

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

1 SCOPE

The Australian Government's Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) administers the Roads to Recovery Program (the Program) which provides funding, to councils and NSW government agencies responsible for unincorporated areas, to support the maintenance of local road infrastructure assets.

The Department requires councils and agencies to have a Chief Executive Officer's Financial Statement audited, being a statement of receipts and expenditure (the Statement) for the Program under section 90 of the *National Land Transport Act 2014* (the Act). The audit is required under section 41 of the Act, and the *Roads to Recovery Funding Conditions 2019* (the Conditions).

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

- the Statement is based on, and in agreement with proper accounts and records
- the amount reported in the Statement as expended during the year was used solely for expenditure on the maintenance or construction of roads
- the amount certified by the Chief Executive Officer 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 Office's authority to provide the audit service is in accordance with section 421E of the *Local Government Act 1993* for councils and section 27B(3)(c) of the *Government Sector Audit Act 1983* for agencies.

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

2 RESPONSIBILITIES

Auditor's Responsibilities

The Audit Office 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'. The standards require the Audit Office 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, 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 and Assurance Standards will always detect a material misstatement 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 or Chief Executive Officer

The General Manager or 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 or 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.

The council's or agency's management is responsible for:

- ensuring the full co-operation of its staff
- making all records, information and explanations available to the Audit Office for the purpose of the audit (management will be asked to provide written confirmations of representations made to the Audit Office 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

The Audit Office will issue an Independent Auditor's Report upon completion of the audit. The report will be addressed to the council's General Manager or agency's Chief Executive Officer.

The Statement is prepared for the purpose of fulfilling the council's or agency'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 our reporting obligations to those charged with governance.

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

OUR VISION

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

OUR PURPOSE

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