



Victorian Auditor-General's Office

Strategic Plan 2016–17



VAGO

Victorian Auditor-General's Office
Auditing in the Public Interest

Welcome to our Strategic Plan 2016–17

The Victorian Auditor-General's Office (VAGO) *Strategic Plan 2016–17* provides the Victorian Parliament, public sector agencies and the general public with information about our vision and purpose, our objectives, and the strategies and indicators we have in place to measure our success against our objectives and working towards achieving our vision.

This strategic plan is an interim plan for the 2016–17 financial year, while a new rolling four-year strategic plan is developed for 2017–18 to 2020–21, in consultation with the incoming Auditor-General.

This strategic plan links with our:

- annual plan, which offers guidance on our strategic audit themes and audit program
- annual report, which provides information on our achievement against our Key Result Area indicators (as shown in this plan)
- internal business plans, which guide activities to deliver against our indicators, strategies and objectives, and which include targets for the accountability indicators in this strategic plan.

Our vision¹

To be a catalyst for continuous improvement in the accountability and performance of the public sector.

Our purpose

The Auditor-General provides independent assurance to Parliament and the Victorian community on the financial integrity and performance of the state. We do this primarily by undertaking financial audits and performance audits of public sector entities.

Our values

- Integrity
- Personal accountability
- Teamwork
- Learning
- Outcome focused

¹ VAGO will use qualitative and quantitative information to monitor the way our audits are used as catalysts for change, and will report on the impact of our audits in our Annual Report.

Legislation and mandate

The *Constitution Act 1975* establishes the role of the Auditor-General and gives the Auditor-General complete discretion in the performance and exercise of his functions and powers.

The *Audit Act 1994* establishes the Auditor-General's mandate, provides the legal basis for his powers, and identifies the Auditor-General's responsibilities, including:

- auditing the annual financial report of the state
- reviewing the state's estimated financial statements within the State Budget Papers
- auditing the financial statements and non-financial performance statements of public sector organisations
- undertaking performance audits focusing on the economic, efficient and effective use of public resources to achieve public program objectives
- reporting the results of audits to Parliament.

The objectives of the *Audit Act 1994* are outlined in Section 3A of the Act.

What we do

The Auditor-General, through reports to Parliament, provides an independent assessment on whether these services have been managed economically, efficiently and effectively. These reports also provide recommendations on ways the government, through public sector agencies, can improve management and accountability.

Each year, the Auditor-General is responsible for the audit of the financial statements of over 550 entities, and conducts around 30 performance audits.



Our operating environment

External influencing factors

The Victorian public sector is working towards improving its service delivery and capability within the funding available. During the next four years, we expect the public sector landscape to see further structural reorganisation. We expect to see an emphasis placed on the public sector to utilise technology to communicate with citizens and to use different and innovative modes of service delivery. We also expect to see a public sector that is encouraged to collaborate, share information and work with private and not-for-profit sector organisations to deliver services. In other parts of the public sector, we expect to see a focus on the public transport system, roads, the safety and health of Victorians, and education.

Our annual plan addresses these challenges and focuses through the identification of our strategic audit themes, which feeds into the development of our audit program. The audit themes include governance and accountability, information and communications technology, quality control, regulation and compliance, and infrastructure and public private partnerships.

As new arrangements and ways of delivering services are implemented, these changes can raise a number of complex financial audit and legal issues, which can put management and financial control environments at increased risk. In this context, it is more important than ever that we work toward ensuring those in positions of responsibility govern and manage public expenditure well. These service demands are addressed through our objectives and strategies as listed under our Key Result Areas in this strategic plan.

As the Victorian public sector environment changes, the *Audit Act 1994* (the Act) needs to be brought up to date to deal with the way modern government operates. VAGO welcomes the Victorian Government's decision to undertake a broad review of the Act in 2016. The Integrity and Accountability Legislation Amendment



(A Stronger System) Bill 2015 currently before the Parliament covers some urgent reforms such as 'follow-the-dollar' powers—the capacity for performance audits to call for information from bodies providing government services under contract. These reforms will ensure our mandate keeps pace with the changing environment and the way in which the public sector operates, so we can provide assurance to Parliament.

Internal influencing factors

The changes occurring in the public sector mean that VAGO must constantly expand and build on existing skills, knowledge and experience. The training and development of staff, increasing our capacity through external recruitment, and continuously improving our quality and expertise will continue to be a focus.

Our structure, systems and methods must allow VAGO staff to work effectively and efficiently, and in line with best practice. We will continue to do periodic reviews of our operations and outputs, in order to update systems, work methods and structures where required.

We aim to provide a balanced program of well-targeted and well-timed topics and areas of interest to address systemic and emerging concerns in the public sector, however, the resources available to VAGO remain a challenge. We will continue to advocate for further support in order to increase our impact as we strive to be a catalyst for continuous improvement in the public sector.

Achieving our objectives

The table on the next page provides a snapshot of our Key Results Areas, which were created to help us achieve our purpose and our vision in light of our current operating environment. Our five Key Result Areas are set within a context of ongoing change, and the social, economic and environmental changes taking place in Victoria and Australia will influence how we operate and respond.

The five Key Result Areas contain our objectives, and the strategies, strategic indicators and targets we will use to measure our success. The stated indicators link to either the State Budget Paper indicators (a) or internally set indicators (b). We aim to meet or exceed each target and detailed reporting against our targets is available in our annual report.

Our key results areas

Objectives	Strategies	Strategic indicators	Target
1. Reports and advice			
Being authoritative and relevant	• Rigorous selection of audit topics/areas of focus	Average score of audit reports by external/peer assessors ^(a)	80%
	• Encouraging use of our reports	Percentage of external/peer reviews of financial statements finding no material departures from professional and regulatory standards ^(a)	100%
	• Strengthening our audit methodology	Percentage of reports completed on time ^(a)	90%
2. Parliament			
Being highly regarded by parliament	• Being responsive to feedback from Parliamentarians	Percentage of overall level of external satisfaction with audit reports and services (Parliamentarians) ^(a)	85%
	• Support Parliamentarians in using our reports and services	Percentage of inquiries from Parliament and the public responded to within 28 days ^(a)	95%
3. Audit clients			
Fostering productive relationships with audit clients	• Professional management of audited agency relationships	Percentage of audit opinions issued within statutory deadlines ^(a)	98%
		Percentage of management letters issued to agencies within established timeframes ^(a)	90%
		Average agency rating of VAGO ^(b)	75%
4. People			
Fostering a stimulating working environment	• Effective workforce management and succession planning	Percentage of culture program projects completed ^(b)	90%
		Percentage of training budget spent ^(b)	90%
	• Building effective staff capabilities		
	• Providing a safe and healthy workplace environment		
	• Proactively develop a positive work culture		
	• Supporting peer capacity building		
5. Organisation			
Leverage our systems and processes to improve organisational performance	• Improving technological capabilities and streamlining business performance	Our total output cost for Audit reports on Financial Statements ^(a)	Within +/- 5% of funding
		Our total output cost for Parliamentary Reports and Services ^(a)	Within +/- 5% of funding
	• Increasing the rigour of business planning processes and improving the use of our resources	Our National Australian Built Environment Rating System (NABERS) ^(b)	At least ½ star greater than the national government average

Note The stated indicators link to either the State Budget Paper indicators (a) or internally set indicators (b).