

Victorian Auditor-General's Office

20 April 2012

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Mr Philip R. Davis MP
Chairman
Public Accounts and Estimates Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Davis

Response to the Public Accounts Estimates Committee's *Review of the 2009-10 and 2010-11 Annual Reports*

My Office has recently received correspondence from the Department of Treasury and Finance (DTF) inviting VAGO to advise the Public Accounts and Estimates Committee of my intentions in response to recommendations directed at VAGO in the Committee's *Review of the 2009-10 and 2010-11 Annual Reports*.

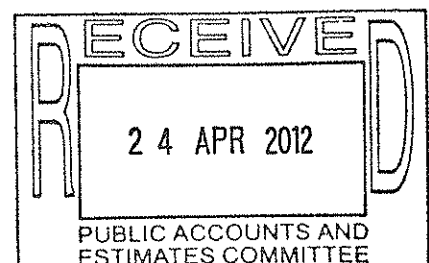
With regard to recommendation 8, I consider that this role sits with DTF, as the central agency responsible for generating and promulgating the Financial Reporting Directions. Consequently, DTF should be monitoring compliance and liaising with agencies where non-compliance is identified. Notwithstanding, as per my correspondence to you on 9 March 2012, this issue was considered in the development of my Office's *Annual Plan 2011-12*. A new audit, 'Compliance with non-financial requirements of annual reporting', has been added to the forward program in 2013-14. This audit may include examination of issues such as effectiveness of monitoring compliance with the Directions.

With regard to recommendation 35(a), my Office accepts this recommendation and is examining options for moving towards outcomes measures as part of the *Annual Report 2011-12*. With regard to recommendation 35(b), my Office accepts this recommendation. More effective reporting of variances will be given particular focus in the development of the *Annual Report 2011-12*.

Yours sincerely



D D R Pearson
Auditor-General



cc: Sue Eddy, Director Budget and Financial Management Division, Department of Treasury and Finance