

Information about the audit of the Financial Statement for the Roads to Recovery Program



1 SCOPE

The Australian Government's Department of Infrastructure, Regional Development and Cities (the Department) requires councils to have audited:

- information it provides in Part 1 – Chief Executive Officer's Financial Statement, being a statement of receipts and expenditure (the Statement) for the Roads to Recovery Program (the Program) under section 90 of the *National Land Transport Act 2014* (the Act). The audit is required under section 41 of the Act
- councils' compliance with the following criteria in the Roads to Recovery Funding Conditions 2014 (the Conditions):
 - the Statement is based on and in agreement with proper accounts and records as described at Part 7 and Part 1.4 of the Conditions
 - amounts reported as expenditure in the Statement are in accordance with Part 2 of the Conditions
 - the amount certified by the Chief Executive Officer of the Council in the Statement as its own source expenditure on roads during the year is based on, and in agreement with proper accounts and records.

The audit team will conduct the audit with the objective of expressing an opinion on whether in all material respects:

- the Statement prepared by the council is presented in accordance with Conditions
- the council complied with specified criteria outlined in the Conditions.

The Audit Office's authority to provide the audit service is in accordance with section 421E of the *Local Government Act 1993*.

The Independent Auditor's Report will not, however, provide assurance that the council has carried out its activities effectively, efficiently and economically.

2 RESPONSIBILITIES

Auditor's Responsibilities

The audit team will conduct the audit in accordance with Australian Auditing and Assurance Standards, in particular ASA 800 'Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks' and ASAE 3100 'Compliance Engagements'. The standards require the audit team to comply with ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance the Statement is free from material misstatement and non-compliance, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement and non-compliance when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

For more information about our responsibilities, refer to the Audit Office's [Terms of Engagement](#) and the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_responsibilities/ar8.pdf.

Responsibilities of the General Manager / Chief Executive Officer

The General Manager / Chief Executive Officer is responsible for:

- establishing systems and processes that ensure compliance with the Act and the Conditions
- preparing the Statement in accordance with the requirements of the Act and the Conditions
- such internal control as the General Manager / Chief Executive Officer determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error
- assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do.

The council's management is responsible for:

- ensuring the full co-operation of its staff
- making all records, information and explanations available to the audit team for the purpose of the audit (management (and where appropriate, those charged with governance) will be asked to provide written confirmations of representations made to the audit team relating to the audit)
- ensuring the system(s) supporting the Statement are robust and capable of providing adequate information and records for the audit
- interpreting and understanding the Act and the Conditions and, if required, clarifying its understanding of the requirements with the Department, not the Audit Office
- confirming agreements or further guidance obtained from the Department about the Statement.

3 ENGAGEMENT COMMUNICATIONS

An Independent Auditor's Report will be issued upon completion of the audit. The report will be addressed to the council's General Manager / Chief Executive Officer.

The Statement is prepared for the purpose of fulfilling the council's reporting obligations to the Department under the Act and the Conditions. The Independent Auditor's Report will therefore advise that the Statement is prepared in accordance with a special purpose framework and that as a result, it may not be suitable for another purpose.

The following reports may also be issued addressing matters arising from the audit of the Statement:

- management letter (if required)
- other letters necessary to meet the audit team's reporting obligations to those charged with governance.

Section 5 of the standard [Terms of Engagement](#) provides information about each of these reports.

Professional people with purpose

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR MISSION

To help parliament hold government accountable for its use of public resources.

OUR VALUES

Purpose - we have an impact, are accountable, and work as a team.

People - we trust and respect others and have a balanced approach to work.

Professionalism - we are recognised for our independence and integrity and the value we deliver.

Level 15, 1 Margaret Street
Sydney NSW 2000 Australia

PHONE +61 2 9275 7100

FAX +61 2 9275 7200

mail@audit.nsw.gov.au

Office hours: 8.30am-5.00pm,
Monday to Friday.