

## MEDIA RELEASE

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### **Auditor-General's Report on the Financial Statements of State Entities Volume 4 State entities 30 June and 31 December 2017**

The Auditor-General, Mr Rod Whitehead, tabled today the fourth and final volume in a series of reports on the audits of the financial statements for the 2017 audit cycle.

In summary:

- 117 state entity financial statement audits were undertaken with 115 unmodified audit reports issued
- 1 qualified audit report was issued - National Trust of Australia (Tasmania) in relation to the incomplete valuation of their heritage collection
- the audit of Copping Refuse Disposal Site Joint Authority remained in progress due to an accounting treatment disagreement with management and the directors
- 187 matters relating to accounting issues or weaknesses in internal control were reported by the Tasmanian Audit Office, including 16 high risk matters covering asset valuations, bank reconciliations and inadequate segregation of duties
- 119 prior year issues raised by the Office remained unresolved.

The Report includes:

- outcomes of December 2017 financial audits, including the University of Tasmania, and other June 2017 entities not reported previously
- timeliness of financial statement submission, fee setting and audits dispensed with
- developments in financial reporting and auditing, public sector readiness in assessing the impact of accounting standard changes
- an assessment of Agency audit committee structures.

“The University last year posted a \$59m surplus,” Mr Whitehead said, adding that without capital funding and investment income, the result for the year would have been a \$7m underlying deficit. Student enrolments increased in 2017 but at a lower level than the previous year. While the University had a deficiency in working capital of \$60m, Mr Whitehead said that “this was not considered to be a concern as investments could be redeemed to cover any potential working deficiency.”

A review of departmental audit committee composition, operational arrangements and roles and responsibilities was undertaken and Mr Whitehead found significant room for improvement in governance arrangements. He said “all departments have audit committees in place to assist the Head of Agency with financial accountability, however a number of improvements have been identified to improve their effectiveness.”

Significant changes in financial reporting will be occurring in the next two years. Mr Whitehead said “audit committees and those charged with governance need to understand financial reporting changes to ensure management has adequately planned for effective and timely implementation of new accounting standards and how they will affect their organisation”.

The complete Report can be downloaded from [www.audit.tas.gov.au](http://www.audit.tas.gov.au).

**Ends**

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