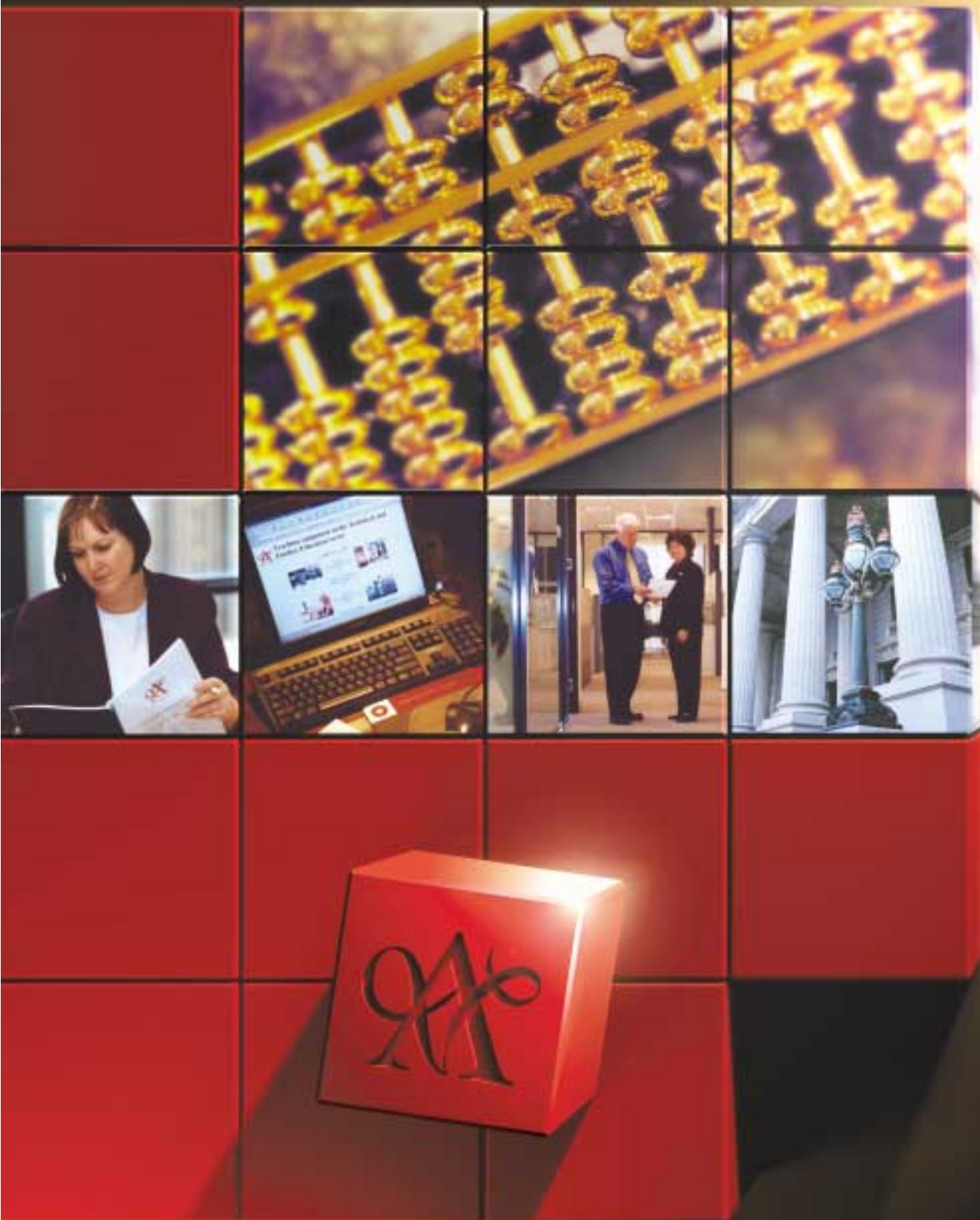


# 2000-01 Annual Report



Building for  
the *future*



AUDITOR GENERAL  
VICTORIA

*Auditing in the Public Interest*



# Building for the future

## Our Vision

**Recognised excellence in public sector auditing.**

## Our Purpose

**To contribute to improvements in performance and enhanced accountability in the Victorian public sector.**

## Our Values

**As we pursue our corporate goals, we are all committed to:**

- Integrity;
- Teamwork;
- Empowerment; and
- Professional and personal growth.

## OUR CORPORATE FOCUS FOR THE YEAR

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Our prime corporate focus for 2000-01 was directed towards achieving the following 3 key deliverables:

- **Performance audits** - provision of high quality audit reports to Parliament on significant resource management issues in the Victorian public sector;
- **Financial statement audits** - expression of audit opinions within statutory deadlines on the financial statements of audited agencies and on the Government's Annual Financial Report, and provision of high quality audit reports to Parliament on financial management and accountability issues in the Victorian public sector; and
- **Organisational development enhancements** - including implementation of a new organisational structure, following recent changes made to our legislative and operating environment.



## AUDITOR GENERAL VICTORIA

### PRINCIPAL LEGISLATION

The *Audit Act* 1994 is the main legislation governing the work of the Office.

### AUDIT RESPONSIBILITIES

At 30 June 2001, the Auditor-General had responsibility for the audit of the Government's Annual Financial Report, the review of the Estimated Financial Statements within the State Budget, and the conduct of financial statement audits and performance audits of 550 public sector organisations within Victoria. These organisations include Parliament, government departments, public bodies, educational institutions, public hospitals and municipal councils.

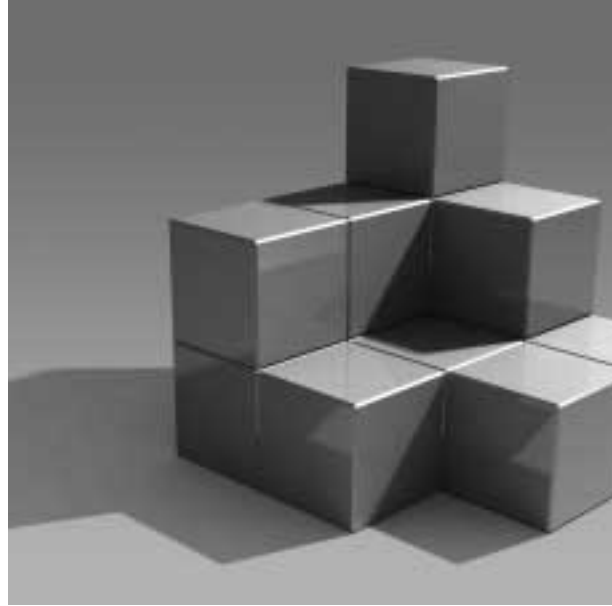
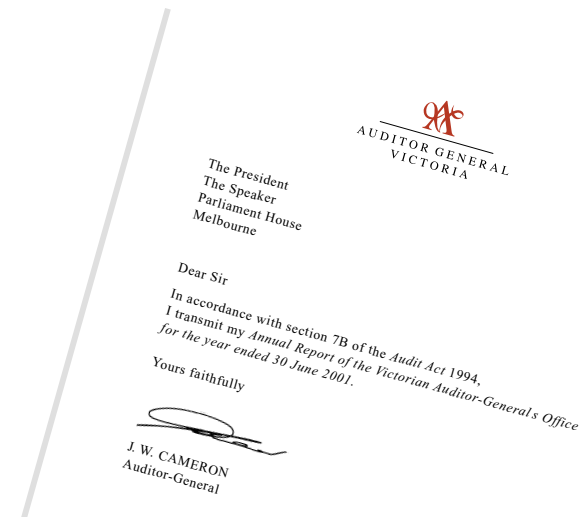
### OPERATING ENVIRONMENT

The 550 audited agencies:

- incur approximately \$30 billion in expenditure annually; and
- hold in excess of \$113 billion in assets.

### RESOURCES

- 118 in-house personnel at 30 June 2001.
- 50 private sector contractors engaged throughout the year.
- Funds provided by Parliament, \$22.3 million.



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### OFFICE INFORMATION

Victorian Auditor-General's Office  
Level 34, 140 William Street  
Melbourne Vic. 3000

Telephone: (03) 8601 7000  
Facsimile: (03) 8601 7010

Email: [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website: [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

Hours of business:  
8.00 a.m. – 5.30 p.m.



# Auditor-General's review



Wayne Cameron, Auditor-General.

*“... we have accepted the challenge of satisfying Parliament's expectations of us through exemplary performance in all areas of our work”.*

Effectively addressing change and confidently responding to the challenges presented by it are fundamental characteristics of managing in today's world. The Office experienced these characteristics in a visible and real sense during the course of the past year.

## **Responding to a changed operational environment**

The 2000-01 financial year was a year in which we:

- completed our corporate rebuild through creation of a new organisation structure and the filling of all senior positions, following earlier wide-ranging amendments to Victoria's audit legislation;
- formulated objectives and strategies to guide our medium-term organisational direction through adoption of a new Corporate Plan covering the 3 year period July 2001 to June 2004;
- presented to Parliament our second Annual Plan articulating our work program for the year and the resources required to achieve it;
- delivered 9 major reports to Parliament and expressed 549 opinions on the financial statements of agencies;
- provided constructive, professional commentary on a number of public sector guidelines and accounting pronouncements; and
- established firm policies governing the timing, nature and extent of use of contract audit services.



## **Retirement of Graham Hamilton, Deputy Auditor-General**

It was also a year that saw the retirement of Graham Hamilton as Deputy Auditor-General after a long and distinguished career spanning over 40 years in the Office diligently serving the interests of Parliament.

## **150 years of Auditing in the Public Interest**

The year 2001 marks the 150th anniversary of the appointment of the first Victorian Auditor-General in July 1851. To recognise this major event, we commissioned the preparation of an official history of the Office. We expect to publish that history early in 2002.

## **The importance of our staff**

In my foreword to our new Corporate Plan, I stated that we had accepted the challenge of satisfying Parliament's expectations of us through exemplary performance in all areas of our work. I went on to express my confidence that, with the proven skills and dedication of our people, and their strong commitment to continuous improvement, we will meet this challenge.

With much of the change associated with restructuring the organisation successfully behind us we can, with renewed vigour, continue to carry out our role as a relevant, reliable, competent and progressive auditing agency dedicated to meeting the needs and expectations of the Victorian Parliament and the wider community.

J. W. CAMERON  
Auditor-General





# HIGHLIGHTS

# 2000-01

## Performance audits

- 7 major audit reports tabled in Parliament.
- Enhancement of strategic planning processes to assist with audit topic selection.
- High satisfaction level of 81 per cent by agencies on our performance audit processes and parliamentary reports (well above our target of 75 per cent).

## Financial statement audits

- 549 audit opinions issued to agencies.
- 71 per cent external satisfaction level with the conduct of financial statement audits (slightly above our target of 70 per cent).
- 2 major reports dealing with the State's finances and individual audits conducted across key sectors of government tabled in Parliament.
- New quality assurance processes for financial statement audits developed and implemented.
- Revised resourcing policy for contracted financial statement audits established.

## Contributions towards enhancing accountability

- Relationship with the Public Accounts and Estimates Committee strengthened in areas of Office planning and parliamentary accountability.
- Significant input to the development of improvements to the *Audit Act* 1994.
- Wide-ranging assistance provided to external parties – particularly within the Victorian public sector and external professional bodies, and training assistance to developing countries.

## Our organisation

- New corporate framework, including new Corporate Plan, organisational structure and performance reporting mechanisms established.
- All appointments to senior management positions finalised by August 2000.
- IT infrastructure upgraded to meet business needs and to support audit activities.
- Office successfully relocated to new premises at 140 William Street, Melbourne.

## Annual Report Award

- Receipt of Silver Award for 1999-2000 Annual Report, in recognition of high standard of excellence in annual reporting.

## Financial management

- Operating surplus before extraordinary items of \$1.7 million.
- While the Office achieved a strong financial result, the full effect of the unified Office on our expenditure patterns will not become fully evident until the coming year.



# Our performance for the year

## ACCOUNTABILITY TO PARLIAMENT

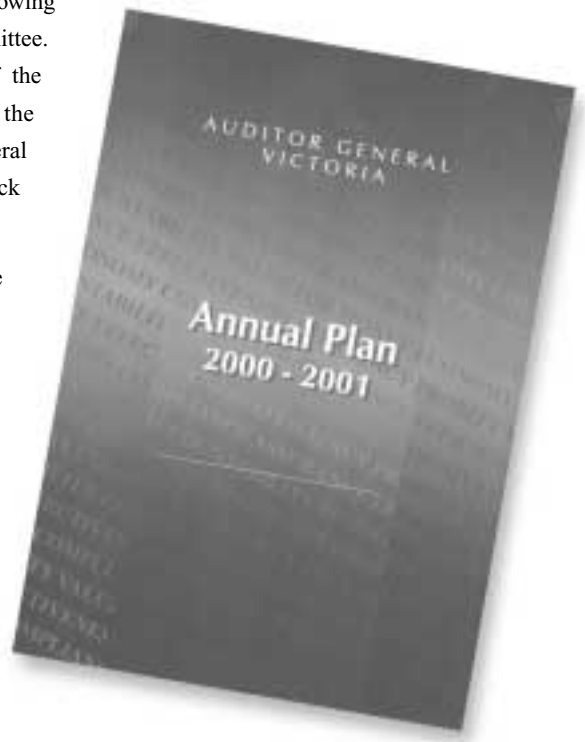
Section 7A of the *Audit Act* 1994 requires the Auditor-General to develop an Annual Plan and present it to Parliament, following consultation with the Public Accounts and Estimates Committee. This arrangement reinforces the special relationship of the Auditor-General with Parliament. It recognises that the independence and autonomy granted to the Auditor-General need to be accompanied by a clear line of accountability back to Parliament.

The Annual Plan sets out, for the coming financial year, the Office's work program and the resources required to implement the program.

Our Annual Plan for 2000-01 included:

- specific details of the planned delivery of products and services; and
- the management initiatives expected to be implemented by the Office.

This Annual Report complements the Annual Plan and constitutes our key accountability document to Parliament on our performance for the year, and our use and management of resources entrusted to us.



## OUR ACHIEVEMENTS IN 2000-01

The Office's prime corporate focus for 2000-01 was directed towards achieving the following 3 key deliverables:

- **Performance audits** - provision of high quality audit reports to Parliament on significant resource management issues in the Victorian public sector;
- **Financial statement audits** - expression of audit opinions within statutory deadlines on the financial statements of audited agencies and on the Government's Annual Financial Report, and provision of high quality audit reports to Parliament on financial management and accountability issues in the Victorian public sector; and
- **Organisational development enhancements** - including implementation of a new organisational structure, following recent major changes made to our legislative and operating environment.

## PERFORMANCE AUDITS

<i>Performance measures</i>	<i>Unit of measure</i>	<i>2000-01 target</i>	<i>2000-01 achievement</i>	<i>2001-02 target</i>
<b>QUANTITY</b>				
Major audit reports tabled in Parliament (see page 11).	<i>number</i>	6	(a) 7	10
<b>TIMELINESS</b>				
Reports completed on time (see page 15).	<i>per cent</i>	95	100	100
<b>QUALITY</b>				
Overall level of external satisfaction with audits (see page 16).	<i>per cent</i>	75	81	80

(a) One performance audit report was included in the *Report on Ministerial Portfolios*, June 2001.

## FINANCIAL STATEMENT AUDITS

<i>Performance measures</i>	<i>Unit of measure</i>	<i>2000-01 target</i>	<i>2000-01 achievement</i>	<i>2001-02 target</i>
<b>QUANTITY</b>				
Audit opinion on the Government's 1999-2000 Annual Financial Report (see page 21).	<i>number</i>	1	1	1
Review of the Government's 2001-02 Estimated Financial Statements (see page 21).	<i>number</i>	1	1	1
Audit opinions issued to agencies (see page 21).	<i>number</i>	522	549	548
Major reports tabled in Parliament (see page 23).	<i>number</i>	2	2	2
<b>TIMELINESS</b>				
Audit opinions issued within statutory deadlines (see page 25).	<i>per cent</i>	95	88	100
Management letters and reports to Ministers issued within established timeframes (see page 26).	<i>per cent</i>	(a)	(a)	100
<b>QUALITY</b>				
Overall level of external satisfaction with the conduct of financial statement audits (see page 26).	<i>per cent</i>	70	71	75

(a) New measure introduced, with effect from 2001-02.



# performance for the year

## ORGANISATIONAL DEVELOPMENT ENHANCEMENTS

### Key deliverables for 2000-01

### 2000-01 achievements

#### CORPORATE PLANNING

Establish a corporate planning framework, encompassing vision, mission and values, which complements our changed organisational focus.

Corporate planning process incorporating vision, purpose, values, objectives, strategies, performance measures and targets to guide our work over the 3 year period, July 2001 to June 2004, was completed (see page 8).

#### BUSINESS PLANNING

Compile a business plan setting out corporate goals for the next 3 years and establish protocols for consultation with the Public Accounts and Estimates Committee (PAEC) on future Annual Plans and budgets.

Business plans for each business unit for 2001-02, the first year of the Corporate Plan period, were developed and progress against them monitored. Consultation protocols developed with PAEC (see pages 8, 17 and 32).

#### PERFORMANCE MEASURES

Create a performance management and reporting framework for the monitoring and measurement of corporate performance against strategic and operational goals.

Performance measures and targets were developed and included in our Corporate Plan. They represent the means by which we intend to monitor progress towards achieving each of our objectives over the period of the Plan and will form the base from which we can report our progress to Parliament annually (see page 8).

#### STRATEGIC PLANNING

Formulate specific business priorities and strategies to drive the organisation's distinctive capabilities in strategic planning and research, audit performance and parliamentary reporting.

These priorities and strategies have now been developed (see page 17).

#### INFORMATION TECHNOLOGY

Upgrade the information technology infrastructure, covering both hardware and software, to meet business needs and to support audit activities.

New computer workstations have been delivered and are now installed. Considerable work has gone into rearranging the network to accommodate the new office fit-out (see page 50).

#### STAFF RECRUITMENT AND DEVELOPMENT

Formulate effective organisational development strategies which harness the skills and competencies of staff, and contribute to increased performance and improved productivity.

New recruitment and learning/development strategies are now in place. These strategies are aimed at ensuring that our people are adequately assisted to attain high standards of professional skills and performance (see pages 47 to 49).

#### OFFICE REORGANISATION AND RELOCATION

Finalise Office reorganisation and complete relocation of Office.

Reorganisation finalised in September 2000, and accommodation/relocation to new premises at 140 William Street completed in February 2001 (see page 41).

## OUR FUTURE DIRECTION

### Corporate Plan, 2001-02 to 2003-04

During the latter part of 2000, the Office carried out an extensive medium-term forward planning exercise. Following that process, we developed a Corporate Plan that sets out our objectives, action strategies, performance measures and targets to guide our work over the 3 year period July 2001 to June 2004.

We established our new corporate vision of **“Recognised excellence in public sector auditing”** and a new corporate purpose **“To contribute to improvements in performance and enhanced accountability in the Victorian public sector”**. In addition, we identified 4 core values for our organisation in pursuing our corporate goals:

- Integrity;
- Teamwork;
- Empowerment; and
- Professional and personal growth.

Under the Plan, we have adopted the following 5 corporate objectives:

- Deliver value-adding reports to Parliament;
- Undertake high quality independent audit activities;
- Meet the needs and expectations of our stakeholders;
- Be identified as a preferred employer; and
- Manage our business with maximum efficiency and effectiveness.

Collectively, these objectives reflect our commitment to professional excellence in the provision of independent assurance to Parliament on the management of public resources, and in the conduct of audit activities. The business plans of each organisational unit within the Office are directly aligned with our 5 principal corporate objectives.

As part of the planning process, we have put in place several performance measures and targets that are aimed at bringing about continuous improvement in the efficiency and timeliness of our audit practices, e.g. all reports to Parliament to be completed within the planned timelines, and all opinions on financial statements to be issued within 4 weeks of the receipt of statements from agencies.

The Corporate Plan also emphasises the importance of our professional relationships with key stakeholders such as Parliament’s Public Accounts and Estimates Committee and audited agencies. We recognise, within the Plan, the importance of timely and well co-ordinated communications with stakeholders, including pro-active identification of issues and developments impacting on resource management and accountability across the public sector, and within individual agencies.





## Annual Plan, 2001-02

Our Annual Plan for 2001-02, which was tabled in Parliament in June 2001, provides Parliament with details on our planned performance for the first year of our Corporate Plan, focusing on our 2 principal areas of activity, namely:

- the provision of reports to Parliament; and
- the conduct of financial statement audits.

As explained in the *Performance audits* section of this Annual Report (see page 10) we have placed priority on strengthening our strategic planning function. Our aim has been to ensure that areas selected for audit examination offer the greatest potential for us to contribute to improved performance and enhanced accountability in the public sector.



## PERFORMANCE AUDIT OF THE OFFICE



*Joe Manders, Assistant Auditor-General, Corporate Planning and Parliamentary Liaison (right) discussing issues relating to the performance audit of the Office with Stuart Alford, Partner, Ernst & Young.*

The *Audit Act* 1994 provides for an independent performance audit of the Office to be conducted at 3-yearly intervals by an auditor appointed by Parliament, on the recommendation of the Public Accounts and Estimates Committee. The performance auditor is required to determine whether the Auditor-General is achieving his or her objectives effectively, and is doing so efficiently and economically, and in compliance with the *Audit Act* 1994.

In May 2001, Mr Stuart Alford (Partner, Ernst & Young) was appointed to conduct the fourth performance audit of the Office. Mr Alford commenced his audit in June 2001. We understand that Mr Alford's report arising from the audit will be tabled in Parliament in the Spring 2001 session.



# Performance audits

## PARLIAMENT, OUR PRIME CLIENT

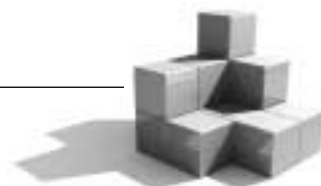
A key goal of the Office is to ensure that its activities are directed towards achieving maximum benefits for all Victorians.



In developing our annual audit and reporting program, our priority is to deliver high quality independent audit reports to Parliament that:

- adequately inform Parliament about the performance and accountability of public sector agencies; and
- lead to the application by agencies of best practice across the Victorian public sector.

To this end, our planning processes specifically focus on targeting audits to those areas offering the greatest potential for the Office to contribute to continuing improvement in resource management, and to enhance accountability in the Victorian public sector.



## DELIVERY OF PERFORMANCE AUDITS

Our performance for the year in the delivery of performance audits against the targets outlined previously on page 6 is presented in the following pages.

### QUANTITY TARGETS

#### Performance audit reports presented to Parliament

The following performance audit reports were tabled in Parliament during the year:

- *Non-metropolitan urban water authorities: Enhancing performance and accountability* (tabled November 2000);
- *Services for people with an intellectual disability* (tabled November 2000);
- *Grants to non-government organisations: Improving accountability* (tabled November 2000);
- *Implementing Local Priority Policing in Victoria* (tabled May 2001);
- *Teaching equipment in the Technical and Further Education sector* (tabled May 2001);
- *Managing Victoria's growing salinity problem* (tabled June 2001); and
- *Post-acute care planning* (included within the June 2001 *Report on Ministerial Portfolios*).

A brief overview of each report is presented in the following pages.

#### **Non-metropolitan urban water authorities: Enhancing performance and accountability, November 2000**

This performance audit covered Victoria's 15 non-metropolitan urban water authorities and focused on the quality of practices in customer service, water management, environmental management, commercial practices and corporate governance. The audit:

- identified key drivers and constraints affecting the efficient and effective performance of water authorities;
- developed a framework of good practices for use by non-metropolitan urban water authorities to assist overall performance; and
- assessed the appropriateness, accuracy and completeness of performance information by water authorities reported to Parliament and the community.

Recommendations in the report addressed matters such as pricing, water conservation, discharge of trade waste to sewers, water quality, co-operation between water authorities, competition and performance indicators. Along with recommendations to improve future practices, the audit identified that, of a sample of performance indicators examined, 33 per cent were materially inaccurate for reasons ranging from shortcomings in the actual process of gathering and reporting of information, to inaccurate definitions used to calculate performance indicators.

The Department of Natural Resources and Environment acknowledged the recommendations made in the report, commenting that "... *they provide a valuable set of best practice guidelines for enhancing the internal drivers of the non-metropolitan urban water authorities and should be of significant use in improving the overall performance of the industry*".

### **Services for people with an intellectual disability, November 2000**

The provision of services for people with an intellectual disability has been an area of significant reform over the past 25 years. This audit examined the Department of Human Services' management of services for people with an intellectual disability, focusing on case management, shared supported accommodation and community access services including day programs. Visits to 35 service providers formed an integral part of the audit, which was conducted under contract.

The audit found scope for improvement in planning for the needs of persons with intellectual disabilities and protecting their rights, the provision of resources, case management, service quality and monitoring of service performance.

The Department of Human Services welcomed the report and indicated that it "... will strengthen the Department's capacity, in partnership with the non-government sector, to provide the best possible outcomes for people with a disability, their family members and carers". The report was used in the development of the Department's 3 year Disability Services Plan.

### **Grants to non-government organisations: Improving accountability, November 2000**

State Government agencies and municipal councils provide significant funding in the form of grants to non-government organisations such as community groups, sporting organisations and cultural bodies. This audit reviewed the administrative and accountability frameworks put in place by a selection of departments and municipal councils for these grants. A sample of grant recipients were visited to assess whether grants had been used for the purposes for which they were given, and administered in an economic, efficient and effective manner.

The report contained recommendations for improving accountability frameworks, the planning and operation of grant programs, and the associated monitoring and evaluation of outcomes. The audit recommended:

- development and implementation of accountability requirements that reflect the underlying risk and materiality of the grant; and
- improved procedures for monitoring grants, including specifying reporting requirements in agreements and verifying outputs or outcomes achieved.

The agencies audited were supportive of the findings and recommendations.



*Government's sponsorship of a sporting club for the promotion of the "Booze Less" message was part of the sample of grants examined in the report.*





### Implementing Local Priority Policing in Victoria, May 2001

The Local Priority Policing model of community policing is aimed at improving the utilisation of police resources. The initiative is being implemented in 3 phases, with the final phase due for completion by July 2002. This performance audit assessed whether Victoria Police has effectively managed the implementation of Local Priority Policing to date.



*Mobile police facilities are used as self-contained mini-command posts at crime scenes or as bases for public relation activities.*

The report observed that only 2 stages of the initiative had been implemented. We concluded that there were strong indications Local Priority Policing may not achieve its objectives unless Victoria Police promptly addresses important issues, including:

- establishing suitable project management and monitoring arrangements;
- formalising relationships with key agencies, addressing duplications and overlap with other government agencies, and identifying joint priorities and actions to promote achievement of the whole-of-government objectives of Local Priority Policing;
- improving interactions with the community; and
- ensuring it has the right staff to implement the initiative.

Victoria Police indicated that the majority of issues raised were being addressed and that the audit recommendations would enhance implementation of Local Priority Policing. It viewed the report as assisting the establishment of the Local Priority Policing Steering Committee whose tasks are to monitor and manage the implementation of the initiative, and co-ordinate action taken in response to the audit report.

### Teaching equipment in the Technical and Further Education sector, May 2001

This report examined teaching equipment used in delivering vocational education and training, which is directly linked to the Government's policy objective of developing a strong skills base within Victoria.



*Internet facilities at the Parliamentary Library enabled Members and visitors to quickly access information on the Office's reports.*

The audit identified that insufficient funds have been provided in recent years to enable Technical and Further Education (TAFE) institutes to implement structured equipment replacement programs. As a result, the Government is likely to face increased funding demands in future years. The audit also found that institutes need to adopt improved asset management practices, particularly in strategic planning, preventative maintenance, information systems and the consideration of alternative purchasing options.

The Department of Education, Employment and Training and individual TAFE institutes responded positively to the report. The Department indicated that the recommendations resulting from the audit would provide a framework for the development of future equipment strategies.

### Managing Victoria's growing salinity problem, June 2001

The salinisation of Victoria's land and water assets poses a serious threat to our natural resource base. For this reason, we considered it timely to re-visit this topic as a follow-up to our 1993 report on the subject. The audit examined the appropriateness of action taken in response to our earlier recommendations, and assessed Victoria's preparedness to implement its 2000 *Salinity Management Framework*.



*An example of a discharge site in central Victoria, the result of dryland salinity. (Photograph courtesy of CSIRO Land and Water Division.)*



The audit found that the State had invested \$257 million on salinity management since 1990 and had contributed to improved salinity conditions in Victoria's major irrigation districts. However, salinity in non-irrigated (or dryland) areas had worsened over the same period. Based on past achievements, only a few Catchment Management Authorities are on schedule to meet their 30 year revegetation targets. The audit concluded that, although Victoria is in a relatively good position to implement management options under the 2000 *Salinity Management Framework*, the scale of the worsening salinity problem may overwhelm future effort.

The Department of Natural Resources and Environment has undertaken to work towards addressing the suggestions for improvement made in the report.

**Post-acute care planning, June 2001**

*(incorporated in Report on Ministerial Portfolios, June 2001)*

Over the past decade, significant changes in acute health care, including declining patient length of stay in acute hospitals, have meant that patients are increasingly receiving post-acute care in the community.

The audit described the changes in activity throughout the decade in acute, sub-acute and post-acute care, and the associated level of resources. It examined the Department of Human Services' strategic planning and policy and funding frameworks, the approach to encouraging innovation and improved service delivery by health service providers, and program monitoring and evaluation practices.

Recommendations addressed the need to improve data availability, co-ordinate the activities between the State and Commonwealth, monitor the effectiveness of service delivery and evaluate the post-acute care programs. The Department agreed with the recommendations made in the report.

## TIMELINESS OF OUR PERFORMANCE AUDIT REPORTING PROGRAM

The timing of reports presented to Parliament during 2000-01 was in accordance with the targets established within the Office's Annual Plan.

## MEASURING THE QUALITY OF OUR PERFORMANCE AUDITS

### Parliament's interest in our work

During 2000-01, approximately 90 references to the Office, and its reports, were made during proceedings of both Houses of Parliament. The references, as recorded in *Hansard*, dealt with:

- the role and work of the Office;
- issues identified in Auditor-General's reports to Parliament drawn on by Members to support parliamentary debate;
- audit legislation and audit functions; and
- other general references.

The extent of this interest by Parliament on audit matters reported by the Office represents an important indicator of the value that Parliament places on our work.

### Level of external satisfaction with audits

An important part of the Office's audit procedures involves obtaining feedback from agencies subjected to audit. This is undertaken through a client survey which seeks agencies' assessments of our audit processes and the quality of

our parliamentary reports. A meeting is also held with the primary agency for each report to further explore views on the audit recommendations contained in the reports.

The information from completed client surveys is collated to determine the level of overall satisfaction with our processes and the parliamentary reports. The feedback is a valuable input to our continuous improvement strategies. The overall average satisfaction level expressed by agencies for 2000-01 was 81 per cent, well above our target for that year of 75 per cent. For 2001-02, we have lifted our qualitative target to 80 per cent.



*"Hansard" recorded a high level of interest in our reports during parliamentary debates.*



## DEVELOPING OUR ANNUAL PROGRAM FOR PARLIAMENTARY REPORTS

### Strategic planning process

A key focus during 2000-01 was to strengthen the strategic planning function of the Office in order to make better informed decisions on areas for audit examination on behalf of Parliament. This involved the conduct of detailed environmental scanning throughout the year aimed at maintaining oversight of public sector activities, including emerging trends and directions. It also involved interaction with key stakeholders, upon which we plan to build over future years.

When carrying out this important function, we directed attention to:

- international and national trends in public sector practice;
- emerging issues in the public sector, including any anticipated changes in service delivery methods into the future;
- results of current or previous audit work;
- risk issues attaching to areas of government operations; and
- community concerns as expressed in communications to our Office, and through the media.

Our activities in this area led to the identification of potential areas for audit examination. Final selection of areas was guided by the application of the following key selection criteria:

- potential social, environmental and financial risks to the community;
- high public interest and/or materiality of public resources;
- potential for improved resource/financial management; and
- scope for enhanced accountability.

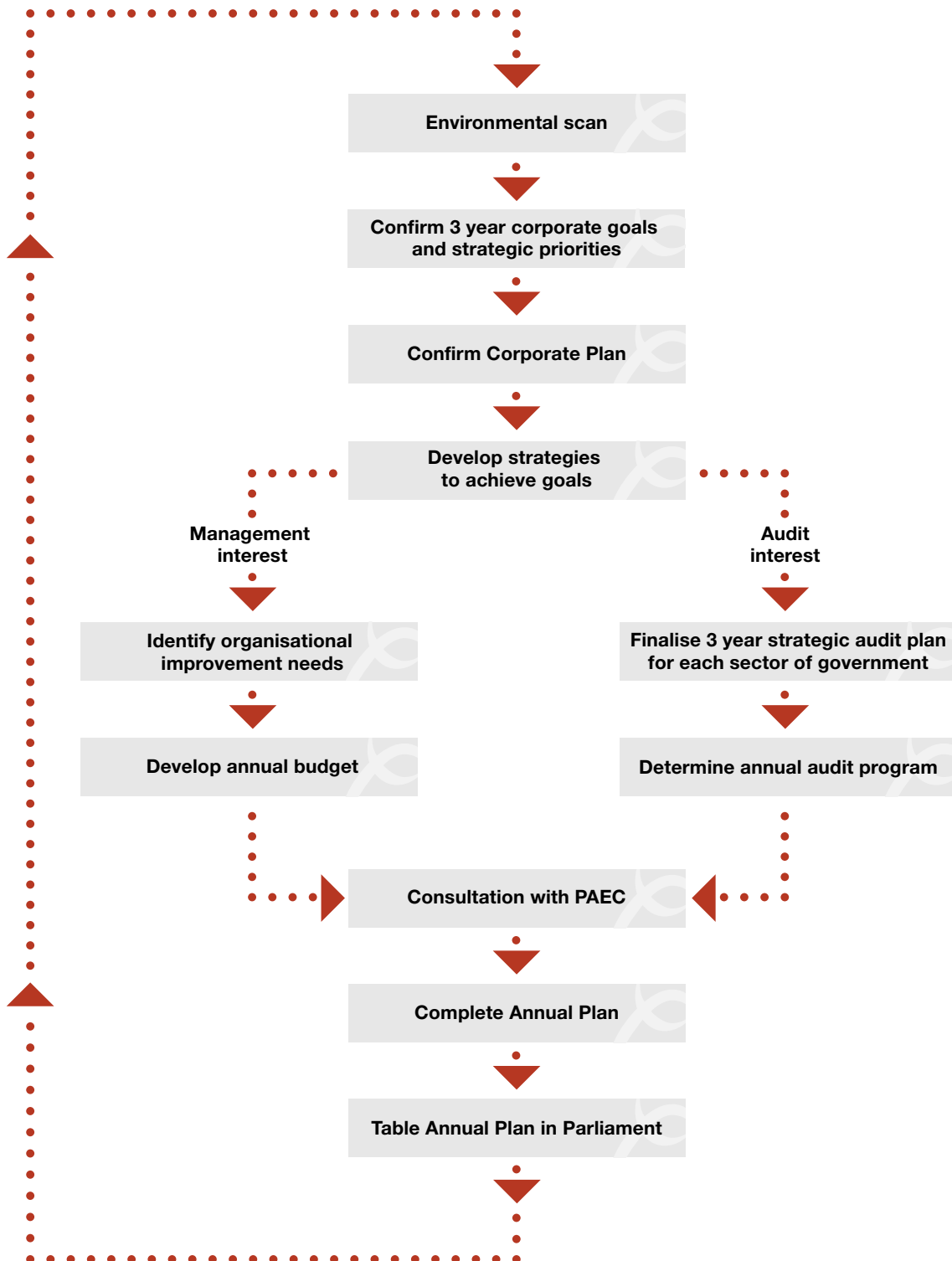
Current government policy direction and past external audit coverage were also considered in assessing and prioritising potential areas for audit emphasis. However, because these factors were not relevant to all cases of topic selection, they were regarded as useful adjuncts to the above criteria.

Two streams of strategic information flow from this process, namely:

- the development of a 3 year strategic **audit** plan for each sector of government, including determination, utilising the above key selection criteria, of those areas with potential for inclusion within our Annual Plan; and
- identification of any organisational issues impacting on our business operations warranting **management** action.

This formed an integral part of the process associated with the compilation of our Annual Plan for 2001-02 and formulation of our related budgetary needs. Following consultation with Parliament's Public Accounts and Estimates Committee, the Annual Plan was finalised and transmitted to each House of Parliament in June 2001.

Our annual strategic planning cycle is depicted in the following flow diagram.







## PERFORMANCE AUDIT METHODOLOGY

### **Victorian Performance Audit Methodology**

The Victorian Performance Audit Methodology (VPAM), developed by the Office, provides a framework for the conduct of individual performance audits. The principles underpinning this methodology are also used for our other parliamentary reports, i.e. the *Report on the Finances of the State of Victoria* and matters addressed in the *Report on results of audits by Ministerial Portfolios*.

VPAM addresses both conceptual and policy issues, and establishes the procedures to be followed during the planning, resourcing, implementation and reporting phases of an audit. It also addresses the management of communications with audited agencies and the engagement of specialist assistance. The methodology is designed to ensure that audits are conducted in an efficient manner and high quality reports are presented to Parliament.

As part of the Office's commitment to continuous improvement, a revision of VPAM was commenced in 2000-01 and is to be completed during the next financial year. The software that enables workpapers to be recorded electronically and is used to support VPAM was also refined during the year to ensure that staff have available an up-to-date suite of tools to assist them to efficiently carry out their audit assignments.

### **Relationships with audited agencies**

A high priority is placed in VPAM on the importance of sound communications with audited agencies. During the planning phase of a performance audit, consultation occurs with agencies on the proposed scope and objectives of the audit. Regular meetings are held during the course of the audit to discuss the audit's progress and emerging issues. Consultation also occurs during the reporting phase of the audit as the report is progressively drafted. Prior to finalising the parliamentary audit report, a meeting is held between senior representatives from the Office and the audited agencies to clarify any issues.

As set out in the audit legislation, agencies are issued with a summary of findings and proposed recommendations at a specified time before the report is tabled in Parliament. The agencies' responses are then included in the report.

Following the tabling of a performance audit report, information is obtained from the agencies about the quality of the audit report, including acceptance of audit recommendations, and satisfaction with the audit process. This information is collected through both surveys and face-to-face meetings, and is used as part of our performance reporting and as input to our business improvement processes.



# Financial statement audits

## NATURE OF FINANCIAL STATEMENT AUDITS

The *Audit Act* 1994 assigns a statutory responsibility to the Auditor-General to undertake, on behalf of Parliament, an annual examination of the financial statements of departments and public bodies, and to express an audit opinion on the fair presentation of those financial statements.

The main outputs from the exercise of this audit responsibility are:

- audit opinions on financial statements of individual agencies, and on the Government's Annual Financial Report;
- management letters to senior management of the audited agencies on matters arising from the audit; and
- letters to the responsible Minister on any significant audit issues.

Matters of significance identified during the course of financial statement audits were included in 2 major reports to Parliament, namely:

- *Report of the Auditor-General on the Finances of the State of Victoria, 1999-2000*; and
- *Report on results of 1999-2000 audits by Ministerial Portfolio*.

## RANGE OF FINANCIAL STATEMENT AUDIT RESPONSIBILITIES

At 30 June 2001, the Auditor-General had responsibility for the audit of the Government's Annual Financial Report, the review of the Estimated Financial Statements within the State Budget, and the conduct of 550 financial statement audits of public sector agencies.

An indication of the magnitude of these responsibilities can be gleaned from the fact that public sector agencies collect income of approximately \$33 billion annually, incur about \$30 billion in annual expenditure and hold \$113 billion in assets.

Agencies audited by the Auditor-General encompass:

- Parliament;
- 8 departments and 10 independent budget sector agencies;
- 104 public bodies, such as government business undertakings, commissions and committees of management;
- 23 educational institutions, including universities;
- 94 public hospitals and ambulance services;
- 3 superannuation funds;
- 153 companies, trusts and joint ventures;
- 30 water authorities;
- 16 regional waste management groups;
- 78 municipal councils;
- 14 public cemeteries; and
- 16 regional library corporations.

A complete listing of the agencies audited at 30 June 2001 is provided in Appendix 3.



## DELIVERY OF FINANCIAL STATEMENT AUDIT SERVICES

Our performance for the year in the delivery of financial statement audits against the targets outlined previously on page 6 is presented in the following pages.

### QUANTITY TARGETS

#### **Audit opinion on the Government's 1999-2000 Annual Financial Report**

A key feature of the State's accountability framework is a requirement for the Government to prepare and present each year to Parliament consolidated financial statements for the State. These statements cover all public sector entities controlled by the Government. Local government bodies and universities are not consolidated for the purpose of whole-of-State financial reporting.

An unqualified audit opinion on the Government's Consolidated Financial Statement for 1999-2000 was issued to the Government on 19 October 2000. The Government presented its audited financial report to Parliament on 24 October 2000.

#### **Review of the Government's Estimated Financial Statements, included in the 2001-02 State Budget**

In April 2000, amendments to the Audit Act provided for an involvement by the Auditor-General in examining the Government's Estimated Financial Statements included in the annual Budget, and to report the results of that review to Parliament.

My review of the Government's Estimated Financial Statements, covering the financial year ending 30 June 2002 and the following 3 years, was completed in April 2001. My short-form report on the results of the review was incorporated in the Government's Budget Papers presented to Parliament in May 2001.

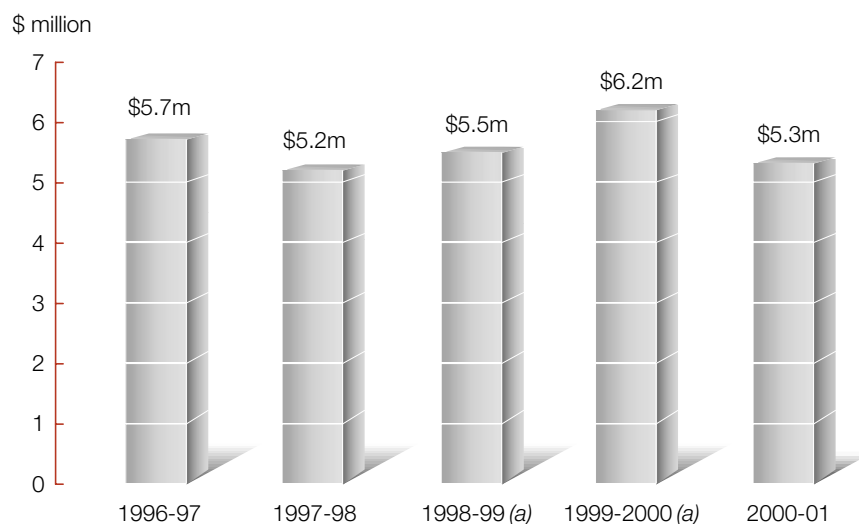
#### **Audit opinions issued to agencies**

A total of 549 audit opinions were expressed on agency financial statements during 2000-01. This output comprised:

- 180 opinions relating to audits undertaken by in-house operational staff; and
- 369 opinions for audits where external audit service providers were engaged under contractual arrangements to carry out the necessary field work.

During 2000-01, the Office made payments of \$5.3 million to external audit service providers for their work on financial statement audits. A comparison of payments over the last 5 years is outlined in the following chart.

**FINANCIAL STATEMENT AUDITS,  
PAYMENTS TO EXTERNAL AUDIT SERVICE PROVIDERS, 1996-97 TO 2000-01**



(a) Excludes payments of \$5.7 million in 1998-99 and \$2.7 million in 1999-2000 made to the former Audit Victoria under previous legislative arrangements.

The decrease in payments made to external audit service providers during the 2000-01 period reflects the completion of final audits on a number of entities during the 1999-2000 year following privatisation, and timing differences for work undertaken during 2000-01.

Details of payments to specific external audit service providers in 2000-01 are outlined in the following table.

**FINANCIAL STATEMENTS AUDITS,  
PAYMENTS TO EXTERNAL AUDIT SERVICE PROVIDERS, 2000-01**

<i>External audit service provider</i>	<i>Amount</i>
Stockford Accounting Services Pty Ltd	\$894 591
Arthur Anderson & Co	\$603 335
Day Neilson	\$590 186
PricewaterhouseCoopers	\$461 530
KPMG	\$396 396
Ernst & Young	\$291 910
Wernli O'Kane	\$265 650
Deloitte Touche Tohmatsu	\$263 940
Richmond Sinnott & Delahunty	\$259 415
Armitage Downie	\$209 950
Haines Norton	\$194 763
Hall Chadwick	\$170 820
MGI Meyrick Webster	\$142 410
Other (a)	\$586 835
<b>Total</b>	<b>\$5 331 731</b>

(a) Comprises payments to audit service providers of less than \$100 000.



Under January 2000 amendments to the Audit Act, the Auditor-General is authorised to delegate responsibility for the signing of audit opinions on financial statements to external audit service providers where the net equity of an agency is less than \$1 million. Under this authority, the Auditor-General delegated the responsibility to 15 audit service providers to issue audit opinions and audit management letters on his behalf for 34 audits in 2000-01. Specific delegations are shown in Appendix 4.

## Major reports tabled in Parliament

The following 2 major reports were tabled in Parliament during the year:

- our detailed examination of the State's finances for 1999-2000 (presented to Parliament in November 2000 in *Report of the Auditor-General on the Finances of the State of Victoria, 1999-2000*); and
- results of 1999-2000 financial audits and a number of special audits conducted across key sectors of government (presented to Parliament in June 2001 in *Report on results of 1999-2000 audits by Ministerial Portfolio*).

A brief overview of each report is presented in the following pages.

### Report of the Auditor-General on the Finances of the State of Victoria

The Report of the *Auditor-General on the Finances of the State of Victoria, 1999-2000* was tabled in Parliament on 14 November 2000. The Report outlined the results of an analysis of the Government's financial performance and financial position for the 1999-2000 financial year.

In particular, the report identified that:

- the State's financial condition had strengthened during the 1999-2000 financial year;
- the standard of disclosure had significantly improved in recent years; and
- the Government should consider the presentation of a more comprehensive range of performance indicators in future reports, to facilitate Parliament's assessment of the Government's overall performance and stewardship.



*Major events such as the Australian Formula One Grand Prix were commented on in the report.*

The report also commented on certain major activities of the State, including the staging of the Melbourne Grand Prix event, financing of the 2006 Commonwealth Games, the operation of the Government's Community Support Fund, and certain innovative construction and financing schemes in the Victorian public sector.

## **Report on results of 1999-2000 audits by Ministerial Portfolio, June 2001**

This report provided information to Parliament on the results of 1999-2000 financial audits and special audits across the key sectors of government. The Auditor-General's findings and recommendations contained in the report were aimed at presenting value-adding and constructive suggestions for better financial and resource management of the Victorian public sector.

Many of the issues reported were identified during our June 2000 and December 2000 (educational institutes) audit rounds as being of public interest and sufficient significance to draw to the attention of Parliament. Topics covered in the report included:

### **Education, Employment and Training**

- Status of Bio21 (a University of Melbourne project);
- Impact of the creation of Melbourne University Private on the University of Melbourne;
- Financial viability of public technical and further education providers; and
- Changes to budgeting arrangements for government schools.

### **Human Services**

- Financial viability of hospitals;
- Rural hospital information technology alliances; and
- Post-acute care planning (the results of a performance audit study).

### **Infrastructure**

- Local government performance reporting; and
- Property valuations used for rating purposes.

### **Justice**

- Management of the Metropolitan Women's Correctional Centre; and
- Estate Agents Guarantee Fund.

### **Natural Resources and Environment**

- Automation of the Land Titles Register;
- Wind-up of the Victorian Dairy Industry Authority;
- Buy-out of bay and inlet commercial fishing access licences; and
- Alpine resorts land stability.



*The report provided details of land stability risks within Victoria's alpine resorts. (Photo courtesy of Mt Hotham Alpine Resort Management Board.)*





### **State and Regional Development**

- Progress with the Federation Square development;
- Status of the Melbourne Docklands development; and
- Operations of the Regional Infrastructure Development Fund.



*Proposed atrium interior, Federation Square, Melbourne.*

### **Treasury and Finance**

- Financial standing of the Victorian WorkCover Authority;
- Motor vehicle fleet management by the Department of Treasury and Finance; and
- State Revenue Office's information technology systems.

### **Broad scope issues**

- Performance reporting in the budget sector; and
- Outcome of IT audits of government departments and selected agencies.

## TIMELINESS TARGETS

### **Audit opinions issued within statutory deadlines**

The *Financial Management Act 1994* requires public sector agencies to submit financial statements to the Auditor-General within 8 weeks of the end of each financial year. Under the *Audit Act 1994*, the audit opinion expressed on the financial statements of an agency must be issued within 4 weeks of the receipt of the statements from the agency.

During 2000-01, 88 per cent of audit opinions expressed on financial statements of public sector agencies were issued within the statutory deadline of 4 weeks. The reason for the actual percentage falling below the annual target of 95 per cent was mainly due to:

- delays in finalisation of financial statement audits in the local government sector due to a need to resolve problems associated with the requirement to revalue assets; and
- delays in finalising financial statement audits of some university subsidiaries.

In recognition of the importance of completing all financial statements audits expeditiously, our aim for 2001-02 is to issue all opinions on financial statements within the statutory deadline of 4 weeks of receipt of acceptable draft statements.

In addition, we have introduced 2 new timeliness targets for 2001-02, namely, that:

- all management letters (which outline the findings of financial statement audits) will be sent to agencies within 4 weeks of the issue of the audit opinion on the financial statement; and
- all reports to relevant Ministers on the results of such audits will be forwarded within 8 weeks of the issue of the audit opinion.

These actions reflect our commitment to continuous improvement in the delivery of financial statement audit services.

## QUALITY TARGETS

### **Level of external satisfaction with the conduct of financial statement audits**

Each year, the Office conducts a survey of audited agencies to obtain feedback on the quality of financial statement audit work performed by audit staff and external audit service providers.

The survey allows executive management within agencies to rate financial statement audit services against a range of key attributes, including the professionalism and skills of audit staff, effectiveness of communications with the audited agency and the level of understanding of the agency's business. Responses to these questions are used to identify areas for achieving improvements in the standard of our service delivery.

The survey also seeks an overall rating of satisfaction with financial statement audit services provided by the Office. The overall average satisfaction level expressed by agencies for 2000-01 was 71 per cent, slightly higher than our target for the year of 70 per cent. For 2001-02, we have lifted our qualitative target to 75 per cent.



## POLICY FOR FUTURE CONTRACTING OF FINANCIAL STATEMENT AUDITS

During the year, the Auditor-General approved a policy for the future resourcing of financial statement audits. Key features of this policy include:

- retention of responsibility by the Office's Financial Audit Group for the audit of the Government's Annual Financial Report, the administrative functions of Parliament and government departments;
- the Office to progressively move to a position of internally resourcing a minimum of 35 per cent of financial statement audits within each sector of government by 2004;
- progressive public tendering of contracted audits as current contractual arrangements expire; and
- a requirement for rotating the external audit service provider for each audit every 5 years in line with international "best practice" to support the maintenance of audit independence and ensure the application of a fresh and objective perspective to the audit task.

Underpinning the policy to resource a minimum of 35 per cent of audits internally is the need to ensure that the Office maintains a representative audit presence and capability in each sector. Implementation of the policy to optimise the balance between work undertaken by the Office's Financial Audit Group and external audit service providers by 2004 will be influenced by operational considerations, existing contractual arrangements and the commercial viability of contract audits offered for tender as perceived by prospective external audit service providers.

Initial implementation of the revised resourcing policy during the year resulted in the transfer of seventeen 2001-02 audits in the health sector to the Financial Audit Group. The first tender round under the new arrangements was completed by June 2001 with 150 audits in the health, water and other sectors put to a public tender process and new contracts awarded.

## QUALITY ASSURANCE FOR FINANCIAL STATEMENT AUDITS

Section 13 of the *Audit Act 1994* requires the Auditor-General to apply Australian Auditing Standards in the performance of audit functions under the Act. The Office has in place a quality assurance program to establish that all audits are conducted in accordance with those Standards and that they exhibit the high professional standard expected of the Office's activities.



*The Office's review processes ensure that audits are conducted to the highest professional standard.*

## Pre-signing reviews

As the Auditor-General is the principal auditor of all Victorian public sector agencies, the results of all audits conducted by external audit service providers are subject to pre-signing review by staff (other than the few delegated) prior to the audit opinion being issued either by the Auditor-General or his staff.

All medium to high risk audits undertaken by members of the Office's Financial Audit Group are also subject to high level pre-signing review by experienced personnel not associated with the audit. This process is designed to ensure that for medium to high risk audits, an added level of review is maintained to ensure consistency in treatment across entities within each industry sector.

## Post-audit quality reviews

In addition, a detailed post-audit quality review was undertaken for at least one audit of each external audit service provider, and a sample of audits conducted by in-house staff. This review process involved a detailed examination of the audit files and audit working papers for the selected audits.

The objective of each post-audit quality review was to determine whether:

- the audit had been undertaken in accordance with Australian Auditing Standards and applicable legislative requirements;
- a professional and comprehensive risk assessment had been documented and linked to the audit strategy;
- an appropriate audit strategy and audit program had been developed;
- adequate audit evidence and documentation supported the recommended audit opinion;
- there had been an appropriate level of resources and review processes applied by the auditor to the engagement;
- for contracted audits, the engagement had been completed in accordance with the terms of the contract;
- all issues arising during the audit were addressed including, for contracted audits, any queries raised by the Office; and
- required reports and management letters had been issued expeditiously.

Reviews were undertaken by individuals drawn from a panel of qualified and experienced external persons, and designated members of the Office's Accounting and Auditing Policy Group.

The results of each review were communicated to the auditor and, where necessary, discussions held on matters raised during the review.

# FINANCIAL STATEMENT AUDIT METHODOLOGY

## Electronic Financial Audit Methodology

The Office utilises its Electronic Financial Audit Methodology (EFINA) on all financial statement audits undertaken by the Financial Audit Group. EFINA was developed in 1999 using internal resources and is regularly upgraded to ensure its continued status as an up-to-date electronic audit methodology.



EFINA enables the documentation of audit strategies, programs, findings and audit report issues to be collated, tracked and retained in an electronic form, thereby minimising the need for maintaining hard copy records. In addition, EFINA assists in undertaking the quality assurance processes required to ensure that high quality financial auditing occurs.

Key upgrades to the methodology during 2000-01 included enhancement of audit programs and related documentation for audit planning, the evaluation of information technology controls, analytical review, and the review of the implications of the goods and services tax. Specific emphasis was also placed on expanding the use of audit software to enable more extensive interrogation of IT applications in use in major audit clients.

## Communications with audited agencies

Regular and professionally conducted communication between the Office and audited agencies is an essential ingredient of an efficient and effective audit process. Significant attention continues to be directed within the Office towards ensuring that this consultative process is effectively carried out.

Senior representatives of the Office and/or the Office's audit service providers attend key meetings with agencies during the annual financial audit cycle. Meetings are held at the commencement of each audit with Chairpersons, Chief Executive Officers, Departmental Secretaries and/or audit committees of agencies to discuss areas which may be of concern to management and the proposed audit coverage. These meetings also provide an opportunity for discussion on other internal or external reviews, including internal audit activity, so as to avoid unnecessary duplication of audit work and to ensure a cost-efficient audit.

Regular liaison with agencies also occurs during the course of each audit. This liaison ensures improved communication and co-operation with management, pro-active input by audit staff in identifying matters of risk and of public interest, and timely improvement in public sector resource management. At the conclusion of each audit, discussions are held with executive management, the entity's audit committee and/or the Board (as appropriate) on matters that have arisen from the audit.



*Consultation with representatives from audited agencies provides a valuable input to the audit process.*

In addition, the new Strategic Planning and Sector Liaison Group within the Office ensures that the Office maintains an ongoing understanding of the risks, issues and operations of public bodies in Victoria. The gathering of this information is primarily achieved through liaison with key stakeholders in relevant sectors, with the knowledge of the entities consolidated to provide input into audit planning and information for audit service providers.

The staff from the Group also liaise with a number of industry or professional consultative groups and committees to provide the Office with valuable forums for regular interaction and discussion on matters of mutual interest in order to:

- enhance the exchange of information and views;
- achieve early resolution of contentious accounting and financial reporting issues;
- improve the standard of financial reporting within the public sector; and
- strengthen the quality of resource management and the accountability of public sector agencies to Parliament.

Consultation also occurs with audited agencies about the quality of audit services and their satisfaction with those services, with the output of this consultation conveyed to agencies and audit service providers as an input to business improvement processes.

## **Financial Audit Policy Manual**

The Office's Financial Audit Policy Manual provides guidance to internal audit staff and external audit service providers on the conduct of financial statement audits. The guidance documented in the Manual encompasses:

- functions of the Auditor-General;
- legislative framework;
- contractual arrangements;
- audit requirements;
- quality assurance;
- reporting timetable;
- recent financial reporting and auditing pronouncements, developments and significant reporting issues;
- specific guidance in relation to issues in each of the industry sectors; and
- the Office's reporting requirements and other administrative issues.

Elaboration of the contents of the Manual, updated for the 2001-02 round of financial statement audits, formed part of an Office-sponsored Audit Service Providers' Forum which was held in June 2001. The Forum included presentations by Office staff on current developments in auditing and financial reporting, as well as emerging developments within individual sectors or across the public sector as a whole. A similar Forum was also held in November 2000 for the 31 December year-end education sector audits.

In addition to periodic revisions of the Manual, and in order to provide timely guidance on policy developments on emerging legislative, financial reporting or auditing issues, interim guidance is progressively issued in the form of Financial Auditing Policy Alerts. These Alerts are issued on an "as needed" basis by the Office's Accounting and Auditing Policy Group as updates to the Manual. Access to the Manual and the Policy Alerts was enhanced during the year through providing auditors in the field with controlled internet access to this guidance.



# Further contributions towards enhancing accountability

## PROMOTING ACCOUNTABILITY AND BEST PRACTICE IN THE PUBLIC SECTOR

Through our reports, we directly inform Parliament on accountability and resource management matters. The reports constitute our direct parliamentary products.

Our financial statement auditing functions assist Ministers in meeting their statutory obligations to furnish each year to Parliament audited financial statements of agencies within their portfolios. While our audit opinions expressed on agencies' financial statements are issued in the first instance to Ministers, their ultimate purpose is to provide assurance to Parliament on the quality and reliability of financial data reported by agencies.

Aligned to the above activities are the contributions we make each year, through our interactions with external parties, towards enhancing accountability and advancing the standard of resource management in the public sector. Our work in this area encompasses:

- submissions to parliamentary committees on matters relevant to their inquiries and investigations;
- advice to the Government on such matters as draft legislation and financial management proposals; and
- views conveyed to professional bodies on draft accounting and auditing pronouncements.

The main aim with this aspect of our work is to draw on the skills and experience within the Office to provide constructive professional commentary on relevant contemporary developments under consideration by external bodies.

## RELATIONSHIP WITH THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### **Direct relationship with the Committee**

The position of Auditor-General is designated as an independent Officer of Parliament within the State's Constitution Act. By virtue of this designation and other legislative provisions within the Audit Act, the position has a special relationship with Parliament.

Several statutory responsibilities in relation to the Auditor-General's Office have been assigned to the Parliament's Public Accounts and Estimates Committee. This Committee comprises 10 Members of Parliament drawn from all political parties and includes an Independent Member. It carries out investigations and reports to Parliament on matters associated with resource management and accountability in the Victorian public sector. A number of its inquiries are initiated in response to issues raised by the Auditor-General in reports to Parliament.



The statutory functions of the Committee relating to the Auditor-General encompass:

- recommendation of appointments to the position of Auditor-General;
- review of the Auditor-General's draft Annual Plan and provision of comment on the document prior to its finalisation and tabling in Parliament;
- consideration of the annual budgetary needs of the Auditor-General;
- a consultative role in the formulation of objectives and scope for all performance audits undertaken by the Auditor-General;
- a capacity to exempt, if ever deemed necessary, the Auditor-General from legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices; and
- provision of recommendations to Parliament on the appointment of a financial auditor (annually) and a performance auditor (triennially) to examine and report on the quality of financial reporting and resource management within the Victorian Auditor-General's Office.

These responsibilities of the Committee collectively represent the means by which Parliament protects the independence of the Auditor-General and ensures adequate accountability back to it on the ongoing use of that independence.

The Committee and the Office recognise the importance of a sound professional relationship between the 2 organisations, and one that is founded on respect for each other's independence and autonomy. We place a high value on this relationship and are committed to ensuring our interactions with the Committee are conducted at all times in a timely and professional manner.

### **Liaison with the Committee during 2000-01**

During 2000-01, the Auditor-General and other members of the Office met with the Committee to discuss:

- our draft Annual Plan and budgetary requirements for 2001-02;
- our submission to the Committee on its inquiry into a legislative framework for Officers of Parliament;
- proposed specifications, including planned objectives and scope, for all performance audits commenced during the year; and
- provision of evidence at a public hearing of the Committee on its inquiries into heritage and infrastructure assets, and unfunded superannuation liabilities in the financial reports of Victorian universities.

In addition, we developed protocols relating to our consultation with the Committee on our draft Annual Plan and annual budget. We also continued our longstanding practice of providing research assistance to the Committee through the secondment of staff.



*Office staff (left) and members of the Public Accounts and Estimates Committee met regularly during the year to discuss issues concerning Office operations and matters contained in Auditor-General's reports.*



## OUR INPUT TO FURTHER POTENTIAL ENHANCEMENTS TO THE STATE'S AUDIT LEGISLATION

In last year's Annual Report, we described the important changes to the State's Constitution Act and Audit Act that were passed by Parliament during 1999-2000. These changes:

- enshrined within the Constitution Act provisions relating to the appointment, independence and tenure of the Auditor-General as an independent Officer of Parliament;
- strengthened the relationship of the Auditor-General with Parliament and the accountability of the Auditor-General to Parliament; and
- restored the discretionary powers of the Auditor-General to carry out audits in whatever manner he or she deemed appropriate.

Because of these changes, the legislative framework governing the role and functions of the Auditor-General within Victoria now exhibits many strong features. These features directly support the Auditor-General in informing Parliament and the community during the course of each year on the soundness of resource management and accountability across the public sector.

We also mentioned in last year's Annual Report that we had participated in discussions with the Department of Treasury and Finance on some potential additional amendments to the *Audit Act* 1994. These discussions resumed during the latter part of 2000-01 and covered a wide range of possible amendments including:

- Legislative provision for indemnity protection to the Auditor-General and staff which would remove the question of such protection from Government;
- Extension of the existing consultative role of the Public Accounts and Estimates Committee on matters relating to the Auditor-General's annual budget to provide Parliament, or the Committee as the representative body of Parliament, with power to approve this budget and to advise the Treasurer for inclusion within the Appropriation Act;
- The setting by Parliament of a statutory benchmark for the Auditor-General's remuneration in lieu of the current arrangement under which, in practice, decisions are made by the government of the day;
- A capacity for the Auditor-General to present a report to the Presiding Officers of Parliament for publishing as a public document (when Parliament was not sitting) if, in special or unforeseen circumstances, it was felt that Parliament needed to be informed of the results of an audit, or audits, in as prompt a manner as possible;
- Assignment of an authority to the Auditor-General to access for audit purposes the premises of private sector contractors engaged in the provision of services to government agencies, whenever deemed necessary to adequately protect the public interest; and
- Clarification of the Auditor-General's authority to examine administrative functions within courts and other judicial bodies. While sizeable levels of public funds are consumed each year in the delivery of these functions, it has not been possible in Victoria, since 1996, because of the legal position for the Auditor-General to examine the management of these funds.

At the time of preparation of this Annual Report, these matters were under consideration by the Government.

The State's audit legislation already exhibits many strong features. With the latest suite of possible further amendments, there exists an opportunity to raise the standard of the legislation to an even higher level. Relevant and enduring audit legislation would be in place to serve Parliament's interest for many years to come.

## SUBMISSION TO THE JOINT

### COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT OF THE COMMONWEALTH PARLIAMENT

In February 2001, the Joint Committee of Public Accounts and Audit of the Commonwealth Parliament announced that it was conducting an inquiry into the adequacy of the Commonwealth *Auditor-General Act 1997*. This Act sets out the powers and responsibilities of the Australian Auditor-General.

The Committee's Chairman wrote to the Victorian Auditor-General on 8 February and invited comments on all or parts of the inquiry's terms of reference. The Auditor-General accepted this invitation and subsequently forwarded a written submission to the Committee. This submission covered a number of the issues under consideration by the Committee in the context of Victoria's audit legislation and included:

- boundaries of the Auditor-General's information gathering powers;
- confidentiality of information obtained during audits;
- application of parliamentary privilege to draft audit reports;
- procedural fairness in the audit reporting process; and
- several specific features of the Victorian legislation that may have the potential to further enhance the Commonwealth legislation.

In May, the Committee held hearings in Melbourne and requested the Auditor-General's attendance to elaborate on the points raised in the earlier written submission. The Auditor-General, accompanied by a senior representative of the Office, participated in the Committee's Melbourne hearings on 15 May.

The Committee has recently reported to the Commonwealth Parliament on the results of its work.

## METROPOLITAN AMBULANCE

### SERVICE ROYAL COMMISSION

As mentioned in our Annual Report for 1999-2000, we presented a report to Parliament in April 2000 on the subject of "Test calls made to non-emergency ambulance telephone lines". This particular subject formed part of the terms of reference of a Royal Commission established by the Government in December 1999 to examine certain matters associated with contractual activities of the State's Metropolitan Ambulance Service.

Our report concluded that the actions of the relevant government body (the Bureau of Emergency Services Telecommunications – BEST, within the Department of Justice) lacked an adequate investigative focus and were not sufficiently robust or inquiring to enable an opinion to be formed on whether or not allegations made in Parliament concerning Intergraph's test call practices had substance. The Auditor-General advised Parliament that, based on our review, the forming of such an opinion would need to await the outcome of the Royal Commission.



## Royal Commissioner's Report (Volume 1) – May 2001

The Commissioner's first report (Volume 1) was publicly released on 2 May 2001. It dealt with the terms of reference relating to the allegations made against Intergraph and the resultant investigatory action by the former Government.

The Commissioner's finding on the investigative actions of BEST confirmed the accuracy of the conclusions conveyed to Parliament in my April 2000 report.

The Commissioner also provided interim comments on the contractual and administrative arrangements for outsourcing of State emergency services telecommunications. The Commissioner commented that:

*“The outsourcing of emergency services telecommunications proceeded without the use of enabling legislation to permit and structure the outsourced delivery. Two consequences of this approach have been the confusion surrounding the nature, structure and functions of BEST and the absence of clearly defined lines of accountability and responsibility. A further consequence has been the creation of an environment in which the needs of the public are sought to be met through a contractual arrangement, without the protections offered by legislation.”*

The Commissioner has signalled that recommendations on structural issues will be included in his final report due in November 2001.

The above interim comments of the Commissioner convey a clear message that the ultimate protection of the interests of Parliament and taxpayers, whenever serious albeit exceptional circumstances are experienced, can only come from legislation.



## ASSISTANCE PROVIDED TO EXTERNAL PARTIES

### Parties within the Victorian public sector

The Office contributes to, and participates in, a range of activities that are aimed at assisting external parties in the public sector. Staff actively contribute to working parties, discussions groups and advisory panels of public sector agencies. Staff also make presentations to public sector groups on technical and other issues. During the year, the Office:

- provided verbal and written presentations to the Public Accounts and Estimates Committees on matters associated with its inquiries and submissions;
- maintained ongoing dialogue with the Government and individual agencies on current and emerging technical issues;
- contributed to the development of a model financial report for Victorian government departments issued by the Department of Treasury and Finance;
- commented on the Department of Human Services' *Annual Reporting Guidelines for Public Hospitals, 2000-01*; and
- presented views on a draft policy relating to the Government's proposed *Probity Policy and Guidelines for Government Tendering* projects.

## **Relevant external professional organisations**

The ability to keep abreast of developments in financial reporting and auditing issues is important to the Office in order to maintain its authoritative and expert position in accounting and auditing policy and practice matters.

The Office's Accounting and Auditing Policy Group is responsible for providing Office staff and external audit service providers with information on up-to-date developments in accounting and auditing matters. As well as providing advice to staff, external audit service providers and audited agencies on current and emerging technical issues, there is frequent liaison with the accounting profession in relation to significant financial reporting reforms.

During the year, the Office also assisted in the preparation of numerous submissions by the Australasian Council of Auditors-General, the Australian Accounting Standards Board, the Board's Urgent Issues Group, the Australian Accounting Research Foundation, and various international standards-setting organisations, in relation to exposure drafts and discussion papers issued by these organisations.

The Office also moved during the year to develop closer links with the Australasian Evaluation Society. In August 2000, the Office presented a number of sessions at the Society's annual conference in Geelong. The Auditor-General also addressed the Victorian Branch's Annual Dinner in November 2000, and the Office hosted the June 2001 meeting of the Branch. The Office values its relationship with the Society as it forms an important component of the Office's continuous improvement and staff development activities.

Further, many Office staff are at the forefront of their profession and are valued as speakers at external forums on public sector auditing and management issues. Details of external presentations made by staff during the year are provided in Appendix 2.

Finally, a number of the Office's senior staff hold important positions and memberships in a variety of professional bodies, committees and societies. These include membership of Centres of Excellence of CPA Australia, the Assurance Services and Auditing Panel of CPA Australia, the Public Sector Accountants Committee of CPA Australia and the Victorian Divisional Council of CPA Australia.

## **Independent review of New Zealand Audit Office**

During the year, Mr R.A. Walker, Assistant Auditor-General, together with a former Deputy Auditor-General of Western Australia and 2 serving senior officers of other jurisdictions within Australia, carried out a peer review of the New Zealand Audit Office.



## International training assistance to developing countries

### Membership of the South Pacific Association of Supreme Audit Institutions

During the year, the Office became a member of the South Pacific Association of Supreme Audit Institutions. The organisation's main aim is to promote the advancement of public sector accounting and auditing among its members.

### Pacific Region

Last year, our Office successfully undertook 2 AusAID in-country training projects in the Pacific Region, namely, Samoa and Kiribati. The overall aim of both training projects was to provide the local Audit Office with competency-based training designed to address areas of priority where local auditing expertise was not available.

The 2 projects were delivered during late November and early December 2000 in the following areas:

- *EDP Audit/Audit of Information Systems Skills Training* for the Government Audit Office of Samoa; and
- *Comprehensive Government Audit Practices, including EDP Audit and Planning/Management Skill Training* for the Kiribati National Audit Office.

Participants were mainly from the local Audit Offices and public sector agencies. Some participants from the private sector were also involved in the training conducted in Samoa.

Additional follow-up training courses were delivered in Samoa and Kiribati in May and June 2001.



*The Office provided information system skills training to staff from the Government Audit Office of Samoa.*

## **Mongolia**

During 1999-2000, the Office provided support to the State Audit Board of Mongolia (SAB), in association with AusAID under an Asia Development Bank - Public Sector Financial Management Reform Program. The support involved senior auditors from the Office working in Mongolia alongside auditors from the SAB of Mongolia to review financial statements that had been prepared by 3 pilot agencies under the Program. Training sessions relating to risk-based auditing concepts were also conducted for staff of that organisation.

As a follow-up to the initial training, a staff member from the SAB of Mongolia recently completed a 3 month on-the-job training program with our Office that involved a number of audit work placements supplemented with formal audit training. The placement was aimed at developing the capacity of the SAB of Mongolia to conduct financial statement audits in accordance with International Auditing Standards. Under the same arrangements, another secondment is proposed to take place later in 2001 which will assist the SAB of Mongolia in developing a cell of expertise to conduct financial statement audits and facilitate the training of other SAB staff.

## **International visitors to the Office**

During 2000-01 the Office, hosted several international visiting groups from overseas auditing and accounting organisations, and from overseas public sector agencies. A list of these visitors is provided in Appendix 2.

# AUSTRALASIAN COUNCIL OF AUDITORS-GENERAL

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The Australasian Council of Auditors-General (ACAG) fosters and promotes the development of public sector auditing in the Australasian region through the following key functions:

- developing and issuing authoritative pronouncements on the nature, scope, independence and role of the Auditors-General in the context of the Australasian scene;
- facilitating the setting of core strategic directions for Audit Offices;
- co-ordinating the development of a professional quality assurance program for participating Audit Offices; and
- contributing to the enhancement of parliamentary liaison functions across the areas of responsibility of Auditors-General.

In February 2001, the Auditor-General attended a meeting of members of ACAG in Canberra, following an Australian Council of Public Accounts Committee meeting held earlier in that week.





## Performance Audit Workshop

The Performance Audit Workshop is a forum established in 1999 under the auspices of ACAG to enable sharing of information on performance audit techniques and issues between the 13 ACAG member or associate member offices, i.e. the 8 Australian State or Territory Audit Offices, the Australian National Audit Office, New Zealand, Papua New Guinea and Fiji and the Hong Kong Audit Commission.

In August 2000, the Office hosted the Second Annual Performance Audit Workshop, attended by representatives of 7 Audit Offices, at which topics such as performance audit quality standards, environmental auditing, communicating performance audit findings, audit topic selection and working efficiently and productively were discussed. The Workshop culminated in an action plan, subsequently endorsed by ACAG, identifying action to take place in 2000-01 to encourage sharing of information, experiences and knowledge between Offices.



*Ellen Holland was a key facilitator during the Office's hosting of the Second Annual Performance Audit Workshop held in August 2000.*

## Performance audit clearinghouse

Under the August 2001 Performance Audit Workshop action plan, our Office was assigned responsibility for establishing and operating a *clearinghouse* to facilitate sharing and distribution of information on performance audit activities between ACAG members, or associate member Audit Offices. To date, the *clearinghouse* has been used to distribute material such as performance audit methodologies, forward programs of performance audits and details of reports tabled in Parliament.

The Office will continue to operate the *clearinghouse* until October 2001 at which time the responsibility will be handed over to the Australian National Audit Office.

## STAKEHOLDER AWARENESS OF THE OFFICE'S ACTIVITIES

We consider it essential that there is continuing awareness and confidence in our independent audit watchdog role carried out on behalf of Parliament and taxpayers.

Awareness of our activities is primarily generated through the tabling of reports in Parliament, and associated parliamentary debates and questions. The key findings contained in our reports are often highlighted in the media which, in turn, generates community discussion on those issues of importance to taxpayers.

## Corporate Communication Strategy

We have in place a Corporate Communication Strategy which aims to enhance external awareness and confidence in our role and activities. The Strategy is directed at the following audiences: Parliament; audited agencies; the community; other Auditors-General Offices; the accounting profession; educational institutions; and Office staff.

During the year, we commenced a reassessment of the Strategy to align it with recent changes to our operating environment.

In line with the Strategy, a number of corporate promotional activities were undertaken during 2000-01, including:

- Ongoing enhancement to our website on the internet which contains comprehensive information about the Office, including the full text of reports tabled in Parliament. In June 2001, the Office engaged a firm of external consultants to undertake a review of the website. The consultants met with a number of internal and external stakeholders to seek views on issues relating to functionality, design and desired features for a new, redesigned website. The Office will launch the redesigned website in early 2002;
- A new Office corporate video, titled *Auditing in the Public Interest*, was produced in June 2001 to reflect our changed operational environment following the important legislative amendments passed by Parliament in the latter part of 1999;
- Involvement in the Government Exhibition at the September 2000 Royal Melbourne Show through an Office information stand. The Exhibition attracted over 300 000 visitors, many of whom visited the Office's stand. The main purpose of our display was to inform the community of the wide-ranging auditing services we provide to Parliament, government and taxpayers of Victoria;
- Staging of an Office exhibit at the October 2000 Parliament House Open Day;
- Provision to all Members of Parliament and their electorate offices with copies of "In brief" brochures shortly after the tabling of each report to inform them of the release and content of reports of the Auditor-General. In addition, Members and their offices were encouraged to make use of the Office's website for quick reference services relating to the Office's reports;
- The wide distribution of our quarterly *Auditing in the Public Interest* newsletters to audited agencies and interested organisations; and
- The further development of our corporate identity program incorporating new logo and corporate colours to reflect the amalgamation of activities and staff at the Office's new address of Level 34, 140 William Street, Melbourne.



*The Office's exhibit at the Parliament House Open Day in October 2000 was an ideal venue to promote our key accountability role.*

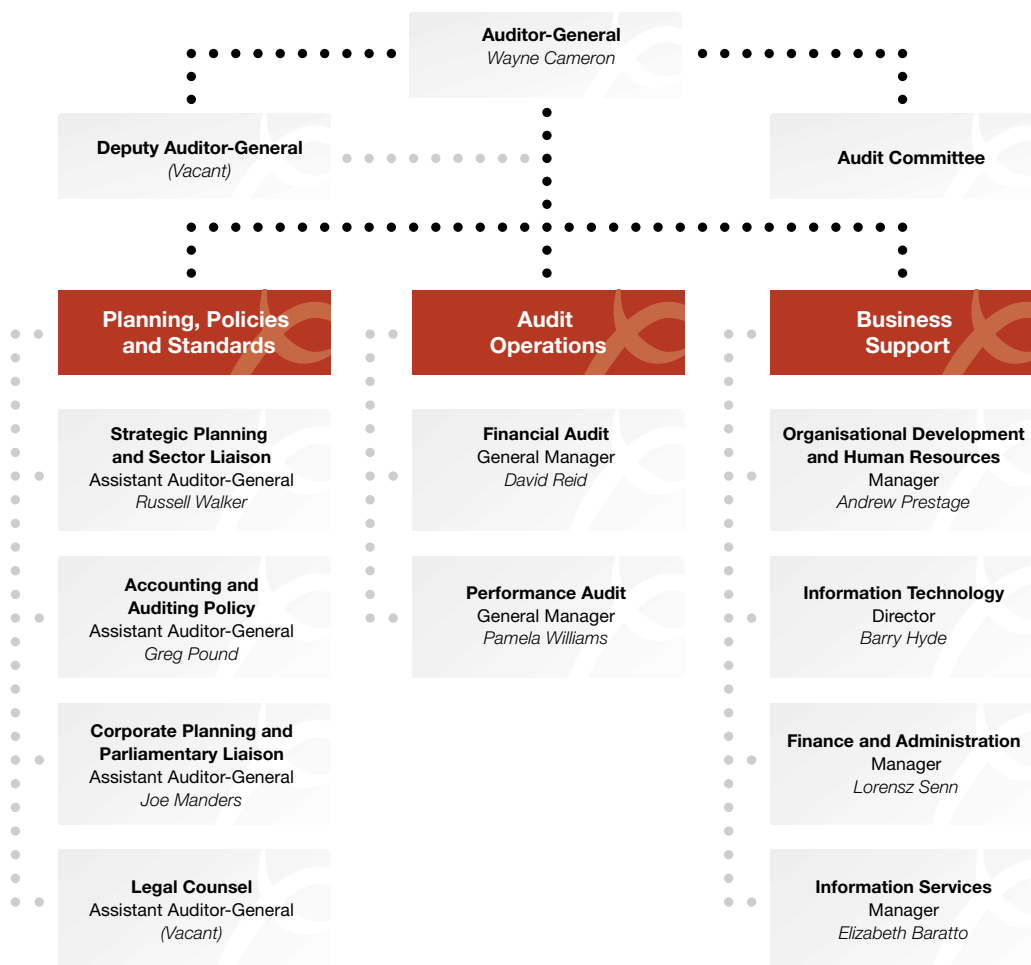
# The Office and its people

## CONSOLIDATION OF ORGANISATIONAL STRUCTURE AND OFFICE LOCATION

As reported in our 1999-2000 Annual Report, a significantly changed operating environment required that the Office implement a new organisational structure that would facilitate the delivery of high quality audit and support services, with a strong focus on meeting the needs of Parliament and our other stakeholders. A new structure was subsequently developed and, by September 2000, all senior positions within the new structure had been filled.

Also, during the year, the Office combined its Exhibition Street operations with those located at 140 William Street, Melbourne. The physical relocation took place in stages and was completed in February 2001.

The following organisation chart sets out the structure of the Office at 30 June 2001.



## OFFICE MANAGEMENT

### Composition of the Board of Management

The Victorian Auditor-General's Office is led by the Auditor-General and his Management Team.



*The Office's Board of Management (left to right) Lorenz Senn, Pamela Williams, Greg Pound, Wayne Cameron, Andrew Prestage, Russell Walker, Joe Manders, Elizabeth Baratto, Barry Hyde and David Reid.*

At 30 June 2001, the Management Team comprised:

■ **Wayne Cameron**

*Auditor-General of Victoria*

Wayne Cameron was appointed Auditor-General of Victoria in September 1999. His appointment is for a term of 7 years. Mr Cameron is responsible for the overall management of the Victorian Auditor-General's Office.

■ **Elizabeth Baratto**

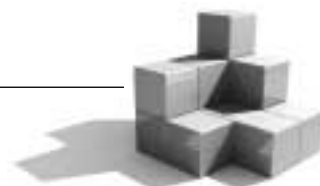
*Manager, Information Services*

Elizabeth Baratto was appointed Manager, Information Services in May 2000. She is responsible for overseeing the provision of integrated information management services to the organisation.

■ **Barry Hyde**

*Director, Information Technology*

Barry Hyde was first appointed as Director, Information Technology in 1988, and continued to occupy this position with effect from April 2000 under the Office's new structure. He is responsible for developing and maintaining the Office's information technology infrastructure and information systems.

**■ Joe Manders**

*Assistant Auditor-General, Corporate Planning and Parliamentary Liaison*

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Joe Manders was appointed Assistant Auditor-General in 1989 and assumed responsibility for Corporate Planning and Parliamentary Liaison in April 2000. He is responsible for co-ordinating the Office's corporate and annual planning processes, and for the provision of advice to the Auditor-General on parliamentary matters and developments in audit legislation.

**■ Greg Pound**

*Assistant Auditor-General, Accounting and Auditing Policy*

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Greg Pound was appointed to the position of Assistant Auditor-General, Accounting and Auditing Policy in July 2000. He is responsible for accounting and auditing policy advice, the Office's contract management system and tendering process for external audit service providers, and the Office's audit quality assurance processes.

**■ Andrew Prestage**

*Manager, Organisational Development and Human Resources*

---

Andrew Prestage was appointed Manager, Organisational Development and Human Resources in January 2001, and is responsible for managing the operations of the Human Resources Unit. The Unit aims to ensure that the potential of the Office's human resources is maximised and that the Office reflects best practice standards in its people management.

**■ David Reid**

*General Manager, Financial Audit Group*

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David Reid was appointed to the position of General Manager, Financial Audit Group in May 2000. He is responsible for financial statement audits conducted by in-house resources, which include the Government's Annual Financial Report, all government departments and most high risk public bodies.

**■ Lorenz Senn**

*Manager, Finance and Administration*

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Lorenz Senn was appointed Manager, Finance and Administration, in September 2000. He is responsible for all financial management matters within the Office, including the preparation of internal and external financial reports, and general administration functions.

**■ Russell A. Walker**

*Assistant Auditor-General, Strategic Planning and Sector Liaison*

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Russell Walker was appointed Assistant Auditor-General in 1987, and became responsible for the Strategic Planning and Sector Liaison Group in April 2000. The aim of the Group is to monitor risks, issues and operations across the entire Victorian public sector. The Group identifies medium to long-term issues across government sectors, particularly in relation to accountability and performance matters pertaining to government agencies and programs.

**■ Pamela Williams**

*General Manager, Performance Audit Group*

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Pamela Williams was appointed General Manager, Performance Audit Group in August 2000. She is responsible for managing the conduct of performance audits.

## Retirement of Graham Hamilton, Deputy Auditor-General

In November 2000, Graham Hamilton retired from the position of Deputy Auditor-General after a long and distinguished career within the Office. He joined the Office in 1960 and capably filled many positions in the lead-up to his appointment as Deputy Auditor-General in 1990.

As Deputy Auditor-General, Graham played a major role in advising and assisting the Auditor-General on the Office's strategic direction and management.

Throughout the 1990s, Graham led the development and expansion of performance auditing by the Office. This work involved responsibility for the production of many major parliamentary reports on sensitive and complex subjects, and for continuous improvement in the Office's performance audit methodologies and practices. He made a substantial contribution to establishing and maintaining the Office's national and international reputation in performance auditing.

Graham is a very strong believer in the axiom that people are the lifeblood of any organisation, and he consistently and effectively practised that philosophy during his years with the Office.

Graham exhibited the highest levels of professionalism in every aspect of his work. Given his tireless efforts in serving the public interest, it was very fitting that his retirement function, attended by his many colleagues and friends, took place within Parliament House.



## CORPORATE GOVERNANCE

### Audit Committee

The role of the Office's Audit Committee is to provide independent advice about internal control and resource management issues within the Office. The Committee constitutes an integral part of the Office's corporate governance framework. It primarily carries out its role through internal and external audit activities.

The 3 member Committee, comprising the Auditor-General, Mr J. W. Cameron and 2 external representatives, Mr D. T. Greenall (chairman) and Mr E. McL Holmes, met on 3 occasions during the year and discussed matters relating to:

- enhancements to the quality of financial reporting, including accounting policies, practices and disclosure;
- risk exposures of the Office;
- quality of financial management in the Office;
- scoping, quality and outcomes of internal audit and the outcomes of external audit; and
- the resolution, by the Office, of issues raised by internal/external audit.

Work also began on updating the Audit Committee Charter so as to develop the role of the Committee in a way which reflected the modern expectations/importance of the Committee to the management of the organisation.



## Ethical standards

The Office applies the *Code of Conduct for the Victorian Public Sector* to its staff. The *Code* provides guidance for addressing ethical issues, such as conflicts of interests. In accordance with the *Code*, all senior staff complete a Declaration of Pecuniary Interests each year.

## STAFF OF THE OFFICE

### Staffing profile

During 2000-01, the Office's staff numbers increased from 111 staff (109.8 EFT) at 30 June 2000 to 118 (116.6 EFT) at 30 June 2001.

#### STAFFING TRENDS

(at 30 June)

	1997	1998	1999	2000	2001
Staff numbers	153	132	(a) 49	(a) 111	<b>118</b>

(a) The significant change was due to a large number of staff transferring to Audit Victoria, following legislative changes to the Audit Act in 1997. The legislation was subsequently amended in 1999, following a change of government, and many of the staff from Audit Victoria transferred back to the Victorian Auditor-General's Office.

#### STAFF PROFILE BY POSITION

(at 30 June)

Position	Male		Female		Total	
	2001	2000	2001	2000	2001	2000
Executive Officers	15	17	5	3	<b>20</b>	20
VPS 5	24	16	7	10	<b>31</b>	26
VPS 4	3	4	-	1	<b>3</b>	5
VPS 3	14	20	13	12	<b>27</b>	32
VPS 2	15	13	21	15	<b>36</b>	28
VPS 1	-	-	1	-	<b>1</b>	-
<b>Total</b>	<b>71</b>	<b>70</b>	<b>47</b>	<b>41</b>	<b>118</b>	<b>111</b>

#### NUMBER OF EXECUTIVES AND EXECUTIVE VACANCIES

(at 30 June)

	Continuing executive roles	Specified term roles	Total
Executives employed	20	-	<b>20</b>
Vacancies being filled	5	-	<b>5</b>



## **Staff survey**

In May 2001, the Office conducted an organisational effectiveness survey among all staff members. The survey sought to gauge, following our restructuring, the views of staff regarding the Office's management processes and practices, and to identify improvement opportunities. The survey addressed issues such as Leadership, Internal and External Customer Focus, Information Analysis, Cost Consciousness, Management Effectiveness and Quality.

The survey highlighted areas where the Office is doing well, and areas that require further development. The Management Team and staff are working together to address the issues raised in the survey.

The Office aims to conduct organisational effectiveness surveys at least annually in order to measure the success of new and revised strategies.

## **Staffing policies**

### **Policy review**

All policies relating to the Office's Human Resource Management were reviewed during 2000-01 in light of the major organisational changes that occurred during the previous year. These policies, and corresponding procedures (35 in number), have been amended or rewritten to recognise the new organisational requirements.

### **Merit and equity policy**

The Office has in place a Merit and Equity Policy which includes policies relating to Anti-discrimination, Harassment and Victimisation, Equal Employment Opportunity, Managing Diversity and Guidelines for Resolving Complaints of Harassment.

The Office received no complaints during 2000-01.

## **Employment conditions for staff**

### **Occupational Health and Safety**

During the year, the Office engaged a specialist to undertake an ergonomic assessment of every workstation on its premises. The resulting recommendations have been approved and are being implemented.

The Office also commenced a review of staff practices for transporting work equipment between work locations, and continued its annual program of offering free flu vaccinations to all staff.

A review of all occupational health and safety policies was undertaken to ensure that they continued to conform to legislative requirements and reflect the recent organisational changes.

The Office continued its excellent health and safety record with just one injury reported during the 12 months to June 2001.

### **Flexible working arrangements**

Staff continue to use options available to them under the Office's Flexible Work Arrangements Policy such as Telecommuting, Working from Home, Flexitime and Part-Time Hours.



*A pleasant and safe working environment for staff is important to the Office.*

### **Exemptions from notification of vacancy**

During 2000-01, the Auditor-General exempted the following vacancies from notification.

<i>Number of exemptions</i>	<i>Classification</i>	<i>Circumstances as defined in Office policy</i>
1	VPS-3	Identical vacancy
1	VPS-5	Specialised duties

## TRAINING AND PROFESSIONAL DEVELOPMENT

### **Learning and development activities**

The Office continues to build on its various learning and development programs. This has led to significant activity over 2000-01 involving new graduates through to executive development.

Learning and development will continue to be recognised as a key feature of developing organisational capability and contributing to organisational growth.

The Office implements annually an in-house program which offers short courses for staff across all levels and disciplines. The courses are a combination of technical-related subjects dealing with auditing, as well as subjects which have a personal development and management focus.

## **Executive development**

### **Leadership development program**

As part of the Office's commitment to developing its leaders, the Auditor-General and all Executive Officers participated in a leadership development program at the Deakin Management Centre, Geelong, in June 2001.

The purpose of the program was to build the leadership capability and self-confidence of leaders within the Office. Some key elements of the program were:

- understanding and meeting the demands of being a leader;
- adoption of a leadership style to meet the future needs of the Office;
- more effectively adding value as leaders to the organisation; and
- better appreciating the position of colleagues and peers, and enhancing relationships with staff and clients.

The program was highly successful and further leadership development initiatives and activities are planned during 2001-02.

### **360 degree feedback**

A "360 degree feedback" development regime was introduced in the Office in May/June 2001. The technique allows multi-dimensional feedback to be given on a range of leadership competencies, and is part of the leadership development program. It enables participants to gain a better understanding of their strengths, increase self-awareness and identify specific development needs.

## **Secondments**

The Office supports secondments to and from our organisation which provide opportunities for staff to expand their professional skills. The following secondments took place during 2000-01:

- Mark Holloway to the Public Accounts and Estimates Committee (continuation of an existing secondment);
- Nick Myrianthis to Victoria Police;
- Jan Champlin from the Department of Human Services; and
- Oyundelger Pureu from the State Audit Board of Mongolia.

## **Professional accreditation**

The Office continued its strong support of staff undertaking further study. This process includes staff who are studying towards their professional accreditation through CPA Australia or the Institute of Chartered Accountants. In addition, a number of staff are encouraged and supported in postgraduate studies in areas such as Law, Risk Management, Business Administration, Information Technology, Evaluation and Human Resources.

The number of Office staff with qualifications at Master level is steadily increasing. At 30 June 2001, 18 staff either held or were progressing towards a Master qualification.



## GRADUATE RECRUITMENT AND DEVELOPMENT

### Graduate recruitment program

In February and March 2001, the Office undertook a graduate recruitment program at a number of tertiary education institutions.

The program involved attendance at numerous careers fairs and careers information days. Attendance at these venues enabled the Office to offer career opportunities to students, to promote its important role of public sector auditing, and to publicise its activities and achievements.

Over 120 applications for employment with the Office were received and 9 offers of employment for commencement in 2002 were made to candidates.



*Hundreds of students visited the Office's exhibit at the University of Melbourne careers fair.*

### Graduate development

#### Induction program

In addition to our 2002 graduate recruitment program, 11 new accounting graduates commenced with the Office in April 2001, and participated in an induction program. The program enables the new graduates to develop a broad understanding of the Office, including its systems and procedures, software packages and audit methodologies. The program was supplemented with further training in technical areas involving financial audit methodology and practices. Training will continue to be provided as part of the graduates' ongoing development.

#### Mentor scheme

In addition to the induction program, new graduates participated in the Office's mentor scheme. The scheme assists graduates in their transition from academia to work. Each graduate is assigned to a mentor over a 12 month period and the mentor acts as a valuable reference point. In addition, the scheme acts as an important course of guidance and support to graduates in the early stages of their professional careers.



*Domenic Mazza and Simone Kimpton (mentor) participated in the Office's mentor scheme.*

## INFORMATION TECHNOLOGY

Information technology continues to play a major role in the efficiency and effectiveness of the audit process and the management of the Office. The past year has seen a significant reassessment of many of the fundamental aspects of the computing infrastructure and application software.

Preliminary work commenced on replacing the network servers and data communications equipment, replacing the Audit Management Information System, examining the way computer support is provided for the application software, redevelopment of the internet website, examination of the electronic workpaper system for financial and performance audit activities, and the initiation of a project to design a system to monitor performance of the Office against its corporate objectives.

These activities are designed to replace obsolete hardware and software, improve response times, improve reliability, and reduce maintenance and running costs.

### Major IT achievements

The Office's major IT achievements during the year were:

- replacement of all desktop computers and most portable computers;
- upgrading of the Lotus Notes software;
- relocation of equipment from Exhibition Street to the Office's new premises at William Street, Melbourne;
- revision of our IT disaster recovery plan; and
- enhancement to the application software used for electronic workpapers for both financial statement and performance audits.



*Most portable computers were upgraded during the year and now feature the latest technology.*



## Key IT tasks for 2001-02

Several major tasks have been scheduled for the coming year, including:

- Replacement of the Audit Management Information System. This system is technologically obsolete and needs to be updated to reflect revised business practises and improve ease of use;
- Upgrade of the IT infrastructure to replace obsolete equipment, improve response times and improve system reliability;
- Update the internet website to improve the user interface and incorporate contemporary web design principles; and
- Implement a strategic information system to monitor business performance against corporate objectives and strategies.

An Information Management Steering Committee has been established to oversee and monitor implementation of these tasks.

## FREEDOM OF INFORMATION

The Victorian Auditor-General's Office has a professional relationship with its audited agencies and is precluded under legislative provisions from disclosing information obtained during an audit to a third party. Under section 20B of the *Audit Act* 1994, third parties do not have access to information and documents held by the Office in connection with the discharge of its audit responsibilities.

The administrative processes of the Office are, however, subject to the provisions of the State's Freedom of Information legislation. No applications under the legislation were lodged during the year.

## OTHER IMPORTANT OFFICE INITIATIVES DURING THE YEAR

### Towards a Green Office

During 2000-01, the Office committed to a Green Office Action Plan, designed to minimise energy use and waste, and reduce the negative environmental impact of the Office.

In developing the Action Plan, the Office participated in an energy audit, arranged by the Sustainable Energy Authority of Victoria, and joined the Waste Wise Office Program. The energy audit identified potential for reducing our energy consumption through installing time switches on our lighting system and a number of other initiatives. A waste audit was also conducted, and indicated that there is scope for reducing paper usage through recycling and increased use of electronic communication.

The Action Plan is being managed by a Green Office Interest Group of willing volunteers from across the Office. The aim is to reduce waste and energy use, reuse materials where practical and recycle as much of our raw materials, such as paper, as possible. The achievements of the Green Office Action Plan are monitored quarterly by the Office's Board of Management.



*Amanda McCombe (left) and Pamela Williams actively promoted the initiatives of the Green Office Interest Group.*

### **150th anniversary of the Office**

The Victorian Auditor-General's Office has a long and distinguished history, dating back to the colonial period. July 2001 marks the 150th anniversary of the appointment of the first Auditor-General for Victoria (C. H. Ebdon). To commemorate this important occasion, the Office intends to publish its history.

An experienced historian, Dr Peter Yule, was engaged in November 2000 to write a history of the Office. An Office History Steering Committee, comprising staff and consultants, has been established to assist in the overall management of the project.





*Some members of the Office History Steering Committee (from left) Joe Manders, Graham Hamilton, Jan Tranter and Peter Yule, considering photographs for inclusion in the published history of the Office.*

The publication of the history will provide a perspective of the Office's evolution over the 150 year period. Of particular interest will be the commentary on the very early years of the Office's existence and the reflections on more recent years which will draw on the personal recollections of many current and former staff, and other parties with whom the Office has had a close association.

The book on the Office's history is planned to be published in early 2002.

*150*  
*Years of Auditing in the Public Interest*

## ANNUAL REPORT, 1999-2000

The 1999-2000 Annual Report of the Office was tabled in Parliament on 30 August 2000, and was the first annual report for that year submitted by a public sector agency to Parliament. The Report was prepared in accordance with the specific requirements set out in the *Audit Act 1994*.

The Annual Report was entered in the Annual Report Awards (ARA), an Australia-wide project managed by Annual Report Awards Australia Inc. The Awards recognise best practice in annual reporting and attract entries from listed companies, government agencies, community groups and not-for-profit organisations.

The Office was successful in achieving a high standard of excellence, and was presented with a Silver Award at an Awards ceremony in Melbourne in June 2001. The Annual Report was commended for its quality coverage of most aspects of the ARA criteria, and a number of its disclosure features were assessed as outstanding.



*John Horder, Chairman, Annual Report Awards (centre), presenting the Office's Silver Award to Wayne Cameron (left) and John Olesky.*





# Financial management

## ANALYSIS OF THE YEAR'S RESULTS

- This is the first full year since the merger of the Victorian Auditor-General's Office and Audit Victoria that the Office operated as a single entity.
- The Office achieved an operating surplus before extraordinary items of \$1.7 million (1999-2000, \$921 000), and held net assets of \$3.4 million (30 June 2000, \$5.1 million).
- The comparability of this year's results with last year has been affected by the application of a new reporting format mandated under the authority of the *Financial Management Act 1994*. The Office's audit fee-for-service operations are now classified under Administered Items and reported only as a note to the accounts.
- The Office consolidated its operations to the one site in William Street and successfully re-let its former rental accommodation at Exhibition Street.
- While the Office achieved a strong financial result in the year under review, the full effect of the unified Office on our expenditure patterns will not become fully evident until the coming year.

## OFFICE OPERATING PERFORMANCE AND FINANCIAL POSITION

The following table presents comparative information on the Office's operating performance and financial position over the last 5 years.

### OPERATING RESULT (\$'000)

Item	1996-97	1997-98	1998-99	1999-2000	2000-01
Expenditure	19 272	18 492	20 208	20 954	20 636
Income	18 740	16 811	20 099	21 875	22 363
<b>Operating result before extraordinary items</b>	<b>(532)</b>	<b>(1 681)</b>	<b>(109)</b>	<b>921</b>	<b>1 727</b>
<b>Extraordinary items</b>	<b>-</b>	<b>-</b>	<b>1 546</b>	<b>84</b>	<b>332</b>
<b>Operating result</b>	<b>(532)</b>	<b>(1 681)</b>	<b>1 437</b>	<b>1 005</b>	<b>2 059</b>
<b>Net assets at year-end</b>	<b>4 344</b>	<b>2 663</b>	<b>4 100</b>	<b>5 105</b>	<b>3 374</b>

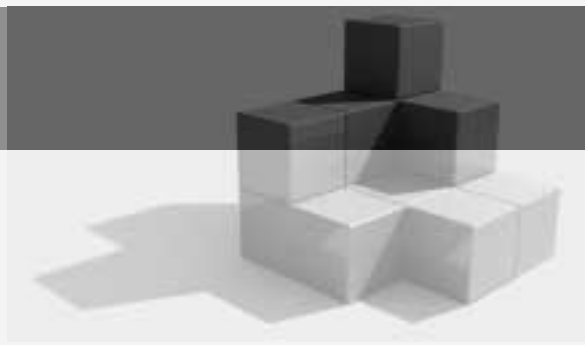
## CONSULTANCIES

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The Office engaged the services of 6 consultants during the year at a cost of \$98 000.



# Financial statements



**for the year ended 30 June 2001**

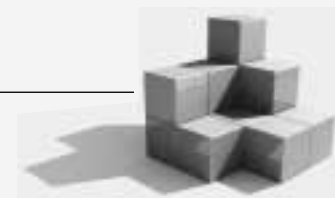
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# STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2001

<i>Item</i>	<i>Notes</i>	<i>2001</i>	<i>2000</i>
		(\$)	(\$)
<b>Revenues from ordinary activities</b>			
Output appropriations		22 066 574	21 632 815
Special appropriations		203 426	273 967
Revenue from other parties		74 513	113 439
Resources received free of charge		18 000	15 000
Net excess fees paid to consolidated fund		-	(159 691)
	4	<u>22 362 513</u>	<u>21 875 530</u>
<b>Expenses from ordinary activities</b>			
Employee benefits		9 800 666	6 506 146
Contract audits		6 889 198	11 280 535
Consumables		2 066 824	1 425 586
Rental expense relating to operating leases		1 164 813	1 047 913
Depreciation and amortisation		593 952	545 003
Capital assets charge		116 418	147 000
Net losses on disposal of plant and equipment		3 848	-
Bad and doubtful debts		-	2 120
	5	<u>20 635 719</u>	<u>20 954 303</u>
<b>Result from ordinary activities</b>		<b>1 726 794</b>	<b>921 227</b>
<b>Gain/(Loss) from extraordinary items</b>	6	<b>332 790</b>	<b>83 671</b>
<b>Net result for the reporting period</b>		<b>2 059 584</b>	<b>1 004 898</b>
Net increase in asset revaluation reserve	10(b) & 13	<u>227 751</u>	-
Total revaluation adjustments recognised directly in equity		<u>227 751</u>	-
<b>Total changes in equity other than those resulting from transactions with Victorian State Government in its capacity as owner</b>		<b>2 287 335</b>	<b>1 004 898</b>

*The Statement of Financial Performance should be read in conjunction with the accompanying notes.*



## STATEMENT OF FINANCIAL POSITION

as at 30 June 2001

<i>Item</i>	<i>Notes</i>	<i>2001</i>	<i>2000</i>
		(\$)	(\$)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	7	900	900
Receivables	8	5 723 321	7 485 819
Prepayments		145 462	225 970
Other financial assets	9	327 446	399 003
Total current assets		<b>6 197 129</b>	8 111 692
<b>Non-current assets</b>			
Property, plant and equipment	10	1 868 841	1 315 626
Total non-current assets		<b>1 868 841</b>	1 315 626
<b>Total assets</b>		<b>8 065 970</b>	9 427 318
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	1 741 697	1 168 086
Provisions	12	1 046 584	1 642 332
Total current liabilities		<b>2 788 281</b>	2 810 418
<b>Non-current liabilities</b>			
Provisions	12	1 903 546	1 511 820
Total non-current liabilities		<b>1 903 546</b>	1 511 820
<b>Total liabilities</b>		<b>4 691 827</b>	4 322 238
<b>NET ASSETS</b>		<b>3 374 143</b>	5 105 080
<b>Equity</b>			
Reserves		227 751	-
Accumulated surplus		3 146 392	5 105 080
<b>Total equity</b>	13	<b>3 374 143</b>	5 105 080

*The Statement of Financial Position should be read in conjunction with the accompanying notes.*

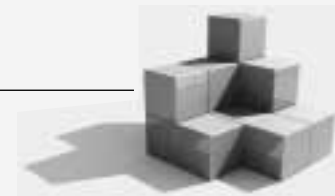


## STATEMENT OF CASH FLOWS

for the year ended 30 June 2001

<i>Item</i>	<i>Note</i>	<b>2001</b>	<b>2000</b>
		(\$)	(\$)
<b>Cash flow from operating activities</b>			
Receipts from government		<b>21 060 302</b>	19 845 075
Receipts from other parties		<b>76 954</b>	1 162 992
Payments to suppliers and employees		<b>(20 076 805)</b>	(20 475 378)
Capital asset charge		<b>(116 418)</b>	(147 000)
<b>Net cash inflow from operating activities</b>	<i>19</i>	<b>944 033</b>	385 689
<b>Cash flows from investing activities</b>			
Payments for plant and equipment	<i>10(b)</i>	<b>(1 015 590)</b>	(7 424)
Redemption of investments		<b>71 557</b>	-
Proceeds from sale of property, plant and equipment		-	304
<b>Net cash (outflow) investing activities</b>		<b>(944 033)</b>	(7 120)
<b>Net increase/(decrease) in cash held</b>		-	378 569
Cash at beginning of the financial year		<b>900</b>	(377 669)
<b>Cash at end of the financial year</b>	<i>7</i>	<b>900</b>	900

*The Statement of Cash Flows should be read in conjunction with the accompanying notes.*



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

## 1 ■ SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statements of Accounting Concepts and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain assets and liabilities which, as noted, are at valuation. The accounting policies adopted, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian Accounting Standard or Urgent Issues Group Consensus View, or an alternative accounting policy or an alternative presentation or classification of an item, as permitted by an Australian Accounting Standard, is adopted to improve the relevance and reliability of the financial report. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

The significant policies which have been adopted in the preparation of the financial statements are:

### (a) Reporting entity

The financial statements include all the controlled activities of the Victorian Auditor-General's Office.

#### **Administered resources**

The Victorian Auditor-General's Office administers but does not control certain resources on behalf of the Victorian Government. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for achievement of the Office's objectives. For these resources, the Office acts only on behalf of the Victorian Government. The accrual basis of accounting has been used in accounting for administered resources.

Transactions and balances relating to these administered resources are not recognised as the Office's revenues, expenses, assets or liabilities, and are disclosed in note 14.

#### **Non-current assets**

All non-current assets controlled by the Office are reported in the statement of financial position. Non-current assets which the Office administers on behalf of the Victorian Government are reported as administered resources.

### (b) Objectives and funding

The primary objectives of the Office is to assure the Parliament that the public sector agencies are delivering their services effectively, and doing so efficiently and economically, have operated lawfully and ethically, and have reported their performance fairly.

The Office is predominantly funded by parliamentary appropriations for the provision of pre-agreed outputs. Its financial audit function is provided on a fee-for-service basis and the revenue generated is treated as administered resources (refer note 1(a) and note 14).

### (c) Outputs of the Office

Information about the Office's output groups is set out in the Output Groups Schedule (note 2). Information about expenses, revenues, assets and liabilities administered by the Office are given in the schedule of administered expenses and revenues, and the schedule of administered assets and liabilities (note 14).

### (d) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

**(e) Revenue recognition**

Revenue becomes controlled by the Office when it has been appropriated by the Victorian Parliament and the appropriation is applied by the relevant Minister.

All other revenues received by the Office are generally required to be paid into the Consolidated Fund and are treated as administered funds and disclosed in note 14.

**(f) Receivables**

All debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition.

Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written-off. A provision is made when some debts are considered doubtful.

**(g) Revaluation of non-current assets**

Subsequent to initial recognition as assets, non-current physical assets are measured at either cost or deprival value. Deprival value is deemed at approximate fair value, being the amounts the Office would have to forgo if it were deprived of those assets. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are conducted in accordance with Department of Treasury and Finance Guidelines, Recognitions of Valuation of Non-current Physical Assets (January 1995).

On a tri-annual cyclic basis assessments will be made of all asset classes. This will be supplemented by independent assessments at least every 5 years.

Revaluations are credited directed to the asset revaluation reserve, except where otherwise stated.

**(h) Other financial assets — Investments**

Investments represent funds invested with the Treasury Corporation of Victoria and interest income is recognised in the statement of financial performance on a monthly basis.

**(i) Depreciation and amortisation of non-current assets**

Non-current assets are depreciated on a straight line basis to write-off the net cost or revalued amount of each asset group over its expected useful life to the Office. Estimates of remaining useful lives are made on a tri-annual basis for all assets. The expected useful lives are as follows:

Furniture and fittings	Between 4 to 10 years
Computer equipment	3 years
Computer software	2.5 years
Office equipment	4 years

**(j) Leasehold improvements**

The cost of improvements to, or on, leased properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Office, whichever is the lesser. Leasehold improvements held at the reporting date are being amortised on a straight-line basis over 4 years.

**(k) Leased non-current assets**

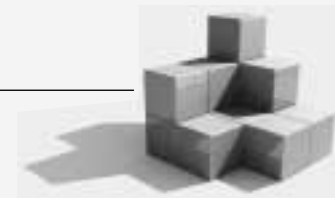
A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

The Office has no finance leases.

Operating leases are charged to the statement of financial performance in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

**(l) Trade and other creditors**

These amounts represent liabilities for goods and services provided to the Office prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.



## **(m) Employee entitlements**

### **(i) Salaries and annual leave**

Liabilities for salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

### **(ii) Provision for long service leave**

A liability for long service leave is recognised, and is measured as the present value of expected future payments including on-costs to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, as at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. An estimate of the entitlements likely to be payable within the next financial year is classified as a current liability within the Statement of Financial Position.

The following assumptions were adopted in measuring the present value of liability for long service leave:

Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	5.70%
Weighted average discount rates	5.21%
Weighted average terms to settlement of the liabilities	12.48 years

### **(iii) Performance incentive payments**

The executive officers' performance incentive entitlements likely to be payable within the next financial year are classified as a current liability within the Statement of Financial Position.

### **(iv) Superannuation**

The amount charged to the Statement of Financial Performance in respect of superannuation represents the contributions made by the Office to superannuation funds.

## **(n) Capital asset charge**

The capital asset charge is imposed by the Department of Treasury and Finance, and represents the opportunity costs of capital invested in the non-current physical assets used in the provision of outputs. The charge is calculated on the carrying amount of non-current physical assets.

## **(o) Resources provided and received free of charge**

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

## **(p) Rounding**

All figures in the financial statements and the notes thereto have been rounded off to the nearest dollar, unless specifically stated to be otherwise.

## **(q) Changes in accounting policies**

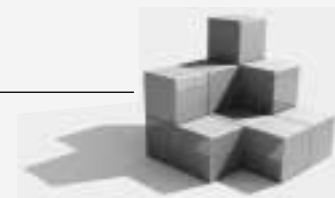
In the past audit fees have been treated as controlled revenue. However with the release of a new reporting format mandated under the authority of the *Financial Management Act 1994*, audit fees have been reported as administered revenue in this year's financial statements. Assets and liabilities relating to the administered resources are not reported in the statement of financial position, and are disclosed in note 14.

This change in accounting policy has resulted in removal of net assets related to the administered resources (\$4 018 272) from the opening balance of accumulated surplus and is disclosed in note 13.

## 2 ■ OUTPUT GROUPS OF THE OFFICE

The Office has 2 output groups: (1) the provision of financial statement audits; and (2) the provision of performance audit reports to Parliament. The former group includes the audit of the financial statements of all Victorian public sector bodies, a report on the State's finances, reporting on cross-sector issues, follow-up inquiries of member of Parliament and any other matter the Auditor-General considers relevant; while the latter covers major performance audits.

The Office is funded by parliamentary appropriations. All resources controlled by the Office in order to carry out its functions have been included in the financial statements. The major function of the Office is to provide the organisational framework and resources to enable the Auditor-General to carry out an external audit of public sector agencies on behalf of the Parliament. External contractors are appointed by the Auditor-General, following a process of contestability to assist in the carrying out of performance and financial audits. Audit fee income arising from financial statement audits is required under the *Financial Management Act 1994* to be paid into the Consolidated Fund and is treated as an Administered Item.



## OUTPUT GROUPS SCHEDULE - CONTROLLED REVENUE AND EXPENSES

for the year ended 30 June 2001

	<i>Output Group 1</i> <i>Financial Audit</i>	<i>Output Group 2</i> <i>Performance Audit</i>	<i>Total for</i> <i>the Office</i>
	<i>2001</i>	<i>2001</i>	<i>2001</i>
	(\$)	(\$)	(\$)
<b>Revenue</b>			
Output appropriations	16 023 003	6 043 571	22 066 574
Special appropriations	88 842	114 584	203 426
Revenue from other parties	16 440	58 073	74 513
Resources received free of charge	11 829	6 171	18 000
	<b>16 140 114</b>	<b>6 222 399</b>	<b>22 362 513</b>
<b>Expenses</b>			
Employee benefits	6 707 288	3 093 378	9 800 666
Contract audits	5 772 724	1 116 472	6 889 196
Consumables	1 414 474	652 350	2 066 824
Rental expense relating to operating leases	797 164	367 649	1 164 813
Depreciation and amortisation	406 483	187 469	593 952
Capital assets charge	79 673	36 745	116 418
Net losses on disposal of plant and equipment	2 634	1 214	3 848
Gain/(Loss) from extraordinary items	(227 752)	(105 038)	(332 790)
	<b>14 952 688</b>	<b>5 350 239</b>	<b>20 302 927</b>
Operating Surplus/(Deficit)	<b>1 187 426</b>	<b>872 160</b>	<b>2 059 586</b>

## OUTPUT GROUPS SCHEDULE - ASSETS AND LIABILITIES

as at 30 June 2001

	<i>Output Group 1</i> <i>Financial Audit</i>	<i>Output Group 2</i> <i>Performance Audit</i>	<i>Total for</i> <i>the Office</i>
	<i>2001</i>	<i>2001</i>	<i>2001</i>
	(\$)	(\$)	(\$)
<b>Assets</b>			
Current assets	4 245 033	1 952 096	6 197 129
Non-current assets	1 280 156	588 685	1 868 841
<b>Total assets</b>	<b>5 525 189</b>	<b>2 540 781</b>	<b>8 065 970</b>
<b>Liabilities</b>			
Current liabilities	1 909 972	878 309	2 788 281
Non-current liabilities	1 303 929	599 617	1 903 546
<b>Total liabilities</b>	<b>3 213 901</b>	<b>1 477 926</b>	<b>4 691 827</b>
<b>Net assets</b>	<b>2 311 288</b>	<b>1 062 855</b>	<b>3 374 143</b>

### 3 ■ SUMMARY OF COMPLIANCE WITH ANNUAL PARLIAMENTARY APPROPRIATIONS

#### (a) Summary of compliance with annual parliamentary appropriations

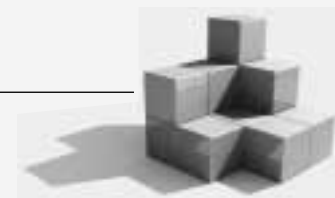
The following table discloses the details of the various parliamentary appropriations received by the Office for the year. In accordance with accrual output-based management procedures “Provision for outputs” and “Additions to net assets” are disclosed as “controlled” activities of the Office.

Note	Appropriation Act		Financial Management Act 1994, section 32		Total parliamentary authority		Appropriations applied		Variance	
	Annual appropriation	Payments from Treasurer's Advance	2001	2000	2001	2000	2001	2000	2001	2000
<b>Controlled</b>										
Provision for outputs (a)	21 772 000	290 000	650 000	2 187 000	22 712 000	24 047 000	22 066 574	21 632 815	645 426	2 414 185
Additions to net assets	74 000	-	374 000	540 000	448 000	914 000	-	-	448 000	914 000
<b>Total</b>	<b>21 846 000</b>	<b>290 000</b>	<b>1 024 000</b>	<b>2 727 000</b>	<b>23 160 000</b>	<b>24 961 000</b>	<b>22 066 574</b>	<b>21 632 815</b>	<b>1 093 426</b>	<b>3 328 185</b>

(a) The variance between total parliamentary authority and appropriations applied for the reporting period in respect of provision of outputs was attributable to the following timing factors:

- certain performance audit studies initially planned for completion in year 2001 but were still in progress as at 30 June 2001; and
- delayed provision of budgeted outputs in financial audits arising from cash flow timing decision of external service providers as at 30 June 2001.





## (b) Summary of compliance with special appropriation

Authority	Purpose	Appropriation applied	
		2001	2000
		(\$)	(\$)
Section 94A(6) of the <i>Constitution Act 1975</i>	Auditor-General's salary	203 426	272 886

*Special appropriation applied for the year 2000 includes entitlements paid to the previous Auditor-General on completion of his contract.*

## 4 ■ REVENUES FROM ORDINARY ACTIVITIES

### (a) Revenue by source

Item	Operating		Non-operating	
	2001	2000	2001	2000
	(\$)	(\$)	(\$)	(\$)
<b>Revenue from government -</b>				
Output appropriations	22 066 574	21 632 815	-	-
Special appropriations	203 426	273 967	-	-
Resources provided free of charge (a)			18 000	15 000
	<b>22 270 000</b>	21 906 782	<b>18 000</b>	15 000
<b>Revenue from other parties -</b>				
Interest received from Treasury Corporation of Victoria			19 783	24 565
Interest received from bank				64 120
Net income from disposal of non-current assets				44
Other -				
Secondment of staff	46 230			
Royal Melbourne Show grant	8 500	5 000		
Miscellaneous income			-	19 710
	<b>54 730</b>	5 000	<b>19 783</b>	108 439
Audit fees	-	13 305 391		
Amounts paid to the Consolidated Fund	-	(13 465 082)		
	-	(159 691)		
<b>Total income</b>	<b>22 324 730</b>	21 752 091	<b>37 783</b>	123 439

(a) This represents external audit services provided by the Public Accounts and Estimates Committee.

## 5 ■ RESULTS FOR THE REPORTING PERIOD

### (a) Net gains and expenses

<i>Item</i>	<i>Notes</i>	<b>2001</b>	<b>2000</b>
		(\$)	(\$)
Results from ordinary activities including the following specific net gains and expenses			
<b>Net gains</b>			
Net gains on disposal			
Plant and equipment sales		-	44
<b>Expenses</b>			
Depreciation			
Furniture and Fittings		934	122 534
Computer equipment and software		217 577	212 747
Office equipment		16 503	38 018
Total depreciation		235 014	373 299
Amortisation			
Leasehold improvements		358 938	171 704
Total amortisation		358 938	171 704
Total depreciation and amortisation		593 952	545 003
Borrowing costs expenses			
Capital charge on assets		116 418	147 000
Net losses on disposal of plant and equipment		3 848	-
Bad and doubtful debts		-	2 120
Employee benefits	(a)	9 800 666	6 506 146
Contract audits	(a)	6 889 198	11 280 535
Rental expense relating to operating leases			
Accommodation		1 017 286	951 130
Motor vehicle and equipment		147 527	96 783
Total rental expenses relating to operating leases		1 164 813	1 047 913
Consumables		2 066 824	1 425 586
<b>Total expenses</b>		<b>20 635 719</b>	<b>20 954 303</b>

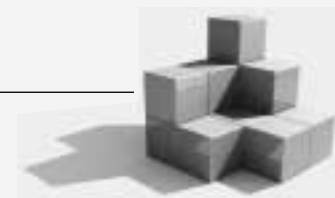
(a) The merger of Audit Victoria with the Office on 1 January 2000 has impacted on 2 expenditure groups; employee benefits and contract audits. The audits which were contracted out to Audit Victoria before are now carried out by the Office.

### (b) Revisions of accounting estimates

During the year the estimated total useful lives of the Office's computers and office equipment were revised. The net effect of the change to depreciation in the current financial year was nil.

Assuming the assets are held to the end of their estimated useful lives, the depreciation charge for these assets will increase by:

<i>Year ending 30 June</i>	<i>\$</i>
2002	178 200
2003	36 900
2004	12 170
2005	480
Total	227 750



## 6 ■ EXTRAORDINARY ITEMS

Item	2001	2000
	(\$)	(\$)
<b>Expenditure</b>		
Office restructuring costs including termination payments, executive recruitment and relocation	-	(419 391)
Surplus leased space (a)	<b>332 790</b>	(431 394)
Fixed assets written off	-	(83 587)
<b>Income</b>		
Gain on net assets transferred	-	1 018 043
<b>Total</b>	<b>332 790</b>	<b>83 671</b>

(a) In the previous year (2000) a provision was made for future expenditure commitments for surplus lease space at 222 Exhibition Street. These expenditures were incurred only for part of this year because the tenancy was re-let on favourable terms and, therefore, the full provision was no longer required.

## 7 ■ CASH

Item	2001	2000
	(\$)	(\$)
Cash on hand	<b>900</b>	900
Balance per statement of cash flows	<b>900</b>	900

## 8 ■ RECEIVABLES

Item	2001	2000
	(\$)	(\$)
<b>Current</b>		
Amounts owing from Victorian Government	<b>5 688 438</b>	3 435 697
	<b>5 688 438</b>	3 435 697
Debtors and work in progress	-	4 008 430
Other debtors	<b>34 883</b>	41 692
Aggregate carrying amounts of receivables	<b>5 723 321</b>	7 485 819

Amount owing from Victorian Government equates to parliamentary appropriations applied for which funds have not been drawn from the consolidated fund. This amount is held in the Consolidated Fund within the Public Account until required to meet the related expenditure in future periods.

Debtors and work in progress relate to audit fees which are disclosed as administered assets in 2001 and disclosed in note 14.

## 9 ■ INVESTMENTS

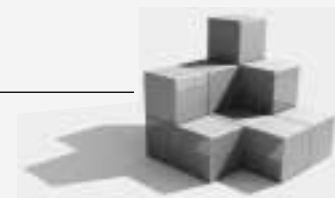
	2001	2000
	(\$)	(\$)
<b>Current</b>	<b>327 446</b>	399 003

In accordance with the terms of the Public Sector Management and Employment Act a total of \$327 446 (2000, \$399 003) is available for executive officers' performance pay entitlements. These funds have been paid into the "Performance Incentive Payments Scheme Trust Account". The proceeds of this Account are invested with the Treasury Corporation of Victoria and payable to executive officers annually.

## 10(a) ■ PROPERTY, PLANT AND EQUIPMENT

<i>Item</i>	<i>2001</i>	<i>2000</i>
	(\$)	(\$)
<b>Leasehold improvements</b>		
At cost	2 134 822	1 382 630
Less: Accumulated amortisation	(854 574)	(495 636)
Total leasehold improvements	1 280 248	886 994
<b>Furniture and fittings</b>		
At cost	5 783	3 143
Less: Accumulated depreciation	(1 720)	(786)
Total furniture and fittings	4 063	2 357
<b>Computer software</b>		
At cost	178 850	124 713
Less: Accumulated depreciation	(124 509)	(70 764)
Total computer software	54 341	53 949
<b>Computer hardware</b>		
At cost	-	1 570 050
At valuation - June 2001	486 247	-
Less: Accumulated depreciation	-	(1 220 617)
Total computer hardware	486 247	349 433
<b>Office equipment</b>		
At cost	-	158 684
At valuation - June 2001	43 942	-
Less: Accumulated depreciation	-	(135 791)
Total office equipment	43 942	22 893
<b>Total shown in Balance Sheet</b>	<b>1 868 841</b>	<b>1 315 626</b>

*The basis of valuation of computer hardware and office equipment is replacement value adjusted for remaining useful life of the asset. The revaluations as at 30 June 2001 were based on internal management assessments.*



## 10(b) ■ PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer software</i>	<i>Computer hardware</i>	<i>Office equipment</i>	<i>Total</i>
<b>2001</b>						
Carrying amount at start of year	886 994	2 357	53 948	349 434	22 893	1 315 626
Additions	752 192	2 640	47 237	117 004	4 191	923 264
Disposals	-	-	-	(29)	-	(29)
Revaluation increments	-	-	6 900	187 490	33 361	227 751
Depreciation/amortisation expense	(358 938)	(934)	(53 744)	(163 833)	(16 503)	(593 952)
Write-off of assets	-	-	-	(3 819)	-	(3 819)
Carrying amount at end of year	1 280 248	4 063	54 341	486 247	43 942	1 868 841
<b>2000</b>						
Carrying amount at start of year	-	202 500	-	92 527	35 136	330 163
Additions	1 058 698	2 750	78 892	471 345	29 267	1 640 952
Disposals	-	(80 359)	-	(1 692)	(3 361)	(85 412)
Depreciation/amortisation expense	(171 704)	(122 534)	(24 943)	(212 747)	(38 018)	(569 946)
Write-off of assets	-	-	-	-	(131)	(131)
Carrying amount at end of year	886 994	2 357	53 949	349 433	22 893	1 315 626

## 11 ■ PAYABLES

<i>Item</i>	<i>2001</i>	<i>2000</i>
	<b>(\$)</b>	<b>(\$)</b>
Creditors	<b>1 473 699</b>	645 171
Provision for surplus leased space	-	431 394
Other payables	<b>267 998</b>	91 521
<b>Total</b>	<b>1 741 697</b>	1 168 086

## 12 ■ PROVISIONS

Item	2001	2000
	(\$)	(\$)
<b>Current</b>		
Employee entitlements -		
Annual leave (a)	688 059	634 587
Long service leave (a)	109 369	503 941
Accrued benefits	-	95 076
Performance Incentive Scheme (b)	249 156	408 728
	<b>1 046 584</b>	<b>1 642 332</b>
<b>Non-current</b>		
Employee entitlements -		
Long service leave (a)	1 903 546	1 511 820
	<b>1 903 546</b>	<b>1 511 820</b>
<b>Aggregate carrying amount of provisions</b>		
Current	1 046 584	1 642 332
Non-current	1 903 546	1 511 820
Total employee entitlements	<b>2 950 130</b>	<b>3 154 152</b>

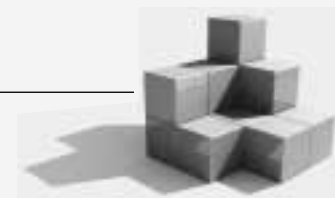
(a) Refer note 1(m).

(b) In accordance with the terms of the *Public Sector Management and Employment Act 1998* a total of \$249 156 set aside for executive officers' performance pay entitlements, has been paid into the "Performance Incentive Payments Scheme Trust Account". The proceeds of this Account are invested with the Treasury Corporation of Victoria and payable to executive officers annually.

## 13 ■ EQUITY AND MOVEMENTS IN EQUITY

Item	2001	2000
	(\$)	(\$)
<b>(a) Accumulated surplus</b>		
Balance at beginning of the year	5 105 080	4 100 182
Adjustment for administered items (a)	(4 018 272)	-
Operating result for 2001	2 059 584	1 004 898
Balance at end of the year	<b>3 146 392</b>	<b>5 105 080</b>
<b>(b) Reserves</b>		
Asset revaluation reserve		
Balance at beginning of the year	-	-
Increment on revaluation of computer and office equipment during the year	227 751	-
Balance at the end of the year	<b>227 751</b>	-
Total equity at the end of the financial year	<b>3 374 143</b>	<b>5 105 080</b>

(a) Assets and liabilities administered by the Office on behalf of the State of Victoria are reported separately as a note to the financial statements (note 14) this year. The opening balance of accumulated surplus has been adjusted to reflect this change in accounting policy.



## 14 ■ ADMINISTERED ITEMS

<i>Item</i>	<i>2001</i>	<i>2000</i>
	(\$)	(\$)
<b>Administered revenues</b>		
Audit fees	11 572 398	13 305 391
Other	42 152	181 044
<b>Total revenues</b>	<b>11 614 550</b>	<b>13 486 435</b>
<b>Administered expenses</b>		
Revenue payable into the Consolidated Fund	11 600 243	13 484 315
Doubtful debts	14 307	2 120
<b>Total expenses</b>	<b>11 614 550</b>	<b>13 486 435</b>
<b>Revenue less expenses</b>	-	-
<b>Administered assets</b>		
Debtors	2 220 159	4 024 387
Work-in-progress	956 072	2 885
Less: Provision for doubtful debts	(23 307)	(9 000)
	<b>3 152 924</b>	<b>4 018 272</b>
<b>Administered liabilities</b>		
Amounts owing to the State	3 152 924	4 018 272
	<b>3 152 924</b>	<b>4 018 272</b>

## 15 ■ AUDITOR'S REMUNERATION

<i>Item</i>	<i>2001</i>	<i>2000</i>
	(\$)	(\$)
Audit fees	18 000	15 000
<b>Total</b>	<b>18 000</b>	<b>15 000</b>

This represents external audit services provided by the Public Accounts and Estimates Committee.



## 16 ■ COMMITMENTS

### (a) Operating leases

<i>Item</i>	<i>2001</i>	<i>2000</i>
	(\$)	(\$)
Commitments for lease payments primarily associated with the Office's accommodation are as follows -		
Not later than 1 year	1 110 601	1 488 292
Later than 1 year but less than 5 years	826 385	2 918 306
<b>Total</b>	<b>1 936 986</b>	<b>4 406 598</b>

### (b) Contract audits

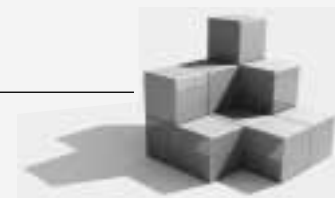
<i>Item</i>	<i>2001</i>	<i>2000</i>
	(\$)	(\$)
Commitments for the payment of future auditing services under contracts in existence at the reporting date, payable as follows -		
Not later than 1 year	5 181 391	4 640 540
Later than 1 year but less than 5 years	3 836 272	11 063 775
<b>Total</b>	<b>9 017 663</b>	<b>15 704 315</b>

## 17 ■ EXECUTIVE OFFICERS' REMUNERATION

The numbers of executive officers, other than accountable officers, whose total remuneration exceeded \$100 000 during the reporting period are shown in the first 2 columns in the table below in their relevant income bands. The base remuneration of executive officers receiving more \$100 000 remuneration is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Several factors have affected the total remuneration payable to executives over the year. Six employment contracts were terminated and several new employment contracts were negotiated. All contracts with executive officers now provide for annual payment of bonuses.

<i>Income band</i>	<i>Total remuneration</i>		<i>Base remuneration</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	No.	No.	No.	No.
\$30 000 to \$40 000	-	-	1	-
\$40 000 to \$100 000	-	-	1	-
\$100 000 to \$109 999	3	2	5	5
\$110 000 to \$119 999	3	4	2	2
\$120 000 to \$129 999	3	-	1	-
\$130 000 to \$139 999	-	4	4	1
\$140 000 to \$149 999	3	-	2	2
\$150 000 to \$159 999	3	1	-	-
\$160 000 to \$169 999	1	2	-	-
<b>Total numbers</b>	<b>16</b>	<b>13</b>	<b>16</b>	<b>10</b>
<b>Total amount</b>	<b>2 084 582</b>	<b>1 692 443</b>	<b>1 858 541</b>	<b>1 174 900</b>



## 18 ■ FINANCIAL INSTRUMENTS

### (i) Terms, conditions and accounting policies

The Office's accounting policies, including the terms and conditions of each class of financial asset and financial liability, recognised at the balance date, are as follows:

<i>Recognised financial instruments</i>	<i>Accounting policies</i>	<i>Terms and conditions</i>
<b>(a) Financial assets</b>		
Receivable from the Public Account	Receivable from the Public Account are carried at nominal amounts.	Details of the terms and conditions are set out in note 8.
Investment	This investment is stated at the lower of cost and net realisable value. Interest is recognised in the Statement of Financial Performance when earned.	Details of the terms and conditions are set out in note 9. The investment held at balance date totalling \$327 446 (2000: \$399 003) earned weighted average interest of 5.10% (2000: 4.98%) received semi-annually in November and May.
<b>(b) Financial liabilities</b>		
Creditors and accruals	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Office.	Trade liabilities are normally settled on government terms of 30 days or as agreed with the supplier on specific contractual terms.

### (ii) Interest rate risk

The Office's exposure to interest rate risks is only applicable to the investment balance as disclosed in note 18(i)(a) above.

### (iii) Net fair values

The carrying amounts of financial assets and financial liabilities, recognised, at the balance date consisting of receivables, investment, creditors and accruals approximates fair value.

### (iv) Credit risk exposures

The Office's exposure to credit risk is limited due to legislative provisions provided under the *Audit Act 1994* which requires an audited entity to pay to the Consolidated Fund an amount to be determined by the Auditor-General to defray the reasonable costs and expenses of a financial audit undertaken by the Office.

## 19 ■ RECONCILIATION OF NET RESULT FOR THE REPORTING PERIOD TO NET CASH INFLOW FROM OPERATING ACTIVITIES

<i>Item</i>	<i>2001</i>	<i>2000</i>
	(\$)	(\$)
Net result for the reporting period	2 059 584	1 004 898
Depreciation and amortisation	593 952	545 003
Provision for doubtful debts	-	2120
Net gains/(losses) on disposal of non-current assets	3 848	83 543
Gain on retention of contributed capital	-	(1 018 043)
Changes in operating assets and liabilities		
Decrease (increase) in receivables	(2 163 447)	(2 061 707)
Decrease (increase) in other operating assets	80 508	525 372
Increase (decrease) in payables	573 610	992 481
Increase (decrease) in provisions	(204 022)	312 022
<b>Net cash inflow from operating activities</b>	<b>944 033</b>	<b>385 689</b>

## 20 ■ DISCLOSURES RELATING TO MINISTERS AND ACCOUNTABLE OFFICERS

Given the independent relationship of the Auditor-General with the Parliament, no government minister has any direct responsibility for the operations of the Victorian Auditor-General's Office. The following disclosures are made relating to the Accountable Officer in accordance with the Directions of the Minister for Finance under *Financial Management Act 1994*:

### (i) Names

Persons who held the above position in relation to the Office at any time during the reporting period are:

Accountable Officer	Mr J. W. Cameron (Auditor-General)
	Mr K. G. Hamilton (Acting, during the period 31 July to 11 August 2000)

### (ii) Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the responsibilities of the position during the reporting period was in the range:

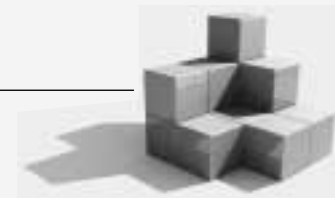
\$190 000 - \$200 000 (2000: \$140 000 - \$149 999)

(Note: 2000 represents a period of 9 months).

The amount relating to the Acting Accountable Officer is included in "Executive Officers' Remuneration".

### (iii) Other transactions

Other related party transactions requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.



## ACCOUNTABLE OFFICERS' DECLARATION

We certify that the attached financial statements for the Victorian Auditor-General's Office have been prepared in accordance with Part 9 of the Directions of the Minister of Finance under the *Financial Management Act 1994*, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to and forming part of the financial statements, present fairly the financial transactions during the year ended 30 June 2001 and financial position of the Office as at 30 June 2001.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

LORENSZ SENN  
*Chief Finance Officer*  
Victorian Auditor-General's Office  
Melbourne  
18 October 2001

WAYNE CAMERON  
*Auditor-General*  
Victorian Auditor-General's Office  
Melbourne  
18 October 2001

## INDEPENDENT AUDITORS' REPORT

### Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Victorian Auditor-General's Office for the financial year ended 30 June 2001 included on the Victorian Auditor General's web site. The Auditor-General is responsible for the integrity of the Victorian Auditor-General's Office web site. I have not been engaged to report on the integrity of this web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### Scope

We have audited the financial report of the Victorian Auditor-General's Office for the year ended 30 June 2001, comprising the statement of financial performance, statement of financial position, statement of cash flows, the accompanying notes and the declaration by accountable and chief finance officers. The Auditor-General is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it in accordance with Section 17 of the *Audit Act 1994*.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with our understanding of the Victorian Auditor-General's Office's financial position, and performance as represented by the results of its operations and its cash flows.

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

### Audit Opinion

In our opinion, the financial report presents fairly the financial position of the Victorian Auditor-General's Office as at 30 June 2001 and the results of its operations and its cash flows for the year then ended in accordance with Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Financial Management Act 1994*.

Signed at Melbourne this 18th day of October 2001



DAY NEILSON

*Accountants and advisers*

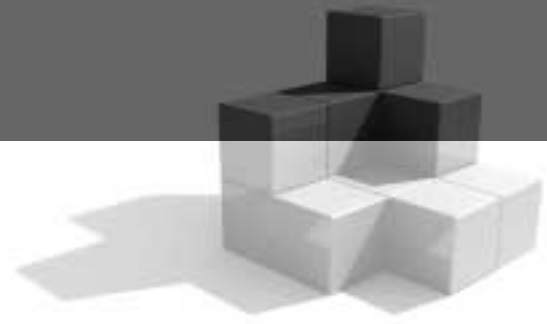


Graeme T. Ross

Principal



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## APPENDIX 1

### OFFICE PUBLICATIONS

#### How to obtain our publications

Copies of all reports of the Auditor-General, and the Annual Report of the Office, are widely distributed to Members of Parliament, other Audit Offices within Australia and overseas, to selected audited agencies, and to many professional organisations and interested parties.

The reports are available to the public for purchase through the Office, or through the Government's Information Victoria bookshop, at the addresses listed below. Information on all Auditor-General's reports is also available on our website at [www.audit.vic.gov.au](http://www.audit.vic.gov.au). The website also features a "search this site" facility which enables users to quickly identify issues of interest which have been commented on by the Auditor-General.

Requests for copies of reports may also be made by email at the Office's email address of [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)

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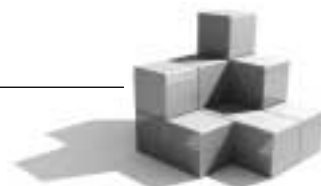
Fax: (03) 9603 9920

#### Reports issued during 2000-01

- *Annual Report of the Victorian Auditor-General's Office, 1999-2000*, August 2000
- *Report of the Auditor-General on the Finances of the State of Victoria, 1999-2000*, November 2000
- *Non-metropolitan urban water authorities: Enhancing performance and accountability*, November 2000
- *Services for people with an intellectual disability*, November 2000
- *Grants to non-government organisations: Improving accountability*, November 2000
- *Implementing Local Priority Policing in Victoria*, May 2001
- *Teaching equipment in the Technical and Further Education sector*, May 2001
- *Managing Victoria's growing salinity problem*, June 2001
- *Post-acute care planning* (included with the June 2001 *Report on Ministerial Portfolios*)
- *Report on Ministerial Portfolios*, June 2001
- *Annual Plan, 2001-02*, June 2001

The full text of all reports issued by the Office during 2000-01 is available on our website at [www.audit.vic.gov.au](http://www.audit.vic.gov.au)





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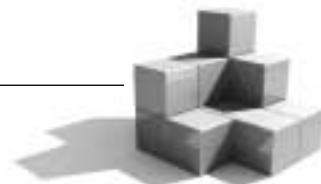
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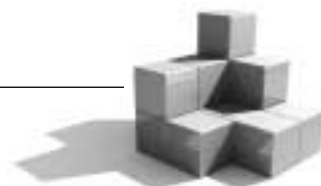
A comprehensive index of resource management issues and other matters addressed in Auditor-General's reports tabled prior to 2000-01 can be found at the Office's website at [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## APPENDIX 2

### PROFESSIONAL ACTIVITIES

#### External presentations

<i>Date</i>	<i>Officer</i>	<i>Topic</i>
June 2000	Jan Tranter, Pam Williams, Ray Seidel-Davies	“Auditor-General’s performance audit program for 2000-01”, presentation to Australasian Evaluation Society, Melbourne.
July 2000	Ian Claessen, Jan Tranter, Ray Seidel-Davies Celinda Estallo	“Various performance audit topics”, presentation to Australasian Evaluation Society, Melbourne.
July 2000	Russell Walker, Steve Mitsas	“Developments relating to performance reporting”, presentation to Western Australian government agencies, Perth.
August 2000	Various Office staff	Performance Audit Workshop, hosted by the Victorian Auditor-General’s Office, Melbourne.
August 2000	Wayne Cameron	“Conflict of Interest”, address to Leo Cussen Institute, Melbourne.
August 2000	Wayne Cameron, Ray Seidel-Davies, John Arnol, Tony Brown, Nick Myrianthis, Ellen Holland	“Performance Auditing in an accountability framework”, and “Auditing efficiency and effectiveness”, presentation to Australasian Evaluation Society Conference, Geelong.
October 2000	Greg Pound	“Assuring audit knowledge – Auditing Standards update”, presentation to CPA Australia, Auditor’s Day, Melbourne.
October 2000	Wayne Cameron	“Government contracts - the next generation”, presentation at IPAA Conference, Melbourne.
October 2000	Wayne Cameron	“Financial reporting with meaning”, presentation at RMIT University School of Accounting and Law Research seminar, Melbourne.
November 2000	Ian Claessen, John Arnol	“Evaluating efficiency and effectiveness” presentation to RMIT University, study delegation from Malaysia, Melbourne.
November 2000	Jan Tranter	“Approaches to performance auditing and performance measurement”, presentation to UK Audit Commission and General Accounting Office, Washington DC, United Kingdom and Washington DC.
November 2000	Yves Tawil	“Risk Management in the Health and Aged Care Industries”, presentation to CPA Australia, Health Care and Aged Care Intensive Day 2000, Melbourne.
November 2000	Wayne Cameron	Address to Local Government Forum, Echuca.



## External presentations - continued

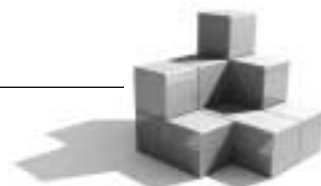
<i>Date</i>	<i>Officer</i>	<i>Topic</i>
December 2000	Pamela Williams	“Approaches to performance auditing and explore avenues for co-operation in the conduct of audits”, presentation to Australian National Audit Office, Canberra and New South Wales Auditor-General’s Office, Canberra and New South Wales.
December 2000	Erik Hopp	“Significant Reporting Issues – Education sector”, presentation to Victorian and Tasmanian University, Senior Financial Officer’s Group, Melbourne.
February 2001	Ian Claessen, John Arnol	“Role of the Auditor-General” and “Victoria’s performance auditing methodology”, presentation to Royal Melbourne Institute of Technology, study delegation from Malaysia, Melbourne.
February 2001	Wayne Cameron	“Commercial in confidence, the Victorian audit perspective”, ACPAC 6th Biennial Conference/ACAG, Canberra.
March 2001	Wayne Cameron	“Auditing performance measures”, CPA National Public Sector Conference, Gold Coast.
April 2001	Wayne Cameron	“Accountability and the Auditor-General”, presentation to Monash University students - Master of Policy Program, Melbourne.
April 2001	Greg Pound	“Annual Reporting Review”, presentation to Victorian Association of Municipal Accountants, Mansfield, Victoria.
April 2001	Erik Hopp	“Corporate Governance and Accountability”, presentation to CPA Australia, CPA Program, Singapore.
May 2001	Wayne Cameron	“Contract management in the public sector - core issues and best practice”, presentation at IPAA Seminar, Melbourne.
May 2001	Erik Hopp	“Financial Reporting update”, presentation to Victorian Water Finance Managers Workshop, Melbourne.
May 2001	Greg Pound	“Meeting Statutory Accountability”, presentation to Inframax Annual Asset Management Seminar, Melbourne.
May 2001	Russell Walker	“Probity in Victorian Government contracts - the audit perspective on probity”, presentation to IPAA and Victorian Government Purchasing Board Seminar, Melbourne.
May 2001	Greg Pound	“Risk Management – Audit issues for SMEs”, presentation to The Institute of Chartered Accountants in Australia, Public Practitioners Conference, Ballarat, Victoria.
May 2001	Wayne Cameron	“2000-01 Accounting Issues”, presentation to representatives of Australian Health Services Financial Management Association, Lorne, Victoria.

## Overseas training assistance

<i>Date</i>	<i>Officer</i>	<i>Topic</i>
November to December 2000	Margaret Salter (co-ordinator), Peter Dixon, Annette Cruz	“EDP Audit/Audit of Information Systems Skills Training”, Government Audit Office of Samoa, Samoa.
November to December 2000	Margaret Salter (co-ordinator), Michael Almond, Peter Gallagher, Remy Szpak	“Comprehensive Government Audit Practices, including EDP audit and planning/management skills training”, Kiribati National Audit Office (KNAO), Tarawa, Kiribati.
May 2001	Margaret Salter (co-ordinator), Remy Szpak, Travis Dericott, Michael Chan	“Comprehensive Government Audit Practices, including EDP audit and planning/management skills training”, Kiribati National Audit Office (KNAO), follow-up workshop, Tarawa, Kiribati.
May 2001	Margaret Salter, Paul Martin	“Audit planning and management skills training”, Government Audit Office of Samoa, follow-up workshop, Samoa.

## Presentations to overseas visitors to the Office

<i>Date</i>	<i>Officer</i>	<i>Topic</i>
August 2000	Ray Seidel-Davies, Michael Adamek, Bob Woolgar	“An overview of the role and functions of the Victorian Auditor-General’s Office”, presentation to Tianjin auditing delegation.
October 2000	Greg Pound	“Accounting and Auditing Standards”, presentation to delegation from China.
October 2000	Erik Hopp	“Corporate Governance in the Public Sector”, presentation to delegation from China.
October - November 2000	Ian Claessen, Ray Seidel-Davies	“Government auditing in agricultural and environmental programs”, presentation to study tour delegation from State Auditing Authority, People’s Republic of China.
December 2000	Erik Hopp	“Corporate Governance in the Public Sector”, presentation to delegation from Thailand.
February 2001	Greg Pound	“Audit Committees”, presentation to delegation from Ministry of Finance, Thailand.
February 2001	Erik Hopp	“Victoria’s Accountability and Financial Reporting Framework”, presentation to delegation from the Institute of Chartered Accountants from Nepal.
April 2001	Joe Manders, Russell Walker, David Reid (with assistance from designated staff)	<p>Presentation to representatives of the Supreme Audit Board of Indonesia, organised by the Board to update its knowledge of forensic auditing techniques and the independence characteristics attaching to the position of the Auditor-General in Victoria. Presentations to the visitors encompassed:</p> <ul style="list-style-type: none"> <li>• the relationship of the Auditor-General with Parliament;</li> <li>• an overview of the Auditor-General’s mandate and reporting functions; and</li> <li>• a practical presentation on the Office’s audit methodology for financial statement audits.</li> </ul>
May 2001	Joe Manders	“Role and functions of the Auditor-General and contemporary public accountability developments”, presentation to representatives of various Indonesian organisations as part of a program organised by the Privatisation and Public Accountability Centre of Monash University.



## APPENDIX 3

# AUDIT RESPONSIBILITIES

### Parliamentary bodies

Parliament of Victoria

### State accounts

Annual Financial Report

Estimated Financial Statements

### Departments and other independent budget sector agencies

Education, Employment and Training, Department of

Environment Protection Authority

Equal Opportunity Commission

Human Services, Department of

Infrastructure, Department of

Justice, Department of

Natural Resources and Environment, Department of

Office of Public Employment

Office of the Public Advocate

Ombudsman, Office of the

Police, Office of the Chief Commissioner of

Premier and Cabinet, Department of

Public Prosecutions, Office of

Regulator-General, Office of the

Senior Master of the Supreme Court

State and Regional Development, Department of

Treasury and Finance, Department of

Victorian Electoral Commission

### Public bodies

Adult, Community and Further Education Board

Alpine Resorts Co-ordinating Council

Anti-Cancer Council of Victoria

Architects Registration Board of Victoria

Australian Food Industry Science Centre

Australian Grand Prix Corporation

Building Control Commission

Centre for Adult Education

Chinese Medicine Registration Board of Victoria

Chiropractors Registration Board of Victoria

Cinemia Corporation

Country Fire Authority

Dairy Food Safety Victoria

Dental Practice Board of Victoria

Docklands Authority

Eco Recycle Victoria

Emerald Tourist Railway Board

Falls Creek Alpine Resort Management Board

Gambling Research Panel

Gas Transmission Corporation

Government Superannuation Office

Greyhound Racing Victoria

Harness Racing Board

Hastings Port (Holdings) Corporation

Heritage Council

Infertility Treatment Authority

Lake Mountain Alpine Resort Management Board

Legal Practice Board

Legal Practitioners Liability Committee

Library Board of Victoria

Marine Board of Victoria

Medical Practitioners Board of Victoria

Melbourne City Link Authority

Melbourne Market Authority

Melbourne Parks and Waterways

Melbourne Port Corporation

Melbourne Water Corporation

Mental Health Review Board

Metropolitan Fire and Emergency Services Board

Mount Baw Baw Alpine Resort Management Board

Mount Buller Alpine Resort Management Board

Mount Hotham Alpine Resort Management Board

Mount Stirling Alpine Resort Management Board

Murray Valley Citrus Marketing Board

Murray Valley Wine Grape Industry Development Committee

Museums Board of Victoria

National Gallery of Victoria, Council of Trustees of the

National Institute of Forensic Science

National Police Ethnic Advisory Bureau

Northern Victorian Fresh Tomato Industry Development Committee

Nurses Board of Victoria

Office of Gas Safety

Office of the Chief Electrical Inspector

Office of the Legal Ombudsman

Optometrists Registration Board of Victoria

Osteopaths Registration Board of Victoria

Parks Victoria

Pharmacy Board of Victoria

Phillip Island Nature Park Board of Management

Physiotherapists Registration Board of Victoria

Plumbing Industry Commission



Podiatrists Registration Board of Victoria  
 Prince Henry's Institute of Medical Research  
 Psychologists Registration Board of Victoria  
 Psychosurgery Review Board of Victoria  
 Public Transport Corporation  
 Residential Tenancy Bond Authority  
 Roads Corporation  
 Royal Botanic Gardens Board  
 Rural Finance Corporation of Victoria  
 Shrine of Remembrance Trustees  
 Spencer Street Station Authority  
 State Electricity Commission of Victoria  
 State Library of Victoria Foundation  
 Surveyors Board of Victoria  
 Sustainable Energy Authority Victoria  
 Tourism Victoria  
 Transport Accident Commission  
 Treasury Corporation of Victoria  
 Urban Land Corporation  
 V/Line Passenger Corporation  
 Veterinary Practitioners Registrations Board of Victoria  
 Victoria Legal Aid  
 Victorian Casino and Gaming Authority  
 Victorian Channels Authority  
 Victorian Curriculum and Assessment Authority  
 Victorian Energy Networks Corporation  
 Victorian Funds Management Corporation  
 Victorian Health Promotion Foundation  
 Victorian Institute of Forensic Medicine  
 Victorian Institute of Forensic Mental Health  
 Victorian Interpreting and Translating Service  
 Victorian Learning and Employment Skills Commission  
 Victorian Managed Insurance Authority  
 Victorian Meat Authority  
 Victorian Plantations Corporation  
 Victorian Rail Track  
 Victorian Relief Committee  
 Victorian Strawberry Industry Development Committee  
 Victorian Tertiary Admissions Centre  
 Victorian Trauma Foundation Pty Ltd  
 Victorian WorkCover Authority  
 Water Training Centre  
 Zoological Parks and Gardens Board

### **Universities and other educational institutions**

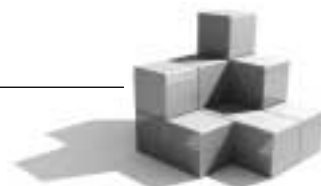
Bendigo Regional Institute of TAFE  
 Box Hill Institute of TAFE  
 Central Gippsland Institute of TAFE  
 Chisholm Institute of TAFE

Deakin University  
 East Gippsland Institute of TAFE  
 Gordon Institute of TAFE  
 Goulburn Ovens Institute of TAFE  
 Holmesglen Institute of TAFE  
 Kangan Batman Institute of TAFE  
 La Trobe University  
 Monash University  
 Northern Melbourne Institute of TAFE  
 Royal Melbourne Institute of Technology  
 South West Institute of TAFE  
 Sunraysia Institute of TAFE  
 Swinburne University of Technology  
 The University of Melbourne  
 University of Ballarat  
 Victoria University of Technology  
 Victorian College of the Arts  
 William Angliss Institute of TAFE  
 Wodonga Institute of TAFE

### **Public hospitals and ambulance services**

Alexandra and District Ambulance Service  
 Alexandra District Hospital  
 Alpine Health  
 Ambulance Service Victoria - Metropolitan Region  
 Austin and Repatriation Medical Centre  
 Bairnsdale Regional Health Service  
 Ballarat Health Services  
 Barwon Health  
 Beaufort and Skipton Health Service  
 Beechworth Hospital, The  
 Benalla and District Memorial Hospital  
 Bendigo Health Care Group  
 Bethlehem Hospital Inc.  
 Boort District Hospital  
 Caritas Christi Hospice Ltd  
 Casterton Memorial Hospital  
 Central Gippsland Health Service  
 Cobram District Hospital  
 Cohuna District Hospital  
 Colac Community Health Services  
 Coleraine and District Hospital  
 Dental Health Services Victoria  
 Djerriwarrh Health Services  
 Dunmunkle Health Services  
 East Grampians Health Service  
 East Wimmera Health Service  
 Eastern Health  
 Echuca Regional Health  
 Edenhope and District Memorial Hospital





Far East Gippsland Health and Support Service  
 Gippsland Southern Health Service  
 Goulburn Valley Health  
 Hepburn Health Service  
 Hesse Rural Health Service  
 Heywood and District Memorial Hospital  
 Inglewood and Districts Health Service  
 Inner and Eastern Health Care Network  
 Kerang and District Hospital  
 Kilmore and District Hospital  
 Kooweerup Regional Health Service  
 Kyabram and District Memorial Community Hospital  
 Kyneton District Health Service  
 Latrobe Regional Hospital  
 Lorne Community Hospital  
 Maldon Hospital  
 Mallee Track Health and Community Service  
 Manangatang and District Hospital  
 Mansfield District Hospital  
 Maryborough District Health Service  
 McIvor Health and Community Services  
 Melbourne Health  
 Mercy Public Hospitals Inc.  
 Mildura Base Hospital  
 Moyne Health Service  
 Mt Alexander Hospital  
 Nathalia District Hospital  
 North Western Health Care Network  
 Northern Health  
 Numurkah District Health Service  
 O'Connell Family Centre (Grey Sisters) Inc.  
 Omeo District Hospital  
 Otway Health and Community Services  
 Peninsula Health  
 Peter MacCallum Cancer Institute  
 Portland and District Hospital  
 Queen Elizabeth Centre  
 Robinvale District Health Services  
 Rochester and Elmore District Health Service  
 Rural Ambulance Victoria  
 Rural North West Health  
 Seymour District Memorial Hospital  
 South Gippsland Hospital  
 South West Healthcare  
 Southern Health  
 St Vincent's Hospital (Melbourne) Ltd  
 Stawell Regional Health  
 Swan Hill District Hospital  
 Tallangatta Health Service

Terang and Mortlake Health Service  
 The Royal Victorian Eye and Ear Hospital  
 Timboon and District Healthcare Service  
 Tweddle Child and Family Health Service  
 Upper Murray Health and Community Services  
 Wangaratta District Base Hospital  
 West Gippsland Healthcare Group  
 West Wimmera Health Service  
 Western District Health Service  
 Wimmera Health Care Group  
 Wodonga Regional Health Service  
 Women's and Children's Health Care Network  
 Wonthaggi and District Hospital  
 Yarram and District Health Service  
 Yarrawonga Health Service  
 Yea and District Memorial Hospital

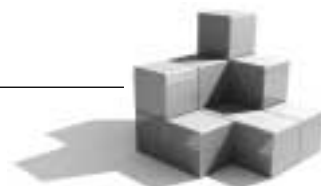
### **Superannuation funds**

Emergency Services Superannuation Scheme  
 Parliamentary Contributory Superannuation Fund  
 State Superannuation Fund

### **Companies, trusts and joint ventures**

Agriculture Victoria Services Pty Ltd  
 AMPASC Pty Ltd  
 Angliss Consulting Pty Ltd  
 Angliss Multimedia Pty Ltd  
 Angliss Solutions Pty Ltd  
 Arada Pty Ltd  
 Arada Trust  
 Australian Alpine Institute Pty Ltd  
 Australian International Health Institute Limited  
 Australian Music Examinations Board (Vic.) Ltd  
 Australian National Academy of Music Ltd  
 Betec Ltd  
 Box Hill Enterprises Ltd  
 Callista Software Services Pty Ltd  
 Central Highlands Region Timber Pty Ltd  
 Centre for Innovation and Enterprise Pty Ltd  
 City West Water Ltd  
 Citytech Pty Ltd  
 CityWide Service Solutions Pty Ltd  
 Copyrat Pty Ltd  
 Dovaport Pty Ltd  
 Driver Education Centre of Australia Ltd  
 Faraday Arch Pty Ltd  
 Federation Square Management Pty Ltd  
 Florida Banner Pty Ltd  
 Food Quality Service Pty Ltd  
 Food Science Australia  
 Footy Consortium Pty Ltd

Gas Release Co Pty Ltd  
 Gascor (T No. 1) Pty Ltd  
 Gascor (TH) Pty Ltd  
 Gascor EPL Pty Ltd  
 Gascor Holdings No.1 Pty Ltd  
 Gascor Holdings No.2 Pty Ltd  
 Gascor Holdings No.3 Pty Ltd  
 Gascor IEPL Pty Ltd  
 Gascor KEPL Pty Ltd  
 Gascor MAPL Pty Ltd  
 Gascor MGPL Pty Ltd  
 Gascor Pty Ltd  
 Gascor SAPL Pty Ltd  
 Gascor SNPL Pty Ltd  
 Gascor WAPL Pty Ltd  
 Gascor WPL Pty Ltd  
 Geelong Performing Arts Centre Trust  
 Hexima Limited  
 Holmesglen International Training Services Pty Ltd  
 Inskill Limited  
 Institute for Innovation and Enterprise Ltd  
 International Education Network Pty Ltd  
 International Fibre Centre Limited  
 International Training Australia Pty Ltd  
 John Batman Training and Consulting Pty Ltd  
 Kitaya Pty Ltd  
 La Trobe International Pty Ltd  
 La Trobe Marketing Pty Ltd  
 La Trobe University Housing Ltd  
 Land Aggregation Program Trust Fund  
 Land and Food Services Limited  
 Maccine Pty Ltd  
 Meanjin Company Limited  
 Melbourne 2002 World Masters Games Limited  
 Melbourne 2006 Commonwealth Games Pty Ltd  
 Melbourne and Olympic Parks Trust  
 Melbourne Convention and Exhibition Trust  
 Melbourne Enterprises International (NZ) Ltd  
 Melbourne Enterprises International (Taiwan) Ltd  
 Melbourne Enterprises International Limited  
 Melbourne Information Management Pty Ltd  
 Melbourne Research Enterprises Ltd  
 Melbourne University Private Limited  
 Melbourne Wholesale Fish Market Pty Ltd  
 Meltech Services Limited  
 Monash Digital Media Pty Ltd  
 Monash English Language Centre Pty Ltd  
 Monash International Pty Ltd  
 Monash IVF Pathology Services Trust  
 Monash IVF Pty Ltd  
 Monash Reproductive Pathology and Genetics Pty Ltd  
 Monash Southern Africa Pty Ltd  
 Monash Ultrasound Pty Ltd  
 Monash Ultrasound Trust  
 Monash Unicomm Pty Ltd  
 Monash University Foundation Pty Ltd  
 Monash University Foundation Trust  
 Monash University Foundation Year Ltd  
 Monash University South Africa  
 Montech Medical Development Pty Ltd  
 Montech Pty Ltd  
 Mt Bulla Education Facilities  
 Mt. Eliza Graduate School of Business and Government Limited  
 MUP Services Pty Ltd  
 National Institute of Circus Arts Limited  
 Neurometric Systems Pty Ltd  
 Opalwood Pty Ltd  
 Overseas Projects Corporation of Victoria Ltd  
 Prahlan Market Pty Ltd  
 Property Leasing Ltd  
 Prostate Diagnostics Pty Ltd  
 Queen Victoria Market Pty Ltd  
 Queen Victoria Women's Centre Trust  
 Regent Management Co. Pty Ltd  
 RMIT (Malaysia) SDN BHD  
 RMIT Foundation  
 RMIT Innovation Ltd  
 RMIT International Pty Ltd  
 RMIT Resources Ltd  
 RMIT Training Pty Ltd  
 RMIT Union  
 Roslin Pty Ltd  
 Securities Finance Corporation Ltd  
 SEMCL No. 1 Unit Trust  
 Sir John Monash Business Centre Pty Ltd  
 South East Water Ltd  
 South Eastern Medical Complex Ltd  
 Southgate Trust  
 Spatial Vision Innovations Pty Ltd  
 State Sport Centre Trust  
 State Trustees Limited  
 State Trustees Limited Common Funds (7 separate funds)  
 STL Financial Services Limited  
 Streetsahead Cleaning Services  
 Swinburne Graduate School of Integrative Medicine Pty Ltd  
 Swinburne Ltd  
 TAC Law Pty Ltd  
 Tattersall Gaming Pty Ltd



Tattersall Sweeps Pty Ltd  
 Tattersall's Club Keno Pty Ltd  
 Telematics Course Development Fund Trust  
 The School of Forestry, Creswick Ltd  
 The School of Mines & Industries Ballarat Ltd  
 Tricontinental Corporation Ltd  
 Tricontinental Holdings Ltd  
 Trust for Nature (Victoria)  
 Twin Waters Resort Pty Ltd  
 ULC Real Estate Services Pty Ltd  
 Unilink Ltd  
 VFM Australian Equities Trust  
 VFM Australian Fixed Interest Trust  
 VFM Indexed Bond Trust  
 VFM International Equities Trust  
 VFM Short Term Money Market Trust  
 Vicfleet Pty Ltd  
 Victoria University Enterprises Pty Ltd  
 Victoria University of Technology Foundation Ltd  
 Victorian Arts Centre Trust  
 Victorian Institute of Sport Ltd  
 Victorian Institute of Sport Trust  
 Victorian Medical Consortium Pty Ltd  
 Victorian Power Exchange Pty Ltd  
 Victorian University of Technology (Singapore) Pty Ltd  
 Yarra Bend Park Trust  
 Yarra Valley Water Ltd

### **Water authorities**

Barwon Region Water Authority  
 Casey's Weir and Major Creek Rural Water Authority  
 Central Gippsland Region Water Authority  
 Central Highlands Region Water Authority  
 Coliban Region Water Authority  
 Corangamite Catchment Management Authority  
 East Gippsland Catchment Management Authority  
 East Gippsland Region Water Authority  
 First Mildura Irrigation Trust  
 Gippsland and Southern Rural Water Authority  
 Glenelg Hopkins Catchment Management Authority  
 Glenelg Region Water Authority  
 Goulburn Broken Catchment Management Authority  
 Goulburn Valley Region Water Authority  
 Goulburn-Murray Rural Water Authority  
 Grampians Region Water Authority  
 Lower Murray Region Water Authority  
 Mallee Catchment Management Authority  
 North Central Catchment Management Authority  
 North East Catchment Management Authority  
 North East Region Water Authority

Portland Coast Region Water Authority  
 South Gippsland Region Water Authority  
 South West Water Authority  
 Sunraysia Rural Water Authority  
 West Gippsland Catchment Management Authority  
 Western Region Water Authority  
 Westernport Region Water Authority  
 Wimmera Catchment Management Authority  
 Wimmera-Mallee Rural Water Authority

### **Regional waste management groups**

Barwon Regional Waste Management Group  
 Calder Regional Waste Management Group  
 Central Murray Regional Waste Management Group  
 Desert Fringe Regional Waste Management Group  
 Eastern Regional Waste Management Group  
 Gippsland Regional Waste Management Group  
 Goulburn Valley Regional Waste Management Group  
 Grampians Regional Waste Management Group  
 Highlands Regional Waste Management Group  
 Mildura Regional Waste Management Group  
 Mornington Peninsula Regional Waste Management Group  
 North East Regional Waste Management Group  
 Northern Regional Waste Management Group  
 South Eastern Regional Waste Management Group  
 South Western Regional Waste Management Group  
 Western Regional Waste Management Group

### **Municipal councils**

Alpine Shire Council  
 Ararat Rural City Council  
 Ballarat City Council  
 Banyule City Council  
 Bass Coast Shire Council  
 Baw Baw Shire Council  
 Bayside City Council  
 Boroondara City Council  
 Borough of Queenscliffe  
 Brimbank City Council  
 Buloke Shire Council  
 Campaspe Shire Council  
 Cardinia Shire Council  
 Casey City Council  
 Central Goldfields Shire Council  
 Colac-Otway Shire Council  
 Corangamite Shire Council  
 Darebin City Council  
 Delatite Shire Council  
 East Gippsland Shire Council

Frankston City Council  
 Gannawara Shire Council  
 Glen Eira City Council  
 Glenelg Shire Council  
 Golden Plains Shire Council  
 Greater Bendigo City Council  
 Greater Dandenong City Council  
 Greater Geelong City Council  
 Greater Shepparton City Council  
 Hepburn Shire Council  
 Hindmarsh Shire Council  
 Hobsons Bay City Council  
 Horsham Rural City Council  
 Hume City Council  
 Indigo Shire Council  
 Kingston City Council  
 Knox City Council  
 La Trobe Shire Council  
 Loddon Shire Council  
 Macedon Ranges Shire Council  
 Manningham City Council  
 Maribyrnong City Council  
 Maroondah City Council  
 Melbourne City Council  
 Melton Shire Council  
 Mildura Rural City Council  
 Mitchell Shire Council  
 Moira Shire Council  
 Monash City Council  
 Moonee Valley City Council  
 Moorabool Shire Council  
 Moreland City Council  
 Mornington Peninsula Shire Council  
 Mount Alexander Shire Council  
 Moyne Shire Council  
 Murrindindi Shire Council  
 Nillumbik Shire Council  
 Northern Grampians Shire Council  
 Port Phillip City Council  
 Pyrenees Shire Council  
 South Gippsland Shire Council  
 Southern Grampians Shire Council  
 Stonnington City Council  
 Strathbogie Shire Council  
 Surf Coast Shire Council  
 Swan Hill Rural City Council

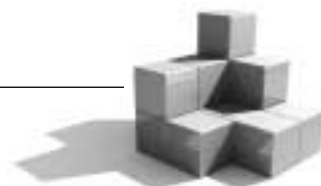
Towong Shire Council  
 Wangaratta Rural City Council  
 Warrnambool City Council  
 Wellington Shire Council  
 West Wimmera Shire Council  
 Whitehorse City Council  
 Whittlesea City Council  
 Wodonga Rural City Council  
 Wyndham City Council  
 Yarra City Council  
 Yarra Ranges Shire Council  
 Yarriambiack Shire Council

### **Regional library corporations**

Casey-Cardinia Regional Library Corp.  
 Central Highlands Regional Library Corp.  
 Coramgamite Regional Library Corp.  
 Eastern Regional Library Corp.  
 Geelong Regional Library Corp.  
 Glenelg Regional Library Corp.  
 Goulburn Valley Regional Library Corp.  
 High Country Regional Library Corp.  
 Hume-Moonee Valley Regional Library Corp.  
 North Central Goldfields Regional Library Corp.  
 Swan Hill Regional Library Corp.  
 West Gippsland Regional Library Corp.  
 Whitehorse Manningham Regional Library Corp.  
 Wimmera Regional Library Corp.  
 Yarra Plenty Regional Library Corp.  
 Yarra-Melbourne Regional Library Corp.

### **Public cemeteries**

Anderson's Creek Cemetery Trust  
 Ballarat General Cemeteries Trust  
 Bendigo Cemeteries Trust  
 Cheltenham and Regional Cemeteries Trust  
 Geelong Cemeteries Trust  
 Keilor Cemetery Trust  
 Mildura Cemetery Trust  
 Preston Cemetery Trust  
 Templestowe Cemetery Trust  
 Trustees of the Fawkner Crematorium and Memorial Park  
 Trustees of the Lilydale Memorial Park and Cemetery  
 Trustees of the Memorial Park  
 Trustees of the Necropolis Springvale  
 Wyndham Cemeteries Trust



## APPENDIX 4

### DELEGATION FOR SIGNING AUDIT OPINIONS

#### Delegation provided to external audit service providers for signing of audit opinions, 2000-01

(net equity less than \$1 million)

<i>Agency</i>	<i>Audit service provider</i>	<i>Firm</i>
Alexandra and District Ambulance Service	M. Crossley	Day Neilson
Caritas Christi Hospice Ltd	L. Holloway	Webb Callaway Paton
Chinese Medicine Registration Board of Victoria	J. Pasias	Pannell Kerr Forster
Chiropractors Registration Board of Victoria	J. Pasias	Pannell Kerr Forster
Curriculum Assessment Authority	D. Nairn	MGI Merrick Webster
O'Connell Family Centre (Grey Sisters) Inc.	M. Crossley	Day Neilson
Osteopaths Registration Board of Victoria	J. Pasias	Pannell Kerr Forster
Podiatrists Registration Board of Victoria	J. Pasias	Pannell Kerr Forster
Barwon Regional Waste Management Group	B. Potgieter	Day Neilson
Calder Regional Waste Management Group	I. Blencowe	Haines Norton
Central Murray Regional Waste Management Group	B. Frewin	Andrew Frewin Stewart
Desert Fringe Regional Waste Management Group	J. Keogh	TASS
Food Quality Services Pty Ltd	M. Perry	Andersens
Gippsland Regional Waste Management Group	K. Young	Armitage Downie
Goulburn Valley Regional Waste Management Group	I. Blencowe	Haines Norton
Grampians Regional Waste Management Group	B. Frewin	Andrew Frewin Stewart
Highlands Regional Waste Management Group	I. Blencowe	Haines Norton
Mildura Regional Waste Management Group	J. Keogh	TASS
Mornington Peninsula Regional Waste Management Group	I. Blencowe	Haines Norton
Murray Valley Wine Grape Industry Development Committee	J. Keogh	TASS
North East Victorian Regional Waste Management Group	I. Blencowe	Haines Norton
Northern Regional Waste Management Group	G. Winnett	Danby Bland Provan
Northern Victorian Fresh Tomato Industry Development Committee	D. Sturgess	Stockford Accounting Services Pty Ltd
Sustainable Energy Authority Victoria	S. Naylor	Stockford Accounting Services Pty Ltd
South Western Regional Waste Management Group	B. Potgieter	Day Neilson
Victorian Meat Authority	D. Nairn	MGI Merrick Webster
Victorian Strawberry Industry Development Committee	D. Sturgess	Stockford Accounting Services Pty Ltd
Water Training Centre	J. Gavens	Day Neilson
Western Regional Waste Management Group	T. Tran	Tuan Tran Pty Ltd
Architects' Registration Board	M. Crossley	Day Neilson
Victorian Institute of Sport Limited	I. Blencowe	Haines Norton
Victorian Institute of Sport Trust	I. Blencowe	Haines Norton
Psychologists Registration Board of Victoria	J. Pasias	Pannell Kerr Forster
Melbourne 2002 World Masters Games Ltd	B. Potgieter	Day Neilson

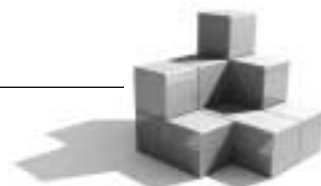
## APPENDIX 5

# COMPLIANCE INDEX

### Compliance index disclosure requirements

The Annual Report of the Victorian Auditor-General's Office is prepared in accordance with the *Audit Act* 1994, the *Financial Management Act* 1994 and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure and other requirements.

<i>Clause</i>	<i>Disclosure</i>	<i>Page</i>
<b>REPORT OF OPERATIONS</b>		
<b>Charter and purpose</b>		
9.1.3 (i) (a)	Manner of establishment and Relevant Minister	1
9.1.3 (i) (b)	Objectives, functions, powers and duties	1
9.1.3 (i) (c)	Services provided and persons or sections of community served	<i>inside front cover</i>
<b>Management and structure</b>		
9.1.3 (i) (d) (i)	Names of governing board members, audit committee and chief executive officer	42
9.1.3 (i) (d) (ii)	Names of senior office holders and brief description of each office	42
9.1.3 (i) (d) (iii)	Chart setting out organisational structure	41
9.1.3 (i) (e)	Work force data and application of merit and equity principles	45, 46
9.1.3 (i) (f)	Application and operation of <i>Freedom of Information Act</i> 1982	51
<b>Financial and other information</b>		
9.1.3 (ii) (a)	Summary of financial results with previous four year comparatives	55
9.1.3 (ii) (b)	Summary of significant changes in financial position	55
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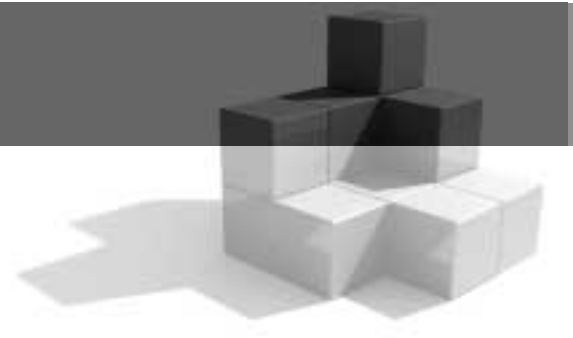


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**J. W. Cameron**  
*Auditor-General*

*(Foreword to 2001-02 to 2003-04 Corporate Plan)*



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