

Appendix B:

Audit context

Our method

We conduct our financial audits of the Victorian TAFE and public university sectors 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 (including Independence Standards)*
 - *Code of conduct for Victorian public sector employees of special bodies*
 - *Public Administration Act 2004*.
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Our costs

The cost of this report and the supporting data dashboard was \$275,000, which is funded by parliamentary appropriation.

Use of artificial intelligence and safeguards

We used approved artificial intelligence (AI) tools to help prepare this report and the supporting data dashboard (for example, data capture, supporting analysis, research and drafting). These tools were used in a manner consistent with the [Victorian Auditor-General's Office AI Policy](#) and its principles for safe, ethical and responsible AI use. AI outputs were not used without human review, and were checked against source documents or other reliable, authoritative sources.

AI did not replace audit evidence, professional judgement or human oversight over quality assurance. The analysis, conclusions and recommendations in this report were made by VAGO in accordance with established review processes.

We do not enter personal information into non-approved generative AI tools. Where any publicly available tool was used, it was limited to information that was already publicly known or approved for public release.

Specific safeguards applied included:

- human review of data captured back to source documentation (that is, audited financial statements and performance statements)
 - confirmation of accuracy was sought from all audited agencies regarding their financial and non-financial data that has been used in this report
 - re-computation of ratios and key trends identified by AI.
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