



# Strategic Plan 2025-29

VAGO





## Acknowledgement of Country

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.

Artwork: Yaalingbu, Yirramboi – Nallei Jerring (Today, Tomorrow – Adjoin)  
by Simone Thompson, Wurundjeri/Yorta-Yorta

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# Foreword

Our Strategic Plan 2025–29 builds on and continues work completed under our previous plan and remains focused on achieving more accountable government, a modern fit-for-purpose audit office and a future-ready agile workforce – with the ultimate goal of better public services and lives for Victorians. We have 9 strategic objectives that we plan to deliver over the next 4 years.

As we continue to navigate the ever-evolving digital age we are presented with new opportunities and face new challenges in our role as an integrity agency. As such we are not complacent. We know that we can achieve more and that there are areas where we need to continue to adapt to ensure our work remains relevant and effective.

This plan is shaped by 3 pillars: influence, innovate and inspire, and our hope is that in working in these ways we will continue to maximise our impact in Victoria's integrity landscape.

In this plan we signal work that has been carried over as well as new initiatives, with a major part of this strategy focused on:

- building more productive relationships with Parliament, media and the public sector to better respond to their needs
- refining and developing our audit methodologies and approaches as we adapt to the changing environment
- tightly integrating the use of technology, including AI, into our business and audit operations
- leading by example through proactive disclosure of and reporting on our own performance.

Recognising our people are at the centre of everything we do, this will involve building our employer brand and employee proposition to attract and retain staff, developing and supporting our workforce by providing staff with the knowledge and digital skills they need, and providing the high-quality physical and digital workspaces that support flexible, collaborative and effective work.

Our core job is to support the Parliament of Victoria to hold the public sector accountable and the public sector to improve its performance. This strategic plan outlines our vision for how we will continue to fulfil that role and meet the challenges we and the public sector face in the future.

This document is a companion product to our annual plan, which outlines our short and medium-term plan for our audit programs. They should be read together.

# About us

## Who we are

The Auditor-General is an independent officer of the Victorian Parliament. They are appointed on behalf of Victorians to scrutinise how well the government spends public money.

The *Constitution Act 1975* establishes the Auditor-General's role. It gives the Auditor-General complete discretion in how they perform and exercise their functions and powers.

The *Audit Act 1994* establishes the Auditor-General's mandate and VAGO. It provides the legal basis for our powers and identifies our responsibilities.

### Our services to Parliament and Victorians

We audit public sector agencies' financial reports and provide opinions on their performance statements.

The agencies we audit include government departments, statutory bodies, educational institutions, public hospitals, water corporations, insurers and local government councils.

We also do performance engagements that assess the effectiveness, efficiency, economy and compliance of government agencies, programs and services.

With our follow-the-dollar powers, we can audit non-government organisations that provide services under government contracts.

### Our role in Victoria's integrity system

We are part of Victoria's integrity system alongside the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria.

We protect the public interest by helping to hold the government accountable. We achieve this by doing financial and performance audits of public sector agencies and reporting the results to Parliament.

Our unique position and access to information across the entire Victorian public sector allow us to identify common issues and provide useful insights to the agencies we audit.

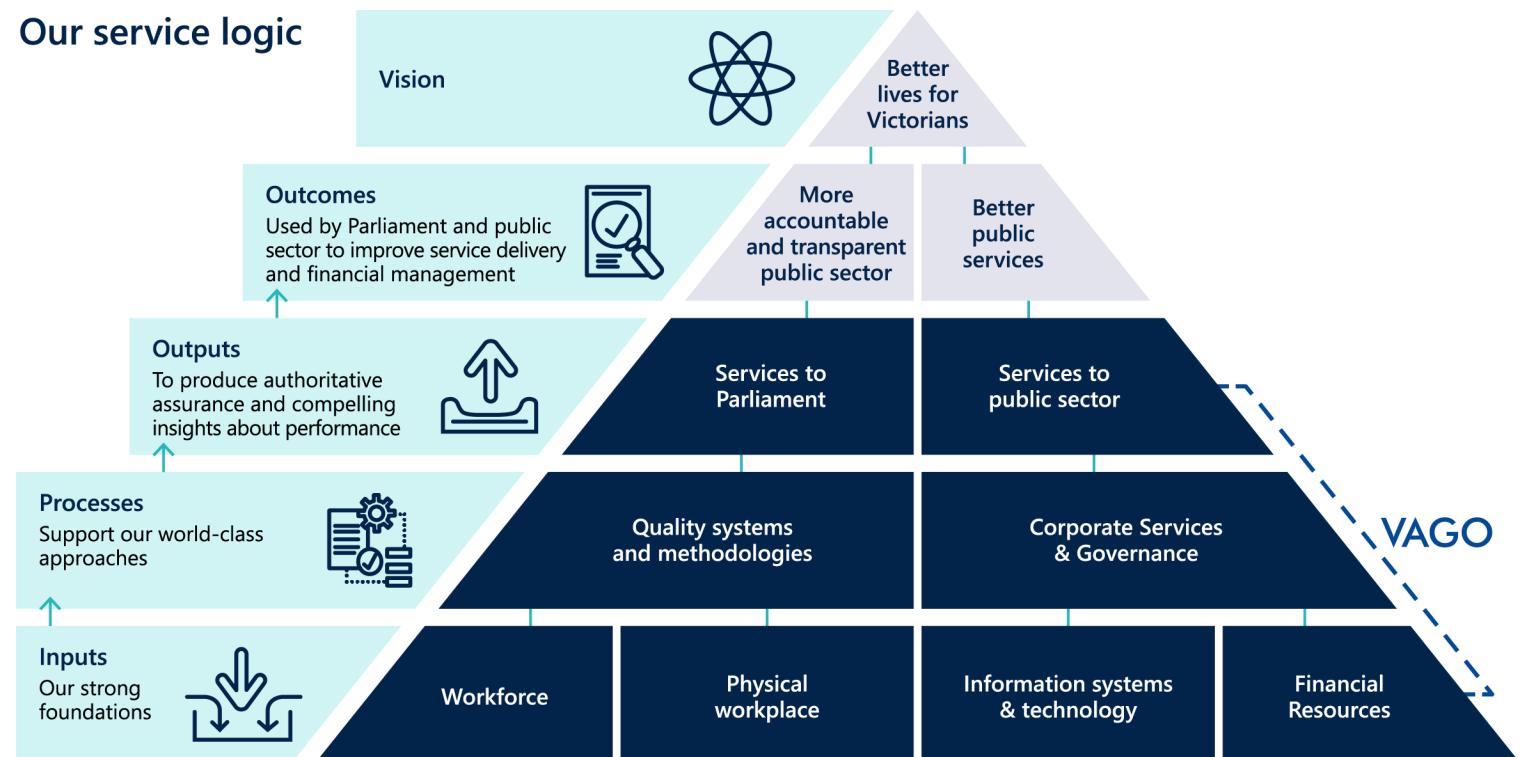
We make recommendations for agencies to improve their services and function more efficiently and effectively. We also give agencies collated information through our data analytics dashboards.

## Our service logic

We draw our outcome service logic from International Organisation of Supreme Audit Institutions P 12 – *The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens.*

‘The auditing of government and public sector entities by SAls [Supreme Audit Institutions] has a positive impact on trust in society because it focuses the minds of the custodians of public resources on how well they use those resources. Such awareness supports desirable values and underpins accountability mechanisms, which in turn leads to improved decisions. Once SAls’ audit results have been made public, citizens are able to hold the custodians of public resources accountable. In this way SAls promote the efficiency, accountability, effectiveness and transparency of public administration. An independent, effective and credible audit office is therefore an essential component in a democratic system where accountability, transparency and integrity are indispensable parts of a stable democracy’.

## Our service logic



## Elements of the input, process, output, outcome model

### Inputs

Inputs are the resources we apply to deliver our services. Typically, these are categorised into people, information systems and technology, physical infrastructure, and financial resources.

From an operational performance monitoring perspective, we primarily want to be assured we have sufficient capacity and capability to deliver our services while remaining cost effective (that is, we achieve the lowest input price for resources of the right quality that are available when needed).

### Processes

Our business processes are the operations and activities we undertake to transform our inputs into outputs. They consist of direct processes associated with our audit functions, as described in our system of quality management and our audit engagement methodologies. They are underpinned by the indirect processes that form our corporate support and governance functions.

### Outputs

Outputs are the products and services that we deliver to the community by, or on behalf of, Parliament (for example, performance engagements) or provide to other entities (for example, financial audit services). Output performance measures specify our expected service delivery performance each year. Performance measures are the building blocks of the accountability system that drives continuous improvement and are the basis for the certification of our revenue.

### Outcomes

Typically, outcomes are categorised as:

- immediate (results)
- intermediate (impacts)
- ultimate (consequence).

Immediate outcomes are most proximate in time to the delivery of our outputs (or in the context of our strategic plan, the successful completion of initiatives) and are most causally connected and attributable to our work and the strategic projects and actions we undertake.

Intermediate outcomes follow logically from these, or a combination of these, but over an extended timeframe. Ultimate outcomes in turn follow from the achievement of intermediate outcomes. While they also are causally linked to our work, ideally they are wholly or significantly attributable to our outputs, although this is rarely the case in practice. For this reason, we seek to track the success of this strategy using intermediate outcomes (impacts).





## Why our work matters

Our work is essential to maintaining public trust in the public sector – we are the key integrity body that oversees management of the state's finances and the financial management and administration of government programs and services.

In the next 4 years the public sector faces several challenges in the delivery of its functions and services, and these affect us and the way we work.

### Challenges

### Impact on our work

#### Erosion of trust in government and public institutions

Trust in government institutions has generally declined in recent years, leading to ongoing scepticism in public institutions.

Our assurance over public spending and performance is significant in helping to restore and build public trust. But we also need to reduce the risk that accountability processes discourage well-managed risk-taking in government, highlighting what worked – especially in innovative or complex programs – while continuing to call out instances that do not represent good value for money.

#### Fiscal constraints

For 8 years, the Victorian Government's operating and capital spending has exceeded its cash inflows, resulting in ongoing deficits and rising debt. A lack of a long-term fiscal management plan leaves the state vulnerable, as current strategies are short term and reactive.

Our continued focus on efficient and effective fiscal and financial management helps to highlight areas for reform and remediation. We will examine and report on the highest-risk and most relevant areas of public spending, including where the government needs to innovate and where it is working on system-wide issues.

#### Climate change and adaptation

The government will need to ensure that public services and infrastructure are resilient and prepared to respond effectively to climate change.

While sustainability reporting is a likely outcome, the Victorian Government still needs to finalise and implement its reporting framework for public bodies and determine the assurance requirements it will seek from VAGO, which is causing uncertainty.

Our financial and performance attestation function will need to expand to cover sustainability assurance so that we can continue to support improved, timelier financial and sustainability reporting for existing and new requirements and standards.

#### Information technology

The rapid development and adoption of new technologies provides opportunities to improve and transform public services but also brings new risks.

We need to equip ourselves and support audited bodies to modernise, by investing in our own systems and solutions, and encouraging the government to improve its systems through our recommendations.



## Challenges

## Impact on our work

### Workforce

Although unemployment rates have remained low, there are ongoing labour market capability challenges, including shortages of talent and skills in governance, management, administration, audit and accounting. Competition for individuals with these skills is strong, particularly from private sector accounting firms.

The non-frontline public sector workforce is expected to decrease over time in alignment with the government's fiscal strategy. This trend may present both opportunities and challenges. Individuals leaving the Victorian public sector often hold valuable knowledge and skills that can help address some workforce market issues. Conversely, a significant reduction in the Victorian public sector workforce could affect audit activities by increasing certain risk indicators, influencing organisational culture, impacting internal control frameworks and reducing departments' and agencies' capacity to participate in audits.

We need to attract and retain employees that reflect the diversity of the community we serve and that are curious and seek to learn.

We need to grow our skills and capabilities to ensure we maintain the right expertise and credibility, focusing on the capabilities the government needs to improve.

# Snapshot

Our Strategic Plan is the roadmap for where VAGO is heading as an organisation and how we will respond to the coming challenges and opportunities.





# Influence

We will grow our reputation and standing as an independent, credible, authoritative and constructive reporter to catalyse positive change.



## Our audit services

Our strategy 1.1: Build more productive relationships with Parliament, media and the public to better respond to their evolving information needs.

### Why this matters

When we communicate successfully, parliamentarians and the Victorian public understand what we do and what we are saying. This means they are better informed about how the Victorian public sector is performing, which supports them to effectively scrutinise and improve it. They can also engage with us easily, share their ideas for audits or partner with us to act on our insights, realising the full value and importance of our work.

Methods of communicating continue to evolve. The way people prefer to receive and engage with information is changing. We want to ensure we are maximising the opportunities to reach those we want to influence.

### Initiatives in this strategy

- 1.1.1 Continue to enhance and extend our stakeholder engagement and public outreach program.
- 1.1.2 Modernise our digital presence and embrace a proactive communications posture.

#### What good looks like

We understand our audiences and tailor our communications and products to meet their needs and expectations.

We communicate our audit findings and reports widely so more people understand and use them, and we continue to improve our products in response to stakeholder feedback.

We regularly engage in-depth with members of Parliament and with public servants and their key stakeholders.

We have strategic partnerships in place and use them to increase our work's impact.

Our stakeholders have a better understanding of what we do.

Staff are more confident with external communication (observed and self-reported).

#### How will we measure success

- More people view, download and cite our audits and reports.
- Stakeholders engage with us more by:
  - giving us more and better-quality referrals that result in audit topics
  - making more requests for briefings and follow-up discussions
  - increasing their participation in our feedback mechanisms.
- Parliamentarian satisfaction with our work improves/meets our agreed target.



## Our systems and methods

Our strategy 1.2: Strengthen relationships with our peers and the profession to guide new developments and approaches in public sector auditing and reporting.

### Why this matters

The reporting and regulatory burden on the public sector is substantial, so it is important that its accountability and reporting frameworks and our approaches to the audit and reporting on them support cost-effective, timely, accurate and transparent reporting to Parliament and the public.

The introduction by standard setters of new public sector accounting, reporting and auditing requirements, together with high stakeholder and regulatory expectations for audit quality, requires us to be well prepared to respond efficiently and effectively to any new requirements. We need to influence these developments so they reflect the public sector context.

### Initiatives in this strategy

- 1.2.1 Continue to actively participate in and comment on the work of standard setters and regulators with a focus in this period on the use of AI.
- 1.2.2 Continue to advocate for meaningful and cost-effective reporting and auditing frameworks with a focus in this strategic period on assurance over sustainability reporting by the public sector.

#### What good looks like

We engage regularly with professional bodies, regulators and our audit peers to understand and support their work.

We actively participate in advisory panels and working groups, and produce written submissions, to influence standard setters.

We use the insights we obtain from our expertise in public sector auditing and reporting frameworks to shape and influence the direction of public sector reporting to achieve the right balance between cost and transparency.

#### How will we measure success

- Regulators respond positively and actively to our priorities as evidenced in their forward work programs.
- Standard setters adopt our proposals and recommendations.
- We can point to demonstrable improvements in cost effectiveness, transparency and/or usefulness of public sector reporting from our advocacy and efforts.

## Our workforce

Our strategy 1.3: Strengthen our organisational culture and employee experience to attract and retain the diverse talent we need.

### Why this matters

Our people are at the heart of everything we do. In a competitive labour market, investing in our workforce is essential to attract, grow and keep skilled professionals, maintain our reputation and deliver work that the public and Parliament can trust.

We need to represent the community we serve and want to continue to build on the positive progress we made under our last strategy on diversity and inclusion.

We want our people to understand how they are rewarded and recognised for the work they do and supported with their wellbeing.

### Initiatives in this strategy

- 1.3.1 Define and promote a compelling employee value proposition with a focus on fostering a connected and inclusive workplace culture.
- 1.3.2 Foster a connected and inclusive workplace culture built on strong leadership, VAGO's values and a growth mindset.
- 1.3.3 Deliver high-quality learning and development with a focus on professional growth, self management and leadership skills.

#### What good looks like

We act with integrity. We are committed to our values. We are inclusive and respectful. We are curious and seek to learn. We strive for excellence.

Our employee experience is engaging, consistent and accelerates their performance and growth.

We have a considered and sustainable workforce supported by strategic workforce planning and succession management.

Our workplace culture is positive and supportive, built on strong leadership and a sense of belonging.

We understand what our staff need and continuously improve our people management practices and systems.

#### How will we measure success

- Critical talent stays with us for longer.
- We promote more people internally than needing to source externally.
- A high percentage of key positions have a ready candidate.
- We achieve/maintain high scores on the employee engagement index.

# Innovate

We will adopt a positive mindset to the opportunities afforded to us and the public sector through increasingly rapid technological advances.



## Our audit services

Our strategy 2.1: Design and deliver a balanced suite of services and a product mix that best promote transparency and support well-managed innovation in the delivery of public services.

### Why this matters

Our reports, findings and insights are most impactful when they are easily identified and understood by those who make decisions about public services.

Technology is quickly changing, which creates expectations for organisations to work more effectively. These technological advances provide an opportunity for us to evolve and enhance our services and the products to enhance transparency, increase scrutiny and, ultimately, provide accountability.

### Initiatives in this strategy

- 2.1.1 Continue to evolve our reporting on and visualisation of public sector performance to support increased scrutiny/transparency.
- 2.1.2 Leverage technology to implement the best format and content of public reporting and reporting to those charged with governance the results of our financial audits.

#### What good looks like

We use technology and innovation to deliver timely, accessible and impactful products and services that support learning as well as accountability.

Our approach helps public sector leaders improve services, manage risk wisely and confidently pursue well-governed innovation.

We are recognised as a trusted and influential voice that supports public sector innovation and promotes well-managed, evidence-based innovative approaches.

We can support well-managed public sector innovation ensuring that our products and services do not discourage public servants from trying new, evidence-based approaches, especially when innovation is thoughtfully planned and governed.

#### How will we measure success

Our work and insights lead to demonstrable changes in the public sector:

- Agencies we audit adopt and implement most of our recommendations in a timely way.
- Agencies achieve cost savings or productivity improvements that are directly attributable to our work.
- Stakeholders provide positive feedback on the usefulness of our products and services and the changes we make.



## Our systems and methods

Our strategy 2.2: Refine and develop our audit methods and approaches to meet our current and future services and to adapt to changing public sector approaches to service delivery and reporting.

### Why this matters

We must continue to adapt our services and methodologies to remain effective and relevant in a rapidly evolving public sector environment. As governments respond to emerging challenges such as climate change and introduce sustainability reporting frameworks, we need to build the capability to assess the quality and integrity of this information.

At the same time, making the best use of our existing mandate requires us to apply our powers strategically, focusing on areas of greatest public interest and risk, and ensuring our audit approaches remain flexible, risk-based and forward-looking.

### Initiatives in this strategy

- 2.2.1 Develop and deploy a sustainability assurance methodology for attest engagements in 2025–26.
- 2.2.2 Develop a robust approach to economy, efficiency and value-for-money engagements during 2025–26 and include topics in our annual work program from 2026–27.
- 2.2.3 Develop and rollout a robust approach to service and business process analysis and better practice benchmarking for core government services in 2026–27 and include topics in our annual work program from 2027–28.

#### What good looks like

We have developed and implemented a fit-for-purpose sustainability assurance methodology that aligns with relevant standards, supports credible and consistent attest engagements, and is delivered on time. We have more economy and efficiency-focused engagements in our annual plan and identify areas of government activity where economy and efficiency can be significantly improved.

We establish and implement a robust, repeatable approach to analysing government service delivery and business processes that enables meaningful benchmarking against better practice. The approach is evidence-based and delivers insights that help identify opportunities to improve government services.

We are recognised as a trusted and influential voice that supports public sector innovation and promotes risk-managed innovative approaches.

#### How will we measure success

- We meet the Australian Standard on Quality Management 1 annual compliance rating and receive positive findings regarding our methodology compliance and process efficiency.
- Agencies achieve cost savings or productivity improvements that are directly attributable to our work.
- Our approach to service and business process analysis and better practice benchmarking for core government services is well understood by staff and valued by stakeholders.
- Audited agencies report feeling encouraged to innovate following engagement with us.



## Our workforce

Our strategy 2.3: Develop and support our workforce by providing them with the new knowledge and digital skills they need.

### Why this matters

The strength of connection people feel to their work, their teams and the organisation's purpose is pivotal to our success.

A seamless employee experience – with well-integrated systems, communication and support – helps build that connection. When people feel supported and valued, they are more likely to stay and deliver high-quality work.

By prioritising our people and the systems that support them, we are well-positioned to meet audit challenges efficiently and with confidence. As we rollout new technology, we will invest in developing expertise across VAGO. This will improve our workforce capability and support our people to gain future-focused skills.

### Initiatives in this strategy

- 2.3.1 Embed a unified approach to capability assessment and performance feedback to accelerate development and foster a performance culture.
- 2.3.2 Review and adapt audit delivery models to leverage changes in the use of technology in audits, and review and redesign organisational structures to give effect to updated audit delivery models.

#### What good looks like

Our staff are confident using AI and other emerging technologies. We understand its role and trust how it is embedded in our tools.

Our workforce has the necessary mix of capabilities and skills that can be leveraged to deliver efficient and effective audit services.

VAGO is well placed to respond and adapt to a changing public sector.

#### How will we measure success

- Workforce capability improves, shown through more people being certified, completing training and better performance outcomes.
- Professional development and process changes lead to improvements in cost, time and audit quality.

# Inspire

We will be a positive role model and exemplar for the public sector.



## Our audit services

Our strategy 3.1: Lead the sector by our own example through proactive disclosure of and reporting on our own performance.

### Why this matters

Accountability and transparency are 2 important elements of good governance. Transparency is a powerful force that, when consistently applied, can help improve governance and promote accountability. The notion of transparency refers to timely, reliable, clear and relevant public reporting on our status, mandate, strategy, activities, financial management, operations and performance.

By modelling better practice in performance reporting and sharing key integrity documents, we can demonstrate accountability, build trust and reinforce our credibility as an integrity leader. We hope that by doing this, we not only set a clear standard for the public sector, but we also support continuous improvement and strengthen transparency for ourselves and across government.

### Initiatives in this strategy

- 3.1.1 Mirror VAGO reporting on public sector performance with our own dashboards (Responses to Performance Engagement Recommendations, Budget Paper No. 3: Service Delivery and Fair Presentation of Service Delivery Performance) and update quarterly.
- 3.1.2 Review and proactively publish on our website key internal documents and quarterly reports that relate to our governance, compliance and our internal efficiency and effectiveness.

#### What good looks like

We advance principles of transparency and accountability in the public sector by our example in our own governance and practices.

Information about us is readily accessible, easy to understand and pertinent. Our work processes, activities and products are transparent and we build trust in our institution.

We foster a culture of continuous improvement and self-reflection within the audit office and we attract talent aligned with our values of openness and integrity.

#### How will we measure success

- Our key governance documents and policies are shared on our website.
- Our reporting on public sector performance is mirrored with reports on our own performance.
- Increased website traffic to VAGO's 'How we are accountable' page.
- High levels of confidence among Parliament, the public and audited agencies in the integrity and independence of the office.



## Our systems and methods

Our strategy 3.2: Tightly integrate the use of technology, including AI, into our business and audit operations.

### Why this matters

Technology is quickly changing, and with it expectations for organisations to work more effectively. Innovative technology and tools, such as AI, can help improve our internal systems and processes. This allows us to draw more value from our existing resources and supports us to work more effectively. By adopting these tools, we can move away from older systems and be ready to respond to future opportunities and challenges. Also, as the Victorian public sector adopts new technology, we need to stay up-to-date and make the most of the opportunities it brings and allow us to continue to audit effectively.

### Initiatives in this strategy

- 3.2.1 Develop and implement a new performance engagement management system and conclude the rollout of our financial audit, accounting and compliance software.
- 3.2.2 Execute our AI Deployment Plan:
  - a) Support our staff to work more effectively and more efficiently through using the AI tools and training we provide for them.
  - b) Identify and build AI agents needed to enhance our work.

#### What good looks like

Our clients and stakeholders have trust in our use of AI and how it supports us to do our job with integrity and to a high quality.

Our approach to our digital transformation and the use of AI balances efficiency, quality and trust. It is underpinned by strong leadership, ethical and secure data use, and capable teams focused on delivering meaningful, measurable outcomes.

AI and automation allow us to 'do more with less', with better audit outputs and fewer errors. It helps us to improve our decision-making, audit quality and insights.

Audit engagement software and supporting systems facilitate full compliance with auditing and assurance standards, timely design and execution of work programs, compilation and recording of a relevant, reliable and secure evidentiary base, and efficient reporting.

#### How will we measure success

- Cost savings and productivity gains in our own work, demonstrated by improved production rates and direct (gross) margins. Lower cost audits though gains in process efficiency.
- Sustained improvement in our engagement quality inspection scores.
- Stakeholders maintain their trust throughout our transformation.
- Positive feedback from stakeholders on the enhancements to audit products and processes enabled by AI and other technology.



## Our workforce

Our strategy 3.3: Provide our workforce with high-quality physical and digital workspaces that support flexible, collaborative and effective work.

### Why this matters

Providing high-quality physical and digital workspaces that supports wellbeing and collaboration, enables our people to do their best work – now and into the future.

It drives performance, retention and innovation, and builds the kind of workplace that exemplifies integrity, respect and excellence in the public sector.

Quality audits rely on experienced staff who are supported to stay current with changing standards, technologies and risks. That means making sure our team has access to learning and development at every stage of their careers.

As we rollout new technology, we will invest in developing expertise across VAGO. This will improve our workforce capability and support our people to gain future-focused skills.

### Initiatives in this strategy

3.3.1 Complete our transition to a shared responsibility service model.

3.3.2 Deliver digital solutions with a focus on improving the user experience and self-service.

#### What good looks like

Organisational design, culture and leadership are aligned to optimise the value of our implementation of technology.

Our staff have the tools they need to do their jobs. They are confident using them, as well as AI and other emerging technologies.

Our staff have the tools they need to work flexibility, collaboratively and effectively.

#### How will we measure success

- We achieve/maintain high scores on the employee engagement index and for employee satisfaction with physical and digital work environments.
- Unscheduled absence rates are low.



VAGO