

# Appendix D:

## Audit context

### Our methods

We conduct our financial audits of the local government sector in accordance with the *Audit Act 1994* and the Australian Auditing Standards. As part of an audit, we:

- identify and assess the risks of material misstatement of a financial report (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for an opinion
  - obtain an understanding of internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures
  - conclude on the appropriateness of using the going-concern basis of accounting
  - evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
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### Our independence

The Auditor-General is:

- an independent officer of the Parliament of Victoria
- appointed under legislation to examine on behalf of Parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either Parliament or the government.

The Auditor-General and VAGO staff are required to meet the ethical requirements of the:

- Australian Auditing Standards
  - Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*
  - *Code of conduct for Victorian public sector employees of special bodies*
  - *Public Administration Act 2004*.
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### Our costs

The cost of preparing this report and the supporting data dashboard was \$295,000, which is funded by parliamentary appropriation.

The cost of auditing each agency is recovered on a fee-for-service basis. The costs are charged directly to each agency and are included in their respective financial statements as part of their operating expenses.

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