Mr John Wade  
Director  
Victorian Tertiary Admissions Centre  
40 Park Street  
South Melbourne  3002

Dear Mr Wade

Re: External audit of the Victorian Tertiary Admissions Centre for the year ending  
30 June 2001

The Victorian Auditor-General is pleased to provide external audit services to the Victorian Tertiary Admissions Centre.

As part of our ongoing service to the Centre summarised below are the key aspects relating to our audit for the year ending 30 June 2001.

AUDIT SCOPE

We will audit the financial statements of the Centre for the year ending 30 June 2001. The audit will be conducted under the Audit Act 1994 with the objective of providing an opinion on the financial statements.

The audit will be conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures will include an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures will be undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements, so as to present a view which is consistent with our understanding of the Centre's financial position, the results of its operations and its cash flows.

The work undertaken to form an opinion is permeated by judgement, in particular regarding the nature, timing and extent of the audit procedures for gathering of audit evidence and the drawing of conclusions based on the audit evidence. In addition, there are inherent limitations in any audit, and these include the use of testing, the inherent limitations of any internal control structure, the possibility of collusion and the fact that most audit evidence is persuasive rather than conclusive. As a result, the audit can only provide reasonable - not absolute - assurance that the financial statements are free of material misstatement.

25 JUN 2001
In addition to the Auditor-General's opinion on the financial statements, we will provide the Centre with a separate letter concerning any material weaknesses in the internal control structure that come to our notice (refer below - Our Deliverables).

The responsibility for the preparation of the financial statements, including adequate disclosure, is that of the management of the Centre. This includes the maintenance of adequate accounting records and internal control structure, the selection and application of accounting policies, and the safeguarding of the assets of the Centre. As part of the audit process, we will, as necessary, request from management formal representations in connection with significant aspects of the audit.

It is our understanding that the Centre will publish a hard copy of the audited financial report and audit report, and may electronically present the audited financial report and audit report on its website. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the Centre to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the Centre's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the web site is that of the Centre.

**OUR APPROACH TO THE AUDIT**

We utilise a risk-based methodology whereby the organisational risks and management controls are identified and assessed with the most appropriate combination of compliance and substantive audit procedures determined to conduct the most efficient audit.

Our strategic approach to the current year's audit includes a review of the control environment and sufficient testing to provide the assurance necessary to cover the audit risk.

An overview of our strategic approach to and plan for the current year's audit is provided in the accompanying Audit Strategy Memorandum.

Materiality limits will be set for items of revenue and expenditure and for items reported in the balance sheet. While these materiality limits will guide the formation of the audit opinion, less material variances may be highlighted for investigation to satisfy the broader accountability objectives present within the public sector audit environment.

We will provide a quality level of service, sound accounting advice, and perform our function efficiently and with minimum disruption to the Centre's business activities.
Our Deliverables

Our specific deliverables include:

- an Audit Strategy Memorandum, which will provide an overview of our strategic approach to and plan for the audit;
- a management letter which will identify and record value adding issues and significant control issues, where appropriate, noted during the audit process; and
- an audit opinion.

We will provide these deliverables in accordance with a mutually agreed timetable.

All management letters and the audit opinion will be fully discussed with Mr Murray McPherson prior to their formal issuance to ensure that all relevant parties are kept fully informed.

Quality Control

The conduct of our audit in accordance with the Audit Act 1994 and Australian Auditing Standards means that information acquired during the audit process is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our audit files may, however, be subject to review as part of a quality control review program.

Audit Fee

It is estimated that the cost of the financial audit of the Centre for the 2000-2001 financial year will be $8,580 inclusive of Goods and Services Tax. This fee includes time spent discussing issues, attending required meetings, updating systems documentation, substantiating key account balances, reviewing financial statements, and issuing required reports.

You will be advised should this amount be exceeded and will be provided with reasons for any increase. The financial audit fee will be billed progressively during the course of the audit.

Our Team

The audit team for the 2000-2001 audit will include:

- Director, Financial Audit: Keith Barnes
- Audit Manager: Michelle Kaye
- Audit Senior: Andrew White
Our Technical Services Director provides technical support services to the financial audit team. The Director liaises closely with team members, contributing additional specialist audit and accounting technical skills to ensure issues stemming from your audit are fully addressed and resolved on a timely basis.

If you have any queries concerning the above, please contact either:

Keith Barnes
8601 7006
keith.barnes@audit.vic.gov.au

Michelle Kaye
8601 7055
michelle.kaye@audit.vic.gov.au

Yours sincerely

Keith Barnes
for J W CAMERON
Auditor-General

20 June 2001