

# Transparency Report

2024

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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.

# 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.

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

This report expands on our annual report. 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's in this report

This is our fifth transparency report. We discuss:

- our investment in audit quality
- our legal structure, governance and finances
- our SQM and how it aligns with the Australian Auditing and Assurance 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

Our SQM evaluation incorporates our audit inspection programs and considers results from independent reviews.

It provides reasonable assurance that we achieved our SQM objectives in the 2023–24 financial year.

## What is audit quality

Audit quality is our fundamental objective. It means we have assurance that our work is appropriate and aligns with the Australian Auditing and Assurance Standards and applicable legal and regulatory requirements.

# 1.

## About VAGO

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 2023–24 we issued 544 opinions on public sector agencies' financial reports and 109 opinions on performance statements. We also reviewed the estimated financial statements of the general government sector and audited and reported on the Annual Financial Report of the State of Victoria. In 2023–24, we tabled 22 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.

Covered in this section:

- 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 an independent officer of the Victorian Parliament under the *Constitution Act 1975*.

VAGO is a special body as defined in section 6 of the *Public Administration Act 2004* (PAA). This limits how the PAA applies to VAGO, including VAGO not being bound by certain government policies made under the PAA.

The Audit Act:

- gives the Auditor-General functions of a public service body head under section 16 of the PAA, which means they have the power to employ Victorian Public Service (VPS) staff
- outlines the Auditor-General's mandate for conducting financial and performance engagements of all Victorian public sector entities
- establishes VAGO and its responsibilities
- requires us to apply the Australian Auditing and Assurance Standards, which are issued by the Auditing and Assurance Standards Board.

#### 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 and operational management group are governing bodies that support our system of quality management. They establish, promote, support and monitor the quality of our engagements and our compliance with:

- the Australian Auditing and Assurance Standards
- relevant ethical requirements
- other applicable legal and regulatory requirements.

The audit and risk committee completes VAGO's governance framework, but its focus is overall governance and risk.

### Strategic management group

Our strategic management group consists of the:

- Auditor-General
- Deputy Auditor-General
- Assistant Auditors-General of our financial audit (FA) and parliamentary reports and services (PRS) divisions.

It designs our organisational model and structures, which includes assigning and delegating authority. It also drives innovation and develops our auditors' capabilities.

We discuss the strategic management group's responsibilities for promoting audit quality in Section 3.3.

### Audit and risk committee

The Auditor-General appoints our audit and risk committee, which has at least 3 independent members (including the chairperson) who are not VAGO employees.

The audit and risk committee provides independent support and advice to help the Auditor-General carry out their:

- responsibilities to manage the effectiveness of VAGO's systems and controls for financial management, performance and sustainability, including risk management
- external accountability responsibilities as prescribed in the *Financial Management Act 1994* and other relevant legislation and requirements.

The audit and risk committee provides an annual report to the Auditor-General summarising the key matters it examined during the year and their outcomes.

The *Standing Directions 2018 Under the Financial Management Act 1994* outline the audit and risk committee's responsibilities, which are further defined in its own charter.

#### 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, strategic management group, 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

Our PRS division conducts performance engagements to assess if government agencies, programs and services are:

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

We can audit community sector and for-profit organisations that provide government services. We can also audit how recipients use government grants.

Performance engagements provide reasonable or limited assurance about activities that agencies, programs and services are doing well. They also identify opportunities for improvement.

We report the results of these engagements to Parliament.

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#### Attest engagements

Our attest engagements deliver assurance services to public sector entities. These include:

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

Our audit opinions provide reasonable assurance that entities':

- financial reports fairly present their financial positions, cashflows and operational results for the year
- performance statements and grant acquittals are reliable.

This means Parliament and the community can use the reports confidently for informed decision-making.

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

- the Auditor-General's report on the Annual Financial Report of the State of Victoria
- sector-based results of audit reports.

For information about the difference between performance audits and assurance reviews, read [Our assurance services](#) fact sheet.

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## 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, in line with:
  - 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)
  - ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information* (ASA 220)
- issuing a financial audit opinion, in line with part 3 of the Audit Act and ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700)
- issuing an assurance report on a performance engagement, in line with section 56(1) of the Audit Act and ASAE 3500 *Performance Engagements* (ASAE 3500).

We discuss the Auditor-General's responsibility for our SQM in Section 3.3.

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**Engagement teams**

At VAGO, an engagement team includes individuals who perform audit, assurance or other procedures on an engagement.

An engagement team excludes:

- an external auditor’s expert
- an assurance practitioner’s expert
- 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.

**Figure 2:** Engagement team roles and responsibilities

Role	Financial engagements	Performance engagements
Signing officer	<p>The signing officer is responsible for:</p> <ul style="list-style-type: none"><li>• issuing the audit opinion</li><li>• complying with ASA 700</li><li>• the quality of the engagement under ASA 220.</li></ul> <p>The Auditor-General may delegate this role.</p> <p>The signing officer may also be the engagement leader. But if this is not the case, the signing officer makes sure the engagement leader performs their responsibilities in line with ASA 220 before signing the audit report.</p>	<p>The signing officer is responsible for transmitting the report to Parliament and for its contents, including its:</p> <ul style="list-style-type: none"><li>• conclusions</li><li>• recommendations</li><li>• other information.</li></ul> <p>The Auditor-General is the signing officer for all performance engagements.</p> <p>The signing officer is also responsible for the assurance conclusion issued under ASAE 3500 and the overall quality management of the engagement in line with ASQM 1 and ASAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i> (ASAE 3000).</p>
Engagement leader	<p>The engagement leader is responsible for:</p> <ul style="list-style-type: none"><li>• the quality of the engagement under ASA 220</li><li>• attesting on the completion of assigned ASA 220 requirements to the signing officer</li><li>• recommending the form and content of the auditor’s report.</li></ul> <p>For ASP audits, the engagement leader is the partner of the ASP firm.</p>	<p>The engagement leader is responsible for:</p> <ul style="list-style-type: none"><li>• managing and achieving quality on the engagement</li><li>• being sufficiently and appropriately involved throughout the engagement in line with ASAE 3000.</li></ul>
Team leader	<p>The team leader is responsible for:</p> <ul style="list-style-type: none"><li>• directing and supervising team members</li><li>• managing the engagement’s timeframes and cost.</li></ul>	<p>The team leader is responsible for:</p> <ul style="list-style-type: none"><li>• directing and supervising team members</li><li>• managing the engagement’s timeframes and cost.</li></ul>
Team member	<p>Team members are responsible for undertaking their assigned procedures.</p>	<p>Team members are responsible for undertaking their assigned procedures.</p>
ASP review officer	<p>The ASP review officer is responsible for and/or assists the VAGO signing officer in performing the required audit procedures outlined in our ASP oversight guidance procedure.</p> <p>The review officer can delegate administrative and non-judgement tasks to other team members.</p>	<p>Not applicable</p>

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.

As the Auditor-General cannot practically fulfil these statutory obligations alone, section 8 of the Audit Act permits the Auditor-General to delegate certain roles and responsibilities.

The Auditor-General can delegate the ...	to ...
ASA 220 responsibility for a financial audit's quality control	a VAGO staff member or an ASP partner who is a registered company auditor.
ASAE 3000 responsibility for an assurance engagement's overall quality	a VAGO staff member.
ASA 700 signing officer role	a VAGO staff member or an ASP partner who is a registered company auditor (but only in limited circumstances outlined in 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, private audit firms follow their own internal quality policies, in addition to the professional standards to delegate responsibilities. Even though the engagement partner in a private firm is still legally responsible for the audit, they can, and do, delegate many tasks within the firm.

In large, global audits, private firms often split the roles of engagement leader and signing partner. They do this to manage the complexity of international work, meet different regulatory rules and bring in the right expertise. The engagement leader runs the audit day to day and coordinates teams in different countries. The signing partner, usually a senior partner, reviews the final work and signs off on the audit opinion, making sure everything follows the firm's rules and professional standards.

ASPs

When conducting financial audits, we supplement our workforce with ASPs to make sure 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 3.5.

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 performance statement audits.

We set our fees in line with section 13 of the Audit Act to recover the reasonable costs of our financial audit services. Our ASPs may, from time to time, deliver non-audit services to public sector entities, but only where those services do not compromise independence. We do not receive any other sources of revenue from the entities we audit.

Figure 3: Revenue from financial audit fees

2023–24 (\$)	2022–23 (\$)	2021–22 (\$)	2020–21 (\$)	2019–20 (\$)
38,237,390	33,365,648	30,463,551	27,895,692	27,183,361

Source: VAGO.

**Other revenue** We 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
- strategic audit planning for our PRS program.

**Figure 4:** Annual appropriation

2023–24 (\$)	2022–23 (\$)	2021–22 (\$)	2020–21 (\$)	2019–20 (\$)
19,269,415	18,759,000	18,281,625	18,112,000	17,712,000

Source: VAGO.

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

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

We disclose the Auditor-General, the strategic management group and our executives' remuneration in our Annual Report.

**Staff remuneration** Our workforce consists of VAGO employees and contractors. Both are engaged under the PAA. All VAGO employees are subject to the terms and conditions of the *Victorian Public Service Enterprise Agreement 2024*, which sets remuneration bands for each employment category.

All VAGO contractors are subject to the terms and conditions of their labour hire firm. They are paid on an hourly basis in line with fees agreed between VAGO and their labour hire firm. They must follow all VAGO directions as if they were a VAGO employee, in addition to their labour hire firm's obligations.

We contract audit service provider firms to conduct audit engagements on our behalf. We select ASPs for our panel through a rigorous qualification process that considers:

- strength of data protection and governance practices
- audit quality, assessed against ASQM 1 standards
- expertise and experience of key personnel
- capacity to deliver high-quality audit services
- use of innovative approaches, including data analytics and technology
- cultural alignment with VAGO's values and methodology

We award audit engagements through a competitive panel process, allocating work to firms based on the quality, efficiency, and value for money of their proposals.

Their fees are governed by the terms and conditions of an FA ASP panel contract and our supporting ASP instructions. We process payments upon completion of each phase of an audit engagement, once we accept associated key deliverables.

# 2.

## Investing in audit quality

We have invested in projects to improve our workforce's skills and knowledge, and to streamline and modernise our systems and processes. These projects enhance our SQM. This section provides information about key projects as at 31 December 2024.

Covered in this section:

- Performance engagement methodology
- Financial audit methodology and software
- Enhancing capability

### 2.1 Performance engagement methodology

#### Investment and transfer to professional practice

We have continued to invest in our performance engagement methodology to:

- deliver authoritative and compelling insights to Parliament, the public and the public sector
- make credible, consistent decisions
- deliver impact for Victorians by improving the public sector and public services' performance.

The Professional Practice and Development branch of our PRS division has:

- reviewed our existing performance engagement practices
- revised our end-to-end performance engagement methodology and associated templates.

We embedded the new methodology and templates at the end of 2024. These updates will support our staff and enhance our engagement process from planning to reporting.

#### Project components

The performance engagement methodology project included:

- designing and delivering:
  - 4 manuals for delivering an engagement
  - 6 guidance documents for applying the Australian Standards on Assurance Engagements
  - 6 procedures for specific tasks (including activity risk assessment and testing the activity's performance against defined criteria)
  - revised templates and tools.
- training our people on the new methodology.

### Future work

The Professional Practice and Development branch will lead further work to:

- embed our methodology across the PRS division
- make sure the methodology is current and reflects better practice.

This includes releasing a learning framework, including a professional practice pathway about our methodology.

Future initiatives include creating guidance on the role of an Engagement Quality Reviewer and discrete roles and responsibilities of Engagement Leaders and Audit Managers.

## 2.2 Financial audit methodology and software

### New financial audit software

In 2023, we piloted our new software on 31 engagements. With the release of our new software, we revised our methodology accordingly. We are committed to reviewing and updating the methodology annually. This ensures it reflects changes in the regulatory environment and incorporates continuous improvement recommendations from staff and the EQIP program.

We assessed the results and began transitioning our in-house audits to a new cloud-based financial audit software in stages:

- In 2024, we transitioned 33 per cent of in-house audits to the new system.
- By the end of the 2024–25 audit cycle, over 80 per cent of in-house audits will use the new system.
- We will transition the remaining in-house audits in the 2025–26 audit cycle.

The new software will support improved audit quality and ensures we leverage current technology to deliver more efficient audits.

The software's ...	means ...
integrated client communication	we can collaborate with the entities we audit directly in the tool, with all responses automatically linked to the relevant audit tasks.
streamlined workflow	uploading trial balances and creating lead sheets is easier, which speeds up key audit tasks.
Empower 2.0 integration	we can leverage the power of our in-house analytics platform directly within the audit software, which enables a more data-driven approach.
enhanced visibility	we have granular control over visibility settings, which enables our auditors to tailor audit procedures to specific engagements.
embedded methodology	tasks are aligned with the latest guidelines, ensuring our audits meet public sector audit best practices.

### Empower 2.0 launch – May 2024

Empower is our internally developed data analytics platform. It is designed to give auditors streamlined access to data and prebuilt visualisations across 96 classes of transactions and account balances. It currently supports 53 audit clients.

In May 2024, we successfully launched Empower 2.0. This release focused on enhancing the overall user experience, including improved system speed, responsiveness and strengthened data protection.

Empower 2.0 also establishes a solid foundation for delivering future feature enhancements more efficiently, as we continue aligning Empower's outputs to support our Financial Audit methodology.

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#### Methodology updates and training

Our FA division is improving how we use our methodology and software to:

- boost staff capabilities
  - conduct audits using data analytics
  - deliver efficient, risk-based audits.
- 

#### ASPs

Each year, we review our ASP instructions, procedures and policies.

Our FA division continues to focus on ASP oversight and management, focusing on initiatives to enhance how they:

- collaborate with our ASPs
  - oversee their work
  - manage their performance.
- 

## 2.3 Enhancing capability

#### Overview

Investing in our auditors' technical skills (including analytical and technological) and interpersonal and human behaviour-related skills (such as communication) is crucial.

We have developed capability frameworks, succession pathways and learning and development curriculums that align with our audit requirements, support career progression and prepare for future capabilities.

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#### Enhancing FA's capability project

In 2023, we started a project to enhance FA's capability. This initiative grew from our strategic plan and feedback from staff.

We found the skills financial auditors need are changing because:

- our clients are increasingly relying on technology
- assurance requirements (such as sustainability reporting) are evolving.

As part of this project, during the period we:

- reset role expectations for FA engagement and practice administration by VPS grade
- refreshed our capability framework to reflect the core knowledge, skills and behaviours auditors need now and into the future
- developed a new learning and development curriculum that aligns with the capability framework and supports both technical and non-technical growth, including:
  - auditing
  - accounting and reporting
  - technology and data
  - leadership
  - relationship building
  - personal drive and integrity

- refreshed our succession pathways to clearly show the qualifications, capabilities, training and experience needed for career progression.
  - updated key people-related documents and policies
  - developed a support program to help:
    - managers coach, monitor and evaluate employees under the new framework
    - maintain consistency in role expectations and performance management.
- 

#### Rolling out FA's capability project

We prioritised clear communication, change management and staff engagement to support the rollout of the capability framework. In October 2023, we launched playbooks, explainer videos, guidance materials and presentations to help staff understand the framework, along with feedback channels to capture input.

To further drive engagement, we ran VPS-level sessions where staff could ask questions and connect with senior leaders. We also hosted 'Lunch & Learns' to reflect on progress and outline next steps.

We introduced a self-assessment tool, supported by a short instructional video, to help staff reflect on the framework and identify their development needs.

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#### Current focus and next steps

We are now focused on sourcing and delivering learning and development content that aligns with the designed curriculum. We are taking a blended approach that includes:

- Build – developing content in-house
- Buy – purchasing content from external providers
- Borrow – sharing and adapting content from sector partners.

We aim to provide a mix of formal and informal learning experiences, delivered in various formats, to provide flexible, practical alternatives to traditional training.

We will design and deliver this content in 2025 and beyond.

In parallel, we are embedding the capability framework and self-assessment tools into the 2024–25 performance development process to ensure individual goals align. Tailored communications are being developed to support staff in setting meaningful development objectives.

In addition, we are creating guidance to help managers lead more targeted and effective performance conversations.

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#### PRS capability framework project

We completed our PRS capability framework project in February 2024. We delivered a:

- refreshed PRS capability framework that clearly communicates the core knowledge, skills and behaviours needed for PRS roles across VPS levels
  - new self-assessment tool
  - refreshed development plan template.
- 

#### PRS learning framework project

We started a PRS learning framework project in October 2024.

The learning framework is a hub that connects PRS staff with tools and resources so they can:

- take responsibility for their own development
- support others to grow in our hybrid working environment.

The project will involve:

- designing, developing and delivering online and in-person training content, including lesson plans and assessments
- developing a PRS learning curriculum that specifies the required training for new hires/new-to-role staff versus mandatory training for all staff
- managing the rollout of training, including scheduling it to align with PRS's engagement lifecycle and communicating expectations with staff
- monitoring the framework's effectiveness (through feedback and training assessments) and updating the curriculum based on insights and changes to PRS practices.

We expect to deliver the learning curriculum and training content in 2025–26.

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# 3.

## Our SQM

We have designed our SQM to make sure we conduct our engagements in line with applicable regulatory requirements. This section gives a brief description of each component and process in our SQM.

Covered in this section:

- SQM framework
- Risk assessment process
- Governance and leadership
- Relevant ethical requirements
- Acceptance and continuance
- Engagement performance
- Resources
- Information and communication
- Monitoring and remediation process

### 3.1 SQM framework

#### Our SQM and ASQM 1

ASQM 1 describes the quality objectives for audit engagements. We have designed, implemented and operate our SQM in line with ASQM 1 requirements.

Our SQM includes the policies and procedures we use to mitigate risks to our quality objectives.

We also evaluate our SQM each year through our monitoring and remediation process to:

- assesses the effectiveness of the SQM
- identify risks
- plan any necessary changes to our SQM.

Figure 5 outlines ASQM 1's quality management components within our risk assessment, monitoring and remediation processes.

Figure 5: ASQM 1 quality management components



Source: VAGO.

## 3.2 Risk assessment process

### Requirements

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

## Quality risk assessment and management

Quality risk	<p>A risk qualifies as a quality risk when the risk has a reasonable possibility of both:</p> <ul style="list-style-type: none"><li>• occurring</li><li>• individually, or in combination with other risks, adversely affecting us achieving one or more quality objectives.</li></ul>
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Risk assessment and risk response	<p>We have identified quality risks through our risk assessment process. We did this by:</p> <ul style="list-style-type: none"><li>• considering the work conducted by the Australasian Council of Auditors-General for quality risks</li><li>• consulting with our strategic management group to assess our inherent risk factors, quality risks and risk responses.</li></ul>
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Our SQM details the policies, processes and procedures we use to respond to the identified audit quality risks.

We evaluate our risk responses annually to assess how effectively they address the audit quality risks. We discuss this further in Section 5.

## 3.3 Governance and leadership

### Requirements

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

## Ultimate responsibility for our SQM

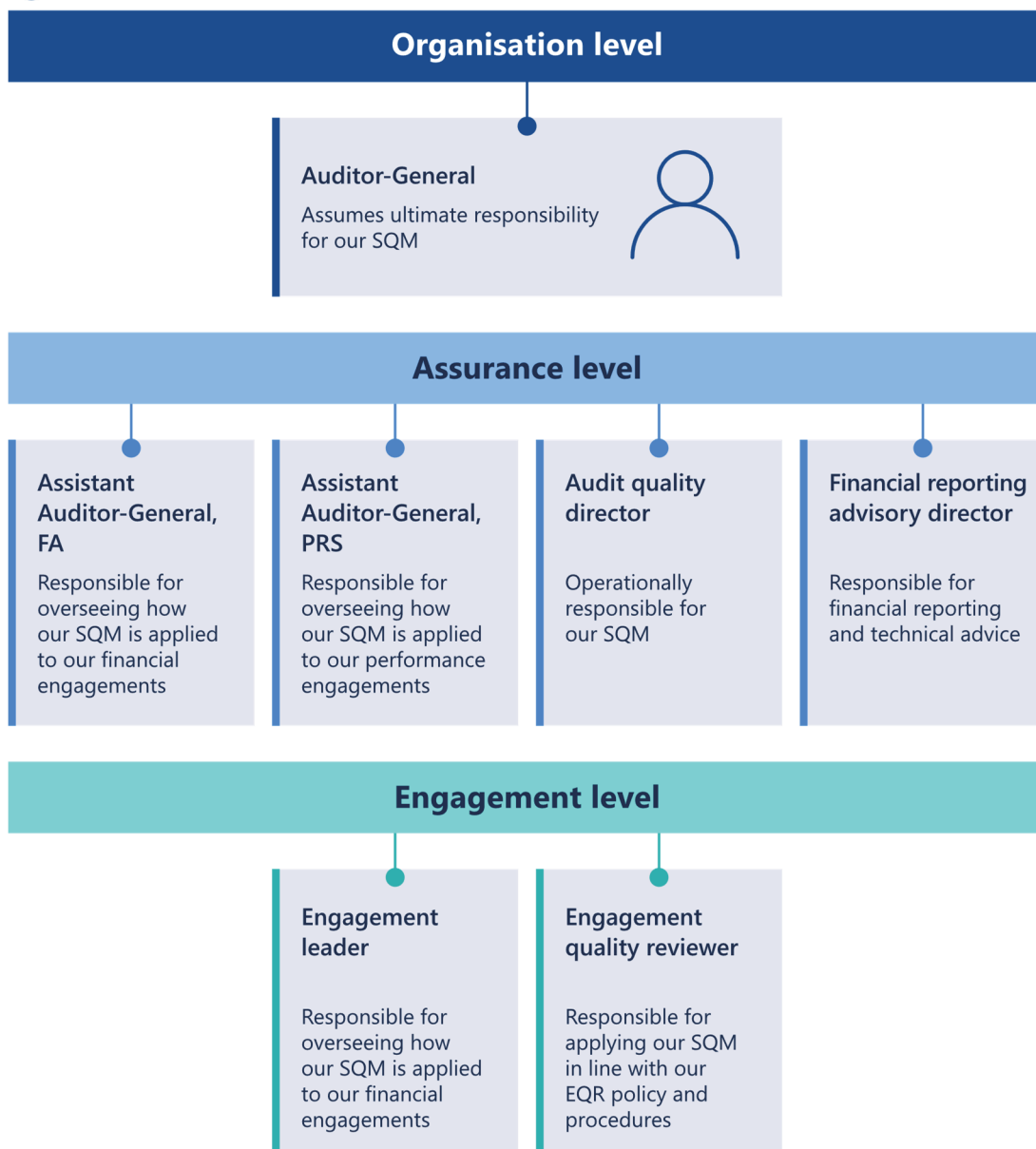
### The Auditor-General's responsibility

ASQM 1 requires the chief executive officer (or equivalent) to assume ultimate responsibility and accountability for an entity's SQM.

The Auditor-General is legislatively responsible for our SQM and its performance. But all our staff have a role in audit quality.

Figure 6 shows the individual roles and groups that oversee different parts of our SQM.

**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 FA and PRS 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 description. They are also a member of our technical panel.

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## Operational responsibility for monitoring independence requirements

### Roles and responsibilities

The Assistant Auditors-General of FA and PRS are operationally responsible for monitoring adherence to the independence requirements for their respective divisions.

Our human resources team supports us to administer our annual declaration process and monitor staff's compliance with it.

The engagement leader is responsible for assessing independence throughout each audit process. They identify and evaluate potential threats at the engagement, planning, execution, and completion phases for PRS and FA engagements (conducted by in-house staff and ASPs).

We discuss independence requirements within VAGO in further detail in Section 3.4.

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## Our commitment to create a culture of audit quality

### Roles and responsibilities

Our strategic management group 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 SQM
    - our quality assurance review program
  - monitoring how we implement agreed remedial actions and improvements that arise from our monitoring systems.
-

## 3.4 Relevant ethical requirements

### Our independence, ethical standards and requirements

#### Requirements

ASQM 1 – quality objectives	<p>ASQM 1 outlines quality objectives for ethical requirements, including independence. We have established quality objectives to ensure:</p> <ul style="list-style-type: none"><li>• VAGO and its staff understand relevant ethical requirements that apply to us and our engagements</li><li>• we carry out our responsibilities under the relevant ethical requirements as expected</li><li>• 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.</li></ul>
ASQM 1 – other requirements	<p>ASQM 1 requires us to establish policies and procedures for:</p> <ul style="list-style-type: none"><li>• identifying, evaluating and addressing threats to compliance and the consequences of breaches with the relevant ethical requirements</li><li>• reporting any breaches of the ethical requirements.</li></ul> <p>ASQM 1 also requires all staff ethically bound by relevant independence requirements to confirm at least annually they comply with those requirements.</p>
Constitution Act 1975	<p>The Auditor-General is appointed as an independent officer of Parliament under the <i>Constitution Act 1975</i>. This Act outlines preventative measures to uphold the Auditor-General's independence and ethical responsibilities, including that the Auditor-General:</p> <ul style="list-style-type: none"><li>• must be an independent officer of Parliament</li><li>• must not engage in paid employment outside of the office</li><li>• has complete discretion to perform or exercise their functions or powers</li><li>• is not subject to direction from anyone regarding how they conduct engagements and prioritise certain matters.</li></ul>
Other regulatory requirements	<p>We are also required to comply with the following regulations that contain ethical standards and requirements:</p> <ul style="list-style-type: none"><li>• Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i></li><li>• ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i></li><li>• <i>Code of Conduct for Victorian Public Sector Employees of Special Bodies</i></li><li>• PAA</li><li>• applicable provisions of the <i>Corporations Act 2001</i></li><li>• <i>Standing Directions 2018 Under the Financial Management Act 1994</i>, which outlines policies on gifts, benefits and hospitality.</li></ul>
Summary of what we do	<p>We are committed to identifying, evaluating and acting on our ethical compliance obligations. Our implemented policies, procedures and contractual arrangements make sure:</p> <ul style="list-style-type: none"><li>• all our staff declare their independence on an annual basis and, where any changes in circumstances impact their declaration, they update it</li><li>• all our staff are aware of our ethical requirements and annually complete a suite of compulsory ethics and independence training modules</li><li>• all ASPs, auditor and assurance practitioners, experts and other contractors who work on our engagements declare their independence</li><li>• we identify and appropriately address threats to independence</li><li>• we report on breaches of our ethical requirements.</li></ul>

## 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 if their circumstances change.

We require our ASPs and external subject matter experts to provide a written attestation of 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 FA or the Assistant Auditor-General of PRS (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 FA signing officers and engagement leaders also have a responsibility to monitor independence throughout each audit engagement on an ongoing basis. There were no breaches of our conflict of interest policy in 2023–24 (and no breaches since we started producing transparency reports in 2019–20).

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## 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 strategic management group monitors. All FA and PRS team members completed the annual mandatory compliance training in 2023–24 (and since we started producing transparency reports in 2019–20).

Our compulsory ethics training modules cover:

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

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## 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 conflict 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.

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## 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
- EQR – at least every 7 years
- team leader – at least every 5 years.

The Assistant Auditors-General of FA and 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 FA 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 have been no breaches of our FA or PRS audit rotation policies since we started producing transparency reports in 2019–20.

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## 3.5 Acceptance and continuance

### 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	<p>Our decision to accept an engagement under section 23 or 24 of the Audit Act (non-mandated audit) is based on:</p> <ul style="list-style-type: none"><li>• information obtained about the nature and circumstances of the engagement</li><li>• the integrity and ethical values of the audited entity</li><li>• our ability to perform the engagement in accordance with the Auditing and Assurance Standards Board's auditing standards and applicable legal and regulatory requirements</li><li>• our financial and operational priorities.</li></ul>
ASQM 1 – other requirement	ASQM 1 requires us to have policies and procedures that address our obligation by law or regulation to accept an engagement.
Summary of what we do	<p>We have established appropriate acceptance and continuance policies and procedures for non-mandated engagements.</p> <p>Audit quality risks arising from mandated engagements are remediated in engagement performance and resourcing components of our SQM.</p>



## 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 engagement methodology procedures.

## Non-mandated engagements

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.

Under section 24 of the Audit Act, we may enter into a public purpose audit arrangement with an entity that is not a public body where we are satisfied that the:

- engagement is in the public interest
- entity exists for a public purpose.

Where we are requested to undertake non-mandated engagements that meet the Audit Act's 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 an audit of a financial report. Appendix C lists the dispensed audits that we are aware of from 2019–20 to 2023–24.

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, which was 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.

## 3.6 Engagement performance

### Requirements

ASQM 1 – quality objectives	<p>We have adopted the ASQM 1 quality objectives for engagement performance as our established objectives:</p> <ul style="list-style-type: none"><li>• 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.</li><li>• 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 engagement and the resources assigned or made available to the engagement team. The work performed by less experienced team members is directed, supervised and reviewed by more experienced team members.</li><li>• Engagement teams exercise appropriate professional judgement and professional scepticism.</li><li>• Consultation on difficult or contentious matters is undertaken and the conclusions agreed are implemented.</li><li>• 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.</li><li>• 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.</li></ul>
ASQM 1 and ASQM 2 – other requirements	<p>ASQM 2 requires us to have an engagement quality review for engagements when:</p> <ul style="list-style-type: none"><li>• an engagement quality review is required by law or regulation</li><li>• we determine an engagement quality review is appropriate to address quality risks.</li></ul>
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"><li>• engagement team composition</li><li>• consultations and differences of opinion</li><li>• engagement quality</li><li>• engagement documentation.</li></ul>

### Engagement team composition

Engagement teams	<p>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.</p> <p>Our supervision and review requirements, along with our performance management and monitoring processes, assist us to ensure that individuals are fulfilling their responsibilities.</p> <p>For our ASPs, our contracts and ASP instructions provide information on their roles and responsibilities.</p>
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Supervision and review policies and procedures	<p>We have policies and procedures for supervision and review responsibilities.</p> <p>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.</p> <p>We also have oversight procedures, contract management processes and annual performance assessments to monitor the quality of ASPs as outlined in Section 3.7.</p>
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## 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.

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### 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.

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### 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.

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## 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 with 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.

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## Performance engagement EQR

We appoint an EQR to all 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 their significant questions before the Auditor-General can issue an assurance report.

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## 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 recoverability 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 and emails. All documents are secured and stored in accordance with our protective marking procedure. Our sensitivity labels include 'official', 'sensitive', 'protected' and 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.

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### File lockdown and retention

We 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 engagement 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 engagement file lockdown policy.

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## 3.7 Resources

### Resource group 1: human resources

#### Requirements

#### ASQM 1 – quality objectives

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.
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## Requirements

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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"><li>• recruitment, promotion and compensation</li><li>• performance appraisals</li><li>• learning and development</li><li>• assigning resources to engagements.</li></ul>
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### Recruitment, promotion and compensation

We recruit high-calibre people into a continuous improvement culture to achieve 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
- 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 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 *VPS executive employment handbook*. Our process reflects the principles outlined in our employee performance policy and associated procedures.

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### 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 strategic objectives. 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.

Employees in FA and PRS complete self assessments against the respective capability frameworks to identify their current capability levels. People managers also assess their team members against

these frameworks. These assessments are designed to support meaningful goal setting and development planning as part of the performance process.

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 help employees identify their learning and development goals. Remedial action is undertaken for underperforming employees.

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## 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 a Chartered Accountants Australia and New Zealand membership or a Certified Practising Accountant Australia membership, are progressing towards one of these memberships, or have a similar international equivalent that our job descriptions allow.

These staff maintain the minimum professional training requirements for these memberships. Our PRS team members have extensive experience in data analytics and policy development.

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## 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 FA 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 sets the minimum VPS classification required for each audit engagement role. This is based on factors such as the nature

of the engagement (for example material entities, non-material entities or oversight of ASP engagements) and the level of assessed 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.

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## Resource group 2: technological resources

### Requirements

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ASQM 1 – quality objectives	We have adopted the ASQM 1 quality objectives for technological resources as our established objectives. This objective requires that appropriate technological resources are 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	We have dedicated teams and have invested in: <ul style="list-style-type: none"><li>• data science and data analytics</li><li>• an Empower data analytics platform</li><li>• systems assurance.</li></ul>
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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 supports our FA business unit. Our data science team supports both our FA and PRS business units.

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.

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## 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 for 53 audit clients.

Engagement teams use Empower to:

- access and analyse data to support audit planning and execution
- undertake risk assessments to:
  - better understand classes of transactions
  - develop an appropriate risk-based 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 FA data champion group is supporting our financial auditors to apply our data analytics approach through continuous improvement and training.

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## Systems assurance

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

- general IT controls testing
- automated information processing controls testing
- providing specialist advice on general IT controls and automated information processing controls
- 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 one professional services firm during 2023–24.

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## Resource group 3: intellectual resources

### Requirements

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#### ASQM 1 – quality objectives

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
    - consistent performance of quality engagements
  - 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:

- FA methodologies
  - performance engagement methodologies
  - audit quality and financial reporting advisory teams.
-



## Our FA 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: The processes of our EPIC methodology



Source: VAGO.

## EPIC methodology

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 the audit identified.

We continually monitor and refresh our EPIC methodology.

### Software transition

As outlined in Section 2.2, we are phasing out the current financial audit engagement file with new software. We are on track to transition all financial audit engagements conducted in-house by the 2025–26 audit cycle.

## Our performance engagement methodology

Our engagement file is where we document our engagement. It consists of the:

- Audit Methodology Procedure (AMP) Lotus Notes database
- Microsoft Teams site and associated SharePoint site
- final published PowerBI dashboards.

Our performance engagement methodology covers all 4 phases of an engagement and consists of the relevant policies, manuals, guidance, procedures and tools.

As outlined in Section 2.1, PRS recently uplifted its engagement methodology and has aligned its AMP database to support these changes for the 2025-26 cycle. Further work is underway to improve our audit methodology procedure system and provide our engagement teams with an integrated system experience.

#### 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 PRS staff. PRS staff also attend Australasian Council of Auditors-General training sessions and outsourced specific speciality training.

### Resource group 4: audit service providers

#### Requirements

ASQM 1 – quality objectives	<p>We have adopted the ASQM 1 quality objectives for the engagement and use of ASP resources as our established objectives.</p> <p>These require that human, technological or intellectual resources from service providers are appropriate for use in our SQM and in the performance of engagements against the ASQM 1 quality objectives.</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"><li>• tendering processes</li><li>• contractual arrangements</li><li>• ASP instructions</li><li>• ASP oversight procedures</li><li>• ongoing communication with staff and ASPs.</li></ul>

#### Employment and oversight of ASPs

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.

#### ASP engagement and monitoring process

During an ASP engagement, the ASP review officer is either responsible for completing the required audit procedures outlined in our ASP oversight guidance procedure or assisting the signing officer to do this. 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 ASP instructions when completing audits on our behalf.

#### External inspection of ASPs

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

## 3.8 Information and communication

### Requirements

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

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:

- 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.

## Collaboration and information sharing

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.

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*
- the Australian and international standards for information management:
  - ISO 15489-1:2016: *Information and documentation – Records management*
  - ISO 16175-1:2020: *Information and documentation – Processes and functional requirements for software for managing records*
  - ISO 23081 Series: *Metadata for records*.

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

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## 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', 'sensitive', 'protected' and where necessary, '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.

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## Exchange of information within the office

### Overview

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

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## 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 a strategic management group member hosts. During these meetings employees can also ask the strategic management group 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 operational management group meetings
- report employee survey results to the strategic management group
- have a staff consultation committee, which staff use to communicate with the strategic management group.

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.

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**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.

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## **Communication with external parties**

**Overview**

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

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**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.

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**Communication  
with ASPs**

We communicate with our ASPs through a variety of platforms including:

- our ASP instructions
- the ASP portal
- CASPER
- ASP forums and online events
- email.

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

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**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. We communicate this information on the [how we are accountable](#) page of our website.

#### External general enquiries

Responding to general correspondence from parliamentarians, 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 what is documented in our reports tabled in Parliament and content on our official website and social media channels.

Communications regarding complaints and allegations are considered as per Section 3.9.

## 3.9 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"><li>• 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</li><li>• design and perform monitoring activities for the identification of deficiencies, including the inspection of completed engagements</li><li>• 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.</li></ul>
ASQM 1 – other requirements	<p>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.</p>
Summary of what we do	<p>We have established monitoring and remediation processes responsive to our established objectives. These processes cover:</p> <ul style="list-style-type: none"><li>• engagement quality inspection programs (EQIP)</li><li>• active file appraisals</li><li>• complaints and allegations management</li><li>• communication of results, including breaches of ethical requirements.</li></ul>

### Monitoring and remediation process

Our monitoring and remediation process is 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**

Our annual EQIP for our financial and performance engagements is designed to adhere to the requirements of ASQM 1.

The 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 inspections, 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 operational management group and audit and risk committee monitor our progress in implementing any agreed actions.

Figure 8 shows the engagement file ratings.

**Figure 8:** File rating definitions

Rating	Financial audit rating description	Performance audit rating description
 Best-practice file	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.	No departures from professional and regulatory standards identified. Best-practice file.
 Very good file	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.	Very good file. Departures from professional and regulatory standards are of a trivial nature only.
 Departure(s) identified, but not deemed material	This score indicates that the main audit areas were properly addressed and appropriately documented, but there was a lack of evidence in some areas.	Departures from professional and regulatory standards identified, but not deemed material either individually or in aggregate.
 Material departure(s)	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.	Material departure(s) identified from professional and regulatory standards.
 Conclusion that an incorrect opinion was issued	This score is reserved for audit files where the quality reviewer believes that the audit opinion is unsupported, inappropriate and/or incorrect.	Conclude that an inappropriate report has been issued.

Source: VAGO.

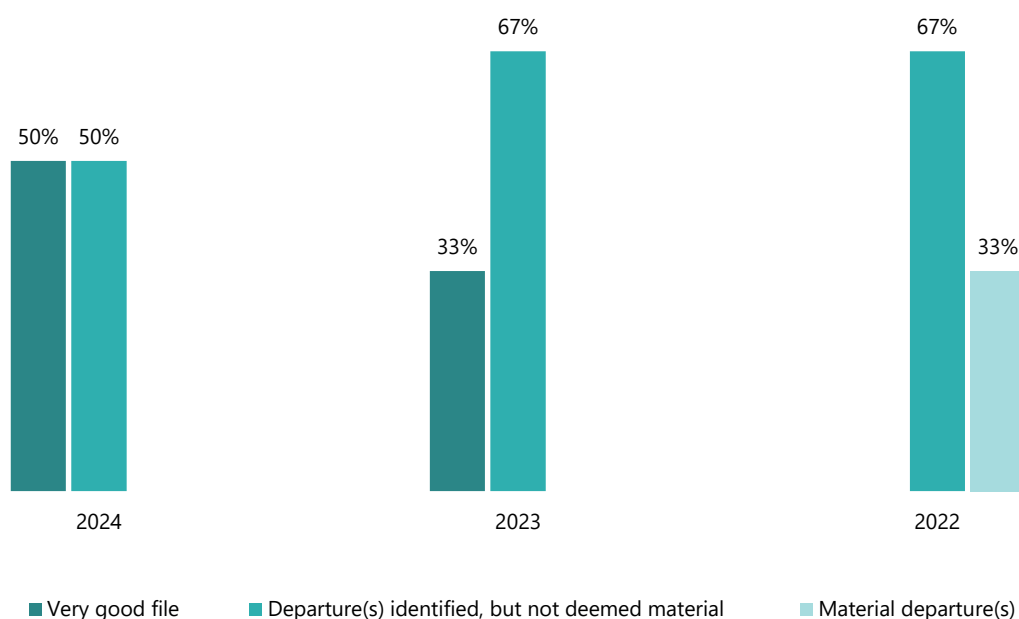
### EQIP results for performance engagements

Our 2023–24 post-audit and assurance quality reviews for performance audit engagements covered 2 engagements (tabled in 2023–24). These reviews covered 40 per cent of our 2024 performance engagement leaders.

In 2024, our inspection program resulted in 4 remedial recommendations (compared with 22 in 2023 and 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 9 shows the ratings for the engagement files we reviewed from 2022 to 2024.

**Figure 9:** EQIP results for performance engagement files reviewed from 2022 to 2024



Source: VAGO.

### Financial audit EQIP results

Our 2023–24 financial audit EQIP covered 18 engagements (17 in 2022–23, 15 in 2021–22, 16 in 2020–21 and 12 in 2019–20). These inspections covered 30 per cent of our 2024 financial audit engagement leaders.

Figure 10 shows the ratings for the engagement files we reviewed from 2020 to 2024 (excluding active file appraisals).

In 2024, our inspection program resulted in 5 remedial actions (compared with 8 in 2023, 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.

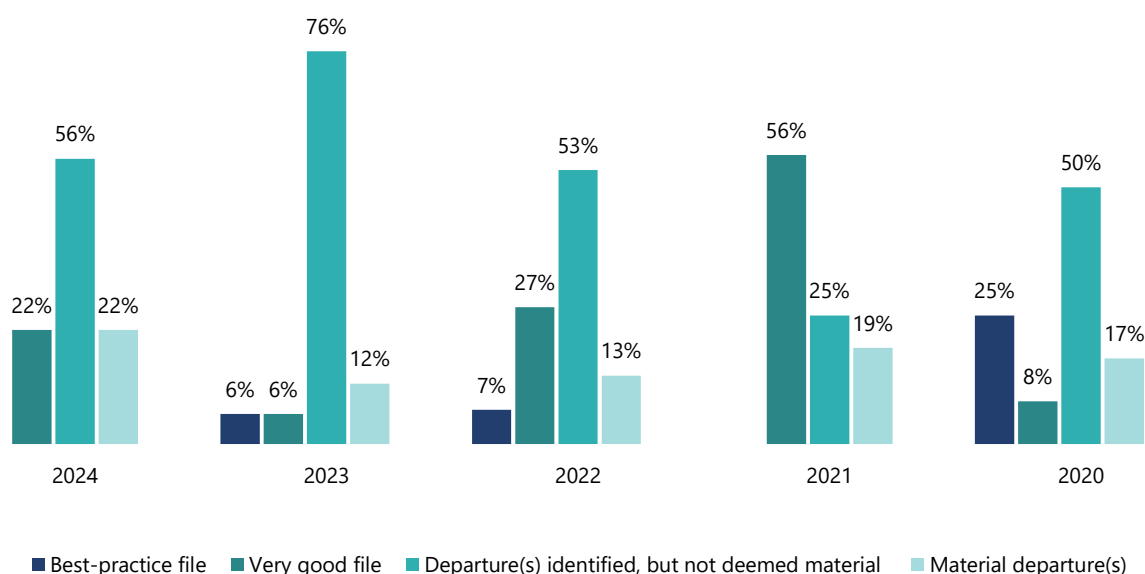
Other remedial actions from our inspection program include:

- 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 our operational management group and audit and risk committee. The 2025 inspection program will evaluate the effectiveness of the 2024 remedial actions.



**Figure 10:** EQIP results for financial audit engagements from 2020 to 2024



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 audit and risk committee. 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 audit and risk committee 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 audit and risk committee. 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 SQM.

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 Chartered Accountants Australia and New Zealand or Certified Practising Accountant Australia member	Contact Chartered Accountants Australia and New Zealand or Certified Practising Accountant Australia.
VAGO activities other than audits	Contact VAGO directly, the chair of PAEC or Integrity Oversight Victoria.
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
- Integrity Oversight Victoria
- Independent Broad-based Anti-corruption Commission
- Victorian Ombudsman.

We received 2 complaints in 2023–24 relating to the approach of a financial audit and a performance engagement tabled in 2023 (compared with one complaint in 2022–23).

# 4.

## External oversight and reviews

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 surveillance program. Instead, we are subject to external oversight and reviews in accordance with the Audit Act.

Covered in this section:

- PAEC's oversight
- Integrity Oversight Victoria's oversight
- ASIC's audit surveillance

### 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 FA 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 if we are achieving our objectives effectively, economically and efficiently, and in compliance with all relevant Acts.

PAEC appointed MartinJenkins (New Zealand) to conduct this audit in 2023–24. The audit report was tabled in Parliament on 30 July 2024 and was positive overall. The report identified several strengths, including our:

- policies and processes for defining and ensuring independence
- contribution to an effective and efficient public service
- staff's professionalism
- contemporary methodology, tools and techniques
- focus on quality and continuous improvement
- focus on staff wellbeing and development.

The audit made 19 recommendations in total. We accepted 10 recommendations in full, 2 in part and 7 in principle and did not accept zero recommendations. Appendix D contains the status of these recommendations, including our proposed actions and implementation progress. We monitor our progress in implementing these recommendations through periodic updates to the operational management group and the audit and risk committee.

Three of the accepted recommendations relate to the quality of our performance engagements and 2 relate to both our financial audits and our performance engagements.

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## 4.2 Integrity Oversight Victoria's oversight

### Overview

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

The purpose of Integrity Oversight Victoria'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.

Integrity Oversight Victoria 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 Integrity Oversight Victoria to develop a self-reporting tool about how we exercise our coercive powers. In 2023–24 we did not exercise these powers and Integrity Oversight Victoria did not review any of our activities.

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## 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 surveillance program focuses 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 2001* regulatory mandate. ASIC has not included any of our public sector *Corporations Act 2001* 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 *ASIC's oversight of financial reporting and audit 2023–24* in October 2024. This report found that, for 12 of 15 surveillances in the 12 months to 30 June 2024, one or more findings were identified per surveillance. This compares to 11 of 15 surveillances with findings in the 12 months to 30 June 2023.

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

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# 5.

## Evaluating the SQM

The objective of the evaluation is to assess if the SQM provides reasonable assurance that the objectives of the SQM are being achieved.

Covered in this section:

- Roles and responsibilities
- The evaluation process
- Our 2024 evaluation

**Figure 12:** SQM requirements

### Requirements

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

### 5.1 Roles and responsibilities

#### Assignments

For our evaluation process, the Auditor-General:

- oversees our evaluation of the SQM
- concludes if our SQM provides reasonable assurance that our quality objectives are being achieved based on advice and recommendations from the audit quality director.

The audit quality director is assigned operational responsibility for our SQM and reports directly 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

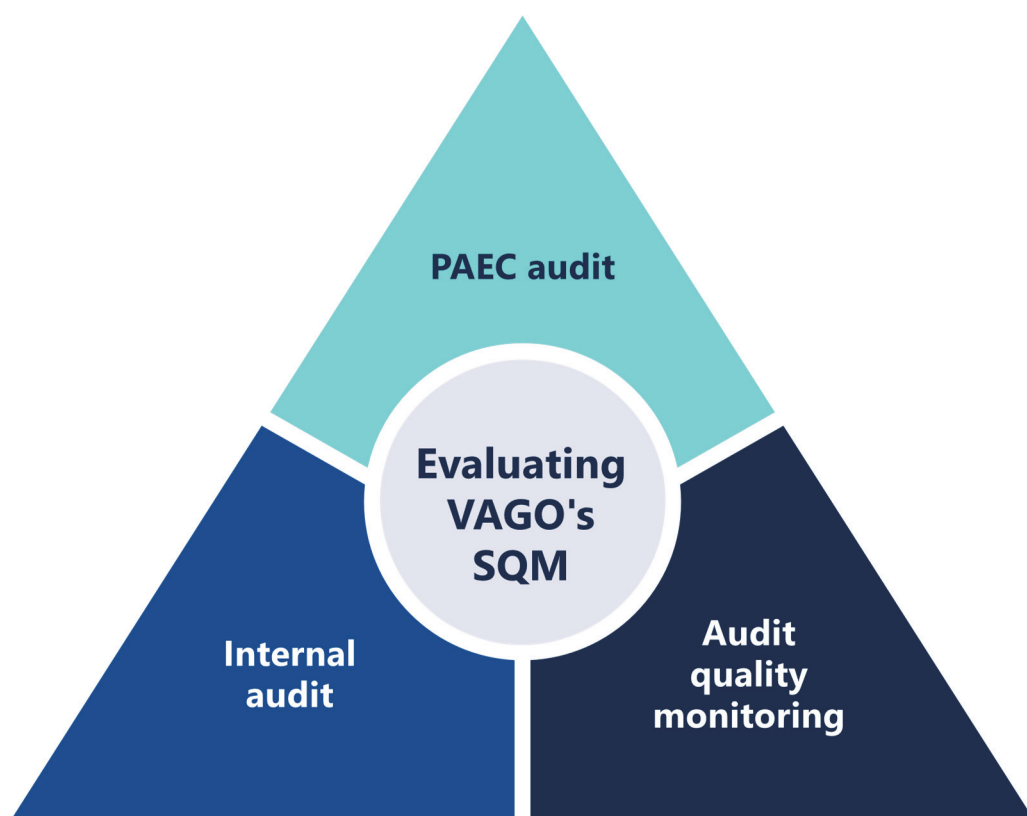
In 2022–23, we transitioned our existing quality control framework to a newly developed SQM to align with the new and revised requirements of ASQM 1, ASQM 2 and ASA 220.

We conducted our first annual evaluation of our SQM, which was informed by:

- the results of our monitoring and remediation process
- the information obtained from earlier monitoring activities
- the results of internal and external oversight of us.

VAGO's SQM operates in a continual and iterative manner and is responsive to changes in the nature and circumstances of our engagements. The figure below illustrates this iterative process.

**Figure 13:** Our iterative process



Source: VAGO.

As part of our process, we collate and summarise the deficiencies identified by the evaluation and monitoring activities, their severity and pervasiveness, and remedial actions taken to address them. We communicate this information to:

- the relevant engagement teams for consideration and remediation
- other individuals assigned activities within our SQM
- 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 of this report.

#### Internal audit assessment

Building on our own iterative process and review, we sought an independent evaluation of our SQM by our internal auditors to verify its design and operational effectiveness as of 30 September 2024.

The review found that we have established a comprehensive framework for managing audit quality. The framework successfully incorporates governance structures and risk assessment processes. These assist ongoing monitoring mechanisms that support compliance with relevant professional standards.

The review found the SQM provides a strong foundation to support audit quality. It has:

- clear leadership accountability
  - documented methodologies across the key business areas
  - established processes for engagement quality review and oversight.
- 

### 5.3 Our 2024 evaluation

#### Evaluation conclusion

Our internal auditors evaluated our SQM this year.

As at 30 September 2024, the evaluation found our SQM provides reasonable assurance that we are achieving our quality objectives.

It said we have:

- a comprehensive and well-structured SQM framework in line with ASQM 1, ASQM 2 and ASA 220 requirements
- strong leadership commitment to audit quality
- an effective, risk-based approach to monitoring and remediation.

Although the evaluation found minor deficiencies, this does not have a major effect on the SQM's design, implementation or operation.

The evaluation report noted that implementing its recommendations would further strengthen the SQM's effectiveness and reinforce VAGO's commitment to high-quality audit practices.

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# 6.

## 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 are quantitative measures that provide insight into our audit engagement processes. These indicators help us assess and improve the quality of our audits, ensuring we maintain high standards of performance. They can be measured either at the engagement level or the audit entity level.
Our approach	There is no universally accepted set of core audit quality indicators. Since 1994, we have drawn on indicators used in the Australasian Council of Auditors-General annual macro benchmarking survey. In 2014–15, the Australasian Council of Auditors-General reviewed the audit quality measures included in the survey, removing those where the cost of measurement exceeded their benefit. We adopt these indicators as part of our own audit quality indicator framework because they provide consistent and comparable insights across audit offices in Australia.
Supplementary indicators	<p>In addition to the Australasian Council of Auditors-General’s suite of indicators, VAGO incorporates:</p> <ul style="list-style-type: none"><li>• output quality measures from our annual service delivery statement, which is a part of the Victorian Government’s Budget papers</li><li>• additional relevant indicators recommended by international legislative bodies, ensuring we apply best practices in assessing audit quality.</li></ul>
Purpose	<p>We use this combination of indicators to:</p> <ul style="list-style-type: none"><li>• provide a comprehensive analysis of audit quality in both financial and performance engagements</li><li>• evaluate the effectiveness of our SQM.</li></ul>

### Audit quality indicator performance statement

Figure A1 reports the 2019–20 to 2023–24 results for our audit quality indicators and compares our results against external and internal benchmarks where they are available and appropriate.

Figure A1: Our audit quality indicator performance statement for 2019–20 to 2023–24

Audit quality indicator	Unit of measure	2019–20 actual	2020–21 actual	2021–22 actual	2022–23 actual	2023–24 actual	2023–24 benchmark	Variance
Percentage of audited financial statements with restatements for material prior-period errors	Per cent	1.7	2.0	2.2	1.0	0.4	≤5.0	4.6
Number of audited financial statements with restatements for material prior-period errors	Number	11	11	12	6	2	≤27	25

Audit quality indicator	Unit of measure	2019–20 actual	2020–21 actual	2021–22 actual	2022–23 actual	2023–24 actual	2023–24 benchmark	Variance
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	0.052	0.114	–0.062 <sup>(1)</sup>
Percentage of time charged to audits by senior staff – attest audits	Per cent	21.0	18.5	26.0	24.2	23	23	–
Percentage of time charged to audits by senior staff – non-attest audits	Per cent	45.4	40.7	42.0	40.0	43	42	1
Training hours per full-time equivalent (FTE) audit professional – attest audit	Hours	36.0	51.4	64.1	90.0	95.0	123.0	–28.0 <sup>(2)</sup>
Training hours per FTE audit professional – non-attest audits	Hours	42.6	50.1	76.7	48.0	76.0	82.0	–6.0 <sup>(3)</sup>
Staff workload – chargeable hours per FTE professional – attest audits	Hours	1,245	1,259	1,146	1,117	1,190	1,132	58
Staff workload – chargeable hours per FTE professional – non-attest audits	Hours	1,116	1,125	899	843	897	970	–73 <sup>(4)</sup>
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	8	6	2
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	3.0	2.0	1
Percentage of EQIP findings of risk of material misstatement/ financial statement components reviewed in EQIP process	Per cent	(a)	18.8	13.3	11.8	11.8	45.5	33.7
Number of complaints upheld against the quality assurance of our work performed	Number	(a)	0	0	1	1	0	1 <sup>(5)</sup>
Attrition of permanent staff as a percentage of total permanent staff	Per cent	(a)	20	18	34	23	18	5 <sup>(6)</sup>
Percentage of the attest audit budget spent before the auditee's reporting period year end – in house attest audit	Per cent	63.9	63.6	47.3	48	57	60	–3
Anonymous independent survey of staff through the Victorian Public Sector Commission's People Matter Survey – FA senior leadership score <sup>(b)</sup>	Score out of 100	91.0	87.0	91.0	90.0	89.0	70.0	19.0

Audit quality indicator	Unit of measure	2019–20 actual	2020–21 actual	2021–22 actual	2022–23 actual	2023–24 actual	2023–24 benchmark	Variance
Anonymous independent survey of staff through the Victorian Public Sector Commission's People Matter Survey – PRS senior leadership score <sup>(b)</sup>	Score out of 100	87.0	64.0	56.0	39.0	47.0	70.0	–23.0 <sup>(7)</sup>
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	86.2	82.5	86.5	90	3.5

Note:

(a) New audit quality indicator 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)–(7) See 'Explanation of significant variances' below.

Source: VAGO.

### Explanation of significant variances

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

(1) This ratio measures sector director hours charged on audit engagements, rather than total engagement leader hours. In FA, engagement leaders can be either a sector director or a senior manager or manager, depending on the audit risk of the engagement. For lower-risk audits, the engagement leader role is typically a senior manager or manager, while for higher-risk audits, the role is held by a sector director.

We use this model to ensure sector directors focus their time on higher-risk audits, while also giving managers the opportunity to lead lower-risk engagements and gain learning and development experiences to understand the role, which has been clearly defined in our capability framework.

Although the trend for this AQI shows a decline, it does not indicate a reduction in overall engagement leader time. Instead, it reflects a deliberate decrease in director time on engagements, which aligns with our goal to allocate sector director effort where it is most needed.

(2) The increase in training hours per FTE for professional staff working on attest audits compared to the previous year is mainly due to 2 reasons:

- the Enhancing FA Capability project (see Section 2.2) led to a stronger focus on formal learning and development. This supports our goal to build capability through the FA capability framework, which helps guide skill development based on functional and audit engagement roles
- the definition of this training indicator has expanded this year to include time spent on informal and on-the-job learning, not just formal training. FA uses the 70:20:10 learning model, which encourages learning through experience (70 per cent), learning from others (20 per cent), and formal training (10 per cent).

(3) Following on from disruptions caused by the COVID-19 pandemic, we have increased learning and development to our staff in 2023–24. The focus on learning and development aligned with our embedded capability frameworks will result in further uplift to learning and development. We note that current learning and development hours exceed annual professional membership requirements, and there has been a year-on-year increase in training hours for each of the past 3 years.

(4) Our chargeable non-attest hours were influenced by internal change management within the PRS division.

(5) The complaints in 2023–24 are attributed to one financial audit engagement and one performance engagement. The financial audit sector director resolved the enquiry directly with the complainant. The performance engagement complaint was investigated by the audit quality director who concluded that the audit report conclusion and outcome-level findings were appropriate.

(6) We experienced challenges with staff turnover attributed to competitive labour market conditions.

(7) The survey results mainly reflected PRS staff dissatisfaction with their Executive Leadership Team's approaches to organisational change and workplace culture. These matters have since been, or are being, addressed.

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## Notes to our audit quality indicator performance statement for the year ended 30 June 2024

### Basis of preparation

In the absence of mandatory audit quality indicators, we have prepared this statement based on:

- the audit quality performance indicators we use in Budget Paper No. 3
- the measures used in the Australasian Council of Auditors-General's macro benchmarking survey
- other audit quality indicators 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 8 *Consistency of budget and departmental reporting* and FRD 27 *Presentation and reporting of performance information*.

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### Statement of limitations

In choosing and analysing our audit quality indicators, we observe that:

- some do not directly measure the quality of the audits we perform
- each audit quality indicator 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 audit quality indicators presented in this report may change in future years as we reassess the relevance and usefulness of each indicator.

Figure A2: Audit quality indicators

Audit quality indicator	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 2023/24 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	VAGO measure
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 in-house attest audit activity	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
Percentage of time charged to audits by senior staff – attest audits	Hours charged to attest audits by audit staff who are classified as a manager or higher as a percentage of total hours charged to attest audits	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
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	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
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	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
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	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
Staff workload – chargeable hours per FTE professional – attest audit	Numerator: Total attest audit staff hours charged/allocated to attest audits  Denominator: Total FTE number of attest audit staff	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
Staff workload – chargeable hours per FTE professional – non-attest audit	Numerator: Total non-attest audit staff hours charged/allocated to non-attest audits  Denominator: Total FTE number of non-attest audit staff	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
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)	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24

Audit quality indicator	Calculation	Benchmark source
	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	
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	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
Number of EQIP findings of risk of material misstatement/financial statement components reviewed in EQIP process	Numerator: Total number of financial audit engagement files subject to a EQIP during the financial year that contain material departures from professional and regulatory standards Denominator: Total number of financial audit engagement files subject to a EQIP during the financial year	ASIC results – <i>REP 799 Audit inspection report: 1 July 2023 to 30 June 2024</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	Australasian Council of Auditors-General Macro Benchmarking Survey state and territory average for 2023–24
Percentage of the audit budget spent before the auditee's reporting period year end (only applicable for FA 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 the Victorian Public Sector Commission's People Matter survey – overall senior leadership score	Percentage of staff surveyed who agreed with the overall senior leadership questions raised by the Victorian Public Sector Commission	Victorian Public Sector Commission 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 2023–24
Source: VAGO.		

# Appendix B:

## Entities we audited

### Audited entities

#### Overview

In line with the *Corporations Act 2001*, ASIC requires audit firms to disclose the names of relevant bodies they audited under section 332B of Part 2M.4A 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:** Entities we audited and their budgeted annual financial audit fees from 2022 to 2024

Who we audited	Budgeted annual financial audit fee (\$)		
	2024	2023	2022
Annual financial report of the State of Victoria	423,000	406,000	395,000
<b>General government sector</b>			
ABA Natural Disaster Relief Fund	Not applicable <sup>(a)</sup>	130,000	Not applicable <sup>(a)</sup>
AMES Australia	54,080	52,000	48,000
• Kare One Pty Ltd	13,710	13,710	13,710
Adult, Community and Further Education Board	36,720	35,300	35,300
Albury Wodonga Health	56,100	53,900	53,900
Alexandra District Health	24,000	23,000	19,900
Alfred Health	192,400	185,000	247,000
• Alfred Hospital Whole Time Medical Specialists Private Practice	13,420	12,900	10,680
• John F Marriott for HIV Trust	7,900	7,900	6,745
• Marriott for HIV Ltd	13,000	13,000	3,930
Alpine Health	28,100	27,000	21,460
Ambulance Victoria	212,600	190,000	185,400
Architects' Registration Board of Victoria	27,000	26,000	25,500
Austin Health	141,500	136,000	145,000
Australian Centre for the Moving Image	39,500	38,000	30,000
Australian Health Practitioner Regulation Agency	175,200	168,400	163,500
Bairnsdale Regional Health Service	52,400	50,300	49,000
Barwon Health	136,000	136,000	136,000



Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
• Barwon Health Foundation	8,700	8,280	8,070
• Barwon Health Foundation Limited	6,200	5,900	5,770
Bass Coast Health	45,700	43,900	46,500
Beaufort and Skipton Health Service	25,900	24,860	20,900
Beechworth Health Service	25,100	24,100	21,500
Benalla Health	26,900	25,860	21,460
Bendigo Health	68,500	65,800	67,700
Boort District Health	26,900	25,860	17,270
Calvary Health Care Bethlehem Limited	50,700	48,700	48,700
Casterton Memorial Hospital	29,400	28,200	27,500
Caulfield Racecourse Reserve Trust	20,000	19,000	18,500
CenITex	117,500	113,000	100,000
Central Gippsland Health Service	39,600	38,000	41,000
Central Highlands Rural Health	43,000	43,000	45,000
Cladding Safety Victoria	42,500	41,000	40,000
Cohuna District Hospital	26,900	25,860	19,920
Colac Area Health	34,800	33,430	32,550
Commercial Passenger Vehicles Victoria	Ceased entity	Ceased entity	56,000
Safe Transport Victoria	59,500	57,000	Not applicable
Corangamite Catchment Management Authority	17,200	16,500	16,000
Corryong Health	22,800	21,860	17,885
Country Fire Authority	260,000	225,500	219,400
Court Services Victoria	202,800	195,000	195,000
Dental Health Services Victoria	39,600	38,000	37,350
Department of Education	634,400	610,000	575,000
Department of Environment, Land, Water and Planning	Not applicable	Not applicable	526,000
Department of Energy, Environment and Climate Action	585,000	570,000	Not applicable
Department of Government Services	370,000	355,000	New entity in 2023
Department of Health	483,600	465,000	440,000
Department of Jobs, Precincts and Regions	Not applicable	Not applicable	350,000
Department of Jobs, Skills, Industry and Regions	455,000	430,000	Not applicable
Department of Justice and Community Safety	592,300	569,500	491,000
Department of Premier and Cabinet	184,000	176,000	156,000
Department of Transport and Planning	754,500	580,000	765,000

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Department of Families, Fairness and Housing	530,400	510,000	440,000
Department of Treasury and Finance	352,000	339,000	330,000
Dhelkaya Health	45,000	43,200	42,900
Dhelkunya Dja Land Management Board	12,500	12,000	15,000
Docklands Studios Melbourne Pty Ltd	33,500	32,000	30,000
East Gippsland Catchment Management Authority	23,000	18,500	18,000
East Grampians Health Service	34,300	32,900	32,400
East Wimmera Health Service	26,000	25,000	24,500
Eastern Health	134,200	129,000	126,100
Echuca Regional Health	39,800	38,250	38,250
Emergency Services Superannuation Scheme	220,000	207,000	200,000
• Emergency Services Superannuation Board	13,100	12,600	11,500
Energy Safe Victoria	37,500	36,000	35,000
Environment Protection Authority	120,000	115,000	75,000
Essential Services Commission	32,000	30,000	22,500
Film Victoria	36,400	35,000	29,500
Fire Rescue Victoria	230,000	216,000	211,500
Game Management Authority	31,500	30,000	22,000
Gippsland Health Alliance	15,600	15,000	13,000
Gippsland Southern Health Service	39,500	38,000	40,000
Glenelg Hopkins Catchment Management Authority	17,200	16,500	16,000
Goulburn Broken Catchment Management Authority	23,800	23,500	20,000
Goulburn Valley Health	67,400	64,800	64,400
Grampians Health	190,200	182,852	170,000
Grampians Rural Health Alliance	31,200	31,200	26,500
Great Ocean Road Coast and Parks Authority	26,000	25,000	25,000
Great Ocean Road Health	32,300	31,000	30,750
Gunaikurnai Traditional Owner Land Management Board	12,500	12,000	12,000
Health Professional Councils Authority	16,400	15,700	15,300
HealthShare Victoria	41,200	39,700	38,600
Heathcote Health	26,900	25,860	15,630
Heritage Council of Victoria	33,000	31,000	30,000
Hesse Rural Health Service	26,000	25,000	25,200
• Winchelsea Hostel and Nursing Home Society Inc	9,200	9,200	9,200

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Heywood Rural Health Service	19,000	18,180	17,700
Hume Rural Health Alliance	16,800	16,155	15,730
Independent Broad-based Anti-corruption Commission	46,800	45,000	37,800
Infrastructure Victoria	25,000	21,000	17,000
Inglewood and Districts Health Service	26,900	25,860	17,220
Integrity Oversight Victoria	26,000	25,000	17,500
Judicial College of Victoria	22,000	21,000	20,440
Judicial Commission of Victoria	25,000	24,000	23,000
Kerang District Health	32,300	31,000	30,500
Kooweerup Regional Health Service	31,200	30,000	38,000
Kyabram District Health Service	25,900	24,860	18,800
Labour Hire Authority	36,000	34,000	28,700
Latrobe Regional Health	54,100	52,000	54,500
Legal Practitioners Liability Committee	86,300	83,000	67,000
Library Board of Victoria	36,400	35,000	38,000
Loddon Mallee Rural Health Alliance	18,200	17,500	17,500
Mallee Catchment Management Authority	23,800	23,000	17,000
Mallee Track Health and Community Service	26,900	25,860	17,900
Mansfield District Hospital	30,900	29,700	24,600
Maryborough District Health Service	32,300	31,000	29,000
Melbourne Health	213,200	205,000	225,500
Melbourne Polytechnic	73,736	67,136	68,950
Melbourne Recital Centre	43,600	42,000	41,000
Mercy Hospitals Victoria Ltd	74,400	71,500	74,000
Mildura Base Public Hospital	67,000	67,000	67,000
Monash Health	325,000	312,500	296,500
• Kitaya Holdings Pty Ltd	44,900	43,100	42,000
• Monash Health Research Precinct Pty Ltd	16,700	16,000	16,000
Moyne Health Services	32,000	30,700	29,900
• Woodys Murray 2 Moyne Cycle Relay Inc	1,870	1,800	1,580
Museums Board of Victoria	98,800	95,000	85,000
Myli – My Community Library Ltd	25,000	14,500	New entity in 2023
National Gallery of Victoria	67,000	64,500	55,000
NCN Health	36,400	35,000	36,500

	Budgeted annual financial audit fee (\$)		
Who we audited	2024	2023	2022
North Central Catchment Management Authority	23,800	23,000	15,000
North East Catchment Management Authority	23,800	23,000	15,000
Northeast Health Wangaratta	60,200	53,700	41,600
Northern Health	86,800	83,450	78,700
• Northern Health Research, Training and Equipment Foundation Limited	4,200	4,000	3,400
• Northern Health Research, Training and Equipment Trust	6,500	6,200	3,400
Office of Public Prosecutions Victoria	30,000	27,100	27,100
Office of the Commissioner for Environmental Sustainability	22,000	21,000	20,000
Omeo District Health	19,700	18,860	15,850
Orbost Regional Health	22,300	21,360	16,050
Parks Victoria	90,000	86,000	82,000
Parliamentary Budget Office	17,700	17,000	16,500
Parliament of Victoria	76,000	73,000	65,600
Peninsula Health	172,500	168,800	102,750
Peter MacCallum Cancer Centre	172,300	165,600	160,000
• Cell Therapies Pty Ltd	33,800	32,500	32,500
• Cellularity Pty Ltd	Ceased entity	3,570	3,570
• Peter MacCallum Cancer Foundation	28,600	27,500	25,550
• Peter MacCallum Cancer Foundation Limited	3,500	3,300	3,570
Portable Long Service Benefits Authority	55,000	42,500	35,700
Portland District Health	26,400	25,300	24,700
• Active Health Portland Ltd	Ceased entity	Ceased entity	8,900
Residential Tenancies Bond Authority	27,000	25,900	20,300
Robinvale District Health Services	25,600	24,600	24,600
Rochester and Elmore District Health Service	26,000	25,000	24,700
Royal Botanic Gardens Board	33,000	32,000	32,000
Rural Northwest Health	27,394	26,340	25,650
SEC Victoria Pty Ltd	60,000	New entity in 2024	New entity in 2024
• SEC Energy Pty Ltd	30,000	New entity in 2024	New entity in 2024
• SEC Infrastructure Pty Ltd	30,000	New entity in 2024	New entity in 2024
Senior Master of the Supreme Court of Victoria	95,000	91,000	86,100
Sentencing Advisory Council	22,000	21,000	20,400
Seymour Health	26,000	25,000	24,650

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Shrine of Remembrance Trustee	30,500	29,300	28,500
• Shrine of Remembrance Foundation	5,900	5,600	5,500
South Gippsland Hospital	22,400	21,500	22,550
South West Alliance of Rural Health	20,700	19,830	19,310
South West Healthcare	50,200	48,269	47,000
St. Vincent's Hospital (Melbourne) Limited	98,600	94,800	94,800
Suburban Rail Loop Authority	150,000	58,500	42,000
Surveyors Registration Board of Victoria	19,000	16,000	15,300
Sustainability Victoria	31,000	30,000	30,000
Swan Hill District Health	31,800	30,500	29,700
Tallangatta Health Service	23,800	22,860	17,830
Terang and Mortlake Health Services	29,200	28,000	27,700
Kilmore District Health	Ceased entity	27,000	26,700
The Queen Elizabeth Centre	20,200	19,410	18,900
The Royal Children's Hospital	239,200	230,000	198,250
• The Royal Children's Hospital Foundation	(b)	(b)	37,000
The Royal Victorian Eye and Ear Hospital	67,000	64,400	48,000
The Royal Women's Hospital	83,500	83,500	81,750
Timboon and District Healthcare Service	18,900	18,170	17,700
Triple Zero Victoria	48,400	46,500	36,200
Trust for Nature (Victoria)	22,000	19,000	18,500
Tweddle Child and Family Health Service	22,000	21,100	20,800
Veterinary Practitioners Registration Board of Victoria	24,000	23,000	21,000
Victoria Comprehensive Cancer Centre Alliance	19,400	18,600	14,300
• Victoria Comprehensive Cancer Centre Ltd	5,100	4,900	3,570
Victoria Legal Aid	64,300	61,800	61,800
Victoria Police	394,500	379,300	379,300
Victoria State Emergency Service Authority	107,000	107,000	114,500
Victoria State Pool Account	14,600	14,000	14,000
Victorian Assisted Reproductive Treatment Authority	13,400	12,800	12,500
Victorian Building Authority	62,400	60,000	58,000
Victorian Gambling and Casino Control Commission	240,000	210,000	188,000
Victorian Curriculum and Assessment Authority	62,400	60,000	49,000
Victorian Electoral Commission	28,600	27,500	25,100

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Victorian Environmental Water Holder	23,000	22,000	21,000
Victorian Equal Opportunity and Human Rights Commission	Ceased entity	25,400	25,400
Victorian Fisheries Authority	69,600	67,000	67,000
• Recreational Fishing Licence Trust Fund	19,000	17,000	12,500
Victorian Health Promotion Foundation	26,600	25,500	24,800
Victorian Institute of Forensic Medicine	35,100	33,700	33,700
Victorian Institute of Forensic Mental Health	49,600	47,600	46,300
Victorian Institute of Sport Trust	23,900	23,000	22,000
• Victorian Institute of Sport Limited	4,000	3,800	3,800
Victorian Institute of Teaching	32,240	31,000	31,000
Victorian Law Reform Commission	26,200	25,200	24,500
Victorian Legal Services Board	68,100	65,500	63,700
Victorian Legal Services Commissioner	15,700	15,100	14,700
Victorian Ombudsman	30,200	29,000	19,000
Victorian Pharmacy Authority	21,100	20,200	19,700
Victorian Planning Authority	60,000	57,000	55,000
Victorian Professional Standards Council	21,000	20,200	20,200
Victorian Public Sector Commission	30,000	25,000	18,400
Victorian Registration and Qualifications Authority	39,320	37,800	34,000
Victorian Responsible Gambling Foundation	25,500	24,400	24,400
Victorian Traditional Owners Funds Limited	20,000	15,000	14,300
• Victorian Traditional Owners Trust – Barengi Gadjin	6,000	New entity in 2024	New entity in 2024
• Victorian Traditional Owners Trust – Gunaikurnai Land and Waters Aboriginal Corporation	6,000	5,000	4,600
• Victorian Traditional Owners Trust – Dja Dja Wurrung Clans Aboriginal Corporation	6,000	5,000	4,600
• Victorian Traditional Owners Trust – Taungurung Clans Aboriginal Corporation	6,000	5,000	4,600
Visit Victoria Limited	65,500	63,000	58,000
• Melbourne Convention Bureau Limited	34,300	33,000	30,000
West Gippsland Catchment Management Authority	30,000	28,000	26,000
West Gippsland Healthcare Group	37,500	36,000	36,000
West Wimmera Health Service	27,600	26,500	27,250
Western District Health Service	33,300	32,000	32,000
Western Health	120,000	120,000	121,600

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
• Western Health Foundation Limited	3,900	3,660	3,570
• Western Health Foundation	14,100	13,550	13,200
Wimmera Catchment Authority	17,000	16,500	16,000
Yarram and District Health Service	25,854	24,860	18,500
Yarrawonga Health	26,000	25,000	28,500
Yea and District Memorial Hospital	25,900	24,860	17,730
Yorta Yorta Traditional Owner Land Management Board	12,500	12,000	15,000
<b>Community health services and aged care services</b>			
Access Health and Community	33,800	32,500	31,600
Ballarat Community Health	35,300	33,900	33,000
Banyule Community Health	38,700	37,200	36,200
Bellarine Community Health Ltd	40,800	39,200	38,100
Bendigo Community Health Services Limited	39,500	37,700	31,100
Bentleigh Bayside Community Health Limited	48,000	26,500	25,800
• Sandringham Ambulatory Care Centre Pty Ltd	24,000	19,900	19,400
Central Bayside Community Health Services Limited	45,500	35,700	34,700
cohealth Limited	56,400	54,200	52,700
Darlingford Upper Goulburn Nursing Home Inc	26,300	25,200	24,500
DPV Health Ltd	52,500	50,400	49,000
EACH	73,100	70,200	68,200
• EACH Housing Ltd	21,000	20,100	19,600
Gateway Health Limited	38,300	36,800	35,800
Gippsland Lakes Complete Health Limited	37,400	35,900	34,900
Grampians Community Health	34,800	33,400	32,500
Indigo North Health Inc	24,000	23,000	22,400
IPC Health Ltd	52,500	50,400	49,000
Latrobe Community Health Service Limited	83,900	80,600	78,300
• Link Health and Community Limited	Ceased entity	Ceased entity	16,600
Lyndoch Living Limited	66,800	57,000	57,000
• Lyndoch Healthcare Pty Ltd	15,600	15,000	14,600
Merri Community Health Services Limited	84,500	54,700	47,500
Nexus Primary Health	40,500	38,900	37,800
Nillumbik Community Health Service Ltd	35,500	34,100	33,200
North Richmond Community Health Limited	36,000	34,600	33,600

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Northern District Community Health	28,600	27,500	26,700
Primary Care Connect	21,800	20,900	20,300
Ranges Community Health	24,500	23,500	22,900
Red Cliffs and Community Aged Care Services Inc	18,000	17,300	16,800
Star Health Group Limited	49,500	37,500	36,500
Sunbury Community Health Centre Limited	41,500	39,900	38,800
Sunraysia Community Health Services Limited	28,300	27,200	26,500
Your Community Health	37,200	35,700	34,700
<b>Universities and their subsidiaries</b>			
Bendigo Kangan Institute	65,190	62,790	66,100
Box Hill Institute	122,500	118,000	106,300
• Box Hill Enterprises Ltd	Ceased entity	6,000	5,900
Chisholm Institute	73,040	70,340	48,800
• Caroline Chisholm Education Foundation	11,900	11,400	6,400
• TAFE Online Pty Ltd	11,900	11,400	7,450
Deakin University	166,000	160,000	153,400
• Deakin Residential Services Pty Ltd	26,300	23,600	22,850
• Institute for Regional Security Ltd	12,320	(c)	11,850
• Unilink Pty Ltd	9,200	7,500	7,300
• Universal Motion Simulator Pty Ltd	9,600	7,850	7,650
Federation University Australia	158,500	153,000	109,900
• Brisbane Education Services Pty Ltd	6,500	6,500	4,500
• The School of Mines and Industries Ltd	6,500	6,500	4,450
Gippsland Institute of Technical and Further Education	73,070	70,470	70,850
Gordon Institute of TAFE	82,730	79,230	78,650
• Gotec Limited	8,300	8,000	7,950
Goulburn Ovens Institute of TAFE	68,490	65,990	72,500
Holmesglen Institute	137,000	137,000	110,800
• Holmesglen Foundation	19,800	19,000	13,500
• Holmesglen International Training Services Pty Ltd	4,700	4,600	4,500
• Glenuc Pty Ltd	3,800	3,700	3,600
La Trobe University	142,000	122,000	121,100
• La Trobe Ltd (formerly Unitemps La Trobe Ltd)	7,000	6,500	6,450
Monash University	375,000	360,000	347,800



Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
• Flex Immunotherapeutics Pty Ltd	8,550	8,250	New entity in 2023
• Gilzrx Pty Ltd	8,550	New entity in 2024	New entity in 2024
• Monash Accommodation Services Pty Ltd	Ceased entity	14,000	19,450
• Monash College Pty Ltd	100,000	85,000	74,100
• Monash Commercial Pty Ltd	4,900	4,750	4,750
• Monash Investment Holdings Pty Ltd	6,000	4,600	4,600
• Monash Investment Trust	13,500	13,000	12,400
• Monash University Foundation	24,900	24,000	22,300
• Monash University Foundation Pty Ltd	4,800	4,600	4,600
• Monash University Indonesia Limited	4,700	4,700	10,100
• Myostellar Pty Ltd	8,550	8,250	New entity in 2023
• OmegaOne Therapeutics Pty Ltd	8,550	8,250	New entity in 2023
• Phrenix Therapeutics Pty Ltd	8,550	8,250	New entity in 2023
• World Mosquito Program Ltd	23,000	22,300	16,260
• Xcystence Bio Pty Ltd	8,550	New entity in 2024	New entity in 2024
Royal Melbourne Institute of Technology	300,000	300,000	365,000
• RMIT Holdings Pty Ltd	34,800	33,500	14,200
• RMIT Online Pty Ltd	15,550	15,000	11,500
• RMIT Spain S.L	Ceased entity	Ceased entity	16,900
• RMIT Training Pty Ltd	27,000	26,000	25,950
• RMIT University Indonesia Pty Ltd	Ceased entity	Ceased entity	7,800
South West Institute of TAFE	74,490	71,990	62,500
Sunraysia Institute of TAFE	83,170	80,170	69,400
• TAFE Kids Incorporated	11,600	11,200	6,750
Swinburne University of Technology	163,000	163,000	161,000
• Capsular Technologies Pty Ltd	11,700	6,350	6,300
• National Institute of Circus Arts Limited	21,100	17,700	17,350
• Swinburne College Pty Ltd	20,000	17,000	16,950
• Swinburne Intellectual Property Trust	9,500	7,350	7,300
• Swinburne International (Holdings) Pty Ltd	9,500	4,200	4,150
• Swinburne Student Amenities Association Limited	14,000	11,700	11,700
• Swinburne Ventures Ltd	9,100	6,500	6,500
The University of Melbourne	510,000	471,000	403,000
• Australian Music Examinations Board (VIC) Ltd	21,200	17,140	15,895

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
• Goulburn Valley Equine Hospital Pty Ltd	16,800	13,940	21,000
• Melbourne Business School Limited	118,170 <sup>(d)</sup>	18,600	16,100
• Melbourne Teaching Health Clinics Ltd	21,000	16,650	23,000
• Melbourne University Publishing Limited	31,000	24,200	22,100
• Mt Eliza Graduate School of Business and Government Limited	<sup>(d)</sup>	7,400	7,400
• Nossal Institute Limited	18,500	14,730	12,400
• UM Commercialisation Pty Ltd	14,550	9,360	9,300
• UM Commercialisation Trust	14,550	11,490	9,300
• UoM Commercial Ltd	30,000	23,920	21,600
• UoM International Holdings Pty Ltd	12,340	12,340	12,340
VERNet Pty Ltd	30,000	29,000	18,950
VET Development Centre Ltd	28,500	27,000	22,500
Victoria University	152,000	147,000	126,100
• Victoria University Enterprises Pty Ltd	7,600	7,400	6,400
• VU Online Pty Ltd	7,600	7,000	6,400
William Angliss Institute of TAFE	106,800	102,960	99,300
• Angliss (Shanghai) Education Technology Co Ltd	Ceased entity	13,300	7,350
• Angliss Consulting Pty Ltd	7,500	7,000	16,500
• Angliss Multimedia Pty Ltd	Ceased entity	3,800	3,250
• Angliss Solutions Pty Ltd	Ceased entity	3,800	3,250
• William Angliss Institute Foundation	13,500	13,000	16,500
• William Angliss Institute Pte Ltd	Ceased entity	13,500	6,350
Wodonga Institute of TAFE	71,490	71,490	32,500
<b>Local government entities</b>			
Alpine Shire Council	34,600	33,175	32,300
Ararat Rural City Council	35,150	33,800	35,700
Ballarat City Council	63,600	63,900	62,200
Banyule City Council	52,400	60,500	60,500
Bass Coast Shire Council	52,000	50,000	48,700
Baw Baw Shire Council	50,000	47,800	46,200
Bayside City Council	59,750	57,150	55,200
Benalla Rural City Council	33,100	32,000	41,300
Boroondara City Council	82,500	79,300	77,200
Borough of Queenscliffe	42,000	34,500	34,500

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Brimbank City Council	60,750	58,200	56,200
Buloke Shire Council	43,200	41,300	40,200
Campaspe Shire Council	48,450	51,300	46,600
• Campaspe Port Enterprise Pty Ltd	13,250	6,750	New entity in 2023
Cardinia Shire Council	65,000	62,500	60,700
Casey City Council	102,850	89,501	87,500
• Casey-Cardinia Regional Library Corporation	27,500	14,500	15,000
Central Goldfields Shire Council	39,700	38,250	39,700
Darebin City Council	57,275	55,650	54,200
Greater Dandenong City Council	61,100	58,750	57,200
• Dandenong Market Pty Ltd	13,100	13,100	12,750
• South East Leisure Pty Ltd	22,350	23,000	9,000
Maribyrnong City Council	52,200	57,200	57,200
Whittlesea City Council	70,000	65,200	63,500
Colac Otway Shire Council	44,550	42,150	41,000
Corangamite Shire Council	39,750	38,200	37,200
Corangamite Regional Library Corporation	Ceased entity	Ceased entity	12,850
East Gippsland Shire Council	50,000	47,200	45,950
Frankston City Council	73,300	70,500	76,000
• Peninsula Leisure Pty Ltd	19,250	18,500	24,600
Gannawarra Shire Council	42,400	42,000	47,700
Glen Eira City Council	82,500	79,300	77,200
Glenelg Shire Council	52,150	35,000	34,500
Golden Plains Shire Council	68,000	61,300	59,700
Goulburn Valley Regional Library Corporation	16,000	10,500	10,200
Greater Bendigo City Council	62,500	53,850	52,400
Greater Geelong City Council	155,000	125,000	106,200
Geelong Regional Library Corporation	27,500	15,500	15,000
Greater Shepparton City Council	62,900	67,700	67,700
Hepburn Shire Council	37,000	36,650	35,700
Hindmarsh Shire Council	49,200	37,900	37,400
Hobsons Bay City Council	71,760	69,000	61,000
Horsham Rural City Council	45,800	41,500	42,200
• Wimmera Southern Mallee Development Limited	7,250	6,000	7,000

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
• Wimmera Regional Library Corporation	Ceased entity	9,000	10,000
Hume City Council	102,850	89,500	87,200
Indigo Shire Council	39,900	35,500	36,400
Kingston City Council	64,900	58,800	58,300
Knox City Council	74,500	57,700	56,200
• Eastern Regional Libraries Corporation	Ceased entity	10,400	10,000
Latrobe City Council	84,450	79,300	77,200
Loddon Shire Council	40,000	35,500	35,000
Macedon Ranges Shire Council	57,000	54,600	53,200
Manningham City Council	65,750	59,500	59,500
Mansfield Shire Council	57,850	52,500	51,200
Maroondah City Council	74,800	60,000	60,000
Melbourne City Council	170,000	161,500	155,100
• Citywide Service Solutions Pty Ltd	175,000	142,500	115,000
• Citywide Utilities Pty Ltd	(e)	(e)	35,000
• Queen Victoria Market Pty Ltd	37,500	35,000	25,500
Melton City Council	57,500	52,200	51,200
Mildura Rural City Council	56,000	60,900	59,300
• Mildura Airport Pty Ltd	17,800	12,000	11,600
• Mildura Tourism and Economic Development Limited	7,500	7,700	7,500
Mitchell Shire Council	45,000	43,300	42,200
Moira Shire Council	42,650	41,000	47,100
Monash City Council	65,500	63,000	61,200
Moonee Valley City Council	60,000	55,150	53,700
Moorabool Shire Council	40,560	39,000	40,600
Merri-bek City Council (formerly Moreland City Council)	61,100	58,750	57,200
Mornington Peninsula Shire Council	62,200	60,200	58,700
Mount Alexander Shire Council	41,150	32,000	31,100
Moyne Shire Council	40,900	39,000	38,300
Municipal Association of Victoria	200,000	205,000	205,000
Murrindindi Shire Council	40,500	42,200	42,200
Nillumbik Shire Council	57,500	58,200	59,500
North Central Goldfields Regional Library Corporation	11,200	10,750	9,000
Northern Grampians Shire Council	39,500	31,000	29,700

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Port Phillip City Council	77,800	74,800	68,000
Procurement Australasia Ltd	24,500	24,500	16,300
Pyrenees Shire Council	35,350	34,000	31,700
Regent Management Company Pty Ltd	11,000	10,300	7,000
Regional Landfill Clayton South Joint Venture	16,350	16,250	17,500
Strathbogie Shire Council	40,000	38,300	37,200
Towong Shire Council	34,000	30,400	30,400
MomentumOne Shared Services Pty Ltd	Ceased entity	5,400	6,500
South Gippsland Shire Council	65,200	60,750	55,400
Southern Grampians Shire Council	45,100	42,600	41,450
Stonnington City Council	55,900	53,700	52,200
• Prahran Market Pty Ltd	16,650	16,000	18,000
Surf Coast Shire Council	45,000	42,900	41,700
Swan Hill Rural City Council	43,400	41,750	49,100
Wangaratta Rural City Council	52,500	49,500	48,200
• Wangaratta Livestock Exchange Pty Ltd	10,000	8,000	10,000
Warrnambool City Council	45,500	43,500	42,200
Wellington Shire Council	48,000	45,100	43,750
West Gippsland Regional Library Corporation	Ceased entity	Ceased entity	14,000
West Wimmera Shire Council	33,000	29,600	30,450
Whitehorse City Council	65,100	57,800	56,200
• Whitehorse Manningham Regional Library Corporation	18,900	18,000	17,500
Wodonga City Council	49,000	47,000	45,700
Wyndham City Council	68,150	65,500	63,700
• Western Leisure Services Pty Ltd	17,300	16,500	16,000
Yarra City Council	57,000	55,750	53,200
Yarra Plenty Regional Library Service	18,700	18,000	17,500
Yarra Ranges Shire Council	50,960	49,000	47,700
Yarriambiack Shire Council	44,500	28,400	27,700
Your Library Ltd	30,100	New entity in 2024	New entity in 2024
<b>Public non-financial corporations</b>			
Agriculture Victoria Services Pty Ltd	38,500	37,000	37,000
• Phytogene Pty Ltd	6,240	6,000	6,000
Alpine Resorts Co-ordinating Council	Ceased entity	Ceased entity	16,300

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Alpine Resorts Victoria	198,500	New entity in 2024	New entity in 2024
Australian Grand Prix Corporation	85,000	80,000	74,000
Ballarat General Cemeteries Trust	19,500	18,700	18,200
Barwon Region Water Corporation	150,000	130,000	90,000
• Barwon Asset Solutions Pty Ltd	31,200	30,000	25,000
Barwon South West Waste and Resource Recovery Group	Ceased entity	Ceased entity	15,500
Central Gippsland Region Water Corporation	166,500	160,000	155,000
Central Highlands Region Water Corporation	90,000	79,000	79,000
Coliban Region Water Corporation	136,000	133,000	148,000
Dairy Food Safety Victoria	29,000	28,000	28,000
Development Victoria	166,500	160,000	145,000
East Gippsland Region Water Corporation	50,000	38,000	37,000
Puffing Billy Railway Board (formerly Emerald Tourist Railway Board)	34,300	33,000	31,500
Falls Creek Alpine Resort Management Board	Ceased entity	47,000	47,000
Federation Square Pty Ltd	Ceased entity	Ceased entity	40,000
Melbourne Arts Precinct Corporation	37,400	36,000	New entity in 2023
Geelong Cemeteries Trust	23,200	22,300	21,700
Geelong Performing Arts Centre Trust	39,520	38,000	46,000
Gippsland and Southern Rural Water Corporation	49,000	47,000	46,000
Gippsland Waste and Resource Recovery Group	Ceased entity	Ceased entity	15,500
Goulburn Valley Region Water Corporation	78,000	75,000	50,000
Goulburn Valley Waste and Resource Recovery Group	Ceased entity	Ceased entity	10,600
Goulburn-Murray Rural Water Corporation	122,000	122,000	180,000
Grampians Central West Waste and Resources Recovery Group	Ceased entity	Ceased entity	15,500
Grampians Wimmera Mallee Water Corporation	94,000	71,000	71,500
• Lake Fyans Recreational Area Committee of Management	7,800	7,500	7,500
Greater Western Water	312,000	300,000	270,000
Greyhound Racing Victoria	33,800	32,500	32,000
Harness Racing Victoria	56,700	54,500	53,000
• HRV Management Limited	5,200	5,000	5,000
• Melton Entertainment Trust	23,900	23,000	25,000
Kardinia Park Stadium Trust	20,500	20,000	20,000

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
LaunchVic Limited	34,000	25,000	20,500
• Alice Anderson Fund Pty Ltd	22,000	25,000	24,000
• Hugh Victor McKay Fund Pty Ltd	10,000	New entity in 2024	New entity in 2024
LanguageLoop	36,000	34,600	33,600
Loddon Mallee Waste and Resource Recovery Group	Ceased entity	Ceased entity	15,500
Lower Murray Urban and Rural Water Corporation	83,000	80,000	85,000
Melbourne and Olympic Parks Trust	98,800	95,000	90,000
Melbourne Convention and Exhibition Trust	49,900	48,000	42,000
Melbourne Cricket Ground Trust	23,400	22,500	20,000
Melbourne Market Authority	50,000	48,000	45,000
Melbourne Port Lessor Pty Ltd	46,000	40,000	40,000
Melbourne Water Corporation	270,000	250,000	235,000
Metropolitan Waste and Resource Recovery Group	Ceased entity	Ceased entity	60,000
Mount Hotham Alpine Resort Management Board	Ceased entity	33,000	31,000
Mt Buller and Mt Stirling Alpine Resort Management Board	Ceased entity	33,000	25,500
Murray Valley Wine Grape Industry Development Committee	6,750	6,500	6,500
North East Link State Tolling Corporation	98,800	95,000	95,000
North East Region Water Corporation	73,000	70,000	45,000
North East Waste and Resource Recovery Group	Ceased entity	Ceased entity	9,000
Phillip Island Nature Park Board of Management Inc	25,000	21,000	20,900
Port of Hastings Corporation	24,000	18,000	18,000
Ports Victoria	57,000	55,000	55,000
PrimeSafe	29,000	28,000	26,000
Queen Victoria Women's Centre Trust	15,000	14,400	14,000
Remembrance Parks Central Victoria	33,700	25,500	24,800
South East Water Corporation	285,000	245,000	235,000
• iota Services Pty Ltd	33,300	32,000	31,000
• Zero Emissions Water (Zew) Limited	21,000	20,000	20,000
South Gippsland Region Water Corporation	63,000	60,000	33,000
Southern Alpine Resort Management Board	Ceased entity	60,000	60,000
Southern Metropolitan Cemeteries Trust	99,320	95,500	93,000
State Electricity Commission of Victoria	19,000	18,000	17,800
State Sport Centres Trust	36,500	45,000	44,000

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
The Greater Metropolitan Cemeteries Trust	118,700	104,100	101,100
The Mildura Cemetery Trust	14,500	13,900	13,500
V/Line Corporation	124,800	120,000	110,000
VicForests	93,600	90,000	101,500
Victorian Arts Centre Trust	58,200	56,000	55,000
Victorian Plantations Corporation	18,500	18,000	18,000
Victorian Rail Track	179,000	172,000	184,000
• Hold Co	23,900	23,000	79,000
• Rolling Stock (Victoria-VL) Pty Ltd	12,000	11,500	8,500
• Rolling Stock (VL-1) Pty Limited	22,400	21,500	13,500
• Rolling Stock (VL-2) Pty Ltd	22,400	21,500	13,500
• Rolling Stock (VL-3) Pty Ltd	22,400	21,500	13,500
• Rolling Stock Holdings (Victoria) Pty Limited	48,000	46,000	28,500
Victorian Strawberry Industry Development Committee	11,500	11,000	11,000
Wannon Region Water Corporation	66,000	63,000	62,500
Westernport Region Water Corporation	28,000	26,000	25,000
Yarra Valley Water Corporation	250,000	225,000	215,000
Zoological Parks and Gardens Board	71,000	68,000	65,000
<b>Public financial corporations</b>			
Accident Compensation Conciliation Service	Ceased entity	Ceased entity	18,500
Breakthrough Victoria	127,000	85,000	30,000
State Trustees Limited	162,250	156,000	150,000
• State Trustees Australia Foundation	11,600	11,200	10,000
• State Trustees Australia Foundation Open Fund	11,600	11,200	10,000
• State Trustees Limited Charitable Common Fund	32,000	31,000	30,000
• Invest Balanced Fund	53,000	51,400	50,000
• STL Financial Services Limited	11,600	11,000	10,000
Transport Accident Commission	218,000	206,000	200,000
• Residential Independence Pty Ltd	10,600	10,200	9,900
• Residential Independence Trust	10,600	10,200	9,900
Treasury Corporation of Victoria	365,000	350,000	338,000
Victorian Funds Management Corporation	98,800	95,000	91,900
• VFM Emerging Markets Trust	11,300	10,800	10,600
• VFM Global Small Companies Trust	Ceased entity	Ceased entity	10,700



	Budgeted annual financial audit fee (\$)		
Who we audited	2024	2023	2022
• VFMC Australian Credit Trust	11,300	10,800	13,300
• VFMC Balanced Fund	11,300	10,800	4,900
• VFMC Conservative Fund (formerly Capital Stable Fund)	11,300	10,800	4,900
• VFMC Cash Trust	11,300	10,800	8,400
• VFMC Emerging Markets Debt Trust 1	11,300	10,800	10,600
• VFMC Emerging Markets Debt Trust 2	11,300	10,800	10,600
• VFMC Equity Trust 1	11,300	10,800	12,200
• VFMC Equity Trust 2	11,300	10,800	12,200
• VFMC ESSS Private Equity Trust 2004	Ceased entity	Ceased entity	16,200
• VFMC ESSS Private Equity Trust 2006	Ceased entity	Ceased entity	16,200
• VFMC ESSS Private Equity Trust 2007	15,600	15,000	16,200
• VFMC Fixed Income Trust	11,300	10,800	13,500
• VFMC Growth Fund	11,300	10,800	3,800
• VFMC Inflation Linked Bond Trust	11,300	10,800	17,500
• VFMC Insurance Strategies Trust	15,600	15,000	21,400
• VFMC International Equity Trust 1	11,300	10,800	15,600
• VFMC International Equity Trust 2	11,300	10,800	15,600
• VFMC International Fixed Income Trust	11,300	10,800	13,500
• VFMC Investment Trust I	Ceased entity	Ceased entity	10,000
• VFMC Investment Trust II	15,600	15,000	26,200
• VFMC Investment Trust IV	37,100	35,600	15,300
• VFMC Opportunistic Strategies Trust	22,100	21,200	6,900
• VFMC Property Trust 1	15,600	15,000	21,400
• VFMC Property Trust 2	15,600	15,000	21,400
• VFMC Low Volatility Equity Trust 2	12,500	12,000	New entity in 2024
• VFMC Infrastructure Master Trust	7,600	New entity in 2024	New entity in 2024
• VFMC Infrastructure Feeder Trust 1	15,900	New entity in 2024	New entity in 2024
• VFMC Infrastructure Feeder Trust 2	15,900	New entity in 2024	New entity in 2024
• VFMC Low Volatility Equity Trust 1	12,500	12,000	New entity in 2024
• VFMC Enhanced Income Trust	12,500	12,000	New entity in 2024
• VFMC Investment Fund	15,600	New entity in 2024	New entity in 2024
• VFMC Australian Loan Trust	12,500	12,000	New entity in 2024
Victorian Managed Insurance Authority	155,000	149,000	145,000
Victorian WorkCover Authority	377,000	324,000	315,000

Budgeted annual financial audit fee (\$)

Who we audited	2024	2023	2022
Workplace Injury Commission (formerly Accident Compensation Conciliation Service)	28,000	24,000	New entity in 2023

Notes:

(a) Audit carried out when the fund is being used, fund not used for 2021–22 and 2023–24 periods.

(b) We are currently assessing The Royal Children's Hospital's control over The Royal Children's Hospital Foundation. This will determine whether The Royal Children's Hospital Foundation is within our mandate.

(c) The entity changed its year-end from June to December in 2023 and prepared financial statements for 18 months from 1 July 2022 to 31 December 2023.

(d) The audit of Melbourne Business School Limited was brought in-house for the 31 December 2023 engagement, as VAGO was appointed as both the *Corporations Act 2001* and the *Financial Management Act 1994* auditor. Previously, VAGO was solely the *Financial Management Act 1994* auditor and relied on the work of another auditor to sign the audit opinion. With VAGO harmonised as the auditor under both pieces of legislation, we now undertake all fieldwork to support the audit report, and therefore the fee has increased in line with this. The audit fee charged covers Melbourne Business School Limited and Mt Eliza Graduate School of Business and Government Limited.

(e) Citywide Utilities Pty Ltd was a new entity in 2022. This entity was then consolidated into Citywide Service Solutions Pty Ltd.

# Appendix C:

## Dispensed audits

### Entities dispensed for the 2023–24 period

No financial audits dispensed

### 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

Source: VAGO.

# Appendix D:

## PAEC's recommendations

### External audits of our office

Legal requirement	The Audit Act requires VAGO be independently audited at least once every 4 years. The purpose of the audit is to assess whether the Auditor-General and VAGO are meeting their objectives effectively, economically, efficiently and in compliance with relevant legislation.
Appointment of external auditor (2022–24)	<p>In 2022–24, PAEC appointed MartinJenkins to conduct an independent audit of VAGO. The audit report was tabled on 30 July 2024, concluding that:</p> <ul style="list-style-type: none"><li>the Auditor-General and VAGO are compliant with all relevant Acts of Parliament</li><li>the Auditor-General and VAGO are, in all material respects, operating effectively, economically and efficiently, while achieving their objectives under the Audit Act.</li></ul>

### Monitoring progress on recommendations

Reporting mechanisms	<p>We monitor progress in implementing the audit’s recommendations through the following mechanisms:</p> <ul style="list-style-type: none"><li>periodic updates to the operational management group and audit and risk committee</li><li>twice-yearly updates to the PAEC.</li></ul>
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### Summary of recommendations status (as at 31 December 2024)

General recommendations	Of the 31 total recommendations made by PAEC in 2020 and 20 total recommendations made in 2024, VAGO's responses are as follows:
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**Figure D1:** VAGO’s responses to and status of the 2024 and 2020 quality control framework/SQM recommendations

Recommendation category	Number of recommendations 2020	Number of recommendations 2024
Accepted in full	24	10
Accepted in part	3	2
Accepted in principle	3	7
Not accepted	1	0
Completed	26	1
Partially completed	4*	0

Note: \*Recommendation 30 subsumed into recommendation 26 for 2020 recommendations  
Source: VAGO.

**Update on PAEC recommendations 2024** We agreed to implement all 5 of the recommendations relevant to improving audit quality relating to the quality control framework/SQM from PAEC’s 2024 independent audit of VAGO.

**2024 quality control framework/SQM recommendations** Below is a summary of the implementation status of the 5 recommendations directly related to improvements in VAGO’s quality control framework and SQM as at 31 December 2024:

**Figure D2:** Status of 2024 quality control framework/SQM recommendations

Quality control framework/SQM recommendation category	Number of recommendations	Implementation status
Accepted in full	5	Complete: 2 In progress: 3

Source: VAGO.

**Figure D3:** Update on recommendations relevant to improving audit quality from PAEC’s 2024 independent audit

PAEC recommendation	Status
<b>Recommendation 6</b>	<b>In progress</b>
PAEC recommendation	VAGO should Integrate the FA and PRS capability frameworks into the staff Performance and Development Process.
Auditor-General comment	We accept this recommendation. It is pleasing to note that our FA roadmap and PRS divisional plan are already focused on the areas you have highlighted in your recommendation.
Implementation update	<p><b>PRS (in progress)</b></p> <p>The 2024–25 performance development process (PDP) cycle for PRS embedded the PRS capability framework and development approach to identifying and supporting staff development. The tools include:</p> <ul style="list-style-type: none"><li>• PDP process guide</li><li>• planning tool part A: capability framework reflection tool for each staff cohort (audit and planning, communications, and data science)</li><li>• planning tool part B: drafting performance and development goals and measures for each staff cohort (audit and planning, communications, and data science).</li></ul> <p>Staff in PRS used these tools to develop their 2024–25 PDPs.</p> <p>However, the PRS division culture review – outlined in our response to recommendation 3 above – made a recommendation relating to reviewing the capability framework. Consequently, we have determined it appropriate to leave this action open to ensure that the revised capability framework is also embedded in the PDP process once finalised.</p> <p><b>FA (complete December 2024)</b></p> <p>The FA capability framework has now been embedded into the PDP process for 2024–25, with a strong focus on development goals to enhance capability. Following the delivery of the FA capability framework in September 2023, a comprehensive change management process was undertaken to familiarise FA staff, including, playbooks, a launch video, a centralised landing page and collaboration sessions.</p> <p>To support integration, the below initiatives have been implemented:</p> <ul style="list-style-type: none"><li>• self-assessment tools to help employees identify strengths and development areas</li><li>• goal guides – a 6-part video series on effective goal setting using the framework</li><li>• FA director and manager offsite sessions to align leadership with the change process</li><li>• learning and development curriculum prioritised based on self-assessment data</li><li>• capability and commitment matrix to inform development planning and succession planning</li><li>• leadership development targeted at FA people leaders</li><li>• FA director monthly performance oversight meetings to drive accountability at the sector level.</li></ul> <p>With these initiatives in place, the FA capability framework is now embedded in practice, supporting staff development and performance management.</p>

PAEC  
recommendation      Status

**Recommendation 8      Complete**

PAEC recommendation      VAGO should improve its budget-setting and business planning processes by:

- progressing the development and use of the budgeting tool to support performance audit budgeting
- strengthening its planning processes for performance audits, to provide clearer scope at the earlier stages of an audit, and better manage the size of audits, including taking a narrower scope for some audits
- ensuring that performance audit engagement debriefs systematically review the underlying reasons for any budget variances, and generate actions to avoid these problems, in future audit planning processes.

Auditor-General comment      It is pleasing to note that our PRS divisional plan is already focused on the areas highlighted in your recommendation:

- In May 2024, PRS launched a new budgeting tool and procedure for performance engagements.
- For the 2024–2025 program, PRS has introduced an applied learning framework for performance engagements. This includes running workshops between the engagement team and the PRS ELT\* for key milestones, including the engagement strategy (covering the objective, lines of inquiry and criteria), where the scope and size of an engagement is determined. However, there is no focus on narrowing scope for the purpose of achieving a smaller engagement. Rather, our focus is to ensure the scope is fit for purpose so that we gain the appropriate level of assurance to assess performance and inform the Parliament and public.
- In April of 2024 PRS launched its new engagement debrief process, including providing Senior Managers with training to support them in facilitating debrief workshops. Coinciding with this, we launched a new Performance Improvement Committee (PIC) with a governance structure and members drawn from each peer Network. The PIC captures the output from all engagement debriefs.

Implementation update      PRS implemented an engagement budgeting tool for teams to use in planning both performance audits and reviews in May 2024. This has been embedded in engagement planning to ensure teams can accurately allocate their time across an engagement.

In addition to this tool, we have implemented 4 manuals across the engagement lifecycle. Part of the implementation of these manuals includes workshops with engagement teams, as well as with the executive leadership team to develop the objective and lines of inquiry. This process has supported engagement teams to clarify the scope of their audits earlier in the process, subsequently allowing them to manage size and prevent the need for future scope changes and allow for more accurate budget-setting.

A debrief process is embedded at the end of every engagement, allowing teams to identify challenges and opportunities for improvements for future engagements.

**Recommendation 9      In progress**

PAEC recommendation      VAGO should progress the Strategic Communications and Engagement proposal ensuring that:

- the proposed work on a communications and engagement strategy builds on the work completed for developing the Parliamentary Engagement Plan – Stage 1 2021 [part A]
- the communications and engagement strategy includes a process for annual review of the engagement approach and activities [part B].

Note only part A is due December 2024. Part B is due December 2025.

Auditor-General comment      We accept this recommendation.

Implementation update      **Strategic governance and risk (complete December 2024)**

A parliamentary engagement framework was created, approved and implemented in December 2024.

**PRS (in progress)**

A communications and engagement strategy for the public is in progress, detailing work from both FA and PRS and includes a process for annual review of the engagement approach and activities.

PAEC  
recommendation      Status

**Recommendation 12      Complete**

PAEC recommendation	VAGO should use the PRS methodology to refresh to provide further guidance for staff on the distinction between audit and evaluation, and how the boundary between two is maintained. This could be achieved through more explicit linkages and guidance around how VAGO applies the relevant auditing standards in its performance audits.
Auditor-General comment	As per our response to recommendation 10, PRS is developing broad and deep guidance for staff across all aspects of methodology and professional practice and will capture this as part of that work.
Implementation update	<p>Additional information has been included for staff in the guidance 'establishing engagement objectives, lines of inquiry and criteria'. This provides clarity for staff about the distinction between audit and evaluation, and the reasoning behind why it is important for VAGO staff to understand the difference.</p> <p>The guidance and template for the Risk Assessment Plan also sets out steps and expectations for planning an engagement in accordance with ASAE 3000 and ASAE 3500, ensuring staff focus on audit and not evaluation.</p> <p>All of the 4 manuals released this year include specific information about staff obligations under the Audit Act, including specific reference sections of the Act in each manual.</p>

**Recommendation 15      In progress**

PAEC recommendation	<p>For its performance audits, use the PRS methodology refresh as an opportunity to:</p> <ul style="list-style-type: none"> <li>a) include a conceptual framework or frameworks to provide structure for its analytical efforts.</li> <li>b) provide more detail on the definitions of efficiency and economy, and how to audit these.</li> <li>c) include more explicit explanations as how to VAGO applies auditing standards in its performance audits.</li> <li>d) take stock of the range of audits that has been and is being developed, and test for alignment and integration.</li> </ul>
Auditor-General comment	<p>We accept this recommendation.</p> <p>It is pleasing to note that our PRS divisional plan is already focused on the areas you have highlighted in your recommendation.</p>
Proposed actions	<p>The PRS methodology refresh is complete with all 4 manuals released. The Performance Engagement Lifecycle steps through how each of the stages of an engagement interact with each other and the relevant manuals, guidance, procedures and templates that apply across each stage.</p> <p>The manuals include consistently worded explanations of obligations under the Audit Act and the Australian Auditing and Assurance Standards. Similarly, guidance documents reference the relevant parts of the standards that apply to the guidance. All these documents are in the PRS Viva Learning Academy.</p> <p>In particular, the guidance 'establishing objectives, lines of inquiry and criteria' defines efficiency, effectiveness and economy for staff. Our continuous planning procedure demonstrates our analytical approach to selecting and designing engagements, including consideration of how we use our mandate.</p> <p>This recommendation is recommendation for closure, subject to approval to close the related recommendation 11.</p>

Note: \*ELT is an acronym for executive leadership team.

The full tabled report is available at: <https://www.audit.vic.gov.au/independent-performance-audit>.

Source: MartinJenkin's *Independent Performance Audit of the Auditor-General and Victorian Auditor's Office*.

**2020 quality control framework/SQM recommendations** Below is a summary of the implementation status of the 18 recommendations directly related to improvements in VAGO's quality control framework and SQM as at 31 December 2024:

**Figure D4:** Status of 2020 quality control framework/SQM recommendations

Quality control framework/SQM recommendation category	Number of recommendations	Implementation status
Accepted in full	18	<ul style="list-style-type: none"><li>Completed: 15</li><li>Partially completed: 2*</li></ul>

\*Recommendation 30 subsumed into recommendation 26 for 2020 recommendations  
Source: VAGO.

**Figure D5:** Update on recommendations relevant to improving audit quality from PAEC's 2020 independent audit

PAEC recommendation	Status
<b>Recommendation 2</b>	<b>Complete</b>
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	<p>Data science and Publishing has been incorporated into the newly formed PRS division.</p> <p>A data science strategy was approved and released in the first quarter of 2024.</p>
<b>Recommendation 7</b>	<b>In progress</b>
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.
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>
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>
Implementation update	<p>PRS have developed and released the following:</p> <ul style="list-style-type: none"><li>the conclude and report manual on 5 September 2024</li><li>the implement the plan manual on 9 October 2024.</li><li>the plan the engagement manual on 2 December 2024</li><li>the design the engagement manual on 16 December 2024.</li></ul>



PAEC  
recommendation

Status

These documents constitute VAGO's refreshed performance engagement methodology and address the intent of the original recommendation. Our guidance and templates use exemplar case studies to demonstrate good practice. These exemplars draw from each of the 4 engagement phases. We have developed template working papers in both Microsoft Word and Excel that require a record of evidence, demonstration of analysis and a statement of findings.

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

Summary

- Capability frameworks have recently been deployed for PRS and FA.
- The next stage for FA is connecting competencies to learning pathways.
- A VAGO-wide succession management framework project commenced in 2024. It will complement the audit division capability frameworks and potential/succession assessment and will provide a focused approach to identifying, developing and retraining talented people at all levels.

FA

In 2022, the FA division launched a major initiative to enhance the employee experience and improve audit quality and delivery. Key components of this effort include the design and development of:

- a capability framework that clearly articulates the core knowledge, skills and behaviours of each role, leveraging best-practices across the public sector and accounting firms
- learning curriculum that outlines learning expectations and resources to develop as a financial auditor
- succession pathways that clarifies the qualifications, experiences, and development opportunities for career progression.

The design included consideration of capabilities to assist with evolving requirements of financial auditors with systems assurance, data analytics and sustainability assurance.

In 2023, we rolled out the final capability framework and the newly designed learning curriculum, and succession pathways. FA staff were provided a tool to conduct a self assessment against the introduced capability framework. This was supplemented with one-to-one meetings with their manager to discuss current capabilities, identify development opportunities and set realistic goals for the PDP. Outcomes of these assessments have since been built into a live data dashboard, capturing the division's strengths and gaps across all roles and teams.

Focus has now shifted toward developing and acquiring the learning content to support the learning curriculum. FA endeavours to create a suite of resources, both programmatic and self guided, to align employees' development to the capabilities documented in the framework. The data analysis from capability assessment is informing the sequence in which learning content is developed, acquired and rolled out to staff. Succession pathway initiatives will then be the core focus post this phase.

PRS

The PRS capability framework was launched halfway through the 2023–24 performance cycle, so it was not available to help staff set development goals at the beginning of the cycle. However, all staff used the framework for their mid-year assessments, including to identify areas for growth.

For the 2024–25 cycle, the capability framework has been embedded in the PRS process and is being used by staff and performance development managers at all stages of the cycle, including identifying skill development needs.

Recommendation 30      Subsumed

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.

Auditor-General comment      We will:

- 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      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.

Implementation update      A succession management framework project has commenced in 2024–25 to assist with linking potential identification, succession planning and development. This will sit alongside the PRS and FA capability frameworks and learning pathways.

This action has been subsumed into recommendation 26, which provides further details.

Note: The full tabled report is available at: [www.audit.vic.gov.au/sites/default/files/compliance/Independent-Performance-Audit-of-VAGO-2020.pdf](https://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 2023–24*.

**Figure E1:** Locations of *Corporations Regulations 2001* schedule 7A prescribed information and voluntary information in our 2023–24 transparency report and annual report

	Relevant to VAGO	Transparency report reference	Annual report reference
<b>Prescribed information</b>			
If the auditor belongs to a network, a description of:	N/A	N/A	N/A
<ul style="list-style-type: none"> <li>the network</li> <li>the legal arrangements of the network</li> <li>the structural arrangements of the network</li> </ul>			
A description of the auditor's SQM	✓	Section 3	Section 5
A statement that sets out the auditor's independence practices in the relevant reporting year	✓	Section 3.5	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	✓	Section 4	Section 1
The names of the relevant bodies in section 332A(1) of the <i>Corporations Act 2001</i> for which the auditor conducted an audit under Part 2M.4A of the Act in the relevant reporting year	✓	Appendix B	N/A
Financial information for the auditor that relates to the relevant reporting year, including:	✓	Section 1.5	Note 2.2 of the Financial Report
<ul style="list-style-type: none"> <li>total revenue</li> <li>revenue relating to audits of financial statements conducted by the auditor and other services provided by the auditor</li> <li>revenue relating to other services provided by the transparency reporting auditor</li> </ul>	✓	Appendix B	
A description of the firm or company's:	✓	Section 1.1	Section 1
<ul style="list-style-type: none"> <li>legal structure</li> <li>ownership</li> <li>governance structure</li> </ul>		Section 1.1 Section 1.1 Section 1.1	

	Relevant to VAGO	Transparency report reference	Annual report reference
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	✓	Section 5	N/A
The date on which the firm or company most recently conducted an internal review of its independence compliance	✓	Section 3.5	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 3.6	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
<b>Voluntary information</b>			
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
<b>Actions to improve audit quality – how the auditor:</b>			
<ul style="list-style-type: none"> <li>promotes, evaluates and monitors professional scepticism and compliance with auditing standards</li> </ul>	✓	Section 1.3	Section 1
<ul style="list-style-type: none"> <li>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)</li> </ul>	✓	Section 2 Section 3 Appendix A	Section 5
<ul style="list-style-type: none"> <li>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</li> </ul>	✓	Section 3.7	N/A
<ul style="list-style-type: none"> <li>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</li> </ul>	✓	Section 3.7 Section 3.10	N/A
<ul style="list-style-type: none"> <li>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</li> </ul>	✓	Section 3.5 Section 3.10	N/A
<b>Audit quality indicator – quantitative metrics</b>			
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.	✓	Appendix A	N/A
<p>Measures should be presented on a comparable basis from year to year.</p> <p>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>			

	Relevant to VAGO	Transparency report reference	Annual report reference
<b>Findings from ASIC inspections</b>			
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	✓	Section 4.3 Appendix A	N/A
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			
<b>Findings from external reviews</b>			
The report may include areas for improvement derived from reviews by other relevant external bodies on audit quality	✓	Section 4	Section 1
Source: VAGO.			

# Appendix F:

## Abbreviations and acronyms

**Abbreviations** We use the following abbreviations in this report:

Abbreviation	Full spelling
ASA 220	ASA 220 <i>Quality Management for an Audit of a Financial Report and Other Historical Financial Information</i>
ASA 700	ASA 700 <i>Forming an Opinion and Reporting on a Financial Report</i>
ASAE 3000	ASAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>
ASAE 3500	ASAE 3500 <i>Performance Engagements</i>
ASQM 1	ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i>
ASQM 2	ASQM 2 <i>Engagement Quality Reviews</i>
Audit Act	<i>Audit Act 1994</i>
PAA	<i>Public Administration Act 2004</i>

**Acronyms** We use the following acronyms in this report:

Acronym	Full spelling
AMP	Audit Methodology Procedure
ASIC	Australian Securities and Investments Commission
ASP	audit service provider
EQIP	engagement quality inspection program
EQR	engagement quality reviewer
FA	financial audit
FTE	full-time equivalent
IT	information technology
PAEC	Public Accounts and Estimates Committee
PDP	performance development process
PRS	parliamentary reports and services
SQM	system of quality management
VAGO	Victorian Auditor-General's Office
VPS	Victorian Public Service

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