

Transparency Report

2023



Transparency Report 2023

The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria. We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

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About this report

The purpose of this transparency report is to enhance our stakeholders' understanding of our audit quality and internal system of quality management.

Why this report is important

In Australia, the *Corporations Act 2001* requires auditors of listed companies to publish a transparency report on their website each year. The main aim of this is to inform the market about each firm's audit quality.

As a public sector entity, we do not have to produce a transparency report. Our annual report, which we table in Parliament, contains some of the content that is usually found in a transparency report.

However, as a public sector equivalent of an audit firm, we choose to adopt the requirements of the *Corporations Act 2001* to the extent they are relevant and appropriate to us.

This report expands on our annual report disclosures. It provides further transparency on how the policies, processes, and procedures in our system of quality management (SQM) support:

- our audit quality objectives
- our engagement teams to perform high-quality financial and performance engagements.

What is audit quality

Audit quality is our fundamental objective of obtaining sufficient appropriate assurance to be sure that our reports are appropriate to the circumstances. Our work is in accordance with AUASB standards and applicable regulatory requirements.

What's in this report

This is our fourth transparency report. In it we discuss:

- the transition from our quality control framework to our SQM
- our investment in audit quality
- our legal structure, governance and finances
- our internal SQM and how it aligns with the Australian Auditing and Assurance Board (AUASB) Standards (the standards), relevant ethical requirements and applicable legal and regulatory requirements
- external reviews and audits of us.

In Appendix E, we reference our disclosures in this report and our annual report against the relevant *Corporations Act 2001* requirements.

What we concluded

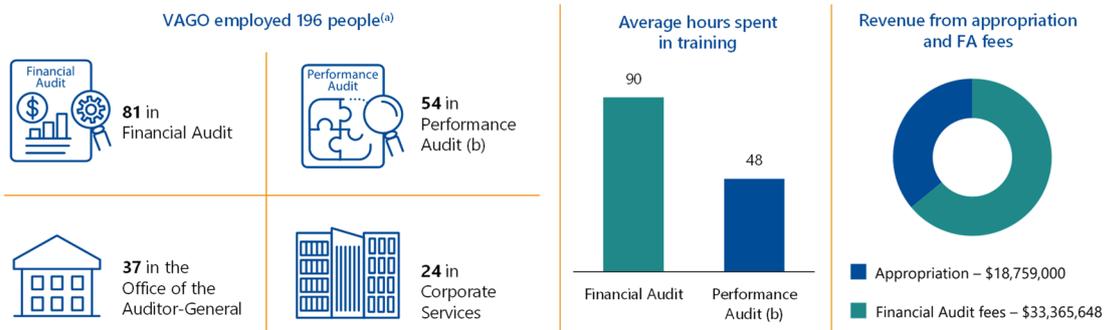
The evaluation of our SQM, which incorporates our audit inspection programs and consideration of the results from independent reviews, provides reasonable assurance that the objectives of our SQM were achieved in 2022–23.

Report snapshot

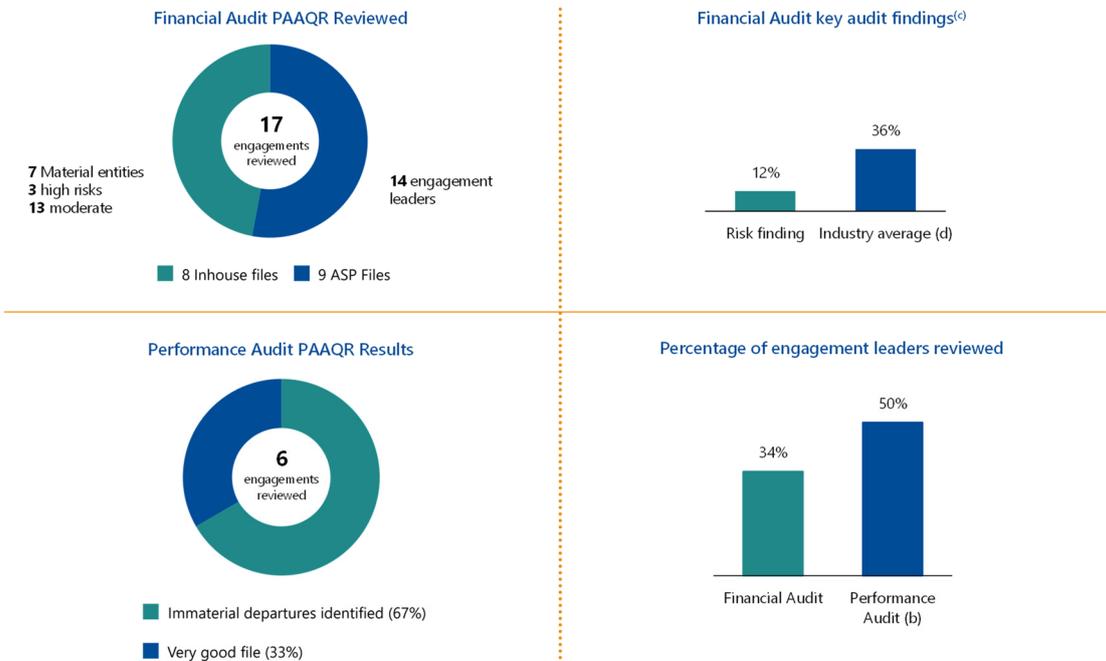
2022–23 Activities of the office



2022–23 Our office and people



2022–23 Audit quality outcomes



Notes: (a) As at 30 June 2023. (b) Since renamed to Parliamentary Reports and Services. (c) Key audit area findings represents percentage of internal financial audit post-audit assurance quality review (PAAQR) findings of risk of material misstatement/financial corporate statement components reviewed in our PAAQR process versus ASIC's industry average for the same period. (d) Derived from key audit areas with findings from ASIC's *Report REP 743 Audit inspection report: 1 July 2021 to 30 June 2022*. Source: VAGO.

1.

About VAGO

Overview

VAGO is a not-for-profit public sector entity and part of Victoria's integrity system. We provide assurance to Parliament and Victorians on the Victorian public sector's performance and accountability. We do this through an annual program of financial and performance audits, reviews and investigations of state and local government entities.

During 2022–23 we issued 547 opinions on public sector agencies' financial reports and 109 opinions on performance statements. We also audited the Annual Financial Report of the State of Victoria and reviewed and reported on the estimated financial statements of the general government sector. In 2022–23, we tabled 19 assurance reports on performance engagements in Parliament.

We can provide financial audit services to entities that are not defined as public sector agencies under the *Audit Act 1994* (the Audit Act), but only if they exist for a public purpose and we believe it is in the public interest to audit them. We audit the Parliament of Victoria's financial statements under this arrangement.

This chapter discusses:

- Our legal structure and ownership
 - Our governance structures
 - Our services
 - Our engagement roles and responsibilities
 - Our finances
-

1.1 Our legal structure and ownership

Overview The Auditor-General is appointed as an independent officer of Parliament under the *Constitution Act 1975*.

VAGO is designated as a special body as defined in section 6 of the *Public Administration Act 2004* (PAA). This has the effect of limiting the application of the PAA to VAGO. In particular, VAGO is not bound by certain government policies made under that Act.

VAGO is established by the Audit Act, in which the Auditor-General has the functions of a public service body head under section 16 of the PAA. This gives the Auditor-General the power to employ Victorian Public Sector (VPS) staff.

The Audit Act also establishes VAGO's responsibilities and outlines the Auditor-General's mandate for conducting financial and performance engagements of all Victorian public sector entities.

Section 78 of the Audit Act requires us to comply with the Australian Auditing and Assurance Standards, which are issued by the Auditing and Assurance Standards Board (AUASB).

Australian Auditing and Assurance Standards

The Australian Auditing and Assurance Standards outline auditors' requirements and provide guidance on the form and content of audit and assurance reports.

1.2 Our governance structure

Overview

Our strategic management group (SMG), operational management group (OMG) and audit and risk committee (ARC) are our governing bodies that focus on audit quality. They establish, promote, support and monitor the quality of our engagements, along with our compliance with:

- the AUASB standards
- relevant ethical requirements
- other applicable legal and regulatory requirements.

Strategic management group

The SMG consists of the Auditor-General, Deputy Auditor-General and the Assistant Auditors-General of our Financial Audit (FA) and Parliamentary Reports and Services (PRS) divisions. In October 2023 our performance audit division was restructured and renamed from Performance Audit to PRS.

The SMG is responsible for designing our organisational model and structures, which includes assigning and delegating authority. The SMG also drives innovation and develops our auditors' capabilities.

The SMG's responsibilities in promoting audit quality are discussed in section 3.4.

Audit and risk committee

The ARC has a minimum of 3 independent members (including the chairperson) who are not VAGO employees. The Auditor-General appoints the chairperson and the independent members to the committee.

Our ARC provides independent support and advice to help the Auditor-General carry out their:

- responsibilities to manage VAGO's risk, control and compliance framework
- external accountability responsibilities as prescribed in the *Financial Management Act 1994* and other relevant legislation and requirements.

The ARC also monitors our audit quality and compliance. It provides an annual report to the Auditor-General that summarises the key matters it examined during the year and their outcomes.

The ARC's responsibilities are prescribed in the Standing Directions 2018 under the *Financial Management Act 1994* and further defined in its own charter, which the Auditor-General approves.

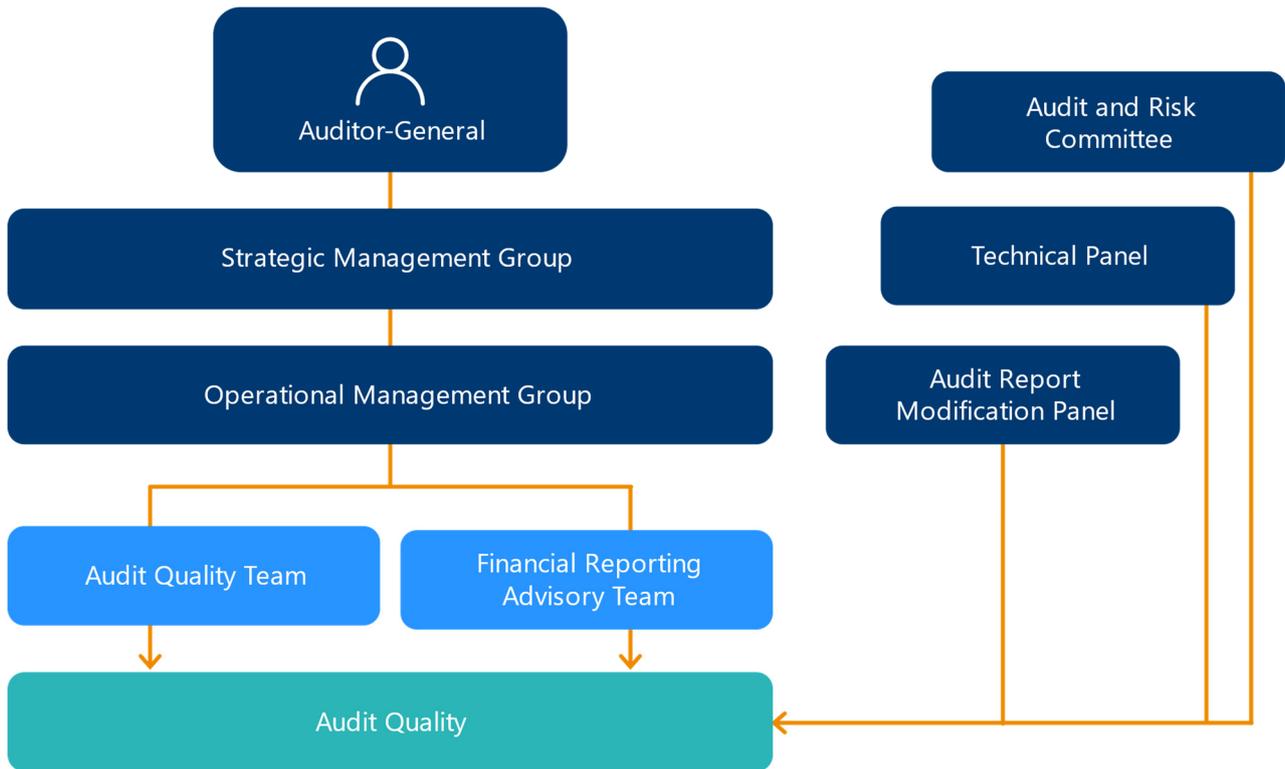
Leadership roles for our SQM

At an individual level, all our auditors are responsible for delivering quality outcomes in the work they perform. The Auditor-General, SMG, Assistant Auditors-General, audit quality director and financial reporting advisory director have specific responsibilities and accountabilities for our SQM.

We also have a technical panel and an audit report modification panel for our financial audits. These panels review significant accounting and audit matters that arise from our financial audits.

Figure 1 shows the roles, groups and committees involved with our SQM.

Figure 1: Governance arrangements supporting audit quality



Source: VAGO.

1.3 Our services

Performance engagements

We conduct performance engagements that assess whether government agencies, programs and services are:

- effectively meeting their objectives
- using resources economically and efficiently
- complying with legislation.

Our PRS division conducts performance engagements. They provide reasonable or limited assurance about activities that are performed well or represent better practice, and also identify opportunities for improvement. With our follow-the-dollar powers, we can audit community sector and for-profit organisations that provide government services. We can also audit how recipients use government grants.

We report the results of these engagements to Parliament.

Attest engagements

We deliver a range of attest services to public sector entities that prepare financial and performance statements and grant acquittals.

Our audit opinions provide 'reasonable assurance' that entities' financial reports fairly present their financial positions, cashflows and operational results for the year, and that their performance statements and grant acquittals are reliable.

Our attest program delivers a range of assurance services for public sector agencies, such as:

- audit opinions on financial reports and performance statements of public sector entities
- an audit opinion on the Annual Financial Report of the State of Victoria
- a review report on the estimated financial statements of the general government sector
- other assurance activities such as audit opinions on grant acquittals submitted by entities to funding bodies.

We also provide reports to Parliament on the results of our financial attest audits:

- a report on our audit of the Annual Financial Report of the State of Victoria
- sector-based results reports.

For more information about the difference between performance audits and assurance reviews, access our assurance services fact sheet [here](#).

1.4 Our engagement roles and responsibilities

The Auditor-General

For our financial and performance engagements, the Auditor-General is:

- responsible for our SQM and audit quality for the purpose of:
 - Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* (ASQM 1),
 - ASQM 2 *Engagement Quality Reviews* (ASQM 2) and Australian Auditing Standard
 - ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information* (ASA 220))
- required to issue the financial audit opinion (in accordance with part 3 of the Audit Act and as required by Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700))
- responsible for issuing an assurance report on a performance engagement (in accordance with section 56(1) of the Audit Act and as required by Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements* (ASAE 3500)).

The Auditor-General's responsibility with regard to the SQM is further discussed in section 3.4.

Engagement teams

At VAGO, an engagement team consists of all the staff who work on an engagement. An engagement team also includes any other individuals who perform audit procedures on the engagement but excludes an external auditor's experts, assurance practitioner's experts and the engagement quality reviewer (EQR). For our financial audits, our audit service providers (ASP) are also part of our engagement teams. Figure 2 outlines the roles and responsibilities in our engagement teams.

Auditor's expert or assurance practitioner's expert

An auditor's or assurance practitioner's expert is a person or organisation that is an expert in a non-auditing or non-assurance field. They help auditors obtain audit evidence. They are also considered a subject matter expert (SME).

Figure 2: Engagement team roles and responsibilities

Role	Financial engagements	Performance engagements
Signing officer	Responsible for issuing the audit opinion and complying with ASA 700. The Auditor-General may delegate this role. The signing officer may also be the engagement leader. When the signing officer is not the engagement leader, the signing officer makes sure the engagement leader performs their responsibilities in line with ASA 220 before signing the audit report.	The Auditor-General is the signing officer for all performance engagements and is responsible for transmitting the report to Parliament and for its contents, including: <ul style="list-style-type: none"> • conclusions expressed • recommendations made • other information in the report. The signing officer is also responsible for the assurance conclusion issued under ASAE 3500 and the overall quality management of the engagement as required by ASQM 1 and ASAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i> .
Engagement leader	Responsible for the overall quality of the engagement and complying with ASA 220. For ASP audits, the engagement leader is the partner of the ASP firm.	Responsible for the overall quality of the engagement in accordance with ASAE 3000.
Team leader	Responsible for directing the engagement on a day-to-day basis, supervising team members and managing the engagement's timeframes and cost.	Responsible for directing the engagement on a day-to-day basis, supervising team members and managing the engagement's timeframes and cost.
Team member	Responsible for undertaking their assigned procedures.	Responsible for undertaking their assigned procedures.
ASP oversight reviewer	Responsible for and/or assisting the VAGO signing officer to perform the required audit procedures outlined in our ASP oversight guidance procedure.	Not applicable.

Source: VAGO.

Engagement leaders and signing officers

By law, the Auditor-General is the 'engagement partner' (or 'engagement leader', 'lead assurance practitioner' or 'signing officer') and 'auditor' for all financial and performance engagements according to the Audit Act and for the purposes of the Australian Auditing and Assurance Standards.

As the Auditor-General cannot practically fulfil these statutory obligations alone, section 8 of the Audit Act permits the Auditor-General to delegate the:

- ASA 220 responsibility for a financial audit's quality control to a VAGO staff member or an ASP partner who is a registered company auditor
- ASAE 3000 responsibility for the overall quality of an assurance engagement to a VAGO staff member
- ASA 700 signing officer role to a VAGO staff member or an ASP partner who is a registered company auditor (but only in limited circumstances as specified by section 8(2) of the Audit Act).

The Auditor-General's ability to delegate powers and functions is a key point of difference between us and private audit firms. In the private sector, the engagement partner assigned to an audit is legally responsible for the audit opinion and audit quality. As a result, private audit firms make no practical distinction between the signing officer and engagement leader roles.

Audit service providers

When undertaking financial audits, we supplement our workforce with ASPs to ensure we have the relevant competency and resources. An ASP can be any firm or individual we contract to conduct an audit or assurance engagement on our behalf. We discuss this in more detail in Section 3.6.

1.5 Our finances

Fees for our financial audit work

We collect fees from public sector entities for our financial audits and other auditing services, such as grant acquittals and our audits of performance statements. We set our fees in accordance with section 13 of the Audit Act to recover the reasonable costs of our financial audit services.

We do not provide any non-audit services to public sector entities and do not have any other sources of revenue from the entities we audit.

Figure 3: Revenue from financial audit fees

2022–23 (\$)	2021–22 (\$)	2020–21 (\$)	2019–20 (\$)
33,365,648	30,463,551	27,895,692	27,183,361

Source: VAGO.

Other revenue

We also receive an annual appropriation to conduct services on behalf of the Parliament of Victoria. This includes:

- our performance engagements and assurance reviews of public sector entities
- results of financial audit parliamentary reports
- our strategic audit planning for our performance audit program.

Figure 4: Annual appropriation

2022–23 (\$)	2021–22 (\$)	2020–21 (\$)	2019–20 (\$)
18,759,000	18,281,625	18,112,000	17,712,000

Source: VAGO.

Remuneration

Auditor-General

The Governor of Victoria determines the Auditor-General's remuneration based on the Executive Council's advice.

Executives

Our executives are employed on fixed-term contracts under the PAA. They are remunerated within the remuneration bands set by the Victorian Independent Remuneration Tribunal. Our executives are not entitled to performance-related bonuses.

We disclose the Auditor-General and our executives' remuneration in our Annual Report.

Staff

Our workforce consists of VAGO employees and contractors. All VAGO employees are engaged under the PAA and are subject to the terms and conditions of the *Victorian Public Service Enterprise Agreement 2020*, which sets remuneration bands for each employment category.

All VAGO contractors are also engaged under the PAA and are subject to the terms and conditions of their labour hire firm. They are paid on an hourly basis in accordance with fees agreed between VAGO and their labour hire firm. Despite this, they are required to follow all VAGO directions as if they were a VAGO employee, in addition to any obligations their firm places on them.

We engage registered company auditors under contract to conduct some engagements in the role of:

- engagement leader
- delegated signing officer.

Their fees are subject to the terms and conditions of these contracts and our audit service provider instructions (ASPIs). We pay their fees when they complete each phase of an engagement and we accept the associated key deliverables.

2.

Investing in audit quality

Overview

We have been investing in projects to improve the skills and knowledge of our workforce and in streamlining and modernising our systems and processes. These projects enhance our SQM. In 2023, we replaced our quality control framework with our new SQM.

This section provides information about our key projects enhancing our SQM as at 31 December 2023:

- Performance engagement methodology
 - Financial audit methodology and software
 - Capability frameworks
 - System of quality management
-

2.1 Performance engagement methodology

Performance engagement methodology and professional practice

We continued to invest in our performance engagement methodology to deliver authoritative and compelling insights to Parliament, the public and the public sector. The development of a robust methodology supports credible and consistent decision-making, enabling our people to deliver impact for Victorians by improving the performance of the public sector and public services.

The review of existing performance engagement practices and establishing a revised end-to-end performance audit practice methodology and associated templates was transferred to the Professional Practice and Development Branch, which sits in our PRS division.

The performance engagement methodology project also includes:

- conducting an independent quality assurance review to ensure our refreshed methodology complies with the Audit Act and applicable Australian Standards on assurance engagements
- training our performance auditors on the new methodology.

Updates to our methodology will enable our staff and enhance the quality of our engagement process, from planning through to reporting. We are aiming to have the new methodology and templates completed and embedded in practice by the end of 2024.

2.2 Financial audit methodology and software

Overview

In 2023 we began piloting our updated Caseware and EPIC methodology on 31 engagements. In the last quarter of 2023, our financial auditors undertook Caseware and EPIC methodology training to support this pilot. We will assess the results of the pilot and determine whether to roll out the

use of the EPIC Caseware engagement file for all 2024–25 financial audit engagements not undertaken by our ASPs.

Our EPIC Caseware engagement files provide:

- better and more secure ways to collaborate with audited entities
- greater automation to enhance the efficiency and quality of audit work.

We will continue to refresh and refine our EPIC engagement file:

- as we learn from the pilot
- for changes to our regulatory environment.

Our methodology has been updated for the requirements of ASQM 1 and ASQM 2. We have released training modules covering these audit quality standards.

Our financial audit division are investing in improving the use of our methodology and software with projects on EPIC and its application to assist us optimise risk-based auditing, intuitive audits using data analytics to optimise our use of technology to address risks and audit efficiency and the rebase of our audit cycle delivery.

ASP

Each year we review our ASP instructions, procedures and policies. Our financial audit division are investing in enhancing ASP oversight and management focusing on initiatives to better collaborate with our ASPs, oversight their work and manage their performance.

2.3 Enhancing capability

Overview

It is crucial for us to invest in our auditors' technical skills, including a mixture of analytical, technological, communication and interpersonal skills.

We are investing in capability frameworks and learning and development curriculums that align with our audit requirements, support career progression and prepare for the future capabilities required.

Our Enhancing FA's Capability project has commenced. This project evolved from our strategic plan, an employee consultation process and the shift in skillsets required for financial auditors owing to greater reliance on technology by our client base and evolving assurance requirements (such as sustainability reporting).

The project involves:

- a reset of role expectations in FA for the audit engagement role and practice administration role, by VPS grade
- a refresh of our structured capability framework – indicative of a modern audit firm – that clearly articulates the core knowledge, skills and behaviours required now and incorporates capability development to meet the needs of the evolving auditor into the future
- development of a learning and development curriculum that aligns with the refreshed FA capability framework. Our aim is for the curriculum to focus on all required disciplines, both technical and non-technical, such as audit and accounting theory, data-driven methods, IT systems assurance, people management, project management and leadership, and parliamentary product offerings
- a refresh of our succession pathways that demonstrates what qualifications, capabilities, formal and informal training, other on-the-job experience and opportunities are required for progression

- a refresh of critical people-related documents and policies
- development of a support program to help people managers coach, monitor and evaluate employees under the new framework, to assist with consistency in role expectation and performance management across the practice.

Consolidated resources, 'playbooks' summarising the Enhancing FA's Capability outputs for each VPS role, have been released to our auditors so they can begin to:

- understand capabilities for roles in financial audit engagements
- identify formal training opportunities to refine their skills
- consider development opportunities external to Financial Audit.

In-person training has occurred with each VPS cohort, providing a forum to collectively ask questions and develop a shared understanding of the project outputs with peers and senior leaders.

Emerging from the learning and development curriculum, we decided to stand up a project dedicated to mapping and sourcing training content for the curriculum. The deliverables of this project will be realised in 2024 and beyond.

Work on our PRS capability framework also commenced in October 2023. The PRS capability project and related projects involve:

- a refresh of our PRS capability framework that clearly articulates the core knowledge, skills and behaviours across VPS and SES levels
- development of a self-assessment tool
- a refresh of the development plan template
- creating a repository for learning and development resources
- conduct of a skills audit.

We expect to complete this project in the second quarter of 2024.

2.4 System of quality management

Overview

We have completed our SQM project responding to the requirements of the AUASB's audit quality standards, ASQM 1, ASQM 2 and ASA 220.

Our project included:

- determination of our audit quality objectives
- identification and assessment of quality risks against the quality objectives
- updates to both our EPIC and performance engagement methodologies
- updates to policies and procedures
- an evaluation of our SQM
- publication of our SQM framework document
- delivery of FA and PRS-specific e-learning modules for ASQM 2.

3.

Our system of quality management

Overview

Our SQM is designed to ensure we conduct our engagements in accordance with applicable regulatory requirements.

This section provides information on:

- the transition from our quality control framework to our SQM framework
 - the framework of our SQM
 - our risk assessment of our audit quality objectives
 - governance and leadership
 - relevant ethical requirements
 - acceptance and continuance of client relationships and specific engagements
 - engagement performance
 - resources
 - information and communication
 - our monitoring and remediation process
-

3.1 Transition from quality control framework to system of quality management

Transition to our SQM During 2022–23 we transitioned our quality control framework to our SQM in response to the AUASB’s new and revised quality standards:

- From 15 December 2022 the requirements of the following standards were applicable:
 - ASQM 1
 - ASQM 2
 - ASA 220 (revised).
- Until December 2022 the requirements of ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* were applicable.

Our existing quality control framework (QCF) addressed most of the requirements of ASQM 1. However, as detailed in section 2.4, our SQM project transitioned our framework in response to the new and enhanced AUASB quality requirements.

3.2 System of quality management framework

ASQM 1

We have designed, implemented and operate our SQM in accordance with applicable requirements of ASQM 1. Our SQM comprises the policies and procedures that operate at VAGO to mitigate the risks that we identified for our established audit quality objectives. The SQM framework document describes the SQM in place at VAGO. This section provides a brief description of each component and process of our SQM.

The annual evaluation of our SQM relies on our monitoring and remediation program and assesses the effectiveness of the SQM. This evaluation helps us maintain our SQM by identifying risks and determining appropriate remediation to our SQM.

Figure 5 outlines the 6 elements and associated risk and monitoring and remediation processes.

Figure 5: ASQM 1 quality management components



Source: VAGO.

3.3 Risk assessment process

Requirements

ASQM 1 specific requirements	<p>ASQM 1 requires that we:</p> <ul style="list-style-type: none">• have a risk assessment process to establish quality objectives, identify and assess quality risks, and design and implement responses to address the quality risks• establish the quality objectives as outlined in the SQM• obtain an understanding of and take into account how the conditions, events, circumstances, actions or inactions may adversely affect the achievement of the quality objectives• design and implement responses to address the quality risks• establish policies or procedures to identify whether additional quality objectives are needed• establish policies or procedures to identify quality risks and the responses to them.
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Summary of what we do	<p>We have an established risk appetite statement risk, defined quality risk and management framework and procedures. We respond to identified quality risks to achieve our audit quality objectives.</p>
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Quality risk assessment and management in our office

Quality risk	<p>A risk qualifies as a quality risk when both these are true:</p> <ul style="list-style-type: none">• The risk has a reasonable possibility of occurring.• The risk has a reasonable possibility of individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives.
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Risk assessment and risk response	<p>We have identified quality risks through a risk assessment process that included:</p> <ul style="list-style-type: none">• consideration of the work conducted by the Australasian Council of Auditors-General (ACAG) for quality risks• consultation with the SMG to assess our inherent risk factors and quality risks and risk responses.
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Our SQM details our policies, processes and procedures implemented as risk responses to the identified audit quality risks.

Our annual evaluation process establishes the extent to which we have designed and implemented risk responses to address the audit quality risks. Refer to section 5 'Evaluation of the system of quality management'.

3.4 Governance and leadership responsibilities for quality

Requirements

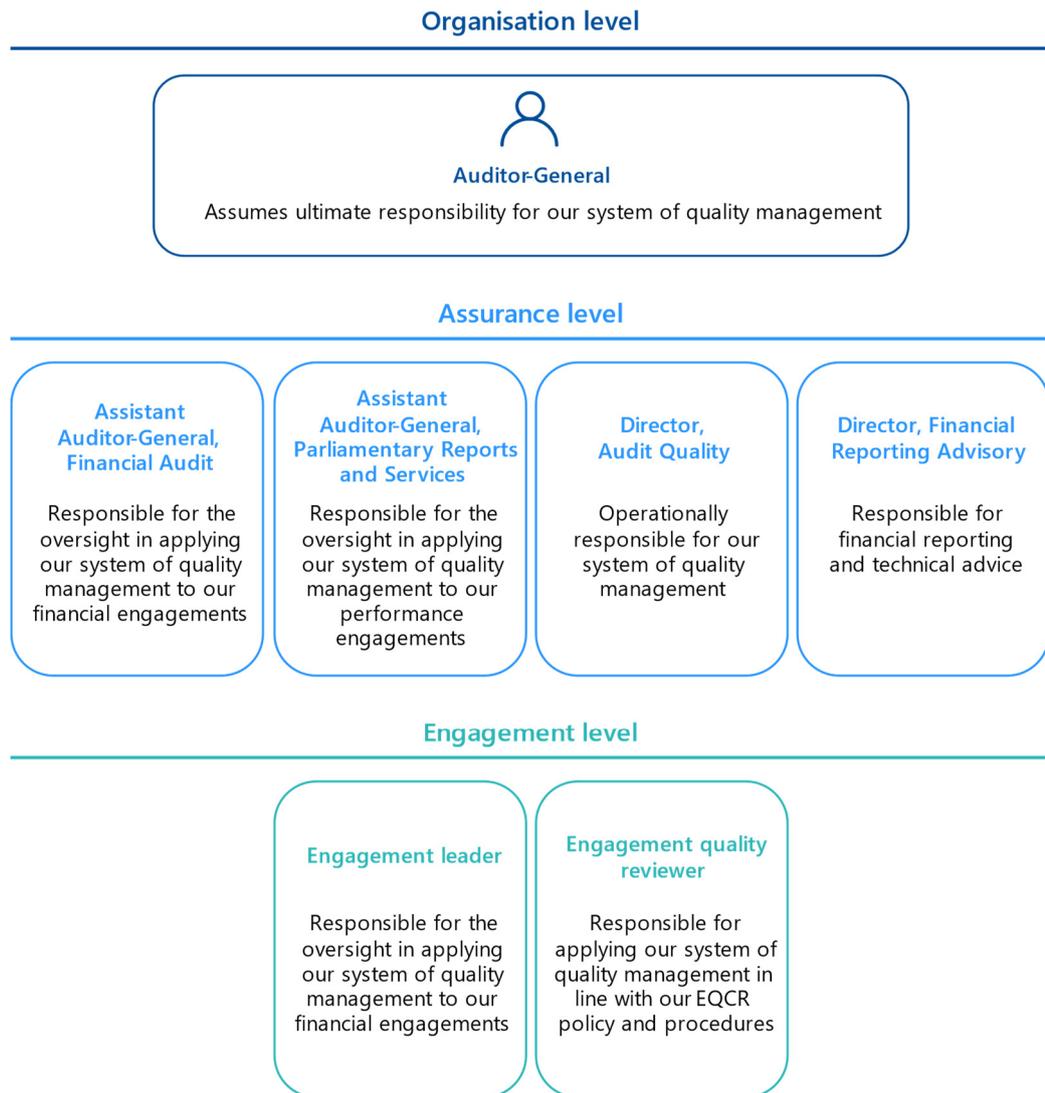
ASQM 1 establish audit quality objectives requirement	<p>We have adopted the ASQM 1 audit quality objectives for governance and leadership responsibilities for quality as our established objectives:</p> <ul style="list-style-type: none">• A culture exists throughout VAGO that recognises and reinforces:<ul style="list-style-type: none">• serving the public interest by consistently performing quality engagements• the importance of professional ethics, values and attitudes• the responsibility of all personnel for quality relating to the performance of engagements or activities within our SQM, and their expected behaviours• the importance of quality in strategic decisions and actions, including financial and operational responsibilities.• Leadership is responsible and accountable for quality.• Leadership demonstrates a commitment to quality through its actions and behaviours.• The organisational structure and assignment of roles is appropriate for our SQM.• Resource needs are planned for and resources applied consistently with our commitment to quality.
ASQM 1 other requirements	<p>VAGO must assign to individuals with appropriate capacity, experience, knowledge, influence and authority:</p> <ul style="list-style-type: none">• ultimate responsibility and accountability for our SQM• operational responsibility and accountability for our SQM• operational responsibility for compliance with independence requirements• operational responsibility for the monitoring and remediation process.
Summary of what we do	<p>We have an established governance and a leadership team as outlined in this section and section 1 of this report. In addition, we have assigned the specific SQM responsibilities and accountabilities to individuals.</p>

Ultimate responsibility for our system of quality management

Responsibility of the Auditor-General The standard requires the chief executive officer (or equivalent) to assume ultimate responsibility and accountability for the firm's SQM. The Auditor-General is legislatively responsible for our quality management system and its performance.

While the Auditor-General is ultimately responsible for our SQM and performance, all our staff have a role in upholding audit quality. Figure 6 shows the individual roles and groups that are responsible for different parts of our SQM as it applies to our financial and performance engagements.

Figure 6: Governance arrangements supporting audit quality



Source: VAGO.

Operational responsibility for our SQM and monitoring and remediation process

Roles and responsibilities

Our audit quality director is operationally responsible for our:

- SQM
- monitoring and remediation processes.

They are also:

- a key subject matter expert, providing support and advice to our auditors on complex auditing matters
- a member of our audit report modification and technical panels.

The Audit Quality director reports directly to the Auditor-General and is functionally and administratively independent of our financial and PA divisions.

Our Financial Reporting Advisory director is operationally responsible for providing support and advice to our financial auditors on complex accounting and financial reporting matters, as specified in their approved position descriptions. They are also a member of our technical panel.

Operational responsibility for monitoring of independence requirements

Roles and responsibilities The Assistant Auditors-General of Financial Audit and Parliamentary Reports and Services have operational responsibility for the monitoring of adherence to independence requirements for their respective business divisions.

Our human resources team support the administration of the annual declaration process and monitoring of its compliance.

Independence requirements within the office are discussed in further detail in section 3.5.

Our commitment to create a culture of audit quality

Roles and responsibilities Our SMG promotes audit quality through a number of initiatives, including:

- endorsing and promoting our policies and procedures
- embedding quality in our values, culture and strategies
- approving and overseeing a portfolio of continuous improvement projects
- establishing and monitoring a values-led recognition and accountability framework
- monitoring audit quality through:
 - internal reviews of our quality control framework
 - our quality assurance review program
- monitoring how we implement agreed remedial actions and improvements that arise from our monitoring systems.

3.5 Relevant ethical requirements

Our independence, ethical standards and requirements

Requirements

ASQM 1 quality objective requirement ASQM 1 outlines quality objectives for ethical requirements, including independence. We have established quality objectives to ensure:

- VAGO and its staff understand relevant ethical requirements that apply to us and our engagements
- we carry out our responsibilities as expected from the relevant ethical requirements
- others we engage to assist with our work, including ASPs and specialists, are aware of and adhere to relevant ethical requirements as they apply to engaging with our organisation.

ASQM 1-specific requirements

- Establishment of policies and procedures is needed for:
 - Identifying, evaluating and addressing threats to compliance, and consequences of breaches with the relevant ethical requirements
 - reporting of any breaches to ethical requirements
- At least an annual confirmation of compliance with independence requirements must be obtained from all personnel ethically bound by relevant independence requirements.

Constitution Act 1975 The Auditor-General is appointed as an independent officer of Parliament under the *Constitution Act 1975*. This Act outlines preventative measures to uphold the Auditor-General's independence and ethical responsibilities, including that the Auditor-General:

- must be an independent officer of Parliament
- must not engage in paid employment outside of the office
- has complete discretion to perform or exercise their functions or powers
- is not subject to direction from anyone regarding how they conduct engagements and prioritise certain matters.

Other regulatory requirements

We are also required to comply with the following regulations that contain ethical standards and requirements:

- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*
- Australian Auditing Standard ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*
- *Code of Conduct for Victorian Public Sector Employees of Special Bodies*
- PAA
- applicable provisions of the *Corporations Act 2001*

Standing Directions 2018 Under the *Financial Management Act 1994*, which provide policies on gifts, benefits, and hospitality.

We are committed to identifying, evaluating and acting on our ethical compliance obligations. Our implemented policies, procedures and contractual arrangements make sure:

- all of our staff declare their independence on an annual basis and, where any changes in circumstances impact their declaration, they update it
- our staff are aware of our ethical requirements, our staff annually complete a suite of compulsory ethical and independence training courses
- all audit service providers and auditor and assurance practitioners' experts and other contractors who work on our engagements declare their independence
- we identify and appropriately address threats to independence
- we report on breaches of ethical requirements.

Summary of what we do

Independence declarations

Our conflict of interest policy and employee declaration procedure require our staff to complete an independence declaration:

- when they join VAGO
- if their circumstances change
- each year before 30 September.

We also require all engagement team members, including internal and external subject matter experts, to confirm and declare their independence prior to each engagement commencing and for changes in circumstances.

We require our ASPs and external subject matter experts to provide a written attestation to their independence upon tendering and at their appointment as a VAGO ASP or external subject matter expert. Our ASPs also provide these attestations at the commencement and completion of each financial audit engagement. We require our ASPs to have an appropriate system to maintain their independence in accordance with the auditing and professional and ethical standards.

A member of our human resources team will notify the Assistant Auditor-General of financial audit or the Assistant Auditor-General of parliamentary reports and services (as appropriate) of a staff member's independence declaration if a conflict of interest exists. The relevant Assistant Auditor-General will approve any actions needed to reduce threats to our independence.

We review compliance with our conflict of interest policy and independence declaration procedure annually. Our financial audit signing officers and engagement leaders also have a responsibility to monitor independence throughout each audit engagement on an ongoing basis. There have been no breaches of our conflicts of interest policy during 2022–23 (and none between 2019 and 2022).

Ethical requirements training

We have a range of processes to monitor and ensure our staff understand and comply with our ethical requirements. When we onboard new staff, we provide mandatory and assessment-based ethics training modules. Staff must complete these modules again each year as part of our annual compliance program, which our SMG monitors. All financial audit and performance engagement team members completed the annual mandatory compliance training since 2019–20.

Our compulsory ethical training modules cover:

- fraud, corruption and conflicts of interest
 - independence and regulatory obligations
 - privacy, secrecy and confidentiality
 - appropriate behaviour
 - public interest disclosures.
-

Gifts, benefits and hospitality

Our gifts, benefits and hospitality policy states that it is not appropriate for our staff to offer or receive gifts, benefits or hospitality that could reasonably be perceived to affect our independence or our impartial performance of official duties. We have a range of guides and provide examples to ensure our staff know:

- when they should reject a gift
- how to give and receive gifts for business purposes
- how to record items on our gifts, benefits, and hospitality register.

Our fraud, corruption and conflicts of interest training also covers these requirements.

As required by the Standing Directions 2018 Under the *Financial Management Act 1994*, we publish our gifts, benefits and hospitality policy and register on our website.

Rotation of senior personnel

Rotation policies To avoid actual and perceived threats to our independence caused by our staff becoming familiar with employees from the entities we audit, we rotate the following engagement team members on or before the following periods:

- engagement leader – at least every 7 years
- engagement quality reviewer (EQR) – at least every 7 years
- team leader – at least every 5 years.

The Assistant Auditor-General of Financial Audit and Assistant Auditor-General of PRS are responsible for rotating senior members of our engagement teams. Both divisions monitor the rotation of senior team members through their annual resourcing allocations. We have the same rotation requirements for our financial audit ASPs.

We also maintain registers to:

- track how long our auditors have worked in each sector and on each audited entity
- assess the amount of time senior team members have spent on each engagement.

There were no breaches of our financial audit or PRS audit rotation policies in the period 2019–23.

3.6 Acceptance and continuance of client relationships and engagements

Our independence, ethical standards, and requirements

Requirements

Audit Act mandated engagements	ASQM 1 acknowledges our mandate to undertake audits of all public sector agencies without the ability to decline an engagement. Within this context, we do not have audit quality objectives for the acceptance and continuance of mandated engagements.
Audit Act non-mandated engagements	Our decision to accept an engagement under section 23 or 24 of the Audit Act (non-mandated audit) is based on: <ul style="list-style-type: none">• information obtained about the nature and circumstances of the engagement• the integrity and ethical values of the audited entity• our ability to perform the engagement in accordance with AUASB auditing standards and applicable legal and regulatory requirements• our financial and operational priorities.
ASQM 1-specific requirement	Policies and procedures that address our obligation by law or regulation to accept an engagement.
Summary of what we do	We have established appropriate acceptance and continuance policies and procedures for non-mandated engagements. Audit quality risks arising from mandated engagements are remediated in engagement performance and resourcing components of our SQM.

Audit Act mandate

The Audit Act:

- requires the Auditor-General to audit the financial statements of each public body in Victoria
- gives the Auditor-General the mandate to undertake performance engagements of Victorian public sector entities and of their objectives, operations and activities.

As we undertake our audits within this mandate, certain ASQM 1, ASAE 3000 and ASA 220 requirements that relate to accepting and continuing engagements are not applicable to us.

For continuing engagements, the engagement leader confirms that the engagement is still within our mandate each year.

For performance engagements, the Audit Act requires us to consult with the Public Accounts and Estimates Committee (PAEC) on our performance audit specifications. ASAE 3500 requires us to communicate the terms of the engagement at the start of each performance engagement. We do this during the performance engagement initiation, as detailed in our performance audit methodology procedures.

Non-mandate

We may conduct financial audits by arrangement under section 23 of the Audit Act. This section requires public bodies to obtain ministerial approval before requesting us to provide other auditing services. The Auditor-General approves these requests.

We may enter into public purpose audit arrangements under section 24 of the Audit Act with entities that are not a public body where we are satisfied that the engagement is in the public interest and the entity exists for a public purpose.

Where we are requested to undertake non-mandated engagements that meet the Audit Act requirements, we have acceptance and continuance policies and procedures that address our non-mandated engagement audit quality objectives.

To maintain our independence and objectivity, we do not permit our ASPs to provide non-assurance services to an audit client during their contracted period without the Auditor-General's prior written approval.

Dispensed audits

Section 10(2) of the Audit Act allows the Auditor-General to dispense of the audit of a financial report. Appendix C lists the dispensed audits in financial years 2019–20 to 2022–23.

Due to changes to the Audit Act effective from July 2019, the Auditor-General became the auditor of all public bodies, including 37 entities under the *Health Services Act 1988*. At that time, the Auditor-General dispensed 7 engagements to allow for the orderly transition of the auditor in line with the *Corporations Act 2001*. The Auditor-General has not dispensed any audits since 1 July 2021, the end of the transition period.

Dispensed audit

A dispensed audit is an audit that the Auditor-General has formally relinquished their right to undertake during a reporting period. The Auditor-General dispenses of audits when it is impractical for us to undertake them. When this happens, the reporting entity appoints their own auditor for the financial year.

3.7 Engagement performance

Requirements

ASQM 1 quality objective requirement	<p>We have adopted the ASQM 1 quality objectives for engagement performance as our established objectives:</p> <ul style="list-style-type: none"> Engagement teams understand and fulfill their responsibilities including, as applicable, the overall responsibility of engagement executives for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement. The nature, timing and extent of direction and supervision of engagement teams and review of the work performed is appropriate, based on the nature and circumstances of the audit and the resources assigned or made available to the audit team. The work performed by less experienced team members is directed, supervised and reviewed by more experienced team members. Engagement teams exercise appropriate professional judgement and professional scepticism. Consultation on difficult or contentious matters is undertaken and the conclusions agreed are implemented. Differences of opinion within the audit team, or between the audit team and the engagement quality reviewer, or individuals performing activities within our SQM are brought to the attention of the Auditor-General and resolved. Engagement documentation is assembled on a timely basis after the date of the engagement report and is appropriately maintained and retained to meet the needs of VAGO and comply with law, relevant ethical requirements or applicable auditing standards.
ASQM 1 specific requirements/ ASQM 2 requirements	<p>ASQM 2 requires that we have an engagement quality review for:</p> <ul style="list-style-type: none"> engagements for which an engagement quality review is required by law or regulation engagements that we determine an engagement quality review is appropriate to address quality risks.
Summary of what we do	<p>We have established policies, procedures, processes and guidance to mitigate identified risks relevant to the quality objectives for:</p> <ul style="list-style-type: none"> engagement team composition consultations and differences of opinion engagement quality engagement documentation.

Engagement team roles and responsibilities

Engagement teams Our engagement methodologies and audit policies detail the individual roles and responsibilities for engagement team members. We provide training to our auditors to ensure they understand these requirements.

Our supervision and review requirements, along with our performance management and monitoring processes, assist us to ensure that individuals are fulfilling their responsibilities.

For our ASPs our head agreements and ASPIs provide information on their roles and responsibilities.

Supervision and review policies and procedures

We have policies and procedures for supervision and review responsibilities.

These state that more-experienced engagement team members must review less experienced engagement team members' work. For all engagements, the engagement leader is responsible for ensuring these reviews are performed in accordance with our policies and procedures.

We also have oversight procedures, contract-management processes and annual performance assessments to monitor the quality of ASPs as outlined in section 3.8.

Consultations and differences of opinion

Financial audit consultations We require engagement leaders to consult our financial reporting and advisory team or audit quality team on:

- significant accounting and auditing issues
- difficult or contentious matters.

Our consultation policy outlines our principles for assessing significant matters that require consultation. We have protocols and online forms to facilitate consultations and we maintain a consultation register.

Our financial reporting advisory team and audit quality team include audit and accounting subject matter experts. We encourage our auditors to consult these subject matter experts where appropriate. Engagement teams record consultation outcomes in their engagement files. Our technical panel meets monthly to consider significant and contentious accounting and auditing-related matters.

Performance engagement consultations

Our acquittal processes require engagement leaders to consult with their EQR, the Auditor-General and the Assistant Auditor-General of PRS to resolve internal differences of opinion. As part of the acquittal process, we document the conclusions we reach before finalising the engagement documentation and corresponding report. The Auditor-General makes the ultimate decision.

Differences of opinion

If there is a difference of opinion between a subject matter expert and an engagement team, the engagement leader must refer the matter to the relevant business unit's Assistant Auditor-General and, if needed, the Auditor-General.

If there is a difference of opinion between an EQR and an engagement leader, the business unit's Assistant Auditor-General and/or staff from the audit quality team will help to resolve it. In line with our EQR policy, the engagement leader must refer unresolved differences of opinion to the Auditor-General for discussion and resolution.

Engagement quality

Financial audit EQR

We appoint an EQR to all high-risk engagements. For moderate-risk engagements, we annually assess the need for an EQR. We provide our engagement teams tools to undertake this assessment.

While the extent of an EQR's review depends on the risk and complexity of the engagement, it always covers vital areas, such as independence, materiality and significant risks and judgements.

We do not issue an audit report until the EQR has completed their review and the engagement team has satisfactorily resolved all their significant questions. The EQR's involvement in an engagement does not reduce the signing officer or engagement leader's responsibilities. All documentation that shows the EQR's involvement in an engagement, including discussions with the engagement leader where conclusions were reached, is saved in the engagement file.

We consult with our ASPs to decide whether an EQR is needed for an engagement they are undertaking. If an EQR is required, the ASP is responsible for allocating a second independent partner as the EQR. An ASP has to adhere to its own firm's EQR policy and procedures for completing the engagement quality review.

Performance engagement EQR

We appoint an EQR to all of our performance engagements. Like our financial audit EQR policy and procedure, the EQR must complete and document their review and the engagement team must satisfactorily resolve all of their significant questions before the Auditor-General can issue an assurance report.

Engagement documentation

Documentation protocols

The Audit Act imposes confidentiality requirements on our auditors, which restrict them from sharing or inappropriately using any information obtained during an engagement. We have policies and procedures designed to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of our engagement documentation in accordance with ASQM 1 and relevant legislation.

Our engagement methodology states that engagement teams must maintain the confidentiality of their work papers and the information they collect during an engagement.

We enforce Microsoft 365 security and compliance sensitivity labels on all documents. All documents are secured and stored in accordance with our protective marking procedure. Our sensitivity labels include 'official', 'sensitive', 'protected' or, where necessary, 'secret'.

All Victorian Government agencies are required to add protective markings to documents under the *Privacy and Data Protection Act 2014*. The classification levels are based on the potential damage that would occur to the government's operations, an organisation or an individual if the information's confidentiality was compromised.

We also require our engagement teams to assemble and lock down their engagement files within:

- 60 days after we issue a financial audit report
- 15 days from the tabling date for performance assurance reports.

We retain all engagement files for at least 7 years. We also require our ASPs to retain engagement documentation for a period of 7 years from the date of an audit report. We regularly monitor compliance with our lockdown policy.

3.8 Resources

Resource Group 1: Human resources

Requirements

ASQM 1 quality objective requirement

We have adopted the ASQM 1 quality objectives for obtaining, developing, using, maintaining, allocating and assigning resources as our established objectives:

- Staff are hired, developed and retained, and have the competence and capabilities to consistently perform quality audits or carry out non-audit responsibilities in relation to the operation of our SQM.
- Staff demonstrate a commitment to quality through their actions and behaviours, develop and maintain the appropriate competence to perform their roles, and are held accountable or recognised through timely evaluations, compensation, promotion and other incentives.
- Individuals are obtained from external sources where we do not have sufficient or appropriate personnel to enable the operation of our SQM or performance of engagements.
- Engagement team members are assigned to each engagement, including an engagement leader, who have appropriate competence and capabilities, including sufficient time, to consistently perform quality engagements.
- Individuals are assigned to perform activities within our SQM who have appropriate competence and capabilities, including sufficient time, to perform such activities.

Summary of what we do

We have established policies, procedures, processes and guidance to mitigate identified risks relevant to the quality objectives for:

- recruitment, promotion and compensation
- performance appraisals
- learning and development
- assigning resources to engagements.

Recruitment, promotion, and compensation

We recruit high-calibre people into a continuous improvement culture to achieve high-quality audit outcomes. We encourage innovation and collaboration and are committed to effective stakeholder engagement and sharing knowledge. We recognise that diverse and inclusive workforces are more capable of meeting business needs, are adept at providing different ways of looking at work issues and drive higher innovation and productivity.

Our human resources policies and procedures are designed to recruit and promote staff with the competence, capabilities and commitment to the ethical principles that are necessary to perform our engagements to a high standard. Our recruitment assessment criteria include:

- qualifications
- experience
- a range of behavioural and operational attributes
- reference and security checks.

At VAGO, recruitment to every position is a merit-based process.

We compensate our employees in accordance with the *Victorian Public Service Enterprise Agreement 2020*. Salary progression depends on satisfactory performance and high performers can achieve a bonus each year. Employees do not receive other forms of incentive-based remuneration.

We manage our senior executive employees' performance in accordance with our executive employment contracts and the *Victorian Public Service Executive Employment Handbook*. Our process reflects the principles outlined in our employee performance policy and associated procedures.

Performance appraisals

Our employee performance policies and procedures help us develop and monitor our employees' capabilities and competence. This involves self-assessments, manager assessments and a calibration process.

We encourage our employees to actively support each other and pursue their own professional development goals. As a part of our annual performance program, employees record their goals and learning in development plans.

At the start of the annual performance cycle, each employee sets goals that are aligned with our 4 strategic objectives:

- increase our relevance
- grow our influence
- invest in our people
- lead by example.

Employees record and monitor their progress against their goals throughout the year. Managers hold regular meetings with employees to discuss their expectations, performance feedback, workloads and upcoming priorities. Our goal-setting and performance evaluation processes also include audit quality criteria.

Each employee has a formal midyear and end-of-year evaluation with their manager. These sessions also involve discussions about career goals.

These regular meetings and formal evaluations can help employees identify their learning and development goals. Remedial action is undertaken for underperforming employees.

Learning and development

Our employees' ongoing development is essential to audit quality. We support our people to harness new and emerging technical, analytical and management capabilities.

We provide structured learning for all new staff and run a graduate induction program. We supplement on-the-job training and coaching with training sessions, e-learning modules and guidance materials. Our formal technical training includes:

- modules on our audit methodology and tools
- updates or changes to professional standards
- our regulatory environment and ethical requirements.

We continue to build our auditors' technical capability by providing updates on new accounting and auditing standards and audit methodologies. We also hold workshops and seminars to increase our employees' capability and knowledge. All employees create annual learning and development goals. We evaluate each employee's performance against these goals and refer to them when we develop our training programs.

We support our people to learn new technical, analytical and people-management skills. We treat coaching, supervision and reviews as ongoing processes and feed them into our annual performance program. We monitor completion of our mandatory training modules, including completion of our annual compliance program.

Most of our financial auditors have Chartered Accountants Australia and New Zealand (CA ANZ) or Certified Practising Accountant Australia (CPA) memberships or are progressing towards membership (or have a similar international equivalent). These staff maintain the minimum professional training requirements for these memberships. Our performance audit team members have extensive experience in data analytics and policy development.

Assigning staff to engagements It is important our engagement teams have the capacity and capability to respond to the specific risks and requirements of each engagement. To support this, we have policies and procedures and use:

- resourcing strategies
- suitable subject matter experts
- appropriate recruitment practices
- professional development criteria.

Our resourcing strategy considers a mix of in-house staff, external subject matter experts and ASP resources to deliver quality outcomes for our financial audit program. We allocate resources to audits based on:

- the budget prepared for each engagement
- the capabilities required to address each audit’s risk level.

Our VPS level allocation policy for financial audit engagements specifies the minimum VPS employment levels for engagement teams. This policy establishes the minimum VPS grade allowed to deliver an audit engagement role, depending on the nature of the engagement (material entities, non-material entities or oversight of ASP engagements) or the audit risk.

We configure engagement teams to ensure we have the technical capability and experience to undertake each engagement. We assign responsibility to an engagement leader with the appropriate competence, capabilities and authority to perform the role.

Resource Group 2: Technological resources

Requirement

ASQM 1 quality objective requirement	We have adopted the ASQM 1 quality objectives for technological resources as our established objectives. This objective requires that appropriate technological resources are required to be obtained or developed, implemented, maintained and used to enable the operation of our SQM and the consistent performance of quality engagements.
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Summary of what we do	<p>We have dedicated teams and have invested in:</p> <ul style="list-style-type: none"> • data science and data analytics • an Empower data analytics platform • systems assurance.
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Data science and data analytics We have dedicated teams to support our financial and performance audit engagements. Our data analytics team support our financial audit business unit. Our data science team supports our PRS business unit.

These teams help our auditors to:

- translate audit objectives into questions that can be addressed using data analytics
- acquire, cleanse, check, transform and map source data
- sample data
- perform planning analytics using our data analytics platform Empower
- substantively test tools
- communicate and visualise data analytics results.

Our data science team uses publicly available data and data owned by government agencies to conduct statistical and other analyses to realise our audit objectives.

Our data teams also support our auditors by providing training and other forms of knowledge and skill transfer. They train our performance auditors to apply statistical analysis skills and use relevant software applications and tools, such as Python and Microsoft Power BI. They train financial auditors to use our bespoke data analytics platform Empower.

Empower

We have internally developed our own data analytics platform, which is called Empower. Empower gives our auditors access to data and prebuilt visualisations across 96 classes of transactions and account balances and 53 audit clients.

Engagement teams use Empower to:

- access data to do their audits
- undertake risk assessments to:
 - better understand classes of transactions
 - develop an audit approach
- identify higher-risk journal entries that require further testing
- perform audit procedures that involve selecting and evaluating a statistical sample
- re-perform rule-based audit procedures, which auditors previously had to complete manually
- help them match financial records to their audit clients' financial statements
- present impactful audit findings and offer richer insights.

Our financial audit data champion group is operating to support our financial auditors apply our data analytics approach through continuous improvement and training.

Systems assurance

Our systems assurance team supports our engagement teams when they need IT audit subject matter expertise (SME) on their engagements. Examples of work that IT audit SMEs assist with include:

- IT general controls (ITGC) testing
- IT application controls (ITAC) testing
- providing specialist advice on ITGC and ITAC
- detailed substantive testing relevant to data migration.

At times, our systems assurance team helps financial auditors when controls are deficient in the entity we are auditing – for example, by testing the configuration of a report. They also assist with substantive audit procedures where IT expertise is needed, such as by reviewing Python scripts that have been used for substantive testing.

Systems assurance was resourced using a combination of in-house staff and staff from 2 professional services firms during 2022–23.

Resource Group 3: Intellectual resources

Requirements

ASQM 1 quality objective requirement We have adopted the ASQM 1 quality objective for intellectual resources as our established objective. This objective requires that appropriate intellectual resources are obtained or developed, implemented, maintained, and used, to enable the operation of our SQM and the consistent performance of quality engagements and such intellectual resources are consistent with auditing and assurance standards and applicable legal and regulatory requirements.

Summary of what we do Our commitment to this objective is supported by our:

- financial audit methodologies
- performance audit methodologies
- audit quality and financial reporting advisory teams

Our financial audit methodology Our risk-based EPIC methodology, which complies with the Australian Auditing Standards, includes integrated audit policies, guidance, processes, and procedures designed for the public sector across 4 major processes. Figure 7 describes these processes.

Figure 7: EPIC's 4 processes



Source: VAGO.

EPIC incorporates information systems auditing planning, risk assessments and conclusions for an integrated audit approach. It gives auditors the opportunity to better document and demonstrate how they reached a conclusion and whether the audited entity has the controls to adequately mitigate any risks that the audit identified.

We continually monitor and refresh our EPIC methodology.

We are phasing out the use of Lotus Notes as our financial audit engagement file. As outlined in section 2.2 of this report, we are currently piloting Caseware software with a view to rolling it out to all financial audit engagements conducted by VAGO staff in 2024–25.

Our performance engagement methodology

Our performance audit methodology procedure (AMP) Lotus Notes database contains our performance engagement methodology, including the relevant policies, procedures, guidance and tools.

As outlined in section 2.1, PRS is currently undergoing a review of the existing methodology and associated tools.

Audit quality and financial reporting advisory teams

Our employees' auditing, accounting and financial reporting skills are essential to the quality of our engagements. Our audit quality team and financial reporting advisory team support our engagement teams to apply the Australian Accounting Standards and Australian Auditing and Assurance Standards by:

- providing tools, guides and training
- responding to enquiries and providing technical consultation on complex accounting, auditing and financial matters.

Our financial reporting advisory team provides training to our financial auditors on how to apply Australian Accounting Standards in our public sector context.

The audit quality team provides training to our financial auditors on:

- how to apply the Australian Auditing and Assurance Standards in our public sector context
- our audit methodology and tools.

Our PRS business unit provides an in-house training program led by performance audit staff. Performance audit staff also attend ACAG training sessions and outsourced specific speciality training.

Resource Group 4: Audit service providers

Requirements

ASQM 1 quality objective requirement	<p>We have adopted ASQM 1 quality objectives for the engagement of and use of ASP resources as our established objectives.</p> <p>This objective requires that human, technological or intellectual resources from service providers are appropriate for use in our SQM and in the performance of engagements, considering the objectives above.</p>
Summary of what we do	<p>We have established policies, procedures, processes and guidance to mitigate identified risks relevant to the quality objectives, including:</p> <ul style="list-style-type: none">• tendering processes• contractual arrangements• ASPIs• ASP oversight procedures• ongoing communication with staff and ASPs.

Audit service providers

We employ ASPs to help deliver our annual financial audits. Our procurement process for ASPs assesses their capability, ethical requirements and quality control system.

When working on our behalf, the ASP engagement leader is responsible for the quality for each audit. In accordance with our ASP oversight policy, VAGO signing officers remain responsible for the audit opinions we issue.

The sector director determines the level of ASP oversight required for each audit and assigns an ASP oversight reviewer. The level of oversight may range from low to high in any given year. It is influenced by:

- the ASP engagement leader's assessment of the pervasive inherent risks at the entity level
- the signing officer's determination of the ASP engagement leader's risk, which they assess using our ASP oversight risk assessment questionnaire.

During an ASP engagement, the ASP oversight reviewer is responsible for and/or assists the signing officer in completing the required audit procedures outlined in our ASP oversight guidance procedure. Our ASPs submit key deliverables that include attestations and work completed to help us oversee their work.

Our ASPs use their firm's audit methodology when conducting our engagements and are contractually required to comply with Australian Auditing Standards. They also comply with our ASPI when completing audits on our behalf.

As discussed in section 4.3, our ASPs may be inspected by the Australian Securities and Investments Commission (ASIC).

3.9 Information and communication

Requirement

ASQM 1 quality objectives	<p>We have adopted the ASQM 1 quality objectives for information and communication as our established quality objectives:</p> <ul style="list-style-type: none">• Our information systems identify, capture, process and maintain relevant and reliable information that supports the SQM, whether from internal or external sources.• The culture of VAGO recognises and reinforces the responsibility of employees to exchange information with firms and with one another.• Relevant and reliable information is exchanged throughout VAGO, including the following:<ul style="list-style-type: none">• Sufficient information is communicated to staff to enable them to understand and carry out their responsibilities within the SQM.• Staff communicate information to VAGO when performing activities within the SQM or engagements.• Relevant and reliable information is communicated to external parties, including the following:<ul style="list-style-type: none">• Information is communicated by VAGO to service providers, enabling service providers to fulfill their responsibilities relating to the services or resources provided by them.• Information is communicated externally when required by law, regulation or relevant auditing standards, or to support external understanding of the SQM.
ASQM 1-specific requirements	<ul style="list-style-type: none">• Identify, communicate, evaluate and report any breaches of ethical requirements and respond appropriately in a timely manner.• Establish policies and procedures for communication with those charged with governance and external parties on our SQM.
Summary of what we do	<p>We have developed and implemented information systems and associated policies, procedures, processes and guidance to mitigate identified risks relevant to the information and communication quality objectives. We publish an annual transparency report on our website.</p>

Our information system

Information system responsibilities	<p>Our policies and methodologies specify responsibilities for the identification and capture of data. Our IT business support team maintain and manage our information systems, including:</p> <ul style="list-style-type: none">• managing how we capture, store, and dispose of records• managing record control and security• training employees on our security and data retention policies• maintaining our records management system.
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Collaboration and information sharing	<p>We embrace a consultative environment where our auditors share their knowledge. We benefit from our collective experience and technical expertise to improve the quality of our engagement performance. We encourage collaboration and information sharing within the boundaries of the Audit Act and other regulatory requirements.</p>
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We have policies and procedures that maintain the confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation in accordance with ASQM 1, the *Public Records Act 1973*, the *Privacy and Data Protection Act 2014* and the Australian and international standards for information management:

- AS ISO 15489: *Information and documentation – Records management*
- ISO 16175: *Information and documentation – Processes and functional requirements for software for managing records*
- ISO 23081: *Metadata for records*.

We undertake regular systems audits against these policies and, where appropriate, provide audit/incident reports or logs that flag incidents or inconsistencies for the SMG to action. Our IT team also monitor our data systems to ensure no pertinent data is destroyed without authorisation.

Protective markings

In line with the *Privacy and Data Protection Act 2014*, all Victorian Government entities must add protective markings to their documents. We require our employees to apply security classifications, including 'official', 'official – sensitive' or, where necessary, 'protected' or 'secret', to all documentation. The level of classification is based on the potential damage that would occur to government operations, organisations or individuals if the information's confidentiality was compromised.

Exchange of information within the office

Overview

We encourage collaboration between our business divisions and our financial and performance auditors and engagement teams.

Communicating the importance of quality

In line with ASQM 1, we have a range of initiatives to keep our employees informed about the importance of audit quality. To provide visible leadership, promote our culture and audit quality, and improve communication across VAGO, we:

- require all employees to undertake training on our SQM (previously our quality control framework training)
- hold regular stand-up briefings for all employees, which an SMG member hosts. During these meetings employees can also ask the SMG questions
- post regular announcements on Microsoft Teams to inform our employees about new or revised policies and processes related to our SQM
- hold technical update sessions
- provide feedback to auditors on the results of our monitoring and remediation processes
- rotate participation of our senior employees in monthly OMG meetings
- report employee survey results to the SMG
- have a staff consultation committee, which staff utilise to communicate with the SMG.

In addition to our monitoring and remediation processes, we have a range of stakeholder and employee surveys to obtain feedback, including feedback about our audit quality. We analyse survey results and implement remedial actions as appropriate. We actively engage with our employees on the results of these surveys and the implementation of agreed actions.

Staff consultation committee

The office has an official staff consultation committee for the purposes of facilitating a direct channel of communication between staff and the senior executive. This committee incorporates representatives from all VAGO's business divisions of intended mixed seniority. The objectives, principles, composition and structure of the committee are outlined in its terms of reference.

Communication with external parties

Overview

We communicate with external parties including our audited entities, ASPs, Parliament and the public.

Communication with audited entities and Parliament

Our auditors engage with key management personnel and applicable governance committees in the execution of our engagements. Entity audit committees are a key point of contact for the exchange of information for us. We attend applicable audit committee meetings, sharing key deliverables for our engagements.

Our audit methodologies include procedures to ensure we communicate with our audited entities and Parliament in accordance with the Audit Act and relevant auditing and assurance standards. We consult with our audited entities in the preparation of our annual plan and our engagement deliverables. We seek comments from PAEC on our draft annual plan and each engagement's engagement strategy.

We table our annual plan, annual report and audit reports in Parliament. Prior to tabling our reports in Parliament, we invite relevant ministers to a briefing on the engagement.

Communication with ASPs

We communicate with our ASPs through a variety of platforms including our ASPs, the ASP portal, CASPER, ASP forums and online events, and email.

Our quality requirements for ASPs are provided in our contract agreements with the firm and in our ASPs. We provide all relevant policies, procedures and templates to our ASPs in our ASP portal. We communicate changes in these requirements as they occur.

Communication with the public

In fulfilling our role promoting confidence in the public sector, our communications with the public are of critical importance – we must be transparent and accountable.

The results of our financial audits and performance engagements are contained in reports tabled in Parliament. We make these reports and their related summary videos publicly accessible via our website. We develop and implement a communications plan for each parliamentary report to assist reaching the public through social media.

We are committed to producing and sharing products that can be accessed and used by the public. This means our products are written clearly and in plain English. This promotes greater awareness of our work and ensures it is more easily understood.

In the interests of transparency and in accordance with our legislative obligations, we annually report on our performance, strategies and plans for the year ahead and beyond. These corporate publications are publicly accessible via our website and cover multiple aspects of information we consider to be of public interest.

We additionally communicate to the public the various aspects of oversight that we are subject to in performing our assurance services and our use of public resources – reflecting [how we are accountable](#).

External general enquires Responding to general correspondence from parliamentarians (MPs), public sector representatives, councillors and members of the general public is subject to tone, format and timeline guidelines.

As per our media policy, the office does not pursue media coverage and does not comment on our work outside of that documented in our reports tabled in Parliament or content on our official website and social media channels.

Communications regarding complaints and allegations are considered as per section 3.10.

3.10 Monitoring and remediation process

Requirements

ASQM 1 quality objectives	<p>We have adopted the ASQM 1 audit quality objectives for monitoring and remediation as our established objectives:</p> <ul style="list-style-type: none"> • Provide relevant, reliable and timely information about the design, implementation and operation of the SQM and take appropriate actions to respond to identified deficiencies on a timely basis. • Design and perform monitoring activities for the identification of deficiencies, including the inspection of completed engagements. • Establish policies and procedures requiring that the individuals performing the monitoring activities are objective and have competence, capabilities and sufficient time to perform the monitoring activities.
ASQM 1-specific requirements	VAGO must establish policies and procedures for receiving, investigating and resolving complaints and allegations about failures to perform work in accordance with auditing standards, and legal and regulatory requirements.
Summary of what we do	<p>We have established monitoring and remediation processes responsive to our established objectives, covering :</p> <ul style="list-style-type: none"> • engagement quality inspection programs • active file appraisals • complaints and allegations management • communication of results, including breaches of ethical requirements.

Monitoring and remediation process Our monitoring and remediation processes are designed to:

- provide relevant, reliable and timely information about the design, implementation and operation of our SQM
- provide a basis for the identification of deficiencies
- undertake appropriate actions to respond to identified deficiencies in a timely manner to assist with the continuous improvement of the SQM and engagement quality
- identify, communicate, evaluate and report any breaches of relevant ethical requirements, and respond appropriately in a timely manner.

Post-engagement quality inspections We have an annual engagement quality inspection program (EQIP) for our financial and performance engagements, designed to adhere to the requirements of ASQM 1. This replaces our post-audit assurance quality review (PAAQR) program operated under ASQC 1. Financial audit engagements with year ends after 30 June 2023 and performance engagement reports tabled after 1 July 2022 are inspected under the EQIP.

The financial audit EQIP covers all engagement leaders over a 3-year cycle, including ASP engagement leaders. It evaluates a selection of financial and performance engagements and engagements where certain risk criteria are present, such as a prior unsatisfactory file rating.

These reviews, which focus on continuous improvement, assess the quality of our in-house and outsourced engagements against the Australian Auditing and Assurance Standards' requirements and audit methodology.

We provide individual reports, which contain the overall quality rating of each engagement file and observations from the inspection to the relevant engagement leader. We use these reports to remediate issues where needed, identify root causes and implement learnings for future engagements.

We evaluate the results of the inspection program and prepare an annual report and action plan for the Auditor-General. This report also considers the significance and pervasiveness of any identified issues across inspected engagements.

The OMG and the ARC monitor our progress in implementing any agreed actions.

Active file appraisals

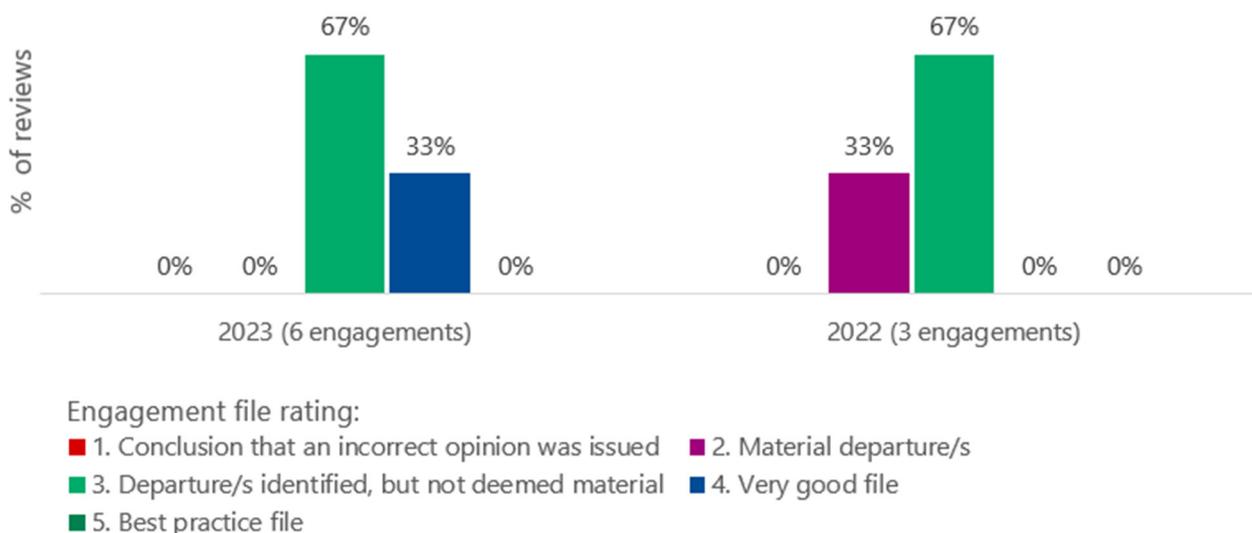
We undertake active file appraisals during the conduct of financial audit engagements. Our annual appraisal program reviews a selection of engagement leaders. Only pre-approved appraisers who are objective and independent of the engagement can perform an active file appraisal. The appraisals may be conducted during any phase of an audit and possibly during multiple phases throughout the audit process. Active file appraisals were limited to one engagement during 2022–23, due to resource constraints during the cycle.

PAAQR results for performance audit engagements

Our 2022–23 PAAQR for performance audit engagements covered 6 engagements (engagements tabled in 2020 or 2021). These reviews covered 50 per cent of our performance engagement leaders each year. Due to resourcing issues, we did not conduct a review program for our performance audit engagements in 2020 or 2021. Figure 8 shows the ratings for the engagement files we reviewed from 2022 to 2023 and Figure 10 shows the engagement file ratings.

In 2023, our review program resulted in 22 remedial recommendations (12 in 2022) for performance engagements. Most of these recommendations will be addressed through the refresh of our performance engagement methodology and associated training.

Figure 8: PAAQR results for performance engagement files reviewed from 2022 and 2023



Source: VAGO.

Financial Audit PAAQR results

Our 2022–23 financial audit PAAQR covered 17 engagements (15 in 2021–22, 16 in 2020–21 and 12 in 2019–20). These reviews covered 34 per cent of our 2023 financial engagement leaders.

Figure 9 shows the ratings for the engagement files we reviewed from 2020 to 2023 (excluding active file appraisals).

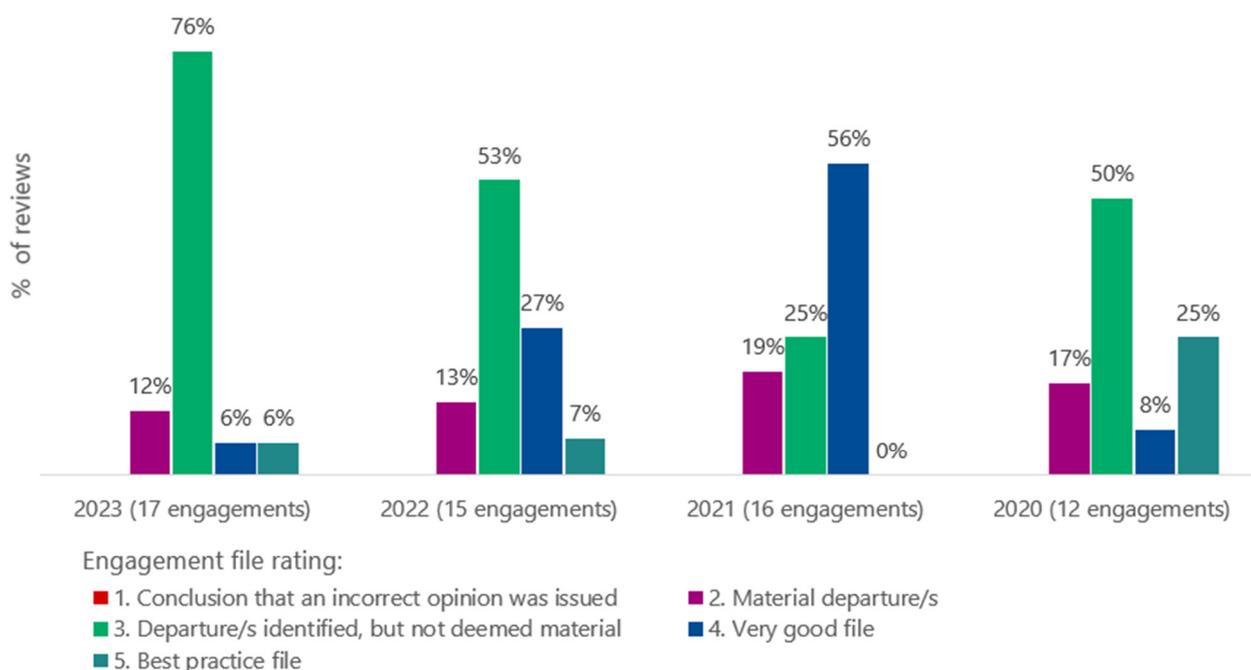
In 2023, our review program resulted in 8 remedial actions (compared to 10 in 2022, 13 in 2021 and 18 in 2020) for financial engagements. We remediate engagement files that have material departure ratings. The engagement leaders responsible for material departure ratings are also subject to further inspection.

Other remedial actions from our inspection program include:

- developing tools to support our engagement teams
- updating our procedures
- developing and providing training to our engagement teams
- providing guidance to our engagement teams to improve how they apply our audit methodology and policies.

We monitor our progress in implementing these remedial actions through updates to the OMG and our ARC. The 2024 review program will evaluate the effectiveness of the 2023 remedial actions.

Figure 9: PAAQR results for financial audit engagements from 2020 to 2023



Source: VAGO.

Figure 10: File rating definitions

Rating	Financial Audit Rating description	Performance Audit Rating description
5	<p>File rating 5</p> <p>This score indicates that the reviewer identified no weaknesses across the audit or only identified weaknesses that were very minor and easily addressed. It also indicates that the audit work addressed all of the key areas and was clearly recorded, reviewed and concluded.</p>	<p>File rating 5</p> <p>No departures from professional and regulatory standards identified. Best practice file.</p>

Rating	Financial Audit Rating description	Performance Audit Rating description
	<p>File rating 4</p> <p>This score indicates that the engagement was generally performed effectively. It also indicates that it was appropriately directed, supervised and reviewed by the signing officer and/or ASP, engagement leader and EQR where required.</p>	<p>File rating 4</p> <p>Very good file. Departures from professional and regulatory standards are of a trivial nature only.</p>
	<p>File rating 3</p> <p>This score indicates that the main audit areas were properly addressed and appropriately documented, but there was a lack of evidence in some areas.</p>	<p>File rating 3</p> <p>Departures from professional and regulatory standards identified, but not deemed material either individually or in aggregate.</p>
	<p>File rating 2</p> <p>This score indicates that a material weakness or weaknesses were identified in the audit file that resulted from a departure from the Australian Auditing Standards. It indicates that the reviewer was unable to conclude that a particular financial statement audit area was free from material misstatement.</p>	<p>File rating 2</p> <p>Material departure/s identified from professional and regulatory standards</p>
	<p>File rating 1</p> <p>This score is reserved for audit files where the quality reviewer believes that the audit opinion is unsupported, inappropriate and/or incorrect.</p>	<p>File rating 1</p> <p>Conclude that an inappropriate report has been issued</p>

Source: VAGO.

Internal audit

In accordance with the Standing Directions 2018 Under the *Financial Management Act 1994*, we have internal auditors who report to our ARC. Our internal audit charter outlines the authority, independence, role, responsibilities, performance expectations and relationships of our internal auditors.

The objective of our internal audit function is to provide innovative, responsive, effective and value-added internal audits that assist us and our ARC to:

- control risks
- monitor compliance with policies and procedures
- improve the efficiency and effectiveness of our quality control system.

Our internal auditors develop an annual internal audit plan with our ARC. These audits assess the quality and performance of specific functions in our office. Audit quality is one of the topics listed in the plan. We use the information from our surveys, reviews and internal audit processes to:

- address any issues that arise from these audits
- identify trends and common themes
- develop improvement projects and strategies
- monitor the effectiveness of our current improvement projects.

Complaints and allegations

We have various channels for entities and staff to make complaints and allegations about:

- noncompliance with professional, regulatory, or legal requirements
- noncompliance with our own quality control system.

The [complaints page](#) on our website provides information about our complaints process and how to submit a complaint about an engagement. Anyone can provide feedback or make a complaint or

allegation about suspected fraud or corruption by a VAGO staff member or ASP. We can also receive complaints through direct communication with our engagement teams.

Figure 11: Types of complaints and reporting processes

Subject of the complaint	Reporting process
Conduct of an engagement	Contact VAGO directly
Professional conduct of a CA or CPA member	Contact CA ANZ or CPA Australia
VAGO activities, other than audits	Contact VAGO directly, the chair of PAEC or the Victorian Inspectorate (VI)
Fraud, corruption, or misconduct by VAGO employees, contractors and consultants	Contact VAGO or the Independent Broad-based Anti-corruption Commission
Administrative action taken by VAGO officers	Contact VAGO or the Independent Broad-based Anti-corruption Commission

Source: VAGO.

We do not tolerate fraud or corruption and take all allegations of suspected fraud and/or corruption seriously and respond fully. We assess, investigate, respond and remediate complaints as required. If a complainant is dissatisfied with how we have handled a complaint, they have the right to ask us to reconsider the complaint by contacting the Deputy Auditor-General. If a complainant is still dissatisfied, depending upon their specific concern, they can escalate their complaint at any time to the:

- chair of PAEC
- Victorian Inspectorate (VI)
- Independent Broad-based Anti-corruption Commission (IBAC)
- Victorian Ombudsman (VO).

We received one complaint during 2022–23 related to an engagement conducted in 2013–14. (2 in 2021–22).

4.

External oversight and reviews

Overview

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

ASIC inspects public audit firms. As a public sector entity, we are not subject to ASIC's inspection program. Instead, we are subject to external oversight and reviews in accordance with the Audit Act.

This section provides information about:

- PAEC's oversight
- The Victorian Inspectorate's oversight
- ASIC's audit inspections

4.1 PAEC's oversight

Overview

PAEC has obligations and responsibilities regarding the Auditor-General and VAGO. The *Constitution Act 1975*, the *Parliamentary Committees Act 2003* and the *Audit Act* govern PAEC's responsibilities to:

- recommend who to appoint as the Auditor-General (the current Auditor-General was appointed in 2016 and reappointed in 2023)
- appoint external auditors to conduct an independent performance audit of us every 4 years
- appoint external auditors to conduct an annual financial audit of us
- be consulted when we form our annual plan, which outlines our financial audit and PRS audit work plan
- be consulted on our annual budget.

Independent performance audit

The *Audit Act* requires an independent performance audit of our office to be undertaken at least once every 4 years. The objective of this audit is to determine whether we and the Auditor-General are achieving our objectives effectively, economically and efficiently, and in compliance with all relevant Acts.

PAEC appointed Martin Jenkins (New Zealand) to conduct this audit in 2023–24. The audit commenced in October 2023; it is expected to be completed with the tabling of the audit report by 30 May 2024.

The previous performance audit of VAGO was completed in 2020. The audit report was tabled in Parliament on 4 August 2020 and was positive overall. It concluded that:

The Auditor-General and VAGO are operating in compliance with all relevant Acts of Parliament. Moreover, the Auditor-General and VAGO are, in all material respects, operating effectively, economically and efficiently and achieving their objectives in compliance under the Act.

The audit made 31 recommendations in total. We accepted 24 recommendations in full, 3 in part and 3 in principle, and did not accept one recommendation. Appendix D contains the status of these recommendations: our proposed actions and implementation progress. We monitor our progress in implementing these recommendations through periodic updates to the OMG and the ARC.

Eleven of the accepted recommendations relate to the quality of our financial audits and 8 relate to the quality of our performance engagements.

4.2 The Victorian Inspectorate's oversight

Overview

VI is a key oversight body in Victoria's integrity system and reports directly to Parliament. The *Victorian Inspectorate Act 2011* gives VI the power to scrutinise our activities.

The purpose of VI's oversight is to ensure we comply with the information-gathering powers and duties outlined in the Audit Act. These powers allow us to:

- require agencies to give us information and documents, and meet with us
- use and inspect documents or other items
- enter and inspect premises.

VI has the power to receive and investigate certain types of complaints about the Auditor-General or VAGO officers regarding our use of coercive powers and procedural fairness during our engagements. We have worked with VI to develop a self-reporting tool about the exercise of our coercive powers. In 2022–23, we did not exercise these powers and VI did not review any of our activities.

4.3 ASIC's audit surveillance

Overview

ASIC's audit surveillance program aims to promote high-quality external audits of financial reports and raise the standard of conduct in the auditing profession. Its surveillances focus on audit quality and promoting compliance with the *Corporations Act 2001*, the Australian Auditing Standards and the Accounting Professional and Ethical Standards Board's requirements. Most of our audits are outside ASIC's Corporations Act regulatory mandate. ASIC has not included any of our public sector Corporations Act entities in its inspection program but has the mandate to do so.

ASIC may inspect the audit work our ASPs undertake as an audit partner for their firm engagements. We require our ASPs to notify us of the results of ASIC's inspection program and any remediation taken for audit quality matters.

We consider the results of ASIC's audit surveillance program when:

- planning our annual financial audit engagement inspection program
- analysing the results of our engagement inspection program, root cause analysis and any remedial action taken.

ASIC released its *Annual financial reporting and audit surveillance report 2022–23* in October 2023. This report provides that for 11 of 15 surveillances in the 12 months to 30 June 2023, one or more

findings were identified per surveillance. This compares to 27 of 45 surveillances with findings in the 12 months to 30 June 2022.

An ASIC finding is where ASIC determined that the auditor did not comply with the requirements of some of the auditing standards and therefore did not have a sufficient basis to support their opinion.

5.

Evaluation of the system of quality management

Overview

On 6 December 2023 we concluded on the first annual evaluation of our SQM. The objective of the evaluation is to assess whether the SQM provides reasonable assurance that the objectives of the SQM are being achieved.

Requirements

ASQM 1 requirements	ASQM 1 has requirements that: <ul style="list-style-type: none">the Auditor-General, having been assigned ultimate responsibility and accountability for the SQM, annually evaluate our SQM and conclude on whether the SQM provides VAGO with reasonable assurance that the objectives of the SQM are being achievedwhere the SQM has been deemed not to provide VAGO with reasonable assurance that the SQM's objectives are being achieved, the Auditor General take prompt and appropriate action, and communicate to engagement teams, individuals assigned activities within the SQM and external parties as required in accordance with policies and proceduresVAGO take into account the evaluation of the SQM as part of periodic performance evaluations of the Auditor-General and the Director AQ.
Summary of what we do	We have adopted these requirements, and as outlined per this section have completed our annual evaluation requirements.

This section provides information on:

- Roles and responsibilities
- The evaluation process
- Our 2023 evaluation

5.1 Roles and responsibilities

Assignments	The roles and responsibilities for our evaluation process: <ul style="list-style-type: none">Auditor-General: oversees our evaluation of the SQM and concludes whether our SQM provides reasonable assurance that our quality objectives are being achieved based on advice and recommendations from the Director, AQ.
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- Director, AQ is assigned operational responsibility for our SQM, with a direct reporting role to the Auditor-General.

The individuals performing the evaluation have the required authority, competencies and capabilities and are given sufficient time to perform the evaluation effectively.

5.2 The evaluation process

Our iterative process

We conducted an evaluation that was informed by the results of our monitoring and remediation process and the information obtained from earlier monitoring activities and the results of internal and external oversight of us. The figure below illustrates this iterative process.

Figure 12: Our iterative process



VAGO system of quality management operates in a continual and iterative manner and is responsive to changes in the nature and circumstances of our engagements

Source: VAGO.

We collated and summarised the deficiencies identified by the evaluation and monitoring activities, their severity and pervasiveness, and remedial actions taken to address them. We communicated this to the relevant engagement teams for consideration and remediation, to other individuals assigned activities within our SQM and to those in VAGO charged with governance in accordance with our policies and procedures.

We acknowledge that there are opportunities to improve our SQM and its implementation. We provide the status of relevant continuous improvement projects in section 2.4.

5.3 2023 evaluation

Evaluation conclusion

Based on the annual evaluation of VAGO's SQM performed on 6 December 2023, the SQM was evaluated by the Auditor-General to provide the office with reasonable assurance that the objectives of the SQM are being achieved.

Appendices

[Appendix A: Audit quality indicators](#)

[Appendix B: Entities we audited](#)

[Appendix C: Dispensed audits](#)

[Appendix D: PAEC's recommendations](#)

[Appendix E: Disclosure checklist: Prescribed and voluntary information](#)

[Appendix F: Acronyms and abbreviations](#)

Appendix A: Audit quality indicators

Our rationale for selected measures

Overview

Audit quality indicators (AQIs) provide quantitative information about our audit engagement processes. They also help us to improve their audit quality.

We can measure AQIs at an engagement or audit entity level.

A widely accepted list of core indicators has not yet been established. However, since 1994, ACAG has included a suite of indicators in its annual macro benchmarking (MBM) survey. In 2014–15, ACAG evaluated the audit quality measures included in its survey. During this evaluation, it removed measures if the cost to measure them exceeded their value.

We use this suite of quality indicators as our base AQIs because ACAG's benchmarking report provides comparable information, to the extent practicable, on audit offices across Australia. We also use the output quality measures from our annual service delivery statement, which forms part of the state's Budget papers, and a mix of other relevant indicators recommended by overseas legislative bodies. We use this mix of indicators to:

- provide a more comprehensive analysis of audit quality in our financial and performance engagements
 - assess the effectiveness of our SQM.
-

AQI performance statement

Figure A1 reports the 2019–20 to 2022–23 results for our AQIs and compares our results against external and internal benchmarks where they are available and appropriate.

Figure A1: Our AQI performance statement for 2019-20 to 2022-23

AQI	Unit of measure	2019-20 actual	2020-21 actual	2021-22 actual	2022-23 actual	2022-23 benchmark	Variance
Percentage of audited financial statements with restatements for material prior-period errors	Per cent	1.7	2.0	2.2	1.0	≤5.0	4.0
Number of audited financial statements with restatements for material prior-period errors	Number	11	11	12	6	27	21
Ratio of engagement leader hours charged to in-house financial audit work to lower-level audit staff hours	Ratio	0.063	0.045	0.048	0.061	0.109	0.048⁽¹⁾
Percentage of time charged to audits by senior staff – attest audits	Per cent	21.0	18.5	26.0	24.2	22	2.2
Percentage of time charged to audits by senior staff – non-attest audits	Per cent	45.4	40.7	42.0	40.0	40	0.0
Training hours per full-time equivalent (FTE) audit professional – attest audit	Hours	36.0	51.4	64.1	90.0	117	27.0⁽²⁾
Training hours per FTE audit professional – non-attest audits	Hours	42.6	50.1	76.7	48.0	81	33.0⁽³⁾
Staff workload – chargeable hours per FTE professional – attest audits	Hours	1,245	1,259	1,146	1,117	1,138	-21
Staff workload – chargeable hours per FTE professional – non-attest audits	Hours	1,116	1,125	899	843	947	104⁽⁴⁾
Technical resources staff paid hours as a percentage of all hours charged to audit activities	Per cent	5.6	15.0	11.2	9.4	5	4.4
Percentage of total office expenditure allocated to technical audit resources (includes the cost of specialist technical advisory staff)	Per cent	2.0	1.7	2.5	3.0	2	1.0
Percentage of PAAQR findings of risk of material misstatement/ financial statement components reviewed in PAAQR process	Per cent	(a)	18.8	13.3	11.8	36	24.2
Number of complaints upheld against the quality assurance of our work performed	Number	(a)	0	0	0	0	0
Attrition of permanent staff as a percentage of total permanent staff	Per cent	(a)	20	18	34	26	8⁽⁵⁾
Percentage of the attest audit budget spent before the auditee's reporting period year end – financial audit	Per cent	63.9	63.6	47.3	48	60	12⁽⁶⁾

AQI	Unit of measure	2019–20 actual	2020–21 actual	2021–22 actual	2022–23 actual	2022–23 benchmark	Variance
Anonymous independent survey of staff through the Victorian Public Sector Commission's (VPSC) People Matter Survey – overall senior leadership score (b)	Score out of 100	89.5	80.7	79.7	72.3	70	2.3
Independent survey of financial audit engagements' chief financial officers – satisfaction rating of the level and quality of communication between the auditor and auditee	Per cent	88.9	93.4	86.1	82.5	90	7.5 ⁽⁷⁾

Notes:

(a) New AQI for 2020–21 and therefore data is unavailable or was not tracked for reporting purposes.

(b) Prior period figures restated due to changes in questions. Figures reflect average of Senior Leadership survey questions.

(1), (2), (3), (4), (5) See 'Explanation of significant variances' after Figure A2 below.

Source: VAGO.

Notes to our AQI performance statement for the year ended 30 June 2023

Overview

This section explains:

- significant variations between our current and prior-year results
- significant variations between our current results and the benchmarks
- the reason for any changes in our AQIs from the prior year.

We deem adverse variations greater than 5 per cent significant for this purpose. We have not provided notes for variations within this tolerance.

Basis of preparation

In the absence of mandatory AQIs, we have prepared this statement based on:

- the audit quality performance indicators we use in Budget Paper No. 3
- the measures used in ACAG's MBM survey
- other AQIs used in the industry.

We have presented our results in line with the Standing Directions 2018 Under the *Financial Management Act 1994*, our performance management framework and the financial reporting directions' FRD 8D *Consistency of budget and departmental reporting* and FRD 27C *Presentation and Reporting of Performance Information*.

Statement of limitations

In choosing and analysing our AQIs, we observe that:

- some do not directly measure the quality of the audits we perform
- each AQI provides information that only relates to one aspect of the inputs for achieving high-quality audits and there are many factors that affect audit quality
- different quantitative results for a particular measure may be appropriate in different circumstances (for example, different engagement-leader-to-staff ratios may be appropriate depending on factors like the nature, size and complexity of an audit engagement)
- the AQIs presented in this report may change in future years as we reassess the relevance and usefulness of each indicator.

Definitions

Figure A2: Audit quality indicators

AQI	Calculation	Benchmark source
Percentage of audited financial statements with restatements for material prior-period errors	Numerator: Total number of agencies disclosing a prior period material error during the financial year Denominator: Total number of agencies issued with an audit opinion during the financial year	<i>Victorian Budget 22/23 Service Delivery Budget Paper No. 3</i>
Number of audited financial statements with restatements for material prior-period errors	Number of agencies disclosing a prior period material error during the financial year	<i>Victorian Budget 22/23 Service Delivery Budget Paper No. 3</i>
Ratio of engagement leader hours charged to in-house financial audit work to lower-level audit staff hours	Numerator: Total hours of attest audit engagement leaders charged to in-house attest audit activity Denominator: Total hours of attest audit staff for levels below engagement leader charged to inhouse attest audit activity	ACAG MBM survey's state and territory average for 2022–23
Percentage of time charged to audits by senior staff – attest audits	Hours charged to attest audits by audit staff who are classified as an engagement leader, manager, EQR or higher as a percentage of total hours charged to attest audits	ACAG MBM survey's state and territory average for 2022–23
Percentage of time charged to audits by senior staff – non-attest audits	Hours charged to non-attest audits by audit staff who are classified as an engagement leader, manager, EQR or higher as a percentage of total hours charged to non-attest audits	ACAG MBM survey's state and territory average for 2022–23
Training hours per FTE audit professional – attest audit	Numerator: Training/professional development hours recorded for attest audit staff Denominator: Total FTE number of attest audit staff	ACAG MBM survey's state and territory average for 2022–23
Training hours per FTE audit professional – non-attest audit	Numerator: Training/professional development hours recorded for non-attest audit staff Denominator: Total FTE number of non-attest audit staff	ACAG MBM survey's state and territory average for 2022–23
Staff workload – chargeable hours per FTE professional – financial audit	Numerator: Total attest audit staff hours charged/allocated to attest and non-attest audits Denominator: Total FTE number of attest audit staff	ACAG MBM survey's state and territory average for 2022–23
Staff workload – chargeable hours per FTE professional – performance audit	Numerator: Total non-attest audit staff hours charged/allocated to attest and non-attest audits Denominator: Total FTE number of non-attest audit staff	ACAG MBM survey's state and territory average for 2022–23

AQI	Calculation	Benchmark source
Technical resources staff paid hours as a percentage of all hours charged to audit activities	Numerator: Total hours paid for by the office for staff who specialise in providing technical advice to other staff in relation to audit work (including methodology support) Denominator: Total hours charged to audit activities by audit staff, the Auditor-General and Deputy Auditor-General, non-audit staff and contracted/labour hire personnel	ACAG MBM survey's state and territory average for 2022–23
Percentage of total office expenditure to allocated technical audit resources (including the cost of specialist technical advisory staff)	Numerator: Office expenditure on specialist audit technical advisory services Denominator: Total office expenditure	ACAG MBM survey's state and territory average for 2022–23
Number of PAAQR findings of risk of material misstatement/financial statement components reviewed in PAAQR process	Numerator: Total number of financial audit engagement files subject to a PAAQR during the financial year that contain material departures from professional and regulatory standards Denominator: Total number of financial audit engagement files subject to a PAAQR during the financial year	ASIC results – <i>REP 743 Audit inspection report: 1 July 2021 to 30 June 2022</i>
Number of complaints upheld against the quality assurance of our work	Number of complaints upheld during the financial year	VAGO measure
Attrition of permanent staff as a percentage by role	Number of FTE permanent employees who ceased employment with VAGO in 2021–22 as a percentage of total FTE number of permanent staff in 2021–22	ACAG MBM survey's state and territory average for 2022–23
Percentage of the audit budget spent before the auditee's reporting period year end (only applicable for financial audit; excludes audits undertaken by ASPs)	Numerator: Audit engagement expenditure incurred from audit commencement to auditee's reporting period year end Denominator: Total estimated audit fee for audit engagement	VAGO measure
Anonymous independent survey of staff through VPSC's People Matter survey—overall senior leadership score	Percentage of staff surveyed who agreed with the overall senior leadership questions raised by VPSC	VPSC comparator peer group benchmark
Independent survey of financial audit engagements' chief financial officers—satisfaction rating of the level and quality of communication between the auditor and auditee	Percentage of chief financial officers surveyed who were satisfied that we communicated with them effectively	VAGO measure – consolidated CFO agency survey results for 2022–23

Explanation of significant variances

(1) The ratio of engagement leader hours charged to financial audit work has increased from the prior year ratio which had been impacted by disruptions caused by the COVID-19 pandemic, and the rolling impact of a delayed audit cycle. The ratio has returned to a level consistent with pre-pandemic levels.

(2) & (3) Following on from the disruptions caused by pandemic, we have increased learning and development to our staff in 2022–23. We anticipate that the focus on learning and development aligned with our new capability frameworks will result in further uplift to learning and development. We note that current learning and development hours exceed annual professional membership requirements.

(4) Our chargeable non-attest hours were impacted by an increase in leave taken during this period.

(5) We experienced challenges with staff turnover attributed to post pandemic movement combined with competitive labour market conditions

(6) We commenced our 2022-2023 financial audit cycle slightly later following the pandemic. The Victorian state election also impacted the 2023 cycle. We expect an improved outcome for the 2023-2024 audit cycle as we have implemented an audit cycle rebase project.

(7) We were challenged in 2023 by an elevated turnover of financial audit staff post COVID-19, and we needed to use an expanded contingent workforce to deliver out audits within the shortened timeframes in the lead-up to the last state election. This affected these results.

Appendix B:

Entities we audited

Audited entities

Overview

In line with section 332B of the *Corporations Act 2001*, ASIC requires audit firms to disclose the names of relevant bodies they audited under division 3 of part 2M.3 in the relevant reporting year.

For VAGO this translates to the names of:

- public bodies we audit under section 10(1) of the Audit Act
- any state-owned companies we audit under section 22 of the Audit Act
- any entities that are not public bodies, but we agree to audit as a public-purpose arrangement under section 24 of the Audit Act.

Figure B1 lists the entities we audited in 2021–22.

Figure B1: Entities we audited

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Annual Financial Report of the State of Victoria	406,000	395,000	388,400	380,000
General government sector				
ABA Natural Disaster Relief Fund	130,000	120,000	185,000	150,000
AMES Australia	52,000	48,000	47,040	43,500
Adult, Community and Further Education Board	35,300	35,300	35,300	34,400
Albury Wodonga Health	53,900	53,900	52,750	52,750
Alexandra District Health	23,000	19,900	19,500	19,500
Alfred Health	185,000	247,000	247,000	247,000
• Alfred Hospital Whole Time Medical Specialists' Private Practice Trust	12,900	10,680	10,450	10,250
• John F Marriott for HIV Trust	7,900	6,745	6,600	6,475
• Marriott for HIV Ltd	13,000	3,930	3,850	3,750
Alpine Health	27,000	21,460	21,000	21,000
Ambulance Victoria	190,000	185,400	181,500	178,000
Architects' Registration Board of Victoria	26,000	25,500	25,000	15,400
Austin Health	136,000	145,000	203,000	203,000
Australian Centre for the Moving Image	41,900	30,000	32,800	32,000
Australian Health Practitioner Regulation Agency	168,400	163,500	160,000	165,000

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Australian Regenerative Medicine Institute Joint Venture	Ceased entity	Ceased entity	Ceased entity	7,300
Bairnsdale Regional Health Service	50,300	49,000	38,000	38,000
Ballarat Health Services	Ceased entity	Ceased entity	90,500	88,500
Barwon Health	136,000	136,000	135,000	223,500
• Barwon Health Foundation	8,280	8,070	7,900	7,750
• Barwon Health Foundation Limited	5,900	5,770	5,650	5,550
Bass Coast Health	43,900	46,500	46,500	46,500
Beaufort and Skipton Health Service	24,860	20,900	20,450	20,000
Beechworth Health Service	24,100	21,500	21,000	21,000
Benalla Health	25,860	21,460	21,000	21,000
Bendigo Health	65,800	67,700	67,700	67,700
Boort District Health	25,860	17,270	16,900	16,550
Calvary Health Care Bethlehem Limited	32,500	48,700	17,900	17,900
Casterton Memorial Hospital	28,200	27,500	10,050	9,850
Castlemaine Health	Ceased entity	Ceased entity	26,600	26,600
Caulfield Racecourse Reserve Trust	19,000	20,000	23,000	26,300
CenITex	113,000	100,000	105,000	129,250
Central Gippsland Health Service	38,000	41,000	41,000	41,000
Central Highlands Rural Health	43,000	45,000	45,000	80,300
Cladding Safety Victoria	41,000	40,000	39,000	New entity in 2021
Cohuna District Hospital	25,860	19,920	19,500	19,100
Colac Area Health	33,430	32,550	16,900	16,900
Commercial Passenger Vehicles Victoria	Ceased entity (a)	56,000	55,700	54,500
Safe Transport Victoria	57,000 (a)	N/A	N/A	N/A
Connect Settlement Services Pty Ltd	Ceased entity	Ceased entity	Ceased entity	9,020
Corangamite Catchment Management Authority	16,500	16,000	12,000	11,500
Corryong Health	21,860	17,885	17,500	17,100
Country Fire Authority	245,500	219,400	219,400	226,150
Court Services Victoria	195,000	195,000	215,300	234,200
Dental Health Services Victoria	38,000	37,350	34,150	33,400
Department of Education and Training	Not applicable (a)	575,000	600,000	630,850
Department of Education	610,000 (a)	Not applicable	Not applicable	Not applicable
Department of Environment, Land, Water and Planning	Not applicable (a)	550,000	604,000	508,500

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Department of Energy, Environment and Climate Action.	570,000 (a)	Not applicable	Not applicable	Not applicable
Department of Health	465,000 (a)	440,000	683,500	621,500
Department of Jobs, Precincts and Regions	Not applicable (a)	350,000	460,000	358,000
Department of Jobs, Skills, Industry and Regions	494,500 (a)	N/A	N/A	N/A
Department of Justice and Community Safety	569,500 (a)	491,000	538,100	561,700
Department of Premier and Cabinet	176,000 (a)	156,000	143,800	137,250
Department of Transport	Not applicable (a)	765,000	1,110,000	1,130,000
Department of Transport and Planning	580,000 (a)	Not applicable	Not applicable	Not applicable
Department of Families, Fairness and Housing	510,000 (a)	440,000	New entity in 2021	New entity in 2021
Department of Treasury and Finance	362,000 (a)	330,000	340,000	425,000
Dhelkaya Health	43,200	42,900	New entity in 2022	New entity in 2022
Dhelkunya Dja Land Management Board	12,000	20,000	14,000	7,200
Djerriwarrh Health Services	Ceased entity	Ceased entity	14,800	14,500
Docklands Studios Melbourne Pty Ltd	32,000	30,000	31,800	31,000
East Gippsland Catchment Management Authority	18,500	18,000	17,800	17,000
East Grampians Health Service	32,900	32,400	16,800	14,400
• East Grampians Health Building for the Future Foundation	Ceased entity	Ceased entity	3,700	3,650
East Wimmera Health Service	25,000	24,500	16,800	16,450
Eastern Health	129,000	126,100	140,000	126,100
Echuca Regional Health	38,250	38,250	38,250	38,100
Edenhope and District Memorial Hospital	Ceased entity	Ceased entity	12,300	12,300
Emergency Services Superannuation Board	12,600	11,500	16,800	16,300
Emergency Services Superannuation Scheme	207,000	200,000	241,700	241,700
Emergency Services Telecommunications Authority	46,500	36,200	35,400	34,500
Energy Safe Victoria	36,000	37,500	37,500	36,500
Environment Protection Authority	115,000	75,000	64,250	58,200
Essential Services Commission	30,000	22,500	18,400	17,500
Film Victoria	35,000	29,500	29,000	28,200
Fire Rescue Victoria	216,000	211,500	207,000	203,600
Game Management Authority	30,000	22,000	21,400	17,500
Gippsland Health Alliance	15,000	13,000	11,250	11,250

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Gippsland Southern Health Service	38,000	40,000	40,000	40,000
Glenelg Hopkins Catchment Management Authority	16,500	16,000	11,400	10,900
Goulburn Broken Catchment Management Authority	23,500	20,000	24,000	23,300
Goulburn Valley Health	64,800	64,400	54,900	54,900
Grampians Health Service	182,852	164,700	New entity in 2022	New entity in 2022
Grampians Rural Health Alliance	Ceased entity	26,500	15,550	15,200
Great Ocean Road Coast and Parks Authority	25,000	25,000	30,000	New entity in 2021
Great Ocean Road Health	31,000	30,750	20,750	20,750
Gunaikurnai Traditional Owner Land Management Board	12,000	16,000	16,000	7,200
Health Professional Councils Authority	15,700	15,300	15,000	15,000
HealthShare Victoria	39,700	38,600	39,750	32,350
Heathcote Health	25,860	15,630	15,300	14,950
Hepburn Health Service	Ceased entity	Ceased entity	Ceased entity	28,250
Heritage Council of Victoria	31,000	30,000	30,000	21,400
Hesse Rural Health Service	25,000	25,200	24,750	24,600
• Winchelsea Hostel and Nursing Home Society Inc.	9,200	9,200	9,200	9,200
Heywood Rural Health Service	18,180	17,700	11,000	10,750
Hume Rural Health Alliance	16,155	15,730	15,400	15,400
Independent Broad-based Anti-corruption Commission	45,000	37,800	37,800	36,800
Infrastructure Victoria	21,000	17,000	17,000	16,200
Inglewood and Districts Health Service	25,860	17,220	16,850	16,500
Judicial College of Victoria	21,000	20,440	20,000	15,600
Judicial Commission of Victoria	24,000	23,000	22,500	12,800
Kare One Pty Ptd	13,710	13,710	New entity in 2022	N/A
Kerang District Health	31,000	30,500	15,900	15,900
Kooweerup Regional Health Service	30,000	38,000	38,000	38,000
Kyabram District Health Service	24,860	18,800	17,350	17,000
Kyneton District Health Service	Ceased entity	Ceased entity	Ceased entity	16,750
Labour Hire Authority	34,000	28,700	25,000	10,000
Latrobe Regional Hospital	52,000	54,500	54,500	54,500
Legal Practitioners Liability Committee	83,000	67,000	49,400	47,200
Library Board of Victoria	52,000	38,000	41,000	40,000

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Loddon Mallee Rural Health Alliance	17,500	17,500	11,550	11,300
Maldon Hospital	Ceased entity	Ceased entity	15,300	14,950
Mallee Catchment Management Authority	23,000	17,000	16,400	15,700
Mallee Track Health and Community Service	25,860	17,900	17,900	17,500
Mansfield District Hospital	29,700	24,600	24,600	24,600
Maryborough District Health Service	34,750	29,000	19,400	19,000
Melbourne Health	205,000	225,500	225,500	225,500
Melbourne Polytechnic	71,000	68,950	61,700	61,700
Melbourne Recital Centre Ltd	42,000	41,000	38,000	37,000
Mercy Hospitals Victoria Ltd	71,500	74,000	84,000	84,000
Mildura Base Public Hospital	67,000	67,000	65,700	Not applicable
Monash Health	312,500	296,500	296,500	296,500
• Kitaya Holdings Pty Ltd	43,100	42,000	39,200	39,000
• Monash Health Research Precinct Pty Limited	16,000	16,000	15,750	22,120
Moyne Health Services	30,700	29,900	11,250	11,000
• Woody's Murray 2 Moyne Cycle Relay Inc.	1,800	1,580	1,550	1,500
Museums Board of Victoria	95,000	85,000	78,500	75,000
National Gallery of Victoria, Council of Trustees	64,500	55,000	64,500	64,500
NCN Health	35,000	36,500	36,500	39,300
North Central Catchment Management Authority	23,000	15,000	15,000	13,200
North East Catchment Management Authority	23,000	15,000	15,000	11,800
Northeast Health Wangaratta	53,700	41,600	41,600	48,600
Northern Health	83,450	78,700	78,700	74,000
• Northern Health Research, Training and Equipment Foundation Limited	4,000	3,400	3,350	3,250
• Northern Health Research, Training and Equipment Trust	6,200	3,400	3,350	3,250
Office of Public Prosecutions Victoria	27,100	27,100	26,600	24,800
Office of the Commissioner for Environmental Sustainability	21,000	20,000	15,000	7,800
Omeo District Health	18,860	15,850	15,850	15,850
Orbost Regional Health	21,360	16,050	15,750	15,400
Parks Victoria	86,000	82,000	82,000	79,100
Parliamentary Budget Office	17,000	17,500	New entity in 2022	New entity in 2022
Parliament of Victoria	73,000	65,600	65,600	64,000
Peninsula Health	168,800	102,750	102,750	102,750
Peter MacCallum Cancer Centre	165,600	160,000	150,000	155,000

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
• Cell Therapies Pty Ltd	32,500	32,500	38,050	19,450
• Cellularity Pty Ltd	3,570	3,570	3,500	3,000
• Peter MacCallum Cancer Foundation	27,500	25,550	25,000	22,550
• Peter MacCallum Cancer Foundation Limited	3,300	3,570	3,500	4,600
Port Phillip & Westernport Catchment Management Authority	Ceased Entity	Ceased entity	14,500	13,800
Portable Long Service Benefits Authority	42,500	35,700	35,000	15,000
Portland District Health	25,300	24,700	19,000	19,000
• Active Health Portland Ltd	Ceased entity	8,900	8,900	8,700
Residential Tenancies Bond Authority	25,900	20,300	19,900	15,200
Robinvale District Health Services	24,600	24,600	24,100	24,100
Rochester and Elmore District Health Service	25,000	24,700	17,250	16,900
Royal Botanic Gardens Board	32,000	32,000	45,000	26,100
Rural Northwest Health	26,340	25,650	25,100	25,100
Senior Master of the Supreme Court of Victoria (Funds in Court)	91,000	86,100	86,100	84,000
Sentencing Advisory Council	21,000	20,400	20,000	20,200
Seymour Health	25,000	24,650	24,650	24,650
Shrine of Remembrance Trustee	29,300	28,500	27,900	21,000
• Shrine of Remembrance Foundation	5,600	5,500	3,750	New entity in 2021
• Shrine of Remembrance Restoration and Development Trust	Ceased entity	Ceased entity	2,000	New entity in 2021
South Gippsland Hospital	21,500	22,550	22,550	22,550
South West Alliance of Rural Health	19,830	19,310	18,900	18,500
South West Healthcare	48,269	47,000	47,000	47,000
St. Vincent's Hospital (Melbourne) Limited	94,800	94,800	94,800	94,800
Stawell Regional Health	Ceased entity	Ceased entity	13,800	13,800
• Stawell Regional Health Foundation	Ceased entity	Ceased entity	3,800	3,700
Suburban Rail Loop Authority	58,500	42,000	New entity in 2022	New entity in 2022
Surveyors Registration Board of Victoria	16,000	15,300	15,000	10,300
Sustainability Victoria	30,000	30,000	60,000	39,100
Swan Hill District Health	30,500	29,700	30,700	29,700
Tallangatta Health Service	22,860	17,830	17,450	17,450
Terang and Mortlake Health Service	28,000	27,700	9,450	9,250
The Kilmore and District Hospital	27,000	26,700	14,850	14,500
The Queen Elizabeth Centre	19,410	18,900	11,550	11,300

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
The Royal Children's Hospital	230,000	198,250	198,250	195,000
• The Royal Children's Hospital Foundation	64,400	37,000	8,900	8,700
The Royal Victorian Eye and Ear Hospital	64,400	48,000	48,000	48,000
The Royal Women's Hospital	83,500	81,750	81,750	80,000
• Royal Women's Hospital Foundation Limited	Ceased Entity	Ceased entity	2,200	2,000
• The Royal Women's Hospital Foundation Trust Funds	Ceased Entity	Ceased entity	6,350	6,200
Timboon and District Healthcare Service	18,170	17,700	10,450	10,250
Trust for Nature (Victoria)	19,000	18,500	18,500	18,000
Tweddle Child and Family Health Service	21,100	20,800	11,250	14,900
Veterinary Practitioners Registration Board of Victoria	23,000	21,000	14,200	13,500
Victoria Comprehensive Cancer Centre	18,600	14,300	14,000	12,750
• Victoria Comprehensive Cancer Centre Ltd	4,900	3,570	3,500	4,100
Victoria Legal Aid	61,800	61,800	60,500	60,000
Victoria Police	379,300	379,300	379,300	394,500
Victoria State Emergency Service Authority	107,000	114,500	112,000	88,400
Victoria State Pool Account	14,000	14,000	14,000	15,500
Victorian Assisted Reproductive Treatment Authority	12,800	12,500	7,350	7,200
Victorian Building Authority	60,000	58,000	49,500	77,000
Victorian Gambling and Casino Control Commission	235,000	188,000	165,000	149,834
Victorian Curriculum and Assessment Authority	60,000	49,000	30,400	28,700
Victorian Electoral Commission	45,000	25,100	25,100	24,000
Victorian Environmental Water Holder	22,000	21,000	15,000	7,200
Victorian Equal Opportunity and Human Rights Commission	25,400	25,400	24,900	28,900
Victorian Fisheries Authority	67,000	67,000	65,600	64,000
• Recreational Fishing Licence Trust Fund	17,000	12,500	12,200	12,000
Victorian Health Promotion Foundation	25,500	24,800	23,100	23,100
Victorian Inspectorate	25,000	17,500	17,100	16,200
Victorian Institute of Forensic Medicine	33,700	33,700	33,000	27,000
Victorian Institute of Forensic Mental Health	47,600	46,300	37,000	37,000
Victorian Institute of Sport Trust	23,000	22,000	21,600	21,000
• Victorian Institute of Sport Limited	3,800	3,800	3,800	3,600
Victorian Institute of Teaching	37,000	31,000	30,660	29,310
Victorian Law Reform Commission	25,200	24,500	24,000	25,000

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Victorian Legal Services Board	65,500	63,700	61,000	63,900
Victorian Legal Services Commissioner	15,100	14,700	13,300	12,600
Victorian Ombudsman	29,000	19,000	17,300	16,400
Victorian Pharmacy Authority	20,200	19,700	13,300	13,000
Victorian Planning Authority	57,000	55,000	55,000	22,300
Victorian Professional Standards Council	20,200	20,200	19,800	18,200
Victorian Public Sector Commission	25,000	18,400	18,000	17,600
Victorian Registration and Qualifications Authority	37,800	34,000	33,000	31,350
Victorian Responsible Gambling Foundation	24,400	24,400	23,900	18,600
Victorian Traditional Owners Fund Limited	15,000	14,300	14,000	13,000
• Victorian Traditional Owners Trust – Gunaikurnai Land and Waters Aboriginal Corporation	5,000	4,600	4,500	4,000
• Victorian Traditional Owners Trust – Dja Dja Wurrung Clans Aboriginal Corporation	5,000	4,600	4,500	4,000
• Victorian Traditional Owners Trust – Taungurung Clans Aboriginal Corporation	5,000	4,600	4,500	Not applicable
Visit Victoria Limited	63,000	58,000	77,000	77,000
• Melbourne Convention Bureau Limited	33,000	30,000	43,000	41,000
West Gippsland Catchment Management Authority	28,000	26,000	26,000	13,900
West Gippsland Healthcare Group	36,000	36,000	41,000	41,000
West Wimmera Health Service	26,500	27,250	27,250	26,650
Western District Health Service	32,000	32,000	35,850	35,850
Western Health	120,000	121,600	119,000	119,000
• Western Health Foundation Limited	3,660	3,570	3,500	11,850
• Western Health Foundation	13,550	13,200	13,000	(e)
Wimmera Catchment Authority	16,500	16,000	17,300	16,500
Wimmera Health Care Group	Ceased entity	Ceased entity	43,750	43,750
Yarram and District Health Service	24,860	18,500	18,150	18,000
Yarrawonga Health	25,000	28,500	28,500	28,500
Yea and District Memorial Hospital	24,860	17,730	17,350	16,950
Yorta Yorta Traditional Owner Land Management Board	12,000	20,000	14,000	9,000
Community Health Services and Aged Care Services				
Access Health and Community	32,500	31,600	31,000	Dispensed
Ballarat Community Health	33,900	33,000	34,750	(e)

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Banyule Community Health	37,200	36,200	35,500	(e)
Bellarine Community Health Ltd	39,200	38,100	51,000	65,000
Bendigo Community Health Services Limited	37,700	31,100	30,500	(e)
Bentleigh Bayside Community Health Limited	26,500	25,800	25,250	Dispensed
• Sandringham Ambulatory Care Centre Pty Ltd	19,900	19,400	19,000	Dispensed
Castlemaine District Community Health Limited	Ceased entity	Ceased entity	18,750	(e)
Central Bayside Community Health Services Limited	35,700	34,700	34,000	(e)
Cobaw Community Health Services Limited	Ceased entity	Ceased entity	16,000	(e)
cohealth Limited	54,200	52,700	68,250	(e)
Darlingford Upper Goulburn Nursing Home Inc	25,200	24,500	24,000	19,500
DPV Health Ltd	50,400	49,000	48,000	Dispensed
EACH	70,200	68,200	10,000	(e)
• EACH Housing Ltd	20,100	19,600	7,000	(e)
Gateway Health Limited	36,800	35,800	5,750	(e)
Gippsland Lakes Complete Health Limited	35,900	34,900	32,750	(e)
Grampians Community Health	33,400	32,500	46,500	(e)
Indigo North Health Inc	23,000	22,400	22,000	17,500
IPC Health Ltd	50,400	49,000	48,000	(e)
Latrobe Community Health Service Limited	80,600	78,300	15,000	(e)
• Link Private Practice Pty Ltd	Ceased entity	Ceased entity	18,550	Dispensed
Lyndoch Living Limited	57,000	57,000	69,500	(e)
• Lyndoch Healthcare Pty Ltd	15,000	14,600	17,750	(e)
Merri Community Health Services Limited	54,700	47,500	46,500	Dispensed
Nexus Primary Health	38,900	37,800	37,000	(e)
Nillumbik Community Health Service Ltd	34,100	33,200	32,500	(e)
North Richmond Community Health Limited	34,600	33,600	31,750	(e)
Northern District Community Health	27,500	26,700	26,150	(e)
Primary Care Connect	20,900	20,300	6,250	(e)
Ranges Community Health	23,500	22,900	22,500	(e)
Red Cliffs and Community Aged Care Services Inc	17,300	16,800	16,500	(e)
Star Health Group Limited	37,500	36,500	37,570	(e)
Sunbury Community Health Centre Limited	39,900	38,800	61,500	(e)
Sunraysia Community Health Services Limited	27,200	26,500	26,000	(e)
Your Community Health (Previously Darebin Community Health Service)	35,700	34,700	34,000	(e)

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Universities and their subsidiaries				
Bendigo Kangan Institute	68,100	69,100	62,700	62,700
Box Hill Institute	121,000	106,300	104,000	104,000
• Box Hill Enterprises Ltd	6,000	5,900	6,400	6,400
Chisholm Institute	73,300	48,800	48,200	48,200
• Caroline Chisholm Foundation	11,400	6,400	6,100	6,100
• TAFE Online Pty Ltd	11,400	7,450	7,900	7,900
Deakin University	160,000	153,400	148,460	206,300
• Deakin Residential Services Pty Ltd	23,600	22,850	20,300	20,300
• FIKA Entertainment Pty Ltd	Ceased entity	Ceased entity	8,200	5,750
• FLAIM Systems Pty Ltd	Ceased entity	Ceased entity	Ceased entity	7,100
• Unilink Ltd	7,500	7,300	6,700	6,700
• Universal Motion Simulator Pty Ltd	7,850	7,650	7,100	7,100
Federation University	153,000	109,900	107,500	119,750
• Brisbane Education Services Pty Ltd	6,500	4,500	4,100	9,400
• Datascreen Pty Ltd	Ceased entity	Ceased entity	3,400	3,400
• Inskill Limited	Ceased entity	Ceased entity	3,400	3,400
• The School of Mines and Industries Ltd	6,500	4,450	3,400	3,400
Gippsland Institute of Technical and Further Education	73,500	70,850	83,360	93,250
Gordon Institute of TAFE	83,000	85,510	85,743	87,870
• Gotec Limited	8,000	7,950	7,100	7,150
Goulburn Ovens Institute of TAFE	67,500	72,500	70,000	68,404
Holmesglen Institute	140,000	110,800	102,700	102,700
• Holmesglen Foundation	19,000	13,500	12,500	12,550
• Holmesglen International Training Services Pty Ltd	4,600	4,500	3,000	3,000
• Glenuc Pty Ltd	3,700	3,600	2,770	2,770
La Trobe University	122,000	121,100	121,500	146,500
• Unitemps La Trobe Ltd	6,500	6,450	6,100	6,100
Monash University	360,000	347,800	330,000	373,500
• Monash Accommodation Services Pty Ltd	11,000	19,450	19,000	19,000
• Monash College Pty Ltd	85,000	74,100	72,200	72,200
• Monash Commercial Pty Ltd	4,750	4,750	4,700	4,700
• Monash Custodians Pty Ltd	Ceased entity	Ceased entity	Ceased entity	4,510
• Monash Investment Holdings Pty Ltd	4,600	4,600	4,510	4,510
• Monash Investment Trust	13,000	12,400	12,100	12,100

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
• Monash Property South Africa	Ceased entity	Ceased entity	Ceased entity	11,875
• Monash University Foundation	24,000	22,300	22,500	22,500
• Monash University Foundation Pty Ltd	4,600	4,600	4,500*	4,500
• Monash University Indonesia Limited	Ceased entity (d)	12,000	12,000	12,000
• World Mosquito Program Ltd	22,300	16,260	New entity in 2022	New entity in 2022
Royal Melbourne Institute of Technology	300,000	380,000	322,000	357,000
• RMIT Holdings Pty Ltd	33,500	14,200	8,600	93,525
• RMIT Online Pty Ltd	15,000	11,500	11,250	11,250
• RMIT Spain S.L	Not applicable	16,900	16,500	16,500
• RMIT Training Pty Ltd	26,000	25,950	25,350	25,350
• RMIT University Indonesia Pty Ltd	4,700	7,800	8,100	8,100
• RMIT University Vietnam LLC	Not applicable	Not applicable	Not applicable	84,900
South West Institute of TAFE	73,500	62,500	60,000	32,200
Sunraysia Institute of TAFE	83,000	69,400	66,800	60,700
• TAFE Kids Incorporated	11,200	6,750	5,400	5,400
Swinburne University of Technology	163,000	161,000	160,300	178,800
• Capsular Technologies Pty Ltd	6,350	6,300	4,400	4,400
• National Institute of Circus Arts Limited	17,700	17,350	16,400	16,400
• Swinburne College Pty Ltd	17,000	16,950	16,200	4,750
• Swinburne Intellectual Property Trust	7,350	7,300	6,900	6,900
• Swinburne International (Holdings) Pty Ltd	4,200	4,150	3,700	3,700
• Swinburne Student Amenities Association Limited	11,700	11,700	11,000	11,000
• Swinburne Ventures Limited	6,500	6,500	5,500	5,500
The University of Melbourne	511,700	493,000	427,000	440,300
• Australian Music Examinations Board (VIC) Ltd	17,140	15,895	15,985	15,300
• Goulburn Valley Equine Hospital Pty Ltd	13,940	21,000	20,500	19,300
• Melbourne Business School Ltd	18,600	16,100	16,000	15,315
• Melbourne Teaching Health Clinics Ltd	16,650	23,000	14,290	14,400
• Melbourne University Publishing Ltd	24,200	22,100	22,100	20,800
• Mt Eliza Graduate School of Business and Government Ltd	7,400	7,400	7,400	7,400
• Nossal Institute Limited	14,730	12,400	12,350	11,700
• UM Commercialisation Pty Ltd	9,360	9,300	9,280	10,000
• UM Commercialisation Trust	11,490	9,300	9,280	10,000
• UoM Commercial Ltd	23,920	21,600	61,400	64,200

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
VERNet Pty Ltd	29,000	18,950	17,900	19,600
VET Development Centre Ltd	27,000	22,500	22,000	19,850
Victoria University	152,390	126,100	123,780	132,900
• Victoria University Enterprises Pty Ltd	7,400	6,400	4,900	4,900
• Victoria University Foundation	Ceased entity	Ceased entity	Ceased entity	5,900
• Victoria University Foundation Ltd	Ceased entity	Ceased entity	Ceased entity	4,900
• Victoria University International Pty Ltd	Ceased entity	Ceased entity	Ceased entity	4,900
• VU Online Pty Ltd	7,000	6,400	4,900	4,900
William Angliss Institute of TAFE	104,000	99,300	104,015	100,400
• Angliss (Shanghai) Education Technology Co. Ltd.	13,300	7,350	7,100	9,100
• Angliss Consulting Pty Ltd	7,000	16,500	16,100	16,100
• Angliss Multimedia Pty Ltd	3,800	3,250	3,100	3,100
• Angliss Solutions Pty Ltd	3,800	3,250	3,100	3,100
• William Angliss Institute Foundation	13,000	16,500	16,100	16,100
• William Angliss Institute Pte Ltd	13,500	6,350	5,850	5,850
Wodonga Institute of TAFE	73,000	32,500	31,100	35,100
Local government entities				
Alpine Shire Council	42,575	40,100	39,400	37,300
Ararat Rural City Council	41,700	44,200	43,400	41,200
Ballarat City Council	72,700	70,000	102,400	94,000
Banyule City Council	69,600	68,300	66,900	64,200
Bass Coast Shire Council	59,300	56,500	67,400	64,700
Baw Baw Shire Council	56,600	54,000	52,531	43,400
Bayside City Council	65,950	63,000	68,800	66,000
Benalla Rural City Council	41,600	49,100	48,200	51,900
Boroondara City Council	89,800	85,000	71,400	68,600
Borough of Queenscliffe	44,100	43,100	42,300	40,100
Brimbank City Council	67,000	64,000	66,100	63,400
Buloke Shire Council	50,100	48,000	43,800	41,600
Campaspe Shire Council	59,200	55,400	61,600	81,900
Cardinia Shire Council	71,300	68,500	74,700	71,800
Casey City Council	100,000	95,000	64,200	61,500
• Casey-Cardinia Regional Library Corporation	14,500	15,000	12,500	12,300
Central Goldfields Shire Council	47,850	47,500	46,600	44,300
City of Darebin	64,450	62,000	77,500	74,500

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
City of Greater Dandenong	67,550	65,000	79,900	76,900
• Dandenong Market Pty Ltd	13,100	12,750	12,100	11,900
• South East Leisure Pty Ltd	23,000	9,000	New entity in 2022	New entity in 2022
City of Maribyrnong	66,300	65,000	63,700	61,000
City of Whittlesea	74,300	71,300	69,900	67,100
Colac Otway Shire	50,950	48,800	44,700	42,500
Community Chef	Not applicable	Not applicable	Not applicable	16,000
Corangamite Shire Council	47,000	45,000	52,700	50,300
• Corangamite Regional Library Corporation	Ceased Entity	12,850	10,100	6,900
East Gippsland Shire Council	56,000	53,750	41,500	39,300
Frankston City Council	80,100	83,800	82,100	79,000
Gannawarra Shire Council	50,100	56,500	55,400	52,900
Glen Eira City Council	89,800	85,000	68,800	66,000
Glenelg Shire Council	43,800	42,300	41,500	39,300
Golden Plains Shire Council	71,800	67,500	47,700	45,400
Goulburn Valley Regional Library Corporation	10,500	10,200	10,000	9,800
Greater Bendigo City Council	62,650	60,200	59,000	56,400
Greater Geelong City Council	136,000	115,000	104,000	95,600
• Geelong Regional Library Corporation	15,500	15,000	10,500	10,300
Greater Shepparton City Council	76,500	75,500	74,000	71,100
Hepburn Shire Council	45,450	43,500	51,400	57,400
Hindmarsh Shire Council	47,400	45,900	45,000	43,800
Hobsons Bay City Council	80,400	68,800	67,400	64,700
Horsham Rural City Council	52,100	50,000	54,200	51,700
• Wimmera Development Association	6,000	7,000	6,100	6,000
• Wimmera Regional Library Corporation	9,000	10,000	9,400	9,200
Hume City Council	100,000	95,000	77,900	74,900
Indigo Shire Council	47,200	45,200	44,400	42,200
Kingston City Council	67,900	66,100	64,800	62,100
Knox City Council	66,500	64,000	61,500	58,900
• Eastern Regional Library Corporation	10,400	10,000	8,900	8,800
Latrobe City Council	89,800	85,000	63,500	60,800
Loddon Shire Council	44,600	42,800	42,000	39,800
Macedon Ranges Shire Council	65,100	61,000	42,600	40,400
Manningham City Council	68,600	67,300	66,000	63,300

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Mansfield Shire Council	63,000	59,000	46,400	44,100
Maroondah City Council	69,100	67,800	66,500	63,800
Melbourne City Council	173,500	165,000	165,300	149,700
• CityWide Service Solutions Pty Ltd	150,500	115,000	109,500	96,800
Melton City Council	61,300	59,000	56,400	55,300
Mildura Rural City Council	70,000	67,100	65,800	73,100
• Mildura Airport Pty Ltd	12,000	11,600	11,400	19,200
• Mildura Tourism and Economic Development Limited	7,700	7,500	7,400	9,300
Mitchell Shire Council	52,100	50,000	49,200	46,900
Moira Shire Council	50,600	55,900	54,800	52,400
Monash City Council	71,800	69,000	72,300	70,800
Moonee Valley City Council	71,450	61,500	81,000	78,000
Moorabool Shire Council	48,600	48,400	47,500	45,200
Merri-bek City Council (formerly Moreland City Council)	67,550	65,000	73,700	78,600
Mornington Peninsula Shire Council	69,000	66,500	102,400	94,000
Mount Alexander Shire Council	41,100	38,900	38,200	36,100
Moyne Shire Council	48,600	46,800	45,900	43,600
Municipal Association of Victoria	205,000	205,000	255,500	250,000
Murrindindi Shire Council	51,300	50,000	49,000	46,700
Nillumbik Shire Council	67,300	67,300	64,600	63,300
North Central Goldfields Regional Library Corporation	10,750	9,000	8,700	8,600
Northern Grampians Shire Council	40,100	37,500	36,400	34,300
Peninsula Leisure Pty Ltd	18,500	24,600	24,100	23,600
Port Phillip City Council	86,800	75,800	75,800	72,900
Prahran Market Pty Ltd	16,000	18,000	15,900	15,600
Procurement Australasia Ltd	24,500	16,300	18,950	15,950
Pyrenees Shire Council	41,900	40,200	39,500	37,400
Queen Victoria Market Pty Ltd	35,000	25,500	20,400	20,000
Regent Management Company Pty Ltd	10,300	7,000	5,000	6,800
Regional Kitchen Pty Ltd	Not applicable	Not applicable	Not applicable	5,000
Regional Landfill Clayton South Joint Venture	16,250	17,500	10,500	10,300
Shire of Strathbogie	47,400	45,000	42,200	41,400
Shire of Towong	39,500	38,200	37,500	35,400

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
• MomentumOne Shared Services	5,400	6,500	8,800	7,750
South Gippsland Shire Council	71,250	67,500	60,500	57,900
Southern Grampians Shire Council	51,400	49,250	45,000	42,700
Stonnington City Council	62,500	60,000	75,800	80,100
Surf Coast Shire Council	51,700	49,500	45,900	44,600
Swan Hill Rural City Council	51,350	57,900	56,800	54,300
Wangaratta Rural City Council	58,800	56,000	58,100	63,200
• Wangaratta Livestock Exchange Pty Ltd	8,000	10,000	7,100	7,000
Warrnambool City Council	52,300	50,000	51,100	48,700
Wellington Shire Council	54,400	52,250	60,100	57,500
West Gippsland Regional Library Corporation	Ceased entity	14,000	17,300	10,100
West Wimmera Shire Council	40,200	38,250	40,300	38,100
Whitehorse City Council	74,100	64,000	76,400	73,500
• Whitehorse-Manningham Regional Library Corporation	18,000	17,500	10,500	10,300
Wodonga City Council	56,500	54,500	63,500	65,900
Wyndham City Council	74,800	71,500	68,700	65,900
• Western Leisure Services Pty Ltd	16,500	16,000	10,500	10,300
Yarra City Council	64,550	61,000	78,700	75,700
Yarra Plenty Regional Library Service	18,000	17,500	9,300	9,100
Yarra Ranges Shire Council	58,300	55,500	60,000	57,400
Yarriambiack Shire Council		35,500	34,500	32,500
Public non-financial corporations				
Agriculture Victoria Services	37,000	37,000	36,900	36,000
• Phytogene Pty Ltd	6,000	6,000	7,350	7,000
Alpine Resorts Co-ordinating Council	Ceased entity(c)	16,300	16,000	7,500
Australian Grand Prix Corporation	80,000	74,000	62,000	72,300
Ballarat General Cemeteries Trust	18,700	18,200	17,850	17,450
Barwon Region Water Corporation	137,000	96,000	95,500	92,900
• Barwon Asset Solutions Pty Ltd	30,000	25,000	25,000	24,600
Barwon South West Waste and Resource Recovery Group	Ceased entity	15,500	15,500	14,900
Central Gippsland Region Water Corporation	167,000	162,000	130,000	92,300
Central Highlands Region Water Corporation	84,000	84,000	84,000	84,700
City West Water Corporation	Ceased entity	Ceased entity	228,000	144,600
Coliban Region Water Corporation	150,600	155,000	147,000	93,100
Dairy Food Safety Victoria	28,000	28,000	32,500	31,000

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Development Victoria	160,000	145,000	144,500	138,000
East Gippsland Region Water Corporation	43,000	42,000	41,300	40,000
Puffing Billy Railway Board (Previously Emerald Tourist Railway Board)	33,000	31,500	13,700	13,400
Falls Creek Alpine Resort Management Board	47,000 (c)	47,000	47,000	51,300
Federation Square Pty Ltd	Ceased entity(b)	40,000	39,000	38,000
Geelong Cemeteries Trust	22,300	21,700	21,250	14,900
Geelong Performing Arts Centre Trust	38,000	46,000	45,000	55,000
Gippsland and Southern Rural Water Corporation	52,500	51,000	53,700	47,000
Gippsland Waste and Resource Recovery Group	Ceased entity	15,500	6,300	6,000
Goulburn Valley Region Water	80,000	55,000	55,000	54,900
Goulburn Valley Waste and Resource Recovery Group	Ceased entity	10,600	10,600	10,600
Goulburn-Murray Rural Water Corporation	130,000	190,000	190,000	181,900
Grampians Central West Waste and Resources Recovery Group	Ceased entity	15,500	13,800	13,200
Grampians Wimmera Mallee Water Corporation	75,000	75,000	57,500	56,000
• Lake Fyans Recreational Area Committee of Management	7,500	7,500	6,500	6,200
Greater Western Water	310,000	280,000	New entity in 2022	New entity in 2022
Greyhound Racing Victoria	32,500	32,000	18,800	17,900
Harness Racing Victoria	54,500	53,000	37,500	35,800
• HRV Management Limited	5,000	5,000	4,700	4,400
• Melton Entertainment Trust	23,000	25,000	31,200	29,800
Kardinia Park Stadium Trust	20,000	20,000	21,600	20,500
LaunchVic Limited	25,000	20,500	19,900	19,900
• Alice Anderson Fund Pty Ltd	25,000	24,000	New entity in 2022	New entity in 2022
LanguageLoop	34,600	33,600	32,900	23,000
Loddon Mallee Waste and Resource Recovery Group	Ceased entity	15,500	17,500	17,000
Lower Murray Urban and Rural Water Corporation	85,000	90,000	90,000	89,400
Melbourne and Olympic Parks Trust	100,000	90,000	99,800	109,000
Melbourne Convention and Exhibition Trust	48,000	42,000	50,500	49,200
Melbourne Cricket Ground Trust	22,500	20,000	19,500	15,300
Melbourne Market Authority	48,000	45,000	55,000	55,000
Melbourne Port Lessor Pty Ltd	40,000	40,000	69,000	57,500

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
Melbourne Water Corporation	260,000	242,000	200,000	179,000
Metropolitan Waste and Resource Recovery Group	Ceased entity	60,000	50,000	35,000
Mount Hotham Alpine Resort Management Board	33,000(c)	31,000	35,400	35,500
Mt Buller and Mt Stirling Alpine Resort Management Board	33,000(c)	25,500	49,000	34,200
Murray Valley Wine Grape Industry Development Committee	6,500	6,500	6,350	6,200
North East Link State Tolling Corporation	95,000	72,000	New entity in 2022	New entity in 2022
North East Region Water Corporation	75,000	50,000	50,000	51,000
North East Waste and Resource Recovery Group	Ceased entity	9,000	8,000	6,800
Phillip Island Nature Park Board of Management Inc	21,000	20,900	20,900	20,000
Port of Hastings Development Authority	18,000	18,000	17,300	16,500
Ports Victoria	76,344	55,000	New entity in 2022	New entity in 2022
PrimeSafe	28,000	26,000	18,000	17,500
Queen Victoria Women's Centre Trust	14,400	14,000	17,700	14,700
Remembrance Parks Central Victoria	25,500	24,800	16,000	12,300
South East Water Corporation	255,000	243,000	200,000	144,600
• Iota Services Pty Ltd	32,000	31,000	20,000	11,200
• Zero Emissions Water Limited	20,000	20,000	20,000	7,500
South Gippsland Region Water Corporation	86,000	38,000	38,000	37,600
Southern Alpine Resort Management Board	60,000	60,000	66,000	80,000
Southern Metropolitan Cemeteries Trust	95,500	93,000	91,000	89,000
State Electricity Commission of Victoria	18,000	17,800	17,400	17,000
State Sport Centres Trust	45,000	44,000	42,900	41,800
The Greater Metropolitan Cemeteries Trust	104,100	101,100	99,000	99,000
The Mildura Cemetery Trust	13,900	13,500	13,250	12,950
V/Line Corporation	120,000	110,000	98,400	98,400
VicForests	90,000	101,500	99,000	138,300
Victorian Arts Centre Trust	56,000	55,000	58,000	58,000
Victorian Plantations Corporation	18,000	18,000	12,000	7,200
Victorian Ports Corporation (Melbourne)	Ceased entity	Ceased entity	59,000	74,000
Victorian Rail Track	172,000	184,000	184,000	190,000
• HoldCo	23,000	79,000	New entity in 2022	New entity in 2022

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
• Rolling Stock (Victoria-VL) Pty Ltd	11,500	8,500	6,850	6,700
• Rolling Stock (VL-1) Pty Ltd	21,500	13,500	13,100	12,800
• Rolling Stock (VL-2) Pty Ltd	21,500	13,500	13,100	12,800
• Rolling Stock (VL-3) Pty Ltd	21,500	13,500	13,100	12,800
• Rolling Stock Holdings (Victoria) Pty Ltd	46,000	28,500	27,600	27,000
Victorian Regional Channels Authority	Ceased entity	Ceased entity	31,300	30,500
Victorian Strawberry Industry Development Committee	11,000	11,000	13,200	12,900
Wannon Region Water Corporation	68,000	66,000	56,000	54,900
Western Region Water Corporation	Ceased entity	Ceased entity	54,000	52,700
Westernport Region Water Corporation	31,000	30,000	32,000	32,000
Yarra Valley Water Corporation	235,000	223,000	185,000	145,000
Zoological Parks and Gardens Board	68,000	65,000	52,000	38,100
Public financial corporations				
Breakthrough Victoria Pty Ltd	85,000	30,000	New entity in 2022	New entity in 2022
State Trustees Limited	156,000	150,000	169,000	169,000
• State Trustees Australia Foundation	11,200	10,000	11,500	11,200
• State Trustees Australia Foundation Open Fund	11,200	10,000	10,800	10,450
• State Trustees Limited Charitable	31,000	30,000	29,000	28,200
• Invest Balanced Fund	51,400	50,000	95,000	95,000
• STL Financial Services Limited	11,000	10,000	13,600	13,200
Transport Accident Commission	246,000	200,000	230,000	230,000
• Residential Independence Pty Ltd	10,200	9,900	7,000	6,750
• Residential Independence Trust	10,200	9,900	7,000	6,750
Treasury Corporation of Victoria	350,000	338,000	346,000	345,468
Victorian Funds Management Corporation	95,000	91,900	91,900	124,600
• VFM Emerging Markets Trust	10,800	10,600	10,600	10,250
• VFM Global Small Companies Trust	Ceased entity	10,700	10,700	10,350
• VFMC Australian Credit Trust	10,800	13,300	13,300	12,900
• VFMC Balanced Fund	10,800	4,900	4,900	4,700
• VFMC Conservative Fund (Previously Capital Stable Fund)	10,800	4,900	4,900	4,700
• VFMC Cash Trust	10,800	8,400	8,400	8,100
• VFMC Emerging Markets Debt Trust 1	10,800	10,600	10,600	10,600
• VFMC Emerging Markets Debt Trust 2	10,800	10,600	10,600	10,600

Who we audited	2023 annual audit fee (\$)	2022 annual audit fee (\$)	2021 annual audit fee (\$)	2020 annual audit fee (\$)
• VFMC Equity Trust 1	10,800	12,200	12,200	11,900
• VFMC Equity Trust 2	10,800	12,200	12,200	11,900
• VFMC ESSS Private Equity Trust 2004	Ceased entity	16,200	16,200	15,800
• VFMC ESSS Private Equity Trust 2006	Ceased entity	16,200	16,200	15,800
• VFMC ESSS Private Equity Trust 2007	15,000	16,200	16,200	15,800
• VFMC Fixed Income Trust	10,800	13,500	13,500	13,100
• VFMC Growth Fund	10,800	3,800	3,800	3,700
• VFMC Inflation Linked Bond Trust	10,800	17,500	17,500	17,000
• VFMC Insurance Strategies Trust	15,000	21,400	50,500	50,500
• VFMC International Equity Trust 1	10,800	15,600	15,600	15,200
• VFMC International Equity Trust 2	10,800	15,600	15,600	15,200
• VFMC International Fixed Income Trust	10,800	13,500	13,500	13,500
• VFMC Investment Trust I	Ceased entity	10,000	10,000	9,750
• VFMC Investment Trust II	15,000	26,200	26,200	25,500
• VFMC Investment Trust IV	35,600	15,300	15,300	14,900
• VFMC Opportunistic Strategies Trust	21,200	6,900	6,900	6,700
• VFMC Property Trust 1	15,000	21,400	21,400	New entity in 2021
• VFMC Property Trust 2	15,000	21,400	21,400	New entity in 2021
• VFMC Yield Optimised Dividend Accumulator Trust	Ceased entity	Ceased entity	12,700	12,300
Victorian Managed Insurance Authority	149,000	145,000	142,400	142,400
Victorian WorkCover Authority	324,000	315,000	330,000	330,000
• Accident Compensation Conciliation Service	Ceased entity	18,500	15,400	15,000
Workplace Injury Commission	24,000	N/A	N/A	N/A

Notes:

(a) Effective from 5 December 2022 the [Premier of Victoria's General Order](#) changed the administrative arrangements and functions for a number of entities and the renaming of a number of entities to reflect these changes. This necessarily impacted engagement scopes and fees for impacted entities.

(b) The company was wound up with transfer of operations assets and liabilities to the Melbourne Arts Precinct Corporation.

(c) From 1 October 2022 Alpine Resorts Victoria was established under the Alpine Resorts Management Act. The operations and net assets of the Alpine resorts will be transferred to this new entity.

(d) *The Circular Economy (Waste Reduction and Recycling) Act 2021* abolished the seven Waste Resource Recovery Groups.

Appendix C: Dispensed audits

Entities dispensed for the 2022–23 period

No financial audits dispensed

Entities dispensed for the 2021–22 period

No financial audits dispensed

Entities dispensed for the 2020–21 period

No financial audits dispensed

Entities dispensed for the 2019–20 period

Access Health and Community

Bentleigh Bayside Community Health Limited

- Sandringham Ambulatory Care Centre Pty Ltd
-

DPV Health Ltd

Link Health and Community Limited

- Link Private Practice Pty Ltd
-

Merri Community Health Services Limited

Appendix D: PAEC's recommendations

External audits of our office

The Audit Act requires us to be independently audited at least once every 4 years to determine whether the Auditor-General and VAGO are achieving their objectives effectively, economically and efficiently, and in compliance with relevant Acts.

In 2019–20, PAEC appointed Allen and Clark Consulting to conduct this audit. Allen and Clark Consulting tabled its report in Parliament on 4 August 2020, concluding that:

The Auditor-General and VAGO are operating in compliance with all relevant Acts of Parliament. Moreover, the Auditor-General and VAGO are, in all material respects, operating effectively, economically, and efficiently and achieving their objectives in compliance under the Act.

We monitor our progress in implementing the report's 31 recommendations through:

- periodic updates to our OMG and ARC
- twice-yearly updates to PAEC.

Of the 31 recommendations made to our office in 2020 we ...	Of these recommendations we ...
accepted: <ul style="list-style-type: none"> • 24 in full • 3 in part • 3 in principle. 	have completed 21 recommendations have partially completed 9 recommendations.
did not accept 1 recommendation.	
18 recommendations related directly to improvements to aspects of our QCF/SQM.	have completed 12 recommendations have partially completed 6 recommendations

Below we provide a summary of the QCF/SQM recommendations implemented since our last transparency report and the status of recommendations in progress as at 31 December 2024. Information on recommendations implemented in prior years can be found in Appendix D of our prior-year transparency reports.

Figure D1: Update on recommendations relevant to improving audit quality from PAEC's independent audit

Recommendation 2	In progress
PAEC recommendation	That VAGO develops a data science strategy that clearly outlines VAGO's approach to integrating data science within performance audit practice.
Auditor-General comment	<p>It remains unclear from the report which key external stakeholders perceive this risk, and how they think data science could be used to overstep our mandate.</p> <p>As we advised the team throughout their review, we have used 'data science' in our performance audits for many years by gathering data through surveys and by obtaining access to and analysing the financial and administrative datasets held by agencies.</p> <p>However, I agree that a strategy, analogous to that which we developed for applying data analytics in financial audit, will be useful internally to optimise its application in a performance audit setting, and for stakeholder engagement.</p>

Implementation update	Data science has been incorporated into the newly formed PRS Division. A draft data science strategy has been prepared and is in review by the AAG, PRS. The release of this strategy is expected to occur in the first quarter of 2024.
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Recommendation 7 **Not yet commenced**

PAEC recommendation	That VAGO provides good-practice guidance, including examples of exemplar audit files and templates in relation to treatment and filing of documents, including working papers, to ensure each audit file can be easily navigated and the links between the application of the audit criteria, the analysis of evidence collected, and audit findings and recommendations are evident.
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Auditor-General comment	<p>I note our current training module 'Working papers and findings', scheduled twice a year for new starters, explicitly covers how to develop and structure working papers. This training includes good-practice examples.</p> <p>We can enhance this with additional instruction to staff on the use of subheadings to allow easier navigation through working papers, and the requirement to structure any working papers completed in Microsoft Teams initially, to be structured consistently.</p> <p>I note also that the current working paper template in AMP for addressing each audit criterion already has headings: References, Agency documents, Conclusion, Evidence/Analysis.</p> <p>We restrict access by staff to completed audit files for security reasons.</p>
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Proposed actions	<p>As part of our major refresh of our performance audit methodology we will develop an 'exemplar' audit file combining all good practices from existing training and guidance.</p> <p>This will be done when we have implemented a new toolset to avoid unnecessary duplication of effort.</p>
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Implementation update	We will commence this work as part of our performance audit methodology refresh project.
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Recommendation 13 **Completed (during 2022–23)**

PAEC recommendation	That VAGO conducts the future piloting of replacement software tools in a more structured manner led by an expert team to ensure adoption of a consistent approach and all issues are identified and resolved prior to full rollout. Staff feedback should be obtained and addressed after this.
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Auditor-General comment	<p>The report notes that for the methodology pilot directors "had discretion on whether to adopt EPIC for one or all of their audits."</p> <p>To be clear, all directors were required to pilot its use on at least one audit, but they were left to judge whether they would extend the pilot to other audits. This was based on the capacity of their teams.</p> <p>The pilot and associated training was coordinated, with the first tranche focused on planning, and delivered at the time of the year that all teams undertake planning. This allowed them to work on live files and share their experiences with other teams before, during and after training.</p> <p>The second tranche focused on the conduct phase and again we timed the training for when teams were in this phase of their audits.</p> <p>In addition, training and guidance material, and the methodology itself was updated and refined based on feedback from audit teams during the pilot.</p> <p>It remains unclear why this was considered not to be sufficiently systematic.</p> <p>We have already commenced a pilot for replacement software to support our financial audits and will apply the same approach to that described above. The Audit Quality team is leading this pilot</p>
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Implementation update	<p>The development of the software replacement toolset is progressing as detailed in section 2.2 of this report.</p> <p>The project team are undertaking varying modes of consultation, maintaining a record of feedback received and how the feedback has been considered as part of the project. The pilot phase of the project will allow further opportunity for staff to trial the toolset and provide user experience feedback from its use well ahead of a full rollout.</p>
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Recommendation 14**Completed (during 2023–24)**

PAEC recommendation	That VAGO adapts ACAG’s National Competency Framework for Financial Auditors to ensure it covers all staff classifications consistent with the financial audit methodology and signing officer delegation arrangements.
Implementation update	<p>The Enhancing Financial Audit Capability project delivered:</p> <ul style="list-style-type: none">• a structured FA capability framework that articulates the core knowledge, skills and behaviours required of auditors, based on audit and VPS roles• a structured learning and development curriculum that aligns with the capability framework• a succession pathway that demonstrates what qualifications, capabilities (from the capability framework), formal and informal training (from the curriculum), other on-the-job experience and learning and development opportunities are required to be ready to progress to the next VPS grade• a transitional plan and approach• refreshed critical people-related documents• an education campaign. <p>The project incorporated consideration of the conceptual underpinnings of the ACAG competency framework and consideration of capability and competency requirements for gaps.</p> <p>The capability framework was rolled out to our workforce in November 2023.</p>

Recommendation 15**Completed (during 2023–24)**

PAEC recommendation	That VAGO establishes a training strategy aimed at consistent delivery of targeted training to financial audit staff at their different levels.
Auditor-General comment	With the prospect of the integration of EPIC into a new toolset, for the remainder of 2020 we will continue our approach to training all FA staff as outlined in comments under recommendation 13 above. After this, it will be appropriate to return to a structured curriculum that is customised to the specific needs of each audit grade
Implementation update	<p>An extensive learning and development curriculum for Financial Audit has been designed based on the FA capability framework.</p> <p>The curriculum was co-designed by VAGO SMEs from Audit Quality, Financial Reporting Advisory, Data Analytics, Systems Assurance and Human Resources, together with input from external SMEs and VAGO’s Senior Managers and Directors.</p> <p>The designed curriculum was released to our workforce in November 2023.</p>

Recommendation 16**Completed (during 2022–23)**

PAEC recommendation	That VAGO maintains an up-to-date list of all training provided by staff classification, which is regularly reviewed to ensure that staff receive training relevant to their level/classification.
Auditor-General comment	The limitations of our current training booking system preclude easy tracking of staff grade. We have scoped an HR project, ERP: Stage 3, which will address this.

Implementation update	<p>VAGO maintains an Excel spreadsheet of all mandatory and optional training enrolments and outcomes.</p> <p>In 2022 VAGO transitioned from Lotus Notes to Microsoft Bookings and SuccessFactors for management of mandatory and optional training modules. New employees complete mandatory training via SuccessFactors as part of their onboarding.</p> <p>We conduct an annual internal audit on the completion of mandatory training as part of the annual employee declaration process. The results of this audit are provided to OMG.</p> <p>We have also commenced discovery of a new LMS as part of the enterprise resource planning (ERP) stage 3 project.</p> <p>VAGO has commenced the implementation of Microsoft Viva Learning (a learning content aggregation platform) for managing VAGO training. We envisage that Viva Learning modules will integrate with the ERP.</p>
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Recommendation 25 **Completed (during 2023–24)**

PAEC recommendation	That VAGO undertakes a training needs assessment for members of the audit quality (AQ) and financial reporting advisory (FRA) teams. Based on this analysis VAGO should develop training programs to ensure members are appropriately qualified to maintain and monitor the quality control framework.
Auditor-General comment	<p>The technical audit teams are small and change over time. Their training needs will invariably differ depending on their qualifications and experience.</p> <p>We will address immediate individual needs through our routine annual performance development process (PDP), presently underway.</p>
Implementation update	<p>We have developed individual PDPs for all AQ/FRA staff based on their role and aligned with the capabilities required for each position description.</p> <p>FRA and AQ team members have each completed training needs assessments and devised learning pathways for all team members. This now flows into the PDP form of each team member.</p> <p>Going forward, similar to FA's capability framework, FRA and AQ will develop respective capability frameworks.</p>

Recommendation 26 **In progress**

PAEC recommendation	That VAGO develops a proactive professional development program for junior and mid-level staff, which may include opportunities for broader development targeted at developing high-performing staff for future leadership roles.
Auditor-General comment	No comment provided
Proposed actions	Refer to our responses to recommendations 14 for audit staff and recommendation 30 for all staff.
Implementation update	Refer to the status update for our capability projects detailed in section 2.3 capability frameworks.

Recommendation 30 **In progress**

PAEC recommendation	That VAGO puts in place a systematic process to effectively identify high performing staff, and a clear pathway to develop these staff so that they are capable of taking on more senior roles.
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Auditor-General comment	<p>We will:</p> <ul style="list-style-type: none"> • define the potential rating scale and decide whether the potential rating field/descriptors will be transparent to all employees • define and agree the potential rating field requirements • scope, build and test the new performance process (including the potential rating) • build a performance potential chart, as part of the performance assessment calibration step • communicate to and train staff to facilitate the launch of the new PDP process/potential rating scores • design and implement the structured development plan for employees identified as high potential • update the procedure performance cycle process with all changes.
Proposed actions	<p>We will use the outcomes of our PRS and FA capability frameworks and the skills management matrix to inform our decisions on the most effective way to identify high-performing staff and a clear pathway to develop these staff for future leadership roles.</p>
Implementation update	<p>The planned talent solutions for growth and potential project will develop a strategy and specific initiatives to develop and retain the talent pipeline for future leadership roles in Financial Audit, expected to commence in 2025.</p> <p>Parliamentary Reports and Services is undertaking a project to conduct a skills audit and has developed a capability framework and a new approach to PDPs across the division. The project is planned to coincide with the full lifecycle of a PDP, with a target completion date in the second quarter of 2024.</p>

Note: The full tabled report is available at: www.audit.vic.gov.au/sites/default/files/compliance/Independent-Performance-Audit-of-VAGO-2020.pdf.
Source: Allen and Clarke Consulting's *Performance Audit of the Victorian Auditor-General and the Victorian Auditor-General's Office* and VAGO.

Appendix E:

Disclosure checklist: Prescribed and voluntary information

Schedule 7A of the Corporations Regulations 2001 sets out the information that must be included in an audit firm's transparency report. Our transparency report addresses these requirements unless the requirement is not applicable to us. ASIC's Information Sheet ([INFO 184](#)) *Audit Transparency Reports* details information that auditors may voluntarily include in transparency reports.

Figure E1 shows where compulsory and voluntary information can be found in this report and our Annual Report 2022–23.

Figure E1: Locations of Corporations Regulations 2001 schedule 7A prescribed information and voluntary information in our 2022–23 transparency report and annual report

	Relevant to VAGO	Transparency report reference	Annual report reference
Prescribed information			
If the auditor belongs to a network, a description of: <ul style="list-style-type: none"> the network the legal arrangements of the network the structural arrangements of the network 	N/A	N/A	N/A
A description of the auditor's SQM	✓	Chapter 3	Chapter 4
A statement that sets out the auditor's independence practices in the relevant reporting year	✓	Section 3.3	N/A
The name of each body that is authorised to review the auditor and the date of the most recent review of the auditor conducted by the body	✓	Chapter 4	Section 1
The names of the relevant bodies in section 322B of the Corporations Act for which the auditor conducted an audit under Div 3 of Pt 2M.3 in the relevant reporting year	✓	Appendix B	N/A
Financial information for the auditor that relates to the relevant reporting year, including: <ul style="list-style-type: none"> total revenue revenue relating to audits of financial statements conducted by the auditor and other services provided by the auditor revenue relating to other services provided by the transparency reporting auditor 	<ul style="list-style-type: none"> ✓ ✓ n/a 	<ul style="list-style-type: none"> Section 1.5 Appendix B 	Note 2.2 of the Financial Report
A description of the firm or company's: <ul style="list-style-type: none"> legal structure ownership 	✓	<ul style="list-style-type: none"> Section 1.1 Section 1.1 Section 1.1 	Section 1

- governance structure

A statement by the firm's administrative body or management body (or the company's board of directors) on the effectiveness of the functioning of the internal quality control system in the relevant reporting year	✓	Chapter 5	N/A
The date on which the firm or company most recently conducted an internal review of its independence compliance	✓	Section 3.3	N/A
A statement about the firm or company's policy on the minimum amount and nature of continuing or other professional education that professional members of an audit team must undertake during the relevant reporting year	✓	Section 3.7	N/A
Information about the basis for remuneration of the firm's partners or the company's directors	✓	Section 1.5	Note 8.2 of the Financial Report

Voluntary information

If the auditor belongs to a network, the report may include information about the degree to which the network sets policy and monitors compliance and structural arrangements in the network, including the degree of authority the network has over the audit firm	N/A	N/A	N/A
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Actions to improve audit quality – how the auditor:

<ul style="list-style-type: none"> • promotes, evaluates and monitors professional scepticism and compliance with auditing standards 	✓	Section 1.3	Section 1
<ul style="list-style-type: none"> • promotes a culture of audit quality (e.g., messages from leadership focusing on audit quality, education initiatives, key focuses in quality reviews, and encouragement of consultation on complex audit issues) 	✓	Chapter 2 Chapter 3 Appendix A	Section 4
<ul style="list-style-type: none"> • ensures that partners/directors, staff and experts with appropriate experience and expertise are assigned to audit engagements having regard to, for example, workload, technical competence, and audit, industry and other relevant experience 	✓	Section 3.6	N/A
<ul style="list-style-type: none"> • approaches supervision and review, including the extent of partner/director involvement in working with audit teams in the planning and execution of audits, and the extent of real-time or post-completion quality reviews of engagements 	✓	Section 3.6 Section 3.7	N/A
<ul style="list-style-type: none"> • holds partners/directors and leadership accountable for audit quality, including how performance is measured on audit quality, how such performance is assessed, and the extent to which this affects remuneration 	✓	Section 3.3 Section 3.7	N/A

AQI – quantitative metrics

<p>If quantitative input measures of audit quality are referred to in a transparency report, the reasons why those measures are considered appropriate, the impact of measuring each particular aspect of audit quality, any limitations of those measures, and the results of applying such measures.</p> <p>Measures should be presented on a comparable basis from year to year. If the auditor chooses to discontinue, amend or replace any measure previously included in a transparency report, the previous measure should generally also be included with the reasons for the change.</p>	✓	Appendix A	N/A
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Findings from ASIC inspections

<p>The report may include the firm’s actions to address overall themes about the quality of audits at firms generally, as identified in the most recent public audit firm inspection report issued by ASIC</p> <p>To reduce the risk that a transparency report is misleading, it should include a statement that the reader should not make any assumptions about the scope of, or findings from, any ASIC review</p>	✓	Chapter 4.3 Appendix A	N/A
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Findings from external reviews

<p>The report may include areas for improvement derived from reviews by other relevant external bodies on audit quality</p>	✓	Chapter 4	Section 1
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Source: VAGO.

Appendix F:

Acronyms and abbreviations

Acronym

ACAG	Australasian Council of Auditors-General
AMP	audit methodology procedure
ARC	audit and risk committee
ASIC	Australian Securities and Investments Commission
ASP	audit service provider
ASPIs	audit service provider instructions
AQ	audit quality
AQI	audit quality indicator
AUASB	Auditing and Assurance Standards Board
CA ANZ	Chartered Accountants Australia and New Zealand
CPA	Certified Practising Accountant
EQIP	engagement quality inspection program
EQR	engagement quality reviewer
ERP	enterprise resource planning
FA	Financial Audit
FRA	Financial Reporting Advisory
FTE	full-time equivalent
HCM	human capital management
IBAC	Independent Broad-based Anti-corruption Commission
ISA	information systems auditing
IT	information technology
ITAC	IT application controls
ITGC	IT general controls
LMS	learning management system
MBM	macro benchmarking
OMG	operational management group
PA	Performance Audit

Acronym

PAAQR	post-audit and assurance quality review
PAEC	Public Accounts and Estimates Committee
PDP	performance development process
PRS	Parliamentary Reports and Services
SME	subject matter expert
SMG	strategic management group
SQM	system of quality management
VAGO	Victorian Auditor-General's Office
VI	Victorian Inspectorate
VO	Victorian Ombudsman
VPS	Victorian public sector
VPSC	Victorian Public Sector Commission

Abbreviation

ASA 102	<i>ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagement</i>
APES 110	<i>APES 110 Code of Ethics for Professional Accountants</i>
ASA 220	<i>ASA 220 Quality Management for an Audit of a Financial Report and Other Historical Financial Information</i>
ASA 700	<i>ASA 700 Forming an Opinion and Reporting on a Financial Report</i>
ASAE 3000	<i>ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>
ASAE 3500	<i>ASAE 3500 Performance Engagements</i>
ASQM 1	<i>ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagement</i>
ASQM 2	<i>ASQM 2 Engagement Quality Reviews</i>
ASQC 1	<i>ASQC 1: Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements (Note – superseded standard)</i>
Audit Act	<i>Audit Act 1994</i>
FRD 8D	<i>FRD 8D Consistency of budget and departmental reporting</i>
FRD 27C	<i>FRD 27C Presentation and Reporting of Performance Information.</i>
PAA	<i>Public Administration Act 2004</i>

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www.audit.vic.gov.au

Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne Vic 3000
AUSTRALIA

Phone +61 3 8601 7000
Email enquiries@audit.vic.gov.au