|  |  |
| --- | --- |
| Roads to Recovery Program Representation Letter | |
| Application | |
| Type of audit and assurance work: | Types of entities: |
| * These instructions apply to an audit of 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 Part 8 of the *National Land Transport Act 2014*. | * local councils and agencies that receive funding under the Program. |
| Instructions  Engagement Controllers (ECs) should:   * liaise with management to ensure the Representation Letter includes representations appropriate to the reporting and other requirements and circumstances unique to the engagement * ensure entities include all representations mandatory under Australian Auditing Standards or considered essential by the Audit Office * instruct the auditee to present the letter on its stationery * review the auditee’s draft Representation Letter before it is signed by the Chief Executive / General Manager (and those charged with governance, if appropriate) * obtain the signed Representation Letter from management and those charged with governance (if applicable) before signing the Independent Auditor’s Report (IAR). | |
| Additional instructions for Audit Service Providers (ASPs)  ASPs should:   * review the auditee’s draft Representation Letter and provide the draft Representation Letter to the Engagement Controller (EC) immediately after it is received from the auditee, before it is signed by the Chief Executive / General Manager (and those charged with governance, if appropriate) * obtain the signed Representation Letter from management and those charged with governance (if applicable) before advising the EC to sign the Independent Auditor’s Report (IAR) * provide the signed Representation Letter to the EC immediately after it is received from the auditee and promptly advise the EC to sign the IAR. | |
| Objective  The template helps audit teams comply with [ASA 580](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx) ‘Written Representations’ and other Australian Auditing Standards.  Documentation  Representation Letters must be signed as near as practicable to, but not after, the date of the IAR and must cover the financial period(s) referred to in the IAR. File a PDF of the signed Representation Letter(s) in the audit file.  Background  Written representations as audit evidence  Written representations from management and those charged with governance are necessary audit evidence, but do not, on their own, provide sufficient appropriate audit evidence about any matters they deal with.  If we doubt the competence, integrity or diligence of management / those charged with governance, or if management’s / those charged with governance’s representations are contradicted by other audit evidence, we need to investigate the circumstances, determine the effect on the reliability of other management representations and consider the possible effect on our opinion. | |
| Additional instructions for ASPs  If the ASP doubts the competence, integrity or diligence of management/those charged with governance, or if management’s / those charged with governance’s representations are contradicted by other audit evidence, the ASP needs to investigate the circumstances, determine the effect on the reliability of other representations from management / those charged with governance and together with the EC consider the possible effect on the opinion. | |
| Action if written representations are not provided, omit matters or are not reliable  ASA 580 requires the auditor to disclaim the opinion in accordance with [ASA 705](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx) if:   * the auditor has sufficient doubts about the integrity of management / those charged with governance and does not believe management’s / those charged with governance’s written representations are reliable * management refuses to provide the requested Representation Letter, or the letter provided omits a material representation.   If management / those charged with governance refuses to provide one or more of the requested representation(s), the EC should:   * discuss the matter(s) with management and determine if the omission is material * re‑evaluate the integrity of management / those charged with governance and evaluate the effect this may have on the reliability of representations (oral or written) and audit evidence in general * take appropriate actions, including determining the possible effect on the opinion in the IAR in accordance with ASA 705. | |
| Additional instructions for ASPs  If management / those charged with governance refuses to provide one or more of the requested representation(s), the ASP needs to:   * inform the EC * discuss the matter(s) with management and determine if the omission is material * re‑evaluate the integrity of management/those charged with governance and evaluate the effect this may have on the reliability of representations (oral or written) and audit evidence in general * take appropriate action, including determining the possible effect on the opinion in the IAR in accordance with ASA 705. | |
| Representations should be appropriate to the auditee  This Representation Letter template requires tailoring. Alternate wording is provided for many representations, for instance where the auditee does not comply with laws and regulations, or where the auditee is aware of fraud. However, if the wording options provided are not appropriate audit teams are to work with auditees to ensure appropriately worded representations are made.  Other required representations  Refer to ASA 580 Appendix 1 for specific representations required under other Australian Auditing Standards. | |

|  |
| --- |
| Representations shaded in blue are not explicitly required under Australian Auditing Standards. However, specific representations should be included if relevant to your entity.  To remove the shading:   * highlight the relevant text * click on the arrow next to the shading icon on the ‘Home’ ribbon * click no colour. |

(Council / Agency’s Letterhead)

[Name of Director / Audit Leader, Financial Audit]  
[Director / Audit Leader], Financial Audit   
Audit Office of New South Wales  
GPO Box 12  
SYDNEY NSW 2001

[date]

Roads to Recovery Program

Representation Letter

[Council / Agency Name]

We provide this Representation Letter in connection with your audit of [Council / Agency Name]’s (the Council / [abbreviated agency name]) special purpose financial statement presented in Part 1 – Chief Executive Officer’s Financial Statement for the Roads to Recovery Program (the Program), which comprises a statement of receipts and expenditure (the Statement) for the year ended [date] so you can express an opinion on whether, in all material respects:

* the Statement has been presented in accordance with the requirements of 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 / [abbreviated agency name]] as its own source expenditure on roads during the year is based on and in agreement with, proper accounts and records.

We acknowledge our responsibility for:

* keeping proper accounts and records, and preparing the Statement
* ensuring the Statement is prepared in accordance with the requirements of Part 8 of the National Land Transport Act 2014 (the Act) and the Conditions.

We approved the Statement on [date] and confirm it is free of material misstatements.

We confirm, to the best of our knowledge and belief, having made the enquiries we considered necessary to appropriately inform ourselves, the following representations made to you during your audit.

General

We believe, in all material respects, the Statement presents a view that is consistent with our understanding of operations for the year ended [date].

We have fulfilled our responsibilities, as set out in the Annual Engagement Plan dated [*date*] and the [Terms of Engagement](http://alfie/audit-and-assurance/financial-audit/local-councils/audit-gpfs-planning/terms-of-engagement/terms-of-engagement), for preparing the Statement in accordance with the Act and the Conditions. The Statement, in all material respects is prepared in accordance with these requirements.

Compliance with the Conditions

|  |
| --- |
| Where an entity chooses not to comply with a requirement of the Conditions, management must disclose the exception here and select the appropriate option below. |

We have no knowledge of any instances of non‑compliance with the Conditions.

We confirm:

* the Statement has been presented in accordance with 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 amounts certified by the Chief Executive Officer of the [Council / [abbreviated agency name]] as its own source expenditure on roads during the year is based on, and in agreement with proper accounts and records.

[OR]

We have disclosed to you all known or suspected instances of non‑compliance with the Conditions: [insert instances of non‑compliance].

Accounting records and transactions[[1]](#footnote-1)

We have given you:

* all financial records and related data, other information, explanations and help necessary to conduct the audit
* minutes of all meetings (e.g. [Council meetings / meetings of [*abbreviated name*]], [Audit, Risk and Improvement Committee / Audit and Risk Committee] or other management meetings)
* all legal issues and legal opinions that may be relevant to the Statement
* information about all deficiencies in internal control of which we are aware
* additional information you have requested from us for the audit
* unrestricted access to all people in the [Council / [*abbreviated name*]] from whom you determined it necessary to obtain audit evidence from.

All transactions have been recorded in the accounting records and are reflected in the Statement. We confirm the Statement is complete, valid and includes only relevant transactions.

## Uncorrected accounting misstatements[[2]](#footnote-2)

|  |
| --- |
| Management and, where appropriate, those charged with governance must provide written representations regarding uncorrected misstatements for the Statement. A summary of misstatements, other than those which the audit team has determined to be clearly trivial, must be included below or attached to this document. |

There were no monetary misstatements in the Statement.

[OR]

We acknowledge the attached schedule of uncorrected misstatements has been brought to our attention and we have considered the impact on the Statement. We conclude the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the Statement.

Compliance with legislation and other requirements[[3]](#footnote-3)

|  |
| --- |
| Select the appropriate option. |

We have no knowledge of any breaches or possible breaches of laws and regulations, contracts, agreements or licensing conditions, the effects of which should be considered when preparing the Statement.

[OR]

We have disclosed to you all known or suspected instances of non‑compliance with laws and regulations, contracts, agreements or licensing conditions, the effects of which we considered when preparing the Statement.

With respect to our operations during the year, we have complied with all:

* cabinet and other government directives [including Ministerial orders issued under the *Local Government Act 1993*]
* contractual agreements where non‑compliance could materially affect the Statement
* directions, regulation and requirements imposed by relevant regulatory bodies.

|  |
| --- |
| Select the appropriate option. |

There has been no communication to/from regulatory authorities concerning:

* breaches of, or non‑compliance with laws, regulations, licensing conditions or other requirements
* deficiencies in financial reporting practices that could have a material effect on the Statement.

[OR]

We have disclosed to you all communications to/from regulatory authorities concerning:

* breaches of, or non‑compliance with laws, regulations, licensing conditions or other requirements
* deficiencies in financial reporting practices that could materially impact the Statement.

We considered the substance of those communications when preparing the Statement.

Internal controls

We have established and maintained adequate internal control to ensure we:

* prepare a reliable Statement
* maintain adequate financial records
* apply appropriate accounting policies
* record all material transactions in accounting records underlying the Statement
* minimise the risk of fraud and errors
* detect fraud and errors should they occur
* minimise the risk of significant breaches of legislation and other mandatory requirements and detect breaches if they occur.

|  |
| --- |
| Select the appropriate option. |

We have no known deficiencies in internal controls impacting the Statement.

[OR]

We have disclosed to you all known deficiencies in internal controls and their potential impact on the Statement.

Fraud and error

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.

We have disclosed to you our assessment of the risk the Statement may be materially misstated because of fraud.

|  |
| --- |
| Select the appropriate option. |

We have no knowledge of any fraud or suspected fraud affecting the [Council / [abbreviated agency name]] involving:

* management
* employees who have significant roles in internal control
* others where the fraud could materially affect the Statement.

We have no knowledge of any allegations of fraud, or suspected fraud, affecting the [Council / [abbreviated agency name]]’s Statement communicated to us by employees, former employees, analysts, regulators or others.

Fraud includes misstatements resulting from fraudulent financial reporting and misstatements resulting from the misappropriation of assets.

[OR]

We have disclosed to you our knowledge of any fraud or suspected fraud affecting the [Council / [abbreviated agency name]] involving:

* management
* employees who have significant roles in internal control
* others where the fraud could materially affect the Statement.

We have disclosed to you our knowledge of all allegations of fraud or suspected fraud affecting the [Council / [abbreviated agency name]]’s Statement communicated to us by employees, former employees, analysts, regulators or others.

The principal officer of the [Council / [abbreviated agency name]] has reported any known or suspected fraud to the Independent Commission Against Corruption as required by section 11(2) of the *Independent Commission Against Corruption Act 1988*.

Internal audit

|  |
| --- |
| Where applicable, include the below. |

We operate an effective internal audit function and management promptly acts upon recommendations for improvement and rectifies reported shortcomings.

Events after the end of the reporting period[[4]](#footnote-4)

All events occurring between the end of the reporting period and the date of this letter that require adjustment or disclosure have been adjusted or disclosed in the Statement.

[OR]

No events have occurred between the end of the reporting period and the date of this letter that require adjustment to, or disclosure in, the Statement.

Litigation and claims

We confirm all known actual or possible litigation and claims, that should be considered when preparing the Statement, have been disclosed to you. The effects of these events have been accounted for and disclosed in accordance with the applicable financial reporting framework. [[5]](#footnote-5)

We have provided to you all information regarding material outstanding legal matters.

Service Organisations[[6]](#footnote-6)

|  |
| --- |
| Only include the commentary below if the entity uses a service organisation.  Select the appropriate option. |

We have no knowledge of any fraud, non‑compliance with laws and regulations or uncorrected misstatements attributable to the service organisation’s management or employees that materially affect the Statement.

[OR]

We have notified you of all fraud, non‑compliance with laws and regulations or uncorrected misstatements attributable to the service organisation’s management or employees that materially affect the Statement.

Going Concern

We confirm the going concern basis [is / is not] appropriate for the Statement.

|  |
| --- |
| Insert the following if events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern. |

We have given you our plans for future action, including our assessment of the feasibility of these plans.

Other Information accompanying the Statement

|  |
| --- |
| Under the Conditions other information comprises, at a minimum:   * Part 2 – Statement of Accountability by the Chief Executive Officer * Part 3 – Statement of Expenditure Maintenance by Chief Executive Officer * Part 4 – Statement of Outcomes by Chief Executive Officer. |

We have informed you of all documents we expect to issue accompanying the Statement that may comprise ‘other information’ (financial and non‑financial, excluding the Statement and auditor’s report).

|  |
| --- |
| Select the appropriate option. |

We have provided you with the other information accompanying the Statement (Parts 2, 3 and 4). We confirm it is consistent with the Statement and does not contain any material misstatements.

[OR]

We will provide you with other information that will accompany the Statement (Parts 2, 3 and 4) [by [*date*] / when available] so you can perform the procedures required by Australian Auditing Standards before its issue.

Other

We understand your examination of the Statement was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the Statement, and your tests of the financial records and other auditing procedures were limited to those you considered necessary for that purpose.

|  |
| --- |
| Where appropriate, this Representation Letter should also be signed by those charged with governance, or a separate Representation Letter(s) may be sought (paragraphs 8 and A1 of [ASA 580](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx)). |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[*General Manager or Chief Executive’s (or equivalent) Title*]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[*Chief Financial Officer’s Title*]

1. This representation is mandatory under Appendix 2 of [**ASA 580**](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx). [↑](#footnote-ref-1)
2. This representation is mandatory under paragraph 14 of [**ASA 450**](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx). [↑](#footnote-ref-2)
3. This representation is mandatory under paragraph 17 of [**ASA 250**](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx). [↑](#footnote-ref-3)
4. This representation is mandatory under paragraph 9 of [**ASA 560**](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx). [↑](#footnote-ref-4)
5. This representation is mandatory under paragraph 6 of [**ASA 502**](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx). [↑](#footnote-ref-5)
6. Under paragraph 40(c)(iii) of [**ASA 240**](http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards.aspx) management is required to disclose to the auditor their knowledge of fraud or suspected fraud affecting the entity involving ‘others where the fraud could have a material effect on the financial statements’. [↑](#footnote-ref-6)