



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2011-12 FINANCIAL AND PERFORMANCE OUTCOMES  
GENERAL QUESTIONNAIRE**

**VICTORIAN AUDITOR-GENERAL'S OFFICE**

**SECTION A: Output variations****Question 1**

Please provide copies of all of your department's/agency's annual plans, business plans, strategic plans, corporate plans or similar relating to 2011-12 (these are requested in accordance with Section 28(1) of the *Parliamentary Committees Act 2003*) unless they are online. If they are online, please specify the document name and web address:

Document	Web address:
<i>Strategic Plan 2010-11 to 2014-15</i>	<a href="http://www.audit.vic.gov.au/reports_and_publications/strategic_plan.aspx">http://www.audit.vic.gov.au/reports_and_publications/strategic_plan.aspx</a>
<i>Annual Plan 2011-12</i>	<a href="http://www.audit.vic.gov.au/reports_publications/corporate_publications/annual_plan.aspx">http://www.audit.vic.gov.au/reports_publications/corporate_publications/annual_plan.aspx</a>

**Question 2 (departments only)**

This question does not relate to VAGO.

**Question 3 (departments only)**

This question does not relate to VAGO.

**Question 4**

Regarding VAGO's performance measures in the budget papers:

- (a) How did VAGO's 2011-12 results influence departmental planning in 2012-13?

VAGO's 2011-12 results indicated that targets for performance measures in the budget papers remained appropriate.

- (b) Please detail all changes planned for 2012-13 as a consequence of actual results for any performance measures not meeting the targets in 2011-12.

No changes were planned for 2012-13 as a consequence of actual results not meeting targets in 2011-12 because variations were not significant.

**Question 5 (departments only)**

This question does not relate to VAGO.

**Question 6 (Department of Treasury and Finance only)**

This question does not relate to VAGO.

**SECTION B: Asset investment****Question 7**

This question does not relate to VAGO.

**Question 8**

This question does not relate to VAGO.

**Question 9**

- (a) Please detail (in aggregate for each of the following categories) the expenditure of VAGO<sup>1</sup> on asset projects not listed in the 2011-12 Budget Paper No.4:

Category of projects	Expenditure in 2011-12 (\$ million)
Projects with a TEI less than \$250,000	0.4
Projects with a TEI greater than \$250,000 but planned expenditure in 2011-12 under \$75,000	Nil
Capital grants paid to other sectors of government	Nil
Other projects included in 'payments for non-financial assets' on the cash flow statement for the Department but not listed in Budget Paper No.4 for 2011-12	0.4

- (b) If the total of expenditures listed in response to part (a) is not equal to the 'purchases of non-financial assets' in VAGO's cash flow statement in the annual report, please explain why:

N/A

**Question 10**

This question does not relate to VAGO.

**Question 11**

This question does not relate to VAGO.

<sup>1</sup> i.e. please provide this information for the Department on the same basis of consolidation as is used in the budget papers

**Question 12**

For each of your entity's public private partnership projects in 2011-12, please detail the entity's expenditure in 2011-12 in the following categories:

- (a) the amount paid that was classified as 'finance charges on finance leases' and a description of what that money was for;
- (b) the amount paid as 'operating lease payments' and a description of what that money was for; and
- (c) any other expenses and a description of what that money was for.

VAGO does not have any public private partnerships.
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**Question 13**

Please list each project funded by VAGO<sup>2</sup> for which the funding is included in the 'net cash flows from investments in financial assets for policy purposes' in the general government sector cash flow statement, detailing for each:

- (a) the estimated expenditure in 2011-12;
- (b) the actual expenditure in 2011-12; and
- (c) for any project completed in 2011-12, what policy purposes were achieved.

Project	Estimated expenditure in 2011-12	Actual expenditure in 2011-12	What policy purposes were achieved (where applicable)
n/a			

<sup>2</sup> i.e. please provide this information on the same basis of consolidation as the budget papers

SECTION C: **Revenue and revenue foregone****Question 14**

Please explain and detail the impact of any variances greater than  $\pm 10$  per cent between the prior year's actual result and the actual result for 2011-12 for:

- (a) each revenue/income category detailed in your operating statement; and
- (b) the total revenue/income in your operating statement.

Please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Revenue category	2010-11 actual (\$'000)	2011-12 actual (\$'000)	Explanations for variances greater than $\pm 10$ per cent	Impact of variances
Sale of goods and services	302.1	125.4	Fewer outbound secondees in 2011-12	Negligible, as revenue matched by expenditure on seconded staff

**Question 15**

Please explain and detail the impact of any variances greater than  $\pm 10$  per cent between the initial budget (**not** the revised estimate) and the actual result for 2011-12 for:

- (a) each revenue/income category detailed in your operating statement; and
- (b) the total revenue/income in your operating statement.

Please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Revenue category	2011-12 Budget (\$'000)	2011-12 actual (\$'000)	Explanations for variances greater than $\pm 10$ per cent	Impact of variances
Sale of goods and services	0.0	125.4	Recoup of secondees' salaries not anticipated	Negligible, as revenue matched by expenditure on seconded staff

Fair value of services received free of charge	37.0	32.6	Cost of new external financial auditors overestimated	Nil, as revenue matched by external audit fee
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### Question 16

Please provide an itemised schedule of any concessions and subsidies (revenue foregone) (see the Explanatory Memorandum for a definition of concessions and subsidies) provided by your organisation in 2011-12. For each item, please:

- describe the purpose of the concession/subsidy;
- explain any variations greater than  $\pm 10$  per cent between the actual expenditure and the initial budget for the year;
- indicate the number of concessions/subsidies granted in each category; and
- explain whether the outcomes in the community<sup>3</sup> expected to be achieved by granting these concessions or providing these subsidies have been achieved.

Concession/subsidy	Purpose	2011-12 Budget	2011-12 actual	Explanations for variances greater than $\pm 10$ per cent	Number of concessions/subsidies granted in 2011-12	Outcomes achieved
n/a						

### Question 17 (Department of Treasury and Finance only)

This question does not relate to VAGO.

<sup>3</sup> 'outcomes' are the impact of service delivery on the community rather than a description of the services delivered

**SECTION D: Expenditure****Question 18**

Please explain and detail the impact of any variances greater than  $\pm 10$  per cent between the prior year's actual result and the actual result for 2011-12 for:

- (a) each expenditure category detailed in your operating statement; and
- (b) the total expenditure in your operating statement.

Please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Expenditure category	2010-11 actual (\$'000)	2011-12 actual (\$'000)	Explanations for variances greater than $\pm 10$ per cent	Impact of variances
Interest expense	30.6	18.2	Interest on motor vehicle finance leases down by \$13k	Negligible, as the saving comprises only 0.03% of total expenditure

**Question 19**

Please explain and detail the impact of any variances greater than  $\pm 10$  per cent between the initial budget (not the revised budget) and the actual result for 2011-12 for:

- (a) each expenditure category detail in your operating statement; and
- (b) the total expenditure in your operating statement.

Please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Expenditure category	2011-12 Budget (\$'000)	2011-12 actual (\$'000)	Explanations for variances greater than $\pm 10$ per cent	Impact of variances
Depreciation and amortisation	871.0	732.4	Capital expenditure lower than expected	Negligible, as the saving comprises only 0.4% of total expenditure
Interest expense	22.0	18.2	Interest on motor vehicle finance leases lower than expected	Negligible, as the saving comprises only 0.01% of total expenditure

**Question 20**

The 2011-12 budget papers indicate that \$184.2 million of output funding allocated for expenditure in 2011-12 by previous budgets was 'reprioritised or adjusted'. This is in addition to any savings or efficiencies resulting from savings measures. For VAGO,<sup>4</sup> please indicate:

- (a) what areas of expenditure (including projects and programs if appropriate) the funding was reprioritised/adjusted from (i.e. what the funding was initially provided for);
- (b) for each area of expenditure (or project or program), how much funding was reprioritised; and
- (c) the impact on those areas of the reprioritisation/adjustment.

VAGO operates under a separate budgeting arrangement, via the Public Accounts and Estimates Committee, which is not subject to the specific budgeting reprioritisation and adjustment referred to.

**Question 21**

Please provide details of any evaluations of grants programs that were conducted by your department/agency in 2011-12, including any findings about:

- (a) the outcomes in the community<sup>5</sup> achieved by the programs; or
- (b) the effectiveness of grants at achieving planned outcomes compared to other modes of service delivery.

VAGO does not have any grants programs.

**Question 22**

- (a) Please provide the following details about the realisation of efficiency and savings targets in 2011-12 in VAGO. In providing savings targets, please provide the cumulative target rather than the change in savings from one year to the next (i.e. provide the target on the same basis as in the budget papers).

VAGO did not have any externally applied efficiency and savings targets in 2011-12.

\* In contrast to the other savings initiatives, the Budget Update indicated that, in the first year, it expected this initiative to have an increased cost rather than make a saving. Please clearly indicate whether the target and actual for your department for this initiative is an increased cost or a saving.

- (b) If any savings targets differ from what was initially indicated in the budget papers, please provide details.

n/a

<sup>4</sup> i.e. please provide this information for the Department on the same basis of consolidation as is used in the budget papers

<sup>5</sup> 'outcomes' are the impact of service delivery on the community rather than a description of the services delivered



**Question 23 (departments only)**

This question does not relate to VAGO.

**Question 24**

Please detail all measures introduced to increase efficiency in 2011-12, including the cost of introducing each measure and the estimated savings as a result of the measure in 2011-12.

Efficiency measure	Cost of introduction	Estimated savings as a result
Stock take and rationalisation – Analysis of business operations, practices and reporting needs to improve efficiency and effectiveness of operations.	0.5 FTE internally for 3 months. External review by the State Services Authority (SSA) conducted for no charge.	Based on recommendations from the SSA review, there was a reduction of one full time VPS 6.2 administrative position and an EO2 position was reduced to EO3. All remaining administrative positions have been centralised and now align more closely with whole-of-office business needs.

**Question 25**

Please detail any changes to VAGO's service delivery as a result of savings initiatives released since the change of government, e.g. changes to the timing and scope of specific programs or discontinued programs.

There were no changes to VAGO's service delivery as a result of savings initiatives released since the change of government.

**SECTION E: Public sector workforce****Question 26**

Please detail the total full-time equivalent number of staff in your department/agency as at 30 June 2011 and 30 June 2012 in each of the following bands of levels, and explain the changes from one year to the next:

Level	Total FTE (30 June 2011)	Total FTE (30 June 2012)	Explanation for changes
VPS Grades 1-3	42.9	43.7	Minimal change is within reasonable expectations.
VPS Grade 4	33.6	31.2	As above.
VPS Grades 5-6 and STS	68.1	68.8	As above.
EO	18.8	18.9	As above.
Total of all staff (including non-VPS grades)	163.4	162.6	As above.

**Question 27**

In the tables below, please detail the salary costs for 2011-12, broken down by ongoing, fixed-term and casual and explain any variations greater than 10 per cent between the years for each category.

Employment category	Gross salary 2010-11	Gross salary 2011-12	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Ongoing	16.9	17.8	n/a
Fixed-term	1.8	1.0	This figure is highly variable as it is subject to seasonal activities. FTE down from 14 (2010-11) to 9 (2011-12)
Casual	0.2	0.1	As above.
<b>Total</b>	18.9	18.9	n/a

**Question 28**

Please detail the impact on your department's/agency's expenditure of any EBAs agreed in 2011-12 and how any additional costs were funded.

EBA	Impact in 2011-12 (\$ million)	How the impact was funded
n/a		

**Question 29**

Please provide the following details about staff number changes in 2011-12 (please provide all data as FTE):

	Target for 2011-12	Actual for 2011-12	Reason for any variation between target and actual	Impact of reduction or increase in staff numbers on services delivery
Total change in staff numbers (please indicate + for increase and – for decrease)	-3.5	-0.8	A number of fixed-term staff were sourced in late 2011-12 for Performance Audit to back-fill staff on maternity leave.	The small change in the number of fixed-term staff ensured there was minimal interruption to service delivery.
Change in the number of head office staff* (please indicate + for increase and – for decrease)	As above	As above		
Change in the number of front-line staff* (please indicate + for increase and – for decrease)	-4.7	0.0	Variation is only 4%.	Negligible, as staffing requirements vary on a seasonal basis.
Number of staff reduced through resignation and retirement	0	0.8		
Number of staff reduced through non-renewal of contracts	0	0		
Number of staff reduced through VDPs	0	0		
Number of staff reduced through TSPs	0	0		
Number of staff reduced through other means	0	0		
Costs associated with staff reductions (e.g. VDP and	0	0		

redundancies pay-outs)				
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\* Please indicate how you have defined 'head office staff' and 'front-line staff'.

Head office staff comprises all staff. Front-line staff comprises all auditors who deliver the Office's outputs.

**Question 30**

- (a) For what roles within your organisation were contractors or contract staff used in 2011-12 (refer to Explanatory Memorandum for definition of contractors)?

Contractors were outsourced through a tender process to provide performance and financial audit services as audit service providers. Contract staff backfilled vacant positions and assisted with seasonal work.

- (b) Please itemise the services delivered by contractors or contract staff in 2011-12:

The following has been outsourced to audit service providers (ASPs) – FTE depends on size of audit engagement.

Service category	Number of contractors/contract staff	Value of services (\$)
Performance Audits	19	774,000
Attest Audit Service Providers	26	10,757,000

- (c) For each specific contractor or contract staff paid in excess of \$100,000 per annum that has been engaged by your organisation during 2011-12, please supply the following details:

Supplier	Purpose	Value of services (\$)	Number of contractors/contract staff (FTE) employed for longer than 12 months	Reasons why a VPS employee or equivalent could not undertake the work
EW Russell & Associates Pty Ltd	Performance Audit	137,000	N/A	Required to complete a specific audit component.
Ernst and Young	Performance Audit	218,000	N/A	As above.
Coffey Hunt & Co	Financial Audit	522,000	N/A	Using outsourced audit providers can achieve value for money where audits are regional, rural, require specific technical skill or short term assistance. Labour market factors also limit VAGO's capacity to resource all financial audits internally. The delivery of required audit opinions within statutory reporting timelines could not be achieved using in-house resources alone.
Crowe Horwath Melbourne (previously WHK Horwath)	Financial Audit	1,143,000	N/A	As above.
Deloitte Touche Tohmatsu	Financial Audit	697,000	N/A	As above.
DFK Collins	Financial Audit	163,000	N/A	As above.
Dixons & Associates Pty Ltd	Financial Audit	113,000	N/A	As above.

Ernst & Young	Financial Audit	1,230,000	N/A	As above.
HLB Mann Judd (Vic) Pty Ltd	Financial Audit	1,983,000	N/A	As above.
Johnsons MME	Financial Audit	269,000	N/A	As above.
KPMG	Financial Audit	305,000	N/A	As above.
LD Assurance	Financial Audit	267,000	N/A	As above.
Mclean Delmo Hall Chadwick	Financial Audit	288,000	N/A	As above.
Mulqueen Griffin Rogers P/L	Financial Audit	126,000	N/A	As above.
Richmond Sinnott & Delahunty	Financial Audit	803,000	N/A	As above.
RSM Bird Cameron	Financial Audit	1,244,000	N/A	As above.
UHY Haines Norton (Vic) Pty Ltd	Financial Audit	595,000	N/A	As above.
WHK Audit (Vic) (previously WHK Armitage Downie Pty Ltd)	Financial Audit	554,000	N/A	As above.
WHK Audit & Risk Assessment (previously KPMG Albury)	Financial Audit	162,000	N/A	As above.

### **Question 31**

- (a) For what roles within your organisation were consultants used in 2011-12 (refer to Explanatory Memorandum for definition of consultants)?

In 2011-12 VAGO engaged 15 consultants during the year, costing \$100,708. No payments exceeded \$100,000, and three payments were greater than \$10,000 but less than \$100,000. These three payments totally \$44 352 formed part of the service categories of Quality Review (\$10 380), Information Technology (\$22 273) and Organisational Development (\$11 700), as detailed in question 31b below.

- (b) Please itemise the services delivered by consultants in 2011-12:

Service category	Number of consultants	Value of services (\$)
Audit Committee – Audit Committee Fees	1	6 737
Audit Committee – Audit Committee Fees	1	6 225
Audit Committee – Audit Committee fees	1	4 684
Audit Committee – Audit Committee fees	1	2 657
Editorial Services – CAVAL Cataloguing	1	405
Information Technology – HRIS post implementation review	1	22 273
Information Technology – ISYS Server upgrade consultancy	1	931
Organisational Development – Reviews of Business Planning and Performance and Development Plans	1	11 700
Organisational Development – Cultural survey	1	6 750
Quality Review – ACAG macro benchmarking survey	1	10 380
Quality Review – Cold reviews	1	6 533
Quality Review – External Assessments, ACAG and review of performance audit reports	1	6 000
Quality Review – External assessment and ACAG review	1	6 000
Quality Review – External assessment and ACAG review	1	6 000
Taxation – FBT advice	1	3 435

(c) For each specific consultant paid in excess of \$100,000 per annum that has been engaged by your organisation during 2011-12, please supply the following details:

Supplier	Purpose	Value of services (\$)	Number of consultants (FTE) employed for longer than 12 months	Reasons why a VPS employee or equivalent could not undertake the work
N/a				

### Question 32

Please complete the following tables showing number of executive staff and total value of bonuses paid in the 2011-12 performance periods:

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Secretary or CEO, EO1 – Deputy <sup>(a)</sup>				



EO2 <sup>(a)</sup>	2	0	2	44,638
EO3	12.9	4.9	8	68,239
Other Executives				
Other staff				

Note (a): Combine categories to preserve confidentiality where necessary

### Question 33

In the following table, please show for your organisation the actual range of bonuses paid in 2011-12 (expressed as a percentage of total remuneration).

Rating	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)
Exceptional	8% - 10%
Superior	3% - 5%
Competent	0%
Improvement required	0%

The above format is based on the Executive Employment Handbook. If your organisation adopted another approach for awarding bonuses, please provide details.

VAGO has followed the format based on the Executive Employment Handbook.

### Question 34

Please detail the number of executives who received increases in their remuneration in 2011-12, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives' salaries increasing in each bracket.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount	Reasons for these increases
0-3 per cent	14	Annual CPI increase
3-5 per cent	0	
5-10 per cent	4	Annual CPI increase plus rebase for successful performance in prior year
10-15 per cent	0	
greater than 15 per cent	0	

**Question 35 (Department of Treasury and Finance only)**

This question does not relate to VAGO.

## SECTION F: Program outcomes

Outcomes reflect the impact on the community of the goods and services provided by a department. The questions in this section all relate to the outcomes that your department/agency contributed to in 2011-12.

### Question 36

- (a) Using the format of the table below, please outline the five most important outcomes in the community<sup>6</sup> achieved by your organisation's programs/activities in 2011-12 (where your organisation has been the key player) including:
- (i) what was planned;
  - (ii) what was achieved;
  - (iii) quantitative or qualitative data to demonstrate this achievement;
  - (iv) any other Victorian public sector organisations or agencies from other jurisdictions that have worked across organisational boundaries to contribute to this outcome; and
  - (v) the relationship of these outcomes to any government strategies or goals.

Planned outcome to be achieved	Description of actual outcome achieved	Quantitative or qualitative data to demonstrate outcome	Other agencies involved	Relationship to major government strategy
From our publicly available <i>Strategic Plan 2010–11 to 2014–15</i>  1. Being authoritative and relevant by:	Authoritative audits met or exceeded professional standards and quality frameworks.	- Peer reviews are conducted in line with professional standards and national quality framework. All sampled audits subject to peer review were found to have been conducted in accordance with audit policies Australian Auditing and Assurance Standards and legislation.  - an improved score of 83 per	N/A	N/A

<sup>6</sup> 'outcomes' are the impact of service delivery on the community rather than a description of the services delivered

<ul style="list-style-type: none"> <li>better targeting topics</li> </ul>	<p>Audit topics were better targeted to areas of public interest</p>	<p>cent on independent assessment of a selection of performance audit reports assessed against criteria agreed by the Australian audit offices that participated.</p> <p>- a pilot trial of assessing our financial audits was also done this year and they scored 81 per cent</p> <p>- Continued broad Annual Planning consultations including stakeholder summits which included regulators, practitioners, community organisations, people involved in direct service delivery and recipients of government programs and initiatives.</p> <p>- Continued level of engagement with secretaries, senior management of departments and departmental audit committees in discussions about the proposed multi-year program.</p> <p>- Our reports have been well covered by the media, with 341 print articles and 358 broadcast items mentioning our reports, strongly suggesting our audit topics are of public interest</p> <p>- 56% of visitors to the VAGO website in 2011–12 were new visitors, and there were around 102 000 visits, which may be due to broader coverage of public interest topics.</p>	<p>N/A</p>	<p>N/A</p>
<ul style="list-style-type: none"> <li>direct audit effort to areas of public value</li> </ul>	<p>Value of audits continues to be recognised by Parliamentary, community and client</p>	<p>- 93 per cent of Parliamentarians surveyed were satisfied with our reports and services, above our</p>	<p>N/A</p>	<p>N/A</p>

<ul style="list-style-type: none"> <li>promoting broader access to reports</li> </ul>	<p>stakeholders</p> <p>Greater access and use of audit reports</p>	<p>target of 85 per cent.</p> <ul style="list-style-type: none"> <li>- Inquiries from the public increased 45% on last year, continuing a longer-term trend, indicating public interest</li> <li>- Audit clients rating of the value of audit reports increased this year to 73.6 per cent for financial audit and 68.9 per cent for performance audit</li> <li>- In 2011–12, 180 (99 per cent) of our 182 PA recommendations were accepted.</li> <li>- Trend of increasing number of unique visitors to the website has continued with a 33 per cent increase in 2011–12</li> <li>- Audit-related references in Parliamentary debate increased from 52 % from 172 in 2010-11 to 262.</li> <li>- Audit reports promoted through 23 public addresses</li> <li>- Since July 2011, all reports are now being published in HTML on VAGO's website, as well as PDF, to improve search capability and promote accessibility.</li> </ul>	N/A	N/A
<p>2. Being highly regarded by Parliament by:</p> <ul style="list-style-type: none"> <li>smoothing the flow of reports</li> <li>better engaging Parliamentary committees and individual</li> </ul>	<p>Tabling of audits continues to be smoothed across the tabling dates</p> <p>Stronger relationships with Committees encouraged use of VAGO's audits to inform Committee inquiries. Stronger</p>	<ul style="list-style-type: none"> <li>- A smooth tabling program was established since February 2011 and was maintained in 2011-12.</li> <li>- Provided evidence to PAEC's Inquiry into Effective Decision Making for Significant Infrastructure Projects, through a</li> </ul>	N/A  N/A	N/A  N/A

Parliamentarians	<p>relationships with Committee staff informed our audit program and encouraged transfer of good practice through secondments.</p> <p>Parliamentarians continue to rate the responsiveness of the Office highly</p> <p>Continued to consider Parliamentarians and PAEC input into the Annual Plan</p>	<p>submission, questionnaire and public hearings. VAGO also brought forward a performance audit of Managing Major Projects to contribute to their inquiry.</p> <p>-Provided evidence to the Economic Development and Infrastructure Committee's Inquiry into Local Economic Development Initiatives in Victoria, attending a public hearing.</p> <p>-2 VAGO staff seconded to PAEC</p> <p>-Continued regular information sessions for senior staff of the joint investigatory committees of Parliament to highlight audits in their areas of interest. These sessions were well attended and received positive feedback.</p> <p>- Once again this year, 100 per cent of respondents who had dealings with VAGO rated the responsiveness of the Auditor-General or his office as good or very good.</p> <p>- The Annual Plan process again included extensive consultation with PAEC beyond the requirements of the <i>Audit Act 1994</i>. Inquiries from Parliamentarians were also considered, which is standard practice.</p>		
3. Fostering productive	Clients had a strong understand	- 95 per cent of financial audit	N/A	N/A

<p>relationships with audit clients by:</p> <ul style="list-style-type: none"> <li>appropriately informing about audit plans, processes and activities</li> <li>fostering professional relationships</li> </ul>	<p>of audit process and approach</p> <p>Relationships with agencies have continued to progress positively.</p>	<p>clients surveyed reported that they were sufficiently consulted about the audit strategy and key milestones for the audit</p> <ul style="list-style-type: none"> <li>- 95 per cent of performance audit clients surveyed were satisfied with VAGO's professional interaction during the audit, and 91 per cent reported there was adequate involvement of senior audit staff in the audit.</li> <li>- VAGO continued the level of engagement with Secretaries with regular meetings.</li> <li>- Continued to present on audit and accountability issues to audit committees and staff groups</li> <li>- Overall, agencies generally continue to provide information requested during performance audits in a timely manner, indicating a positive relationship.</li> </ul>	<p>N/A</p>	<p>N/A</p>
<p>4. Fostering a stimulating work environment by:</p> <ul style="list-style-type: none"> <li>rigorous performance planning and management</li> <li>supporting a safe and healthy workplace</li> </ul>	<p>Strong investment in staff development to support high performance</p> <p>Improvements made to our Health and Wellbeing program</p>	<ul style="list-style-type: none"> <li>- In July 2011 several online compliance training modules were released and completed by staff. These are required to be refreshed regularly.</li> <li>- Performance Development Plans simplified and refined to align with business targets while being less onerous</li> <li>- Since 2009 the number of opportunities for staff to participate in Health and Wellbeing activities has been increasing.</li> </ul>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>

<p>5. Leverage our systems and processes to improve organisational performance by:</p> <ul style="list-style-type: none"> <li>aligning systems and processes</li> <li>investing in capability for long term sustainability</li> <li>being a responsible corporate citizen</li> </ul>	<p>Improved organisational performance allowed gains in timeliness and continued strong performance on cost comparisons.</p> <p>Restructure of the office based on recommendations from the SSA</p> <p>Strengthened VAGO's governance and quality systems through implementation of the ACAG Governance and Audit Framework.</p> <p>Environmental ratings retained</p> <p>Continued emphasis on international assistance and knowledge transfer</p>	<p>- 96 per cent of management letters were issued within time frames – a strong improvement on the year before (88 per cent)</p> <p>- The average cost for financial audits was significantly lower than comparable Australian audit offices. The cost of a VAGO performance audit is mid-range for comparable Australian audit offices.</p> <p>- Relocating some business support roles has streamlined processes and shared knowledge among staff</p> <p>- A May 2012 peer review of our use of the framework found that we met the requirements (at Level 3 or above) and we are considering several suggested improvements</p> <p>- 4 star green rating retained</p> <p>- Hosted secondments and delegations from Indonesia, China, New Zealand and France</p> <p>Secondment program with Hong Kong and British Columbia</p>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>
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(b) Please also identify any significant program outcomes that were planned but not achieved in 2011-12 and the underlying reasons.

Outcome not achieved	Explanation
<p>Cost target for issuing audit opinions on financial statements not met</p>	<p>The total cost of delivering our audit opinions increased from \$21.2 million in 2010–11 to \$22.8 million in 2011–12. This is 9.6 per cent above our target of \$20.8 million. This is mainly due to general price increases, higher staff and contractor costs and work brought forward. Costs were fully recovered through audit fees.</p>



Timeliness target for reports being tabled in parliament not met	Our target is to table 90 per cent of our reports within one month of the planned program. Of the 37 Parliamentary reports tabled during 2011–12, 32 (87 per cent) were tabled within one month of the planned program. Of the five reports that were late, two were carried over from previous financial years.
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**Question 37**

This question does not relate to VAGO.

**SECTION G: Previous recommendations****Question 38**

For each recommendation in the Committee's *Report on the 2009-10 and 2010-11 Financial and Performance Outcomes* that relates to an area relevant to your department or one of its portfolio agencies, please indicate:

- (a) whether or not the action specified in the recommendation has been implemented;
- (b) if so, how it has been implemented and what publicly available information (if any) demonstrates the implementation of the recommendation; and
- (c) if not, why not.

No.	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:
			How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
1	In future years, departments provide timely responses to the Committee's questionnaires, with answers that are informative and without modifications to the question.	VAGO notes that it is not a department for the purposes of this recommendation. Notwithstanding, VAGO has satisfied this recommendation.	No modifications have been made to questions, all relevant questions have been responded to and timelines met.	VAGO responses to questionnaires	

No.	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:
			How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
21	All departments which transition to shared services ensure that they set up appropriate mechanisms to capture and report the savings that result from the transition.	VAGO notes that it is not a department for the purposes of this recommendation. Consequently, the recommendation is not applicable.			N/A
30	Where departments have performance measures that are based on project milestones, they calculate results based on the original milestones for the project, and not milestones that have been subsequently altered to reflect changes.	VAGO notes that it is not a department for the purposes of this recommendation. Notwithstanding, VAGO has satisfied this recommendation.	Results of VAGO timeliness measures reported in the Annual Report are based on original project milestones. The Annual Report provides a reconciliation of missed milestones. In addition, VAGO reports quarterly to VAGO indicating original tabling dates, with alterations to timeliness noted in these reports.	VAGO Annual Report 2011-12	
31	Departments review quality performance measures that are solely based on compliance with legislation, to identify whether more challenging service levels might be set as targets.	VAGO notes that it is not a department for the purposes of this recommendation. Consequently, the recommendation is not applicable.			N/A
33	Departments review their performance measures to determine whether providing results at the 50th and 90th percentiles would convey a more comprehensive understanding of departmental performance to	VAGO notes that it is not a department for the purposes of this recommendation. Consequently, the recommendation is not			N/A

No.	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:
			How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
	stakeholders.	applicable.			
34	Departments review those performance measures which solely indicate whether or not a task was performed and, where meaningful, replace them with measures of the timeliness or quality of the task's performance.	VAGO notes that it is not a department for the purposes of this recommendation. Consequently, the recommendation is not applicable.			N/A
19	The Auditor-General consider conducting an audit of departments to identify whether their disclosure of expenditure on consultants in annual reports is being made in accordance with government guidance.	Yes	The Auditor-General considered this suggestion as part of recent consultations on the development of the draft <i>Annual Plan 2013-14</i> and has proposed the addition of a performance audit topic on 'Confidential Consultants' in 2013-14.	No – however, draft materials including this information were provided to PAEC on 10 December 2012.	
55	The Victorian Auditor-General's Office explore avenues for having a greater focus on the statutory requirements in section 3A(1)(b) of the Audit Act 1994 in relation to examining effectiveness and economy in the conduct of performance audits in future.	Yes	This has been considered in the development of the <i>Annual Plan 2013-14</i> .	No – however, draft materials including this information were provided to PAEC on 10 December 2012.	
58	The Victorian Auditor General's Office obtain feedback on how briefing sessions on the key findings of the Auditor-General's reports could be made more appealing or convenient to members of Parliament in order to increase the attendance	No			As stated in the VAGO's Annual Report 2011-12, VAGO agreed to consider this recommendation in 2012-13. In 2013, Parliamentarian surveys will be via interview, which will

No.	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:
			How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
	rate in the future.				allow exploration of this issue.
59	To assist in interpreting the overall quality of performance audits, the Victorian Auditor-General's Office supplement information reported against its performance measures by: (a) benchmarking the average score of audit reports by external assessors against other jurisdictions; and (b) disclosing the credentials of the external assessors.	(a) No (b) Yes	(b) The Annual Report 2011-12 states that the current assessors are an ex-Parliamentarian and Chair of the Public Accounts Committee, a former Auditor-General, and a member of the Board of the Australasian Reporting Awards, recently retired from a senior public service position. VAGO has not reported the names or credentials of the individuals because anonymity of the individuals involved is required to protect the independence of this process.	(b) Annual Report 2011-12 p 15	(a) The small number of offices participating in the external assessments at this time limits the validity of benchmarking in 2012 and 2013. However, should more offices participate in future, VAGO will re-consider this recommendation.
60	To strengthen relationships with audit clients, the Victorian Auditor-General's Office: (a) examine the reasons why particular performance audit clients considered that the audit approach had not been clearly explained to them; and (b) adopt appropriate means to improve communication with clients.	Yes	In 2011-12, 3% of clients disagreed that the audit approach had been clearly explained, which improved since 2010-11. Follow-ups with this small number of clients have explored the reasons behind these responses. No systemic issues were identified.  Nonetheless, client communication continues to be a priority and training and performance management at VAGO emphasises the	Information on the results of surveys of audited agencies is available on VAGO's website at <a href="http://www.audit.vic.gov.au/about_us/assuring_vagos_quality.aspx">http://www.audit.vic.gov.au/about_us/assuring_vagos_quality.aspx</a>	

No.	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:
			How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
			importance of clearly setting and managing expectations around the audit process.		
61	The Victorian Auditor-General's Office disclose in its annual report the level of expenditure incurred on staff training and development in each year.	Yes	VAGO reports the total cost of training in the Annual Report.	VAGO's <i>Annual Report 2011-12</i> .	
62	The Victorian Auditor-General's Office disclose in its annual report key areas of organisational alignment identified through staff surveys as requiring improvement, together with strategies to address these areas of concern.	No			The recommendation will be addressed in the 2012-13 Annual Report
63	The Victorian Auditor-General's Office consider surveying staff on a continuous basis about whether they would recommend the Victorian Auditor-General's Office as a preferred employer and, if not, the reasons for which they have not given positive responses. These matters should be addressed where appropriate.	Yes	This is already included in VAGO's biennial staff surveys.  Matters raised in the survey are addressed through a range of mechanisms, including workplace wellbeing initiatives, learning and development programs, performance development and progression policies and internal discussion forums and staff representative groups.	The Annual Report 2010-11 states that VAGO conducted a staff survey in February 2011, and discloses some information on the results of the survey, to the extent possible whilst maintaining the confidentiality of staff.  As the surveys are biennial, a staff survey was not conducted in 2011-12.	