



Tasmanian
Audit Office

Presentations:

- Senior Management and Members of Audit Committees**
- Auditee Information Sessions**

2025

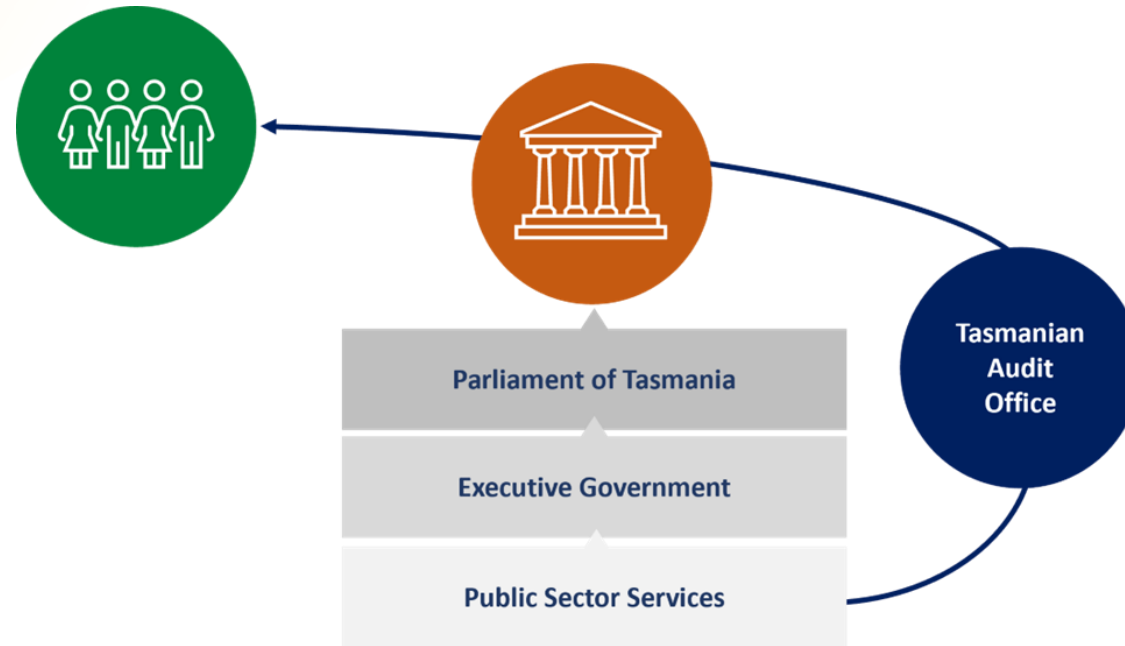


Tasmanian
Audit Office

Tasmanian Audit Office Strategy and key focus areas

Martin Thompson
Auditor-General

Strategic Plan – 2025 - 2028



**Healthy and safe
Tasmanians**



**Sustainable
communities and
environment**



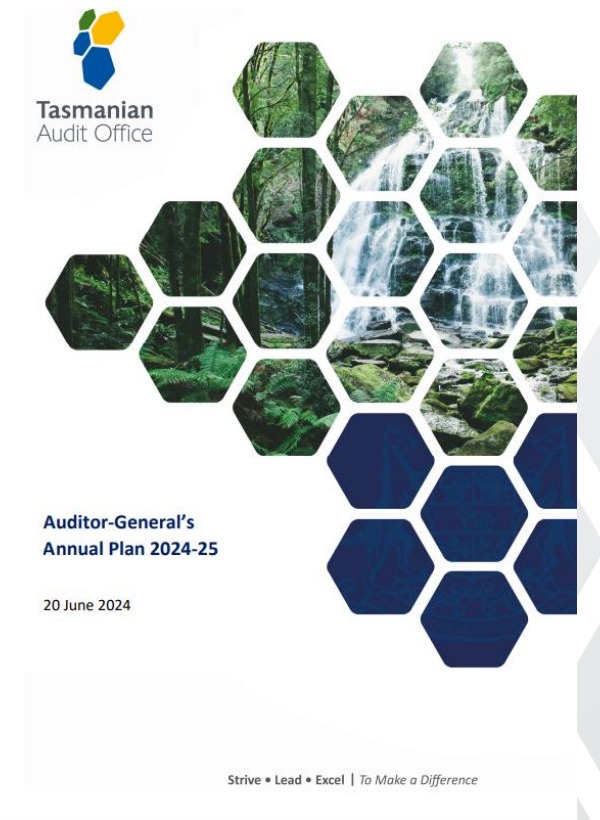
**Fit-for purpose
infrastructure**



**Strong
governance and
stewardship**

Annual Work Plan

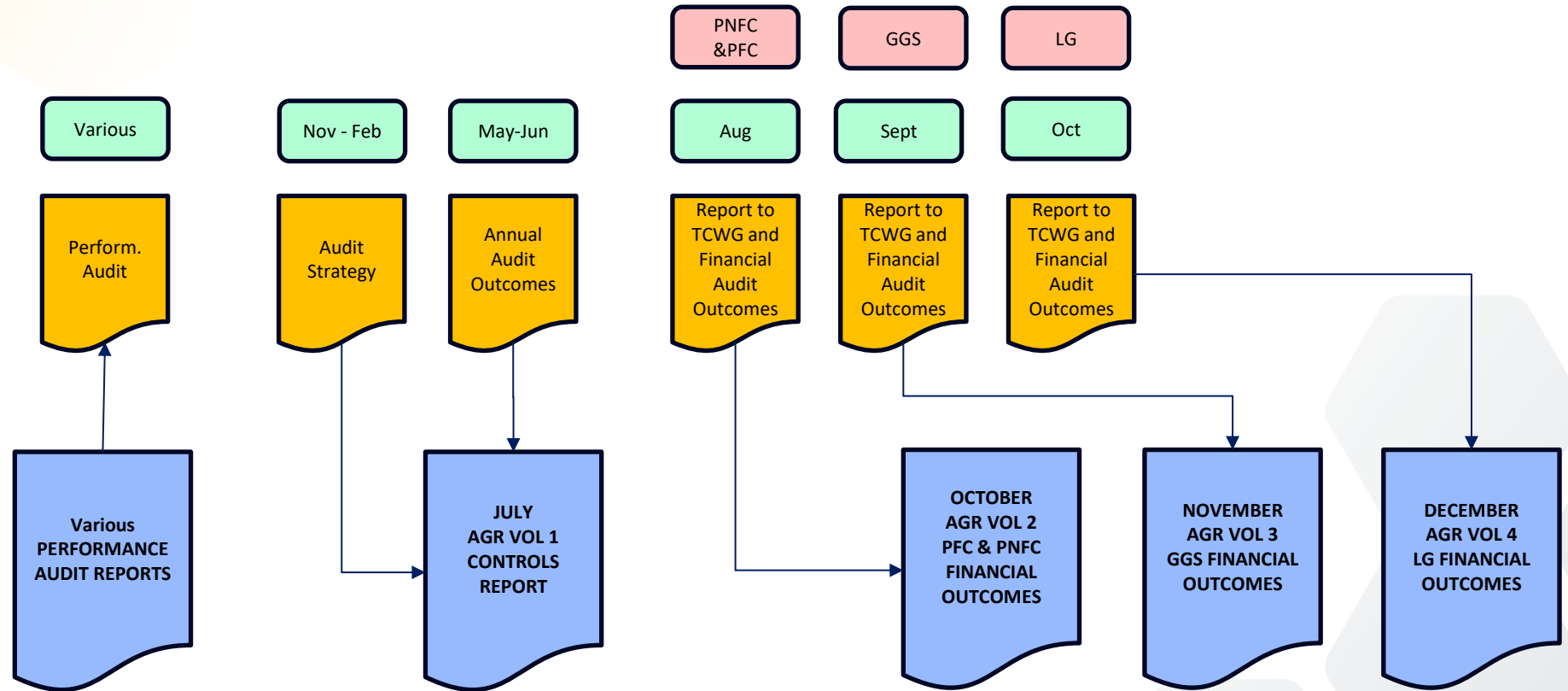
- Financial audit – 214 opinions to be issued (4 reports to parliament)
- Performance audit - 6 to commence (6 to be tabled)
- Capacity to respond to referrals
- Enhancing the use of data analytics
- Developing sustainability audit methodology



Changes to our reporting process

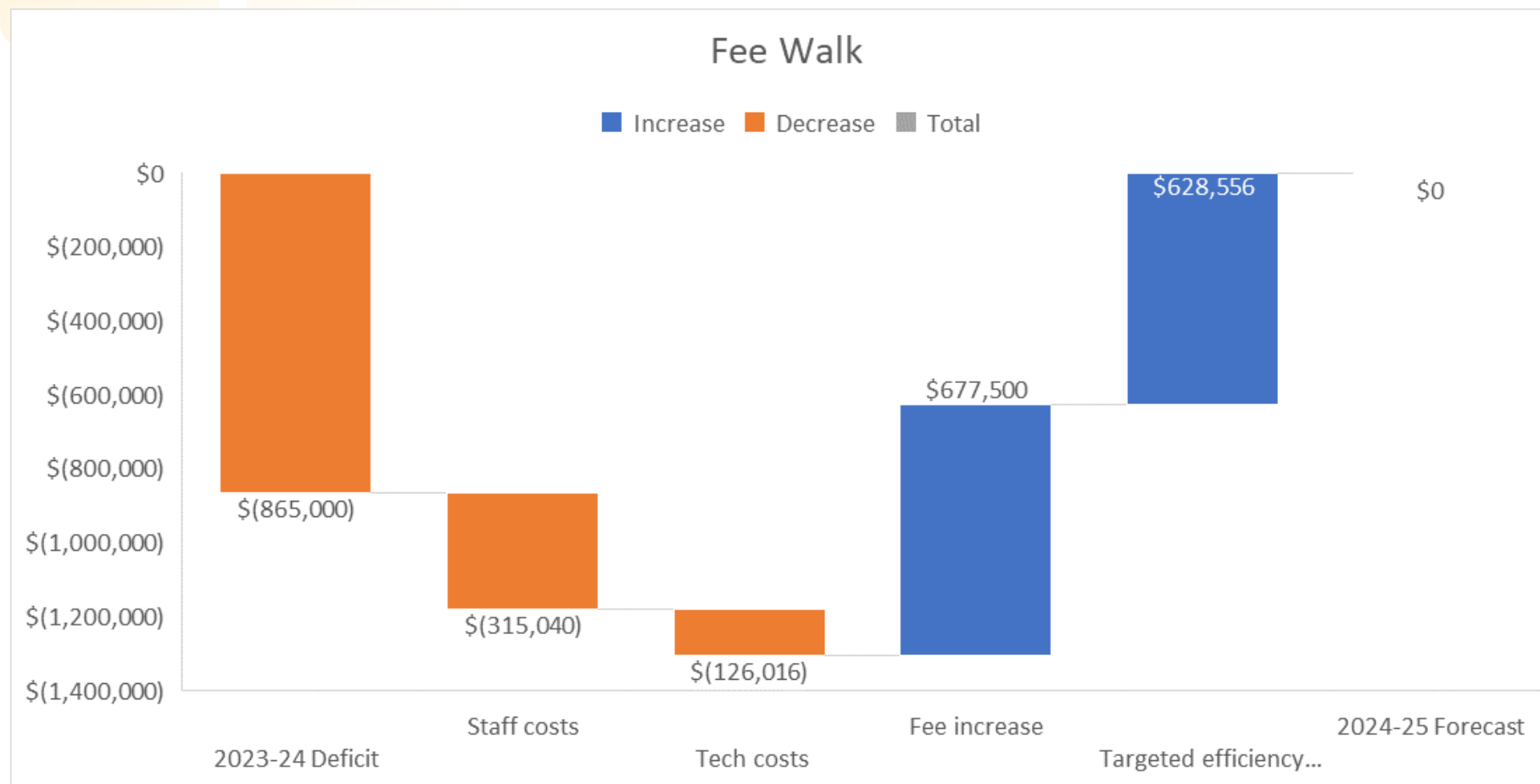
Reporting to
Management and
those
charged with
governance

Reporting to
Parliament (and the
people of Tasmania)



*Annual audit outcomes report is a new report that communicates the results of all TAO audit activity (performance, financial and other) to TCWG, including status of implementation of all relevant recommendations

Financial challenge



Analysis on an Audit-by-Audit Basis

- Current fee levels not aligned to cost of delivering audits.
- Many smaller audits were priced well below actual cost.
- Larger audits closer to actual cost.
- Current process aligns most audits with actual costs
- Continue to recover less than cost across 16 (small) audits

Impact on auditees

- 2024-25 financial audit fees will increase an average of **10.8%**
- Rather than apply a flat increase, all audits have been reviewed and rebased
 - 39 auditees have increases below 7% (below cost increase)
 - 18 auditees have increases between 7% and 10.8%
 - 39 auditees have increases between 10.8% and 20%
 - 28 auditees have increases between 20% and 75%

Benchmarking

Cost per audit hour charged

| Year | TAO | Average* | Range** |
|---------|-----------------|----------|---------------------|
| 2023-24 | \$176.50 | \$206.67 | \$187.70 - \$236.00 |

Cost per unit output – financial audit opinion

| Year | TAO | Average* | Range** |
|---------|-----------------|-----------|----------------------|
| 2023-24 | \$74,695 | \$117,563 | \$75,478 - \$176,809 |

*Average of 6 participating audit offices

**Range of average fees participating audit offices (excluding TAO)

Cost per unit output – financial audit opinion (local government sector)

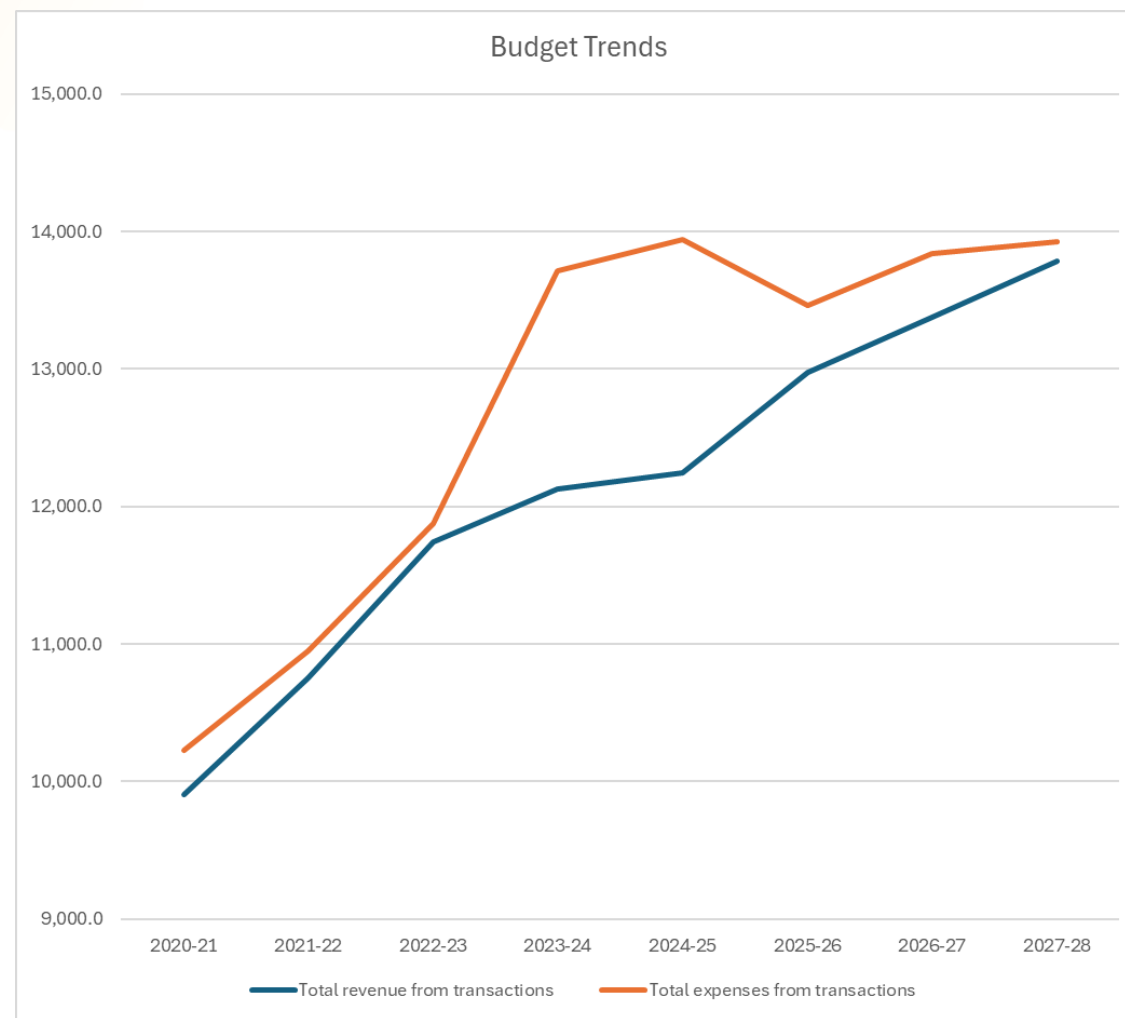
| Year | TAO | Average* | Range** |
|---------|-----------------|----------|----------------------|
| 2023-24 | \$59,679 | \$91,251 | \$71,239 - \$140,685 |

*Average of 5 participating audit offices

**Range of average fees participating audit offices (excluding TAO)

Independent benchmarking, undertaking for the Australian Council of Auditors-General indicate that the TAO continues to be a highly efficient and lower cost provider of financial audit services.

Looking forward – a chart – Total State Sector



Extracted from 2024-25 Revised Estimates Report

Looking forward – a table – Total State Sector

| | \$M | %Change |
|---|-----------------|---------|
| 2024-25 Forecast Result | -1,691.9 | |
| Grants Income | 262.2 | 4.5% |
| Taxation Income | 85.8 | 4.9% |
| Sale of goods and services | 357.6 | 9.1% |
| Other Revenue | 24.2 | 3.4% |
| Employee expenses | 180.5 | 3.7% |
| Superannuation | -21.7 | -3.8% |
| Depreciation | -65.9 | -6.6% |
| Supplies and consumables | 63.1 | 1.5% |
| Nominal superannuation interest expense | 17.5 | 5.1% |
| Borrowing costs | -165.4 | -36.9% |
| Grants and subsidy expenses | 454.4 | 19.5% |
| Other expenses | 13.6 | 22.1% |
| 2025-26 Forward Estimate | -486.0 | |

Extracted from 2024-25 Revised Estimates Report



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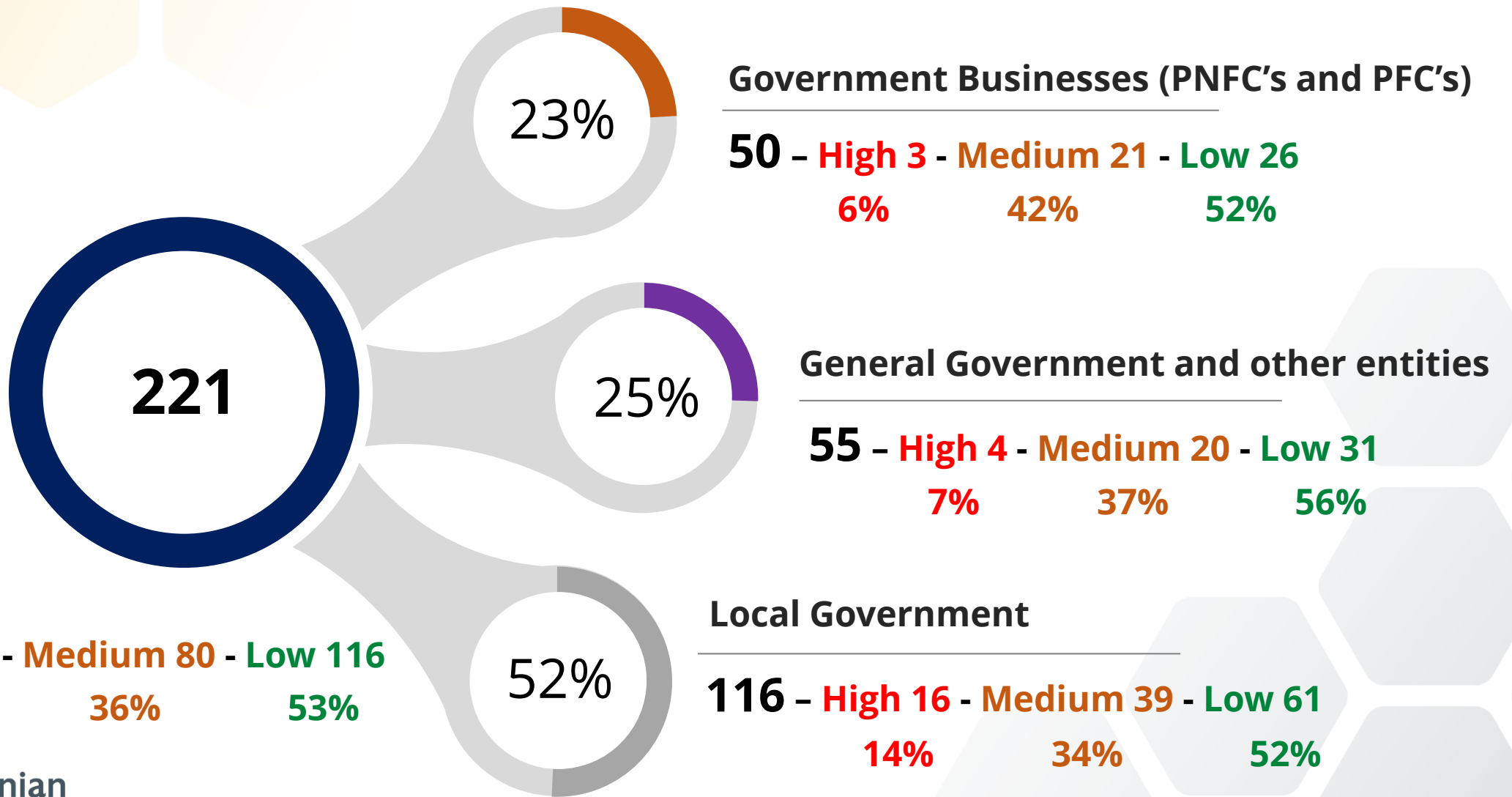
Audit findings from 2024 and focus areas for 2025

Stephen Morrison
Assistant Auditor-General

Outline

- Audit findings
 - 2023-24 audit findings
 - Unresolved prior year findings
 - Prior period errors
 - Misstatements
- Focus areas 2024-25
- Future standard change

Audit findings 2023-24



Audit findings 2023-24

Majority of findings came from focus on expenditure controls and a continuing focus on general IT controls.

Expenditure

- For the year ended 30 June 2024, total expenditure across all sectors was \$16.19 billion (2022-23, \$14.10 billion).
- Effective expenditure controls are essential to ensure that funds are used:
 - efficiently, responsibly and transparently.
- Appropriate controls help:
 - prevent waste, fraud, mismanagement and promote accountability as entities are entrusted with public funds and must demonstrate that these funds are used effectively to deliver public services and achieve policy objectives

Audit findings 2023-24

Expenditure related audit findings identified during 2023-24 included:

- lack of segregation of duties in vendor masterfile changes
- lack of evidence of review for vendor masterfile changes and accounts payable ledger reconciliation
- no independent review of changes, or a delay in the review of changes, to supplier bank account details
- lack or reviews or a delay in the review of bank reconciliations
- employees approving invoices without appropriate delegation
- lack of dual bank signatories required to execute payment

Audit findings 2023-24

Expenditure related audit findings identified during 2023-24 continued:

- out of date delegations manuals
- lack of system-based delegation of authority purchase order authorisation controls and segregation of duties for site inventory items
- no review of credit card reconciliations
- ex-employees being noted as a current bank signatories.

Audit findings 2023-24

Information Technology

- General IT controls play a crucial role in ensuring the security, compliance, efficiency, and reliability of an organisation's IT systems and operations.
- The primary focus of our IT audits are the information systems utilised by State entities for financial statement preparation. These systems contain sensitive data concerning individuals and entities, which can attract external threats.

Audit findings 2023-24

Common audit findings relating to IT controls identified during 2023-24 included:

- inadequate access reviews, password settings, user approvals, privileged user monitoring, and excessive system access.
- lack of strategic documentation for risk areas such as cybersecurity, password, and change management
- significant IT policies and procedures missing, remained out of date or in draft form for prolonged periods of time, with no further consideration given to the currency and relevance to the entity during the current financial year
- lack of dedicated resources and ownership allocated to effectively support functionality and operational requirements of some IT systems
- inconsistencies between Security Policy, actual system parameters, and Password Guide

Audit findings 2023-24

Common audit findings relating to IT controls identified during 2023-24 continued:

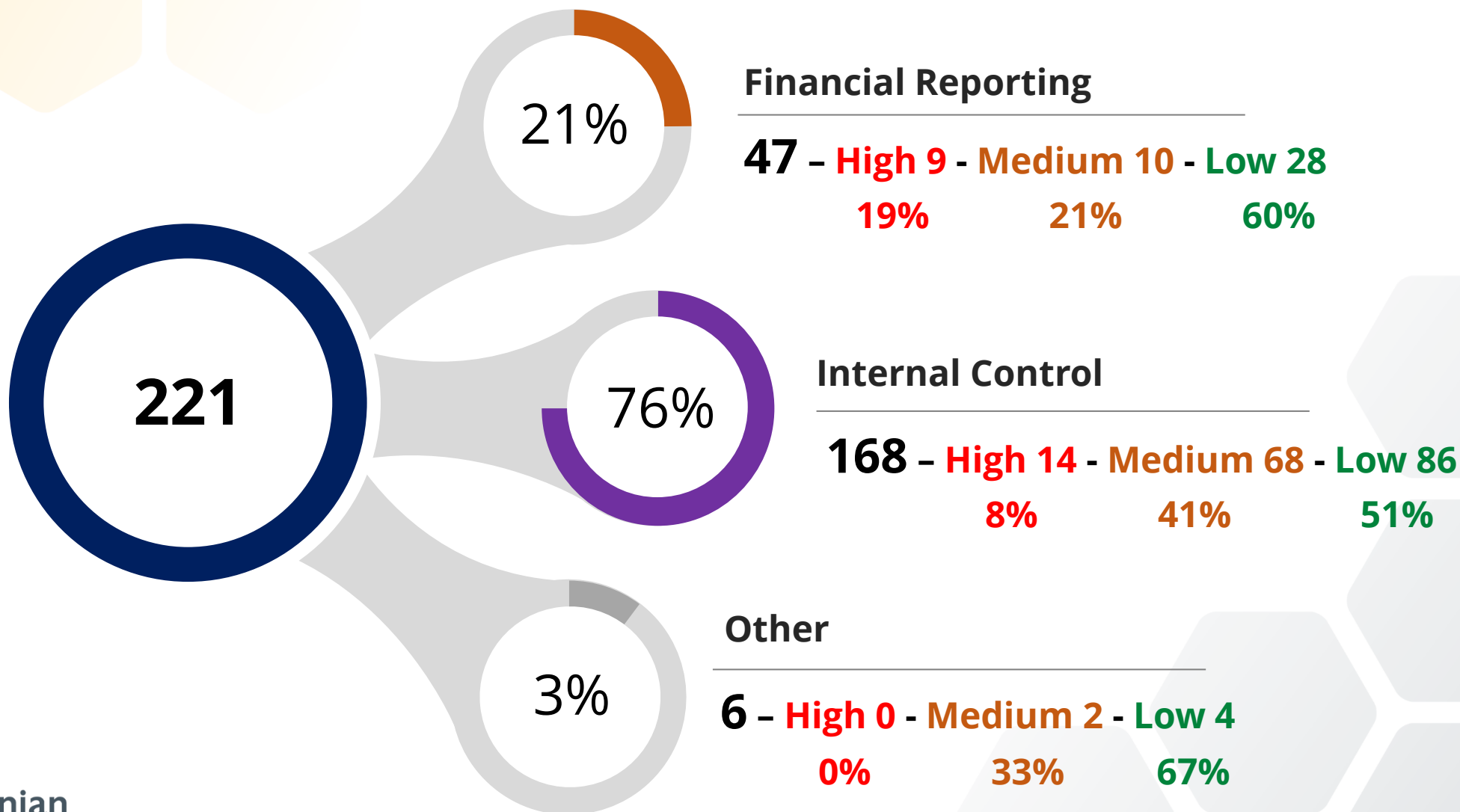
- organisations not meeting basic security standards, especially password/passphrase requirements, effective management of privileged and generic users and timely on-boarding and off-boarding of staff
- Business Continuity Plans tend to be narrow in scope, in some cases out of date and not considered in context of the entire organisation. Additionally, evidence on testing these plans is lacking
- Service Level Agreements are absent, vendor centric, and/or poorly defined in scope and responsibility. Third party provider services are seen incorrectly as a transfer of risk responsibility
- lack of formal processes in place when contracting and reviewing the services provided by a third party, including a formal Cyber security assessment

Audit findings 2023-24

Common audit findings relating to IT controls identified during 2023-24 continued:

- poor change control policies and procedures for business as usual and major activities.
- privileged user accounts functioning without annual review or other appropriate oversight and outside of the scope defined by internal policies and procedures.

Audit findings by type



Financial reporting



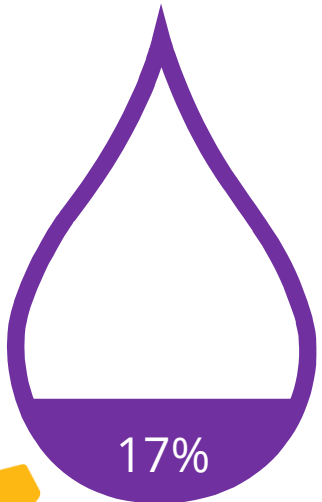
Fair value and other estimates

24 - High 7 - Medium 5 - Low 12
29% 21% 50%



Accounting standard non-compliance

7 - High 0 - Medium 3 - Low 4
0% 43% 57%



Disclosure deficiencies

8 - High 0 - Medium 1 - Low 7
0% 13% 87%



Other matters

8 - High 2 - Medium 1 - Low 5
25% 13% 62%

Financial reporting

Common findings related to:

- lack of quality control in reviewing financial statements provided to TAO for review
- disclosures required by accounting standards not being completed
- misstatement of financial statement elements, including right-of-use asset and lease liability and capital commitments
- data reconciliation issues and incorrect or unsupported assumptions used in the calculation of estimates, such as employee provisions and other liabilities
- going concern issues being raised, in addition to the appropriateness of “for-profit” classification.
- valuation processes and oversight over physical assets

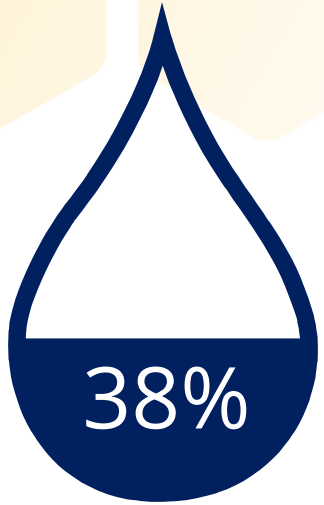
Financial reporting

- incorrect or unsupported assumptions used in the calculation of estimates, such as employee provisions
- inaccurate valuation of roads, stormwater assets, and new assets, including overvaluation and undervaluation of assets
- failure to prepare accurate and timely related party declarations.

Internal control

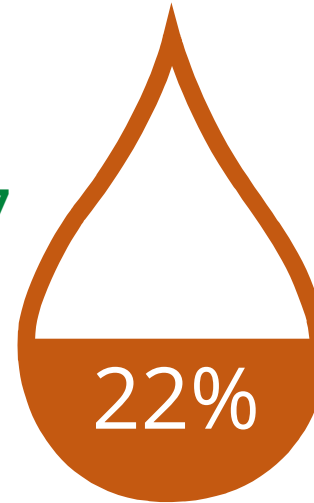
Control activities

63 - **High 5** - **Medium 21** - **Low 37**
8% 33% 59%



Control environment

37 - **High 1** - **Medium 10** - **Low 26**
3% 27% 70%



Information systems

44 - **High 3** - **Medium 26** - **Low 15**
7% 59% 34%



Risk assessment and other matters

24 - **High 5** - **Medium 11** - **Low 8**
21% 46% 33%



Internal control

Common findings within this category related to:

- deficiencies in financial oversight and controls, including reconciliations
- deficiencies in financial management and risk assessment
- deficiencies in segregation of duties, particularly in journal preparation, payroll, and expenditure cycles
- deficiencies in perform regular and independent reviews of reconciliations for accounts payable, receivable, and asset registers
- inactive or undocumented key controls
- Inefficient or inappropriate access controls

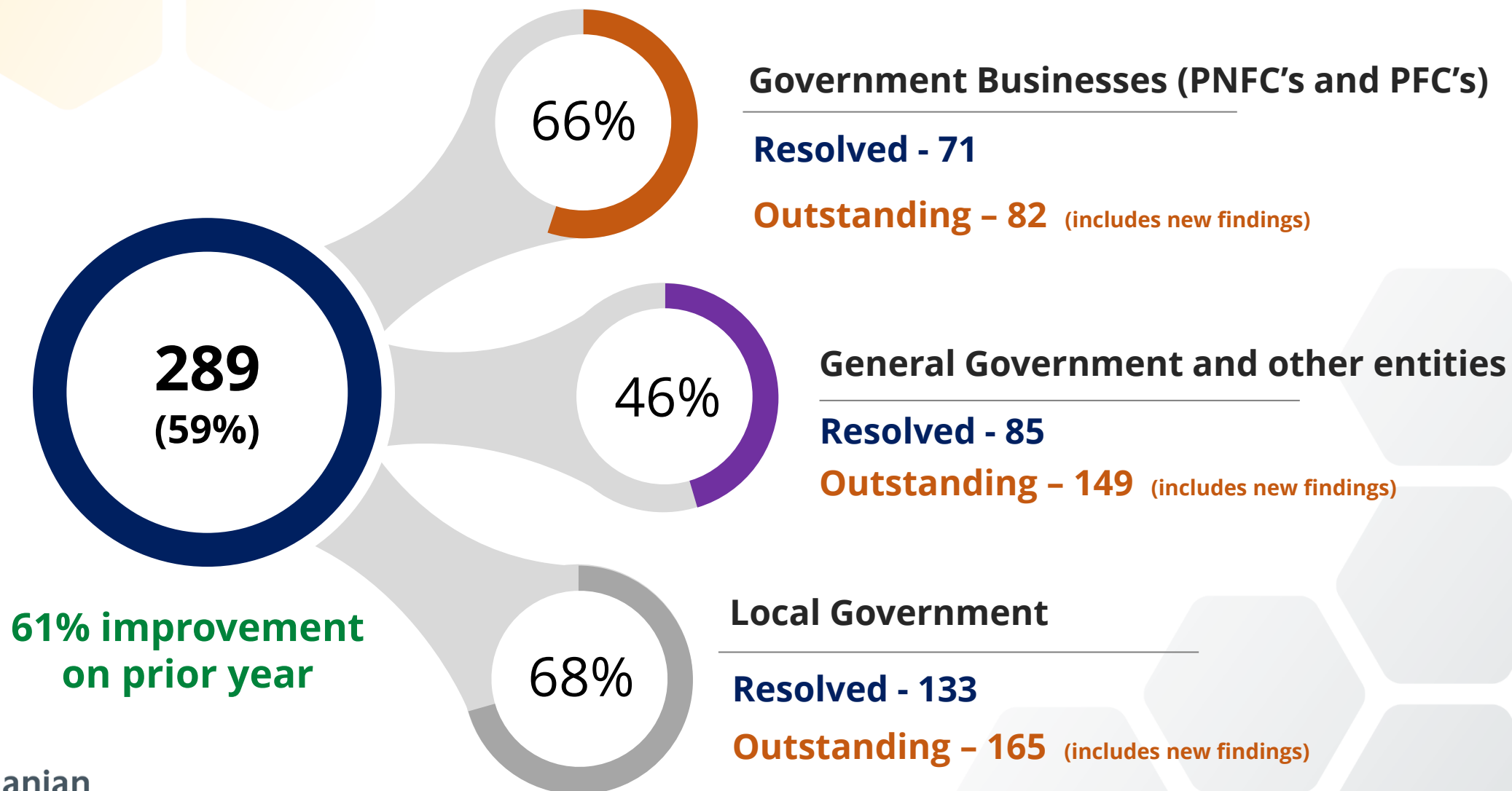
Internal control

- outdated policies and IT controls, including cybersecurity incident management and general IT procedures
- inadequate oversight of third-party service providers or deficiencies in third-party risk management with limited documentation on contract management practices and performance assessment
- expired or inadequate service level agreements

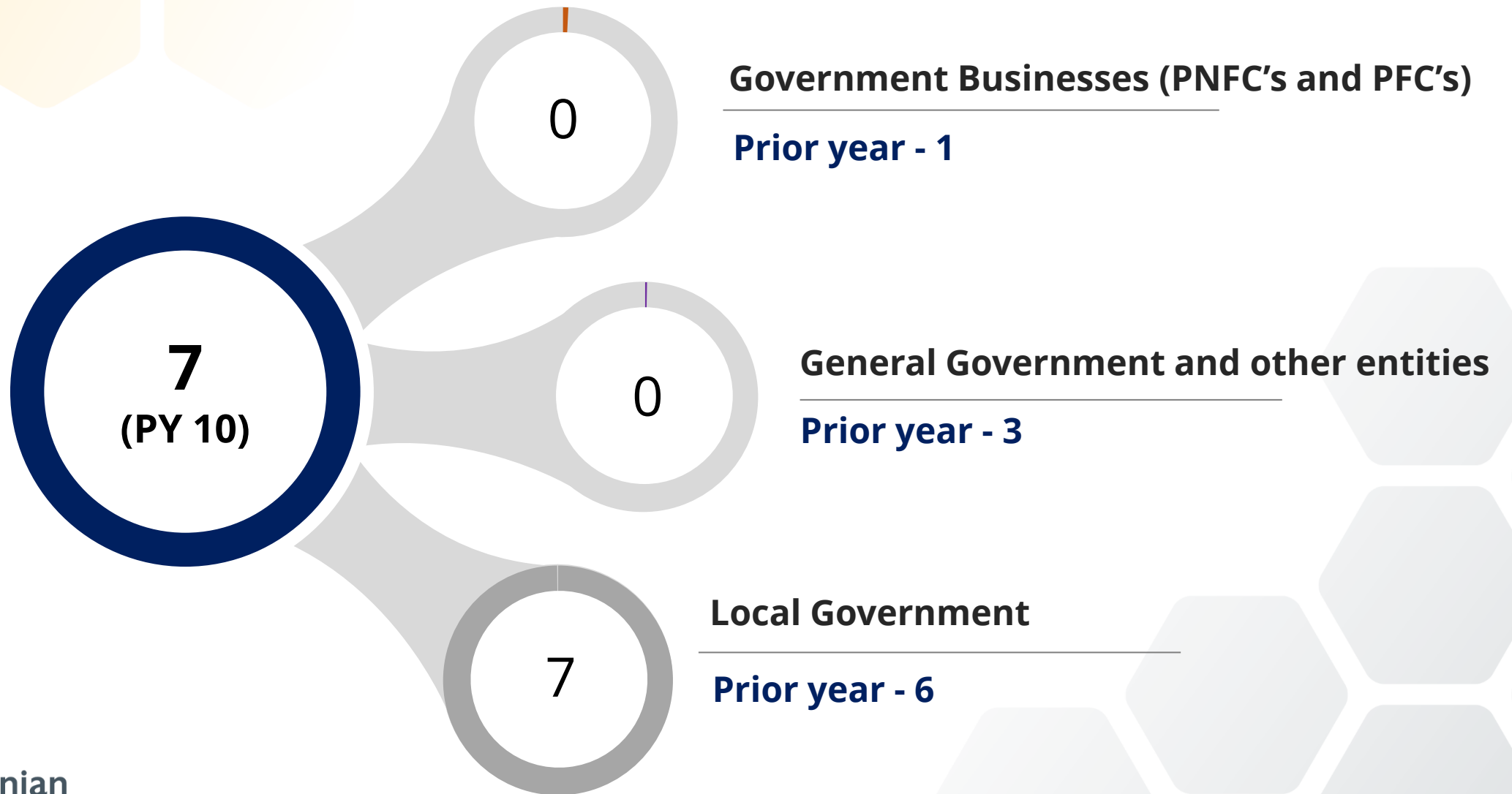
High risk findings (examples)

- No evidence of periodic user reviews
- Going concern
- IT cyber risks
- Lack of formalised processes/documentation for material financial reporting areas
- Unauthorised expenditure of funds
- Land under road revaluations (4 entities)
- Asset revaluations – indexation calculations, lack of critical review of valuation reports
- Lack of segregation of duties over journal processing
- New system implementation and change processes

Prior year findings resolved



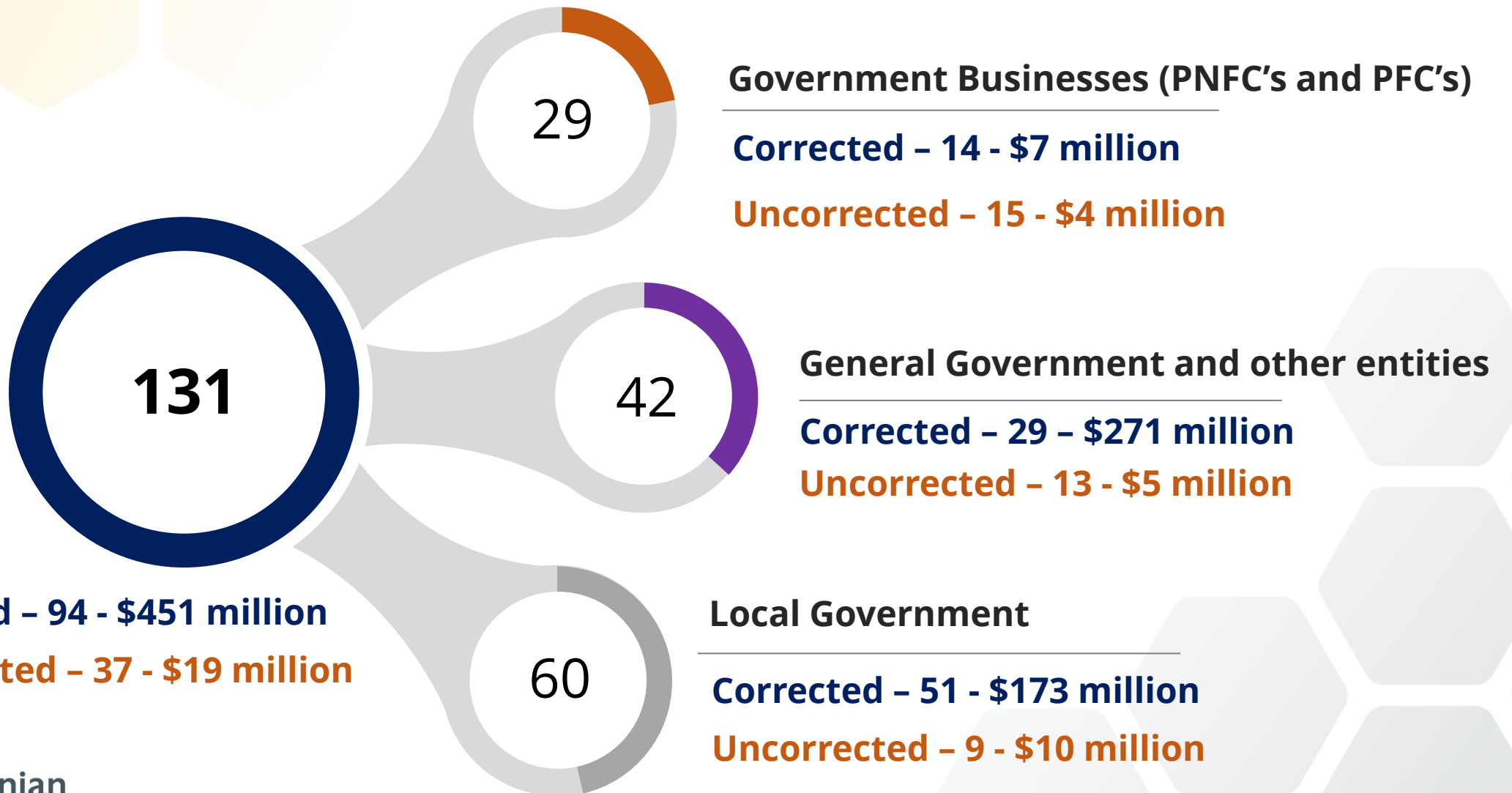
Prior period errors



Prior period errors

- Continue to reduce from prior years indicating an improvement in quality of the financial statements.
- Just 7 this year compared to 10 last year (all in local government)
- 6 of the seven prior period errors related to assets in the areas of:
 - Processing issues in relation to revaluation and indexation calculations
 - Incorrect application of indexation rates
 - Migration of asset data to new systems
 - Capitalisation of costs for assets not under the control of the entity
 - Recognition and derecognition issues with peppercorn lease assets
- The final error was related to incomplete estimates associated with a landfill provision.

Misstatements



Misstatements

In completing our audits, we may identify misstatements that result from:

- an inaccuracy in gathering or processing data from which financial statements are prepared
- the inappropriate classification, aggregation or disaggregation, of information
- incorrect accounting estimates arising from overlooking, or clear misinterpretation of, facts
- judgements of management concerning accounting estimates that we consider unreasonable or the selection and application of accounting policies that we consider inappropriate
- the omission of amounts or disclosures, including inadequate or incomplete disclosures, which are required to meet the disclosure objectives of the financial reporting framework
- the omission of disclosures necessary for the financial statements to achieve fair presentation beyond disclosures specifically required by the financial reporting framework.

Focus areas 2024-25

- Payroll
 - Internal controls
 - Payroll data analytics – Government departments
- Audit reporting (refer previous slides)
 - Annual Outcomes Report
 - Financial Outcomes Report
 - AGR reporting

Payroll

Payroll controls - examples

- Logical access and independent checks on master file changes
- Timesheet approvals
- Leave approvals and reconciliations
- Approvals and independent review for non-routine transactions (eg back-pay)
- Segregation of duties across payroll functions
- Payroll disbursement approval processes
- Payroll and other system interface reconciliations
- Variance analysis for payroll related data

Future standard change

- *AASB 18 Presentation and Disclosure in Financial Statements*
 - For profits – Commences from 1 January 2027
 - Not for profits – Commences from 1 January 2028 (to be confirmed)
 - Biggest impact is the disclosure requirements for the statement of profit and loss
 - Classify into operating, investing and financing activities
 - Need to start planning for it. For example may impact on:
 - Charts of accounts
 - System interfaces
 - Report extraction and compilation processes
 - Comparatives





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**Panel discussion:
What do Parliamentarians expect from
public sector transparency and
accountability?**

**Facilitated by Jonathan Wassell
Deputy Auditor-General**

Definitions

In the context of the Australian public service, **accountability** and **transparency** are fundamental principles that ensure the government operates effectively and ethically.

- **Accountability**
- **Definition:** Accountability refers to the obligation of public officials to report on their activities, accept responsibility for them, and disclose the results in a transparent manner.
- **Importance:** It ensures that public servants are answerable for their actions and decisions, promoting trust and integrity within the public sector[\[1\]](#).
- **Transparency**
- **Definition:** Transparency involves the openness and clarity with which the government operates, making information accessible to the public.
- **Importance:** It allows citizens to see how decisions are made, how public funds are spent, and how policies are implemented, fostering trust and engagement[\[2\]](#).

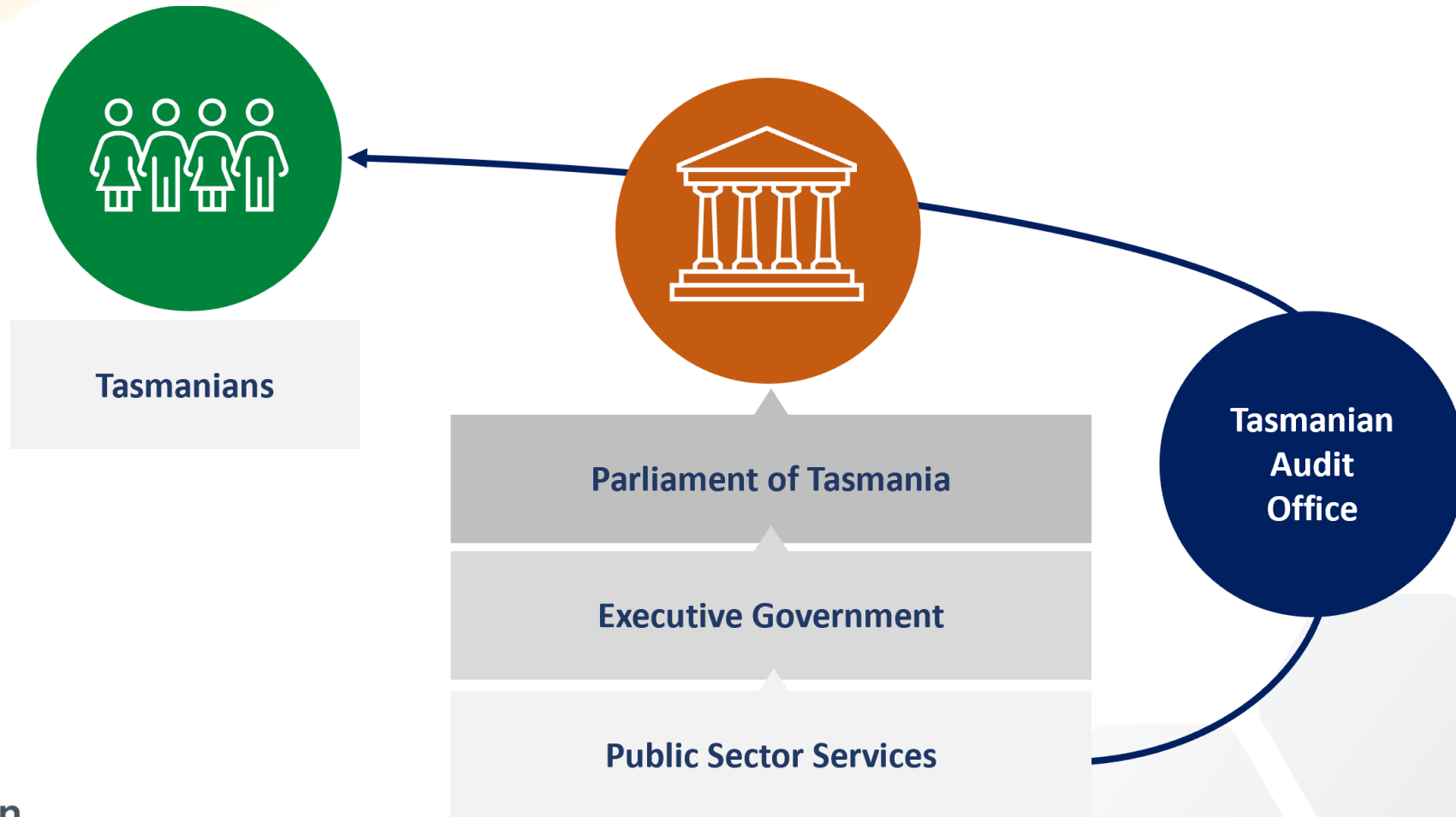
Practical Application

- **Public Reporting:** Agencies regularly publish reports on their performance, financial statements, and audits to provide a clear picture of their operations[\[1\]](#).
- **Open Government Initiatives:** Programs like the Open Government National Action Plan aim to enhance access to information, civic participation, and public accountability[\[2\]](#).
- **Integrity Measures:** Strategies are in place to improve the integrity and transparency of government operations, ensuring that public servants adhere to high ethical standards[\[3\]](#).
- These principles help maintain public trust and ensure that the government remains responsive and responsible to the needs of its citizens.

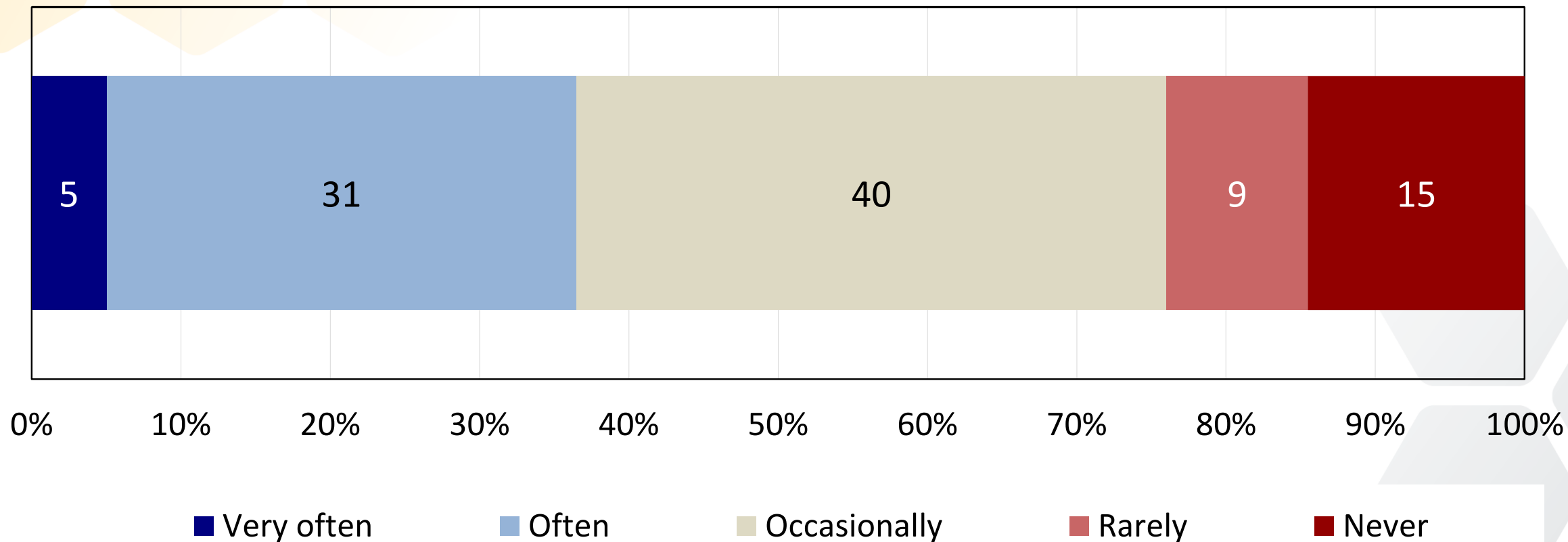
References

- [1] [Parliamentary Accountability and Good Governance](#)
- [2] [Strengthening Accountability through Fiscal Openness: A Toolkit for ...](#)
- [3] [Public Inquiry 101: A Mechanism for Truth and Accountability](#)

Setting the scene



Frequency of referral to Audit Reports



Audit Reports

The reports were useful and assisted me with my Parliamentary role



The reports provided a balanced perspective



The reports were easy to understand



The reports clearly communicated the significant issues and their implications



0% 20% 40% 60% 80% 100%

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Sustainability Reporting

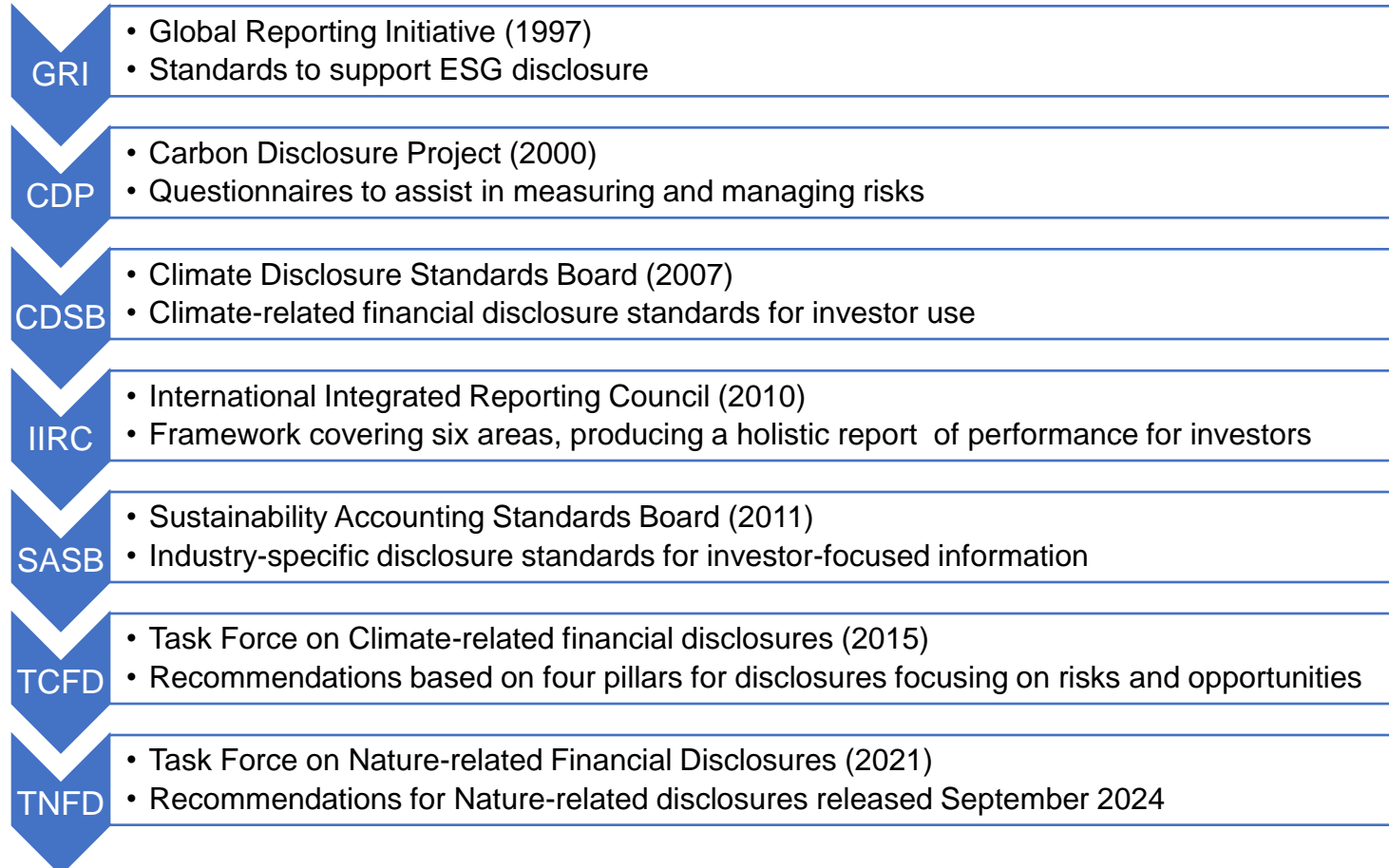
Presentation for Tasmanian Audit Office Senior Management and Audit Committee Chair Forum

What is sustainability reporting?

A particular form of general-purpose financial reports that provide information about the reporting entity's **sustainability-related risks and opportunities** that could reasonably be **expected to affect the entity's cash flows, its access to finance or cost of capital** over the **short-, medium-, or long-term**, including information about the entity's **governance, strategy** and **risk management** in relation to those risks and opportunities, and **related metrics and targets**.

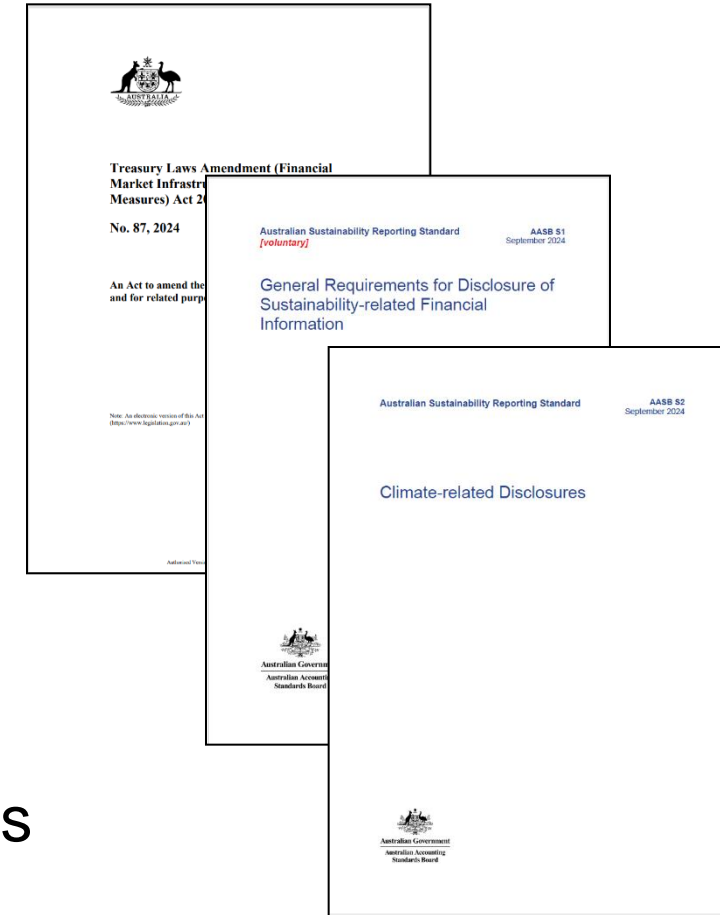
IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information (June 2023) – Presenter's emphasis

Global standards and frameworks



Australian Mandate and Framework

- Federal Legislation requiring Sustainability Reporting by select corporations (Sept 2024)
- Reporting required to comply with Australian Sustainability Reporting Standards (created by AASB)
- AASB approved two Sustainability Standards:
 - AASB S1 (voluntary) – General Requirements for Disclosure of Sustainability-related Financial Information
 - AASB S2 (mandatory) – Climate-related Disclosures
- S1 and S2 closely align with IFRS S1 and S2



Reporting: Key questions answered

WHO

Corporations reporting under Chapter 2M of the *Corporations Act 2001*, and who meet **certain thresholds** based on: revenue, FTE and assets.

WHY

Clear consistent information for primary users of annual reports

WHEN

Phased approach from financial years beginning 1 January 2025

WHAT

- Climate Statement - in line with AASB standard(s)
- Notes to the Climate Statements
- Any other requirements by law
- Directors' Declaration

WHERE

- Separate report within the Annual Report
- Compliments the Financial Statements, Directors' Declaration, Independent Auditor's Report on the Financial Statements.

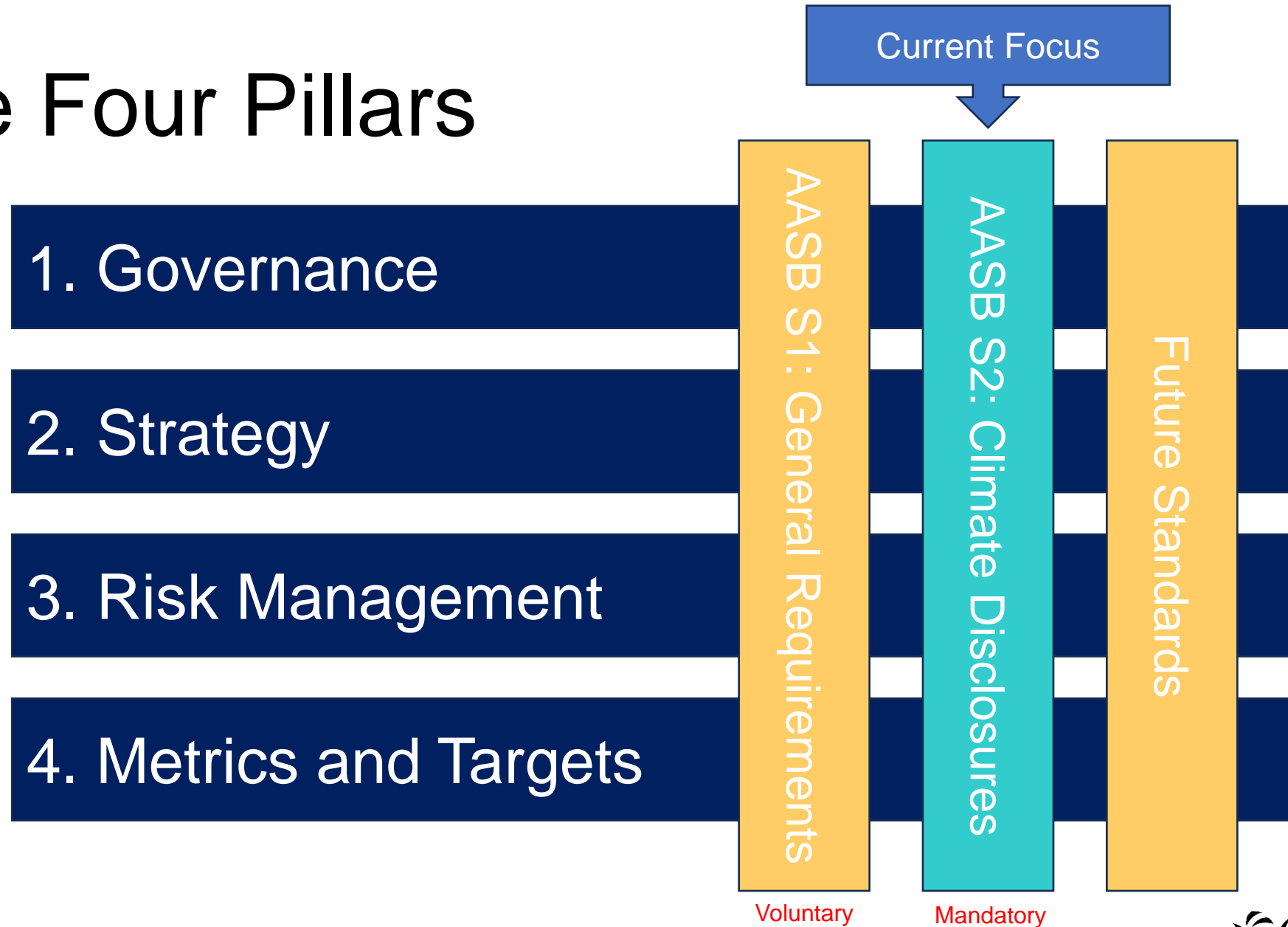
Reporting: Who and When from?

| Required to lodge financial reports under Chapter 2M of the <i>Corporations Act 2001</i> and falls within one (or more) of the following three categories | | | | | | |
|--|---|--|---------------------------------|---|--|---|
| Meet two of three reporting thresholds: | | | | National Greenhouse and Energy Reporting (NGER) Reporters | Asset Owners (Registered schemes, Registrable superannuation entities, retail CCIVs) | First reporting date for reporting periods beginning on or after: |
| | Consolidated gross revenue (for FY) | Consolidated Assets (at end of FY) | FTE Employees (at end of FY) | | | |
| Group 1 | \$500 million or more | \$1 billion or more | > 500 | Above NGER publication threshold | Scoped out of Group 1 | 1-Jan-25 |
| Group 2 | \$200 million or more | \$500 million or more | >250 | All other NGER reporters | \$5 billion or more assets under management | 1-Jul-26 |
| Group 3 | \$50 million or more | \$25 million or more | >100 | N/A | Check Group 3 reporting thresholds | 1-Jul-27 |

Adapted from:

[Australian Sustainability Reporting legislation and standards finalised Reporting update 23 September 2024, 24RU-12, KPMG](#)

The Four Pillars



1. Governance (AASB S2, s.5 to7)

- Purpose:
 - To enable users to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities
- Disclosures:
 - Provide information on the governance body and / or individuals responsible for oversight of climate risks and opportunities, and how they perform this oversight
 - Information on management's role in the governance processes, controls and procedures

2. Strategy (AASB S2, s.8 to 23)

- Purpose:
 - To enable users to understand an entity's strategy for managing climate-related risks and opportunities
- Disclosures:
 - Climate risks and opportunities impacting entity prospects (s.10 to 12)
 - Impacts of these on entity's:
 - business model and value chain (s.13)
 - strategy and decision-making (s.14)
 - Financial position, performance and cashflows, in the short-, medium- and long-term; and how they have been factored into financial planning (s.15-21)
 - The climate-resilience of the entity's strategy (s.22-23)

3. Risk Management (AASB S2, s.24 to 26)

- Purpose:
 - To enable users to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, and how it is integrated into, and informs, the entity's overall risk management process.
- Disclosures:
 - Detail the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks
 - Detail the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities
 - Inform the user about the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including whether and how the entity uses climate-related scenario analysis

4. Metrics and Targets (AASB S2, s.27 to 37)

- Purpose:
 - To enable users to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.
- Disclosures:
 - Include targets set by the entity (or it is required to have) to mitigate or adapt to climate-related risks or to utilise opportunities, including:
 - Greenhouse gas emissions (s.29 to 32)
 - Climate related targets (s 33 to 37)

Some familiar accounting concepts

- Fair presentation (Appx D, s.11-16)
 - A complete set of climate-related financial disclosures shall present fairly all climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects
- Materiality (Appx D, s.17-19)
 - An entity shall disclose material information about the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects
- Reporting entity (Appx D, s.20)
 - An entity's climate-related financial disclosures shall be for the same reporting entity as the related financial statements

Government entity mandated reporting

SoC Entities

- Report under the *Corps Act 2001*
- **Mandate to report is now in place**
- Complete assessment against the reporting criteria
- Start preparing for reporting

GBE Entities

- Report under the *Government Business Enterprise Act 1995* and individual entity legislation
- **No mandate to report in place**
- Await advice from SPM branch

GGs Entities

- Report under the *Financial Management Act 2016* and individual entity legislation
- **No mandate to report is in place**
- Await advice from GFAB branch

Whole of Government

- Report under the *Financial Management Act 2016* and ABS *Government Financial Statements* manual
- **No mandate to report is in place**

CAVEATS

- DTF cannot advise on application of AASB S2 to non-Government entities such as Councils or Universities.
- Information in this slide correct as at March 2025.

Department's role regarding AASB S2

MONITORING

Monitor standards and guidance to ascertain impact on Tasmanian government entities

Liaise with other jurisdictions, and monitor approaches / products being developed

Liaise with RECFIT to understand Tasmanian approaches to climate change, and state-level risks and opportunities

MANDATE

Liaise with Government if potential mandate for non-Corporations Act entities is to be created.

Identify and consider:

- criteria for adoption of Sustainability Standards
- timeline for preparing Sustainability Reports

Liaise with TAO regarding mandate for assurance over sustainability reports

GUIDANCE

As required, create relevant documentation to guide and support government entities in preparing their Sustainability Reports.

Approach will be determined if / when reporting levels have been decided.



Tasmanian
Audit Office

Sustainability Assurance

Hazel Joven

Senior Manager, Financial Audit

SUSTAINABILITY ASSURANCE ENGAGEMENT

- Legislative Instruments
- Impact to the Tasmanian State entities
- Level of Assurance
- Climate-related Assurance Disclosure Requirements
- Audit Methodology
- Audit Expectations

THE LEGISLATIVE INSTRUMENTS

Australian Sustainability Reporting Standards:

- ***AASB S1 General requirements for disclosure of Sustainability-related financial information [voluntary]***
- ***AASB S2 Climate-related disclosures (mandatory)***
- Exposure Draft 1, Proposed International Public Sector Accounting Standards Board Sustainability Reporting Standard – Climate-related Disclosures

Climate and Sustainability Assurance Standards:

- ***ASSA 5000 General Requirements for Sustainability Assurance Engagements***
- ***ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001***

THE TASMANIAN STATE ENTITIES

*Impact to the Tasmanian State Entities**

| Public Financial Corporation, Public Non-Financial Corporation | General Government Entities | Local Government |
|---|--|-----------------------------|
| General Business Enterprise (GBE Act) | Departments | Councils |
| State-owned Companies (Corporations Act) | Other entities (FMA and other legislation) | Council Controlled-Entities |
| Other Public Non- Financial Corporation | | |

THE TASMANIAN STATE ENTITIES

Reporting Entities (Large Entities threshold)

| GROUP 1 (2025-2026) Y1: 1 July 2025 - 30 June 2026 | GROUP 2 (2026-2027) Y1: 1 July 2026 - 30 June 2027 | GROUP 3 (2027-2028) Y1: July 2027 - 30 June 2028 |
|---|---|---|
| Tasmanian Networks Pty Ltd | Tasmanian Ports Corporation Pty Ltd | Tasmanian Irrigation Pty Ltd* |
| TT-Line Company Pty Ltd | Aurora Energy Pty Ltd | Metro Tasmania Pty Ltd* |
| Tasmanian Water and Sewerage Corporation Pty Ltd | | Tasmanian Railway Pty Ltd* |
| | | Tasracing Pty Ltd |
| | | |

** To be reviewed. NGER reporters*

LEVEL OF ASSURANCE (ASSA 5000)

| | LIMITED ASSURANCE | REASONABLE ASSURANCE |
|-------------------------------------|---|---|
| Auditor's Report | Limited Assurance Conclusion | Reasonable Assurance Opinion |
| Nature of Engagement | Review | Audit |
| Auditor procedures/processes | <ul style="list-style-type: none"> ▪ Audit conclusion - statement that there is nothing come to our attention that causes us to believe that the report is materially misstated ▪ Less extensive. Not comprehensive | <ul style="list-style-type: none"> ▪ Audit opinion – provides reasonable assurance that the report is free from material misstatement ▪ In line with the financial statements audit assurance |
| | | |

CLIMATE-RELATED DISCLOSURES ASSURANCE REQUIREMENTS (ASSA 5010)

| Years commencing | Year 1* | Year 2 | Year 3 | Year 4** | Year 5 | Year 6 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Group 1 | 1/1/25 to 30/6/26 | 1/7/26 to 30/6/27 | 1/7/27 to 30/6/28 | 1/7/28 to 30/6/29 | 1/7/29 to 30/6/30 | 1/7/30 to 30/6/31 |
| Group 2 | 1/7/26 to 30/6/27 | 1/7/27 to 30/6/28 | 1/7/28 to 30/6/29 | 1/7/29 to 30/6/30 | 1/7/30 to 30/6/31 | 1/7/31 to 30/6/32 |
| Group 3 | 1/7/27 to 30/6/28 | 1/7/28 to 30/6/29 | 1/7/29 to 30/6/30 | 1/7/30 to 30/6/31 | 1/7/31 to 30/6/32 | 1/7/32 to 30/6/33 |
| Governance | Limited | Limited | Limited | Reasonable | Reasonable | Reasonable |
| Strategy – Risks and Opportunities *** | Limited**** | Limited | Limited | Reasonable | Reasonable | Reasonable |
| Climate Resilience Assessments/ Scenario Analysis | None | Limited | Limited | Reasonable | Reasonable | Reasonable |
| Transition Plans | None | Limited | Limited | Reasonable | Reasonable | Reasonable |
| Risk Management | None | Limited | Limited | Reasonable | Reasonable | Reasonable |
| Scope 1 and 2 Emissions | Limited | Limited | Limited | Reasonable | Reasonable | Reasonable |
| Scope 3 Emissions | N/A | Limited | Limited | Reasonable | Reasonable | Reasonable |
| Climate-related Metrics and Targets | None | Limited | Limited | Reasonable | Reasonable | Reasonable |

- * Group 1 entities with years commencing 1 January to 30 June will be subject to the Year 1 provisions twice (e.g. years commencing 1/1/25 and 1/1/26). Reporting of Scope 3 emissions is required for years commencing 1/1/26 to 30/6/26 for these Group 1 entities.
- ** Years commencing from 1/7/30 to 30/6/31 for Group 3 entities. From that time reasonable assurance is required by the Act for all mandatory climate disclosures.
- *** The phasing for assurance on statements that there are no material climate-related risks and opportunities would be the same as for 'Strategy – Risks and Opportunities'.
- **** Only subparagraphs 9(a), 10(a) and 10(b) of AASB S2 *Climate-related Disclosures*.

AUDIT METHODOLOGY

- Currently being developed by the TAO
- Guided by the auditing standards
- Working with ACAG offices around Australia
- Likely to be delivered in conjunction with the financial statement audit

AUDIT EXPECTATIONS

- Audit process is complex
- Significant resources required to prepare sustainability report and conduct assurance engagement
- Auditor will be the Auditor-General or Delegate
- Unknowns!!!



Tasmanian
Audit Office

Harnessing insights from performance audit

Alex Cullen

Senior Manager, Performance Audit

Why do we do performance audits?

We aim to:

- provide valuable information to Parliament and the people of Tasmania. This information helps them make informed decisions related to the audit subject matter.
- improve public administration and enhance accountability with the findings and recommendations of our audits.

What is a performance audit?

- An independent assessment of an activity's performance against a specific objective and a set of criteria
- Visually it looks like a diamond

Audit components

OBJECTIVE

CRITERIA / SUB-CRITERIA

TEST PROGRAM + AUDIT FINDINGS

CONCLUSIONS AGAINST CRITERIA

**CONCLUSION AGAINST THE
OBJECTIVE**

Audit components - the audit objective

- The objective will focus on one or more performance principles such as:
 - effectiveness – the extent to which intended outcomes are achieved
 - economy – minimising cost
 - efficiency – maximising the ratio of outputs to inputs
 - legislative and policy compliance.
- Recently there has been an update to the assurance standard that we follow. The outcome was additional performance principles. These are ethics, equity, probity, and sustainability.

Audit components – criteria, test programs and conclusions

- The criteria and sub-criteria define our performance expectations. We develop these based on the information that users of audit reports need to know, the risk of performance being below expected performance, and the consequence of that.
- The test program that shows the tests we will perform to make audit findings and conclude against each criterion.
- The conclusions against criteria are combined to form a conclusion against the objective.

Audit components - audit findings

Criteria

Our performance expectation

Condition

Highlights what is happening,
which may differ from what is
supposed to happen

Cause

Identifies the reasons for
performance being below
expected performance

Consequence

Shows the impact of the
variations and determines the
significance of the finding

Recommendation

A roadmap for improving
performance

How do we select our audits?

- We continuously look for topics to add to our Annual Plan of Work
- We analyse:
 - financial and non-financial performance of state entities
 - engage with stakeholders
 - learn from our financial audit work
 - assess referrals that we receive through our website
- Our pillars, that Auditor-General referred to earlier, help us to focus this work



**Healthy and safe
Tasmanians**



**Strong
governance and
stewardship**



**Fit-for purpose
infrastructure**



**Sustainable
communities and
environment**



Tasmanian
Audit Office

How do we select our audits?

Once we have identified a topic, we also ask:

- Can we audit the subject matter? Is it in our mandate? Are we the right entity to do the work?
- Is the activity relatively important?
- Is there a high likelihood of performance being below expected performance? Is the consequence of this significant?
- What impact will an audit on the activity have?
- Is now the right time to do the audit?

Audits currently underway



Department of Health's
funding of community
service organisations



Management of landfills



Shared services
arrangements in the
General Government Sector



Investment facilitation by
the Office of the
Coordinator-General

Our recently completed audits

[Follow up of the University of Tasmania's management of student accommodation](#)

[Follow up of the effectiveness of internal audit](#)

[Follow up of management of underperformance in the Tasmanian State Service](#)

[Tasmanian Community Fund referendum support and assessment of grant funding to AICR Ltd](#)

[Alignment of the duration of custodial stays at Ashley Youth Detention Centre with related sentencing orders](#)

[Management of major office accommodation](#)

[Access to oral health services](#)

[Private works undertaken by councils](#)

Audit insights from across Australia



Inadequate **oversight**, risk management, records management and accountability for decision-making



Non-compliance with **procurement regulations**, lack of **competitive bidding**, and insufficient **contract monitoring**



Gaps in **performance reporting**



Inefficiencies in **financial management**



Inefficient or ineffective **service delivery**



Inadequate **people management**, **training** and **staffing shortages**



Some audits that cover these insights

- Victorian Auditor-General's Office:
 - [Staff wellbeing in Fire Rescue Victoria](#)
 - [Withdrawal from the 2026 Commonwealth games](#)
 - [Cybersecurity: Cloud Computing Products](#)
- Queensland Audit Office
 - [Responding to and recovering from cyber attacks](#)

Some audits that cover these insights

- Audit Office of NSW:
 - [Bus contracts in Metropolitan Sydney](#)
 - [Road asset management in local government](#)
- WA Audit Office:
 - [Staff exit controls and Large Local Government Entities](#)
 - [Local Government IT Disaster Recovery Planning](#)