	<u>30 685</u>	<u>-</u>
	<u>5 160 469</u>	<u>4 803 520</u>

- (k) The "Administrative Expenses" figure is made up of the following:

	<u>1986-87</u>	<u>1985-86</u>
	\$	\$
Travelling and Subsistence	61 864	65 933
Office requisites and equipment, printing and stationery	93 111	133 932
Books and publications	13 146	14 584
Postal and telephone expenses	5 637	6 393
Motor vehicles - purchase and running expenses	45 267	28 768
Incidental expenses	87 484	58 584
Electronic Data Processing Expenses	83 681	80 573
Consultants and special projects	<u>10 670</u>	<u>-</u>
	<u>400 860</u>	<u>388 767</u>

OFFICE OF THE AUDITOR-GENERAL
SUPPLEMENTARY INFORMATION AND STATEMENT OF BALANCES

AS AT 30 JUNE 1987

SUPPLEMENTARY INFORMATION

Payments from Appropriation of other Administrative Units as at 30 June 1987

NIL

Resources received and provided free of charge as at 30 June 1987

NIL

STATEMENT OF BALANCES

Cash and Investment Balances

An advance from the Public Account of \$7000 (30 June 1986-\$13 200) was approved by the Treasurer for carryover to the 1987-88 financial year. In addition the Office received a special advance of \$12 000 on the 29 June 1987. As at 30 June 1987 the Office Advance Account, being an account outside the Public Account, had a balance of \$8 072.31 (30 June 1986-\$5 385 Overdrawn)

Debtors

As at 30 June 1987 the following amounts were outstanding:

	<u>1986-87</u>	<u>1985-86</u>
	\$	\$
Outstanding Audit Fees	257 924	237 980
Recoup of personal expenses	—	89
	<u>257 924</u>	<u>238 069</u>

General Stores on Hand

As at 30 June 1987 the Office had the following stores on hand:

	<u>1986-87</u>	<u>1985-86</u>
	\$	\$
Office requisites, stationery, etc. (at Cost)	4 350	3 900

Creditors

As at 30 June 1987 the following amounts were outstanding:

	<u>1986-87</u>	<u>1985-86</u>
	\$	\$
General Expenses	109 080	30 362
Personal Expenses	<u> -</u>	<u> 26</u>
	<u>109 080</u>	<u>30 388</u>

Capital Commitments

As at 30 June 1987 - NIL (30 June 1986 - NIL).

Leasing Commitments

As at 30 June 1987 the Office had entered into an operating lease for two photocopying machines for a period of 12 months at a charge of \$8 100 per annum (1986 - 13 months at a charge of \$5 400 per annum).

Balance Outstanding on Loans

As at 30 June 1987 - Nil (30 June 1986 - Nil).

CERTIFICATION

Statement by Chief Administrator and

Principal Accounting Officer

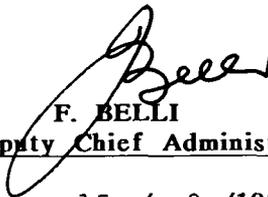
We certify that the financial statements of the Office of the Auditor-General have been prepared in accordance with Section 11 of the Annual Reporting Act 1983 and the Annual Reporting Act 1983 and the Annual Reporting (Administrative Units) Regulations 1985.

In our opinion, the information set out in the financial statements presents fairly the receipts of and the payments made by, on behalf of or falling within the policy responsibility of the Office of the Auditor-General for the year ended 30 June 1987 and of the Supplementary Information and Statement of Balances at 30 June 1987.



G.J. SENN
Principal Accounting Officer

15 / 9 /1987

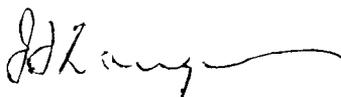


F. BELLI
Deputy Chief Administrator

15 / 9 /1987

REPORT OF THE APPROVED AGENT OF THE AUDITOR-GENERAL

- (1) I report that I have audited the accounts of the Office of the Auditor-General for the year ended 30 June 1987 in accordance with Australian Auditing Standards.
- (2) I have received all the information and explanations I have required.
- (3) In my opinion, the financial statements have been properly drawn up in accordance with the Annual Reporting (Administrative Units) Regulations 1985, as prescribed under the Annual Reporting Act 1983, and present fairly the financial transactions of the Office of the Auditor-General during the year ended 30 June 1987.



J.F. DONGES
Peat, Marwick Mitchell & Co.,
Approved Agent of the Auditor-General

15 / 9 /1987

AUDITOR-GENERAL'S REPORT

The accompanying financial statements of the Office of the Auditor-General comprising a summary of receipts and payments, a statement of Public Account program receipts and payments, relating to that department and the appendix and notes to the financial statements have been audited as required by the Annual Reporting Act 1983 and in accordance with Australian Auditing Standards.

In my opinion, the financial statements present fairly the financial transactions of the Office of the Auditor-General for the year ended 30 June 1987 in accordance with the Annual Reporting Act 1983.

MELBOURNE
18 1 9 1987



R.G. HUMPHRY
Auditor-General

SUPPLEMENTARY ACCRUAL FINANCIAL STATEMENTS *
FOR THE YEAR ENDED
30 JUNE 1987

* Further information on these statements is contained on page 14 of this report.

OFFICE OF THE AUDITOR-GENERAL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 1987

<u>EXPENDITURE</u>	<u>Note</u>	\$
Audit Operations:		
Salaries, Allowances and Associated Costs		3 921 283
Administration Costs		1 744 740
Contract Auditing		454 115
Support Services:		
Salaries, Allowances and Associated Costs		1 335 772
Administration Costs		<u>467 095</u>
		<u>7 923 005</u>
 <u>INCOME</u>		
Audit Fees	1(v)	2 589 733
Gain on Disposal of Fixed Assets		15 668
Other Income		<u>17 895</u>
		<u>2 623 296</u>
NET COST OF OPERATING THE OFFICE	2	<u>5 299 709</u>

The accompanying notes form part of these supplementary financial statements.

OFFICE OF THE AUDITOR-GENERAL

**BALANCE SHEET
AS AT 30 JUNE 1987**

	<u>Note</u>	\$
<u>CURRENT ASSETS</u>		
Cash at Bank		8 072
Debtors and Work in Progress	3	<u>929 656</u>
		<u>937 728</u>
<u>NON-CURRENT ASSETS</u>		
Fixed Assets	4	296 375
Leased Assets	5	<u>51 909</u>
		<u>348 284</u>
TOTAL ASSETS		<u><u>1 286 012</u></u>
<u>CURRENT LIABILITIES</u>		
Creditors and Accruals		109 080
Provisions for Employee Benefits	6	370 337
Finance Lease liability	7	<u>8 250</u>
		<u>487 667</u>
<u>NON-CURRENT LIABILITIES</u>		
Provisions for Employee Benefits	6	909 420
Provision for Staff Superannuation		513 320
Finance Lease liability	7	<u>43 659</u>
		<u>1 466 399</u>
<u>ACCUMULATED FUNDS</u>		
Accumulated Funds - Deficiency	8	(668 054)
		<u>(668 054)</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1 286 012</u></u>

The accompanying notes form part of these supplementary financial statements.

OFFICE OF THE AUDITOR-GENERAL

NOTES TO AND FORMING PART OF THE SUPPLEMENTARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1987

1. STATEMENT OF ACCOUNTING POLICIES

The accompanying supplementary statements of the Office have been drawn up in accordance with the accounting standards and disclosure requirements of the Australian accounting bodies and to the extent possible, the requirements of the Annual Reporting (Business Undertakings) Regulations 1984. They have been prepared in accordance with the historical cost convention using accrual accounting and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The presentation of supplementary financial information for the year under review has necessitated the changing of the basis of preparing annual accounts from a statement of receipts and payments (cash based system) to a statement of operations and balance sheet (accrual system). Because of the inadequacies of records maintained under the cash based system, it was not possible to accurately identify all assets and liabilities from previous financial years and to determine the overall effect of the net cost of operating the Office prior to 1986-87. Consequently, for the purpose of establishing a basis for preparing accounts on an accrual basis for the first time, a physical stocktake was undertaken to determine the value of assets at 1 July 1986 and steps were taken to collate information in respect of all the liabilities of the Office from existing historical records. The balance of Accumulated Funds as at 1 July 1986 (refer Note 8) therefore, represents the difference between the assets and liabilities as identified through the process put in place by the Office at the commencement of the financial year.

Expenditure has been disclosed on a program budget basis having been allocated between the two sub-programs of the Office, Audit Operations and Support Services.

Set out below is a summary of the significant accounting policies adopted by the Office in the preparation of the supplementary financial statements.

(i) Non-Current Assets

Furniture and fittings, office equipment and library.

Furniture and Fittings, office equipment and library are valued at their estimated net realisable value at 1 July 1986 less accumulated depreciation since that date as the historical cost of these assets, acquired prior to 1 July 1986, cannot be readily identified.

Depreciation

Fixed assets are depreciated on a straight line basis over their estimated useful lives.

Amortisation

Amortisation of leased assets is calculated on a straight line basis over the lesser of the estimated useful life of the leased asset or the lease period.

(ii) Provision for Long Service Leave

Long Service Leave is based on the liability of employees with ten or more years service together with a proportion of the liability accruing for those employees with five but less than ten years service. The proportion of Long Service Leave estimated to be payable within the next financial year is included in the Balance Sheet under Current Liabilities.

(iii) Superannuation

The provision for staff superannuation is calculated using a ratio of 2.5 times the amount of employee contributions made during the financial year. No provision has been made in respect of the employer contributions for previous years, as this would require an actuarial review to determine the present value of such contributions.

(iv) Leases

Leases of equipment under which the Office assumes all of the risks of ownership and which meet the criteria set out in the Statement of Accounting Standard "Accounting for Leases" AAS 17, are capitalised and classified as finance leases. Other leases are classified as operating leases. Finance leases are capitalised at the present values of the minimum lease payments. Operating lease payments are charged against income.

(v) Revenue Recognition

Audit fees receivable and accrued audit work in progress at year end are treated as income. When received, these amounts are required to be paid to the Consolidated Fund.

Fees are not charged for the audits of budget sector agencies (administrative units). The value of audit work outstanding as at 30 June 1987 for which fees were not raised totalled \$1 003 713.

(vi) Services Received at No Charge

Expenditure incurred by the Department of Property and Services on behalf of the Office has been included as expenditure in the Statement of Income and Expenditure. Such expenditure related to Office accommodation at 1 Macarthur Street (estimated at \$256 515) and telephone expenses (estimated at \$27 702).

2. NET COST OF OPERATIONS

Reconciliation to Consolidated Fund Payments:

	\$	\$
NET COST OF OPERATING THE OFFICE		5 299 709
Add: Income Paid/Payable to Consolidated Fund		2 623 296
Less: Accrued expenses at 30 June 1987	78 692	
Non-Cash Expenditure:		
Amortisation of Leased Assets	7 473	
Depreciation of Fixed Assets	67 229	
Provisions for Employee Benefits	966 943	
Provision for Staff Superannuation	513 320	
Expenditure by other Agencies	<u>284 217</u>	1 917 874
Add: Capital expenditure		<u>58 788</u>
TOTAL CONSOLIDATED FUND PAYMENTS		<u><u>6 063 919</u></u>

3. DEBTORS AND WORK IN PROGRESS

	\$
Debtors	257 924
Work in Progress	<u>671 732</u>
	<u><u>929 656</u></u>

4. FIXED ASSETS

	At Cost/ Valuation 30/6/87 \$	Depre- iation for 1986/87 \$	Accum- ulated Depre- ciation 30/6/87 \$	Written Down Value 30/6/87 \$
Furniture and Fittings - at Valuation	70 520	13 564	13 564	56 956
Motor Vehicles - at Cost	90 503	20 259	24 274	66 229
Office Equipment - at Valuation	60 050	12 640	12 640	47 410
EDP Equipment - at Cost	135 800	17 166	42 420	93 380
Library - at Valuation	<u>36 000</u>	<u>3 600</u>	<u>3 600</u>	<u>32 400</u>
	<u><u>392 873</u></u>	<u><u>67 229</u></u>	<u><u>96 498</u></u>	<u><u>296 375</u></u>

5. LEASED ASSETS

	At Cost 30/6/87	Amortis- ation for 1986/87	Accum- ulated Amortis- ation 30/6/87	Written Down Value 30/6/87
	\$	\$	\$	\$
Equipment leased under State Lease Facility - at Cost	<u>65 575</u>	<u>7 473</u>	<u>13 666</u>	<u>51 909</u>

6. PROVISIONS FOR EMPLOYEE BENEFITS

	<u>Current</u> \$	<u>Non Current</u> \$	<u>TOTAL</u> \$
Long Service Leave	75 000	909 420	984 420
Annual Leave	<u>295 337</u>	<u>-</u>	<u>295 337</u>
	<u>370 337</u>	<u>909 420</u>	<u>1 279 757</u>

7. FINANCE LEASE LIABILITY

Lease payments due:			\$
Less than one year			8 250
More than one year and less than two years			9 107
More than two years and less than five years			31 377
More than five years			<u>3 175</u>
Balance at 30 June			<u>51 909</u>
Shown in Balance Sheet under:			
Current Liabilities			8 250
Non Current Liabilities			<u>43 659</u>
Balance at 30 June			<u>51 909</u>

8. ACCUMULATED FUNDS

		\$	\$
Balance 1 July 1986*			1 072 647
Net Operating Deficit for the Year			<u>(5 299 709)</u>
			(4 227 062)
Net Amount Contributed by Government:			
Funds Appropriated from Consolidated Fund	6 063 919		
Less: Amounts Paid to Consolidated Fund	<u>2 504 911</u>		<u>3 559 008</u>
Closing Balance 1 July 1987 - Deficiency			<u>(668 054)</u>

* Net of assets less liabilities as at 1 July 1986 (refer also Note 1).

9. STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

As this is the first year of preparation of accrual financial statements, a Statement of Sources and Applications of Funds has not been prepared.

10. COMPARATIVE FIGURES

As this is the first year that accrual accounts have been prepared, comparative figures for 1985-86 have not been included.

CERTIFICATION OF SUPPLEMENTARY FINANCIAL STATEMENTS

We the undersigned hereby certify that:

- (a) in our opinion the supplementary financial statements of the Office of the Auditor-General present fairly the financial operations during 1986-87 and the financial position of the Office as at 30 June 1987;
- (b) at the date of signing the statements, we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate; and
- (c) the statements have been prepared in accordance with Australian Accounting Standards.


F. BELLI
Deputy Chief Administrator


G. GALVAN
Director Corporate Services

MELBOURNE
15/ 9 /1987

AUDITOR'S REPORT

I report that I have audited the supplementary accrual financial statements of the Office of the Auditor-General for the year ended 30 June 1987 in accordance with Australian Accounting Standards.

In my opinion, the supplementary accrual financial statements have been properly drawn up so as to present fairly the financial operations of the Office of the Auditor-General for the year ended 30 June 1987 and the state of affairs at that date and are in accordance with Australian Accounting Standards.



J.F. DONGES
Peat, Marwick, Mitchell & Co.

MELBOURNE
15/ 9 /1987

APPENDIX 1

AUDIT RESPONSIBILITIES AT 30 JUNE 1987

Administrative units declared to be Departments

Agriculture and Rural Affairs, Department of
of
Arts, Ministry for the
Attorney-General's Department
Auditor-General, Office of the
Community Services, Department of
Conservation, Forests and Lands,
Department of
Consumer Affairs, Ministry of
Corrections, Office of
Education, Ministry of
Ethnic Affairs Commission
Health Department Victoria
Industry, Technology and Resources,
Department of
Labour, Department of
Local Government Department
Management and Budget, Department of
Parliament of Victoria (audited but not
declared)
Planning and Environment, Ministry for
Police and Emergency Services, Ministry
for
Premier and Cabinet, Department of the
Property and Services, Department of
Public Prosecutions, Office of the Director
of
Public Service Board, Office of the
Public Works Department
Sport and Recreation, Department of
Transport, Ministry of
Water Resources, Department of

Government business undertakings

Capital Works Authority
Gas and Fuel Corporation of Victoria
Grain Elevators Board
Melbourne and Metropolitan Board of
Works
Metropolitan Transit Authority
Port of Melbourne Authority
State Electricity Commission of
Victoria
State Transport Authority

Public bodies

Accident Compensation Commission
Accident Compensation Tribunal
Albert Park Committee of Management
Albury/Wodonga (Victoria) Corporation
Alexandra and District Ambulance Service
Alpine Resorts Commission
Ambulance Officers Training Centre
Ambulance Service - Melbourne
Ballarat and District Ambulance Service
Bioplantech Limited
Bundoora Park Committee of Management
Cancer Institute Board
Central Victoria District Ambulance
Service
City of Melbourne Officers' Superannuation
Fund
Citrus Fruit Marketing Board
Coal Corporation of Victoria
Coal Mine Workers' Pensions Tribunal
Construction Industry Long Service Leave
Board
Council of Adult Education
Country Fire Authority
Dandenong Valley Authority
Daratech Proprietary Limited
Dietitians Board of Victoria
East Gippsland Ambulance Service
Edithvale-Seaford Wetlands Environmental
Area
Emerald Tourist Railway Board
Emergency Services Superannuation Board
Estate Agents Board
Exhibition Trustees
Film Victoria
Gas and Fuel Corporation Superannuation
Fund
Geelong and District Ambulance Service
Geelong Performing Arts Centre Trust
Geelong Regional Commission
Glenelg and District Ambulance Service
Goulburn Valley Ambulance Service
Government Employee Housing Authority
Greyhound Racing Control Board
Guardianship and Administration Board
Harness Racing Board
Historic Buildings Council
Holmesglen Constructions Superannuation
Plan
Hospitals Superannuation Board

Housing, Director of
 Institute of Educational Administration
 Latrobe Regional Commission
 Latrobe Valley District Ambulance Service
 Latrobe Valley Water and Sewerage Board
 Law Reform Commission
 Legal Aid Commission
 Legal Aid Commission Staff
 Superannuation Fund
 Library Council of Victoria, Trustees of
 Liquor Control Commission
 Local Authorities Superannuation Board
 Lump Sum Fund
 MMBW Provident Fund
 MMBW Superannuation Fund
 Marine Board of Victoria
 Melbourne Wholesale Fruit and Vegetable
 Market Trust
 Mental Health Review Board
 Metropolitan Fire Brigades Board
 Metropolitan Fire Brigades Superannuation
 Board
 Metropolitan Transit Authority
 Superannuation Fund
 Mid Murray District Ambulance Service
 Mount Macedon Memorial Cross
 Committee of Management
 Museum of Victoria, Council of the
 National Gallery of Victoria, Council of
 Trustees of the
 National Tennis Centre Trust
 North Eastern Victoria District
 Ambulance Service
 North Western Victoria Ambulance
 Service
 Northern District Ambulance Service
 Olympic Park Management
 Optometrists Registration Board
 Overseas Projects Corporation of Victoria
 Limited
 Parliamentary Contributory
 Superannuation Fund
 Patriotic Funds Council
 Patterson River Recreational Area
 Penguin Reserve Committee of
 Management
 Peninsula Ambulance Service
 Pensions Supplementation Fund
 Plumbers and Gasfitters Board
 Port Bellarine Committee of Management
 Port of Geelong Authority
 Port of Portland Authority
 Poultry Farmer Licensing Committee
 Poultry Farmer Licensing Review
 Committee
 Psychosurgery Review Board
 Public Advocate, Office of the
 Public Trustee, Office of the
 Road Construction Authority
 Road Traffic Authority
 Rural Finance Commission
 Rural Water Commission
 SEC Employees' Retirement and Benefit
 Fund
 SEC Superannuation Fund
 Shrine of Remembrance Trustees
 Small Business Development Corporation
 South Gippsland District Ambulance
 Service
 South Western Victoria Ambulance Service
 State Electoral Office
 State Employees Retirement Benefits
 Board
 State Film Centre of Victoria Council
 State Insurance Office
 State Parliament Refreshment Rooms
 State Superannuation Board
 State Swimming Centre Committee
 of Management
 Surveyors Board
 Swan Hill Pioneer Settlement Authority
 Tattersall Sweep Consultations
 Technical and Further Education Board
 Tirhatuan Park Recreational Area
 Tobacco Leaf Marketing Board
 Tobacco Quota Appeals Tribunal
 Totalizator Agency Board
 Transport Accident Commission
 Urban Land Authority
 Victorian Accident Rehabilitation Council
 Victorian Arts Centre Trust
 Victorian Building Societies Council
 Victorian Coal Miners' Accidents Relief
 Board
 Victorian Conservation Trust
 Victorian Curriculum and Assessment
 Board
 Victorian Dairy Industry Authority
 Victorian Development Fund
 Victorian Dried Fruits Board
 Victorian Dried Fruits Board
 Superannuation Fund
 Victorian Economic Development
 Corporation
 Victorian Egg Marketing Board
 Victorian Fishing Industry Council
 Victorian Government Printing Office
 Victorian Institute of Forensic Pathology
 Victorian Institute of Marine Sciences
 Victorian Nursing Council
 Victorian Post-Secondary Education
 Commission
 Victorian Prison Industries Commission
 Victorian Public Authorities Finance
 Agency
 Victorian Public Offices Corporation

Victorian Relief Committee
Victorian Solar Energy Council
Victorian Tertiary Admissions Centre
Victorian Tourism Commission
Wimmera District Ambulance Service
Yarra Bend Park Trust
Zoological Board of Victoria
Zoological Board of Victoria
Superannuation Fund

Local water and sewerage authorities

Aireys Inlet Water Board
Alberton River Improvement Trust, Shire
of
Alberton Water Board
Alexandra River Improvement Trust
Alexandra, Shire of
Ararat, City of
Ararat, Shire of
Avoca River Improvement Trust
Avoca, Shire of
Avon Water Board
Avon-Macalister Rivers Management
Board
Axedale Water Board
Bacchus Marsh, Shire of
Ballan, Shire of
Ballarat Water Board
Bannockburn Water Board
Beaufort Water Board
Beechworth, United Shire of
Bendigo Creek Improvement Trust
Benalla Water Board
Bendigo Water Board
Bet Bet, Shire of
Birchip, Shire of
Black Dog Creek Improvement Trust
Bridgewater Water Board
Bright District Water Board
Broadford Water Board
Broken River Improvement Trust
Bullock Creek Improvement Trust
Camperdown, Town of
Cann River Improvement Trust
Cann Valley Water Board
Castlemaine and District Water Board
Charlton Water Board
Chiltern Water Board
Cobram, Shire of
Cohuna, Shire of
Colac District Water Board
Creswick Shire Water Board
Dandenong-Springvale Water Board
Daylesford Water Board
Deakin Water Board
Devenish Water Board
Donald Water Board

Dundas, Shire of
Dunmuckle, Shire of
Echuca Water Board
Elmore Water Board
Emerald District Water Board
Euroa Water Board
Fifteen Mile Creek Improvement Trust
First Mildura Irrigation Trust
Geelong and District Water Board
Gisborne Water Board
Glenelg River Improvement Trust
Glenelg/Wannon Water Board
Glenrowan Water Board
Goorambat Water Board
Goornong Water Board
Gordon Water Board
Goulburn Water Board
Hamilton Water Board
Hampden, Shire of
Heathcote Water Board
Heytesbury, Shire of
Heywood Water Board
Hindmarsh Water Board
Horsham, City of
Kaniva, Shire of
Kerang, Borough of
Kiewa River Improvement Trust
Kilmore, Shire of
King Valley Water Board
Korong, Shire of
Korumburra River Improvement Trust,
Shire of
Korumburra Water Board
Kowree Water Board
Kyabram, Town of
Kyneton Water Board
Lang Lang Water Board
Learmonth Water Board
Leongatha Water Board
Lexton Water Board
Longwarry Drainage Trust
Lorne Water Board
Lough Calvert Drainage Trust
Lower Kiewa Water Board
Macalister Water Board
Macedon Water Board
Mallacoota Water Board
Mansfield District Water Board
Maryborough, City of
Marysville Water Board
Melton, Shire of
Mid-Gippsland Rivers Management Board
Mid-Goulburn Rivers Management Board
Mirboo Water Board
Mitchell River Improvement Trust
Mitchell Water Board
Mitta Mitta River Improvement Trust
Moe Water Board

Mooroopna Water Board
 Mornington Peninsula and District Water Board
 Mortlake Water Board
 Morwell Water Board
 Mount Rouse, Shire of
 Murchison Water Board
 Murtoa Water Board
 Myrtleford, Shire of
 Narracan, Shire of
 Nathalia, Shire of
 Nhill Water Board
 Numurkah, Shire of
 Omeo, Shire of
 Orbost Water Board
 Otway Coast Water Board
 Ovens and King River Improvement Trust
 Pakenham Water Board
 Pentland Island River Improvement Trust
 Port Fairy Water Board
 Portland Water Board
 Pylong Water Board
 Riddells Creek Water Board
 Robinvale Water Board
 Rochester Water Board
 Rodney Water Board
 Romsey-Lancefield Water Board
 Rosedale District Water Board
 Rutherglen Water Board
 Sale, City of
 Sea Lake Water Board
 Seymour Water Board
 Shepparton Water Board
 Skipton Water Board
 Snowy River Improvement Trust
 South Gippsland Water Board
 Springhurst Water Board
 St Arnaud, Town of
 Stawell, Shire of
 Stawell Water Board
 Strathdownie Drainage Trust
 Sunbury Water Board
 Sunraysia Water Board
 Swan Hill Water Board
 Talbot and Clunes, Shire of
 Tallangatta, Shire of
 Tambo River Improvement Trust
 Tambo Water Board
 Tarago Water Board
 Tarwin River Improvement Trust
 Tarwin Valley Water Board
 Traralgon Water Board
 Tullaroop, Shire of
 Tungamah Shire Water Board
 Upper Kiewa Water Board
 Upper Murray River Improvement Trust,
 Shire of
 Upper Murray Water Board

Violet Town Water Board
 Walpeup, Shire of
 Wangaratta, City of
 Waranga Water Board
 Warracknabeal Water Board
 Warrnambool, City of
 Warrnambool, Shire of
 West Moorabool Water Board
 Westernport Water Board
 Wodonga, Rural City of
 Wonthaggi-Inverloch Water Board
 Woodend Water Board
 Wycheproof Water Board
 Yackandandah Water Board
 Yarrawonga, Shire of
 Yatchaw Drainage Trust
 Yea River Improvement Trust, Shire of
 Yea Water Board

Post-secondary and tertiary educational institutions

Ballarat College of Advanced Education
 Batman Automotive College of TAFE
 Bendigo College of Advanced Education
 Box Hill College of TAFE
 Broadmeadows College of TAFE
 Catholic Education, Institute of
 Chisholm Institute of Technology
 Collingwood College of TAFE
 Dandenong College of TAFE
 Deakin University
 Deakin University Foundation Limited
 Durac Limited
 East Gippsland Community College of
 TAFE
 Flagstaff College of TAFE
 Footscray College of TAFE
 Footscray Institute of Technology
 Frankston College of TAFE
 Gippsland Institute of Advanced Education
 Gordon Technical College
 Goulburn Valley College of TAFE
 Hawthorn Institute of Education
 Holmesglen College of TAFE
 La Trobe University
 La Trobe University Housing Limited
 Lincoln Institute of Health Sciences
 Loddon-Campaspe College of TAFE
 Melbourne College of Advanced Education
 Melbourne College of Decoration
 Melbourne College of Printing and Graphic
 Arts
 Melbourne College of Textiles
 Mines and Industries Ballarat Limited, The
 School of
 Monash University
 Montech Pty Ltd

Moorabbin College of TAFE
Newport College of TAFE
Outer Eastern College of TAFE
Phillip Institute of Technology
Prahran College of TAFE
Preston College of TAFE
Richmond College of TAFE
Royal Melbourne Institute of Technology
Limited
Royal Melbourne Institute of Technology
TAFE
South West College of TAFE
Sunraysia College of TAFE
Swinburne Limited
Swinburne TAFE
University of Melbourne
Victoria College
Victorian College of Agriculture and
Horticulture
Victorian College of Pharmacy Limited
Victorian College of the Arts
Wangaratta College of TAFE
Warrnambool Institute of Advanced
Education
Western Institute, The
William Angliss College, The
Wimmera Community College of TAFE
Wodonga College of TAFE
Yallourn College of TAFE

APPENDIX 2

CHANGES IN AUDIT RESPONSIBILITIES, 1986-87

New and revised audit responsibilities	Authority
Alexandra and District Ambulance Service	<i>Ambulance Services Act 1986</i>
Ambulance Officers Training Centre	<i>Ambulance Services Act 1986</i>
Ambulance Service - Melbourne	<i>Ambulance Services Act 1986</i>
Ballarat and District Ambulance Service	<i>Ambulance Services Act 1986</i>
Central Victoria District Ambulance Service	<i>Ambulance Services Act 1986</i>
City of Melbourne Officers' Superannuation Fund	<i>Annual Reporting Act 1983</i>
East Gippsland Ambulance Service	<i>Ambulance Services Act 1986</i>
Edithvale-Seaford Wetlands Environmental Area	<i>Dandenong Valley Authority Act 1963</i>
Emergency Services Superannuation Board	<i>Emergency Services Superannuation Act 1986</i>
Gas and Fuel Corporation Superannuation Fund	<i>Annual Reporting Act 1983</i>
Geelong and District Ambulance Service	<i>Ambulance Services Act 1986</i>
Geelong Regional Commission	<i>Geelong Regional Commission Act 1977</i>
Glenelg and District Ambulance Service	<i>Ambulance Services Act 1986</i>
Goulburn Valley Ambulance Service	<i>Ambulance Services Act 1986</i>
Latrobe Valley District Ambulance Service	<i>Ambulance Services Act 1986</i>
MMBW Provident Fund	<i>Annual Reporting Act 1983</i>
MMBW Superannuation Fund	<i>Annual Reporting Act 1983</i>
Metropolitan Transit Authority Superannuation Fund	<i>Annual Reporting Act 1983</i>
Mid Murray District Ambulance Service	<i>Ambulance Services Act 1986</i>
Montech Pty Ltd	<i>Monash University (Amendment) Act 1984</i>
North Eastern Victoria District Ambulance Service	<i>Ambulance Services Act 1986</i>
North Western Victoria Ambulance Service	<i>Ambulance Services Act 1986</i>
Northern District Ambulance Service	<i>Ambulance Services Act 1986</i>
Patterson River Recreational Area	<i>Dandenong Valley Authority Act 1963</i>
Peninsula Ambulance Service	<i>Ambulance Services Act 1986</i>
South Gippsland District Ambulance Service	<i>Ambulance Services Act 1986</i>
South Western Victoria Ambulance Service	<i>Ambulance Services Act 1986</i>
Tirhatuan Park Recreational Area	<i>Dandenong Valley Authority Act 1963</i>
Transport Accident Commission	<i>Transport Accident Act 1986</i>
Victorian Conservation Trust	<i>Victorian Conservation Trust (Amendment) Act 1986</i>
Victorian Tertiary Admissions Centre	Name changed from Victorian Universities Admissions Committee by agreement between universities and colleges of advanced education.
West Moorabool Water Board	<i>West Moorabool Water Board Act 1968</i>
Western Institute, The	<i>Post-Secondary Education Act 1978</i>
Wimmera District Ambulance Service	<i>Ambulance Services Act 1986</i>
Wodonga College of TAFE	<i>Post-Secondary Education Act 1978</i>

Audits for which the Office is no longer responsible

Deakin Institute for Studies in Education Ltd
Motor Accidents Board

Victoria Transport Borrowing Agency

Victorian Institute of Secondary Education

Workers Compensation Board

Reason for audit responsibility ceasing

Liquidation of company.
Absorbed into Traffic Accident Commission.

Abolished by *Transport (Amendment) Act 1986*, effective 12 January 1987.

Replaced by Victorian Curriculum and Assessment Board.

Abolished by *Accident Compensation Act 1985*.

APPENDIX 3
TRAINING COURSES CONDUCTED, 1986-87

<i>Course</i>	<i>Month held</i>	<i>Duration (days)</i>	<i>Presenter</i>	<i>Person days training</i>	<i>Participants</i>	
					<i>M</i>	<i>F</i>
Audit Implications of Rate of Return Reporting	Oct.	1.0	Office staff	14	11	3
Induction Course	"	0.5	" "	5.5	5	6
Information for A.M.I.S.	Nov.	3	External consultants	30	9	1
Staff Selection and Interview Techniques #1	Dec.	0.5	Office staff	5.5	8	3
Systems-Based Auditing #1	"	3	" "	48	10	6
Supervisory Skills	"	3	" "	36	10	2
Staff Selection and Interview Techniques #2	"	0.5	" "	5.5	10	1
Effective Communication	"	1	" "	16	11	5
Accounting and Auditing Standards	"	1	External consultants	18	13	5
Audit Workpapers #1	Jan.	1	" "	19	14	5
Conducting a Training Session	"	2	" "	26	11	2
Induction Course	Feb.	5	Office staff	90	11	7
Auditing in an EDP Environment	"	8	" "	120	9	6
Audit Workpapers #2	"	0.5	" "	21	39	3

<i>Course</i>	<i>Month held</i>	<i>Duration (days)</i>	<i>Presenter</i>	<i>Person days training</i>	<i>Participants</i>	
					<i>M</i>	<i>F</i>
Staff Selection and Interview Techniques #3	"	0.5	Office staff	5.5	10	1
Management Skills	"	3	External consultants	45	13	2
Value for Money Auditing #1	"	2	Office staff	30	12	3
Rate of Return Reporting Debriefing	"	0.5	" "	5.5	10	1
Value for Money Auditing Debriefing	Mar.	1	" "	22	21	1
Systems-Based Auditing #2	"	3	" "	69	14	9
Update on EDP Audit Strategy	"	0.5	" "	15	29	1
Audit of FM 80	Apr.	1	" "	10	7	3
Inner Budget Accounting and Reporting Principles #1	May	1	" "	23	17	6
Inner Budget Accounting and Reporting Principles #2	"	1	" "	22	14	8
Legislative Interpretation	"	0.5	Parliamentary Counsel representative	14.5	15	14
Value for Money Auditing #2	"	2	Office staff	48	19	5
Training for Clerical Officers	June	1	" "	11	-	11
Senior Management Discussion Group	Various dates	0.25	Office staff/ external consultants	10.8	39	4

APPENDIX 4

EXTERNAL PAPERS AND PRESENTATIONS, 1986-87

<i>Date</i>	<i>Officer</i>	<i>Topic</i>
Aug.	T.V. Lant and J. Pinnis	<i>Comprehensive Auditing</i> . Seminar for Public Service Board administrative trainees.
"	G.D. Towers and J.J. De Fazio	<i>Contracting of Audits to Private Sector Auditors</i> . Seminar for water board secretaries.
Oct.	R.G. Humphry	<i>Forces for Change in Public Sector Resource Management and the Role of Accountants</i> . Australian Society of Accountants, University of Melbourne 1986 Research Lecture.
Nov.	F. Belli, L.J. Fewster and T. Wood	<i>Role and Responsibility of the Auditor -General, Comprehensive Auditing and Value for Money Auditing</i> . Seminar for International Training Institute Program.
Dec.	R.G. Humphry	<i>Financial Management Initiatives and Reforms</i> . Australian Gas Association - S.E.C. Management Group and Royal Australian Institute of Public Administration.
March	R.G. Humphry	<i>International Developments in Government Financial Management</i> . National Government Accounting Convention.
"	J. Pinnis	<i>Developments in Information Technology Audit in Government</i> . National Government Accounting Convention.
April	R.G. Humphry	<ul style="list-style-type: none"> * Information session for final year students - University of Melbourne. * <i>Accountability of Senior Managers</i>. Australian Administrative Staff College. * <i>Review of International Developments in Government Financial Management</i>. Australian Society of Accountants. * Address to senior partners of Price Waterhouse, chartered accountants.
"	J. Pinnis, T.V. Lant and D.J. Sturgess	<i>Comprehensive Auditing</i> . Seminar for Institute of Chartered Accountants.
"	M. Kane, M.L. Corboy and T. Wood	<i>Role and Function of the Auditor-General</i> . Seminar for Public Service Board Financial Management Development Program.

<i>Date</i>	<i>Officer</i>	<i>Topic</i>
"	J. Norman	<i>Role and Function of Central Agencies.</i> Seminar for Public Service Board administrative trainees.
May	R.G. Humphry	<i>Emerging issues in Public Sector Administration.</i> Biennial Conference of Public Accounts Committees.
June	R.G. Humphry	<ul style="list-style-type: none"> * <i>Auditor-General's Role in the Total Management Context.</i> Institute of Chartered Accountants. * Information session for MBA students - Monash University. * <i>Value for Money Auditing Issues.</i> Address to senior staff, Department of Community Services. * <i>Audit of Water Industry Authorities.</i> Institute of Chartered Accountants. * <i>International Government Financial Administration.</i> Australian Society of Accountants, Northern Territory Division.
"	J.W. Manders	<i>A Perspective on Future Directions in Public Sector Auditing.</i> Paper presented to 1987 University Audit Seminar at Monash University.

APPENDIX 5

PUBLICATIONS ISSUED BY THE OFFICE OF THE AUDITOR-GENERAL, 1976-77 TO 1986-87

1976-77

Report of the Auditor-General for the year ended 30 June 1976. (This report accompanied Finance, 1975-76, the Treasurer's Statement.)

Supplementary Report of the Auditor-General for the year ended 30 June 1976.

1977-78

Report of the Auditor-General for the year ended 30 June 1977. (This report accompanied Finance, 1976-77, the Treasurer's Statement.)

Supplementary Report of the Auditor-General for the year ended 30 June 1977.

1978-79

Report of the Auditor-General for the year ended 30 June 1978. (This report accompanied Finance, 1977-78, the Treasurer's Statement.)

Supplementary Report of the Auditor-General for the year ended 30 June 1978.

1979-80

Report of the Auditor-General for the year ended 30 June 1979. (This report accompanied Finance, 1978-79, the Treasurer's Statement.)

Supplementary Report of the Auditor-General for the year ended 30 June 1979.

1980-81

Report of the Auditor-General for the year ended 30 June 1980. (This report accompanied Finance, 1979-80, the Treasurer's Statement.)

Supplementary Report of the Auditor-General for the year ended 30 June 1980.

Report of the Auditor-General, April 1981. (This report contained information not included in previous reports for this year.)

1981-82

Report of the Auditor-General for the year ended 30 June 1981. (This report accompanied Finance, 1980-81, the Treasurer's Statement.)

Supplementary Report of the Auditor-General for the year ended 30 June 1981.

Report of the Auditor-General, April 1982. (This report contained information not included in previous reports for this year.)

Report of the Auditor-General, June 1982. (Special report of the Auditor-General - Works Contracts Overview, First Report.)

1982-83

Report of the Auditor-General for the year ended 30 June 1982. (This report accompanied Finance, 1981-82, the Treasurer's Statement.)

Report of the Auditor-General, December 1982. (This report contained information not included in the report accompanying the Treasurer's Statement for 1981-82.)

Report of the Auditor-General, May 1983. (This report contains information not included in the report issued in December 1982.)

Report of the Auditor-General, June 1983. (Special report of the Auditor-General - *Works Contracts Overview, Second Report.*)

1983-84

First Report of the Auditor-General for the year ended 30 June 1983. (This report accompanied *Finance, 1982-83, the Treasurer's Statement.*)

Second Report of the Auditor-General for the year ended 30 June 1983.

Third Report of the Auditor-General for the year ended 30 June 1983.

Fourth Report of the Auditor-General for the year 1982-83.

1984-85

First Report of the Auditor-General for the year ended 30 June 1984. (This report accompanied *Finance, 1983-84, the Treasurer's Statement.*)

Second Report of the Auditor-General for the year ended 30 June 1984.

Third Report of the Auditor-General for the year ended 30 June 1984.

Fourth Report of the Auditor-General for the year 1983-84.

Report of the Auditor-General, Comprehensive Audits - Government Stores Operations and Departmental Cash Management, October 1984.

Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1984.

1985-86

First Report of the Auditor-General for the year ended 30 June 1985. (This report accompanied *Finance, 1984-85, the Treasurer's Statement.*)

Second Report of the Auditor-General for the year 1984-85.

Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1985.

1986-87

First Report of the Auditor-General for the year ended 30 June 1986. (This report accompanied *Finance, 1985-86, the Treasurer's Statement.*)

Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1986.

Report of the Auditor-General, Special Report No. 4 - Court Closures in Victoria, November 1986.

Second Report of the Auditor-General for the year 1985-86.

Report of the Auditor-General, Special Report No. 5 - Provision of Housing to Government Employees and Post-Project Appraisal Procedures within the Public Works Department, December 1986.

Report of the Auditor-General, Special Report No. 6 - Internal Audit in the Victorian Public Sector, December 1986.

Report of the Auditor-General, Special Report No. 7 - Motor Vehicles, April 1987.