



**Tasmanian**  
Audit Office



## **Annual Report 2022-23**

31 October 2023

# Acknowledgement of Country

In recognition of the deep history and culture of Tasmania, we acknowledge and pay respect to Tasmanian Aboriginal people, the past and present custodians of this island. We respect Tasmanian Aboriginal people, their culture and their rights as the first peoples of this land. We recognise and value Aboriginal histories, knowledge and lived experiences and commit to being culturally inclusive and respectful in our working relationships.

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This report is available online at: [www.audit.tas.gov.au/publication-category/annual-report/](http://www.audit.tas.gov.au/publication-category/annual-report/)

If you would like further information on this Report or other reports of the Tasmanian Auditor-General, please contact us using the details below:

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25 October 2023

Hon Michael Ferguson MP  
Treasurer  
Parliament House  
**HOBART TAS 7000**

Dear Treasurer

### **Tasmanian Audit Office – Annual Report 2022-23**

In accordance with the requirements of section 36 of the *State Service Act 2000* and sections 42 and 44 of the *Financial Management Act 2016*, I am pleased to submit, for presentation to Parliament, the Annual Report of the Tasmanian Audit Office for the year ended 30 June 2023.

This report covers the activities of the Tasmanian Audit Office for the reporting period 1 July 2022 to 30 June 2023. It provides a summary of our achievements against our strategic plan and performance measures.

The report is structured around our strategic focus areas of impact, quality, and efficiency. It is an important part of our accountability to all Tasmanians, Parliamentarians, the Parliamentary Standing Committee of Public Accounts, client agencies, and employees of the Tasmanian Audit Office.

The financial statements within this report were prepared in accordance with Australian Accounting Standards, the Treasurer's Instructions, and other authoritative requirements.

Yours sincerely

Rod Whitehead  
**Auditor-General**

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# Message from the Auditor-General

## Impact, quality and efficiency

I take pleasure in presenting my report for 2022-23. This report focuses on the 3 key pillars of our strategic plan 2021-2024 - impact, quality and efficiency - and highlights our major achievements during 2022-23 arising from the implementation of our plan.

### Impact

Our impact is achieved through focusing on topics that matter to Tasmanians, improving timeliness and communication of our work, sharing insights and strengthening engagement. This year I tabled 5 reports in Parliament making them publicly available and contributing to greater transparency and confidence of Tasmanians in our public sector.



In the 2 volumes of my report on the financial statements of State entities I summarised the findings from our audits of 117 State entities. A total of 221 audit findings arose from these audits, with 77 relating to issues with financial reporting, 138 relating to internal control weaknesses and 6 other matters requiring attention. This report provided statistics on the implementation of audit finding recommendations from previous years, informing Parliament on the progress made by State entities in improving governance and financial reporting.

This year, I tabled 3 performance audit reports in Parliament providing recommendations to improve public sector performance. The topics included improving outcomes for Tasmanian senior secondary students, strategic procurement in local government and a follow-up report detailing the extent to which State entities had implemented recommendations made in 4 performance and compliance audit reports tabled between November 2016 and October 2018.

Pleasingly, the follow-up audit found that all recommendations had been successfully implemented for the Parks management report, the TasWater report and the Tasmanian Government Cards report, with most recommendations adopted from the Fuel cards report. Positive changes implemented included improvements to the State's drinking water systems, wastewater management compliance and meeting customer satisfaction targets, as well as comprehensive asset management plans for the State's parks and improved control of the use of Tasmanian Government Cards.

Measuring and improving the impact of audits is a present challenge for public sector audit offices and was widely discussed at this year's Australasian Council of Auditors-General (ACAG) international meeting of performance audit critical thinkers held in Canberra in April 2023. This report includes a summary of key emerging themes and insights from this meeting and how we are incorporating these themes into our work.

## Quality

Quality in the Tasmanian Audit Office (the Office) is driven by supporting our people to be engaged, highly skilled and strong performers, aided by an innovative data driven audit methodology and full compliance with professional and ethical standards.

Our team reported an 80% engagement score in this year's Tasmanian State Service Employee Survey (Staff Survey) conducted in March 2023, a significant improvement from 57% in 2020. The Staff Survey showed that our people value working in a good team environment and are highly motivated to serve and make a difference to the Tasmanian community through the work that we perform.

This year we embedded the revised Quality Management Standards issued by the Auditing and Assurance Standards Board into our management systems, to strengthen and modernise our approach to quality management. We continue to improve the functionality of our audit and assurance software, CaseWare, and to embed data analytics into our audit approach.

## Efficiency

Our efficiency strategies focus on a flexible and collaborative organisational structure with streamlined business processes, measuring what matters and embracing new technology.

We continue to experience higher than usual turnover in an employment market where experienced and well-trained auditors are much in demand, both here in Tasmania and Australia-wide. This reporting year we welcomed 34 employees while farewelling 24 people to new opportunities.

This level of turnover has impacted on the timeliness of our audit of State entity financial statements for 31 December 2021 and 30 June 2022, where 58.3% were completed within statutory time period of 45 days from the date of receiving the financial statements.

To address this, we are maintaining a strong focus on recruitment and retention. Strategies implemented this year included more dynamic recruitment approaches, with the use of group assessments and reduced recruitment cycle times. We reviewed and improved our induction processes and buddy program to help our new recruits get up to speed quickly and we launched a new learning and development framework to support personal and professional development. Each of our employees participated in 22.3 days of external, internal and on the job training on average this year. We continue to put the personal wellbeing of our people front and centre and embedded into day-to-day conversations and operations.

I would like to express my heartfelt gratitude to everyone in the Office who has contributed to our achievements this year through their commitment and professionalism. I also thank Parliament and the Parliamentary Standing Committee of Public Accounts for their continued support throughout the year.

Rod Whitehead  
**Auditor-General**



# Highlights for 2022-23



# Our year in brief

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We delivered 5 reports to Parliament:

- The Auditor-General's Report on the outcomes of financial audits, with 221 new findings and recommendations
- Three reports on the outcomes of performance and compliance audits and special investigations
- Our Annual Report for 2021-22

We presented our Auditor-General's Annual Plan of Work for 2023-24 to the Parliamentary Standing Committee of Public Accounts and delivered it to the President of the Legislative Council and the Speaker of the House of Assembly within statutory timeframes.

Our staff provided briefings to Members of Parliament on all tabled reports and gave evidence at 2 Parliamentary committees.



Our team delivered 4 client information sessions on contemporary governance and financial reporting topics to 280 Agency, government business and local government representatives.



We commenced design work on our 4-year project to integrate data analytics into our audit activities, setting our Office on a path to greater efficiencies and effectiveness in our audit approach.



We received an unmodified audit opinion on our 30 June 2022 financial statements, within the required timeframe, and received an unmodified review opinion on our key performance indicators.



We underwent 2 internal audit reviews to inform improvements to our systems and processes, with opportunities identified for our quality assurance framework and procurement processes.



Overall results from the 2023 State Service Employee Survey of our staff were overwhelmingly positive, with improvements in all areas from 2020.

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# Our role



## Our role

The Auditor-General and Office are established under the *Audit Act 2008* and *State Service Act 2000* (State Service Act), respectively. Our purpose is to provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public Sector.

We achieve this by auditing financial statements of State entities and by conducting audits, examinations and investigations. From this work, we make recommendations that promote accountability and transparency in government and improve State entity performance.

Our audits allow us to identify common issues and provide useful insights for members of parliament, the public and the agencies we audit. We make recommendations on how agencies can improve services and function more economically, efficiently and effectively.

The Auditor-General publishes an Annual Plan of Work, which outlines what we plan to audit or examine in the forward years and the reports we expect to table in Parliament. You can read more about our role and our Annual Plan of Work for 2022-23 on our website at [www.audit.tas.gov.au](http://www.audit.tas.gov.au).

### Financial audits

Each year we audit more than 120 State entity financial statements and complete more than 80 other audits by arrangement.

Financial audits provide assurance that the information contained in State entity financial statements is reliable, relevant, presented fairly and in accordance with Australian Accounting Standards and relevant legislation. The results of these audits are published in the Auditor-General's Report on the financial statements of State entities each year.

We also undertake audits by arrangement, such as regulatory financial statements and grant or funding acquittals. We produce model financial statements for local government, which aim to assist councils in meeting their statutory financial reporting obligations and provide feedback on Treasury's model financial statements for government departments.

### Performance audits

There are 2 reasons why we do these audits: to provide Parliament with assurance on the administration of Government entities and programs; and to help public sector managers in their work, by identifying and promoting better administrative and management practices. We also have 'follow-the-dollar' powers, which allow us to audit community-sector and for-profit organisations that have been contracted to provide government services.

During 2022-23 we completed 3 performance audits:

#### **Improving outcomes for Tasmanian senior secondary students**

This performance audit examined the effectiveness of Department of Education's implementation of education reforms, including extending State secondary schools to Years

11 and 12, the Years 9 to 12 Project and implementing changes resulting from the *Education Act 2016*.

Overall, we found improvements could be made to project planning and risk reviews, and that the availability of project management expertise, key person dependencies and inconsistent record-keeping impacted the efficiency and effectiveness of project implementation. We made 7 recommendations to improve the way that the Department implements reforms.

### **Strategic procurement in local government**

This audit assessed whether councils implemented strategies to derive value through procurement beyond compliance with legislative requirements. The audit found the 6 councils that we examined were broadly effective in identifying, embedding, and monitoring strategies to derive value through procurement.

### **Follow-up of previous performance and compliance audits**

We also conducted a follow-up audit of several performance and compliance audits tabled between November 2016 and October 2018. Follow-up audits allow us to check if recommendations have been acted on and what the impact has been. These reports are available from the Performance Audit Reports section of our [website](#).

## **Referrals**

From time to time Members of Parliament, accountable authorities of State entities, elected officials or members of the Tasmanian community refer matters to us for performance audit or investigation consideration.

In 2022-23, we received 34 new referrals, which was an increase on the 22 received in the previous year. Of these, 5 did not require further action. Of the 29 requiring further work, 26 were closed, 3 still have examinations in progress and none were referred on to other agencies.

## **Services to parliamentarians and State entities**

We provide other services to parliamentarians and State entities to foster enhanced accountability and performance and to promote better practice in the public sector. These include:

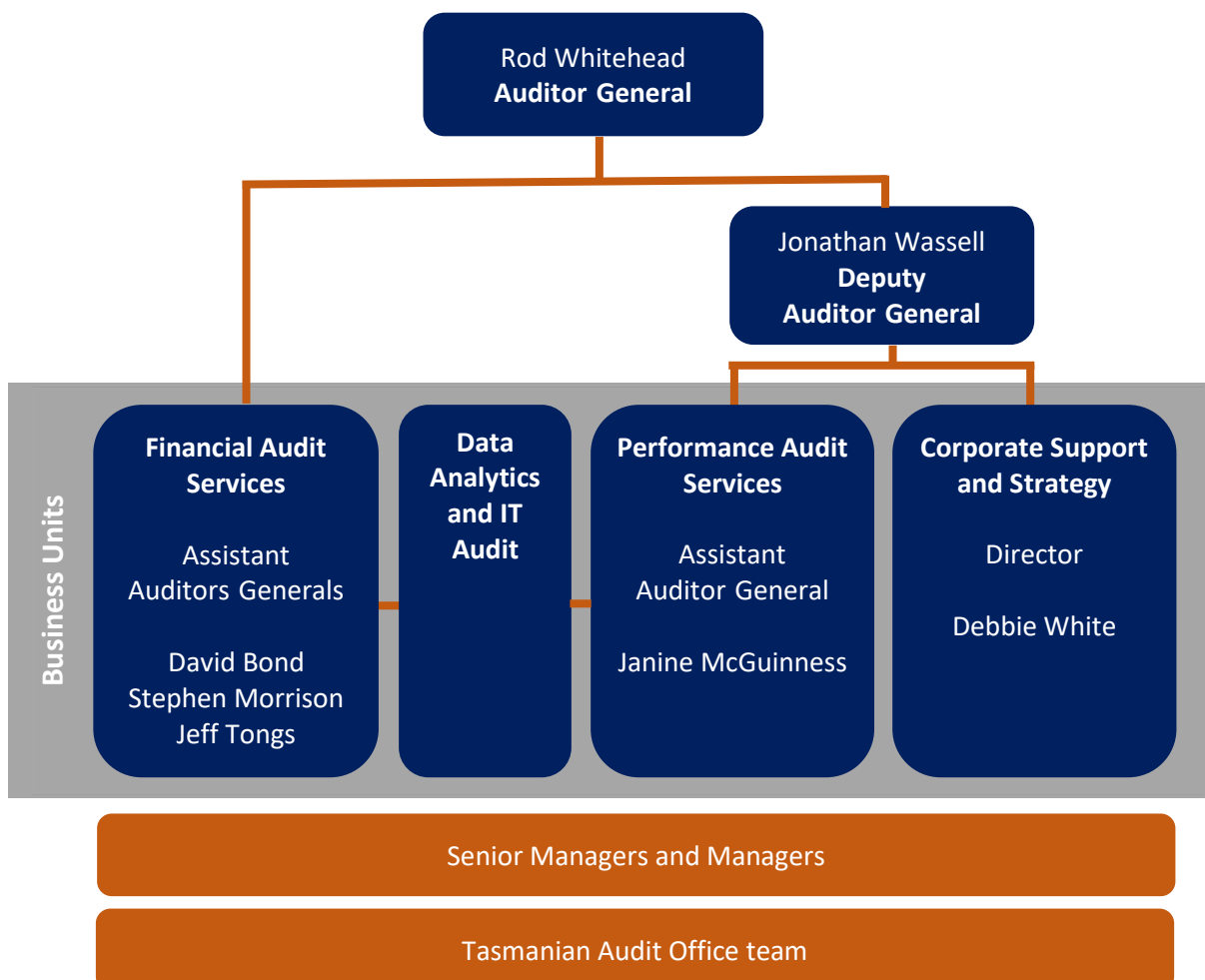
- presenting audit findings and recommendations to Members of Parliament following the tabling of an audit report, providing an opportunity for them to obtain a greater understanding of findings
- meeting with the Parliamentary Standing Committee of Public Accounts to brief them on our audit plans and reports
- providing advice and assistance to Parliament, and making submissions to parliamentary committees on matters relevant to their inquiries
- providing briefings to Legislative Council Business Scrutiny Committees

- providing advice to Members of Parliament on the role of the Auditor-General and responding to inquiries from Members of Parliament, State entities and the public, which sometimes lead to the conduct of audits
- presenting to parliamentary delegates from other jurisdictions on the role of the Auditor-General
- providing comments to Tasmanian Government agencies and other State entities on various matters, such as draft Treasurer’s Instructions, financial management proposals and the development of accountability proposals such as audit committee charters and
- providing guidance to State entities, arising from our audit work, in specific areas of governance, management and accountability.

During 2022-23 our staff gave evidence to the Joint Standing Committee of Public Accounts on Hydro Tasmania and the termination of the Basslink Services Agreement, and to the Legislative Council Government Administration Committee ‘A’ Inquiry into the operations and Application of the *Financial Management Act 2016*.

## Leadership and governance

Our organisational structure at 30 June 2023 is shown below.





During the year, Deputy Auditor-General Jonathan Wassell joined the Office and Patty Johnson, Director Corporate Support and Strategy, resigned. Debbie White was appointed Director Corporate Support and Strategy.

Our senior leadership group, performance audit team, data analytics and IT audit and corporate support team are all currently based in our Hobart office along with 2 financial audit teams, with one financial audit team based in our Launceston office.

### **Executive Committee**

Our Executive Committee assists the Auditor-General by ensuring the Office meets service delivery obligations and core business objectives. Meeting weekly during 2022-23, our Executive comprised the Auditor-General, Deputy Auditor-General, an Assistant Auditor-General from Financial Audit and from Performance Audit, and the Director Corporate Support and Strategy.

### **Strategic Leadership Group**

Our Strategic Leadership Group is responsible for the implementation of the Strategic Plan and management of risk. The group met quarterly during 2022-23 and comprised the Auditor-General, Deputy Auditor-General, all Assistant Auditors-General and the Director Corporate Support and Strategy.



Image: Strategic Leadership Group (L-R) Top row: David Bond (Assistant Auditor-General (AAG) Financial Audit Services), Jonathan Wassell (Deputy Auditor-General), Rod Whitehead (Auditor-General), Stephen Morrison (AAG Financial Audit Services). Bottom row: Janine McGuinness (AAG Performance Audit Services), Debbie White (Director Corporate Support and Strategy), Jeff Tongs (AAG Financial Audit Services).

## **Risk and Audit Committee**

We have a Risk and Audit Committee in accordance with the Treasurer's Instruction *FC-2 Internal Audit*. Members of the Committee during 2022-23 comprised external members David Hudson, Chair, and Elizabeth Lovett, together with Auditor-General Rod Whitehead and Assistant Auditor-General Jeff Tongs.

The Committee provides assistance to the Auditor-General in fulfilling corporate governance responsibilities relating to: our financial and performance reporting, including the preparation of the annual report and audit of the financial statements; system of risk oversight and management; and system of internal control, including internal control framework, legislative and policy compliance, internal audit coverage and performance reporting.

The Committee monitors the activities and effectiveness of internal audit, management responses to external reviews and the implementation of recommendations arising from these reviews.

## **Internal audit**

Our internal auditor, Grant Thornton, assesses the quality and performance of specific functions performed by the Office. The Risk and Audit Committee, along with the internal auditor, develops the internal audit plan before the beginning of each financial year.

During 2022-23 Grant Thornton completed 2 internal audit reviews:

- CaseWare post-implementation review

CaseWare is the audit technology platform used by our Office and was implemented in 2021, replacing the previous Notes system. The purpose of the audit was to evaluate whether project objectives were met, to identify lessons for future projects and to assess whether we are obtaining the best outcomes from the implementation.

The audit found that the implementation was successful overall and is meeting business objectives. Insights from the audit related to strengthening our approach to project management and to take advantage of the full capabilities and functionality of the system.

- Remote working and flexible arrangements

This audit reviewed arrangements for staff when working remotely (from the client or at home), and their access to and experience of flexible working arrangements.

The review highlighted the value that staff place on working from home options and the need to ensure that we have good communication between staff and their supervisors when working remotely.

## **Periodic review of the Office**

Under section 44 of the Audit Act, we are subject to a review of the efficiency, effectiveness and economy of our operations at least once in every 5 year period.



The last review was conducted in February 2019 and covered the period 2014-2018. As at 30 June 2023, 95% of the recommendations from this review had been implemented, with all of the remaining items in progress. A copy of the review report is available on our website under [‘About Us – Our Accountability’](#). Our next review is scheduled for 2023-24.

## **IMPACT 2023 conference – emerging themes**

Sponsored by ACAG, *IMPACT 2023* had the theme “*The Auditor of the Future*” and considered the challenges faced by auditors as they adapt to a technology-driven future. Staff from our Performance Audit Services team joined our Auditor-General and Deputy Auditor-General in attending the conference.

### **Technology as a tool**

Analysing data is not new to audit, however the use of artificial intelligence as an audit tool is viewed with considerable caution. Auditing standards require that we understand how information is analysed and the processes used to form conclusions. This isn’t always possible where artificial intelligence is used, as processes used to summarise information and reach conclusions might not be transparent.

### **The “6 Es”**

Greater scrutiny of ethical frameworks in the delivery of government programs looks beyond technical compliance and towards operating in line with community expectations of integrity. Performance auditors already examine the efficiency, effectiveness and economy, or “3 Es”, of an entity when conducting audits. Increasingly there is focus on the “6 Es” of performance audit, which add ethical, equity and environmental considerations.

### **Environmental auditing**

The conference heard how the Canadian Office of the Auditor-General is aligning it’s work under the United Nations 2030 agenda for sustainable development, with valuable learnings for Australian audit offices.

Tasmania’s framework and target of Net Zero Emissions or lower by 2030 is established through the *Climate Change (State Action) Act 2008* and *Climate Change (Greenhouse Gas Emissions) Regulations 2022*. Tasmania’s Climate Change Action Plan 2023-25 commits to annual reporting through a greenhouse gas emissions report and climate change activity statement. Two international organisations are providing frameworks to support this work.

The Task Force on Climate-related Financial Disclosures provides a framework for climate-related financial disclosures with a trend towards mandatory disclosures. The International Sustainability Standards Board issued its first 2 sustainability disclosure standards in 2023.

These standards are the start of the convergence of sustainability information with financial information. Once adopted, and when the standards apply to State entities, government businesses and State-owned corporations, there will be a need for audit assurance. Government audit offices will need to build capability to deliver these assurance services.

# Our strategic focus



# Our strategic focus

This section provides a snapshot of our achievements against our Strategic Plan 2021-2024. In our second year of reporting against this Plan, our Office has made positive gains in each of our 3 key strategic focus areas of Impact, Quality and Efficiency.

Our Strategic Plan is available on the home page of our web site: [www.audit.tas.gov.au](http://www.audit.tas.gov.au)

## Impact

Making a difference to the bodies we audit, the Parliament and the public by enhancing the relevance and impact of our work.

### Strategy: Focus on topics that matter to Tasmanians

What success looks like	What we achieved
Broader input into identification of potential performance audits	We held 79 individual stakeholder engagement meetings with Parliamentarians, heads of agencies, Chairs of Audit Committees, CEOs and key personnel in our client organisations to discuss our audit approach, gain input into our annual audit plan and to refine our audit topic matrix, which comprises possible future audits.
More targeted annual plan of work	Our 2023-24 Annual Plan of Work, released in June 2023, adopts a more external focus for planned audits examining key issues such as planning and monitoring the effective delivery of digital initiative outcomes across government departments, accessible and effective provision of oral health services, and effective support for students with disability in our state schools.

### Strategy: Improve the timeliness of our work

What success looks like	What we achieved
Statutory reporting timeframes met	<p>The Auditor-General must issue an audit report on the financial statements of State entities and audited subsidiaries of State entities within 45 days of the date of submission.</p> <p>For the December 2021 and June 2022 audits, we completed 58.3% of our audits within the statutory timeframe, which was comparable to our performance in the prior year where we completed 58.7% within the statutory timeframe.</p> <p>We conducted a root cause analysis of delays in finalising audits, to improve our processes and improve delivery of key functions. In response, we have increased our staff resources, invested in training and development, and implemented actions to complete a higher proportion of audit work before the end of each financial year.</p>

What success looks like	What we achieved
Annual plan of work delivered	While resourcing constraints meant deferral of some performance audits to 2023-24, we delivered on those that have the greatest impact for Tasmanians - education and local government services.
Performance better than average in benchmarks against our interstate audit peers	We performed equal to or better than average in 2 of 7 key measures against our public sector audit office peers interstate. Our comparative result in some instances reflects the staff resourcing challenges our Office has experienced throughout the year and in others reflects the impacts of scale achievable in larger jurisdictions which are difficult to replicate in a smaller jurisdiction such as Tasmania.

### Strategy: Improve the impact of our work

What success looks like	What we achieved
Greater external focus	A follow-up report of 4 performance audit reports tabled between November 2016 and October 2018 found that the implementation of our audit recommendations resulted in positive changes. These included improvements to the State's parks management system, better delivery and quality of drinking water systems, and improved accountability in the use of fuel cards and Tasmanian Government Cards.
Diversified, enhanced communication	In response to feedback from our clients on flexible delivery options, we made video recordings of senior management and members of Audit Committees client information sessions available for viewing on our web site.  We provided more transparent communication of our financial audit focus areas, which in 2022-23 were general information technology controls, revenue controls, key management personnel disclosures and management of third-party providers.

### Strategy: Improve access to our work

What success looks like	What we achieved
Increased sharing of insights and good practice	Our in-person seminars for senior management and members of Audit Committees, and our information sessions on financial reporting, share what 'good' looks like across the public sector and provide a forum for financial managers across the sector to meet and share better practice insights.  280 client representatives attended our client information sessions to hear about key developments in governance and financial reporting.

What success looks like	What we achieved
Broader visibility of our work	There were 163 views of client information session recordings on our website.

### Strategy: Strengthen our engagement

What success looks like	What we achieved
Stronger productive relationships with public sector bodies and key stakeholders	<p>We increased engagement with professional bodies such as CPA Australia and Chartered Accountants Australia and New Zealand. We worked with the University of Tasmania to support the next generation of auditors with their qualifications, with 3 guest lectures presented by our senior audit staff.</p> <p>We engaged with the Tasmanian Training Consortium on their possible role and value in supporting our auditor learning and development framework. We engaged with Brand Tasmania to better promote our Office and Tasmania as an attractive destination to live and work.</p>
Greater mutual respect and enhanced understanding of respective roles	We increased our engagement with Government Ministers, Heads of Agencies and senior entity financial officers during 2023. During the reporting period we held 93 one-on-one meetings with key management in audited organisations. This provided opportunities for our audit leaders to discuss challenges facing each entity before we start our annual audits and for our clients to provide us with a better understanding of their operational environments.

## Quality

Delivering high quality professional services by building capability and capacity to meet the changing demands of our clients and stakeholders.

### Strategy: Deliver high quality professional services for public sector bodies and the Tasmanian Parliament

What success looks like	What we achieved
Full compliance with professional and ethical standards	We embedded revised Quality Management Standards, issued by the Auditing and Assurance Standards Board, into our management systems. This strengthens and modernises our approach to quality management.



What success looks like	What we achieved
Continuous improvement embedded in everything we do	<p>We initiated quality assurance reviews of June 2022 financial audit engagements.</p> <p>Audit policies and procedures were reviewed and updated throughout the year, and a review of performance audit methodology was commenced.</p> <p>Financial and performance audit teams held planning days to reflect on achievements and discuss ways to improve our audit practices.</p> <p>In partnership with the South Australian and ACT Audit Offices, we implemented an inter-audit office quality assurance program for performance audits.</p>
Learning from our own mistakes	All internal and external audit review findings were actioned to ensure robust and quality-driven practices.

### Strategy: Modernise our audit approach

What success looks like	What we achieved
Efficient, agile and innovative audit delivery	<p>An expansion of our CaseWare business system functionality included the revised ASA 315 <i>Assessing the risks of material misstatement</i>, including a greater focus on general information technology controls.</p> <p>We eliminated several redundant audit processes and practices during the year and streamlined information management to reduce duplication of effort. The performance audit methodology was also revised to modernise our approach.</p>
Data driven audits and artificial intelligence enabled audit products	<p>We initiated our data analytics project, to integrate analytics into financial and performance audit processes.</p> <p>Achievements included the establishment of a governance framework, establishment of the analytics operational environment, development of a new IT Audit strategy, engagement and alignment with Whole of Government policies, investigation of analytics platforms, training for analytics team staff, and examination of cyber security controls from a risk-based perspective.</p>

## Strategy: Support our people to be engaged, highly skilled and strong performers

What success looks like	What we achieved
Effective attraction and retention of highly motivated and skilled people	<p>We broadened our recruitment channels and changed our candidate assessment approach to support recruitment of engaged, motivated candidates.</p> <p>Dynamic vacancy fulfilment was introduced for year-round recruitment to 'hard to fill' positions, along with new entry level employee roles to support attraction and retention.</p> <p>To improve retention, we implemented new overtime and flexible working arrangements, and created new assistant manager positions in our audit teams to improve career advancement pathways.</p> <p>Our new learning and development framework provides staff with access to valuable training opportunities, including one-on-one and group training delivered by Assistant Auditors-General, structured delivery of training programs and generous external study support.</p>
Tangible innovation, flexibility and collaboration across our teams	<p>Our relocated Hobart office was designed to integrate flexible and comfortable collaboration spaces, meeting spaces with contemporary video-conferencing facilities and modern staff amenities with wellbeing zones.</p>
Investment in the development of our people as individuals	<p>Our learning and development framework was enhanced to better support our audit staff, with our new Year 1 professional program delivered and Year 2 professional program under development.</p>
A flexible work environment, redefining how we work	<p>Our hybrid workplace model is now embedded in workplace policies – staff may work in the office, at the client and remotely at home.</p> <p>We have also adapted our work practices through adopting new award provisions that increase the flexibility around the flexi-time provisions to meet demand in our seasonal audit activities.</p>

## Strategy: Enhance our culture

What success looks like	What we achieved
Aligned view of our strategic direction and how we define success	<p>We held bi-monthly information sessions with all staff to keep them informed and give them a voice, with greater transparency and accountability in governance of the Office.</p>

What success looks like	What we achieved
Increased trust and confidence in our leaders	<p>We communicated executive decision-making to our staff, and consulted with staff on decisions that affect them.</p> <p>We continued to invest in our executive leadership, with Assistant Auditor-General Stephen Morrison completing the Tasmanian Leaders Program in 2022. Stephen is applying his leadership knowledge to uplift our learning and development framework for financial auditors.</p>
Aligned view and modelling of our values and desired behaviours	<p>The 2023 State Service Employee Survey indicated that 95% of our staff agree that senior managers model agency values and 97% agree their managers encourage behaviours consistent with our office's values, a significant improvement on 2019 results.</p>

## Efficiency

Building a high performing organisation by quickly and efficiently changing our structure and practices to meet our evolving needs.

### Strategy: Flexible collaborative corporate structure

What success looks like	What we achieved
Agility in adapting to the environment we operate in	<p>Our staff embraced workplace changes brought about during the pandemic, improving their use of technology for sharing information and making the most of Microsoft Teams and other online platforms for communication and collaboration.</p> <p>Our Hobart office, in moving to a fully open plan format, also introduced the practice of hot-desking with staff using different desks each day when in the office.</p> <p>This not only reduced our space requirements, but also addressed siloing of teams which can be a natural outcome from fixed-plan seating.</p>
A structure that changes quickly and efficiently to meet needs	<p>In response to recruitment challenges, we adopted a flexible and dynamic staffing establishment model. This allows us to direct resources when and where they are needed. We incorporated this staffing model into our annual budgeting process.</p>



## Strategy: Get the mix right

What success looks like	What we achieved
A workforce composition that positions us to meet future audit and business needs	<p>Our new learning and development framework has course offerings aimed at each employment level. We increased our permanent staff positions, replacing fixed-term Graduates and other contracts positions, as part of our retention strategy to provide staff with employment certainty and stability.</p> <p>We commenced a review of capacity and capabilities in our corporate services business unit, to better support our core work and delivery of strategic objectives.</p> <p>We also trialled a Visa business sponsorship arrangement to recruit talented audit staff into hard-to-fill audit positions.</p> <p>Successful recruitment to key leadership positions in Performance Audit and Corporate Support and Strategy business units during the year sets us up for success in the coming years.</p>

## Strategy: Simplify our business

What success looks like	What we achieved
Policies and practices that support our people	<p>Our buddy program is now supporting new recruit experiences.</p> <p>Consolidation and refinement of our policies and procedures better supports our people, with policies that are easily understood and accessible.</p>
Policies and practices that balance risk management and efficient/effective outcomes, no unnecessary red tape	<p>We renewed our delegations to support approval efficiencies and have continual review of policies for plain language and efficient, effective processes.</p>

## Strategy: Refine our performance reporting

What success looks like	What we achieved
Better intelligence driving improved decision making	<p>Simplified business unit plans with links to annual plan of work, strategic plan, and strategic priorities has improved internal reporting.</p>

## Strategy: Embrace new technology

What success looks like	What we achieved
Increased automation of core business systems	Improved use of CaseWare functionality has led to process efficiencies, along with upgrades to and improved use of workflows in our record information systems.
Maximise the use of data	<p>Our 4-year data analytics implementation project commenced, designing and embedding the use of analytics across all audit services, with the design of governance framework, communications strategy, risk management and piloting data analysis techniques.</p> <p>Internally we have also enhanced the use of our own data. Through visualisation tools, we have been able to link up several data sets to improve insights into the Office's performance and practices.</p>

# Our team



## Our team

At 30 June 2023 we had 59 employees comprising auditors, data specialists and corporate support staff. A significant increase for the Office, this reflects strategies to manage higher than average turnover of staff in our financial audit area and to conduct a greater proportion of audit work in-house, rather than contracting out to audit services providers. A national audit skill shortage continues to present challenges in recruiting and retaining staff.

### Staff profile

Measure	2019 20	2020 21	2021 22	2022 23
Size of the workforce at 30 June (full-time equivalent)	41.6	43.2	47.4	57.1
<b>Size of the workforce at 1 July (head count)</b>	<b>47</b>	<b>45</b>	<b>46</b>	<b>48</b>
Staff on secondment or leave without pay at 1 July	7	6	5	3
Staff commencing during the year	9	12	20	34
Staff who left during the year	(12)	(12)	(20)	(25)
Staff on secondment or leave without pay at 30 June	(6)	(5)	(3)	(1)
<b>Size of the workforce at 30 June (head count)</b>	<b>45</b>	<b>46</b>	<b>48</b>	<b>59</b>
Permanent part-time staff at 30 June	2	2	8	7
Fixed-term part-time staff at 30 June	4	2	4	1
Fixed-term staff at 30 June	12	10	10	4
Average age of workforce at 30 June	42	44	42	39

During 2022-23, total permanent staff positions increased with a corresponding decrease in fixed-term positions, as part of our retention strategy to provide staff with employment certainty. Our retention rate was 58%, leading to further recruitment and retention strategies including:

- maintaining higher than average total FTE in our Financial Audit business unit, to manage higher than average turnover
- employing entry level staff on permanent contracts, rather than fixed-term Graduate program contracts, while continuing to support them through an enhanced professional development program and
- successfully piloting visa-sponsorship for audit staff, to address challenges from a nation-wide audit specialist shortage.



In the face of competitive private-sector salaries, we continue to highlight the tangible benefits of a career in State Service and of our Tasmanian lifestyle. These are presented for prospective employees on our [careers page](#).



Image: Financial auditors (L-R) Aartee Johare, Anupriya Sharma, Prince Basutu, Dennis Ravindraraj and Gulina Zainula.

## Employee culture and engagement

We support our staff to be creative, ethical and passionate in their work, striving to make a difference within the Tasmanian public sector and promoting continuous improvement, integrity and the public interest.

In 2022-23, staff were invited to participate in the Tasmanian State Service Employee Survey. The survey assists agencies to understand the experiences of staff in State Service and measures how Tasmanian State Service values and employment principles are being applied.

In line with our diversity and inclusion strategy, we aim to attract staff with skills and values to meet our objectives and who are reflective of the broad and diverse community in which we operate. Responses to the Staff Survey indicate that 46% of our staff were born overseas, up from 23% when last surveyed in 2020.

In addition, 8% of staff indicated that they are a person of diverse sexual orientation, with no staff indicating a preference not to say. In the 2020 Staff Survey no staff responded in the affirmative, and 10% indicated a preference not to say.

We actively promote our commitment to supporting staff identifying as Aboriginal or Torres Strait Islander and welcomed the additional Aboriginal cultural leave entitlements introduced into the Tasmanian State Service Award during the year.

The gender wage gap in our Office was 14% between male (higher) and female (lower) employee average wages in 2022-23, an increase from a 10% difference in the previous year, indicating that we have work to do in this area to support our talented female staff in career progression.

Tasmanian Audit Office staff responses to the Staff Survey indicate that:

- 92% of staff are proud to say they work for the Office
- 95% of staff agree that senior managers model agency values and
- 84% agree that the Office supports those with caring responsibilities.

The survey highlighted that staff had high levels of satisfaction with their learning and development, and the flexibility available to achieve a good work/life balance. Our results were significantly above those of the overall [Tasmanian State Sector results](#), reinforcing our ongoing efforts to support and create a positive workplace culture for employees.

Our values guide us in achieving our vision and in performing our role objectively, with impartiality and in the best interests of the Parliament, the Tasmanian Public Sector and the Tasmanian community. Our values were reaffirmed for 2022-23 and are:



In line with our values, we promote a culture that values employee involvement and participation in decisions that affect them. We do this through internal staff newsletters, direct approaches, open Office discussions, communiqués, and consultation. We run bi-monthly staff information sessions covering technical and procedural matters, values and

culture-based topics. Using online meeting tools, our staff can attend these meetings regardless of their working location.

## Our workplaces

The Staff Survey highlighted the value that our people place on flexible working arrangements. These have been reviewed since the easing of COVID-19 measures, with many maintained through a continued desire to give employees more flexibility in how, when and where they perform their work.

Our hybrid work model identifies 3 primary work locations: the office, the client or remotely from an approved site, for example working from home.

Our Hobart staff moved office in late 2022, to a contemporary new office layout that includes hot-desking, collaboration zones, quiet rooms and video-conferencing rooms. The layout of our Hobart office supports best practice accessibility standards and has modern amenities to support employee health and wellbeing.



Image: Staff celebration in the Hobart office staff amenities area.

To improve communication and collaboration we've eliminated the use of private offices for managers and teams. The opportunity on any given day to work next to anyone from the Auditor-General, to a data specialist or intern on a work placement provides our staff the opportunity to foster relationships and share ideas, disrupting traditional hierarchical structures.

Our staff have access to flexible work practices such as flexible start and finish times, compressed fortnightly work patterns, and options for full time or part time work. This suite of options allows our people to accommodate their commitments and life outside of work.

Alongside of flexible options are the range of leave entitlements available under the Tasmanian State Service Award. The Office also provides paid overtime and modified flexitime agreements for staff working additional hours during busy audit periods. These arrangements improve organisational productivity, while supporting employee well-being.

Our audit staff travel to a range of client sites and work direct from client premises across Australia's only island state. The Central Highlands, the remote West Coast, the Tasman Peninsula and King Island are places that our staff often travel to.

Staff are supported with the best technological tools and are provided a unique opportunity to see what Tasmania has to offer. Some clients you can reach in a day, some require an overnight stay allowing our staff to enjoy a new location, meet the locals and spend their downtime exploring what Tasmania has to offer.

## Personal performance

The performance of our staff is regularly assessed in line with *Employment Direction 26 - Managing Performance in the State Service*. Our performance management and professional development framework underpins this and ensures we have a positive supportive process that values the input and expectations of management and staff. Plans are set annually with a formal review conducted every 6 months.

Plans include Office-wide standards incorporating compliance with Office policies and procedures, meeting competencies outlined in statements of duties, contributing to Government, Office and business unit objectives, and adhering to our values and State Service Code of Conduct and Principles.

The effectiveness of our framework is evidenced in 89% of staff reporting in the 2023 Staff Survey that the Office motivates them to help achieve our objectives and inspires them to do the best in their job.

In 2022-23, we focused on managing performance through:

- workshops for staff on how to get the most out of performance development conversations, and the giving and receiving of feedback
- manager training focussed on the importance of regular workplace conversations
- moderation of performance ratings across the Office by the Executive Committee, to ensure fairness and consistency across business areas, with a common understanding of performance expectations and
- the launch of our new learning and development framework.

We believe it is important to congratulate employees who make an exceptional contribution to our work environment and the achievements of objectives. Our reward and recognition policy allows staff and the Senior Leadership Group to nominate employees for formal awards presented by the Auditor-General.

The Office has 2 formal recognition awards: periodic 'Making a Difference' awards and annual 'Way of the TAO' award.



Making a Difference recipients for 2022-23 were:

- Andrew Eiszele
- Aruna De Silva
- Charlie Liu
- Chingiz Khamitov
- Christopher Norton
- Dylan Xing
- Hanna Jones
- Harald Anjewierden
- Hayley Ducat
- Helen Grube
- Jessica Balding
- Julie Cheng
- Leah Crosswell
- Mark Farrington
- Olivia Li
- Trang Mai
- Oluwadara Oyesanmi
- Ryan Eastley
- Simone Lee
- Susan Franklin.

The 'Way of the TAO' recipient for 2022-23 was Andrew Eiszele, Senior Manager, Financial Audit Services. Andrew's commitment to the Office, in terms of high standard of work, camaraderie, and professionalism made him an ideal candidate for this award.

## Learning and development framework

In October 2022, we launched our revised learning and development framework. The new framework aims to ensure that our Office has people with the right skills and knowledge to deliver services into the future. It describes the core skills, capabilities, applied knowledge, personal characteristics, and attributes that, in combination, underpin effective performance at each employee classification level. The framework describes the minimum requirements for each capability level and provides suggested learning and development pathways to develop the required capability.

Our learning program centres around the 70-20-10 Model for Learning and Development, with 70% of learning shaped by experiences, 20% from others and 10% from formal learning. Our framework encourages and formalises on the job experiences through internal coaching and training delivered by subject matter experts and our buddy program. Staff have access to self-paced online programs, external courses, seminars and conferences delivered in virtual or in-person formats.

We expanded our suite of mandatory training, covering core topics of work health and safety, ethics and behaviour, diversity, procurement, defensive driving and recruitment and selection. Cybersecurity and contract management were added to this suite in 2022-23.

Employee learning and development needs are agreed within our performance planning process, with individual plans detailing the experiential learning, learning from others, and external programs they will undertake to build their capabilities and skills.

### Buddy program

We reviewed our buddy program in 2022-23. This program assists entry level staff through a structured professional assistance and guidance program in their first year on the job. New staff are assigned a more senior "buddy" who provides on the job learning and technical development. Tailored to the needs of the individual, this program supplements our other induction and performance development programs.

Senior staff participating in the program gain the satisfaction of giving back to early career staff, consolidating their own interpersonal coaching and mentoring skills.

### Professional qualifications

We continue to support staff to complete a qualification with a professional body such as Certified Practising Accountants Australia (CPA Australia) or Chartered Accountants of Australia and New Zealand. We reimburse 100% of fees and provide generous study leave entitlements for these and other approved tertiary and post-graduate courses. We supported 14 of our employees with study assistance during 2022-23.

We are a Recognised Employer Partner with CPA Australia, whereby staff gain recognition for practical experience and continuing professional development. A benefit for staff is automatic recognition as meeting their annual continuing professional development obligation. For the Office, this partnership is recognition of our professional development standards and commitment to our staff. We are working towards similar status with Chartered Accountants Australia and New Zealand.

The following table summarises our investment in staff training, development and coaching over the period:

Measures	2019 20	2020 21	2021 22	2022 23
Average days per FTE – all types of professional development	5.7	5.5	17.0	22.3
Average investment per FTE – training through external providers	\$2,676	\$1,029	\$1,656	\$1,646

### Workplace health, safety and wellbeing

We are committed to ensuring the health, safety and wellbeing of our employees, proactively monitoring measures to promote a safety culture and to protect staff from workplace injury and harm.

As COVID-19 pandemic measures were relaxed during the year, we maintained elements of our pandemic plan to manage infection controls in the workplace. Our Disaster Recovery Team continues to monitor the status and effects of COVID-19, responding to advice from Australian and Tasmanian Governments.

In the reporting period we experienced a slight increase in average sick leave days taken by staff, consistent with previous years. This can be attributed in part to relaxation of COVID-19 measures in the community, with more absences due to colds, flu and COVID-19 infections.

Accrued recreation and long service leave entitlements were reduced during the year with staff happily catching up on holidays postponed due to the pandemic.

Long service leave management continues to be practiced, with no staff holding balances above 100 days. Active leave planning and management of any high leave balances is used to support a good work-life balance for our staff.

Measure	2019 20	2020 21	2021 22	2022 23
Average sick leave days taken during the year per staff member	6.6	7.5	7.5	8.0
Staff with more than 40 days accrued recreation leave at 30 June	3	3	2	2
Staff with more than 100 days accrued long service leave at 30 June	0	0	0	0

Throughout the reporting period we:

- commenced work to incorporate the management of psychosocial hazards into our policies and procedures, including mandatory trauma informed practice training for all senior managers
- appointed a new staff Health and Safety Representative
- maintained our COVID-19 safety plan
- undertook an internal audit into remote and flexible work, revising processes and procedures to continue working safely in a hybrid environment
- conducted regular workplace inspections in Hobart and Launceston offices, and for staff working in client workplaces
- reported on Workplace Health and Safety to the Executive Committee and Risk and Audit Committee
- provided training for first aid officers, fire wardens and staff with legislated responsibilities
- made first aid certification training available to all staff
- upskilled 2 staff members to be accredited Mental Health First Aid Officers
- continued to partner with the Department of Justice Health and Wellbeing Champions network, providing access to a range of activities for staff and
- offered influenza vaccinations, COVID-19 boosters, flexibility during work hours to participate in wellness activities, balanced catering at events, and educational information to staff through internal communication channels.

In addition to providing access to an independent employee assistance provider for those staff seeking assistance with work related or personal matters, we met our obligations by continuing to support any staff absent from the workplace with comprehensive return-to-work support in line with *Employment Direction 29 - Managing Employees Absent from the Workplace* and our recently renewed Injury Management Program.

Our hybrid model of work means our staff are working in a variety of settings. Throughout 2022-23, we continued to focus on ensuring our staff had the right equipment and support to work in a safe and sustainable way.

We provide the following measures to ensure our physical working environments are safe and ergonomic:

- fully height adjustable workstations
- workstation assessments available to all staff
- employees required to complete a remote work ergonomic and equipment checklist
- provision of remote work ergonomic equipment
- access to corporate subscriptions and wellness initiatives through government partners
- workshops and webinars on topics like resilience and ergonomics and
- provision of hygiene kits.

Helping people to find ways to connect and enjoy themselves at work and with colleagues is a continuing focus area for the Office. During 2022-23, we supported this through running team camaraderie days, social functions and celebrations, and by providing staff amenities that create an environment for employees to network with colleagues across the office. Some of these activities included a Harmony Day lunch and a Thanksgiving Celebration.

In 2022-23, we reported 9 Work Health and Safety related incidents or injuries, up from 7 in 2021-22. These injuries were not classified as notifiable incidents and did not result in any workers' compensation claims. We encourage a culture of reporting and encourage staff to advise of any hazards, incidents, illnesses or near misses. Two active workers' compensation claims were carried over from the previous year and a new claim was commenced. Two were closed off and one remained active at 30 June 2023.

## Workplace relations

We adhere to all aspects of the Tasmanian State Service Award and the directions issued under the State Service Act. We take advice and guidance from these directions as they are introduced. Staff have review rights under the State Service Act related to employment decisions that have an impact on them. No reviews were lodged during the reporting period.

## Our commitment to the community

We support the University of Tasmania School of Business and Economics Prize Awards. The Tasmanian Audit Office Prize is awarded annually to the student enrolled in Accounting (Unit C59) achieving the highest aggregate mark in the unit across the school. The 2022 award recipient was Miss Aloka Sathyangi Senadeera.

Our staff participate in fundraising and other activities to support the community. In 2022-23 we raised \$351 for the Cancer Council's Biggest Morning Tea in May and participated in the Winter Step Challenge.



# Our performance



# Performance report

## Performance report measures

Our Key Performance Indicators (KPIs) were independently assessed by Nexia Melbourne Audit Pty Ltd with their review opinion published at the end of this section. The following tables detail our actual results with the following symbols indicating our assessment of each result.

✓ Performance achieved	✗ Performance not achieved	Nm - Performance not measured
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### Parliamentarian and audit client survey indicators

The KPIs in the following table are in relation to the Parliamentarian and Audit Client Surveys which support the Office's key strategic focus areas of impact, quality and efficiency.

We usually conduct biennial satisfaction surveys of Members of Parliament and Clients. This survey was last conducted in 2021-22 and will be next conducted in 2023-24.

Key Performance Indicators	2019 20 Actual	2020 21 Actual	2021 22 Actual	2022 23 Target	2022 23 Actual	Result
<b>Parliamentarians Survey</b>						
Overall satisfaction with the Auditor-General's reports and services	Nm	Nm	100%	75%	Nm	Nm
Provide valuable information on public sector performance	Nm	Nm	100%	80%	Nm	Nm
Reports and services help to improve public sector administration	Nm	Nm	100%	75%	Nm	Nm
High level of performance audits addressing key areas of interest	Nm	Nm	91%	75%	Nm	Nm
Responsiveness of the Auditor-General or their Office	Nm	Nm	100%	85%	Nm	Nm

Key Performance Indicators	2019 20 Actual	2020 21 Actual	2021 22 Actual	2022 23 Target	2022 23 Actual	Result
Extent to which the advice/information provided by the Auditor-General or their Office addressed user needs	Nm	Nm	100%	85%	Nm	Nm
<b>Clients Survey</b>						
Performance Audit – overall performance (process, reporting, value)	Nm	Nm	72%	75%	Nm	Nm
Financial Audit – overall performance (process, reporting, value)	Nm	Nm	74%	75%	Nm	Nm

## Financial indicators

The KPIs in the following table relate to our Financial Statements for 2022-23, which are presented later in this report.

Key Performance Indicators	2019 20 Actual	2020 21 Actual	2021 22 Actual	2022 23 Target	2022 23 Actual	Result
Positive net operating result, that is $\geq 1\%$ of turnover	Not achieved	Achieved	Achieved	Achieved	Achieved	✓
Positive cash flows	Not achieved	Achieved	Achieved	Achieved	Not achieved	✗
End of Year cash balance $> \$600,000$	Achieved	Achieved	Achieved	Achieved	Achieved	✓
Independent unmodified audit opinion on the financial statements of the Office	Achieved	Achieved	Achieved	Achieved	Achieved	✓

## Operational and governance indicators

The KPIs in the following table are in relation to the Our role section of this report:

Key Performance Indicators	2019 20 Actual	2020 21 Actual	2021 22 Actual	2022 23 Target	2022 23 Actual	Result
All financial audits opinions to be issued within 45 days of receipt of final signed financial statements (audits completed within the financial reporting year) <sup>1</sup>	68%	53%	59%	100%	58% <sup>3</sup>	✘
Performance and compliance audits are completed on average within 9 months <sup>2</sup>	17.5	12.0	9.0	<= 9 months	11.7 <sup>4</sup>	✘
Percentage of recommendations agreed and acted upon from performance and compliance audits	Nm	Nm	Nm	70%	84% <sup>5</sup>	✔
Performance and compliance audits and special investigations tabled in Parliament	4	11	5	6	3 <sup>4</sup>	✘
Report of the Auditor-General on the outcomes of financial audits tabled in Parliament	1	1	1	1	1	✔



Key Performance Indicators	2019 20 Actual	2020 21 Actual	2021 22 Actual	2022 23 Target	2022 23 Actual	Result
<b>Annual independent assessment of a selection of audit files that concludes the Office is conducting audits in accordance with its audit methodology and Australian Auditing Standards<sup>6</sup></b>						
Financial audits	Nm	Nm	Positive	Positive	Positive	✓
Performance audits	Nm	Nm	Nm	Positive	Positive <sup>7</sup>	✓
Number of major findings with significant impact/ramifications (risk rating = high) reported to the Office's Risk and Audit Committee by the internal auditor	None	None	None	None	None	✓

Notes:

1. The basis for reporting timeliness of audit completion is the audit cycle completed during the financial year (for example, the December 2021/June 2022 audit cycle was completed in the 2022-23 financial year).
2. Measure reported as 'Achieved/Not achieved' in previous Annual Reports, now reported as months.
3. Results for 2022-23 were impacted by continued challenges in recruitment and retention of experienced audit staff and senior audit managers.
4. Results for 2022-23 were impacted by challenges in recruitment and retention of experienced audit staff.
5. Based on findings in [Report of the Auditor-General No. 5 of 2022-2023 - Follow up of selected Auditor-General reports tabled between November 2016 and October 2018 \[PDF 859KB\]](#). Results are for recommendations that were 100% implemented at the time of the follow-up audit. The balance of recommendations had been partially completed.
6. Our last 5-year independent review was conducted by Moore Stephens during 2018-19. Whilst the report identified 42 improvement opportunities relating to the conduct of financial and performance audits, there were no adverse findings raised within the report.
7. A review by the South Australian Audit Office of 2 performance audits in February 2023 reported an overall positive finding, indicating that the audits were undertaken in accordance with ASAE 3500 and office policy requirements, with only 3 findings having a higher risk rating relating to documentation of audit methodology and process. As at September 2023 all items had been fully addressed.

## People indicators

The KPIs in the following table are in relation to the Our team section of this report:

Key Performance Indicators	2019 20 Actual	2020 21 Actual	2021 22 Actual	2022 23 Target	2022 23 Actual	Result
Positive staff responses on Workplace Behaviours and Conditions as measured by our independent employee survey <sup>1</sup>	65%	Nm	Nm	> 70%	84%	✓
Positive staff responses on Workplace Diversity as measured by our independent employee survey <sup>1</sup>	70%	Nm	Nm	> 70%	83%	✓
Positive staff responses on Engagement as measured by our independent employee survey <sup>1</sup>	57%	Nm	Nm	> 70%	80%	✓
Staff turnover rate <sup>2</sup>	29%	26%	42%	< 10%	42%	✗
Percentage of staff who have University degree and/or professional qualifications	89%	93%	96%	> 85%	98%	✓
Percentage of staff who are members of professional bodies	82%	89%	81% <sup>3</sup>	> 85%	67% <sup>4</sup>	✗
Percentage of staff who undertake 10 days of professional development per annum <sup>5</sup>	19%	47%	46%	100%	72%	✗
Percentage of staff performance and development plans finalised <sup>6</sup>	85%	98%	98%	100%	98%	✗
Personal leave taken by staff (average)	6.1	7.5	7.5 <sup>7</sup>	<5 days	8 <sup>8</sup>	✗

Key Performance Indicators	2019 20 Actual	2020 21 Actual	2021 22 Actual	2022 23 Target	2022 23 Actual	Result
Excess leave balances <sup>9</sup>	4%	7%	6%	< 5%	3%	✓

Notes:

1. These measures were not included in previous Annual Reports and have added in 2022-23 to replace the 'Satisfaction' index previously reported. The whole of State Service Survey, conducted every 2 years, was last conducted in March 2023. The survey was not held in 2021-22 due to the pandemic. In 2023 the Survey summary index of 'Satisfaction' as reported in past Annual Reports was removed. The Survey reported on the remaining 3 summary indices of *Workplace Behaviours and Conditions*, *Workplace Diversity* and *Agency Engagement*. Actual results since 2019-20 for these indices are presented in the above table. The Survey is to be conducted annually from 2024.
2. Our turnover remained high in 2022-23 due to the ongoing shortage of skilled audit staff across Australia and the increase in demand for such expertise.
3. This measure was incorrectly reported in the 2021-22 Annual Report as 82%. The correct figure independently assessed by Nexia Melbourne Audit Pty Ltd for 2021-22 was 81%.
4. Percentage of staff who are full (not associate) members of professional bodies decreased due to the increase in entry level staff joining the Office during 2022-23.
5. Includes all types of training conducted within the Office and includes all staff employed throughout the year. Adjusted for staff working only part of a year and for fractional staff. The decrease reflects a number of staff commencing close to the end of the financial year.
6. One performance and development plan for the year 2022-23 was not finalised by 30 June 2023 due to a staff being on extended leave.
7. This measure was incorrectly reported in the 2021-22 Annual Report as 7 days. The correct figure independently assessed by Nexia Australia for 2021-22 was 7.5 days.
8. Personal leave taken by staff slightly increased across the Office. The result is affected by some long-term staff absences and increased circulation of colds, flu and COVID viruses.
9. Two staff had excess recreation balances and these are actively managed. Figures are based on leave in excess of 40 days.

## Benchmarking measures

The Tasmanian Audit Office is a member of the Australian Council of Auditors-General (ACAG) and participates in an annual macro-benchmarking survey along with other ACAG audit offices in Australia.

We evaluate our performance on 7 benchmarked measures against the national average of other State and Territory audit offices, excluding the Northern Territory which does not currently participate in the survey.

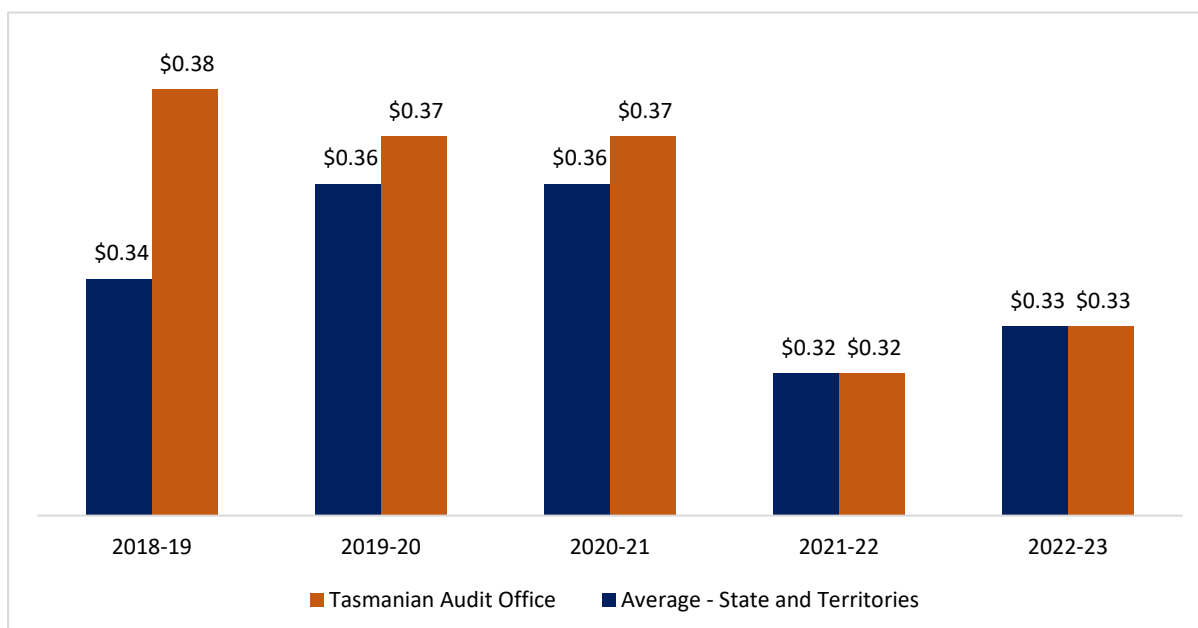
Where targets have been established for our office as performance indicators reporting in Tasmanian Government Budget Papers these have been noted<sup>1</sup>.

The results presented in this section cover the period 2018-19 to 2022-23.

For Measures 1 and 2, we expect our costs as a proportion of total State transactions and assets to be higher than most other states. Typically, State entities in Tasmania are smaller than their interstate counterparts.

### Measure 1 - Total audit costs (excluding payroll costs) per \$'000 of public sector transactions

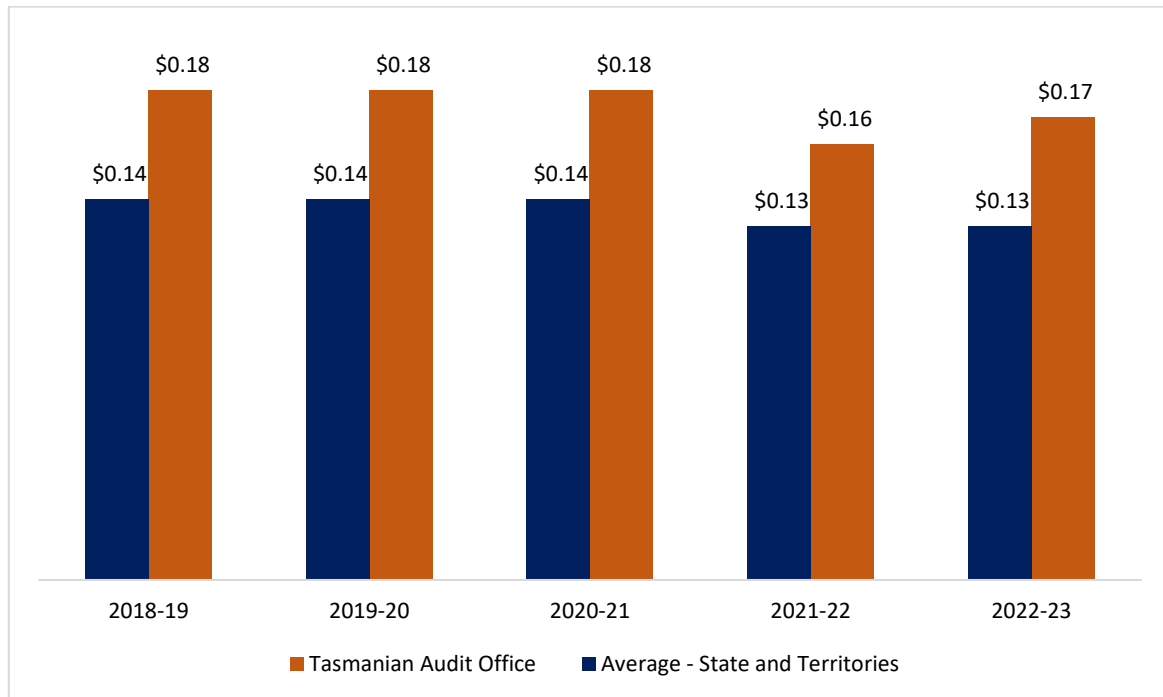
2022 23 Target <sup>1</sup>	2022 23 Actual
\$0.40	\$0.33



It was noted in the Benchmarking report that total audit costs as a proportion of public sector transactions were slightly higher for most audit offices in 2022–23 than in 2021–22.

## Measure 2 - Total audit costs (excluding payroll costs) per \$'000 of public sector assets

2022-23 Target <sup>1</sup>	2022-23 Actual
\$0.20	\$0.17



It was noted in the Benchmarking report that this ratio increased slightly in 2022–23 compared to 2021–22 for the majority of audit offices.

For Measures 3 to 5 presented in the following charts, productivity of our staff has a direct impact on our operating results.

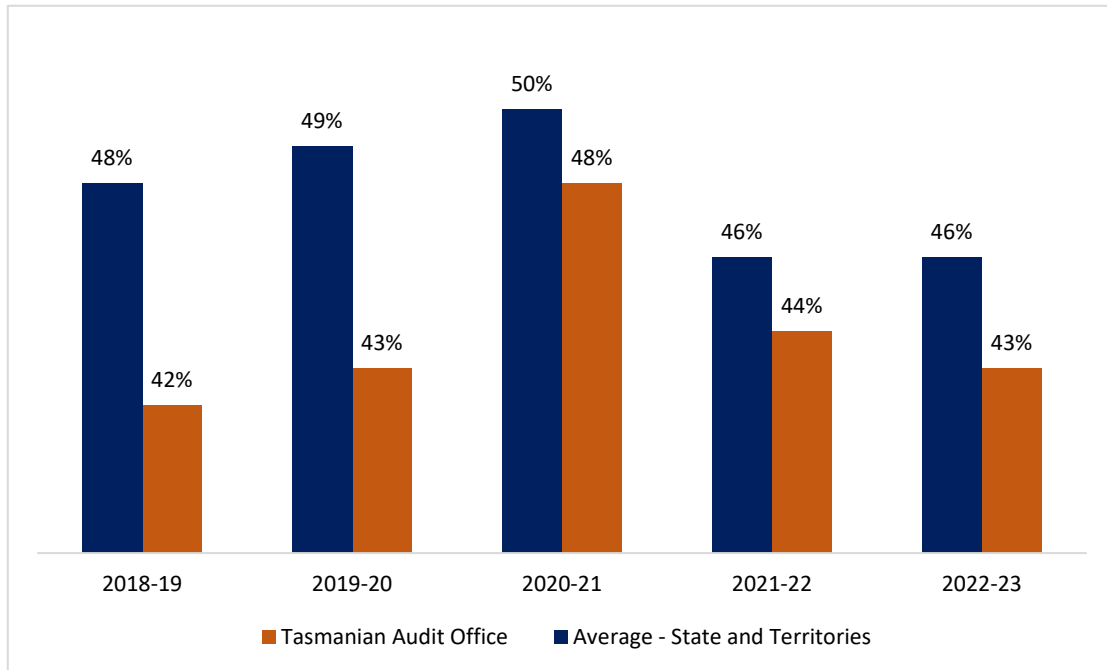
All auditors are expected to achieve a minimum level of billable hours after allowing for leave, professional development and administration. Total paid hours include the hours of our corporate staff as well as personal and recreation leave for all staff.

The movement from 2021-22 to 2022-23 is due to continued high turnover of staff in both the Attest and Non-Attest units, which increased on-boarding and training required for new recruits.



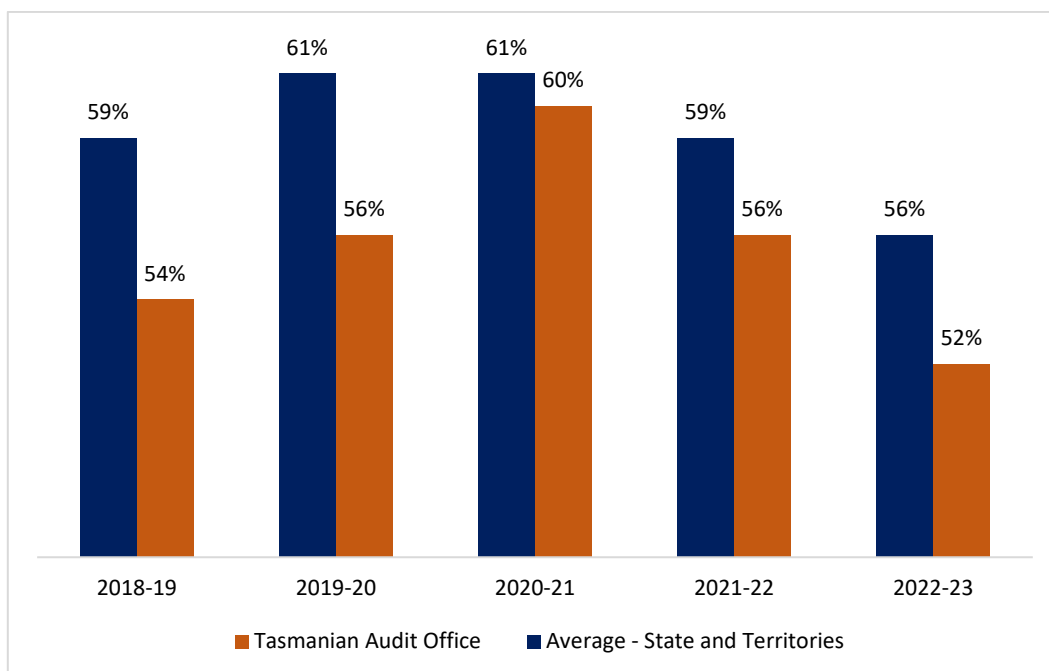
### Measure 3 - Percentage of total (whole of office) paid hours charged to audit activities

2022-23 Target <sup>1</sup>	2022-23 Actual
55%	43%

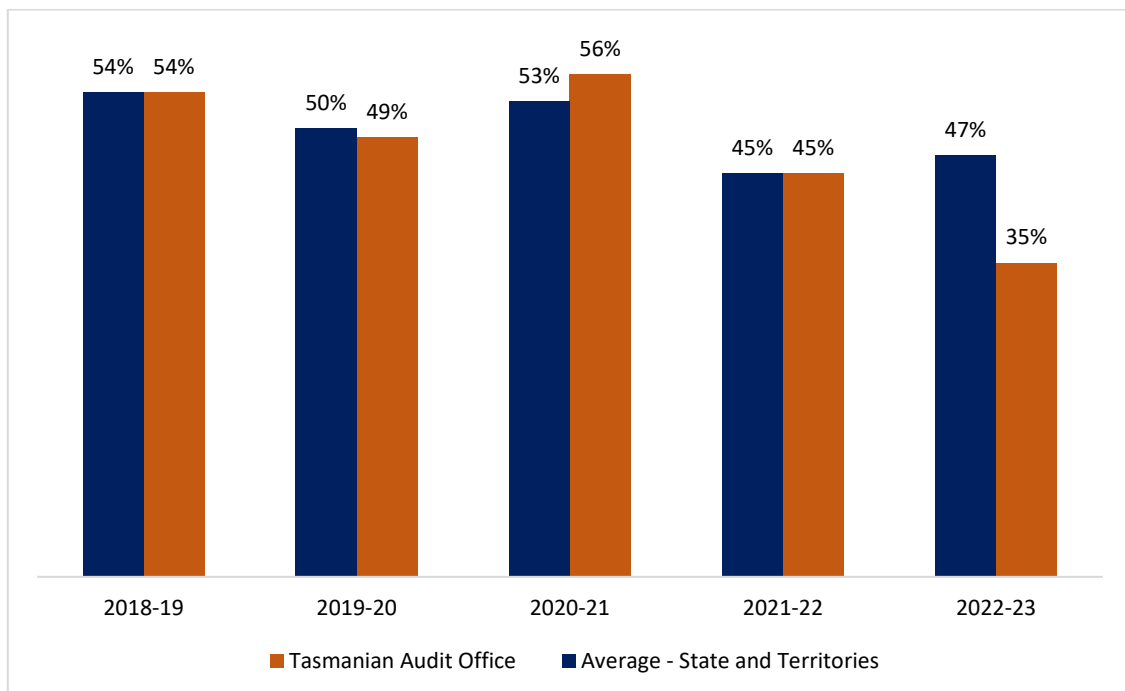


It was noted in the Benchmarking report that the average proportion across all audit offices in 2022–23 was similar to that recorded in 2021–22.

### Measure 4 - Percentage of total attest audit staff paid hours charged to attest audit activities

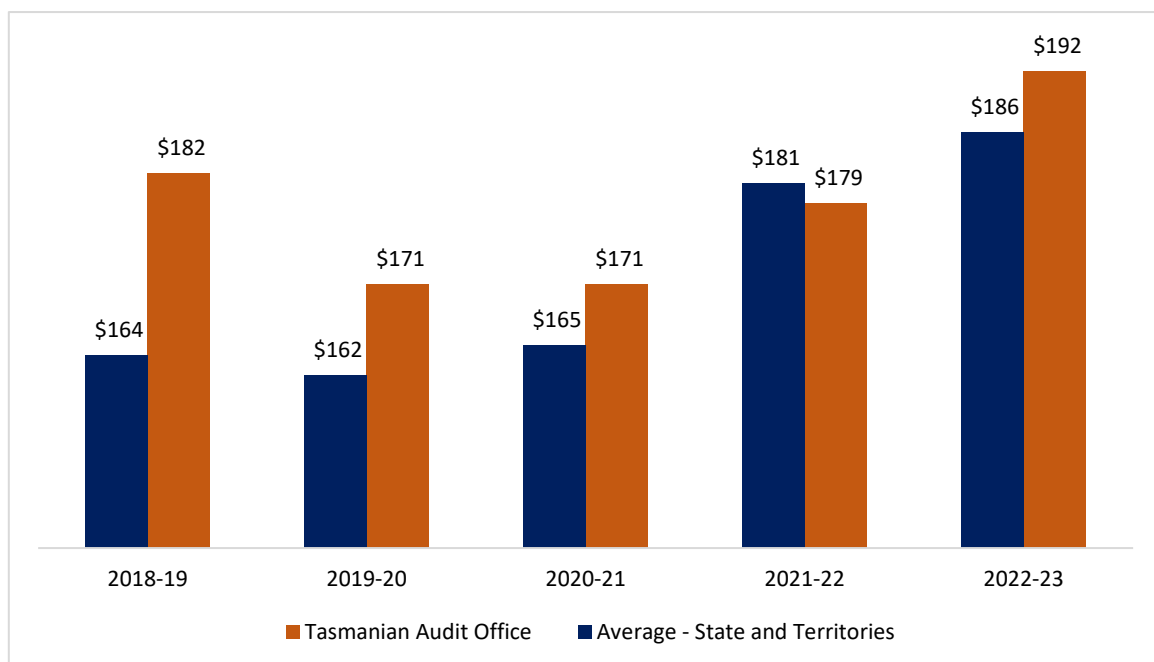


## Measure 5 - Percentage of total paid hours of non-attest audit staff charged to non-attest audit activities



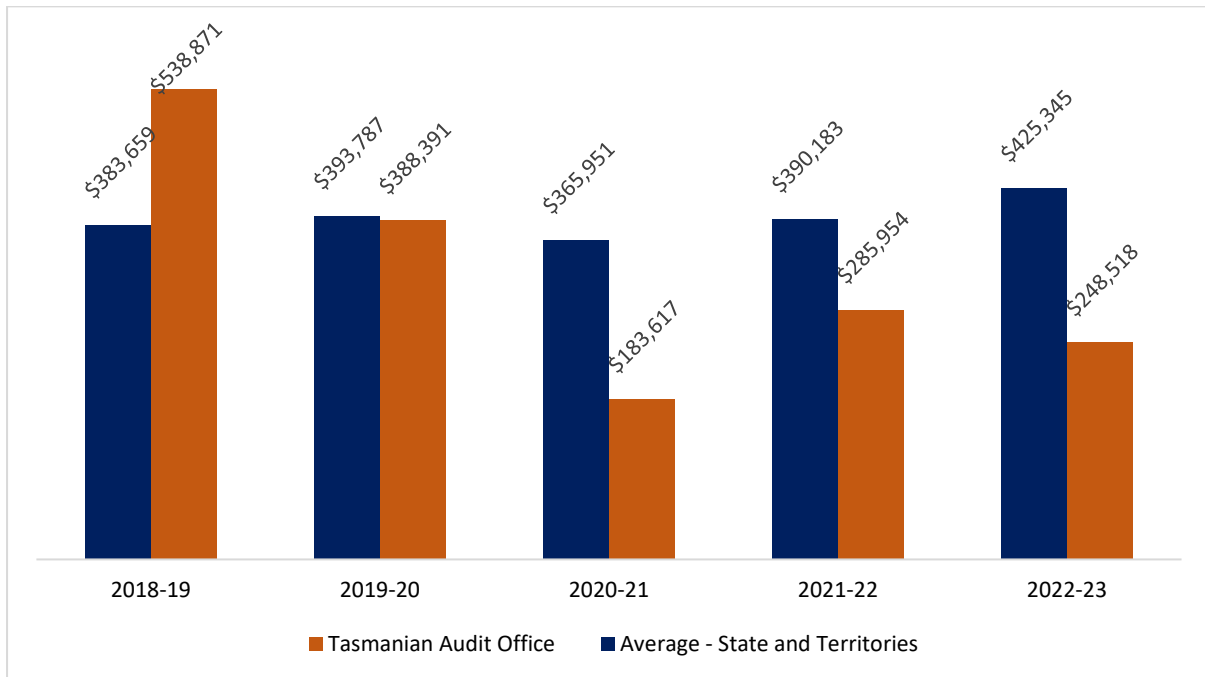
Measure 6 below shows an increase of cost per audit hour charged to audit activities from 2021-22. This is due to higher than normal the cost of resourcing, with more experienced staff covering work normally performed by less senior staff. This reflects ongoing challenges in recruitment and retention of audit staff.

## Measure 6 - Cost per audit hour charged to audit activities



Measure 7 below shows a decrease in cost per audit performance audits completed from 2021-22 to 2022-23.

### Measure 7 - Cost per performance audit



It was noted in the Benchmarking report that most offices complete a limited number of performance audits each year (3 to 18), which can lead to significant variations in this measure against the average.

#### Notes:

<sup>1</sup> Targets for Measures 1, 2 and 3 are as expressed in Table 22.3 Performance Information in the Tasmanian Audit Office section of the 2022-23 Tasmanian Government Budget Paper No 2.

## **Independent Auditor's Review Report to the Governor of Tasmania in relation to the Tasmanian Audit Office** [nexia.com.au](http://nexia.com.au)

### **Report on the Performance Report**

We have reviewed the accompanying performance report, included within the annual report, which comprises the key performance indicators for the 2023 financial year.

#### *Auditor-General's Responsibility for the Performance Report*

The Auditor-General is responsible for the preparation of the performance report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the performance report to ensure that the report fairly represents the key performance indicators of efficiency and effectiveness.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the performance report based on our review. We conducted our review in accordance with Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the performance report does not present fairly the key performance indicators of efficiency and effectiveness. As the auditor of the entity, ASRE 2405 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a performance report consists of making enquiries, primarily of persons responsible for financial and accounting matters and applying other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the Australian professional ethical pronouncements.

#### *Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the performance report does not present fairly the key performance indicators of efficiency and effectiveness for the year ended 30 June 2023.



**Nexia Melbourne Audit Pty Ltd**  
Melbourne



**Chapman Wan**  
Director

Dated this 17<sup>th</sup> day of October 2023

### **Advisory. Tax. Audit.**

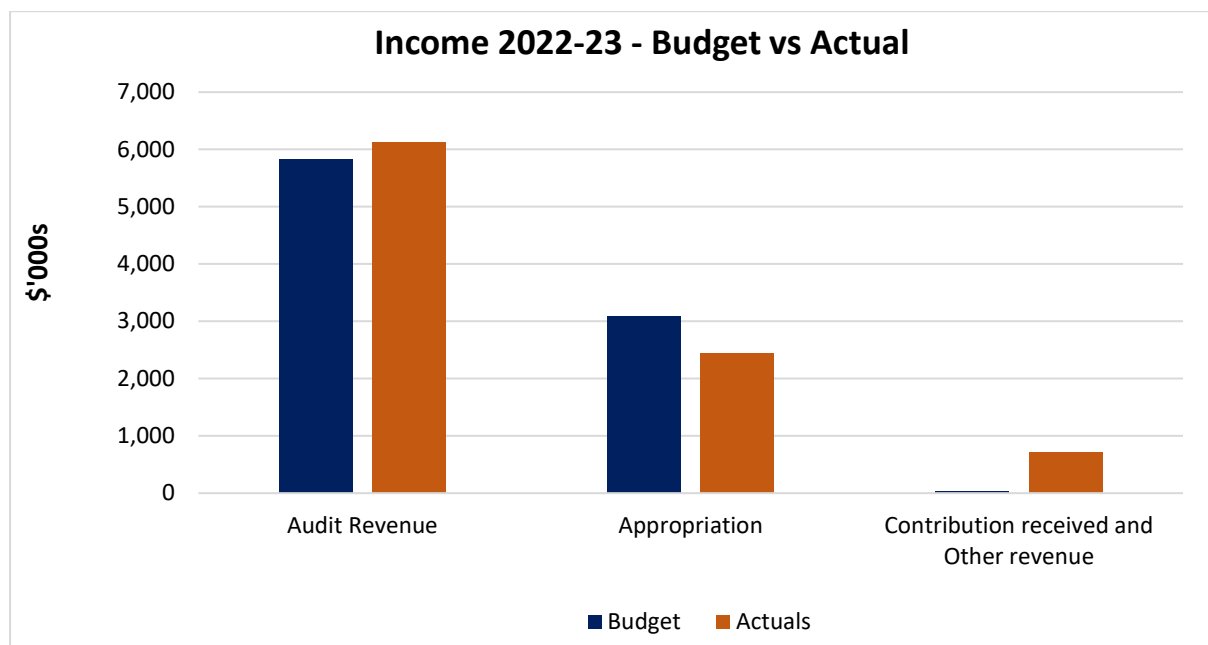
Registered Audit Company 291969

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# Income and expenditure summary

Our office has 3 sources of income as shown in the chart below:

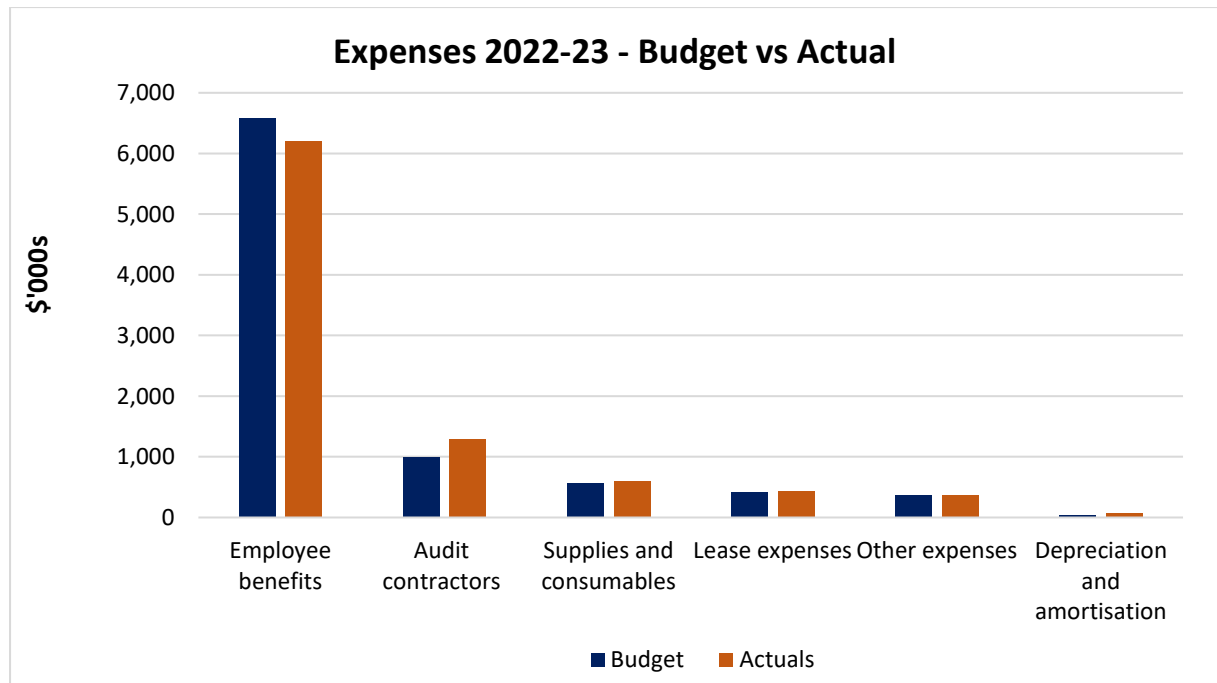


Particulars of these sources of income and explanations for variation from budget are provided below, with more detail in our Financial Statements:

1. Audit revenue, or fees charged to clients to cover the cost of our financial audit services. In the reporting year this made up 66.1% of total revenue.
2. Revenue from Government includes revenue from appropriations, unexpended appropriations rolled over under section 23 of the *Financial Management Act 2016* and Reserved by Law items. We also receive funding from time to time for specific purposes, such as our current funding over 4 years to implement data analytics in audit services.
3. Contributions received and other revenue, which includes contribution from staff towards certain staff benefits such as parking. In 2022-23, this included fit-out costs paid by the landlord as a lease incentive for the Office's relocation to Level 2, 144 Macquarie Street, Hobart.



Our main expense is salaries for our staff, making up 69.2% of total expenditure in 2022-23. Payments to audit contractors, or service providers engaged to undertake audits on our behalf, make up the next highest expense at 14.4%, followed by supplies and lease expenses.



# Our financial statements



# Financial statements

## Statement of certification

The accompanying financial statements of the Tasmanian Audit Office are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management Act 2016* to present fairly the financial transactions for the year ended 30 June 2023 and the financial position as at the end of the year.

At the date of signing, I am not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

Rod Whitehead  
**Auditor-General**

15 August 2023

# Statement of comprehensive income for the year ended 30 June 2023

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
<b>Income from continuing operations</b>				
Revenue from Government				
Appropriation revenue - recurrent	2.1(a), 4.1	2,553	1,959	2,167
Appropriation revenue – Reserved by law	4.1	536	483	426
Financial audit services	4.2	5,834	6,126	5,827
Contributions received	2.1(b), 4.3	-	650	-
Other revenue	4.4	30	54	58
<b>Total revenue from continuing operations</b>		<b>8,953</b>	<b>9,272</b>	<b>8,478</b>
<b>Expenses from continuing operations</b>				
Employee benefits	5.1(a)	6,582	6,208	5,499
Depreciation and amortisation	5.2	49	74	20
Audit contractors	2.1(c), 5.3	997	1,293	1,203
Supplies and consumables	5.4	984	1,033	914
Other expenses	5.5	369	364	377
<b>Total expenses from continuing operations</b>		<b>8,981</b>	<b>8,972</b>	<b>8,013</b>
<b>Net result from continuing operations</b>		<b>(28)</b>	<b>300</b>	<b>465</b>
<b>Net result</b>		<b>(28)</b>	<b>300</b>	<b>465</b>
<b>Comprehensive result</b>		<b>(28)</b>	<b>300</b>	<b>465</b>

This Statement of comprehensive income should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2.1 of the accompanying notes.

# Statement of financial position as at 30 June 2023

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	10.1	2,551	2,438	2,786
Receivables	6.1	475	397	361
Contract assets	6.2	509	566	545
<b>Non-financial assets</b>				
Leasehold improvements, plant and equipment	2.2(a), 6.3	212	754	65
Intangibles	6.4(a)	21	13	17
Other assets	6.5	117	60	63
<b>Total assets</b>		<b>3,885</b>	<b>4,228</b>	<b>3,837</b>
<b>Liabilities</b>				
Payables	2.2(b), 7.1	228	62	51
Employee benefit liabilities	2.2(c), 7.2	1,514	1,263	1,213
Contract liabilities	7.4	639	593	563
<b>Total liabilities</b>		<b>2,381</b>	<b>1,918</b>	<b>1,827</b>
<b>Net assets</b>		<b>1,504</b>	<b>2,310</b>	<b>2,010</b>
<b>Equity</b>				
Contributed capital		1,168	1,168	1,168
Accumulated surplus	2.2(d)	336	1,142	842
<b>Total equity</b>		<b>1,504</b>	<b>2 310</b>	<b>2,010</b>

This Statement of financial position should be read in conjunction with the accompanying notes.

The budget is formulated without regard to the actual financial position at any one point in time.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2.2 of the accompanying notes.



# Statement of cash flows for the year ended 30 June 2023

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>				
<b>Cash inflows</b>				
Appropriation receipts – operating	2.3(a), 4.1	2,553	1,959	2,167
Appropriation receipts – reserved by law	4.1	536	483	426
User charges		6,087	6,112	5,847
GST receipts	2.3(b)	672	889	846
Other cash receipts		30	33	31
<b>Total cash inflows</b>		<b>9,878</b>	<b>9,476</b>	<b>9,317</b>
<b>Cash outflows</b>				
Employee benefits	2.3(c)	(6,756)	(6,146)	(5,728)
GST payments	2.3(d)	(672)	(879)	(941)
Audit contractors	2.3(e)	(1,014)	(1,302)	(1,269)
Supplies and consumables		(980)	(1,032)	(899)
Other cash payments		(369)	(363)	(377)
<b>Total cash outflows</b>		<b>(9,791)</b>	<b>9,722</b>	<b>9,214</b>
<b>Net cash from/(used by) operating activities</b>	10.2	<b>87</b>	<b>(246)</b>	<b>103</b>
<b>Cash flows from investing activities</b>				
<b>Cash outflows</b>				
Payments for acquisition of non-financial assets		(111)	(102)	(31)
<b>Total cash outflows</b>		<b>(111)</b>	<b>(102)</b>	<b>(31)</b>
<b>Net cash from/(used by) investing activities</b>		<b>(111)</b>	<b>(102)</b>	<b>(31)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>				
		<b>(24)</b>	<b>(348)</b>	<b>72</b>
Cash and cash equivalents at the beginning of the reporting period		2,575	2,786	2,714
<b>Cash and cash equivalents at the end of the reporting period</b>	10.1	<b>2,551</b>	<b>2,438</b>	<b>2,786</b>

This Statement of cash flows should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2.3 of the accompanying notes.

## Statement of changes in equity for the year ended 30 June 2023

	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
<b>Balance as at 1 July 2022</b>	<b>1,168</b>	<b>842</b>	<b>2,010</b>
Total comprehensive result	-	300	300
<b>Balance as at 30 June 2023</b>	<b>1,168</b>	<b>1,142</b>	<b>2,310</b>

	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
<b>Balance as at 1 July 2021</b>	<b>1,168</b>	<b>377</b>	<b>1,545</b>
Total comprehensive result	-	465	465
<b>Balance as at 30 June 2022</b>	<b>1,168</b>	<b>842</b>	<b>2,010</b>

This Statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to and forming part of the financial statements for the year ended 30 June 2023

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## Note 1. Office output schedules

### 1.1 Output group information

The Office only has a single output called Public Sector Performance and Accountability to fulfil its Outcome Statement of ensuring that it provides independent assurance to the Parliament and community on the performance and accountability of the Tasmanian Public Sector. The summary of budgeted and actual revenues and expenses for this Output are the same as in the Statement of comprehensive income. Therefore, the inclusion of a separate Output Schedule is not necessary.

Explanations of material variances between budget and actual outcomes are provided in Note 2 below. A reconciliation of the net result of the Output Group to the net surplus on the Statement of comprehensive income is not necessary as the Office only has one output group. For the same reason there is no separate reconciliation between the total net assets deployed for the Output Group to net assets on the Statement of financial position.

## Note 2. Explanations of material variances between budget and actual outcomes

Budget information refers to original estimates as disclosed in the 2022-23 Budget Papers and is not subject to audit. The following are brief explanations of material variances between the original budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of budget estimate and \$100,000. The Statement of comprehensive income Note 2.1 and Statement of cash flows Note 2.3 include a revised budget column which depicts a change in allocation from the original budget as published in the Budget Papers where applicable. These changes were made to reflect actual anticipated cost allocations. The variance explanations are based upon original budget compared with actuals.

### 2.1 Statement of comprehensive income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue – recurrent	(a)	2,553	1,959	(594)	(23)
Contributions received	(b)	-	650	650	100
Audit contractors	(c)	997	1,293	(296)	(30)

#### Notes to Statement of comprehensive income variances

- Appropriation revenue – recurrent is lower than budget due to funding not required for employee positions in the Performance Audit and Corporate Support and Strategy business units which were unfilled during 2022-23.
- Contributions received represents the landlord's contribution (lease incentive) towards the fit-out of Level 2, 144 Macquarie Street, Hobart. No amount was budgeted for this contribution.
- Audit contractors expense is higher than budget due to unfilled audit staff positions necessitating the need to engage audit contractors to under undertake audit work.

## 2.2 Statement of financial position

Budget estimates for the 2022-23 Statement of financial position were compiled prior to the completion of the actual outcomes for 2021-22. As a result, the actual variance from the original budget estimate will be impacted by the difference between estimated and actual opening balances for 2022-23. The following variance analysis therefore includes major movements between the 30 June 2022 and 30 June 2023 actual balances.

	Note	Budget \$'000	2023 Actual \$'000	2022 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Leasehold improvements, plant and equipment	(a)	212	754	65	542	689
Payables	(b)	228	62	51	166	(11)
Employee benefit liabilities	(c)	1,514	1,263	1,213	251	(50)
Accumulated surplus	(d)	336	1,142	842	806	300

### Notes to Statement of financial position variances

Statement of financial position budget is formulated without regard to the actual financial position at any one point in time. It has historically understated the changes in cash and equity.

- (a) Leasehold improvements, plant and equipment are higher than budget due fit-out costs arising from the Office's relocation to Level 2, 144 Macquarie Street, Hobart. The fit-out costs were largely paid by the landlord and the landlord's contribution was recognised as a lease incentive (see note 2.1(b)).
- (b) Payables are significantly affected by the timing of receipt of invoices from audit contractors around the end of each financial year, which can result in significant variations from budget.
- (c) Employee benefit liabilities variation from budget is due to the budget compiled prior to the completion of the actual outcomes for 2021-22. There is a minor increase in Employee benefit liabilities balance from 30 June 2022.
- (d) The variance in accumulated surplus is largely attributed to the unbudgeted fit-out costs, arising from the Office's relocation to Level 2, 144 Macquarie Street, Hobart, which were paid by the landlord and were recognised as a lease incentive (see note 2.1(b)).

## 2.3 Statement of cash flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts – operating	(a)	2,553	1,959	(594)	(23)
GST receipts	(b)	672	889	217	32
Employee benefits	(c)	(6,756)	(6,146)	610	9
GST payments	(d)	(672)	(879)	(207)	(31)
Audit contractors	(e)	(1,014)	(1,302)	(288)	(28)

- (a) Appropriation revenue – operating is lower than budget due funding not required for employee positions in the Performance Audit and Corporate Support and Strategy business units which were unfilled during 2022-23.



- (b) The increase in GST receipts reflects the increase in User charges received due to timing of billing and client payments.
- (c) Employee benefits cash outflow was lower than budget due to employee positions in the Performance Audit and Corporate Support and Strategy business units which were unfilled during 2022-23.
- (d) The increase in GST payments reflects the higher than expected audit contractors expense as explained in note 2.1(c).
- (e) Audit contractors cash outflow is higher than budget due to unfilled audit staff positions necessitating the need to engage audit contractors to under undertake audit work as explained in note 2.1(c).

### Note 3. Underlying result

Non-operational contributions received represent fit-out costs paid by the landlord in connection with the Office's relocation to Level 2, 144 Macquarie Street, Hobart. The contribution is classified as revenue from continuing operations and included in the Net result from continuing operations. However, the corresponding capital expenditure is not included in the calculation of the Net result from continuing operations. Accordingly, the Net result from continuing operations will portray a position that is better than the true underlying financial result. For this reason, the Net result from continuing operations is adjusted to remove the effects of the landlord's contribution towards the fit-out costs.

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Net result from continuing operations	(28)	300	465
Less, Contributions received	-	(650)	-
<b>Underlying Net result from continuing operations</b>	<b>(28)</b>	<b>(350)</b>	<b>465</b>

### Note 4. Revenue

Revenue is recognised in the Statement of comprehensive income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15.

#### 4.1 Revenue from Government

Appropriations, whether operating or capital, are recognised as revenues in the period in which the Office gains control of the appropriated funds as they do not contain enforceable and sufficiently specific obligations as defined by AASB 15. Except for any amounts identified as carried forward, control arises in the period of appropriation.

Revenue from Government includes revenue from appropriations, unexpended appropriations rolled over under section 23 of the *Financial Management Act 2016* and Items Reserved by law.

Section 23 of the Financial Management Act allows for an unexpended appropriation at the end of the financial year, as determined by the Treasurer, to be issued and applied from the Public Account in the following financial year. The amount determined by the Treasurer must not exceed five per cent of an Agency's appropriation for the financial year.

The Budget information is based on original estimates and has not been subject to audit.

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Appropriation revenue – recurrent	2,553	1,959	2,167
Items Reserved by law – Auditor-General's salary and associated allowances	536	483	426
	<b>3,089</b>	<b>2,442</b>	<b>2,593</b>

## 4.2 Financial audit services

Revenue recognition relating to the provision of financial audit services is recognised over time as the services are performed and performance obligations satisfied. Recognition is in accordance with the terms of the client services agreement or engagement strategy, adjusted for any time that may not be recoverable with reference to the hours incurred. The *Audit Act 2008* provides an enforceable right to payment for audit services provided.

	2023 \$'000	2022 \$'000
Financial audit services user charges	6,126	5,827
	<b>6,126</b>	<b>5,827</b>

## 4.3 Contributions received

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the Office obtains control of the asset, it is probable that future economic benefits comprising the contribution will flow to the Office and the amount can be measured reliably.

Contributions received represent fit-out costs paid by the landlord as a lease incentive for the Office's relocation to Level 2, 144 Macquarie Street, Hobart.

	2023 \$'000	2022 \$'000
Contributions received – lease incentive	650	-
	<b>650</b>	<b>-</b>

## 4.4 Other revenue

Reserved by law – Auditor-General leave provisions revenue represents the movement in leave provisions for the Auditor-General’s leave entitlements, which are appropriations reserved by law.

Miscellaneous revenue primarily represents reimbursements from staff for car parking expenses incurred by the Office.

	2023	2022
	\$'000	\$'000
Reserved by law – Auditor-General leave provisions	21	27
Miscellaneous	33	31
	<b>54</b>	<b>58</b>

## Note 5. Expenses

Expenses are recognised in the Statement of comprehensive income when a decrease in future economic benefits, related to a decrease in an asset or an increase of a liability, has arisen that can be measured reliably.

### 5.1 Employee Benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

#### (a) Employee expenses

	2023	2022
	\$'000	\$'000
Wages and salaries	5,362	4,812
Superannuation – defined contribution scheme	621	518
Superannuation – defined benefit scheme	67	74
Other employee expenses	158	95
	<b>6,208</b>	<b>5,499</b>

Superannuation expenses relating to defined benefits schemes relate to payments into the Public Account. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.95 per cent (2021-22: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 10.5 per cent (2021-22: 10.0 per cent) of salary. In addition, the Office is also required to pay into the Public Account a “gap” payment equivalent to 3.45 per cent (2021-22: 3.45 per cent) of salary in respect of employees who are members of the contribution schemes.

**(b) Remuneration of key management personnel**

2023	Short term benefits		Long term benefits		Termination Benefits	Total <sup>1</sup>
	Salary	Other Benefits	Superannuation	Other Benefits and Long Service Leave		
	\$'000	\$'000	\$'000	\$'000		

**Key management personnel**

R J Whitehead, Auditor-General	404	17	42	21	-	484
J R Wassell, Deputy Auditor-General (from 22 February 2023)	91	-	9	5	-	105
G B Emery, Deputy Auditor-General (to 26 July 2022)	11	-	2	(21)	2	(6)
D J R Bond, Assistant Auditor-General FAS	173	-	18	3	-	194
J McGuinness, Assistant Auditor-General PAS (from 6 February to 30 June 2023)	67	-	6	22	-	95
D A White, Director – Corporate Support and Strategy (from 6 March 2023)	45	-	4	5	-	54
P R Johnson, Director – Corporate Support and Strategy (to 7 December 2022)	59	-	12	(57)	56	70

**Acting key management personnel**

J McGuinness, Acting Assistant Auditor-General PAS (from 1 July 2022 to 5 February 2023)	93	-	10	(6)	-	97
J Balding, Acting Director CSS (from 1 December 2022 to 7 March 2023)	28	-	3	4	-	35
	<b>971</b>	<b>17</b>	<b>106</b>	<b>(24)</b>	<b>58</b>	<b>1,128</b>

<sup>1</sup>Total remuneration of individual key management personnel can be negative on separation. This is because

of long service leave benefits accrued during their employment not being paid out on separation due to the employee not having sufficient length of service to realise their accrued benefit.

2022	Short term benefits		Long term benefits		Termination Benefits	Total
	Salary	Other Benefits	Superannuation	Other Benefits and Long Service Leave		
	\$'000	\$'000	\$'000	\$'000		

#### Key management personnel

R J Whitehead, Auditor-General	396	21	37	27	-	481
G B Emery, Deputy Auditor-General (commenced as Deputy Auditor-General on 5 July 2021)	172	-	19	(4)	-	187
E R De Santi, Deputy Auditor-General (to 2 July 2021)	9	6	1	(87)	87	16
D J R Bond, Assistant Auditor-General	150	-	15	6	-	171
P R Johnson, Director – Corporate Support and Strategy	137	-	13	17	-	167

#### Acting key management personnel

J McGuinness, Acting Assistant Auditor-General (from 16 May 2022 to 30 June 2022)	18	-	2	-	-	20
	<b>882</b>	<b>27</b>	<b>87</b>	<b>(41)</b>	<b>87</b>	<b>1,042</b>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Office, directly or indirectly.

Remuneration during 2022-23 for key management personnel is set by the *Audit Act 2008* for the Auditor-General, and the *State Service Act 2000* for all other personnel.

Remuneration and other terms of employment are specified in employment contracts and awards.

Short-term benefits include salary, motor vehicle and car parking fringe benefits in addition to any other short-term benefits. Long-term employee expenses include superannuation and movements in annual and long service leave provisions.

Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year, and any FBT attributable to key management personnel is reported on that basis.

It should be noted that because annual and long service leave liabilities are calculated by discounting future cashflows (detailed in Note 7.2), the termination payments received by any key management personnel may not necessarily correspond with the leave liability associated to that individual.

#### Acting arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

#### (c) Related party transactions

There are no material related party transactions requiring disclosure.

## 5.2 Depreciation and amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential.

The depreciable amount of improvements to or on leaseholds is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is reasonably certain.

Depreciation is provided for on a straight line basis, using rates which are reviewed annually.

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Office. Major amortisation periods are:

Computer equipment – software	10 years
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The cost of improvements to or on leased properties is amortised over the unexpired period of the lease or the estimated useful life of the improvements to the Office, whichever is the lesser. Major depreciation periods are:

Leased buildings – Level 2, 144 Macquarie Street, Hobart	10 years
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Leased buildings – Launceston	10 years
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	2023	2022
	\$'000	\$'000
Amortisation - intangibles (computer software)	4	4
Depreciation - leasehold improvements	70	16
	<u>74</u>	<u>20</u>

### 5.3 Audit contractors

	2023	2022
	\$'000	\$'000
Audit contractors	1,293	1,203
	<u>1,293</u>	<u>1,203</u>

### 5.4 Supplies and consumables

	2023	2022
	\$'000	\$'000
Audit fees – financial audit and review of key performance report	23	22
Audit fees – internal audit	46	53
Lease expense (operating lease costs)	439	377
Consultants and contractors	18	34
Property services	95	89
Communications	3	3
Information technology	189	163
Travel and transport	98	72
Plant and equipment	3	6
Office requisites	22	16
Personnel expenses	35	35
Other supplies and consumables	62	44
	<u>1,033</u>	<u>914</u>

Audit fees paid or payable to Nexia Melbourne Audit Pty Ltd for the audit of the Office's financial statements were \$22,890 (2021-22 \$22,140).

Lease expense includes lease rentals for short-term leases, lease of low value assets and variable lease payments. Refer to note 6.3 for breakdown of lease expenses and other lease disclosures.

## 5.5 Other expenses

Expenses, including accruals not yet invoiced, are recognised when the Office becomes obliged to make future payments or because of a purchase of goods and/or services.

	2023	2022
	\$'000	\$'000
Workers' compensation insurance	43	54
Service level agreements – Department of Justice and Queensland Audit Office	295	279
Property insurance	3	4
Other expenses	23	40
	<b>364</b>	<b>377</b>

## Note 6. Assets

Assets are recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to the Office and the asset has a cost or value that can be measured reliably.

### 6.1 Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Receivables are held with the objective to collect the contractual cash flows and are subsequently measured at amortised cost using the effective interest method. Any subsequent changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

An allowance for expected credit losses is recognised for all debt financial assets not held at fair value through profit and loss. The expected credit loss is based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, a simplified approach in calculating expected credit losses is applied, with a loss allowance based on lifetime expected credit losses recognised at each reporting date. The Office has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

The Office has recognised a receivable for the Auditor-General's leave entitlement equivalent to the liability for those entitlements on the basis that they will be funded by Parliamentary appropriation.

The Office maintains a strong accounts receivable management program whereby all outstanding receivables are followed up in a timely fashion. In addition, the nature of the

Office's clients has also led to the Office not recording impairments of receivables for a number of years.

For ageing analysis of the financial assets past due but not impaired, refer to Note 11.1.

	2023	2022
	\$'000	\$'000
Receivables – Financial audit services	262	235
Reserved by law – Auditor-General leave receivable	130	109
GST receivable	5	17
Less: Expected credit loss	-	-
	<b>397</b>	<b>361</b>
Settled within 12 months	267	252
Settled in more than 12 months	130	109
	<b>397</b>	<b>361</b>

## 6.2 Contract assets

A Contract Asset is the Office's right to consideration in exchange for goods or services that the Office has transferred to the customer, but not billed as at the reporting date as all conditions have not been fulfilled. Contract assets become receivable when the rights to receive payment become unconditional on satisfactory completion of performance obligations.

Contract assets represents costs incurred and profit recognised on financial audit engagements that are in progress and have not yet been invoiced at reporting date. Contract assets are valued at net realisable value after providing for any impairment. Contract assets are recognised in the Statement of financial position and the movement recognised in the Statement of comprehensive income.

	2023	2022
	\$'000	\$'000
Contract assets (work in progress)	566	545
	<b>566</b>	<b>545</b>
<b>Balance at 1 July</b>	545	428
Add, Costs related to financial audit services provided	6 106	5,827
Less, Transfers to receivables	(6,115)	(5,620)
Add Movement in revenue in advance	30	(90)
<b>Balance at 30 June</b>	<b>566</b>	<b>545</b>

## 6.3 Leasehold Improvements, plant and equipment

### (i) Valuation basis

All non-current physical assets, including any work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses. All assets within a class of assets are measured on the same basis.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of leasehold improvements, plant and equipment have different useful lives, they are accounted for as separate items (major components) of relevant assets.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or build occupied.

The recognised fair value of non-financial assets is classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements.

*Level 1* the fair value is calculated using quoted prices in active markets;

*Level 2* the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

*Level 3* the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

### (ii) Subsequent costs

The cost of replacing part of an item of leasehold improvements, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Office and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of leasehold improvements, plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

### (iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Office is:

Office equipment, furniture and fittings	\$5,000
Leasehold improvements	\$5,000

Assets valued at less than \$5,000 are charged to the Statement of comprehensive income in the year of purchase. Assets valued at less than these thresholds are charged to the

Statement of comprehensive income in the year of purchase (other than where they form part of a group of similar items which are material in total).

**(a) Carrying amount**

	2023	2022
	\$'000	\$'000
<b>Office equipment, furniture and fittings</b>		
At cost	11	19
Less: Accumulated depreciation	(11)	(19)
	<u>-</u>	<u>-</u>
<b>Leasehold improvements</b>		
At cost	819	401
Less: Accumulated depreciation	(65)	(363)
	<u>754</u>	<u>38</u>
Work in progress (at cost)	-	27
	<u>754</u>	<u>65</u>
<b>Total leasehold improvements, plant and equipment</b>	<b>754</b>	<b>65</b>

**(b) Reconciliation of movements**

Reconciliations of the carrying amounts of each class of leasehold improvements, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation.

2023	Leasehold improvements \$'000	Total \$'000
<b>Carrying value at 1 July 2022</b>	<b>65</b>	<b>65</b>
Additions (including landlord fit-out)	786	<b>786</b>
Net movement in Work in progress	(27)	<b>(27)</b>
Depreciation expense	(70)	<b>(70)</b>
<b>Carrying value at 30 June 2023</b>	<b>754</b>	<b>754</b>

2022	Leasehold improvements \$'000	Total \$'000
<b>Carrying value at 1 July 2021</b>	<b>54</b>	<b>54</b>
Additions	-	-
Net movement in Work in progress	27	<b>27</b>
Depreciation expense	(16)	<b>(16)</b>
<b>Carrying value at 30 June 2022</b>	<b>65</b>	<b>65</b>

## 6.4 Intangible assets

An intangible asset is recognised where it is probable that an expected future economic benefit attributable to the asset will flow to the Office and the cost of the asset can be reliably measured.

Intangible assets held by the Office are reported at cost less any accumulated amortisation and any accumulated impairment loss. The carrying amounts of intangibles are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

### (a) Carrying amount

	2023 \$'000	2022 \$'000
Intangibles with a finite useful life		
Software at cost	32	32
Less: Accumulated amortisation	(19)	(15)
	<b>13</b>	<b>17</b>
Work in progress (at cost)	-	-
	<b>13</b>	<b>17</b>

### (b) Reconciliation of movements

	2023 \$'000	2022 \$'000
<b>Carrying amount at 1 July</b>	<b>17</b>	<b>21</b>
Net movement in Work in progress	-	(13)
Transfer	-	13
Amortisation expense	(4)	(4)
<b>Carrying amount at 30 June</b>	<b>13</b>	<b>17</b>



## 6.5 Other assets

Other assets comprise prepayments. Prepayments relate to actual transactions that are recorded at cost with the asset at balance date representing the unutilised component of the prepayment.

	2022	2022
	\$'000	\$'000
<b>Other assets</b>		
Prepayments	60	63
<b>Total other asset</b>	<b>60</b>	<b>63</b>
Utilised within 12 months	60	63
<b>Total other assets</b>	<b>60</b>	<b>63</b>

## Note 7. Liabilities

Liabilities are recognised in the Statement of financial position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

### 7.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at the nominal amount when the Office becomes obliged to make future payments as a result of a purchase of assets or services.

	2023	2022
	\$'000	\$'000
Creditors and accruals	62	51
	<b>62</b>	<b>51</b>
Settled within 12 months	62	51
	<b>62</b>	<b>51</b>

Settlement is usually made within 30 days.

## 7.2 Employee liabilities

### Key estimates and judgements

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid.

Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material. The Office assumes that all staff annual leave balances less than 20 days will be settled within 12 months, and therefore valued at nominal value, and balances in excess of 20 days will be settled in greater than 12 months and therefore calculated at present value.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The Office makes a number of assumptions regarding the probability that staff who have accrued long service leave, but are ineligible to take it, will remain with the Office long enough to take it. For those staff eligible to take their long service leave, the Office assumes that they will utilise it on average, evenly over the following ten years.

All long service leave that will be settled within 12 months is calculated at nominal value and all long service leave that will be settled in greater than 12 months is calculated at present value.

	2023	2022
	\$'000	\$'000
Accrued salaries	157	125
Annual leave	400	367
Long service leave	565	588
Superannuation	141	133
	<b>1,263</b>	<b>1,213</b>
Expected to settle wholly within 12 months	563	437
Expected to settle wholly after 12 months	700	776
	<b>1,263</b>	<b>1,213</b>

## 7.3 Superannuation

### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

## (ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Office does not recognise a liability for the accruing superannuation defined benefits of Office employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

### 7.4 Contract liabilities

The Office invoices for financial audit services on an agreed instalment basis. Where services have been invoiced but work has not been undertaken, an amount is recognised as revenue in advance.

	2023	2022
	\$'000	\$'000
Revenue received in advance	593	563
Revenue recognised during the year that was included in the contract liability balance at the beginning of the year	563	653
Revenue recognised during the year from performance obligations satisfied (or partially satisfied) in previous years	-	-

## Note 8. Commitments

### 8.1 Schedule of commitments

Commitments represent those contractual arrangements entered by the Office that are not reflected in the Statement of financial position.

Leases are recognised as right-of-use assets and lease liabilities in the Statement of financial position, excluding short term leases and leases for which the underlying asset is of low value, which are recognised as an expense in the Statement of comprehensive income.

	2023	2022
	\$'000	\$'000
<b>Commitments by type</b>		
Contract audits	1,498	2,140
Service level agreement with Department of Justice	687	1,006
Office rent and motor vehicle fleet agreements	2,349	2,507
Other commitments	167	249
<b>Total commitments</b>	<b>4,701</b>	<b>5,902</b>

	2023	2022
	\$'000	\$'000
<b>Commitments by maturity</b>		
One year or less	1,715	2,017
From one to five years	1,955	2,637
Over five years	1,031	1,248
<b>Total commitments</b>	<b>4,701</b>	<b>5,902</b>

#### (a) Office rent and motor vehicle fleet agreements

For Launceston Office accommodation the remaining commitment is 4 years. For Hobart Office accommodation the remaining term is 9 years as a new agreement was entered into in June 2022. Both of these leases are held by the Department of Treasury and Finance.

The motor vehicle commitments are governed by the Government's contract held by the Department of Treasury and Finance. Motor vehicle commitments have been calculated based on the agreements entered into as at 30 June 2023 and the value and remaining term of the outstanding commitment payments. All amounts shown are exclusive of GST.

#### (b) Other Commitments

Commitments exist for the payments under contract/agreement for future auditing services, audit software licensing and the multi-function device lease.

## Note 9. Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Statement of financial position due to uncertainty regarding any possible amount or timing of any possible underlying claim or obligation. The Office does not have any contingent assets or liabilities.

## Note 10. Cash flow reconciliation

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in Specific Purpose Accounts, being short term of 3 months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

### 10.1 Cash and Deposits

Cash and cash equivalents includes the balance of the Specific Purpose Accounts held by the Office, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2023	2022
	\$'000	\$'000
Special Purpose Account – S644	2,438	2,786
<b>Total cash and deposits</b>	<b>2,438</b>	<b>2,786</b>

## 10.2 Reconciliation of net result to net cash from / (used in) operating activities

	2023	2022
	\$'000	\$'000
Net result from transactions	300	465
Depreciation and amortisation	74	20
Lease incentive	(650)	-
Decrease (increase) in Receivables	(48)	(186)
Decrease (increase) in Contract assets	(21)	295
Decrease (increase) in Prepayments	3	27
Decrease (increase) in Tax receivable	12	(17)
Increase (decrease) in Tax liabilities	-	(100)
Increase (decrease) in Employee entitlements	50	(228)
Increase (decrease) in Payables	4	(83)
Increase (decrease) in Contract liabilities	30	(90)
<b>Net cash from / (used in) operating activities</b>	<b>(246)</b>	<b>103</b>

## 10.3 Reconciliation of liabilities arising from financing activities

The Office does not have any liabilities arising from financing activities.

## Note 11. Financial instruments

### 11.1 Risk exposures

#### (a) Risk management policies

The Office has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk and
- market risk.

The Auditor-General has overall responsibility for the establishment and oversight of the Office's risk management framework. Risk management policies are established to identify and analyse risks faced by the Office, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

## (b) Credit risk exposures

Credit risk is the risk of financial loss to the Office if a client or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria, measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
<b>Financial Assets</b>		
Receivables and work in progress	<p>The Office's receivables are reviewed monthly for recoverability and investigation, particularly for those at 90+ days by the Engagement Leader. At 30 June 2023, 7% of debtors were 90+ days outstanding. All debtors are deemed receivable at 30 June 2023.</p> <p>The Office's work in progress is reviewed monthly for recoverability. Work in progress drives the budget for Financial audit services user charges. Recoverability was set at 92% for 2022-23. This target was not met at 30 June 2023 at 84.8%.</p>	Normal credit terms are 14 days as dictated by the Treasurer's Instruction.
Cash and deposits	<p>The Office's financial indicators for support of sustainability published in our annual report as follows:</p> <p>End of year cash balance greater than \$600,000. This target was met at 30 June 2023.</p> <p>Positive cashflows for which the target was not met at 30 June 2023.</p>	Cash means notes, coins and any deposits held at call with a bank or financial institution.

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The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Office's maximum exposure to credit risk without taking into account of any collateral or other security.

There has been no change to credit risk policy since the previous reporting period.

Past history and the fact that user charges are a debt to the Crown, indicate there is no risk to the credit quality of these financial assets.



Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Office's maximum exposure to credit risk without taking into account of any collateral or other security:

	2023	2022
	\$'000	\$'000
Financial audit services receivables	262	235
<b>Total</b>	<b>262</b>	<b>235</b>

#### Expected credit loss analysis of receivables

The simplified approach to measuring expected credit losses is applied, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on historical observed loss rates adjusted for forward looking factors that will have an impact on the ability to settle the receivables. The loss allowance for trade debtors as at 30 June are as follows:

2023	Not past due	Past due	Past due	Past due	Total
	1-30 days	31-60 days	61-90 days	91+ days	
	\$'000	\$'000	\$'000	\$'000	
Expected credit loss rate (A)	0%	0%	0%	0%	<b>0%</b>
Total gross carrying amount (B)	152	92	-	18	<b>262</b>
Expected credit loss (A x B)	-	-	-	-	-

2022	Not past due	Past due	Past due	Past due	Total
	1-30 days	31-60 days	61-90 days	91+ days	
	\$'000	\$'000	\$'000	\$'000	
Expected credit loss rate (A)	0%	0%	0%	0%	<b>0%</b>
Total gross carrying amount (B)	14	62	147	12	<b>235</b>
Expected credit loss (A x B)	-	-	-	-	-

#### (c) Liquidity risk

Liquidity risk is the risk that the Office will not be able to meet its financial obligations as they fall due. The Office's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The Office, as part of its risk management plan, manages liquidity risk through processes that ensure effective audit operations, timely billing of work in progress and recovery of debtors and effective cash flow management. This includes managing annual and long service leave arrangements to minimise potential negative cash flow impacts.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial liabilities		
Payables	The Office's financial indicators for support of sustainability published in our annual report as follows: Maintaining a positive cash balance of \$200,000, in order to have sufficient liquidity to meet its liabilities when they fall due. This target was met at 30 June 2023.	As per Treasurer's Instruction FC-7 the Office pays within suppliers' credit terms. Where there are no credit terms specified Office policy is to pay within 14 days of receipt of a correctly rendered tax invoice.

#### Maturity analysis for financial liabilities

The following tables detail the undiscounted cash flows payable by the Office by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2023	Maturity analysis for financial liabilities		
	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
<b>Financial liabilities</b>			
Payables	62	62	62
<b>Total</b>	<b>62</b>	<b>62</b>	<b>62</b>

2022	Maturity analysis for financial liabilities		
	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
<b>Financial liabilities</b>			
Payables	51	51	51
<b>Total</b>	<b>51</b>	<b>51</b>	<b>51</b>

#### (d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As of 30 June 2023, the Office does not have any interest bearing assets or liabilities. As a result, its exposure to market risk is minimal.

## 11.2 Categories of financial assets and liabilities

Amortised cost	2023	2022
	\$'000	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	2,438	2,786
Receivables	397	361
<b>Total</b>	<b>2,835</b>	<b>3,147</b>
<b>Financial liabilities</b>		
Payables	62	51
<b>Total</b>	<b>62</b>	<b>51</b>

## 11.3 Comparison between carrying amount and net fair value of financial assets and liabilities

	Carrying amount	Net fair value	Carrying amount	Net fair value
	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	2,438	2,438	2,786	2,786
Receivables	397	397	361	361
<b>Total financial assets</b>	<b>2,835</b>	<b>2,835</b>	<b>3,147</b>	<b>3,147</b>
<b>Financial liabilities (recognised)</b>				
Payables	62	62	51	51
<b>Total financial liabilities (Recognised)</b>	<b>62</b>	<b>62</b>	<b>51</b>	<b>51</b>

## 11.4 Net fair values of financial assets and liabilities

2023	Amortised Cost	Net Fair Value Level 1	Net Fair Value Level 2	Net fair Value Level 3	Net Fair Value Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and deposits	2,438	-	-	-	2,438
Receivables	397	-	-	-	397
<b>Total financial assets</b>	<b>2,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,835</b>
<b>Financial liabilities</b>					
Payables	62	-	-	-	62
<b>Total financial liabilities</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62</b>

2022	Amortised Cost	Net Fair Value Level 1	Net Fair Value Level 2	Net fair Value Level 3	Net Fair Value Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and deposits	2,786	-	-	-	2,786
Receivables	361	-	-	-	361
<b>Total financial assets</b>	<b>3,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,147</b>
<b>Financial liabilities</b>					
Payables	51	-	-	-	51
<b>Total financial liabilities</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Office uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- *Level 1* the fair value is calculated using quoted prices in active markets;
- *Level 2* the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- *Level 3* the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

## Note 12. Events occurring after balance date

There have been no events subsequent to balance date which would have a material effect on the Office's financial statements as at 30 June 2023.

## Note 13. Other significant accounting policies and judgements

### 13.1 Objectives and funding

The Office is structured to provide audit assurances to Parliament concerning the Financial Statements of the Treasurer, and all state entities, and the economy, efficiency and effectiveness of those entities.

The Office charges fees for financial audit services. Since 1 July 2008 the Office has been funded by a direct Parliamentary appropriation for undertaking performance and compliance audits, special investigations and the publishing of statutory reports to Parliament. The Office is also funded through a Parliamentary appropriation for the Auditor-General's salary and associated allowances.

These financial statements encompass all funds through which the Office controls resources to carry on its functions.

### 13.2 Basis of accounting

The financial statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB); and
- The Treasurer's Instructions issued under the provisions of the *Financial Management Act 2016*.

The financial statements were signed by the Auditor-General on 15 August 2023.

Compliance with AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Office is a not-for-profit entity and may adopt some accounting policies under the AAS that do not comply with IFRS.

The financial statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are consistent with the previous year except for those changes outlined in note 13.5.

The financial statements have been prepared on the basis that the Office is a going concern. The continued existence of the Office in its present form, undertaking its current activities, is dependent on Government policy and partially on continuing appropriations by Parliament for the Office's performance and compliance audits and reporting to Parliament.

The Office has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

### **13.3 Reporting entity**

The financial statements include all the controlled activities of the Office. The Office is a single reporting entity.

### **13.4 Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Office's functional currency.

### **13.5 Changes in accounting policies**

#### **(a) Impact of new and revised Australian Accounting Standards and Interpretations**

There were no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board that have a material impact on the reporting of the Office's operations for the current annual reporting period.

#### **(b) Impact of new and revised Australian Accounting Standards and Interpretations yet to be applied**

The Office has not applied a new Australian Accounting Standard or Interpretation that has been issued but is not yet effective. The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates – This Standard amends:
  - AASB 7 *Financial Instruments*: Disclosures to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
  - AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
  - AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
  - AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements; and
  - AASB Practice Statement 2 *Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – This Standard amends AASB 101 Presentation of Financial Statements to clarify that a liability is classified as non-current if an



entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified in these amendments. This standard will apply to the Office's 2023-24 financial statements. The implementation of AASB 2020-6 is not expected to have a material impact on the statements of the Office.

- **AASB 17 *Insurance Contracts*** – This standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of AASB 17 have on the financial position, financial performance and cash flows of the entity. The date for application of this Standard is not yet known for public sector entities. The implementation of AASB 17 is not expected to have a material impact on the statements of the Office.

The Office has undertaken an assessment of the impact of new and revised Accounting Standards and those yet to be applied and has determined they will have no material impact on the Office's financial statements.

### **13.6 Comparative figures**

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 13.5.

Where amounts have been reclassified within the financial statements, the comparative statements have been restated. The comparatives for external administrative restructures are not reflected in the financial statements.

### **13.7 Rounding**

All amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statements include a note expressing the amount to the nearest whole dollar.

### **13.8 Office taxation**

The Office is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

### **13.9 Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of financial position.

In the Statement of cash flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

## Note 14. Auditor's remuneration

The Governor, on recommendation of the Treasurer, in accordance with the *Audit Act 2008*, appoints the auditor of the Tasmanian Audit Office. Nexia Melbourne Audit Pty Ltd were appointed in 2019 for a period of 3 years, and the option for an additional 2 years was exercised in March 2021.

	2023	2022
	\$'000	\$'000
Financial audit fees	20	20
Fee to review key performance indicator report	3	2
<b>Total</b>	<b>23</b>	<b>22</b>

## Note 15. Principal address and registered office

Level 2  
144 Macquarie St  
Hobart TASMANIA 7000

## **Independent Auditor's Report To the Governor of Tasmania in relation to the Tasmanian Audit Office**

### **Report on the Audit of the Financial Report**

#### ***Opinion***

We have audited the financial report of the Tasmanian Audit Office (the Office), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement of certification.

In our opinion the financial report presents fairly, in all material respects, the financial position of the Tasmanian Audit Office as at 30 June 2023 and of its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards and the *Financial Management Act 2016*.

#### ***Basis for opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Office in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other information***

Those Auditor-General is responsible for the other information. The other information comprises the information included in the Tasmanian Audit Office's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. The annual report is expected to be made available to us after the date of this independent auditor's report.

#### ***Auditor-General's responsibility for the financial report***

The Auditor-General is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and *Financial Management Act 2016*, and for such internal control as the Auditor-General determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Advisory. Tax. Audit.**

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Registered Audit Company 291969

Nexia Melbourne Audit Pty Ltd (ABN 86 005 105 975) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see [www.nexia.com.au/legal](http://www.nexia.com.au/legal). Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

In preparing the financial report, the Auditor-General is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Auditor-General either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

The Auditor-General is responsible for overseeing the Office's financial reporting process.

### ***Auditor's responsibility for the audit of the financial report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Yours sincerely



**Nexia Melbourne Audit Pty Ltd**  
Chartered Accountants



**Chapman Wan, CA**  
Partner

Dated this 15<sup>th</sup> day of August 2023

# Acronyms and abbreviations

AAG	Assistant Auditor-General
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ACAG	Australasian Council of Auditors-General
ASA	Australian Standards on Auditing
ASAE	Australian Standard on Assurance Engagements
ASQM	Australian Standard on Quality Management
ATO	Australian Taxation Office
Audit Act	<i>Audit Act 2008</i>
CaseWare	CaseWare Audit System
CPA Australia	Certified Practising Accountants Australia
CSS	Corporate Support and Strategy – a business unit of the Office
FAS	Financial Audit Services – a business unit of the Office
FBT	Fringe Benefits Tax
FTE	Full Time Equivalent
GST	Goods and Services Tax
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
NFP	Not-for-profit
PAS	Performance Audit Services – a business unit of the Office
PID Act	<i>Public Interest Disclosure Act 2002</i>
RTI Act	<i>Right to Information Act 2009</i>
State Service Act	<i>State Service Act 2000</i>
the Office	Tasmanian Audit Office



# Appendices





## Appendix 1 – Presentations and speeches

Our staff provide information on aspects of our work at a variety of forums. External speeches and presentations delivered during 2022-23 are listed below.

Date	Details
28 September 2022	Attendance at the Tasmanian University Business and Economics Society (TUBES) annual careers fair  Presenters: Stephen Morrison, Jimmy Collins and Hayley Ducat
23 March 2023	Presentation on 'Risk Assessment' at the University of Tasmania  Presenter: David Bond
29 March 2023	Briefing to the Samoan Parliamentary Delegation on the Role of the Tasmanian Auditor-General and Tasmanian Audit Office  Presenters: Rod Whitehead and Jonathan Wassell
21 April 2023	Presentation on 'Internal Controls and How to Test Internal Controls' at the audit and assurance workshop, Tasmanian School of Business and Economics, University of Tasmania  Presenter: Dylan Xing
9 May 2023	Environment risks and issues in Tasmania – presentation to the 11 <sup>th</sup> meeting of the Regional working group on environmental auditing, hosted by the Australasian Council of Auditors-General, Sydney  Presenter: Rod Whitehead
10 May 2023	Climate change adaption measures in Tasmania - presentation to the Regional working group on environmental auditing, hosted by the Australasian Council of Auditors-General, Sydney  Presenter: Jonathan Wassell
11 May 2023	Presentation on 'Audit Sampling, substantive testing, finalising the audit and providing an audit opinion', University of Tasmania  Presenter: Jeff Tongs



Image: Stephen Morrison, Assistant Auditor-General Financial Audit Services, presenting at the Senior Management and Members of Audit Committees Information Session in May 2023.

Our staff also present information sessions to our clients and stakeholders:

Date	Details
22 February 2023	Presentation of the Auditor-General’s Annual Plan of Works 2022-23 to the Tasmanian Government Secretaries Board  Presenters: Rod Whitehead and Jonathan Wassell
26 April 2023	Client Information Session – General Government and Other NFP Sector (online)  Presenters: Rod Whitehead, Jonathan Wassell, Stephen Morrison, Janine McGuinness, David Bond and Jeff Tongs
27 April 2023	Client Information Session – Government Businesses (online)  Presenters: Rod Whitehead, Jonathan Wassell, Stephen Morrison, Janine McGuinness, David Bond and Jeff Tongs
28 April 2023	Client Information Session – Local Government (online)  Presenters: Rod Whitehead, Jonathan Wassell, Stephen Morrison, Janine McGuinness, David Bond and Jeff Tongs
4 May 2023	Senior Management and Members of Audit Committees Information Session  Presenters: Rod Whitehead, Jonathan Wassell, Stephen Morrison, Janine McGuinness, David Bond, Jeff Tongs and Rolf Miezitis

# Appendix 2 – Right to information, privacy and public interest disclosures

## Right to information

We are committed to ensuring our administrative information is available to the public. The *Right to Information Act 2009* (RTI Act) gives the public, the media and Members of Parliament the right to access information that we hold, unless the information is exempt from release.

Under section 6 of the RTI Act the Auditor-General is exempt from providing any requested information unless it relates to our administration. Information relating to financial and performance audits conducted and reports to Parliament are regarded as exempt being classified as internal working information, as is information compiled in making preliminary assessments following receipt of referrals.

One request was received and processed in 2022-23.

## Protecting privacy

We are committed to protecting each individual's privacy in the way we collect, use or disclose personal information. We also ensure that individuals have a degree of control over their own personal information. When dealing with private information, we do so in accordance with the *Personal Information Protection Act 2004*.

No requests were received in 2022-23.

## Public interest disclosures

The purpose of the *Public Interest Disclosures Act 2002* (PID Act) is to encourage and facilitate disclosures about the improper conduct of public officers or public bodies. We are committed to the aims and objectives of the Act recognising the value of transparency and accountability in its administrative and management practices.

We support making disclosures that reveal corrupt conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

We do not tolerate improper conduct by our staff or taking of reprisals against those who come forward to disclose such conduct. All reasonable steps are taken to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure.

Our PID procedures are available by contacting our Public Interest Disclosure Officers.

In accordance with the requirements of section 86 of the PID Act, we advise that in the 2022-23 financial year:

- no disclosures of public interest were made to us
- no public interest disclosures were investigated by us

- no disclosed matters were referred to us by the Tasmanian Ombudsman
- no disclosed matters were referred by us to the Tasmanian Ombudsman to investigate
- no investigations of disclosed matters were taken over by the Tasmanian Ombudsman from us
- there were no disclosed matters that we decided not to investigate
- there were no disclosed matters substantiated on investigation as there were no disclosed matters
- the Tasmanian Ombudsman made no recommendations under the Act that relate to us.

## Process for appealing decisions by the Office

We do not administer any legislation and the nature of our remit under the Audit Act is that there are no appealable decisions made by the Office.

## Office contact officers

Responsibility	Primary Contact Officer
Public Interest Disclosure Officers	Debbie White, Jeff Tongs, Janine McGuinness: <a href="mailto:PID@audit.tas.gov.au">PID@audit.tas.gov.au</a>
Right to Information Officers	Debbie White, Jeff Tongs, Janine McGuinness: <a href="mailto:admin@audit.tas.gov.au">admin@audit.tas.gov.au</a>
Personal Information Contact Officer	Debbie White: <a href="mailto:admin@audit.tas.gov.au">admin@audit.tas.gov.au</a>

# Appendix 3 – Risk management and asset management

## Risk management

Reviewing key business risks is fundamental to our strategic and business processes. We also apply risk management to all major projects, including those relating to financial and performance auditing services and to key corporate service functions.

During 2022-23, we monitored and regularly reviewed key risks and associated treatment plans according to our key headline risks, being as follows:

- an inability to attract, develop and retain staff due to failure to provide appropriate learning and development opportunities, poor organisational culture, failure to recognise and reward staff performance, failure to support appropriate staff support interventions or inefficient and ineffective processes for attracting and recruiting staff
- the issuance of inappropriate audit opinions and/or reports due to failure to provide sufficient resources to conduct Office audits or failure to use correct auditor's report or issue the correct auditor's opinion on the audit of financial statements or for an audit by arrangement
- the loss or misuse of sensitive information held by Office due to inadequate physical ICT security measures, inappropriate access, use or distribution of the Office's sensitive information to unauthorised third parties or failure to enforce Office's contractual obligations with respect to confidentiality agreements
- a failure to protect peoples' health and wellbeing due to hazard or threat prevalent in the community, complex and demanding nature of work, inappropriate behaviour in the workplace or manager failure to recognise employee inability to perform duties
- key vendors failing to deliver goods and/or services to the Office's expectations due to failure to contract manage the Office/vendor contractual obligations
- the failure of key ICT systems due to failure of vendor to recover from a critical business interruption
- the Office's statutory independence is compromised due to State Government not keeping at arm's length from the Office's operations
- adverse fraud and/or corruption event due to Office staff member/contractor/third party engaging in unlawful activity
- the Office's inability to sustainably manage its operations due to the Office not being able to recover from a disaster, emergency or pandemic or the Office not having the right mix of skilled and competent staff.

During the year we reviewed our risk register to implement changes required from *ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*. We inserted quality objectives relating to risks in our register, and included an additional risk:

- inadequate leadership and governance of the Office due to an absence of clear and appropriate leadership at the executive and senior management level of the Office and/or unclear assignment of roles, responsibilities and authority.

A report on the status of risk treatments identified on the registers is periodically presented to our Strategic Leadership Group and to the Risk and Audit Committee. Our strategic internal audit program is structured around the identified risks around internal controls associated with our Risk Register. In addition to internal audits, we address risks through steps such as:

- identifying audit topics of public interest
- regularly meeting with Parliamentarians and key clients
- quality assurance and independent peer reviews
- allocating responsibility for managing risks to appropriate staff and in business plans
- continuing to improve the quality, readability and balance our reporting
- ensuring we have a workplace that attracts and retains the staff required
- prompt monthly financial reporting inclusive of financial projections
- ensuring we are properly governed and
- insurance.

Our insurance arrangements are with the Tasmanian Risk Management Fund and insurance cover is for travel, general property, personal accident, transit, motor vehicles, general liability and workers compensation.

## Asset management

Our financial statements for 2022-23 in this report contain full details of our assets. These are recorded in accordance with our accounting policies and procedures, and these amounts are disclosed in the statements, together with appropriate policies.

Details of our assets are recorded in the asset module of our financial management system. This provides a direct link between our asset register and the general ledger, which enhances our financial reporting. We also track portable and attractive items on a register held in our financial management system. This register is reviewed annually.

# Appendix 4 – Government procurement and pricing policies

## Government procurement

We ensure procurement is undertaken in accordance with the mandatory requirements of Treasurer’s Instructions relating to procurement, including that Tasmanian businesses are given every opportunity to compete for our business. The following table summarises the level of participation by Tasmanian businesses for contracts and procurement processes valued at \$50,000 (excluding GST) or more.

### Summary of participation by Tasmanian businesses (for contracts and procurement processes valued at \$50,000 or more)<sup>1</sup>

Total number of contracts awarded	4
Total number of contracts awarded to Tasmanian businesses <sup>2</sup>	3
Value of contracts awarded	\$653,679
Value of contracts awarded to Tasmanian businesses	\$386,995
Total number of procurement processes run	4
Total number of submissions (bids) received	4
Total number of submissions (bids) received from Tasmanian businesses	3

<sup>1</sup>The values in this table do not include the value of options to extend nor GST.

<sup>2</sup>A Tasmanian business is a business operating in Tasmania that has a permanent office or presence in Tasmania and which employs Tasmanian workers.

### Contracts valued \$50,000 or over (excluding GST) (excluding consultancy contracts)

The following table gives detailed information on contracts valued at \$50,000 (excluding GST) or more.

Name of Contractor	Location	Description of Contract	Period of Contract	Value of Contract (Initial Period)	Value of Option to Extend
GHD Pty Ltd	Hobart, Tasmania	Non-financial review of Regulatory Information Notices (Tasmanian Networks Pty Ltd)	3 years	\$198,607	NA



Name of Contractor	Location	Description of Contract	Period of Contract	Value of Contract (Initial Period)	Value of Option to Extend
Ruddicks	Launceston, Tasmania	Financial Statement Audit (Huon Valley Council)	3 years + 2 (option)	\$94,118	\$70,075
Ernst & Young	Melbourne, Victoria	Financial Statement Audit (Superannuation Commission atf RBF)	3 years + 2 (option)	\$266,684	\$193,914
Bentleys	Hobart, Tasmania	Financial Statement Audit (West Coast Council)	3 years + 2 (option)	\$94,270	\$70,449

### Consultancies over \$50,000 (excluding GST)

There were no consultancies over \$50,000 (excluding GST) during 2022-23.

## Pricing policies

Fees for financial audits are determined by the Auditor-General pursuant to section 27 of the Audit Act.

The basis for setting fees is to be described in a report to Parliament dealing with the results of financial audit of State entities. The latest basis was detailed in the [Report of the Auditor-General No. 4 of 2022-23: Auditor-General's Report on the Financial Statements of State Entities, Volume 2, Audit of State entities and audited subsidiaries of State entities 31 December 2021 and 30 June 2022](#), available from the Office's website.

## Procurement complaints

We received no complaints from businesses on our procurement practices or procedures. We assisted Treasury in a review of a matter raised by an audit service provider on the application of the Buy Local Policy to panel arrangements and standing offer contracts.

## Office contact officer

Responsibility	Primary Contact Officer
Procurement Complaints Officer	Jonathan Wassell: <a href="mailto:admin@audit.tas.gov.au">admin@audit.tas.gov.au</a>

## Appendix 5 – Superannuation declaration

I, Rod Whitehead, hereby certify that the Tasmanian Audit Office has met its obligations under the Commonwealth *Superannuation Guarantee (Administration) Act 1992* for those staff of the Office who are members of the following complying superannuation schemes to which the Office contributes:

- AMP Signature Super
- Australian Retirement Trust
- Australian Super
- Aware Super
- BT Super for Life
- First Wrap Plus Super and Pension
- Hostplus Super
- Macquarie Super Manager
- Mercer – Smart Super
- MLC Masterkey Business Super
- MyNorth Super
- Public Sector Super Accum. Plan
- RBF Contributory Scheme
- REST Employer Sponsored Super
- SmartMonday PRIME
- Spirit Super
- Student Super Professional Super
- Unisuper Limited
- Vision Personal Plan
- Whitehead Superannuation Fund.

Rod Whitehead  
**Auditor-General**

30 June 2023

# Audit mandate and standards applied

## Mandate

Section 23 of the *Audit Act 2008* states that:

- (1) The Auditor-General may at any time carry out an examination or investigation for one or more of the following purposes:
  - (a) examining the accounting and financial management information systems of the Treasurer, a State entity or a subsidiary of a State entity to determine their effectiveness in achieving or monitoring program results;
  - (b) investigating any matter relating to the accounts of the Treasurer, a State entity or a subsidiary of a State entity;
  - (c) investigating any matter relating to public money or other money, or to public property or other property;
  - (d) examining the compliance of a State entity or a subsidiary of a State entity with written laws or its own internal policies;
  - (e) examining the efficiency, effectiveness and economy of a State entity, a number of State entities, a part of a State entity or a subsidiary of a State entity;
  - (f) examining the efficiency, effectiveness and economy with which a related entity of a State entity performs functions –
    - (i) on behalf of the State entity; or
    - (ii) in partnership or jointly with the State entity; or
    - (iii) as the delegate or agent of the State entity;
  - (g) examining the performance and exercise of the Employer's functions and powers under the *State Service Act 2000*.
- (2) Any examination or investigation carried out by the Auditor-General under subsection (1) is to be carried out in accordance with the powers of this Act

## Standards applied

Section 31 specifies that:

'The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to -

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.'

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



**Tasmanian**  
Audit Office