

Glossary

Audit evidence

Audit evidence supports the completeness and accuracy of the financial statements.

Main sources of audit evidence are:

observation, re-performance, and examination of documents (including confirmation with third parties) in combination with enquiry and analytical procedures.

Audit methodology

A set of documented processes and procedures that provide evidence the audit team has appropriately addressed the risk of material misstatement in financial statements and comply with Australian Auditing Standards.

Audit and Risk Committee

Provides the Auditor-General with reasonable assurance that the Audit Office has appropriate risk management, organisational processes and controls and reliable financial reporting processes.

Australasian Council of Auditors-General

Association established by Auditors-General for their mutual support and the sharing of information.

Controlled entity

A controlled entity exists when another entity (the investor) is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

CPA

The accounting body CPA Australia. Members are Certified Practising Accountants.

CA ANZ

The accounting body Chartered Accountants Australia and New Zealand. Members are Chartered Accountants.

Gateway review

A series of structured reviews that are held at key decision points (gates) in the procurement process.

Internal control framework

An integrated set of policies and procedures designed to help management achieve its goals and objectives.

Management letter

Letter sent to clients outlining observations from the audit, their possible implications, audit recommendations to address the finding and management responses.

Material misstatements

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Modified auditor's opinion

Modifications of an audit opinion can be adverse, qualified or disclaimed. Adverse opinions are issued when misstatements in the financial statements are material and pervasive. Qualified opinions are issued when there are material misstatements in the financial statements, or we cannot get all the evidence we require. An opinion is disclaimed only where auditors cannot get the evidence they need and the effects could be material and pervasive.

Risk Management Policy

A policy setting out how risks identified by a risk assessment process will be managed and controlled.