

AUDITOR GENERAL



VICTORIA

ANNUAL REPORT

1993

VICTORIAN AUDITOR-GENERAL'S OFFICE

AT A GLANCE

Mission of the Office

To independently assess the operations of the Victorian public sector and report the results of this assessment to the Parliament and the public, the Government and auditees in order to improve accountability and encourage economic, efficient and effective use of public resources.

Principal legislation

The *Audit Act* 1958 is the main legislation governing the work of the Office.

Audit responsibilities

The Office is responsible for the financial and performance audits of 526 organisations including Parliament, government departments, public bodies, post-secondary educational institutions, public hospitals and ambulance services, superannuation funds, companies and joint ventures, and water and sewerage authorities.

Audit operations

During the year, the Office identified that:

- ◆ \$2.4 million of potential revenue had been forgone due to inefficiencies; and
- ◆ \$124.5 million of potential savings could be achieved by government agencies addressing inefficiencies, particularly in relation to work practices and overmanning.

Staff

Number of staff at 30 June 1993: 160

Number of agents and external experts engaged: 64

Financial results

Net cost of operations: \$5.4 million, 1992-93 (\$5.7 million, 1991-92)

Fee revenue: \$11.4 million, 1992-93 (\$9.2 million, 1991-92)

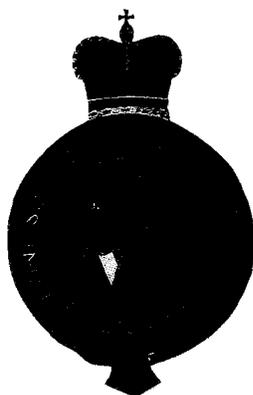
"Mr Baragwanath and his officers deserve the full support of the Parliament and the public of Victoria ..."

"Parliament and the community owe the Auditor-General and his Office a great deal of gratitude."

Premier of Victoria, October 1992

ANNUAL REPORT

1993



This *Annual Report* describes the functions and operations of the Victorian Auditor-General's Office and presents the audited financial statements of the Office for the year ended 30 June 1993.

The Report focuses on matters relating to the organisation and management of resources available to the Auditor-General during the year, and is submitted to the Premier for tabling in Parliament under section 8 of the *Annual Reporting Act* 1983.

Auditing in the Public Interest



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THE YEAR IN REVIEW

"This Annual Report reflects the high level of performance of my Office during 1992-93; a year which saw greater attention focused on its role in the accountability process within the Victorian public sector."



Challenging environment

The year under review was indeed challenging. The demands on the Victorian public sector to provide cost-effective services in difficult economic times have placed increasing importance on my Office's ability to deliver its auditing services efficiently and effectively.

I consider that my Office, through its professional and highly skilled staff, has responded very well to the challenges of the stringent financial and resource management environment of 1992-93. We have continued to provide high quality, independent auditing services to Parliament, government and auditees.

Performance audit of the Office

The appropriateness of the Office's auditing functions were confirmed in October 1992 by Mr Fergus Ryan in his report on the performance audit of the Office. I am extremely comforted by Mr Ryan's conclusion that my Office is heading in the right direction in both its auditing and its administration, and that I am achieving my objectives economically, efficiently and effectively. I am also gratified by Mr Ryan's assessment that the Office's performance audit methodology is advanced in development by world standards. A number of his recommendations aimed at enhancing the effectiveness of my Office were addressed during the year.

Major achievements

The Office's activities during 1992-93 were guided by its Corporate Plan. The strategic directions of the Corporate Plan identified a number of targets for the year and I am pleased to report that the Office was successful in achieving the majority of these targets.

Highlights of the year's activities included:

- ◆ Expansion of performance auditing activities resulted in the production of a record number of Reports to Parliament;
- ◆ Productivity improvements were achieved through the use of advanced audit methodologies;
- ◆ More opportunities were provided for staff to contribute to Office achievements;
- ◆ Increased emphasis on implementing value-added and risk-based management concepts; and
- ◆ The Office took advantage of several new information technology developments.

Further comments on achievements in these areas are contained on pages 8 to 11.

Funding of the Office

The Office has contained its operating costs in real terms below those of 1984-85 (the base year used for comparing annual net costs). This has been achieved through greater efficiencies in operations, together with the ability to reap productivity gains through improved audit operations and management of human resources.

While the Office has been successful in reducing its operating costs, the **issue of funding** is an area which I consider requires urgent attention from the Parliament. Recent reductions to the budget for my Office for 1993-94 may well result in a limitation of my ability to deliver the full range of auditing services to government and auditees, with a corresponding reduction in the amount of information provided to the Parliament.

Mr Fergus Ryan commented in his report that Parliament and *not* the Executive Government should approve the budget of the Office. The issue is currently before the Public Accounts and Estimates Committee and I look forward to the outcome of their deliberations with interest.

The Office's key success factor

The year has been a demanding one for the Office, yet the many achievements would not have been possible without the Office's key success factor - its staff. Their devoted efforts have ensured that the Office remains in a strong and commanding position to deliver high quality auditing services to the Parliament, government, auditees and taxpayers of Victoria. I sincerely thank them for their outstanding effort over 1992-93.


C.A. BARAGWANATH
Auditor-General

ACHIEVEMENT OF CORPORATE OBJECTIVES

MISSION OF THE OFFICE

To independently assess the operations of the Victorian public sector and report the results of this assessment to the Parliament and the public, the Government and auditees in order to improve accountability and encourage economic, efficient and effective use of public resources.

The Auditor-General is responsible under legislation for the external audit of the financial operations and resource management of the Victorian public sector on behalf of the Parliament.

The Victorian Auditor-General's Office is the operational structure which enables the Auditor-General to fulfil his responsibilities to the Parliament.

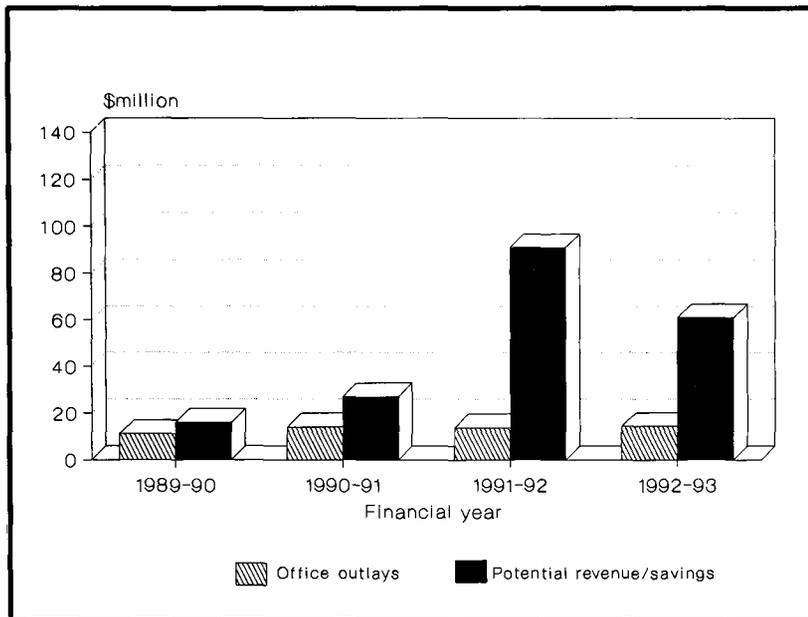
The independent and objective analysis and evaluation of the results of audit operations are reported by the Auditor-General to the Parliament, the Government and auditees so that decision-makers are provided with information on:

- ◆ economy and efficiency in the management of public resources and effectiveness in the implementation of government programs; and
- ◆ fair presentation of financial statements.

When undertaking these independent assessments, the Office establishes whether there has been adherence by auditees to government policy and legislative requirements.

In line with its Mission, the Office continues to pursue ways to improve its efficiency and effectiveness by reducing the net cost to Victorian taxpayers of running the Office. The value of the Office to the taxpayer is clearly demonstrated in the following chart, which compares the Office outlays for the years 1989-90 to 1992-93 with identified savings that could have been achieved by government agencies in addressing inefficiencies, particularly in relation to work practices and overmanning, and potential revenue forgone.

OFFICE OUTLAYS AND POTENTIAL REVENUE/SAVINGS



PERFORMANCE AUDIT OF THE OFFICE

In October 1992, Mr Fergus Ryan presented a report to the Parliament on the results of his performance audit of the Office. Mr Ryan's overall conclusion was that:

"I have formed the opinion that the Auditor-General is meeting his objectives effectively, economically and efficiently. The directions and momentum of his Office are positive and constructive."

Commenting that the Office is heading in the right direction in both auditing and administration, Mr Ryan went on to state that the Office's financial audit methodology is consistent with current audit thinking and that, by world standards, the performance methodology is advanced in its development. He judged the Office to be at the leading edge by world standards in the presentation of its performance audit reports.

Mr Ryan's report included a number of recommendations relating to such matters as:

- ◆ Assessing the effectiveness of the central agencies' role in risk identification and implementation of financial and operating controls across other public sector agencies. The outcomes of such an exercise should influence determination of performance audit plans;
- ◆ Upgrading the documentation of the financial audit methodology including sampling, and improving the planning of and quality control over financial audits;

- ◆ Conducting performance audits on sector-wide issues;
- ◆ Improvement in Office relationships with auditees; and
- ◆ Funding the budget of the Office by way of a specific parliamentary appropriation.

Since the report was tabled in Parliament, the Office has taken the following corresponding actions to further address the issues raised by Mr Ryan:

- ◆ Information on controls was sought from the central agencies. Responses, when available, will be taken into account in planning future performance audit programs;
- ◆ The Enhanced Financial Audit Methodology was revised to incorporate a standardised sampling methodology to be used on financial audits. Quality control issues are addressed by the Office Executive as they arise;
- ◆ Sector-wide audits will continue to be undertaken as part of the annual performance audit programs;
- ◆ The Auditor-General and Assistant Auditor-General met in early 1993 with Ministers and Department Heads to explain the audit process and the roles of all parties involved. Regular meetings continue to be held between Office staff and auditees to discuss matters arising from audits; and
- ◆ The Auditor-General has recommended to the Public Accounts and Estimates Committee that the Office be funded by a specific parliamentary appropriation.

CORPORATE PLAN



Expectations from the community for the delivery of new and improved government services have seen an increasing focus placed on resource management and accountability issues. In turn, this focus has increased the community's expectations of the role played by the Office in providing assessments to the Parliament and the public of the financial operations and management of public sector resources in Victoria.

The current public sector environment in Victoria is characterised by major developments in information technology, new legislative requirements for financial and operational reporting, and increasing complexity and sophistication of government activities. The Office must keep abreast of these and future changes.

The operational effectiveness of the Office's auditing methodologies, the development of a motivated and highly-skilled workforce, and the ability to take advantage of the latest developments in information technology are key elements of the Office's Corporate Plan.

The Corporate Plan is based on the views of staff at all levels, and concentrates on directions for the Office that complement on-going goals and tasks in fulfilment of its audit mandate. The Plan identifies 4 strategic directions to guide Office operations over the 1991-92 to 1993-94 period. The strategic directions are:

1. Expand performance auditing conducted and reported by the Office to fulfil the widened legislative mandate.
2. Maximise the productivity of current resources undertaking financial audits through the application of the most advanced audit methodologies.
3. Widen opportunities for staff to contribute to Office achievements by upgrading the workforce management plan to improve the development and deployment of staff.
4. Ensure that Office activities are driven by value-added and risk-based management concepts and benefit from developments in information technology.

During the year, the Office undertook a review of the targets set out in the Corporate Plan. The review took into account public sector changes brought about by the newly elected government in October 1992.

As the current Corporate Plan is now entering the final year of its 3 year life cycle, discussions have commenced to formulate the new Corporate Plan. The joint involvement of Office staff and management will again be an important part of the development and success of the new Corporate Plan which will set out clear objectives, achievable targets and meaningful performance indicators for the Office for 1994-95 to 1996-97.

ACHIEVEMENTS DURING 1992-93

The Office's activities during 1992-93 centred on the achievement of targets set out in its Corporate Plan. The following 4 pages briefly outline the major achievements and, where appropriate, the impact of these achievements. Additional details on these Corporate Plan achievements, as well as information relating to the ongoing tasks of the Office, are provided in the relevant sections of this Report.

Expand performance auditing conducted and reported by the Office to fulfil the widened legislative mandate.

PRINCIPAL TASKS	1992-93 TARGETS	ACHIEVEMENTS	1993-94 TARGETS
<p>1.1 Present at least 4 Special Reports to the Parliament each year in addition to the performance audit projects contained in the annual Reports on Ministerial Portfolios and the Finance Statement.</p>	<p>► Identify, by December 1992, the number, timing and focus of Reports to be tabled in 1993 and monitor annual plan.</p>	<p>► Tabling of Report on Finance Statement (October 1992) delayed by 1992 election. Ministerial Portfolios Report tabled May 1993. Six Special Reports tabled in 1993 Autumn Session. <i>(See page 26.)</i></p> <p>► Increasing expertise and use of Victorian Performance Audit Methodology on all performance audits led to greater efficiency and completion of 3 more Special Reports than in previous year. <i>(See page 16.)</i></p>	<p>► Maximum of 6 Special Reports in addition to Reports on Finance Statement and Ministerial Portfolios to be tabled (revision of previous target for year in light of public sector restructuring).</p>
<p>1.2 Procure appropriate funding to enable 40 additional staff to be assigned to performance audits by June 1993 and, through improved productivity, increase the number of full-time equivalent resources engaged on performance audits to a total of 85 by June 1994.</p>	<p>► Achieve a staffing increase of 28 by 30 June 1993 to expand performance auditing and reporting.</p>	<p>► New performance audit division established with resources gained from productivity improvements using Enhanced Financial Audit Methodology in 1991-92 and funding released by non-filling of vacancies. Lack of government funding for staff recruitment will lengthen time before all major government programs can be assessed. <i>(See pages 21, 43.)</i></p>	<p>► Performance audit divisions to be stabilised at current staffing levels with certain staff undertaking performance audits for 1994 Ministerial Portfolios Report and financial audits in July-September peak periods.</p>
<p>1.3 Successfully implement and periodically enhance the revised performance audit methodology.</p>	<p>► Establish a peer discussion group for audit managers by December 1992.</p> <p>► Update Victorian Performance Audit Methodology manual by March 1993 in light of 18 months use of the methodology.</p> <p>► Conduct a debriefing session on completed audits within 2 months of tabling each Report.</p>	<p>► Peer discussion group for audit managers (established August 1992), has been a forum for regular exchange of experiences. <i>(See page 16.)</i></p> <p>► Update of manual deferred to take account of peer review (commenced June 1993). <i>(See page 16.)</i></p> <p>► Debriefings scheduled for July 1993.</p>	<p>► Complete enhancements to methodology by December 1993. Hold debriefings in July 1993 on audits reported in 1993 Autumn Session and schedule future debriefings within one month of tabling any Report.</p> <p>► Establish a computerised database of completed performance audit plans, programs and reports, and update by May each year.</p>

Maximise the productivity of current resources undertaking financial audits through the application of the most advanced audit methodologies.

PRINCIPAL TASKS	1992-93 TARGETS	ACHIEVEMENTS	1993-94 TARGETS
<p>2.1 Improve the efficiency and effectiveness of financial auditing through the successful implementation of the Office's enhanced risk-based financial audit methodology.</p>	<p>▶ Implementation of financial audits to be consistent with best professional practice by end of 1992-93 audit cycle.</p>	<p>▶ Productivity savings equivalent to around 3 staff on major audits achieved in 1991-92 audit cycle (second year of the methodology's implementation.) (See page 21.)</p>	<p>▶ Achievement of further productivity savings equivalent to balance of Corporate Plan target (6 staff) by 30 June 1994.</p>
<p>2.2 Progressively review and enhance the quality and effectiveness of the financial audit methodology.</p>	<p>▶ Systematic introduction of new and enhanced support tools for Enhanced Financial Audit Methodology (EFAM). ▶ Revised methodology manual to be issued by March 1993.</p>	<p>▶ Expansion of EFAM manual to cover sampling and disclosure of events after balance date ensured compatibility with Ryan Report recommendations. Finalisation of revision delayed to incorporate any changes resulting from peer review and advancements in technology. (See page 15.) ▶ Revised software support tools and enhanced documentation introduced and used successfully. (See page 15.)</p>	<p>▶ Revised EFAM manual to be issued December 1993 to coincide with issue of revised Victorian Performance Audit Methodology manual. ▶ Incorporation of significantly upgraded audit support system software and automation of all working papers by June 1994, subject to availability of funding.</p>
<p>2.3 Direct major emphasis on utilisation of state-of-the-art computer assisted audit techniques, with added focus on those techniques which assess the integrity of auditee systems.</p>	<p>▶ Conduct debriefing prior to commencement of financial audit cycle to determine most appropriate computer assisted audit techniques (CAATs) and computer packages to be utilised as part of financial audit process.</p>	<p>▶ Access of audit staff to CAATs and provision of advice on their use was centralised in specialist information technology audit division. (See page 17.) ▶ Increased awareness by all audit staff of benefits of using CAATs, where appropriate, as part of audit strategy. ▶ State-of-the-art interrogation packages used to assess integrity of large computer installations of 6 auditees. Specialist package on regression analysis introduced. (See page 17.)</p>	<p>▶ Provide enhanced training to field staff on utilisation of CAATs and make greater use of advanced interrogation packages as an element of audit strategies.</p>

Widen opportunities for staff to contribute to Office achievements by upgrading the workforce management plan to improve the development and deployment of staff.

PRINCIPAL TASKS	1992-93 TARGETS	ACHIEVEMENTS	1993-94 TARGETS
<p>3.1 Broaden the skill mix of the Office by acquiring human resources drawn from various professional disciplines to enhance the quality of output.</p>	<p>▶ Implement staffing strategy and revised key selection criteria by June 1993.</p>	<p>▶ Twenty-two staff qualified in non-accounting disciplines are now employed across Office. A further 8 staff have accounting plus at least one additional qualification. <i>(See page 43.)</i></p> <p>▶ Forty per cent of staff in performance audit divisions have qualifications other than accounting, enabling more broadly based and fairer assessments of non-financial audit issues.</p> <p>▶ Completion of revision of key selection criteria for audit positions has improved staff selection practices. <i>(See page 46.)</i></p>	<p>▶ Employment of non-accountants to continue, after taking into account recruitment and budgetary restrictions.</p> <p>▶ Complete revision of key selection criteria for information technology audit and non-audit positions by June 1994.</p> <p>▶ Issue consolidated and upgraded workforce management plan by December 1993.</p>
<p>3.2 Establish avenues for staff to expand their skills through professional development programs and structured work placements across all Office activities.</p>	<p>▶ Incorporate a competency based framework into professional development and appraisal programs as part of revised workforce management plan.</p>	<p>▶ Core competencies being developed to give more structured and consistent approach to performance appraisals and professional development, and to improve assessments for promotion purposes. <i>(See page 48.)</i></p> <p>▶ Skill base of Office increased through staff secondment/interchange program with other public and private bodies, and through job rotation and on-job training within the Office. <i>(See page 44.)</i></p>	<p>▶ Implement human resource management software package (with a professional development module) by September 1993.</p> <p>▶ Improved appraisal system to be developed by December 1993.</p> <p>▶ Skills database to be developed by March 1994.</p> <p>▶ Policies, processes and selection methods for secondments/inter-changes and rotations to be reviewed by October 1993.</p>
<p>3.3 Foster a spirit of team-work, creativity and professionalism through management practices and policies which emphasise the value of the Office's human resources.</p>	<p>▶ Survey staff, review current policies and practices and recommend improvements to workforce management plan.</p>	<p>▶ Several components of plan, including a computerised resource scheduling system, under development. <i>(See page 44.)</i></p> <p>▶ Professional development program emphasised people management skills. <i>(See page 47.)</i></p> <p>▶ Staff employment agreements and contracts for Executives under development in line with new government policy. <i>(See page 42.)</i></p>	<p>▶ Fully implement resource scheduling by February 1994.</p> <p>▶ Document and implement revised workforce plan by March 1994.</p> <p>▶ Employment agreements and contracts to be finalised and implemented by September 1993.</p>

Ensure that Office activities are driven by value-added and risk-based management concepts and benefit from developments in information technology.

PRINCIPAL TASKS	1992-93 TARGETS	ACHIEVEMENTS	1993-94 TARGETS
<p>4.1 Move towards an Office structure which gives operating groups greater flexibility in the management of financial (in-house and contracting) and performance audit responsibilities.</p>	<ul style="list-style-type: none"> ▶ Review structure following 1992 State election and annually in November. 	<ul style="list-style-type: none"> ▶ Minor modifications made to Office structure in November 1992. ▶ Review of duties for clerical support staff and structure of contract audit section undertaken. (See page 44.) 	<ul style="list-style-type: none"> ▶ Operational audit structure to be reviewed by August 1993 to ensure balance in responsibilities following further changes in audit responsibilities. ▶ Implement recommendations of Office Based Structure report on non-keyboard duties for clerical support staff and management of contract auditing by September 1993.
<p>4.2 Assess periodically the effectiveness of delegations of tasks and functions, and formalise external and internal peer reviews as part of the Office's ongoing quality assurance procedures.</p>	<ul style="list-style-type: none"> ▶ Review financial reporting delegations annually in May-June. ▶ Conduct peer reviews of financial audits in November-December and of performance audits in May-June each year. 	<ul style="list-style-type: none"> ▶ Delegations in relation to expressing opinions on financial statements reviewed and adjusted twice during 1992-93. ▶ Initial peer review of financial audits completed and report submitted in October 1992 with recommendations on training, use of agents, audit planning and quality control. Peer review of performance auditing commenced May 1993. (See pages 15, 16.) ▶ Extensive training courses on financial audit methodology conducted in 1993 as result of peer review recommendations. (See page 47.) 	<ul style="list-style-type: none"> ▶ Further reviews of delegations to be conducted in light of any public sector re-structuring. ▶ Internal peer review of performance audits to be completed by September 1993. Internal peer review of 1992-93 financial audits to be completed in November-December 1993. ▶ Training program to incorporate a course in advanced audit principles for audit supervisors.
<p>4.3 Revise the information technology strategic plan with emphasis on enhancing existing systems to enable the provision of improved information for management decision-making, and integrating the Office's management information systems.</p>	<ul style="list-style-type: none"> ▶ Information technology (IT) strategic plan to be developed by 30 September 1992 with annual plan formalised following reassessment of timeframe for strategic plan implementation and prior to development of Office's annual budget. 	<ul style="list-style-type: none"> ▶ IT strategic and annual plans operating and forward planning for implementation of IT strategy over next 4 years carried out. (See page 52.) ▶ New and upgraded software and hardware installed resulting in improved communications, productivity gains in Office administration, increased support for audit management, and greater access to computer facilities. (See page 53.) 	<ul style="list-style-type: none"> ▶ Identify in more detail Office-wide information management needs and means of significantly improving management information and operating systems, and computer capacity.

AUDIT ACTIVITIES

LEGISLATION

The *Audit Act* 1958 is the principal legislation governing the appointment, tenure, duties, responsibilities and powers of the Auditor-General and the operations of the Victorian Auditor-General's Office. Other provisions relating to the role and functions of the Office are contained in the *Public Account Act* 1958, the *Constitution Act* 1975, the *Annual Reporting Act* 1983 and enabling legislation establishing public bodies.

Since 1990, when new provisions were included in the Audit Act strengthening the Auditor-General's role in performance auditing and ensuring access to information necessary to the audit process, several moves have been made to introduce amendments which would bring the Act into line with current audit practices. In May 1993, minor changes were made to the sections dealing with tenders.

It is now expected that the long awaited audit and financial management legislation will be introduced into Parliament later in 1993.

AREAS OF OPERATION

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

The *budget* sector includes all State Government departments and certain other independent budget sector agencies. These organisations 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 Finance.

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

The majority of work carried out by the Office is now conducted under the authority of the Annual Reporting Act which was introduced in 1983 as a means of enhancing accountability and ensuring public sector agencies report to the Parliament.

AUDIT RESPONSIBILITIES

At 30 June 1993, the Auditor-General had specific responsibilities for both the financial and performance audits of 526 public sector organisations comprising:

- ◆ Parliament and the State Parliament Refreshment Rooms;
- ◆ 13 departments and 7 independent budget sector agencies;
- ◆ 123 public bodies, such as government business undertakings, commissions and committees of management;
- ◆ 36 post-secondary educational institutions;
- ◆ 147 public hospitals, health services and State-funded nursing homes;
- ◆ 18 superannuation funds;
- ◆ 49 companies and joint ventures; and
- ◆ 131 water and sewerage authorities.

A complete list of audit responsibilities at 30 June 1993 is provided in Appendix 3.

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

AUDIT PROCESS

Financial and performance audits

The Auditor-General, when carrying out his statutory audit responsibilities under the *Audit Act 1958*, conducts 2 types of audits which may be classified as *financial audits* and *performance audits*.

Any audit assignment which directly relates to the objective of forming an opinion on the annual financial statements of a public sector entity is regarded as a *financial audit*. The conduct of these audits provides assurances to Parliament and the public regarding the fair presentation of financial information contained in financial statements of public sector entities.

A *performance audit* may be broadly defined as an audit which evaluates whether an organisation uses its resources economically and efficiently in order to effectively meet its objectives.

Compliance with legislation is examined in conjunction with the Auditor-General's statutory mandate to carry out both financial and performance audits, not as a separate, isolated process.

Commenting on the methodology the Office uses in conducting its audit activities, Mr Fergus Ryan, in his independent review of the Office, said:

"The Office's financial audit methodology is consistent with current thinking ...

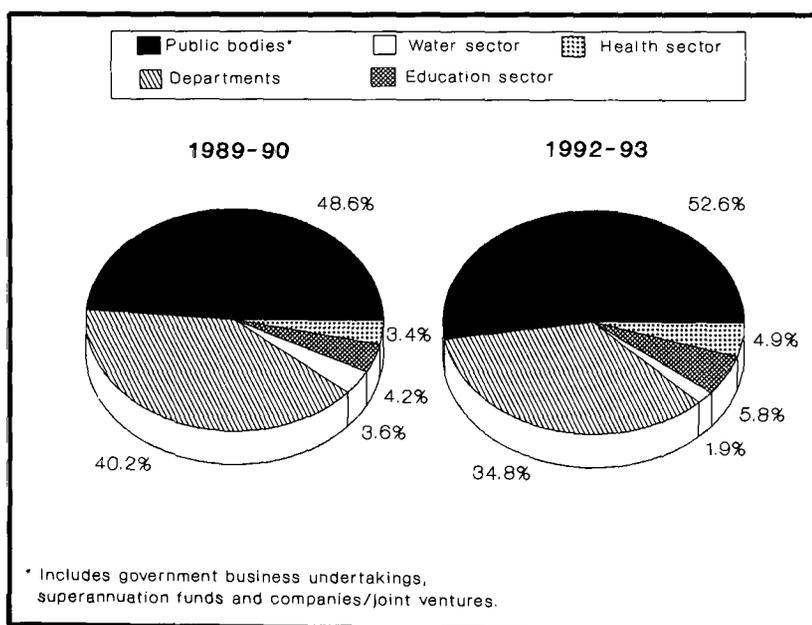
The Office's performance audit methodology is advanced in development by world standards and its application to specific engagements is generally of a high standard."

Financial and performance audits are usually conducted by the Office as separate assignments. However, the knowledge gained during a financial audit of an entity is relevant to the planning of performance audits.

Allocation of audit time

The following chart shows the percentage of both performance audit and financial audit time devoted by in-house audit staff to various areas of audit activity. The major changes over the last 3 years have been the time spent on the audit of public bodies which increased by 4 per cent, and the increase in audit time in the health (1.5 per cent) and education (1.6 per cent) sectors, which reflects the Office's compliance with government policy to generate a pre-determined amount of revenue for the Consolidated Fund. As a consequence, the time spent on government departments (non-chargeable) decreased by 5.4 per cent and further savings of 1.7 per cent have been made in the water sector due to a rationalisation of the industry. The majority of audits in the health, education and water sectors are performed by contracted agents and the in-house time is related to quality review of their work and performance audits within these areas.

ALLOCATION OF IN-HOUSE AUDIT TIME



Audit methodologies

Enhanced Financial Audit Methodology

During 1992-93 the Office continued to effectively apply its Enhanced Financial Audit Methodology (EFAM). The methodology provides a rigorous audit planning process by enabling audit staff to more directly assess the relevant risk components of each financial audit. Through the extensive use of audit software during the planning, testing and evaluation phases, together with the use of computer audit data analysis and extraction packages, the Office is able to achieve significant efficiencies on financial audit engagements.

Over the past year, the Office has provided a series of intensive in-house and residential training courses for staff to ensure that they continue to enhance their expertise in all facets of the methodology.

Monitoring the progress of the implementation of EFAM is of particular importance so the Office has established a structured framework for assessing both strategic and ongoing practice issues which includes a peer review process. The further development of the methodology is the responsibility of the EFAM Strategic Review Unit, an ongoing committee of senior audit staff.



*The Office's
Enhanced Financial
Audit Methodology
is used extensively
in the planning
of audits.*

Within the past 12 months the EFAM Strategic Review Unit initiated a post-implementation review of the EFAM audit manual and related documentation. This process has resulted in the development of additional sections for the existing manual, which were made available to staff for use on audits for the 1992-93 financial year. A complete revision of the manual is now underway and is expected to be completed by December 1993.

In addition, the Unit is about to commence evaluating upgraded audit software which will enable the Office to remain at the leading edge of financial auditing in the years to come.

In June 1993 the EFAM Strategic Review Unit provided assistance to the Queensland Auditor-General's Office with the implementation of its new financial audit methodology which is based on EFAM. It is envisaged that a common financial audit methodology will be the catalyst for ongoing liaison and sharing of experiences between the 2 Offices.

Victorian Performance Audit Methodology

During 1992-93, the Office continued to build upon its recognised expertise in performance auditing and broadened the implementation of its Victorian Performance Audit Methodology (VPAM) across all performance audits. VPAM provides a framework for the conduct of performance auditing in addition to defining procedures to be followed during the planning, implementation and reporting phases of an audit.

A program of staff training in the application of the methodology and in specific skills required to conduct performance audits continued through the year, with the aim of assisting in the effective implementation of VPAM during a period of expanded performance audit activity. This led to greater efficiencies in the conduct of performance audits resulting in an increase in the number of Special Reports tabled in Parliament during the year.

Since the development of VPAM in 1991, substantial interest in the methodology has been shown by various parties external to the Office. Discussions on its content have been held with personnel from Audit Offices both within Australia and overseas, and with representatives of accounting professional bodies.

The regular update of the methodology, to ensure that it continues to reflect the legislative mandate of the Office and best performance audit practices followed within Australia and internationally, is viewed as important to the effective operations of the Office. With this in mind, the methodology has been the subject of an ongoing evaluation over the past 2 years. As part of this process, a peer review mechanism aimed at regularly assessing the implementation of VPAM, was initiated in June 1993. It is intended that the results of the initial review will provide valuable input to a formal update of the methodology to be completed by December 1993.

A Performance Audit Discussion Group, comprising Audit Managers from within the Office, was established during the year. The Group co-ordinated a series of meetings aimed at expanding the skill and knowledge base of performance auditing in the Office, and was successful in promoting initiatives and ideas to improve the way the Office conducts its performance audits.

Information technology audits

The Office's information technology (IT) policy provides for:

- ◆ on-going development of an IT audit plan;
- ◆ conducting IT reviews;
- ◆ identifying and undertaking IT performance audits;
- ◆ taking steps to expand the application of IT activities by operational audit divisions;

- ◆ participating in the development and implementation of the Office's risk-based financial audit methodology; and
- ◆ contracting selected IT audit activities to private sector accounting partners who act as agents of the Auditor-General.

Principal responsibility for implementation of the policy rests with the Office's IT Audit Division.

As part of its financial audit methodology (EFAM), the Office continued to place emphasis on the development and application of computer-assisted audit techniques (CAATs). These techniques essentially provide better audit coverage and enable the Office to carry out audits more efficiently and effectively.

Greater use of CAATs was made in the planning and implementation phases of each audit. As a planning tool, CAATs highlighted areas of potential audit risk and were utilised for the sampling and analysis of data during the implementation phase.

As well as applying CAATs on financial audits, sophisticated interrogation tools were used to analyse the integrity of computer systems. During the year, interrogation tools were utilised on 6 major computer installations as an integral part of the information technology audits undertaken.

During 1992-93, the Office conducted 31 detailed IT or special reviews, of which 20 were contracted to 5 partners in chartered accounting firms at a cost of \$404 000. The IT Audit Division conducted preliminary assessments of the IT control environment on 56 audits in response to requests from operational audit divisions.

The Office also provided advice to government agencies on the development and implementation of computerised information systems and conducted 2 major performance audit reviews involving the illegal use of software and the development and implementation of the Government's integrated personnel/payroll system known as PERSPAY.



Staff reviewing the results from computer interrogation of auditee data.

Audit research

Audit research and practices

The ability to keep abreast of developments in financial reporting and auditing issues is important for the Office if it is to maintain its authoritative and expert position in accounting and auditing policy and practice matters. As well as providing guidance to all staff on current and emerging issues which impact on its auditing responsibilities, the Office undertakes a number of research tasks which often result in valuable contributions to the development of public sector-wide financial reporting reforms.

During the year, the Office made a number of submissions to the Australian Accounting Research Foundation (AARF), the professional accounting bodies and the Departments of Finance and the Treasury in relation to exposure drafts and discussion papers issued by those agencies. Of particular significance was the submission to AARF dealing with financial reporting by government departments which proposed that departments adopt a comprehensive accrual basis of accounting.

Audit information resources

The Library is the Office's major source of reference material, government reports, annual reports, legislation and audit reports, both internal and from other sources throughout the world.

Electronic retrieval of information is achieved through several on-line databases, which hold both local and world-wide information. Eight new CD-Roms have been chosen to support the broad areas of the Office's research requirements.

In line with the Office's Corporate Plan and the performance audit mandate, there has been an increasing emphasis on improving information collection and dispersal to staff in order to support their research activities and develop specialised research skills. These activities assist the conduct of performance audits.

Audit planning

Long-term strategic plans projecting Office activity over the next 10 years are the basis for all audit work. The Office selects areas for audit on the basis of audit risk and materiality, and work is scheduled to allow for the effective utilisation of human resources.

The Office's annual financial and performance auditing program is guided by a computerised Master Audit Plan. The Plan covers the:

- ◆ totality of the Office's audit task as determined by specified criteria;
- ◆ period or cycle over which all audits are to be undertaken; and
- ◆ resources required to complete all audits within specified cycles.

In 1992-93, the Plan provided strategic direction for the financial and performance audit components of audit activities. The Plan was instrumental in determining priorities and areas of investigation for performance audits.

In November 1992, the Auditor-General wrote to the Secretaries of the Departments of the Premier and Cabinet, Finance and the Treasury seeking details of measures taken by those central agencies to identify risks and implement financial and operating controls across public sector agencies. The intention of the request was to take those controls into account when planning performance audits of public sector agencies.

Audit consultative process

Communication between the Office and auditees is a vital component of the audit process. Meetings are held with the Chief Executive Officer of auditee organisations to discuss areas of concern to management, the proposed audit coverage and timetable, and where applicable, the annual audit fee. In addition, these meetings provide an opportunity for discussion of the internal auditor's annual audit plan so as to avoid unnecessary duplication with external audit coverage and ensure a more cost-effective audit.

During the course of the audit and prior to the issue of reports at the conclusion of the review, discussions are held with line managers and the Chief Executive Officers of the organisation on matters arising from the audit. The advantages of such discussions include early resolution of problems identified by audit, a pro-active audit role in improving public sector resource management in government, improved communication and co-operation with management, and positive action from auditees on many of the matters raised by the Office.

In line with the objective of promoting and encouraging the development of sound resource management practices in the public sector, the Office continued to provide advice to auditees to assist them in meeting their accountability obligations. Discussions between Office staff and auditees on matters contained in audit reports and Reports to Parliament took place on a regular basis throughout the year.

The Government has recognised the importance of establishing an appropriate internal control framework within each public sector agency. One element of the framework is an audit committee whose role includes liaison with external auditors on behalf of Department Heads and Chief Executive Officers. The Auditor-General has strongly encouraged the establishment of these committees and Office staff regularly attend committee meetings to provide advice on issues such as proposed objectives and scope of audits, outcomes of the external audit process and issues impacting on financial statements.

Early in 1993, the Auditor-General and the Assistant Auditor-General engaged in a series of meetings with each of the Ministers of the new Government and with Secretaries of the various Departments to discuss auditor and auditee expectations and roles, and the audit process generally. This initiative was taken in the context that clear identification of expectations and roles can contribute to effective conduct of the audits and to the broader agenda of improvement of public resource management.



*Annette Cruz (left) on location
discussing audit plans with an auditee.*

Engagement of agents

In addition to utilising qualified audit staff within the Office to undertake auditing activities, the Office engages suitably qualified professionals from the private sector to act as contracted agents of the Auditor-General in conducting financial audits or to provide specialist assistance on performance audits. The use of contracted agents to undertake audit tasks (particularly in country areas) enables the Office to balance an increasing workload against limited internal resources.

The financial audits of water and sewerage authorities, ambulance services, post-secondary educational institutions, public hospitals, public sector superannuation funds and a number of other public bodies are contracted to the private sector. In addition, contract audit arrangements involving information technology reviews and rate of return reporting requirements have been entered into for certain auditees.

Several strategies are in place to provide assurances that resources allocated for the engagement of agents are managed in the most efficient and effective manner. These strategies include:

- ◆ use of tendering procedures for particular industries or categories of audits to rationalise agent numbers and facilitate improved audit performance;
- ◆ provision of high quality guidance and direction to agents;
- ◆ utilisation of the Office's Audit Management Information System;
- ◆ implementation of procedures to ensure effective liaison with agents and evaluation of their performance; and
- ◆ meetings with agents to discuss emerging issues in the hospital, water and post-secondary educational sectors to ensure consistency and quality of audit approach to the respective industries.

The Auditor-General determines levels of remuneration paid to agents and collects fees charged to auditees for services provided by the agents. The fees are then paid into the Consolidated Fund.

The Office contracted out \$4.6 million of audit work to the private sector in 1992-93.

PAYMENTS FOR CONTRACT AUDITING SERVICES (*\$*)

<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
2 199 000	3 910 000	4 353 000	4 244 000	4 599 000

Details of payments for contract auditing services are shown in the following table.

CONTRACT PAYMENTS, 1992-93
(*\$*)

<i>Firm</i>	<i>Amount</i>
Coopers & Lybrand	1 033 000
Arthur Andersen & Co.	712 000
Price Waterhouse	336 000
KPMG Peat Marwick	274 000
Deloitte Touche Tohmatsu	272 000
Day Neilson	255 000
Armitage Downie & Co.	206 000
Andrew Frewin & Richmond	166 000
Stanton Partners, Bentley Pty Ltd	138 000
Thompson Douglass & Co.	138 000
Duesburys	107 000
Danby, Bland, Provan & Co.	103 000
Other (a)	859 000
Total	4 599 000

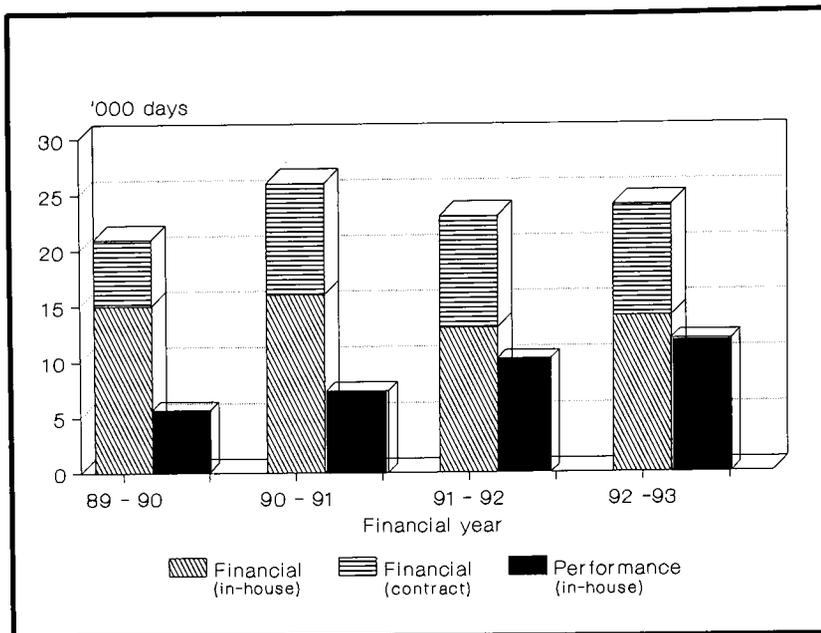
(a) Comprises 33 contractors whose individual payment was less than \$100 000.

Allocation of resources to audits

The allocation of in-house resources to performance audits has increased from 26 per cent of available in-house time in 1989-90 to 40 per cent by 1991-92. This increased allocation to performance auditing was maintained in 1992-93 despite a small increase in in-house financial audit times in that year. The increase in performance audit times was largely due to the considerable gains from the introduction of the new financial audit methodology (equivalent to 3 staff in 1991-92). These savings were substantially maintained in 1992-93.

Time spent by contracted agents undertaking financial audits has remained stable over the period, representing around 30 per cent of total audit time. The following chart depicts the above trends over the past 4 years.

TOTAL AUDIT TIME

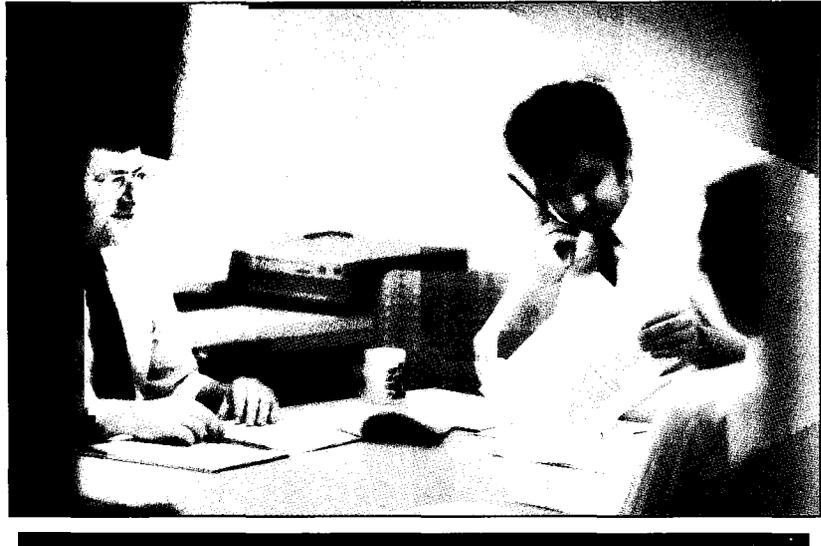


Output of the Office

The output of the Office consists of:

- ◆ Presentation of Auditor-General's Reports to Parliament summarising the most significant issues raised during each year. These Reports contain comments arising from the audits undertaken, or on special matters which the Auditor-General thinks fit to report. A description of the Reports tabled in Parliament by the Auditor-General during the year is provided in the "Serving Parliament and the Public" section of this Annual Report. Lists of Reports tabled since 1988-89, of all Special Reports issued and of small agency reviews undertaken, together with a subject index of special interest items, are contained in Appendix 1.
- ◆ Annual audit reports, interim audit reports and management letters to auditee organisations, drawing attention to observations arising from the audit, together with appropriate recommendations. Copies of annual and interim audit reports are also forwarded to the Minister for Finance and the responsible Minister.
- ◆ Audit opinions on auditees' financial statements.
- ◆ Audit reports to the Commonwealth Government on expenditure of various funds provided by the Commonwealth to the State.

Audit team discussions during the development of audit reports.



In addition to producing reports, the quality and cost of audit services provided by the Office is of utmost importance. During the year, the Office introduced performance indicators which are intended to provide, over time, an indication of the cost effectiveness of its audit services.

The performance indicators involved calculating the cost to the Office of auditing each million dollars of assets held, and income and expenditure transactions during a financial year by auditees subject to in-house audits. This data is then compared with similar data for audits undertaken by private sector auditors contracted as agents. The indicators disclosed that in-house auditing costs are considerably cheaper than similar costs incurred by contracted agents. Notwithstanding these differentials, the Office is obliged to continue to contract out audits due to a range of factors including its inability to increase in-house resources and to meet workloads during periods of peak activity. The following table outlines the above comparisons.

AVERAGE COST OF AUDIT SERVICES, 1992-93

Resource	Average cost per \$million of		
	Income	Expenditure	Assets
	(\$)	(\$)	(\$)
In-house staff	196	172	84
Contracted agents	546	757	362

Auditees' perspectives of audit service delivery

The Office considers it important that its services are provided to auditees in a timely, efficient, and above all, professional manner. During the year, a number of auditees acknowledged the quality and timeliness of the Office's auditing services and the valuable contribution these services made towards their operations.

"I would like to take this opportunity to express my appreciation to your staff for the professional manner in which the audit was conducted and the achievement of the targeted completion date."

Chairman, State Electricity Commission of Victoria

"Thank you for the prompt and efficient manner in which the audit was undertaken. Your team gave excellent service and we were delighted to be able to obtain your report on time to deliver the financial accounts to the Minister."

Director, The Exhibition Trustees

"May I also take this opportunity to express my appreciation on behalf of the Trust and my staff for the efficient, professional and co-operative manner in which the 1992 audit was handled by your staff."

General Manager, Victorian Arts Centre Trust

"We appreciate the valuable contribution that your audit makes to the operation of the business."

General Manager, Sir John Monash Business Centre Pty Ltd

EXTERNAL ADVICE TO THE AUDITOR-GENERAL

For some years now, Auditors-General in Victoria have been assisted by an External Policy and Practices Advisory Panel which furnishes advice on accounting and auditing developments and practices in the public sector. The Panel, which is appointed by the Auditor-General, has proved to be a most valuable source of information and guidance on emerging accounting and auditing issues.

At 30 June 1993, members of the Panel were:

- ◆ Ms E. Alexander, *Partner, Price Waterhouse;*
- ◆ Professor B.J. Garner, *Professor of Computing, Deakin University;*
- ◆ Mr D.T. Greenall, *Chartered Accountant;*
- ◆ Mr E. McL.Holmes, *Chartered Accountant;* and
- ◆ Mr W.J. McGregor, *Executive Director, Australian Accounting Research Foundation.*

AUDIT CENTRE OF EXCELLENCE

In mid-1992, the Auditor-General was appointed as the inaugural Chairman of the Australian Society of Certified Practising Accountants' Audit Centre of Excellence in Melbourne. He is assisted by the Office's Director of Research and Audit Practices.

The principal objective of the Centre is to ensure that the Society, on behalf of its members in industry, government and public practice, takes a leading position on significant areas of emerging interest which affect its members and the principal users of professional audit services.

The contribution made to the Audit Centre of Excellence has ensured that the Office maintains an active voice in the affairs of the Australian auditing profession.

RELATIONSHIP WITH OVERSEAS AND INTERSTATE AUDIT OFFICES

The sharing of information and professional expertise in the audit area is a valuable means of improving the efficiency and cost-effectiveness of the Office. In addition to the regular meetings of Auditors-General, Deputy Auditors-General and senior audit executives, links have been established at middle management levels through annual meetings of information technology auditors in the public sector, circulation of information on developments in auditing matters, and exchange visits of key audit and management personnel between the various Audit Offices.

As in previous years, the Office continued to be involved in activities connected with other Audit Offices. This included visits to overseas and interstate Audit Offices, attendance at conferences and various presentations on the Office's activities. In May 1993, the Assistant Auditor-General participated as a member of a team engaged in a peer review of the Western Australian Audit Office.

Additional information on activities connected with other overseas and interstate Audit Offices can be found in Appendix 2.

PROFESSIONAL ACTIVITIES

The Office is involved in a wide range of activities connected with the accounting and auditing profession, and public sector management. These activities include international meetings and overseas visits, and hosting international and interstate visitors.

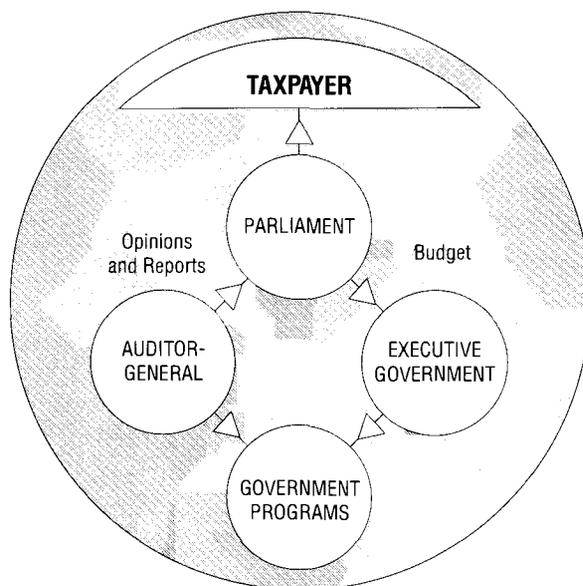
Many Office staff are at the forefront of their profession and are valued as speakers on public sector auditing and related issues. A number of Executive Officers hold senior positions and memberships with a variety of professional bodies, committees and societies. These include membership with the Australian Society of Certified Practising Accountants (ASCPA) Centres of Excellence, Institute of Chartered Accountants (Accounting and Auditing Committee), ASCPA Advisory Panel (CPA Auditing Program), Public Sector Committee of ASCPA and Board membership of the EDP Auditors Association.

A number of staff were involved with presentations throughout the year and further details are provided in Appendix 2. In addition, a paper was prepared by the Office on its experience with performance auditing over the past decade which was presented by a former Victorian Auditor-General at an international auditing conference in Mexico in October 1992.

SERVING PARLIAMENT AND THE PUBLIC

REPORTS OF THE AUDITOR-GENERAL

Part of the responsibility of Parliament and the Executive Government is to make decisions affecting the direction and management of the State's financial operations. The Auditor-General plays an important role in this process by providing Parliament and the Executive Government with independent and objective Reports containing information on the adequacy of the financial and resource management systems of public sector organisations. Although the Reports contain suggestions for corrective action, it is the prerogative of Parliament and of the Executive Government to act on the Auditor-General's Reports as they think fit.



In order to maximise the usefulness of the role of the Auditor-General in this process, progressive enhancements are made to the quality of content and format of Auditor-General's Reports to Parliament. While traditional matters such as financial operations and legislative requirements continue to be reported, the scope of issues contained in the Reports has been broadened to encompass resource management in the Victorian public sector.

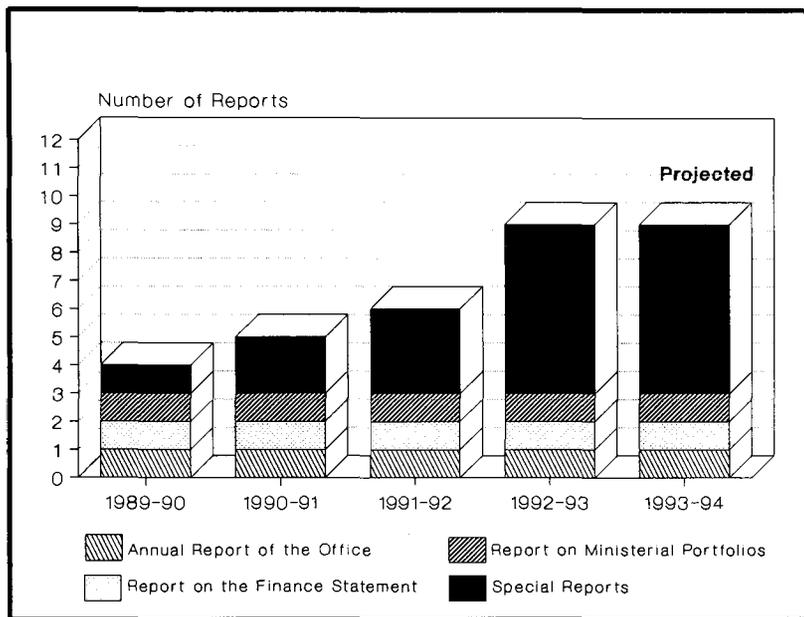
The Reports are a valuable source of financial information on government operations and have the potential to improve the management practices of public sector entities. A significant feature of the Reports is the attention given to recommendations pointing to substantial savings which could be achieved by the State.

Each year the Office presents 4 types of Reports to Parliament:

- ◆ Report on the Finance Statement;
- ◆ Report on Ministerial Portfolios;
- ◆ Special Reports focusing on resource management; and
- ◆ Annual Report of the Office.

The following chart shows the trend towards an increase in the tabling of Special Reports and reflects the growing emphasis on performance auditing conducted by the Office.

REPORTS PRESENTED TO PARLIAMENT



The value of these Reports to Parliament was reflected during a parliamentary debate in the Legislative Assembly in 1992, when the current Treasurer said:

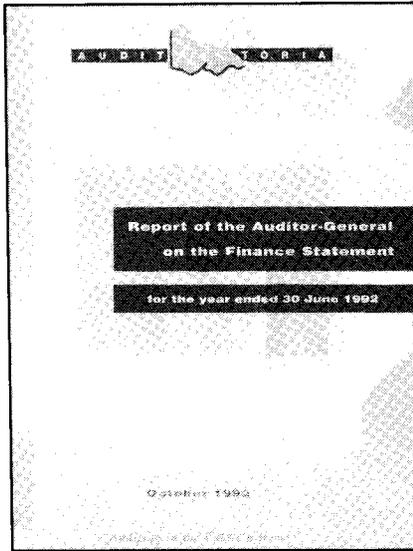
"...the frequency of special reports has increased, and I must say, in complimenting the Audit Office, that these reports have been extremely valuable."

Auditor-General's Reports to Parliament are made available to the general public for purchase through the Information Victoria bookshop and The Law Printer bookshop. Copies of these Reports, and of the *Annual Report* of the Office, are also distributed to Audit Offices within Australia and in other countries, to auditees, and to many other professional organisations and interested persons.

Reports issued during the year

The majority of Reports of the Auditor-General are prepared under the authority of the *Audit Act 1958* and are all tabled in Parliament. During 1992-93, 9 Reports were tabled.

Report of the Auditor-General on the Finance Statement, October 1992



This Report accompanied the Finance Statement and provided detailed financial information to Parliament on the State budget sector's financial result for the year ended 30 June 1992.

Among the key issues featured in the Report were:

- ◆ an analysis of the reported financial result;
- ◆ the financial impact of government strategies on the Consolidated Fund;
- ◆ the effect of financial failures of the State Bank, Tricontinental, Farrow Group of Building Societies, Victorian Economic Development Corporation and the Victorian Investment Corporation;
- ◆ the sale of the State Insurance Office and the financing arrangements surrounding the re-development of St Vincent's Hospital;
- ◆ the level of budget sector indebtedness, including comment on the composition of the budget sector borrowing portfolio, finance charges, other financial commitments and contingent liabilities; and
- ◆ an analysis of Consolidated Fund receipts and payments, including detailed information on the Government's asset sales program and Voluntary Departure Package program.

Special Report No. 19 - Salinity, March 1993

Special Report No. 19 dealt with the economic, social and environmental implications of salinity in Victoria, particularly in the northern irrigation areas of the State. About \$150 million of taxpayers' funds have been spent on addressing the salinity problem over the past 7 years. Audit examined the management of the Government's Salinity Control Strategy and commented on the effect of salinity on some of the State's significant environmental assets such as lakes and rivers.

The Minister for Natural Resources welcomed the tabling of the Special Report and said that the Auditor-General's recommendations would be fully considered and used to further improve the effectiveness and efficiency of the salinity program:

"The community and Government can take stock of the Report and look to how we can work better together in tackling salinity ... the Auditor-General's Report has highlighted some deficiencies in the program's management and provides an opportunity to re-assess its priorities and strategies."

*Special Report No. 20 -
National Tennis Centre Trust and Zoological Board of Victoria, April 1993*

This Special Report focused on the performance of 2 agencies which manage major Victorian entertainment and tourist venues, attracting large numbers of local and overseas visitors. The Report examined the financing arrangements and operational performance of the National Tennis Centre, and management practices and financial performance at the Zoological Board of Victoria.

Key findings in the Report included:

National Tennis Centre Trust

- ◆ the financial and operational performance of the Centre had shown a general improvement;
- ◆ alternative financial arrangements for the Centre's support package could have resulted in savings of \$20 million; and
- ◆ a number of maintenance problems at the Centre have emerged due to the Centre's design and deficiencies in construction.

Zoological Board of Victoria

- ◆ deficiencies in accountability mechanisms, particularly in terms of providing key information to the responsible Minister;
- ◆ inadequacy of strategic planning documents and insufficient information to assist management decision-making;
- ◆ instability in the organisational structure and a significant staff turnover; and
- ◆ an increasing reliance on contributions from the Consolidated Fund.

 Special Report No. 21 - Visiting Medical Officer Arrangements, April 1993



The Office produced a record number of 6 Special Reports during the year.

This Report concentrated on the adequacy of the controls exercised over expenditure by Visiting Medical Officers (VMOs) engaged by public hospitals to provide medical services to public patients. It identified many inefficiencies and uneconomic VMO practices in public hospitals which result in significant wastage of taxpayers' funds. Major findings included:

- ◆ *prima facie* evidence of over-servicing of patients, VMOs working privately while on paid sick leave, and irregularities in Medicare payments to VMOs;
- ◆ payments for VMO services which were not supported by documentary evidence;
- ◆ private patients treated during publicly-funded theatre sessions;
- ◆ bias by certain public hospitals against the admission of public patients for elective surgery, in favour of private patients; and
- ◆ significant potential to further reduce public health costs through greater use of sessional VMO arrangements as opposed to fee-for-service arrangements.

The Secretary of the Department of Health and Community Services commended the Auditor-General and his staff on the compilation of the Special Report. The Minister for Health said:

"The Department of Health and Community Services and the government accept that the matters raised by the Auditor-General point to very serious problems ... This government has the ability, will and resolve to address the matters that have been raised again by the Auditor-General."

Special Report No. 22 - Timber Industry Strategy, May 1993

This Special Report examined the progress made in the implementation of the Victorian Timber Industry Strategy. While acknowledging the achievements made in many areas of forest operations, the Report identified issues which pose significant challenges for the Government, particularly in achieving its stated aim of a commercial approach to managing the State's timber resources. The Report also addressed the issue of balance between the economic and social needs of the community and the environmental value of native forests.

Among the key findings of the Report were that:

- ◆ considerable progress had been made towards establishing structures aimed at achieving many key policy directives of the Strategy;
- ◆ potential revenue was lost due to incorrect grading of logs;
- ◆ a significant financial loss has been incurred in the State's hardwood operations;
- ◆ there is a need to pay greater attention to identifying and protecting the conservation values of native forests; and
- ◆ difficulties have been encountered in meeting softwood commitments to industry.

The Report was widely sought after by the timber industry and conservation groups.

Special Report No. 23 - Information Technology in the Public Sector, May 1993

Special Report No. 23 addressed information technology in the Victorian public sector and focused on the illegal use of proprietary software, management controls over software usage, and inadequacies in the development of sector-wide human resource management information systems.

The audit review found that licences, or proof of ownership, could not be produced for 25 per cent of the software on microcomputers of 6 government agencies. In addition, a number of shortcomings existed in procedures used to prevent, detect and eliminate computer viruses.

The Report also contained details of the delays in implementing the Government's integrated personnel/payroll system known as (PERSPAY) and pointed to inefficient management by the responsible departments. It was estimated that if the system had been implemented according to plan, then savings of up to \$23 million could have been made. Implementation of the system, which commenced in 1981, was still not finalised at the time of tabling the Report.

Following the release of the Report, the Minister for Finance said that from a Victorian public sector viewpoint, the findings of the Report were *"nothing short of a disaster"* and that he had moved quickly to instruct agencies to remove all unlicensed software from computers to reduce the risk of breaching copyright laws.

Special Report No. 24 - Open Cut Production in the Latrobe Valley, May 1993

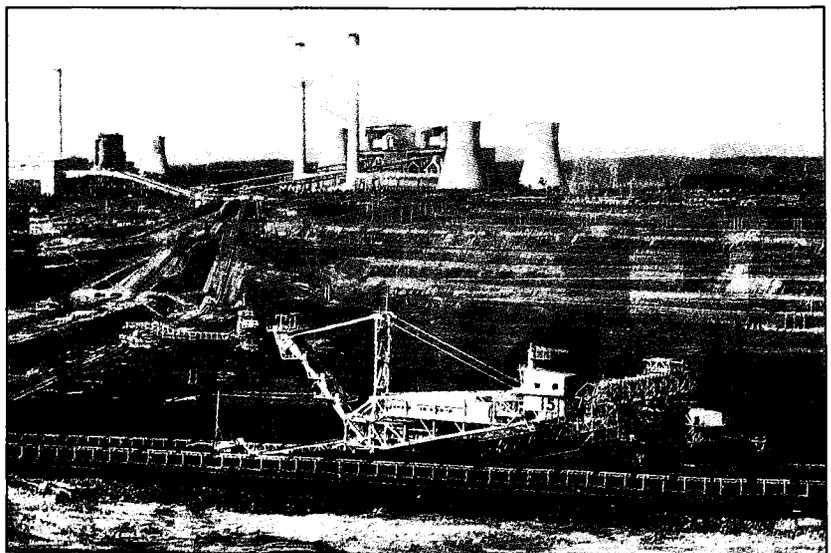
This Special Report examined the open cut operations of the State Electricity Commission of Victoria (SECV) in the Latrobe Valley. While acknowledging the importance of the Latrobe Valley operations, the audit review identified a number of areas where it was felt greater efficiency and economy could be achieved and pointed to specific areas of concern, including:

- ◆ the effect of established work arrangements in the open cut, particularly demarcation issues;
- ◆ the potential for better use of assets in the coal production activities; and
- ◆ the need for a substantial improvement in efficiency and economy with potential savings of \$50 million a year achievable through the removal of restrictive work practices and the resultant reduction in the workforce.

As well as directing attention to the need for the operations of the SECV to become more competitive, the Special Report also examined a number of environmental management aspects, including environmental funding, planning and land rehabilitation, and water management.

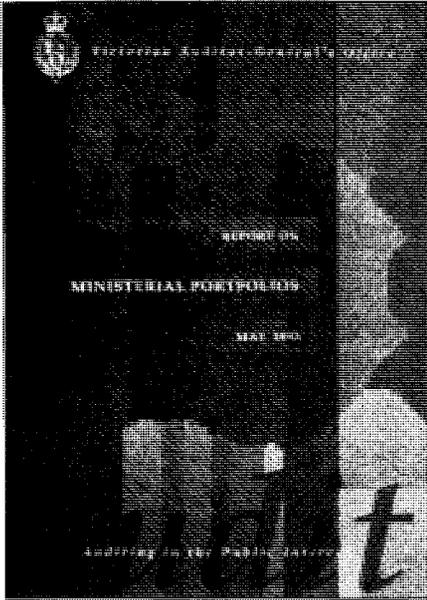
The Chief General Manager of the SECV said that the organisation:

"...will utilise the result of the audit to further assist the SECV in the process of continuous improvement of its operations".



SECV's operations in the Latrobe Valley.

Report on Ministerial Portfolios, May 1993



The *Report on Ministerial Portfolios, May 1993* was the Office's major Report for the year and dealt with the most significant issues raised during the audits of departments and public bodies, relating to:

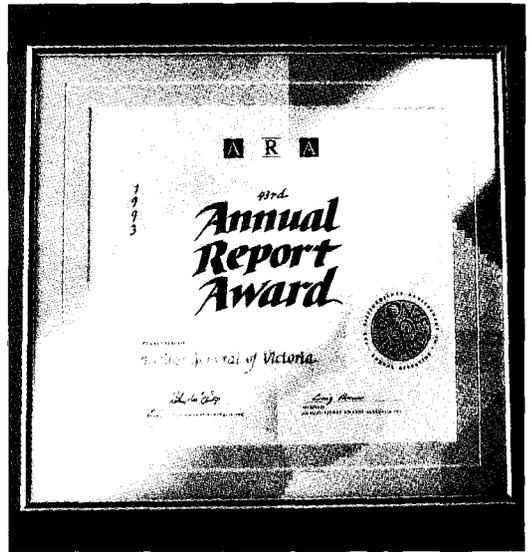
- ◆ management of the Racing Industry Development Funds;
- ◆ outsourcing of information technology services at Melbourne Water;
- ◆ under-utilisation of the government motor vehicle fleet;
- ◆ efficiency and effectiveness of the Schools Dental Health Services;
- ◆ management of the kindergarten program;
- ◆ financial management of the Residential Tenancies Fund;
- ◆ management of floating plant at the Port of Melbourne;
- ◆ over-supply of light rail vehicles managed by the Public Transport Corporation;
- ◆ review of asset utilisation by the Port of Geelong Authority;
- ◆ management of road and bridge maintenance by the Roads Corporation; and
- ◆ review of action taken by the Alfred Hospital on the Office's 1990 Special Report.

The results of specific reviews of the operations of the Estate Agents Board and the State Electoral Office were also included in the Report. An examination of certain aspects of the operations of the Department of Planning and Development, such as the maintenance of rental housing properties, public rental property vacancy levels and the financial operations of the Home Opportunity Loans Scheme, were also featured.

Following the release of the Report, a great deal of parliamentary and media attention was directed towards the stocks of excess light rail vehicles, poor condition of roads, and under-utilisation and inappropriate use of government red plate vehicles. As a result of the Report's disclosure of the disposal of Met Ticket equipment, the Minister for Public Transport announced that issues relating to the equipment would be subject to a full investigation.

1992 Annual Report of the Victorian Auditor-General's Office

The Annual Report of the Office was prepared in accordance with the *Annual Reporting Act 1983*, and provided an overview of Office activities for the year, as well as incorporating the Office's audited financial statements.



The Annual Report, together with the Office's parliamentary Reports, are all produced in-house.

During 1992-93, Annual Report Awards Australia Inc. once again sponsored an Australia-wide Annual Report Awards Scheme designed to encourage the meaningful presentation of information in annual reports. The Office entered its *1992 Annual Report* in the 43rd Annual Report Awards Scheme and was assessed as having achieved a high standard in annual reporting and received a Bronze Award. This was the fifth consecutive Award received by the Office and was presented in Sydney in July 1993. A staff member from the Office participated as an adjudicator on the judging panel of the 1993 Awards and the Office's involvement with the Awards Scheme is viewed as a positive way of raising the overall standard of annual reporting in the Australian government sector.

Fergus Ryan, reporting to Parliament in October 1992 on the results of his performance audit of the Office, said of the Annual Report:

"I am particularly impressed by the quality of the Office's annual report. It is clear, informative and comprehensive and achieves a very high standard of disclosure of financial and other information."

Follow-up of issues raised in Reports

Except in relation to the operation of the Auditor-General's Office, the Auditor-General has no executive power to implement recommendations made in Reports submitted to Parliament. Consideration of audit findings and recommendations is a matter for the Parliament and its committees, and for individual Ministers, central agencies and the managers of auditee bodies.

In carrying out its stated aim of encouraging economic, efficient and effective use of public resources, the Office continued, by means of the Reports presented to Parliament, to draw attention to those matters which required action.

After examining issues raised in the *1992 Report on Ministerial Portfolios*, the Minister for Finance informed Parliament that action had been commenced or completed in relation to 127 of the major issues identified in the Report. The Minister confirmed the Government's commitment to examining and responding to audit findings, and stated:

"The Government values the contributions made by the Auditor-General in identifying opportunities for improved resource management and increased efficiency and effectiveness of operations. The Government wishes to co-operate with the Auditor-General in enhancing confidence in public sector administration. The Parliament and the public can be assured that appropriate action will be taken by this Government to implement change to eliminate any shortcomings in performance which are identified by the Auditor-General."

Positive action taken by the Department of Finance has also led to a significant reduction in the number of unresolved issues which the Office has highlighted in previous years' Reports.

The attention by government to issues raised in the various Reports of the Office significantly contributes to an improvement in overall resource management performance in the public sector, as well as enhancing public sector accountability.

RELATIONSHIP WITH PARLIAMENTARY COMMITTEES

The importance which is attached to the satisfactory resolution of issues raised by the Auditor-General in Reports to Parliament is reflected in public hearings conducted by parliamentary committees. The Auditor-General gives evidence to these committees on the work of the Office, elaborates on findings contained in Reports tabled in Parliament and provides information on improvements that could be made to public sector resource management in Victoria.



Parliament House,
Melbourne.

Over recent years there has been a growing tendency for parliamentary committees to seek input from the Auditor-General and representatives of the Office on matters pertinent to their inquiries. This tradition continued in 1992-93 with certain of the committees set up by the new Victorian Parliament following the October 1992 election, and involved the following activities:

- ◆ The Auditor-General gave evidence to the Economic and Budget Review Committee and its successor, the Public Accounts and Estimates Committee, on matters raised in the *1992 Report on Ministerial Portfolios*;
- ◆ The Auditor-General and members of the Office Executive appeared before the Public Accounts and Estimates Committee during its hearings on the Ryan Report on the performance audit of the Auditor-General's Office, and provided written material on matters raised in that Report;
- ◆ Senior Office representatives attended a hearing of the Community Development Committee to elaborate on the Office's audit findings and recommendations concerning pre-school education which had been presented in the *1992 Report on Ministerial Portfolios*;
- ◆ The Auditor-General gave evidence to the Public Bodies Review Committee in connection with its examination of private investments and public infrastructure;
- ◆ The Office gave a presentation on its work and a tour of the facilities to newly appointed members of the Public Accounts and Estimates Committee. The Chairman of the Committee thanked the Office for arranging the inspection tour and said that the Committee "... benefited greatly from the knowledge gained from our visit ... We believe that our initial inspection will form a sound basis for the future work of the Committee and its ongoing association with your Office"; and
- ◆ The Office continued to provide research assistance to the Economic and Budget Review Committee, and subsequently the Public Accounts and Estimates Committee, through the secondment of an officer for most of the year.

The Office was also called on to assist an interstate parliamentary inquiry. The Assistant Auditor-General met with the Public Accounts Committee of the New South Wales Parliament to provide advice on performance auditing in connection with the Committee's examination of the special auditing function of the NSW Auditor-General's Office.

Following a recent tradition of inviting Auditors-General from around Australia to Conferences of the Australasian Council of Public Accounts Committees, the Assistant Auditor-General attended the 8th Biennial Conference in Hobart as the Victorian Auditor-General's representative.

INVOLVEMENT IN INDEPENDENT REVIEWS

During the year, staff from the Office assisted in the following 2 independent reviews of State-wide finances established by successive governments:

◆ *Independent Review of Victorian Public Sector Finances*

Trevor Wood, Chief Director of Audit, was seconded to the Independent Review of Victoria's Public Sector Finances which was commissioned by the former Treasurer of Victoria in July 1992 and completed in September 1992. The Review, led by a retired senior NSW public servant, provided the former government with recommendations on ways to improve financial management and make better use of public resources.

◆ *Victorian Commission of Audit*

Russell Walker, Chief Director of Audit, was one of the Commissioners appointed to the Victorian Commission of Audit by the Premier of Victoria to undertake a wide-ranging examination of Victoria's financial position. The review, which was undertaken in the period October 1992 to April 1993, culminated in a report containing recommendations on how the Government could go about re-establishing Victoria's financial strength.

An Audit Manager from the Office assisted the Commission with the preparation of a consolidated financial statement for Victoria.

THE OFFICE AND THE COMMUNITY

The Office considers it important that there should be widespread community understanding of the Auditor-General's role and responsibilities, including services provided to Parliament, Executive Government and auditees.

In 1992-93, the Office continued to build on its high public profile, much of which is due to the professional standing of its staff and its reporting of economic and resource management issues. Newspaper editorials confirmed that the activities of the Office are regarded as being in the public interest and supported the Office in its call for greater accountability and more efficient, effective and economical use of public resources.

Parliamentary debates, questions and committee reports have always been a means by which information on the Office's external audit function has been disseminated but there has been a noticeably stronger emphasis placed on the value of public sector auditing in recent years.

Over the past year, parliamentary debates have referred to approximately 50 separate issues raised in the Auditor-General's various Reports or to the contribution audit has made towards improvements in public resource management.

Several of these issues, such as the level of indebtedness, inefficiencies in financial management, lack of control over assets, and the importance of adequate provision for public sector accountability, received extensive coverage and were raised on more than one occasion and in connection with more than one government entity. Other references related to such matters as action taken to implement audit recommendations concerning specific programs in the education, health, community services and forestry sectors, losses on transport operations and development projects, and audit access to information.

The media, through radio, television and newspapers, also highlight the key findings contained in the Reports and contribute towards generating debate and discussion on issues of importance to taxpayers.

The Office has played an important part in furthering community understanding of its activities through:

- ◆ An extensive program of professional activities such as interstate and international visits, participation in major conferences, involvement with professional bodies and the external presentation of papers and seminars (further details are provided in Appendix 2);
- ◆ The widespread distribution of the information brochure *Auditing in the Public Interest*;
- ◆ The production and distribution of a corporate video entitled *In the Public Interest*; and
- ◆ Participating in the government exhibition at the 1992 Royal Melbourne Show. The government exhibition, which had the theme "Shaping Victoria's Future", attracted 300 000 visitors, many of whom visited the Office's display and information stand. The exhibition provided an ideal venue for staff to interact with the public, and there was a great deal of interest shown in the Office and its role in financial and resource management in the State.

The Office plans to be involved in the 1993 government exhibition with a display intended to inform the public of the importance of the comprehensive services provided by the Office to the Parliament, government and taxpayers of Victoria.



Office display in the Government Exhibition at the 1992 Royal Melbourne Show.

HUMAN RESOURCES

The effective corporate management of human resources is recognised as essential to the operations of the Office. During the year, the Office continued to implement a human resources management strategy aimed at providing a professional, highly skilled and motivated workforce.

OFFICE ORGANISATION

Auditor-General of Victoria

The Auditor-General of Victoria, **Ches Baragwanath**, FCPA, who was appointed in 1988, previously held the positions of Assistant Auditor-General with the Australian National Audit Office, and Manager, Internal Audit at the State Electricity Commission of Victoria. During 1992-93, he continued to make a major contribution to accounting standards through his membership of the Australian Accounting Research Foundation's Auditing Standards Board and as Chairman of the Audit Centre of Excellence of the Australian Society of Certified Practising Accountants. He concluded his term as Australian representative on the Public Sector Committee of the International Federation of Accountants in 1992. His contribution to the accounting profession was recognised again this year in the form of a Meritorious Service Award from the Australian Society of Certified Practising Accountants.

Office Executive

The Office Executive comprises the Assistant Auditor-General, who is responsible for the overall management of the Office, and 4 Chief Directors of Audit. Together, they are responsible for advising the Auditor-General on policy issues and for the planning and co-ordination of Office operations.



*Office Executive.
Standing from left,
Russell Walker,
Graham Hamilton
and John Kehoe.
Seated from left
Joe Manders
and Trevor Wood.*

The members of the Office Executive are:

◆ **Graham Hamilton** (*CPA, RCA*), *Assistant Auditor-General*

Before being appointed as Assistant Auditor-General in 1990, he gained extensive experience in the management of a wide range of audits while holding the positions of Director of Audit and Chief Director of Audit within the Office. Over recent years, he has maintained a strong focus on performance auditing issues and has overseen its expansion in the Office, as well as taking primary responsibility for implementation of the 1991-1994 Corporate Plan.

◆ **John Kehoe** (*CPA*), *Chief Director of Audit*

Appointed in 1989, he previously held the position of Director of Audit and acquired substantial audit experience in a variety of ministerial portfolios including the Treasury. He is the co-ordinator of a team undertaking peer reviews of the Office's financial audit processes.

◆ **Joe Manders** (*CPA [Auditing], RCA*), *Chief Director of Audit*

Prior to his appointed in 1989, he held the position of Director of Audit with particular responsibility for managing the audit of the Education and several other portfolios. He is responsible for the strategic co-ordination and direction of the Office's financial audit methodology.

◆ **Russell Walker** (*FCPA [Auditing]*), *Chief Director of Audit*

Appointed in 1987, he previously held the position of Director of Audit managing a number of areas including the Transport portfolio. He has a major role in the implementation of Corporate Plan strategic directions. He is a member of the External Reporting Centre of Excellence of the Australian Society of Certified Practising Accountants.

◆ **Trevor Wood** (*FCPA [Auditing], RCA*), *Chief Director of Audit*

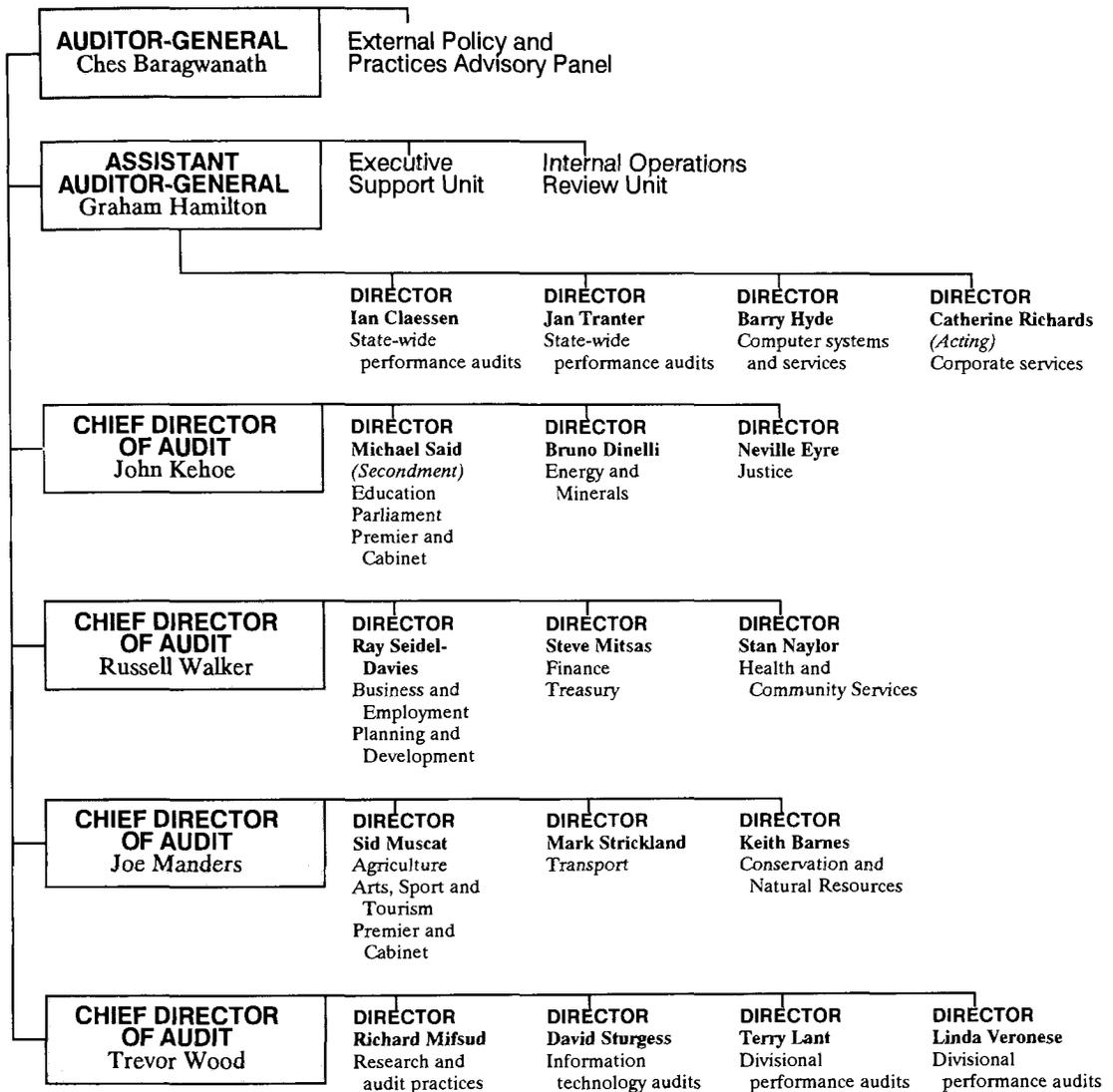
Before being appointed to his current position in 1991, he was Director of Audit in charge of the Health portfolio, including the audits of all public hospitals throughout Victoria. He is the co-ordinator for implementation of the Office Based Structure within the Office and is responsible for managing the implementation of staff agreements and contracts across the Office.

Office structure

The organisation chart on page 41 shows the operating and reporting structure of the Office at 30 June 1993. The Office is divided into 5 operational groups, one of which is under the direction of the Assistant Auditor-General, while the others are managed by Chief Directors of Audit. The groups contain operational audit divisions, performance audit divisions or operational support divisions, each headed by a Director.

Each of the 9 *operational audit divisions* has a diverse range of financial and performance audits which cover activities of departments and public bodies, with the allocation of audits to divisions generally made on the basis of ministerial responsibility. A list of the main audit responsibilities of each division is contained in the organisation chart.

Organisation chart



An *Information Technology Audit Division* is responsible for conducting computer audits in conjunction with operational audit divisions.

The responsibilities of the 4 *performance audit divisions* include the management of major State-wide and divisional performance audits, and the provision of training and technical advice to Office staff on performance audits. Two of the divisions also supply policy advice on performance auditing.

The *Research and Audit Practices Division* is responsible for providing technical advice to the Office Executive and staff on accounting and auditing policy and practice matters. It reviews current and emerging accounting and auditing issues within the public sector and provides comments to professional bodies and central agencies.

A *Computer Systems and Services Division* provides consultative and technical support to the Office on all matters dealing with information technology. It is responsible for implementation of the Office information technology strategic plan which involves both administrative and professional computing systems. The Division monitors technological developments relevant to the Office, provides day-to-day operational support for current computing systems, and develops specialised and generalised computer-based audit tools for audit staff.

The *Corporate Services Division* provides strategic and policy advice on workforce planning, financial management, publishing and marketing initiatives, professional development and information systems. At an operational level, the Division supplies a range of support services including personnel, recruitment, training, accounting and payroll, information management, registry, office accommodation, and stores and transport. The Division is responsible for co-ordinating the preparation of Auditor-General's Reports to Parliament as well as administering the Office's library and reference services.

An *Executive Support Unit* provides policy, research and administrative assistance to members of the Office Executive.

The *Internal Operations Review Unit* performs an internal audit and review function for the Office. The Unit reviews the Office's annual financial statements and provides assurances on their quality, and undertakes operational reviews at the request of the Assistant Auditor-General.

STAFF OF THE OFFICE

New public sector framework

The enactment during 1992-93 of the *Public Sector Management Act 1992* and the *Employee Relations Act 1992* has significantly changed the legislative framework regulating the public sector workforce in Victoria.

The new legislation has enabled public sector employees to be brought under the industrial umbrella operating in the State with the aim of improving the performance of public sector organisations.

Under the new arrangements, the employment of Executive Officers is regulated by contracts of employment, while all other staff are subject to employment agreements which may be either individual or collective. Contracts and agreements were still in the process of being developed at the end of June 1993 and it is anticipated that finalisation will occur by September 1993.

The Auditor-General, as department head, should now have greater powers in all matters relating to the appointment, remuneration, discipline, termination, classification and general employment conditions of staff.

Staffing profile

During 1992-93 the Office's staffing level remained stable. At 30 June 1993, 160 persons were employed (or 157.3 full-time equivalent); 102 of these were males and 58 were females.

Ninety per cent of Office staff hold qualifications, the majority of these being in accountancy, while 19 per cent have non-accounting backgrounds or hold dual qualifications. This profile shows an increase of 4 per cent in staff with non-accounting qualifications compared with last year's figure and is in line with the Office's strategy of broadening the skill mix of staff. These personnel have been employed mainly within the performance audit divisions with the most recent recruits being used to assist in the establishment of a new performance audit division.

The following table summarises the number of permanent staff commencements and separations at the various classification levels for the current and previous financial years.

STAFF COMMENCEMENTS AND SEPARATIONS

Classifications	1991-92		1992-93	
	Commencements	Separations	Commencements	Separations
Audit staff -				
SES	1	-	-	-
Audit Manager	4	4	4	1
Audit Supervisor	1	2	3	2
Audit Senior	-	1	2	3
Auditor	-	-	-	-
Non-audit staff	6	9	1	2
TOTAL	12	16	10	8

Performance audit staffing

During the year, the Office successfully established a new performance audit division, bringing the number of these specialised audit divisions to 4. This was achieved through the redirection of resources gained from productivity improvements in financial auditing and funding released by the non-filling of several staff vacancies.

Because of the specific nature of many of the audit assignments undertaken by these divisions, the skill mix has been expanded to include non-accountants and now includes audit staff with qualifications and skills in social sciences, health services, mathematics and statistics.

Broadening the skills base of these divisions has enabled the Office to confidently demonstrate its expertise in its wide-ranging performance auditing activities. Where necessary, specialist advice is sought from outside experts contracted to assist audit teams with their performance audit reviews.

Resource scheduling

A computerised module is currently being developed as part of the Audit Management Information System to schedule audit tasks and human resources. It provides facilities to develop audit work programs and allocate staff based on skills, experience and availability.

Schedules can be readily rearranged as circumstances dictate and work programs are available to both staff and management. Human resources utilisation on both a divisional and Office-wide basis will be more easily determined in future.

Office Based Structure

In 1991-92, 2 working parties were established to advise the Office Executive on the implementation of the Office Based Structure (OBS). In essence, the OBS is a broadbanded occupational category which amalgamated the Administrative, Clerical and Keyboard classifications into a single 8 level structure.

The working parties successfully completed their tasks during 1992-93 and made a number of recommendations which are currently being implemented. The recommendations sought not only to smoothly integrate the various classifications, but to provide more variety and flexibility in the design of office-based jobs, improve skill levels and increase job opportunities.

Secondments and interchanges

Secondments and interchanges provide avenues for staff to expand their skills and/or acquire new skills through placements inside and outside the Office. The staff secondment and interchange program is aligned to the Office's Corporate Plan which provides for wider opportunities for staff to contribute towards Office achievements.

Secondments were arranged with 3 Victorian public sector bodies, an interstate Audit Office and a parliamentary committee. Those involved in the 1992-93 secondments were:

- ◆ Ian Aufflick (from the Department of the Treasury);
- ◆ George Fazekas (from the Department of Agriculture);
- ◆ Michael Said (from the former State Insurance Office);
- ◆ Jenny Allen (to the Tasmanian Audit Office); and
- ◆ Craig Burke (to the Public Accounts and Estimates Committee).

A series of staff interchanges at middle management level between the Office and 3 chartered accounting firms commenced in March this year. The program follows successful secondments during previous years which concentrated on developing the information technology skills of staff.

The interchanges, which were of 6 months duration, involved the following personnel:

- ◆ Peter Rorke, Senior Audit Manager (to Arthur Andersen);
- ◆ Gary Senn, Audit Manager (to Coopers and Lybrand);
- ◆ Michael Almond, Audit Manager (to Price Waterhouse);
- ◆ Robert Gilbert, Senior Audit Manager (from Arthur Andersen);
- ◆ Ian Roberts, Senior Audit Supervisor (from Coopers and Lybrand); and
- ◆ Peter Thornely, Manager (from Price Waterhouse).

During the year, the Finance Section continued its program of training staff seconded from operational audit divisions. This form of internal secondment provided audit staff with valuable experience in the day-to-day financial operations of a government organisation.

Staff from the Clerical Support Units were also provided with opportunities to broaden their work skills through placement in performance audit divisions and in corporate services areas such as the Library, Editorial Section, Professional Development Unit, Registry and Finance Section.



*Kim Keane (left) and Peter Thornely
(currently on secondment from Price Waterhouse).*

Executive Officers

Permanent Executive Officer numbers in 1992-93 remained static at 19. The following officers were promoted into and within the Executive Officer ranks:

- ◆ Steve Mitsas, promoted to SES-2, Director of Audit; and
- ◆ Raymond Seidel-Davies, promoted to SES-1, Director of Audit.

Details on Executive Officers' remuneration are disclosed in Note 10 of the Financial Statements (see page 81).

Recruitment

Recruitment restrictions continued throughout 1992-93. Administered by the Workforce Management Unit of the Department of the Treasury, the restrictions require that:

- ◆ redeployees be considered for transfer to vacant positions prior to general advertising in the Victorian public service and appointed where they are able to meet selection criteria with reasonable training; and
- ◆ advertising of positions outside the public service be limited to special cases.

As reported last year, the situation was exacerbated by the cancellation of the Office's graduate recruitment scheme in 1991. In the past, new graduates have been the primary source of recruitment. Due to a combination of recent budget cuts and the recruitment restrictions, there is an increasing number of vacancies at the graduate level, which is affecting the ability of the Office to properly resource its workload. In addition, failure to recruit new staff will ultimately impact on the Office's ability to fill vacant senior positions with qualified, experienced staff.

Notwithstanding the restrictions on the Auditor-General externally recruiting staff, the Office is committed to assisting in the placement of redeployees as a means of reducing the public sector workforce. Of the 10 personnel engaged during 1992-93, 7 were initially referred to the Office by the Workforce Management Unit. The following table shows the sources of recruitment during 1992-93.

SOURCE OF RECRUITMENT, 1992-93

<i>Classification</i>	<i>Redeployee Scheme</i>	<i>Other agencies</i>	<i>External</i>
Audit staff -			
Audit Manager	1	1	2
Audit Supervisor	3	-	-
Audit Senior	2	-	-
Non-audit staff	1	-	-
TOTAL	7	1	2

As a result of the pressures of operational targets and resource shortfalls created by separations, 12 temporary personnel were engaged to provide short-term assistance during the peak period from July to September 1992.

Separations throughout the year were restricted to 8 and included one retirement and 2 acceptances of voluntary departure packages.

Key selection criteria

The on-going process of enhancing selection procedures within the Office resulted in a review of the key selection criteria for the majority of audit positions to ensure they satisfactorily reflect the skills demanded of those respective positions. Key selection criteria are an important part of the selection process as they form the basis of evaluating candidates for appointment.

Work experience

This year, the Office participated in the Department of Education's Work Experience Program which encourages employers to provide students in Years 10 to 12 with an introduction to the workforce. During the year, 2 students were engaged in general clerical duties for a period of up to 2 weeks.

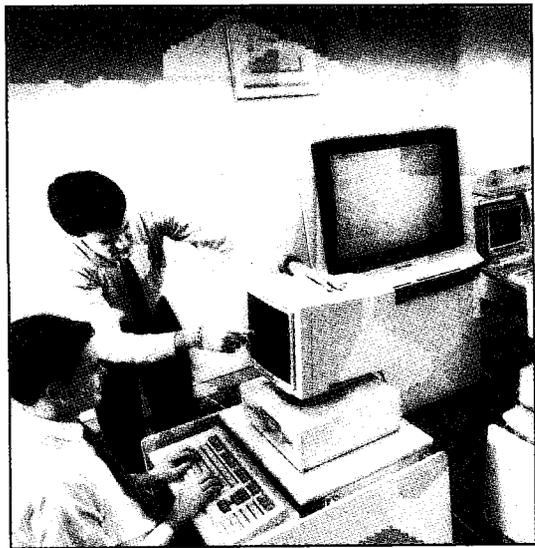
TRAINING AND PROFESSIONAL DEVELOPMENT

Professional development activities

One of the objectives of the Office is to identify and interpret the professional development needs of its staff and implement appropriate programs to meet those needs.

The focus of the Office's professional development has changed over the past year due to the low staff turnover and the restrictions on graduate recruitment. The primary training needs which were identified during 1992-93 related to management training and advanced audit technical skills (as identified by the financial audit peer review). These were met through the use of training courses, learning contracts and team building exercises. In support of the formal training, an on-job training program was instigated to ensure that newly-acquired technical skills were put into practice in the workplace.

Following the introduction of several new computer packages, for example, in-house electronic communications (EMail) and a new module of the Office's Audit Management Information System (AMIS), all staff were given extensive technical training to ensure that the range of computerised facilities available, including computer tools, were used with maximum effectiveness.



Robert Schmidt (Computer Services) training Jeff Reeves on the use of the Office's new Electronic Mail system.

The following table summarises professional development activities undertaken during 1992-93.

TRAINING COURSES ATTENDED, 1992-93

<i>Type and number of courses</i>	<i>Males</i>	<i>Females</i>
Internal courses -		<i>(days of training)</i>
Accounting and auditing (22 courses)	366	197
Management and supervision (13 courses)	310	158
Computer systems (8 courses)	92	52
Interpersonal and training skills (7 courses)	82	25
Career planning (1 course)	2	13
External courses -		
Accounting and auditing (25 courses)	67	30
Management and supervision (5 courses)	2	1
Public sector issues (13 courses)	13	7
Computer systems (7 courses)	23	2
Interpersonal and training skills (4 courses)	-	7
Health and safety (1 course)	3	2
Total	961	495

Over the coming year, high priority will be given to continuing the development of a competency-based training framework which will identify the skills, knowledge and performance criteria for each organisational level. This framework will form the basis for all future training programs.

Time and cost of training

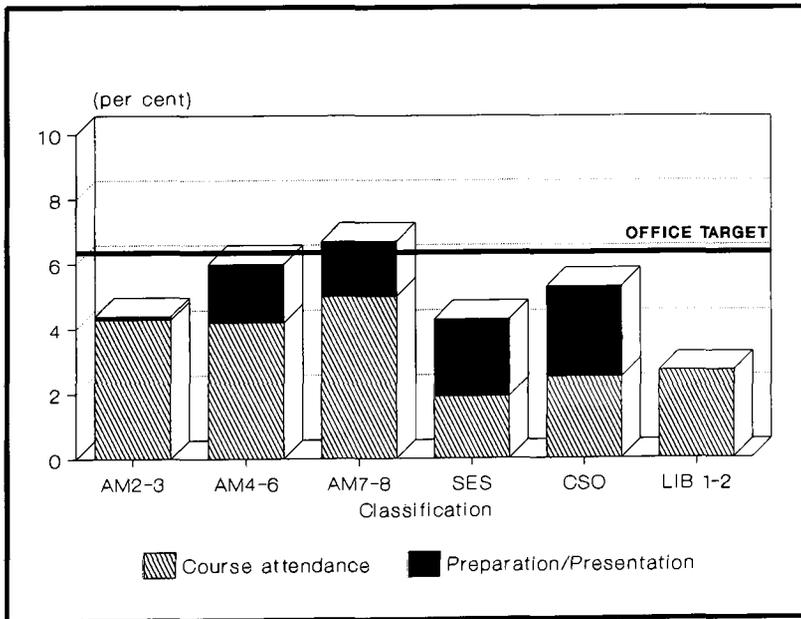
The percentage of the Office's 1992-93 salary expenditure spent on training activities as defined under the Federal Training Guarantee Levy was 8.6 per cent (1991-92, 5.5 per cent). This figure exceeded the Commonwealth Government's requirements of 1.5 per cent. It reflects not only the Office's commitment to professionalism through assisting staff to acquire and develop skills, but also the importance placed on keeping staff abreast of the most recent developments in technology and audit methodologies. The increase from 5.5 to 8.6 per cent is related primarily to the increasing complexity of the audit process which requires advanced technical skills and extensive information technology training on the Office computer network. A summary of the training costs is provided in the following table.

TRAINING COURSES AND PROFESSIONAL DEVELOPMENT DAYS, 1992-93

<i>Item</i>	<i>Number of days</i>	<i>Salary costs</i>	<i>Costs of courses</i>	<i>Total</i>
Course attendance -		(\$)	(\$)	(\$)
Internal	1 297	244 079	646	244 725
External	159	37 902	41 435	79 337
Other costs -				
Consultancies	-	-	6 440	6 440
Preparation and delivery	508	116 448		116 448
Training materials/equipment/venues	-	-	8 006	8 006
Study leave	370	56 380	-	56 380
PD Unit time and staffing costs	405	71 353	-	71 353
TOTAL	2 739	526 162	56 527	582 689

The Office has a target of 6 per cent of each officer's effective time (which is equivalent to 18 days a year) to be spent on professional development activities. This target was introduced during a period of high staff turnover and an extensive graduate recruitment program. Due to changes in government recruitment policy and economic conditions, and the increased retention of experienced staff, this target was not met in 1992-93 and is under review as it may no longer be appropriate. The following chart illustrates the percentage of time spent by the various classifications within the Office on these activities.

**PROFESSIONAL DEVELOPMENT (COURSE ATTENDANCE)
COMPARED WITH OFFICE TARGET, 1992-93**



Course presentation

The Office has continued to use internal staff resources for its technical and specialised training. Their detailed knowledge of public sector auditing enables senior staff to present courses which meet the Office's overall operational objectives and individual staff needs.

Professional accreditation

The Office continued to provide support for accounting staff to attain professional accreditation with the Australian Society of Certified Practising Accountants, leading to CPA status. A total of 37 staff (61, 1991-92) received approval to complete a semester of study. An additional 11 staff were granted leave to study part-time at tertiary institutions. One staff member was granted 6 months full-time study leave to complete a degree in accounting, 2 information technology audit staff continued studies for accreditation with the EDP Audit Association and one staff member completed her professional year to qualify for membership of the Institute of Chartered Accountants.

Senior Management Discussion Group

A series of Senior Management Discussion Group meetings were held throughout the year and provided a forum for senior staff of the Office to exchange ideas and views on contemporary issues in public sector financial management. Guest speakers included Members of Parliament, senior departmental representatives and academics. Topics included debt management, professional liability, and accounting and auditing standards.

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety Committee

The Committee has equal management and staff representation, and focuses on accident prevention in the workplace. It regularly monitors health and safety issues, and aims to increase staff awareness and education on issues associated with health and safety.

Some of the issues addressed by the Committee during the year were:

- ◆ commencement of a staff safety awareness program which included videos on workplace safety;
- ◆ development of an AIDS policy for consideration by management;
- ◆ investigation of accommodation issues resulting from the relocation of certain staff; and
- ◆ the establishment of a staff sick room.

WorkCover

In 1992-93, 6 work-related injuries were recorded. Medical costs of \$75 were incurred by the Office and 38 hours of time were lost.

EMPLOYMENT EQUITY OPPORTUNITY

The Office's Employment Equity Opportunity Committee completed an action plan for 1992 to 1995 to ensure employment equity continues to be a guiding principle of the Office. During the year, the Committee:

- ◆ provided comment on the draft AIDS policy; and
- ◆ appointed 2 sexual harassment officers (no complaints were received).

DECLARATION OF PECUNIARY INTERESTS

All relevant officers completed a declaration of pecuniary interests during 1992-93.

SOCIAL CLUB ACTIVITIES

The Office Social Club was formed in 1984 to foster and organise social and sporting activities for staff. At 30 June 1993, over 80 per cent of Office staff were members of the Social Club.

Throughout the year the Social Club was very active in organising a wide range of social and sporting activities for its members. Social activities included a netball match, car rally, snow trip, Christmas party, harness racing night, the Annual Dinner Dance and regular happy hours.

Sporting activities included the annual cricket match against the Department of the Treasury and a football match against the Australian National Audit Office; the Office was successful in both these events. Another sporting highlight was the success of the Office's Effective Footwork running team. This team was placed first in the Public Administration section and second in the men's Corporate Cup section of both the Autumn and Spring sessions of the competition.

■ INFORMATION TECHNOLOGY ■



Information Technology (IT) is an integral component of most audit and administrative activities in the Office. The Office's IT facilities are used extensively in financial auditing, report writing, report publishing, accounting, library, professional development, human resources and research activities.

Roger Hartley installing upgraded software on to new portable notebook computers.

PROFIT

The Office has completed a new IT strategic plan named PROFIT (Productivity From Information Technology) to cover the period 1992 to 1996. PROFIT is based entirely on the Office's Corporate Plan and is designed to support the 4 strategic directions set for the Office. Its primary objective is to help improve the quality and efficiency of the audit process. PROFIT has 6 targets, namely:

- ◆ foster and further develop the IT culture in the Office;
- ◆ enhance the Audit Management Information System;
- ◆ enhance computer support for financial and performance auditing;
- ◆ provide computer access to more audit reference material;
- ◆ improve communications within the Office; and
- ◆ enhance report preparation and production facilities.

IT OPERATIONAL PLAN

An annual IT operational plan is prepared setting out the tasks to be completed in the next 12 months by working parties consisting of auditors, computer specialists and administrative staff.

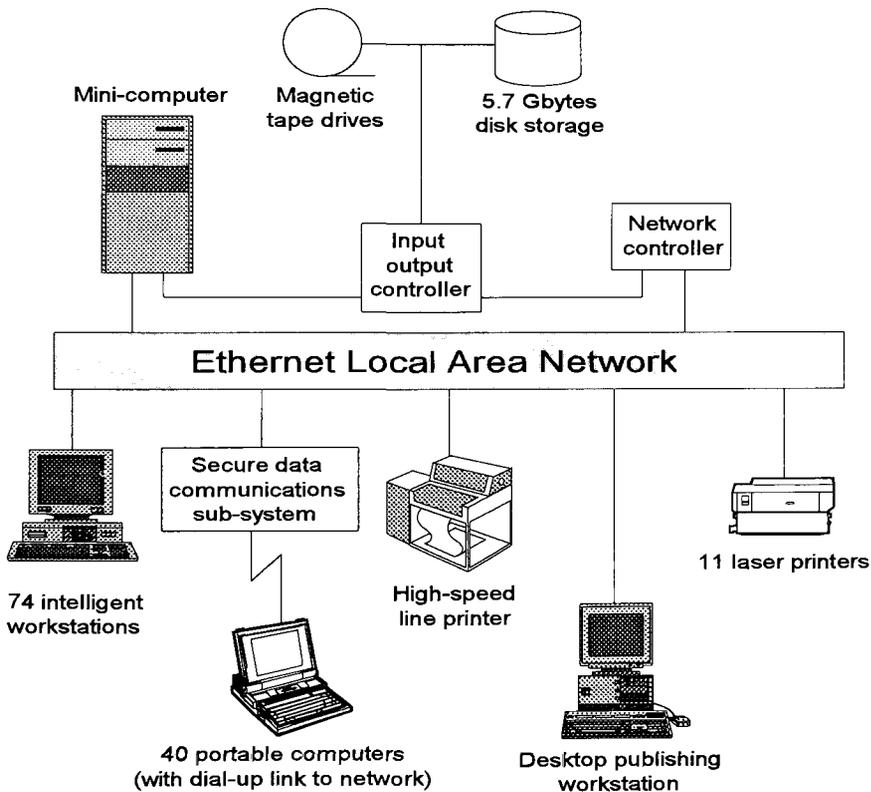
Achievements during the year

In addition to the PROFIT plan, other major achievements during the year included:

- ◆ addition of network scheduling to the EMail software;
- ◆ a complete rewrite of the Audit Management Information System (AMIS) involving over 200 programs;
- ◆ purchase of 11 new portable computers and printers;
- ◆ development of a Windows conversion strategy and implementation of pilot Windows applications;
- ◆ upgrading of many work-stations and portables to support Windows; and
- ◆ installation and commissioning of a back-up chilled water supply for the Office's computer room.

These activities improved communication within the Office, provided increased support for the management of financial and performance audits, provided auditors with more computers in the field and increased the reliability of the computer network.

The following chart illustrates the configuration of the Office's computer network which operates various software applications relating to financial management, human resources, analysis of auditee data and information management.



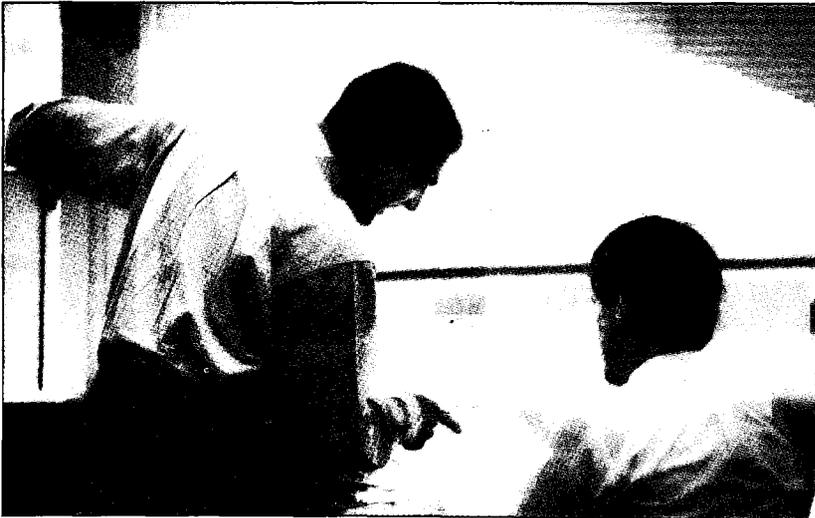
Challenges for 1993-94

Over the next 12 months, the major tasks to be completed are:

- ◆ implementation of a resource scheduling module for AMIS to improve the allocation of staff to audit tasks;
- ◆ development of a Strategic Information System to summarise much of the operational information in graphic form;
- ◆ conversion of most of the network software to the Windows graphical user interface; and
- ◆ development of more consistent and effective means of providing audit reference material for research activities.

In mid-1993, the Government decided not to fund the Office's PROFIT information technology plan over the next 3 years. Implementation of the plan, which was supported by the Departments of Finance and the Treasury, will now be delayed.

The Office is placed in the position of having to devise a new strategy based on the care and maintenance of existing facilities until adequate funding is provided. However, because of the heavy dependence on the use of IT facilities in all aspects of the audit process, the non-replacement of much of the ageing, overloaded IT infrastructure is already adversely affecting the efficiency of the audit process. In addition, the Office will be forced to delay the implementation of upgrades to its risk-based audit methodology with a consequent erosion of many of the productivity gains achieved over the past 5 years.



Reports developed on the computer network are an integral part of the Office's operations.

FINANCIAL MANAGEMENT

FINANCIAL HIGHLIGHTS

Decrease in net cost of operating the Office

The Office prides itself on the productivity gains achieved through improved resource management. The cost to the Victorian taxpayer of operating the Office in real terms is lower in 1992-93 than in 1984-85, notwithstanding the substantial increase in financial audit responsibilities (44 per cent) and the expanded performance audit mandate since that year. During this period staff numbers have remained substantially the same.

Following the release of the *1992 Annual Report*, a Member of Parliament wrote to the Auditor-General congratulating the Office on its Report, particularly the reduction in operating costs of the Office. His comments included:

"I find that the 1992 Report continues the fine presentation developed by you over recent years ... Even more commendable is your achievement in reducing your department's operating costs ... This fine example must impress other departments demonstrating a less favourable performance."

The following table contains information extracted from the accrual financial statements. The increase in actual expenditure is the result of the assumption of superannuation liabilities from the transfer of staff from other government departments.

OPERATING COSTS, NET OUTLAYS (\$'000)

Item	1989-90	1990-91	1991-92	1992-93	(a)1993-94
Expenditure	12 761	16 228	14 915	16 919	16 415
Less: Income	7 347	9 164	9 262	11 552	13 275
Net outlays -					
Actual	5 414	7 064	5 653	5 367	3 140
Real terms (b)	5 414	(c)6 831	5 400	5 033	2 892

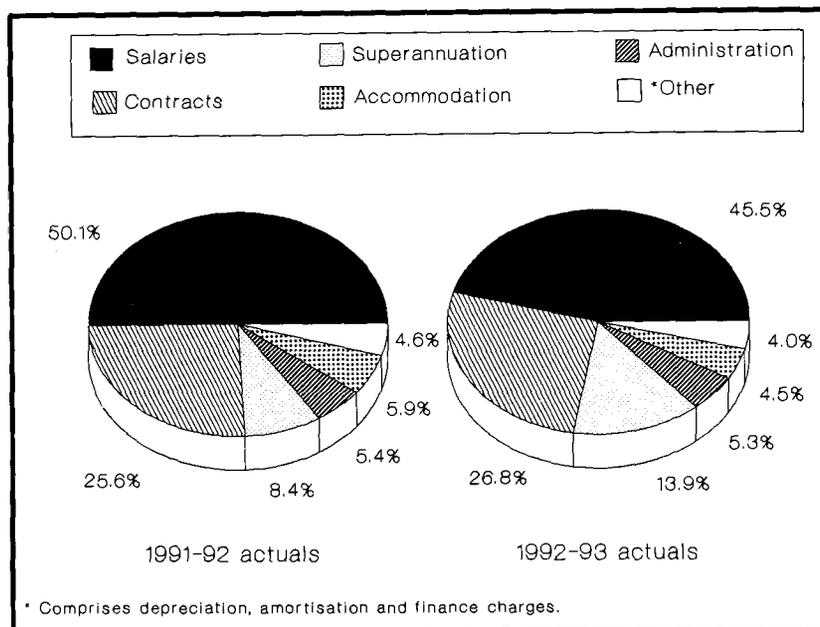
(a) Projected.

(b) Adjusted to 1989-90 constant prices.

(c) Superannuation liability initially recognised.

As depicted in the following charts, the share of superannuation expense as a proportion of total operating costs increased from 8.4 per cent in 1991-92 to 13.9 per cent in 1992-93.

**OPERATING COSTS BY TYPE OF EXPENDITURE,
1991-92 and 1992-93**



The following table shows operating costs by sub-program over the past 4 years, with a projection for 1993-94.

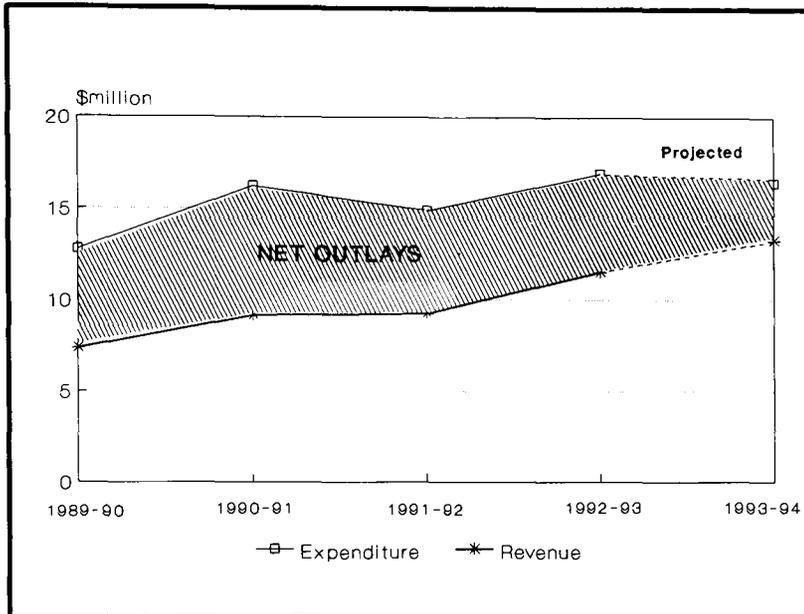
**OPERATING COST BY SUB-PROGRAM
(\$'000)**

Item	1989-90	1990-91	1991-92	1992-93	(a)1993-94
Audit operations	10 750	13 571	12 413	14 559	14 204
Support services	2 011	2 657	2 502	2 361	2 211
Total	12 761	16 228	14 915	16 919	16 415

(a) Projected.

The following chart illustrates a comparison of actual revenue and expenditure over the past 4 years and a projection for the next financial year, when it is anticipated that the Office will have a net outlay of \$3.1 million.

NET OUTLAYS



FINANCIAL MANAGEMENT SYSTEMS

The Office's financial recording and reporting systems are maintained on a computer network and senior management is provided regularly with financial reports on budgets, commitments and year-to-date expenditure.

Consistent with its efforts to provide a more comprehensive framework for resource management and increased accountability over the expenditure of public moneys, the Office completed the implementation of a new corporate financial management system. This system provides a fully integrated accrual/cash/commitment accounting system encompassing both the external and internal financial requirements of the Office and provides meaningful and timely information to assist the Office Executive in the decision-making process.

Over the next 12 months, the payroll system will be fully integrated with the new human resource system. Also, the Office is in the process of making arrangements to meet the Department of Finance's objective of Electronic Data Input to promote efficient updating of the Public Ledger. Commencing in 1993-94, the electronic submission of Public Ledger transactions to the Department of Finance will enable the Office to share the benefits of efficiency gains from this process.

A post-implementation review of the effectiveness of the new corporate financial management system is proposed for 1993-94.

OFFICE FUNDING

The Office is funded by parliamentary appropriations, and all operational and administrative costs are paid from those appropriations.

Under the *Annual Reporting Act* 1983 and other enabling legislation, public bodies (non-budget sector) are required to pay to the Consolidated Fund amounts to defray the costs and expenses of their audits. Government policy is to expand charging for inter-departmental expenses in 1993-94. This will result in the Office being able to charge fees to all auditees. Proposed changes to the Appropriation Act would empower the Office to recover the costs of audits of departments from 1 July 1993 onwards.

REPORTING OF FINANCIAL STATEMENTS

The Annual Reporting Regulations require the Office to prepare traditional budget sector financial statements which account for the Office's parliamentary appropriations on a cash basis, compared with the accrual basis of accounting used in the business sector and by government authorities.

Since 1987, the Office has voluntarily prepared accrual financial statements to provide readers with more meaningful information concerning its operations. These statements provide increased accountability for the management of public moneys by recognising total revenue earned, total costs incurred, asset balances, outstanding liabilities and equity of the State in the Office.



Members of the Finance Section preparing the Office's financial statements.

EXPLANATIONS OF ITEMS IN FINANCIAL STATEMENTS

Major variations

The cash based financial statements of the Office, prepared in accordance with the requirements of the *Annual Reporting Act 1983*, appear on pages 61 to 71. There were significant variations in some items within the financial statements between 1992-93 and the previous year. Explanations are given below. Number references are to the corresponding items in the financial statements on page 63 of this Report.

(A) Recurrent expenditure

(1) Fees and charges

Receipts from fees and charges were 11 per cent higher than in 1991-92. The increase was mainly attributed to the Office's 3 year plan to move to full cost recovery of all direct and indirect costs in line with Government policy.

(2) Administrative expenses

The 32 per cent increase can be attributed to the updating and replacement of computer hardware, an overhaul of the security system and maintenance/refurbishing of the Office's accommodation.

(B) Works and Services expenditure

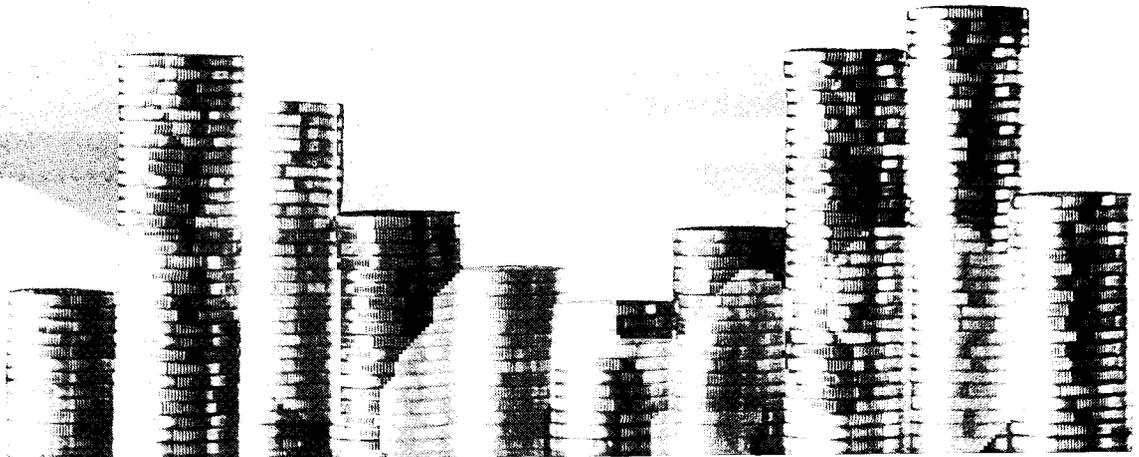
(3) EDP facilities and relocation expenses

The decrease of 15 per cent in the Works and Services item for the year was due to reductions in fit-out and relocation expenditure, together with a reduction in finance lease repayments.



Financial Statements

for the year ended
30 June 1993



VICTORIAN AUDITOR-GENERAL'S OFFICE

SUMMARY OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 30 JUNE 1993

<i>Item</i>			<i>1992-93</i>	<i>1991-92</i>
			\$	\$
RECEIPTS - CONSOLIDATED FUND				
Program 609 - Victorian Auditor-General's Office			9 981 955	8 994 444
Total all receipts			9 981 955	8 994 444
PAYMENTS - APPROPRIATIONS CONSOLIDATED FUND				
	<i>Special</i>	<i>Annual</i>		
	<i>1992-93</i>	<i>1992-93</i>		
	\$	\$		
Program 609 - Victorian Auditor-General's Office	114 804	14 291 208	14 406 012	13 683 153
PAYMENTS - TRUST FUND				
Program 609 - Victorian Auditor-General's Office			-	-
Total all payments			14 406 012	13 683 153

VICTORIAN AUDITOR-GENERAL'S OFFICE

PUBLIC ACCOUNT PROGRAM RECEIPTS AND PAYMENTS FOR YEAR ENDED 30 JUNE 1993

Ref.	*Item	Notes	Budget 1992-93	Actual 1992-93	Actual 1991-92
VICTORIAN AUDITOR-GENERAL'S OFFICE (PROGRAM 609)					
			\$	\$	\$
RECEIPTS - CONSOLIDATED FUND					
1.	Fees and charges			9 981 026	8 988 453
	Minor receipts	B		929	5 991
	Total gross program receipts			9 981 955	8 994 444
PAYMENTS - CONSOLIDATED FUND					
Special appropriation					
	Salaries and allowances	C	117 000	114 804	114 208
Annual appropriations					
2.	Operating expenses				
	Administrative expenses	D	1 086 000	1 085 998	821 781
Other recurrent services					
	Salaries and associated costs and contract payments	E	12 173 000	11 937 917	11 321 001
Accommodation					
	Rent, rates and other charges		797 000	759 264	829 259
	Total recurrent expenditure		14 056 000	13 783 179	12 972 041
3.	Works and Services expenditure				
	EDP facilities and relocation expenses		633 000	508 029	596 904
	Total gross Consolidated Fund		14 806 000	14 406 012	13 683 153
PAYMENTS - TRUST FUND					
	Total Trust Fund		-	-	-
	Total gross program payments			14 406 012	13 683 153

* Refer to the Explanatory Statement on page 59.

VICTORIAN AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS

NOTE A. SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial statements of the Victorian Auditor-General's 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 departments such as the payments by the Department of Finance for superannuation. However, these costs are identified in the supplementary accrual financial statements on pages 73 to 83.
- (d) A reference in the financial statements to a "Budget" figure means:
- (i) in the case of recurrent expenditure and Works and Services expenditure the estimates in an annual Appropriation Act for that year; and
 - (ii) in the case of special appropriations, the estimates specified in the Victorian Budget document entitled *Program Budget Outlays* published in respect of that financial year.
- (e) 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.
- (f) 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.

NOTE B. RECEIPTS

Minor receipts consist of the following amounts:

<i>Item</i>	<i>1992-93</i>	<i>1991-92</i>
	\$	\$
Appropriation of former years	-	1 408
Commission on -		
Group assurance deductions	510	546
Hospital and medical deductions	284	254
Union subscriptions	135	87
Interest	-	2 818
Small amounts paid in	-	878
Total	929	5 991

NOTE C. SPECIAL APPROPRIATION

The Auditor-General's salary is paid from a special appropriation by Parliament in accordance with section 4 (3) of the *Audit Act* 1958.

NOTE D. RECURRENT EXPENDITURE

Administrative expenses

Administrative expenses consist of the following amounts:

<i>Item</i>	<i>1992-93</i>	<i>1991-92</i>
	\$	\$
Travelling and subsistence	41 808	27 273
Office requisites and equipment, printing and stationery	615 265	443 842
Books and publications	27 734	19 308
Postal and telephone expenses	70 152	65 217
Motor vehicles - purchase and running expenses	75 589	100 010
Incidental expenses	235 806	148 755
EDP processing expenses, consultants and special projects	19 644	17 376
Total	1 085 998	821 781

NOTE E.

Salaries and associated costs, and contract payments

Salaries and associated costs, and contract payments consist of the following amounts:

<i>Item</i>	<i>1992-93</i>	<i>1991-92</i>
	\$	\$
Salaries and allowances	6 778 083	6 534 034
Overtime and penalty rates	3 662	4 728
Long service leave paid	17 895	9 851
Payroll tax	481 829	466 018
WorkCover	41 343	45 881
Employees' superannuation contribution in respect of officers seconded to the Office	16 318	16 828
Contract audit payments	4 598 787	4 243 661
Total	11 937 917	11 321 001

VICTORIAN AUDITOR-GENERAL'S OFFICE

APPENDIX A

SUPPLEMENTARY INFORMATION AND STATEMENT OF BALANCES AS AT 30 JUNE 1993

SUPPLEMENTARY INFORMATION

Payments from appropriation of other departments at 30 June 1993

Nil.

Resources received and provided free of charge at 30 June 1993

Nil.

STATEMENT OF BALANCES

Cash and investment balances

An advance from the Public Account of \$10 000 (30 June 1992, \$10 000) was approved by the Treasurer for carryover to the 1993-94 financial year. At 30 June 1993, the Office Advance Account, being an account outside the Public Account, had a balance of \$8 888 (30 June 1992, \$8 809).

Debtors

At 30 June, the following amounts were outstanding:

<i>Item</i>	<i>At 30 June -</i>	
	<i>1993</i>	<i>1992</i>
	\$	\$
Outstanding audit fees	1 844 639	1 622 981
Number of bad debts written-off during the financial year	Nil	Nil
Aggregate amount of bad debts written-off during the financial year	Nil	Nil
Allowance for doubtful debts	Nil	Nil

General stores on hand

At 30 June, the Office had the following stores on hand which were valued at cost:

<i>Item</i>	<i>At 30 June -</i>	
	<i>1993</i>	<i>1992</i>
	\$	\$
Office requisites, stationery etc.	19 582	13 015

Creditors

At 30 June, the following amounts were outstanding:

<i>Item</i>	<i>At 30 June -</i>	
	<i>1993</i>	<i>1992</i>
	\$	\$
Agents fees	112 192	178 127
General expenses	142 002	156 839
Total	254 194	334 966

Employee entitlements

At 30 June, the following employee entitlements were outstanding:

<i>Item</i>	<i>At 30 June -</i>	
	<i>1993</i>	<i>1992</i>
	\$	\$
Annual leave	401 762	477 665
Long service leave (a)	1 599 224	1 307 354
Total	2 000 986	1 785 019

(a) Long service leave is based on the liability for employees with 10 or more years service together with a proportion of the liability accruing for those employees with 5 but less than 10 years service.

Capital commitments

At 30 June 1993, nil (30 June 1992, nil).

Leasing commitments

As at 30 June 1993, the Office had entered into lease commitments which are summarised as follows:

<i>Leases</i>	<i>Operating lease</i>	<i>Finance lease</i>
	\$	\$
Not later than 1 year	629 507	240 479
Later than 1 year but less than 2 years	620 978	221 678
Later than 2 years but less than 5 years	1 848 020	17 786
Later than 5 years	3 044 195	-
Total	6 142 700	479 943

The above leases relate to 2 photocopiers, for equipment provided under the State Computer Lease Facility and the leasing costs of the Office's accommodation.

Balance outstanding on loans

At 30 June 1993, nil (30 June 1992, nil).

Engagement of consultants

As at 30 June 1993, the cost of consultants engaged by the Office to provide training for professional development purposes was \$6 440 (30 June 1992, \$6 358).

CERTIFICATION

**STATEMENT BY THE PRINCIPAL ACCOUNTING OFFICER
AND THE DEPARTMENT HEAD**

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

In our opinion the information set out in the above financial statements presents fairly the receipts of and payments made by, on behalf of or falling within the policy responsibility of the Office for the year ended 30 June 1993 and of the Supplementary Information and Statement of Balances as at 30 June 1993.



H. SOONG
Principal Accounting Officer

31/8/1993



K.G. HAMILTON
Deputy Department Head

31/8/1993

REPORT OF THE APPROVED AGENT OF THE AUDITOR-GENERAL

Audit scope

We have audited the financial statements of the Victorian Auditor-General's Office for the financial year ended 30 June 1993, consisting of the summary of receipts and payments and accompanying notes. The Victorian Auditor-General's Office is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Auditor-General.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the *Annual Reporting Act* 1983 so as to present a view which is consistent with our understanding of the results of the Office's operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial statements have been properly drawn up in accordance with the *Annual Reporting Act* 1983, and present fairly the financial transactions of the Victorian Auditor-General's Office during the year ended 30 June 1993.



D. N. BARTLEY
KPMG Peat Marwick
Approved Agent of the Auditor-General
1 / 9 / 1993

AUDITOR-GENERAL'S REPORT

Audit scope

The accompanying financial statements of the Victorian Auditor-General's Office for the year ended 30 June 1993, comprising a summary of receipts and payments, program receipts and payments relating to that Office, and appendices and notes to the financial statements, have been audited. The Victorian Auditor-General's Office is responsible for the preparation and presentation of the financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on the statements as required by the *Annual Reporting Act 1983*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance the *Annual Reporting Act 1983* and comply with the requirements of that Act.

The audit opinion expressed on the financial statements has been formed on the above basis.

The report relating to the annual operations of the Office and any reference thereto in the financial statements are not subject to my audit.

Audit opinion

In my opinion, the financial statements present fairly the financial transactions of the Victorian Auditor-General's Office for the year ended 30 June 1993 in accordance with the *Annual Reporting Act 1983* and comply with the requirements of that Act.

MELBOURNE
1 / 9 / 1993


C.A. BARAGWANATH
Auditor-General



Supplementary Accrual Financial Statements

for the year ended
30 June 1993



VICTORIAN AUDITOR-GENERAL'S OFFICE

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 1993

<i>Item</i>	<i>Notes</i>	<i>1992-93</i>	<i>1991-92</i>
		\$	\$
INCOME			
Audit fees	1	11 442 019	9 132 635
Gross proceeds from sale of fixed assets		97 760	123 869
Other income		11 862	5 991
Total income		11 551 641	9 262 495
EXPENDITURE			
Audit operations -			
Salaries, allowances and operating expenses	2	10 025 761	8 597 228
Contract auditing		4 532 852	3 815 759
Support services -			
Salaries, allowances and operating expenses	2	2 312 392	2 395 223
Finance charges		48 168	106 375
Total expenditure		16 919 173	14 914 585
NET COST OF OPERATING THE OFFICE	8	5 367 532	5 652 090

VICTORIAN AUDITOR-GENERAL'S OFFICE

BALANCE SHEET AS AT 30 JUNE 1993

Item	Notes	1992-93	1991-92
		\$	\$
ASSETS			
Current asset -			
Cash at bank and in hand		9 188	9 109
Debtors and audits in-progress	3	4 302 974	2 830 953
Prepayments		136 489	84 868
		4 448 651	2 924 930
Non-current assets -			
Fixed assets	4	1 485 683	1 483 623
Leased assets	5	411 234	771 528
		1 896 917	2 255 151
Total assets		6 345 568	5 180 081
LIABILITIES			
Current liabilities -			
Creditors and accruals		254 194	334 966
Provision for employee entitlements	6	528 428	578 454
Finance lease liability	7	221 198	396 554
Departmental advance		10 000	10 000
Provision for employee superannuation	I(c)(iv)	522 000	511 000
		1 535 820	1 830 974
Non-current liabilities -			
Provision for employee entitlements	6	1 519 263	1 241 986
Provision for employee superannuation	I(c)(iv)	20 448 000	18 689 000
Finance lease liability	7	231 241	448 981
		22 198 504	20 379 967
Total liabilities		23 734 324	22 210 941
Accumulated deficiency	8	(17 388 756)	(17 030 860)
TOTAL LIABILITIES AND ACCUMULATED DEFICIENCY		6 345 568	5 180 081

VICTORIAN AUDITOR-GENERAL'S OFFICE

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 1993

<i>Item</i>	<i>Note</i>	<i>1992-93</i>	<i>1991-92</i>
		\$	\$
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOW FROM OPERATING ACTIVITIES			
Payments -			
Salaries and associated costs		(7 453 934)	(7 191 548)
Administrative expenses		(876 296)	(628 631)
Accommodation		(759 264)	(829 259)
Contract auditing		(4 598 787)	(4 243 661)
Finance charges		(48 168)	(106 375)
Receipts -			
Fees and charges		9 981 026	8 988 453
Other		929	5 991
Net cash used in operating activities	<i>9</i>	(3 754 494)	(4 005 030)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of furniture and equipment		(276 467)	(323 405)
Finance lease payments		(393 096)	(360 274)
Net cash used in investing activities		(669 563)	(683 679)
CASH FLOWS FROM GOVERNMENT			
Receipts from appropriations		14 406 012	13 683 153
Payments of revenue collections to Consolidated Fund		(9 981 955)	(8 994 444)
Increase in Advance Account and payment of outstanding appropriation		890	1 612
Payments not reimbursed		(811)	(3 257)
Net cash from government		4 424 136	4 687 064
Net increase (decrease) in cash held		79	(1 645)
Cash at 1 July 1992		9 109	10 754
Cash at 30 June 1993		9 188	9 109

VICTORIAN AUDITOR-GENERAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 1993

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial statements have been prepared in accordance with Australian Accounting Standards. The statements have been prepared on the accrual basis of accounting using historical cost accounting and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies for the year are consistent with those of the previous reporting year.
- (b) *Non-current assets*
- Fixed assets* - are defined as those items of equipment, motor vehicles and furniture having a unit cost of \$500 or more which are not consumed in one accounting period. Library books are valued as a collective unit. Fixed assets on hand prior 1 July 1986 are recorded in the accounts at valuation. All subsequent purchases are recorded at cost.
- Depreciation* - Fixed assets, excluding motor vehicles, are depreciated on a straight line basis over their estimated useful lives. In respect of motor vehicles, trade-in disposal prices compare favourably with acquisition costs (excluding sales tax), and no depreciation is charged on motor vehicles and the profit or loss adjustment is brought to account on disposal of the vehicles.
- Amortisation* - Amortisation of leased assets is calculated on a straight line basis over either the lesser of the estimated useful life of the leased asset or the lease period.
- (c) *Employee entitlements*
- (i) *Provision for long service leave*
Long service leave is based on the liability for employees with 10 or more years service together with a proportion of the liability accruing for those employees with 5 but less than 10 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".
- (ii) *Annual leave*
The Office's accrued liability for annual leave not taken by staff at 30 June 1993 is classified as a current liability.
- (iii) *Accrued days off*
The Office's obligation in respect of accrued days off not yet taken by staff at 30 June 1993 is classified as a current liability.
- (iv) *Superannuation*
While employees contribute directly to the State Superannuation Fund, the Office's obligations to the Fund are not met by the Government until the time when members become eligible for benefits. It is the opinion of management that superannuation is an operating expense of the Office and should be recognised as such. Government obligations to the Fund are recognised, by this Office, as part of accumulated funds.
A full actuarial review was completed this financial year. Any changes in the present value of the unfunded future benefits is reflected in the deficit for the year. The actuary's estimate of the amount to be paid from the Fund in the next financial year is included in current liabilities.
The future contributions to be made by the Government are only brought to account when the Government pays its contribution to the State Superannuation Fund.
- (d) *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.

(e) *Revenue recognition*

In line with government policy, the introduction of charging for inter-departmental services and changes to the Appropriation Act empower the Office to recover the costs of the financial audits of the departments in the budget sector. Accordingly, for the first time in 1992-93, the revenue of the Office included \$592 951 related to audits-in-progress for such entities.

NOTE 2. OPERATING EXPENSES

<i>Item</i>	<i>1992-93</i>	<i>1991-92</i>
	\$	\$
Audit operations -		
Salaries and allowances	6 311 818	5 853 090
Superannuation expense	1 916 604	991 689
Administration expenses	1 284 383	1 302 661
Depreciation	218 956	163 442
Amortisation	294 000	286 346
Total audit operations	10 025 761	8 597 228
Support services -		
Salaries and allowances	1 393 787	1 613 736
Superannuation expense	432 176	279 707
Administration expenses	362 262	367 417
Depreciation	49 373	46 099
Amortisation	66 294	80 764
Audit fees	8 500	7 500
Total support services	2 312 392	2 395 223

NOTE 3. DEBTORS AND AUDITS IN PROGRESS

<i>Item</i>	<i>30 June 1993</i>	<i>30 June 1992</i>
	\$	\$
Debtors	1 844 639	1 622 981
Audits-in-progress	2 457 350	1 207 082
Public Account	-	890
Others	985	-
	4 302 974	2 830 953

No doubtful debts are provided as each public body is required by the *Annual Reporting Act 1983* or specific enabling legislation to pay an amount, as determined by the Auditor-General, to the Consolidated Fund to defray the cost of the audit.

NOTE 4. FIXED ASSETS

Description	At cost/ valuation 30.6.93	Depreciation for 1992-93	Accumulated depreciation 30.6.93	Written-down value	
				Closing	Opening
	\$	\$	\$	\$	\$
Furniture and fittings	1 121 534	(115 087)	282 887	838 647	873 050
Motor vehicles	292 922	-	-	292 922	283 894
EDP equipment	702 800	(136 845)	393 555	309 245	269 352
Library	70 833	(7 083)	38 505	32 328	39 411
Office equipment	61 868	(9 314)	49 327	12 541	17 916
Total	2 249 957	(268 329)	764 274	1 485 683	1 483 623

NOTE 5. LEASED ASSETS

At cost Item	Amortisation 30.6.93	amortisation 1992-93	Accumulated Net value 30.6.93	Net value 30.6.93	30.6.92
	\$	\$	\$	\$	\$
Equipment leased under State Computer Lease Facility	1 860 734	360 294	1 449 500	411 234	771 528

NOTE 6. PROVISION FOR EMPLOYEE ENTITLEMENTS

Entitlement	Current liabilities	Non-current liabilities	Total	
			1992-93	1991-92
	\$	\$	\$	\$
Long service leave	79 961	1 519 263	1 599 224	1 307 354
Annual leave	401 762	-	401 762	477 665
Accrued days off	46 705	-	46 705	35 421
Total	528 428	1 519 263	2 047 691	1 820 440

NOTE 7. FINANCE LEASE LIABILITY

<i>Lease</i>	<i>1992-93</i>	<i>1991-92</i>
	\$	\$
Lease payments due -		
Not later than 1 year	240 479	449 050
Later than 1 year and not later than 2 years	221 678	245 652
Later than 2 years and not later than 5 years	17 786	242 834
Minimum lease payments	479 943	937 536
Deduct: Future finance charges	27 504	92 001
	452 439	845 535
Shown in Balance Sheet under -		
Current liabilities	221 198	396 554
Non-current liabilities	231 241	448 981
Balance at 30 June	452 439	845 535

NOTE 8. ACCUMULATED FUNDS

<i>Item</i>	<i>Note</i>	<i>1992-93</i>	<i>1991-92</i>
		\$	\$
Balance 1 July (deficiency)		(17 030 860)	(16 633 504)
Net operating deficit for the year		(5 367 532)	(5 652 090)
		(22 398 392)	(22 285 594)
Net amount contributed by government -			
Funds appropriated from Consolidated Fund		14 406 012	13 683 153
Expenditure by other agencies		6 799	5 187
Superannuation contribution	<i>I(c)(iv)</i>	578 780	570 396
		14 991 591	14 258 736
<i>Less:</i>			
Amounts paid to Consolidated Fund		9 981 955	8 994 444
Prior year adjustment		-	9 558
		5 009 636	5 254 734
Balance 30 June (deficiency)		(17 388 756)	(17 030 860)

NOTE 9. CASH FLOW STATEMENT

(a) Reconciliation of net cash used in operating activities to net cost of services

For the purposes of the statement of cash flows, "cash" includes cash on hand and deposit accounts.

<i>Item</i>	<i>1992-93</i>	<i>1991-92</i>
	\$	\$
Net cost of services	(5 367 532)	(5 652 090)
Depreciation	268 329	209 541
Amortisation	360 294	367 110
Employee entitlements	227 251	232 198
Increase in current assets	(1 523 721)	(85 849)
Decrease in current liabilities	(80 772)	(370 428)
Loss on sale of motor vehicles	12 877	22 202
Expenditure - other agencies	-	890
Superannuation	2 348 780	1 271 396
Net cash used in operating activities	(3 754 494)	(4 005 030)

(b) Non-cash financing activities

(i) *Expenditure on behalf of the Office*

Expenditure by other agencies on behalf of the Office amounted to \$6 799 (30 June 1992, \$5 187). This expenditure related to furniture and fittings acquired by the Department of Premier and Cabinet on behalf of the Office.

NOTE 10. EXECUTIVES' REMUNERATION

The number of Executive Officers in relevant income bands are as follows:

<i>Income band</i>	<i>1992-93</i>	<i>1991-92</i>
\$60 000 to \$69 999	14	14
\$70 000 to \$79 999	4	4
\$80 000 to \$89 999	1	1
\$110 000 to \$119 999	1	1
Total number of executives	20	20

CERTIFICATION OF SUPPLEMENTARY ACCRUAL FINANCIAL STATEMENTS

We, the undersigned, hereby certify that:

- ◆ in our opinion the supplementary accrual financial statements of the Victoria Auditor-General's Office present fairly the financial operations during 1992-93 and the financial position of the Office as at 30 June 1993;
- ◆ 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
- ◆ the statements have been prepared in accordance with Australian Accounting Standards.



H. SOONG

Principal Accounting Officer

MELBOURNE
31/ 8/1993



K.G. HAMILTON
Deputy Department Head

REPORT OF THE APPROVED AGENT OF THE AUDITOR-GENERAL

Audit scope

We have audited the supplementary accrual financial statements of the Victorian Auditor-General's Office for the financial year ended 30 June 1993, consisting of the statement of operations, balance sheet, statement of cash flows and accompanying notes. The Victorian Auditor-General's Office is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Auditor-General.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Office's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the supplementary accrual financial statements of the Victorian Auditor-General's Office are properly drawn up so as to give a true and fair view of the state of affairs of the Office at 30 June 1993 and the results and cash flows of the Office for the financial year ended on that date and in accordance with Australian Accounting Standards.



D. N. BARTLEY
KPMG Peat Marwick
Approved Agent of the Auditor-General
1/9/1993

APPENDIX 1

OFFICE PUBLICATIONS

PUBLICATIONS ISSUED OVER THE PAST 4 YEARS

1989-90

- Report of the Auditor-General on the Treasurer's Statement for the year ended 30 June 1989. (This Report accompanied Finance, 1988-89, 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 1989.*
- Report on Ministerial Portfolios, May 1990.*
- Special Report No. 12 - Alfred Hospital, May 1990.*
- Special Report No. 13 - State Bank Group - Impact on the financial position of the State, May 1990.*

1990-91

- Report of the Auditor-General on the Treasurer's Statement for the year ended 30 June 1990. (This Report accompanied Finance, 1989-90, 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 1990.*
- Special Report No. 14 - Accommodation Management, October 1990.*
- Special Report No. 15 - Met Ticket, November 1990.*
- Report on Ministerial Portfolios, April 1991.*

1991-92

- Report of the Auditor-General on the Finance Statement for the year ended 30 June 1991. (This Report accompanied the 1990-91 Finance Statement.)*
- Annual Report of the Operations and Audited Financial Statements of the Office of the Auditor-General for the year ended 30 June 1991.*
- Special Report No. 16 - Fire Protection, April 1992.*
- Special Report No. 17 - Integrated Education for Children with Disabilities, May 1992.*
- Report on Ministerial Portfolios, May 1992.*
- Special Report No. 18 - Bayside Development, May 1992.*

1992-93

- Report of the Auditor-General on the Finance Statement for the year ended 30 June 1992. (This Report accompanied the 1991-92 Finance Statement.)*
- Annual Report of the Operations and Audited Financial Statements of the Victorian Auditor-General's Office for the year ended 30 June 1992.*
- Special Report No. 19 - Salinity, March 1993*
- Special Report No. 20 - National Tennis Centre Trust and Zoological Board of Victoria, April 1993*
- Special Report No. 21 - Visiting Medical Officer Arrangements, April 1993*
- Report on Ministerial Portfolios, May 1993*
- Special Report No. 22 - Timber Industry Strategy, May 1993*
- Special Report No. 23 - Information Technology in the Public Sector, May 1993*
- Special Report No. 24 - Open Cut Production in the Latrobe Valley, May 1993*

SPECIAL REPORTS ISSUED BY THE OFFICE

<i>Report no.</i>	<i>Title</i>	<i>Date issued</i>
1	<i>Works Contracts Overview - First Report</i>	June 1982
2	<i>Works Contracts Overview - Second Report</i>	June 1983
3	<i>Government Stores Operations and Departmental Cash Management</i>	October 1984
4	<i>Court Closures in Victoria</i>	November 1986
5	<i>Provision of Housing to Government Employees and Post-Project Appraisal Procedures within the Public Works Department</i>	December 1986
6	<i>Internal Audit in the Victorian Public Sector</i>	December 1986
7	<i>Motor Vehicles</i>	April 1987
8	<i>Foreign Exchange</i>	November 1987
9	<i>Land Utilisation</i>	November 1987
10	<i>Utilisation of Plant and Equipment and Youth Guarantee</i>	November 1988
11	<i>Financial Assistance to Industry</i>	March 1989
12	<i>Alfred Hospital</i>	May 1990
13	<i>State Bank Group - Impact on the financial position of the State</i>	May 1990
14	<i>Accommodation Management</i>	October 1990
15	<i>Met Ticket</i>	November 1990
16	<i>Fire Protection</i>	April 1992
17	<i>Integrated Education for Children with Disabilities</i>	May 1992
18	<i>Bayside Development</i>	May 1992
19	<i>Salinity</i>	March 1993
20	<i>National Tennis Centre and Zoological Board of Victoria</i>	April 1993
21	<i>Visiting Medical Officer Arrangements</i>	April 1993
22	<i>Timber Industry Strategy</i>	May 1993
23	<i>Information Technology in the Public Sector</i>	May 1993
24	<i>Open Cut Production in the Latrobe Valley</i>	May 1993

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- Accommodation management, *Special Report No. 14, October 1990*
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- Accounting policies and disclosure practices, uniformity of, *Second Report, March 1987*, pp. 36-44
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- Actuarial valuations, *Second Report, April 1988*, pp. 19-21
- Alfred Hospital -
follow-up review, *Report on Ministerial Portfolios, May 1993*, pp. 311-45
Special Report No. 12, May 1990.
- Annual Reporting Act 1983, *Second Report, October 1984*, pp. 2-6
March 1986, pp. 3-6
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- Asset -
management in State schools, *Report on Ministerial Portfolios, May 1993*, pp. 103-7
recording, *Second Report, March 1987*, pp. 53-4
- Audit -
internal -
in the budget sector, update, *Report on the Treasurer's Statement, 1987-88*, pp. 32-7
in the Victorian public sector, *Special Report No. 6, December 1986*
legislation, need for modern, *Report on the Treasurer's Statement, 1988-89*, pp. 7-11
opinions on financial statements, qualified, *Report on Ministerial Portfolios, April 1988*; pp. 29-30; *May 1989*, pp. 310-13; *May 1990*, pp. 383-8; *April 1991*, pp. 477-80
- Automotive training practices in TAFE colleges, *Report on Ministerial Portfolios, May 1992*, pp. 96-101
- B**arristers, private, payments made to, *Report on Ministerial Portfolios, May 1992*, pp. 54-9
- Bayside Development, *Special Report No. 18, May 1992*
- Board members/directors of public bodies, responsibilities of, *Report on the Treasurer's Statement, 1988-89*, pp. 50-3
- Bus contracting services in the education sector, *Report on Ministerial Portfolios, May 1989*, pp. 59-72
- Cash management -
departmental, *Special Report No. 3, October 1984*
in public hospitals, *Report on Ministerial Portfolios, May 1992*, pp. 204-7
- Cleaning services within educational institutions, *Second Report, April 1988*, pp. 58-66
- Community -
Employment Program, *Report on the Treasurer's Statement, 1986-87*, pp. 28-34
Health Centres, *Report on Ministerial Portfolios, May 1989*, pp. 107-15
- Companies, trusts and joint ventures, investments -
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Second Report, March 1987, pp. 25-35
- Consolidated Fund, financial position of the, *Report on Ministerial Portfolios, May 1990*, pp. 359-63
- Consultants, engagement of, *Report on the Treasurer's Statement, 1987-88*, pp. 38-40
- Court closures in Victoria, *Special Report No. 4, November 1986*
- D**ebt centralisation, *Second Report, April 1988*, pp. 16-18
- Disaster recovery planning for computerised systems, *Report on Ministerial Portfolios, May 1989*, pp. 305-9
- E**mployee -
"bona-fides" and employee leave entitlements, *Second Report, March 1987*, pp. 51-2
leave entitlements, preliminary review, *Second Report, March 1986*, pp. 13-14
- Entertainment expenditure, *Report on Ministerial Portfolios, May 1990*, pp. 377-9
- Estate Agents Board, review of operations, *Report on Ministerial Portfolios, May 1993*, pp. 183-93
- F**inancial -
assistance to industry, *Special Report No. 11, March 1989*
management system, computerised, in the budget sector, *Report on the Treasurer's Statement, 1986-87*, pp. 46-52
reporting, developments in, *Second Report, April 1988*, pp. 26-8
- Fire Protection, *Special Report No. 16, April 1992*
- Flexible working hours in the public sector, *Report on Ministerial Portfolios, May 1992*, pp. 463-71

- Foreign exchange, *Special Report No. 8, November 1987*
- Fraud Investigations Branch, Accident Compensation Commission, *Report on Ministerial Portfolios, May 1992*, pp. 216-25
- H**ealth -
sector, management of waste disposal, *Report on Ministerial Portfolios, April 1991*, pp. 275-89
service agreements in public hospitals, *Report on Ministerial Portfolios, May 1992*, pp. 188-99
- Home Opportunity Loan Scheme, financial operation of, *Report on Ministerial Portfolios, May 1993*, pp. 237-41
- Housing for government employees, provision of, *Special Report No. 5, December 1986*
- I**nformation technology in the public sector, *Special Report No. 23, May 1993*
- Insurance, *Report on the Treasurer's Statement, 1986-87*, pp. 34-7
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- K**indergarten Program, management of, *Report on Ministerial Portfolios, May 1993*, pp. 166-75
- L**a Trobe University, building maintenance, *Report on Ministerial Portfolios, May 1992*, pp. 104-13
- Land utilisation, *Special Report No. 9, November 1987*
- Landata, *Report on Ministerial Portfolios, May 1990*, pp. 244-52
- Light rail vehicles, *Report on Ministerial Portfolios, May 1993*, pp. 255-61
- M**edical practitioners private practice of, deficiencies in control, *Report on Ministerial Portfolios, April 1991*, pp. 247-64
- Melbourne -
and Metropolitan Board of Works, waste management functions, *Report on Ministerial Portfolios, April 1991*, pp. 67-80
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- Motor vehicles, *Special Report No. 7, April 1987*
- N**ational Tennis Centre -
financial viability of, *Report on Ministerial Portfolios, April 1991*, pp. 396-9
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- Overseas travel by public sector employees, *Report on Ministerial Portfolios, May 1992*, pp. 453-61
- P**arliament-
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review of the administrative functions supporting the, *Special audit review, November 1988*
- Plant and equipment, utilisation of, *Special Report No. 10, November 1988*
- Police -
fees and charges, *Report on Ministerial Portfolios, May 1993*, pp. 214-19
Hospital, management of, *Report on Ministerial Portfolios, May 1992*, pp. 295-99
tendering procedures, *Report on Ministerial Portfolios, May 1990*, pp. 227-31
- Port of Geelong Authority, asset utilisation, *Report on Ministerial Portfolios, May 1993*, pp. 264-73
- Post-project appraisal procedures within the Public Works Department, *Special Report No. 5, December 1986*
- Privately sponsored projects, government funding of, *Second Report, March 1986*, p.15
- Program budgeting, *Report on the Treasurer's Statement, 1988-89*, pp. 44-9
- Property -
assets, surplus, identification and sale of, *Report on Ministerial Portfolios, May 1992*, pp. 134-44
lease, management of, *Report on Ministerial Portfolios, May 1992*, pp. 375-89
- R**acing Industry Development Funds, management of, *Report on Ministerial Portfolios, May 1993*, pp. 36-43
- Rate of return reporting -
Second Report, March 1987, p. 50
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- Rental -
housing properties, maintenance of, *Report on Ministerial Portfolios, May 1993*, pp. 225-32
property, public, vacancy levels, *Report on Ministerial Portfolios, May 1993*, pp. 232-7
- Residential Tenancies Fund, financial management of, *Report on Ministerial Portfolios, May 1993*, pp. 203-13
- Resource management, enhancements to, *Report on the Treasurer's Statement, 1987-88*, pp. 21-7
- Retrospective expenditure approvals, *Report on the Treasurer's Statement, 1988-89*, pp. 54-5
- Risk management, *Report on the Treasurer's Statement, 1987-88*, pp. 28-31
- Road and bridge maintenance, management of, *Report on Ministerial Portfolios, May 1993*, pp. 276-97
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- St Vincent's Hospital redevelopment, *Report on the Finance Statement, 1991-92*, pp. 59-65
- State -
Bank and Tricontinental, effects of sale of, *Report on the Finance Statement, 1990-91*, pp. 27-36
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taxation, collection of, *Report on the Treasurer's Statement, 1988-89*, pp. 31-43
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- Taxation, State, *Report on the Finance Statement, 1990-91*, pp. 111-47
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- Timber Industry Strategy, *Special Report No. 22, May 1993*
- Transport Accident Commission, funding position, *Report on Ministerial Portfolios, April 1991*, pp. 437-8
- Vehicle fleet, government, management of, *Report on Ministerial Portfolios, May 1993*, pp. 123-37
- Victorian Schools Nursery, *Report on Ministerial Portfolios, May 1990*, pp. 100-4
- Visiting Medical Officer Arrangements, *Special Report No. 21, April 1993*
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- WorkCare -
administration of, within the Ministry of Education and Training, *Report on Ministerial Portfolios, April 1991*, pp. 134-146
management of, in the State hospital system, *Report on Ministerial Portfolios, May 1992*, pp. 172-87
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- Workshop operations, review of -
Gas and Fuel Corporation, *Report on Ministerial Portfolios, May 1992*, pp. 243-7
Port of Melbourne Authority, *Report on Ministerial Portfolios, May 1992*, pp. 258-66
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- Youth Guarantee, *Special Report No. 10, November 1988*
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- C**ouncil of Adult Education, *Report on Ministerial Portfolios - May 1990*, pp. 111-20
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- D**aratech, *Report on Ministerial Portfolios, May 1992*, pp. 148-60
- E**nvironment Protection Authority, *Report on Ministerial Portfolios, April 1991*, pp. 54-66
- Estate Agents Board, *Report on Ministerial Portfolios, May 1993*, pp. 183-93
- G**eelong Regional Commission, *Report on Ministerial Portfolios, May 1992*, pp. 248-58
- Government Employee Housing Authority, *Report on Ministerial Portfolios, April 1991*, pp. 219-32
- Government Printing and Publishing Services, *Report on Ministerial Portfolios, April 1991*, pp. 212-18
- K**nowledge Victoria Limited, *Report on Ministerial Portfolios, April 1991*, pp. 455-62
- M**elbourne Theatre Company, *Report on Ministerial Portfolios, April 1991*, pp. 175-87
- N**ational Tennis Centre Trust, *Special Report No. 20, April 1993*
- S**tamp Duties Office, *Report on the Finance Statement, 1990-91*, pp. 117-42
- State Electoral Office, *Report on Ministerial Portfolios, May 1993*, pp. 193-202
- State Film Centre of Victoria Council, *Report on Ministerial Portfolios, April 1991*, pp. 27-36
- State Taxation Office, *Report on the Finance Statement, 1990-91*, pp. 143-7
- V**ictorian Accident Rehabilitation Council, *Report on Ministerial Portfolios, May 1992*, pp. 226-32
- Victorian Prison Industries Commission, *Report on Ministerial Portfolios, April 1991*, pp. 116-31
- Victorian Tourism Commission, *Report on Ministerial Portfolios, May 1990*, pp. 277-89
- Z**oological Board of Victoria, *Special Report No. 20, April 1993*

APPENDIX 2

PROFESSIONAL ACTIVITIES

ATTENDANCE AT CONFERENCES

<i>Conference</i>	<i>Attended by</i>	<i>Topic</i>
International		
Canadian Comprehensive Auditing Foundation 13th Annual Conference, Toronto, Canada, November 1992.	8 Office staff (at their own expense)	" <i>Delivering on Accountability</i> ". Conference on accountability expectations of the community and the emerging issues of environmental accountability and ethics in comprehensive auditing.
Interstate		
19th Biennial Australasian Area Auditors-General Conference, Perth, March 1993.	Auditor-General and a Director of Audit.	" <i>Public Sector Auditing - Towards 2000</i> ". Conference on emerging issues concerning public sector audit organisations.
8th Biennial Conference of the Australasian Council of Public Accounts Committees, Hobart, March 1993.	Assistant Auditor-General.	" <i>Return of Power to Parliament</i> ". Conference on issues being addressed by Parliamentary Public Accounts Committees.
EDP Auditors Association 1993 Annual Conference, Sydney, April 1993.	IT Audit Manager.	" <i>Quality in the 90s</i> ". The conference echoed the highly relevant concerns of auditors, management, MIS professionals and government.
National Accountants in Government Convention, Hobart, May 1993.	2 Chief Directors of Audit, a Director of Audit and 2 Senior Audit Managers.	" <i>In the Public Interest</i> ". Conference on issues affecting the operations of the public sector.
Victorian		
Mini-Conference of Australasian Auditors-General, Melbourne, August 1992.	Hosted by Victorian Auditor-General.	Exchange of views on subjects of concern to Audit Offices. (Attended by 7 Australasian Auditors-General.)
Annual Office Seminar, Melbourne, December 1992.	All Office staff.	Reflecting on the Office's achievements during 1991-92.
Meeting of Australasian Senior Audit Executives, Healesville, June 1993.	Assistant Auditor-General, a Chief Director of Audit and selected Directors.	" <i>Surviving in the 1990s</i> ". Wide ranging discussions on emerging issues in public sector auditing and their impact on the operations of Audit Offices in the 1990s. (Also attended by representatives from 9 Australasian Audit Offices.)

EXTERNAL PRESENTATIONS

<i>Date</i>	<i>Officers</i>	<i>Topic</i>
August 1992	Richard Mifsud	<i>"The Public Sector Auditor's Role in a Corporatised Environment"</i> . Presentation at a conference on Directors' duties and liabilities in corporatised government organisations.
September 1992	George Fazekas	<i>"External and Internal Auditing in the Victorian Public Sector"</i> . Presentation to staff involved in the Public Service Board Interchange Program.
October 1992	Joe Manders	<i>"Auditing in the Public Interest"</i> . Presentation to the Carlton Rotary Club on recent issues raised by the Auditor-General.
October 1992	Richard Mifsud	<i>"External Auditing and Accrual Accounting by Government Departments"</i> . Presented at a conference on accrual accounting entitled <i>"Financial management Reform in the Public Sector"</i> .
October 1992	Richard Mifsud	<i>"SAC4 - A Radical Overhaul of Conventional Accounting"</i> . Presentation at a seminar organised by the Victorian Branch of the Institute of Chartered Accountants in Australia.
October 1992	Richard Mifsud	<i>"Current Issues in Public Sector Reporting - An Audit Perspective"</i> . Presentation at a seminar held during the annual Australian Society of CPAs Congress.
October 1992	Lou Perta	<i>"Public Sector Auditing in the 1990s"</i> . Presentation to undergraduate auditing students at Monash University, Gippsland Campus.
February 1993	Ian Hazewinkel	<i>"Aspects of the Victorian Auditor-General Office's performance audit methodology"</i> . Presentation to the State Forensic Science Laboratory at a management information session on "Quality Management Accreditation and Audit".
May 1993	Ches Baragwanath	<i>"Reflections on the Role of the Auditor-General"</i> . Presentation at the Conference of Public Sector Superannuation Schemes.
May 1993	Ches Baragwanath and Joe Manders	<i>"Independence of the Auditor - Issues in the Public and Private Sector"</i> and <i>"Developing Methodologies for Differing Auditing Mandates: The Challenges"</i> . Papers presented at the 11th Accounting Education and Research Fund Conference conducted by Coopers & Lybrand on <i>"Auditing in the Public Sector - Standards, Methodologies, Technologies"</i> .
May 1993	Richard Mifsud	<i>"The role and function of the Auditor-General"</i> . Presentation to final year Monash University MBA students as part of their Public Sector Financial Management Program.

VISITORS TO THE OFFICE

<i>Visitor</i>	<i>Topic</i>
Three representatives of the, Department of Commercial Registration of the Ministry of Commerce, Thailand.	Role of Auditor-General's Office and the application of accounting and auditing standards to public sector bodies, December 1992.
Six members of Public Accounts and Estimates Committee.	Office inspection and discussion, January 1993.
Auditor-General of Western Australia.	Discussion on agenda for March Conference of Australasian Area Auditors-General in Perth and on performance auditing issues.
Senior member of the Office of the Auditor-General of British Columbia, Canada.	Fact-finding visit on performance audit methodology.

APPENDIX 3

AUDIT RESPONSIBILITIES

Parliamentary bodies

Parliament of Victoria
State Parliament Refreshment Rooms

Departments and other independent budget sector agencies

Agriculture, Department of
Arts, Sport & Tourism, Department of
Business & Employment, Department of
Conservation & Natural Resources, Department of
Education, Department of
Energy & Minerals, Department of
Environment Protection Authority
Finance, Department of
Health & Community Services, Department of
Justice, Department of
Ombudsman, Office of the
Planning & Development, Department of
Police, Office of the Chief Commissioner of
Premier & Cabinet, Department of the
Public Prosecutions, Office of the Director of
Public Service Commissioner, Office of the
State Electoral Office
Transport, Department of
Treasury, Department of the
Victorian Auditor-General's Office

Public bodies

Adult, Community & Further Education Board,
Office of
Advanced Dental Technicians Qualifications
Board
Albury-Wodonga (Vic.) Corporation
Alexandra & District Ambulance Service
Alpine Resorts Commission
Ambulance Officers Training Centre
Ambulance Service, Victoria -
Metropolitan Region
North Eastern Region
North Western Region
South Eastern Region
South Western Region
Western Region
Architects Registration Board of Victoria
Board of Studies

Brothel Licensing Board
Bundoora Park Committee of Management
Capital Works Authority
Chiroprodists Registration Board of Victoria
Chiropractors & Osteopaths Registration Board
of Victoria
Coal Corporation of Victoria
Construction Industry Long Service Leave Board
Council of Adult Education
Country Fire Authority
Dental Board of Victoria
Dental Technicians Licensing Committee
Dietitians Board of Victoria
Docklands Authority
Educational Administration, Institute of
Emerald Tourist Railway Board
Estate Agents Board
Exhibition Trustees
Film Victoria
Gas & Fuel Corporation of Victoria
Geelong Performing Arts Centre Trust
Geelong Regional Commission
Government Employee Housing Authority
Grain Elevators Board
Greyhound Racing Control Board
Guardianship & Administration Board
Harness Racing Board
Historic Buildings Council
Judicial Studies Board
Latrobe Regional Commission
Legal Aid Commission
Liquor Licensing Commission
Loddon-Campaspe Regional Planning Authority
Marine Board of Victoria
Melbourne Water Corporation
Melbourne Wholesale Fruit & Vegetable
Management Trust
Mental Health Review Board
Metropolitan Fire Brigades Board
Mt. Macedon Memorial Cross Committee of
Management
Murray Valley Citrus Marketing Board
Museum of Victoria, Council of the
National Gallery of Victoria, Council of Trustees
of the
National Institute of Forensic Science

National Police Ethnic Advisory Bureau
 National Tennis Centre Trust
 Northern Victorian Fresh Tomato Industry
 Development Committee
 Optometrists Registration Board
 Olympic Park Management
 Patriotic Funds Council of Victoria
 Penguin Reserve Committee of Management
 Pharmacy Board of Victoria
 Physiotherapists Registration Board of Victoria
 Plumbers, Gasfitters & Drainers Registration
 Board
 Port Bellarine Committee of Management
 Port of Geelong Authority
 Port of Melbourne Authority
 Port of Portland Authority
 Prince Henry's Institute for Medical Research
 Psychologists Registration Board of Victoria
 Psychosurgery Review Board
 Public Advocate, Office of the
 Public Transport Corporation
 Recycling & Resource Recovery Council
 Renewable Energy Authority Victoria
 Road Safety Accident Prevention Trust Account
 Roads Corporation
 Royal Botanic Gardens Board
 Royal District Nursing Service
 Rural Finance Corporation of Victoria
 Rural Water Corporation
 Shrine of Remembrance Trustees
 Small Business Development Corporation
 Solicitors' Guarantee Fund
 State Electricity Commission of Victoria
 State Film Centre of Victoria Council
 State Insurance Office
 State Library of Victoria, Council of the
 State Swimming Centre Committee of
 Management
 State Training Board, Office of the
 State Trust Corporation of Victoria
 Surveyors Board
 Swan Hill Pioneer Settlement Authority
 T.A.B. Club Keno Business Segment
 T.A.B. Gaming Business Segment
 Tattersall Club Keno Division
 Tattersall Gaming Machine Division
 Tattersall Sweep Consultations
 Tobacco Leaf Marketing Board
 Totalizator Agency Board
 Tourism Victoria
 Transport Accident Commission
 Treasury Corporation of Victoria
 Upper Yarra Valley & Dandenong Ranges
 Authority

Urban Land Authority
 Victorian Arts Centre Trust
 Victorian Casino Control Authority
 Victorian Conservation Trust
 Victorian Dairy Industry Authority
 Victorian Debt Retirement Fund
 Victorian Development Fund
 Victorian Dried Fruits Board
 Victorian Economic Development Corporation
 Victorian Financial Institutions Commission
 Victorian Gaming Commission
 Victorian Government Major Projects Unit
 Victorian Health Promotion Foundation
 Victorian Institute of Forensic Pathology
 Victorian Institute of Marine Sciences
 Victorian Meat Authority
 Victorian Nursing Council
 Victorian Plantations Corporation
 Victorian Prison Industries Commission
 Victorian Psychological Council
 Victorian Relief Committee
 Victorian Strawberry Industry Development
 Committee
 Victorian Tertiary Admissions Centre
 Victorian WorkCover Authority
 Yarra Bend Park Trust
 Zoological Board of Victoria

Post-secondary educational institutions

Ballarat University College
 Batman Automotive College of TAFE
 Box Hill College of TAFE
 Broadmeadows College of TAFE
 Central Gippsland College of TAFE
 Dandenong College of TAFE
 Deakin University
 East Gippsland Community College of TAFE
 Frankston College of TAFE
 Gordon Technical College
 Goulburn Valley Community College
 Hawthorn Institute of Education Ltd
 Holmesglen College of TAFE
 La Trobe University
 La Trobe University College of Northern
 Victoria
 Loddon-Campaspe College of TAFE
 Melbourne College of Printing & Graphic Arts
 Melbourne College of Textiles
 Melbourne, University of
 Monash University
 Moorabbin College of TAFE
 Northern Metropolitan College of TAFE
 Outer Eastern College of TAFE

Richmond College of TAFE
 Royal Melbourne Institute of Technology
 South West College of TAFE
 Sunraysia College of TAFE
 Swinburne University of Technology
 Victorian College of Agriculture & Horticulture
 Ltd
 Victoria University of Technology
 Victorian College of the Arts
 Wangaratta College of TAFE
 Western Metropolitan College of TAFE
 William Angliss College, The
 Wimmera Community College of TAFE
 Wodonga College of TAFE

**Public hospitals and State-funded
 nursing homes**

Alexandra District Hospital
 Alfred Group of Hospitals, The
 Altona District Hospital
 Angliss Hospital, The
 Anne Caudle Centre
 Apollo Bay & District Memorial Hospital
 Ararat & District Hospital
 Austin Hospital
 Bacchus Marsh & Melton Memorial Hospital
 Bairnsdale Regional Health Service
 Ballarat Base Hospital
 Beeac & District Hospital
 Beechworth Hospital, The
 Benalla & District Memorial Hospital
 Bendigo Hospital, The
 Bethlehem Hospital Inc.
 Birregurra & District Community Hospital
 Boort District Hospital
 Box Hill Hospital
 Bright District Hospital
 Bundoora Extended Care Centre
 Burwood & District Community Hospital
 Camperdown District Hospital
 Caritas Christi Hospice Ltd
 Casterton Memorial Hospital
 Clunes District Hospital
 Cobram District Hospital
 Cohuna District Hospital
 Colac District Hospital
 Coleraine & District Hospital
 Corryong District Hospital
 Creswick District Hospital
 Dandenong Hospital
 Daylesford District Hospital
 Dimboola District Hospital
 Donald District Hospital

Dunmunkle Health Services
 Dunolly District Hospital
 Eastern Suburbs Geriatric Centre
 Echuca District Hospital Inc.
 Edenhope & District Memorial Hospital
 Eildon & District Community Hospital
 Elmore District Hospital
 Fairfield Hospital
 Geelong Hospital
 Gippsland Base Hospital
 Gippsland Southern Health Service
 Glenview Community Care Inc.
 Goulburn Valley Base Hospital
 Grace McKellar Centre
 Hamilton Base Hospital
 Hampton Rehabilitation Hospital
 Healesville & District Hospital
 Heathcote District Hospital
 Heywood & District Memorial Hospital
 Inglewood Hospital
 Kaniva District Hospital
 Kerang & District Hospital
 Kilmore & District Hospital
 Kingston Centre
 Koroit & District Memorial Hospital
 Kyabram & District Memorial Community
 Hospital
 Kyneton District Hospital
 Latrobe Regional Hospital
 Lismore & District Hospital
 Lorne Community Hospital
 Lyndoch, Warrnambool
 Macarthur & District Memorial Hospital
 Maffra District Hospital
 Maldon Hospital
 Manangatang & District Hospital
 Mansfield District Hospital
 Maroondah Hospital
 Maryborough & District Hospital
 Maryborough District Health Service
 Mercy Hospital for Women Inc.
 Mildura Base Hospital
 Monash Medical Centre
 Mordialloc-Cheltenham Community Hospital
 Mornington Peninsula Hospital
 Mortlake District Hospital
 Mount Eliza Centre
 Mt Alexander Hospital
 Myrtleford District War Memorial Hospital
 Nathalia District Hospital
 Nhill Hospital
 North West Hospital
 Numurkah & District War Memorial Hospital
 O'Connell Family Centre (Grey Sisters) Inc.

Omeo District Hospital
 Orbost & District Hospital
 Ouyen & District Hospital
 Peshurst & District Memorial Hospital
 Peter MacCallum Cancer Institute
 Port Fairy Hospital
 Portland & District Hospital
 Preston & Northcote Community Hospital
 Queen Elizabeth Centre
 Queen Elizabeth Centre, Ballarat
 Ripon Peace Memorial Hospital
 Rochester & District War Memorial Hospital
 Royal Children's Hospital
 Royal Dental Hospital of Melbourne
 Royal Melbourne Hospital
 Royal Victorian Eye & Ear Hospital
 Royal Women's Hospital
 Sandringham & District Memorial Hospital
 Seymour District Memorial Hospital
 Skipton & District Memorial Hospital
 South Gippsland Hospital
 St Arnaud District Hospital
 St George's Hospital Inner Eastern Geriatric Service
 St Vincent's Hospital (Melbourne) Ltd
 Stawell District Hospital
 Swan Hill District Hospital
 Tallangatta Hospital
 Tawonga District General Hospital
 Terang & District (Norah Cosgrave) Community Hospital
 Timboon & District Hospital
 Tweddle Child & Family Health Service
 Wangaratta District Base Hospital
 Waranga Memorial Hospital
 Warracknabeal District Hospital
 Warrnambool & District Base Hospital
 Werribee District Hospital
 West Gippsland Hospital
 Western Hospital
 Westernport Memorial Hospital
 Willaura & District Hospital
 Williamstown Hospital
 Wimmera Base Hospital
 Winchelsea & District Hospital
 Wodonga District Hospital
 Wonthaggi & District Hospital
 Wycheproof District Hospital
 Yarram & District Hospital
 Yarrawonga District Hospital
 Yea & District Memorial Hospital

Superannuation funds

City of Melbourne Superannuation Fund Trustees
 Coal Mine Workers' Pension Tribunal
 Emergency Services Superannuation Board
 Gas & Fuel Corporation Superannuation Board
 Holmesglen Constructions Superannuation Plan
 Hospitals Superannuation Board
 Legal Aid Commission Staff Superannuation Fund
 Local Authorities Superannuation Board
 Melbourne Water Corporation Employees' Superannuation Fund, Trustees of the
 Metropolitan Transit Authority Superannuation Fund
 Parliamentary Contributory Superannuation Fund
 SECV Superannuation Fund
 State Casual Employees Superannuation Board
 State Employees Retirement Benefits Board
 State Superannuation Board of Victoria
 Transport Superannuation Board
 Victorian Institute of Marine Sciences Superannuation Fund
 Zoological Board of Victoria Superannuation Fund

Companies and joint ventures

Australian Music Examinations Board (Vic.) Ltd
 Beave Pty Ltd (Receiver & Manager appointed)
 Circular Force Proprietary
 Citytech Pty Ltd
 Colin Badger Trust
 Daratech Pty Ltd
 Deakin University Foundation Ltd
 Goulburn Valley Driver Training Complex Ltd
 Graduate School of Management Foundation
 Graduate School of Management Foundation Ltd
 Graduate School of Management
 IMC Pty Ltd
 Infertility Medical Centre Pathology Services Trust
 Institute for Innovation & Enterprise Ltd
 La Trobe University Housing Ltd
 Loy Yang B Power Station Pty Ltd
 Melbourne Business School Ltd
 Meltech Services Ltd
 Milake Pty Ltd
 Mines & Industries Ballarat Ltd, The School of Monash University Foundation
 Monash-ANZ Centre for International Briefing Pty Ltd
 Montech Pty Ltd

MTA Investments Pty Ltd
 Neurometrics System Pty Ltd
 Obstetric and Diagnostic Ultrasound Services Trust
 Open Learning Agency of Australia Pty Ltd
 Overseas Projects Corporation of Victoria Ltd
 Pelletray Pty Ltd
 Phillip Foundation
 RMIT Ltd
 RMIT Student Union
 SECV Superannuation Pty Ltd
 SECV International Pty Ltd
 Sir John Monash Business Centre Pty Ltd
 Swinburne Ltd
 Technisearch Pty Ltd
 Telematics Course Development Fund Trust
 Unilink Ltd
 Unimelb Ltd
 VCAH Foundation Trust
 VCAH Services Ltd
 Victorian Institute of Sport Ltd
 Victorian Institute of Sport Trust
 VICTRACC
 Western Institute Foundation Ltd
 Western Melbourne Business Development Pty Ltd
 Westsearch Ltd
 Winsearch Ltd (Receiver & Manager appointed)

Water and sewerage authorities

Aireys Inlet Water Board
 Alberton River Improvement Trust, Shire of
 Alberton Water Board
 Alexandra, Shire of
 Ararat, City of
 Ararat, Shire of
 Avoca River Improvement Trust
 Avoca, Shire of
 Avon-Macalister River Management Board
 Bacchus Marsh, Shire of
 Ballan, Shire of
 Ballarat Water Board
 Beaufort Water Board
 Beechworth, United Shire of
 Benalla Water Board
 Bet Bet, Shire of
 Birchip, Shire of
 Black Dog Creek Improvement Trust
 Bright District Water Board
 Broken River Improvement Trust
 Bullock Creek Improvement Trust
 Campaspe Region Water Authority
 Camperdown, Town of

Charlton Water Board
 Cobram, Shire of
 Cohuna, Shire of
 Colac District Water Board
 Colac Region Water Authority
 Coliban Region Water Authority
 Creswick & District Water Board
 Deakin Water Board
 Donald Water Board
 East Gippsland River Management Board
 Euroa Nagambie Regional Water Authority
 Euroa Water Board
 First Mildura Irrigation Trust
 Geelong District Water Board
 Glenelg River Improvement Trust
 Glenelg-Wannon 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
 Kiewa Valley Water Authority
 Korong, Shire of
 Korumburra River Improvement Trust, Shire of
 Korumburra Water Board
 Kowree Water Board
 Kyabram, Town of
 Latrobe Region Water Authority
 Learmonth Water Board
 Leongatha Water Board
 Lexton Water Board
 Lorne Water Board
 Lough Calvert Drainage Trust
 Macalister Water Board
 Macedon Region Water Authority
 Mallacoota Water Board
 Mansfield District Water Board
 Maryborough, City of
 Melton, Shire of
 Mid-Goulburn Regional Water Board
 Mitchell River Management Board
 Mitchell Water Board
 Mitta Mitta River Improvement Trust
 Mooroopna Water Board
 Mortlake Water Board
 Mount Rouse, Shire of
 Murtoa Water Board

Myrtleford, Shire of
 Nathalia, Shire of
 Nhill Water Board
 North Central Waterways Management Board
 Numurkah, Shire of
 Omeo, Shire of
 Orbost Water Board
 Ovens River Management Board
 Pentland Island River Management Board
 Port Fairy Water Board
 Portland Water Board
 Pyalong Water Board
 Robinvale Water Board
 Rodney Water Board
 Romsey-Lancefield Water Board
 Sale, City of
 Sea Lake Water Board
 Shepparton Regional Water Authority
 Snowy River Improvement Trust
 South Gippsland Water Board
 Springhurst Water Board
 St. Arnaud, Town of
 Stawell Water Board
 Stawell, Shire of
 Strathdownie Drainage Trust
 Sunraysia Water Board
 Swan Hill Water Board
 Talbot & Clunes, Shire of
 Tallangatta, Shire of

Tambo River Improvement Trust
 Tambo Water Board
 Tarago Water Board
 Tarwin River Management Board
 Tarwin Valley Water Board
 Tullaroop, Shire of
 Tungamah Shire Water Board
 Upper Goulburn River Management Authority
 Upper Murray River Improvement Trust, Shire
 of
 Upper Murray Water Board
 Upper North East River Management Authority
 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
 Wycheproof Water Board
 Yarrawonga, Shire of
 Yatchaw Drainage Trust
 Yea Water Board

" The Government values the contributions made by the Auditor-General in identifying opportunities for improved resource management and increased efficiency and effectiveness of operations."

*Minister for Finance
November 1992*



AUDITOR GENERAL



VICTORIA

AUDITING IN PUBLIC INTEREST