

Appendix C

Delivering financial audits

The Auditor-General undertakes financial audits for over 550 public sector entities each year. Around a third of these are undertaken solely using VAGO staff. The remainder are undertaken with the assistance of private sector firms—audit service providers—contracted by the Auditor-General. VAGO reviews this work, and all audit opinions are issued on behalf of the Auditor-General.

In addition, some entities are also required to produce audited performance statements, detailing performance indicator targets and outcomes, with supporting commentary. We audit these alongside our financial statement audits.

Financial statement audits are conducted in accordance with Australian Auditing Standards using a risk-based approach. We plan our audits based on our understanding of the entity, which involves assessing any risks that may significantly (materially) affect the entity's financial statements. This includes assessing the effectiveness of any internal controls the entity has in place which could prevent or detect and correct such risks.

We design and perform our audits to obtain sufficient appropriate audit evidence that the assessed risks have been appropriately addressed and the prepared financial statements present fairly in accordance with the entity's financial reporting requirements. At the end of our audit, we issue an independent auditor's report containing our opinion on whether or not the financial statements present fairly the financial performance and financial position of the entity, and if they have been prepared in accordance with the entity's financial reporting requirements. The entity includes our opinion in its annual report.

In addition to the financial audits, the Auditor-General conducts a review of the State of Victoria's Estimated Financial Statements included in the State Budget.