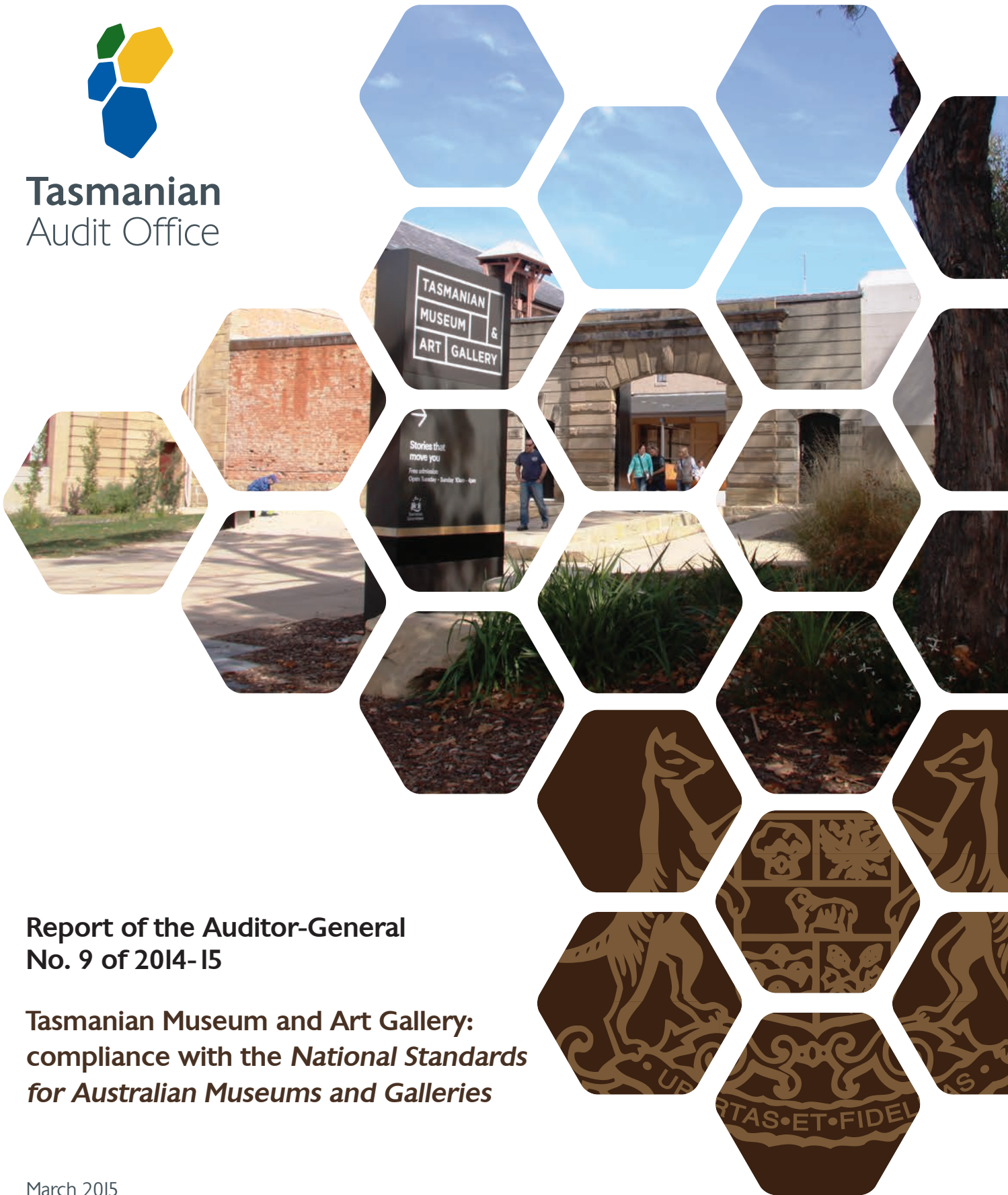




Tasmanian
Audit Office



**Report of the Auditor-General
No. 9 of 2014-15**

**Tasmanian Museum and Art Gallery:
compliance with the *National Standards
for Australian Museums and Galleries***

March 2015

THE ROLE OF THE AUDITOR-GENERAL

The Auditor-General's roles and responsibilities, and therefore of the Tasmanian Audit Office, are set out in the *Audit Act 2008* (Audit Act).

Our primary responsibility is to conduct financial or 'attest' audits of the annual financial reports of State entities. State entities are defined in the Interpretation section of the Audit Act. We also audit those elements of the Treasurer's Annual Financial Report reporting on financial transactions in the Public Account, the General Government Sector and the Total State Sector.

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Following financial audits, we issue a variety of reports to State entities and we report periodically to the Parliament.

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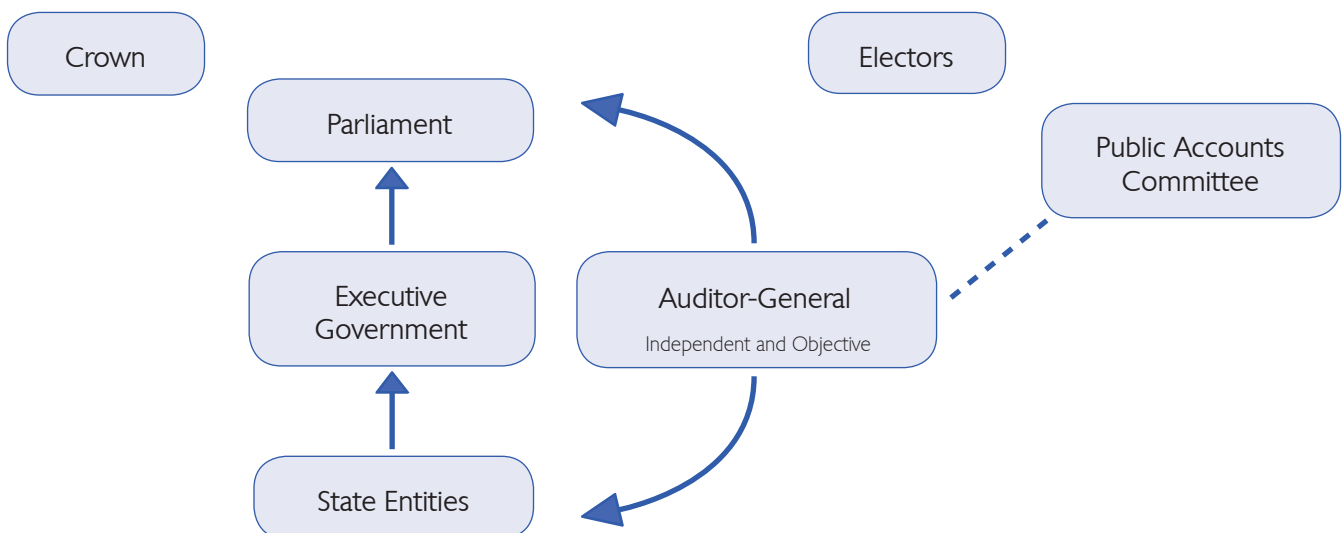
We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

Performance and compliance audits are reported separately and at different times of the year, whereas outcomes from financial statement audits are included in one of the regular volumes of the Auditor-General's reports to the Parliament normally tabled in May and November each year.

Where relevant, the Treasurer, a Minister or Ministers, other interested parties and accountable authorities are provided with opportunity to comment on any matters reported. Where they choose to do so, their responses, or summaries thereof, are detailed within the reports.

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The Auditor-General's role as Parliament's auditor is unique.





2015

PARLIAMENT OF TASMANIA

**REPORT OF THE
AUDITOR-GENERAL
No. 9 of 2014–15**

**Tasmanian Museum and Art Gallery:
compliance with the *National Standards
for Australian Museums and Galleries***

March 2015

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26 March 2015

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Madam Speaker

REPORT OF THE AUDITOR-GENERAL

No. 9 of 2014–15: Tasmanian Museum and Art Gallery: compliance with the *National Standards for Australian Museums and Galleries*

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objectives of the audit were to express an opinion on TMAG's compliance with the *National Standards for Australian Museums and Galleries*.

Yours sincerely

H M Blake
AUDITOR-GENERAL

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Foreword

The Tasmanian Museum and Art Gallery's (TMAG) 2012–13 annual report notes its vision is 'To nurture the museum's collection as the cultural heart of Tasmania' and its purpose is 'To collect, conserve, research and create knowledge and to engage with, educate and inspire the community about our world'. It also plays a significant role in growing interest in Tasmania's history and tourism initiatives.

Essential to the achievement of TMAG's vision and purpose is that it complies with standards, with this audit benchmarking its activities against Version 1.3 of the *National Standards for Australian Museums and Galleries*.

I concluded from this audit that TMAG complied with the National Standards but that improvements are needed in the following key areas:

- Clarity regarding the legal and management framework and roles and responsibilities between TMAG and the Department of State Growth is needed. Without this there is uncertainty as to accountability, responsibility for budgets, people, premises and funds generated, in addition to the annual appropriation and so on. It also seems to me that lack of clarity makes planning and the authority to plan, difficult.
- There is an urgent need for TMAG to develop a forward (strategic) plan. Doing so would facilitate better understanding of its aims and objectives, its intentions about retaining existing, and attracting new, visitors. Such a plan would assist discussions about funding, roles and responsibilities and how to respond to evaluation of information provided by visitors.
- Improvement to significance documentation of TMAG's collection. Doing so would impact decision-making about display items and assist prioritisation of security and preservation.

While this audit focused on TMAG, its findings and recommendations may be of interest to other museums and galleries in Tasmania.

H M Blake
Auditor-General
26 March 2015

List of acronyms and abbreviations

ICOM	International Council of Museums
MONA	Museum of Old and New Art
National Standards	<i>National Standards for Australian Museums and Galleries, Version 1.3</i>
State Growth	Department of State Growth
The Act	<i>Tasmanian Museum Act 1950</i>
TMAG	Tasmanian Museum and Art Gallery
Treasury	Department of Treasury and Finance
Trustees	Board of Trustees

Executive summary

Executive summary

Background

The Tasmanian Museum and Art Gallery (TMAG) is the second oldest museum in Australia¹.

TMAG collects, preserves, researches, displays, interprets and safeguards physical evidence of the state's natural and cultural heritage, together with relevant material from interstate and overseas. It does this at multiple sites around Hobart, including the city waterfront site, the herbarium at the University of Tasmania, and a research and storage facility at Rosny.

TMAG's waterfront site has recently undergone a partial (Stage 1) redevelopment. Stage 1 opened in March 2013, and includes new public and exhibition spaces, a centralised visitor services hub and a new café. Visitors can now experience more of the waterfront site, including a range of nationally significant archaeological material². However, much of TMAG's collection is still in storage.

TMAG resides within the Department of State Growth (State Growth or the department). It has a Board of Trustees (the trustees) that holds the collections in trust for the people of Tasmania, and is answerable to the Governor through the Minister for the Arts.

In 2013–14, there were 487 000 visitors over the 12-month period. This was significantly higher than the typical 300 000 visitors prior to the redevelopment.³

In 2013, a national taskforce, comprising representatives from each jurisdiction, plus the Collections Council of Australia, published Version 1.3 of the *National Standards for Australian Museums and Galleries* (National Standards). These standards 'focused on key areas of activity common to organisations that care for collections and provide collection-based services to the

¹ Tasmanian Museum and Art Gallery, http://www.tmag.tas.gov.au/about_us, Accessed 17 March, 2015

² Discover Tasmania, *Discover Tasmania: Attraction*, <http://www.discovertasmania.com.au/attraction/tasmanianmuseumandartgallery>, Accessed 18 July 2014.

³ Tasmanian Museum and Art Gallery, *Annual Report 2010-2011*, State of Tasmania, 2011, p.8.

community'⁴. They are also the National Standards against which we have measured compliance.

Audit objective

The objective was to express an opinion on TMAG's compliance with the National Standards.

Audit scope

The audit involved only TMAG. The Queen Victoria Museum and Art Gallery in Launceston, and other smaller museums and galleries across the state, were not included.

Detailed audit conclusions

The audit conclusions are based on criteria that we developed to support the audit's objective and are aligned to the chapter structure of the Report.

Did TMAG have a sound legal and management framework?

TMAG's legal and management framework was unclear. Roles and responsibilities between TMAG and State Growth need to be reviewed and clarified.

While TMAG has had some significant budgetary problems in the past, we believed recent improvements in performance should enable TMAG to operate within its budget, making the funding model more effective.

Was TMAG effectively managed regarding policies, plans, risks and information?

We found that while TMAG had a number of key documents required under the National Standard, it lacked a forward (strategic) plan. As a key document, it would outline the direction of the organisation and give the trustees and State Growth clarity about TMAG's purpose and way forward. Consequently, we did not believe that TMAG was effectively managed regarding key policies and plans.

With regard to information and risk management, TMAG generally performed well.

Was TMAG customer focused?

While TMAG had undertaken a visitor survey in recent years, we were not persuaded that information about visitors was being

⁴ Arts Tasmania et al, *National Standards for Australian Museums and Galleries*, Version 1.3, May 2013, p.8.

evaluated to assist with future planning as required by the National Standards.

TMAG also did not have a forward plan, which is needed to outline strategic objectives and to identify strategies for attracting new and existing audiences. We concluded that TMAG could further increase its customer focus.

Was there an appropriate rationale for presenting the collection?

TMAG did not have an appropriate rationale for presenting its collection, which we expected would reside in the interpretation strategy and be guided by higher-level documents such as the statement of purpose and the forward plan. There was also inadequate significance documentation of TMAG’s collection. We were, however, pleased to see that some exhibits were changed on a regular basis, although a benchmark would help to determine rotation frequency.

Did TMAG preserve and protect its significant collections?

TMAG preserved and stored the vast majority of its significant collections soundly, with training undertaken to ensure collections were properly handled.

Exceptions to this were:

- the Moonah facility, where environmental conditions, cleaning and pest management were poor (largely mitigated by storage of more robust items)
- lack of policies and procedures for security measures to be applied to different exhibits, and inconsistencies in security measures applied.

Recommendations made

The Report contains the following recommendations:

Rec	Section	We recommend that ...
1	1.2	... State Growth reviews the <i>Tasmanian Museum Act 1950</i> and examines alternative governance models.
2	1.2	... the <i>Tasmanian Museum Act 1950</i> review should clarify the roles and responsibilities of the Minister, the trustees and State Growth.
3	2.2	... TMAG creates a forward plan to ensure its strategic aims and objectives are clearly articulated.

Rec	Section	We recommend that ...
4	2.4	...TMAG's risk register addresses risks associated with long-term funding requirements for Redevelopment Stage 2.
5	3.2	... TMAG undertakes annual surveys to determine visitor satisfaction and visitor preferences and uses this information to inform the creation of exhibitions.
6	3.3	... TMAG develops a forward plan, which includes strategic objectives, long and short-term goals and an action plan that identifies clear strategies to retain existing audiences and attract new visitors.
7	4.2	... TMAG develops a forward plan and interpretation strategy to ensure there is an appropriate rationale for presenting the collection.
8	4.3	... TMAG undertakes a risk assessment of its collection to determine the extent to which significance documentation is required for items acquired before 2010. This is to ensure the most significant items are displayed and optimal security and preservation of the collection is achieved.
9	4.4	... TMAG develops a benchmark to determine how often the collection is rotated.
10	5.2	... TMAG creates clear guidelines of security measures to be used to assist staff in ensuring the continuing safety of its publicly-displayed exhibits.
11	5.3	...TMAG develops a formal process to identify training needs in relation to movement and handling of the collection.

Audit Act 2008 section 30 — Submissions and comments received

Audit Act 2008 section 30 — Submissions and comments received

Introduction

In accordance with section 30(2) of the *Audit Act 2008*, a copy of this Report was provided to the state entities indicated in the Introduction to this Report.

A summary of findings, with a request for submissions or comments, was also provided to the Minister for the Arts and the Treasurer.

Submissions and comments that we receive are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response. However, views expressed by agencies were considered in reaching review conclusions.

Section 30(3) of the Act requires that this Report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received are included from the Minister and the Department of State Growth (including input from TMAG) in full below.

Minister for the Arts

Thank you for the opportunity to comment on the summary of findings you provided earlier this month. I understand that departmental comments will be provided to you, and I offer the following in reply from my perspective as the Minister for the Arts.

Soon after I took on the role of Minister for the Arts it became clear to me that the Tasmanian Museum and Art Gallery (TMAG) has significant challenges not only in terms of managing within its budget and other operational matters, but also with regard to its governance and legislative arrangements. Many of these are legacy issues which are not easily resolved without major reform.

The State Government has taken action to address perceived issues at TMAG. We have initiated a legislative review with the intention of ensuring our State's premier cultural institution, for which we are responsible on behalf of all Tasmanians, is governed by best practice and contemporary legislation.

We have also appointed a new Director for the institution who has extensive experience in managing issues similar to those

faced by TMAG. And we have also endorsed decisions by the Trustees to reduce opening hours as a means of not only balancing the budget, but also undertaking 'back of house' activities with minimal disruption to visitors.

The task of addressing issues at TMAG will require ongoing, focused efforts on behalf of the Government, but we are determined to resolve long standing issues to ensure TMAG has a bright future ahead of it.

The Hon Dr Vanessa Goodwin MLC

Department of State Growth

General Comment

The National Museum Standards are part of a suite of guidelines, protocols and legislation covering the varied activities of museums and art galleries. Consideration of findings of this audit should take into account that the sector agrees the standards are a set of ideals, rather than a baseline achieved by the majority.

Legal and Management Framework (Recommendations 1 & 2)

The government has indicated its intention to review roles and responsibilities in relation to TMAG through its commitment to review governance and legislation of arts entities. It is envisaged that points raised in this audit will be considered as part of that process.

Strategic Plan (Recommendation 3, 4, 6, & 7)

TMAG Trustees have provided the following comment in relation to strategic planning at TMAG:

The audit finding that TMAG did not have a formally documented Strategic Plan, should not be taken to mean that TMAG was devoid of strategic planning. Annual Reports from 2007/08 to 2012/13 set down and provide commentary case studies, actions and outcomes for the key strategies. The key strategies so articulated served as the Strategic Plan throughout this period. The outcomes were very positive with the Redevelopment delivered on time and on budget and the visitor experience significantly enhanced. In more recent years the focus on managing the redevelopment together with the overall budgetary situation has overtaken the desire for a formally documented Strategic Plan. The additional value of a Strategic Plan is acknowledged and will form part of the work of Trustees and the new Director in the year ahead.

Customer Focus (Recommendation 5)

Subsequent to the audit period, TMAG undertook extensive audience research and segmentation to gain a greater understanding of the profile of existing visitors and their attributes and attitudes. This work was undertaken with the intent of influencing TMAG's public offering over a range of activities, including but not limited to exhibitions. It is intended that this research will be undertaken on a cyclical basis.

It should be noted that TMAG's public offering is far broader than visitors to its exhibitions at the city site, for example, visiting researchers, attendees of public programs, bespoke learning visits, professional development and fee for service activities such as data, images and conservation work.

TMAG is confident that its current market research program far exceeds the intent of this standard.

Collection Presentation (Recommendations 7, 8, 9, 10 and 11)

The issue of collection presentation, and the associated rotation of the collection is noted. It is anticipated that this will be considered through the process of establishing updated KPIs for TMAG through the Strategic Planning process and that TMAG will be able to establish an appropriate benchmark taking into account the profile of its particular collection and exhibition facilities.

This process will be enhanced by the procurement of a modern Collection Management System, which is a strategic priority for the Trustees.

Recommendations relating formalization of documentation relating to security measures and staff training needs are noted.

Additional comment: budget

Whilst some progress has already been made towards setting an operational budget that matches the funding allocation, and this is reflected in the audit findings, it should be acknowledged that this task is a significant one and will require ongoing effort and close monitoring by the Trustees and the Department. In working within its budget parameters, TMAG management will need to make some difficult decisions about priorities for the institution over future years.

Kim Evans
Secretary

Introduction

Introduction

Background

The Tasmanian Museum and Art Gallery (TMAG), located on the Hobart waterfront, is the second oldest museum in Australia⁵. TMAG has recently undergone a \$30m redevelopment (Stage 1), and along with the privately owned Museum of Old and New Art (MONA) at Berriedale, is providing an increasingly diverse range of artistic, historical and cultural offerings for those who visit. Further redevelopments are planned for TMAG, but at the time of this audit they were unfunded.

In its Statement of Purpose, TMAG explained that its purpose is to ‘collect, conserve, research and create knowledge and to engage with, educate and inspire the community about our world’⁶. As a result, TMAG collects, preserves, researches, displays, interprets and safeguards physical evidence of the state’s natural and cultural heritage, together with relevant material from interstate and overseas. It does this at multiple sites around Hobart, including the Herbarium at the University of Tasmania. It is somewhat unusual in Australia, for an institution of TMAG’s size to be an art gallery, herbarium and museum.

TMAG resides within the Department of State Growth (State Growth or the department). It has a Board of Trustees (the trustees) that holds the collections in trust for the people of Tasmania, and is answerable to the Governor through the Minister for the Arts.

In 2013–14 there were 487 000 visitors over the 12-month period. This was significantly higher than the typical 300 000 visitors prior to the redevelopment.⁷

In 2013, a collaborative effort by a number of Australian museums and other related bodies, including Arts Tasmania, created Version 1.3 of the *National Standards for Australian Museums and Galleries* (National Standards). These standards provided us with a best practice model to assess TMAG against.

⁵ Tasmanian Museum and Art Gallery, http://www.tmag.tas.gov.au/about_us, Accessed 17 March, 2015

⁶ Tasmanian Museum and Art Gallery, *Annual Report 2012–2013*, State of Tasmania, November 2013, p.2.

⁷ Tasmanian Museum and Art Gallery, *Annual Report 2010–2011*, State of Tasmania, 2011, p.8.

Audit objective

The objective was to express an opinion on TMAG's compliance with the National Standards.

Audit scope

The audit involved only TMAG. The Queen Victoria Museum and Art Gallery in Launceston, and other smaller museums and galleries across the state, were not included.

Audit criteria

We developed a number of audit criteria from the National Standards namely:

- Did TMAG have a sound legal and management framework?
- Was TMAG effectively managed regarding policies, plans, risks and information?
- Was TMAG customer focused?
- Was there an appropriate rationale for presenting the collection?
- Did TMAG preserve and protect its significant collections?

Audit approach

In line with the preceding audit criteria, we sought appropriate audit evidence through:

- examining reports
- reviewing records and databases
- checking policies, plans and protocols
- interviewing staff and trustees.

Timing

Planning for this audit began in July 2014 with fieldwork continuing until December 2014. The report was finalised in March 2015.

Resources

The audit plan recommended 700 hours and a budget, excluding production costs, of \$106 365. Total hours were 705 and actual costs, excluding production, were \$106 594, which met our budget.

Why this project was selected

This compliance audit was not specially detailed in our annual plan of work, but was initiated because TMAG had not been audited against the *National Standards for Museums and Galleries*. Also, the ongoing protection and preservation of TMAG's collections is considered important to the people of Tasmania.

1 Did TMAG have a sound legal and management framework?

1 Did TMAG have a sound legal and management framework?

1.1 Background

TMAG has its legislative basis in the *Tasmanian Museum Act 1950* (the Act), and is administered by the trustees. According to the Act the trustees have full management responsibility for TMAG, while from an accounting perspective, it is controlled by State Growth, which allocates and is accountable for its budget and employees.

This Chapter addresses the legal and management framework in place for TMAG, by asking:

- Were roles and responsibilities clear?
- Did the funding model allow for effective museum management?

1.2 Were roles and responsibilities clear?

TMAG's board of trustees comprises nominees appointed by the Tasmanian Governor, the Hobart City Council, and the Royal Society of Tasmania. The Royal Society of Tasmania was founded in 1843 to promote Tasmanian historical, scientific and technological knowledge for the benefit of Tasmanians. Most of its collections were given to TMAG and the government in 1885, at which time a board of trustees was formed. From this beginning, the influence of the Royal Society has diminished, given it now only has two seats on a seven-person trustee board.

While the Act gives overall management responsibility to the trustees, the majority of funding comes through a government department. The Act also states that staff are to be appointed under the *State Service Act 2000*. No other mention is made regarding roles and responsibilities, including the role of the Minister and the department.

The trustees did not indicate any difficulties in determining roles and responsibilities. However, State Growth staff outlined two main issues which require clarification:

- budget performance
- day-to-day management.

There was uncertainty about who was responsible for budgetary performance. The consequences of budget underperformance fell to the department. However, it was a shared responsibility with separate reporting processes for trustee funds and government funds. This made management of

TMAG's finances complex. Day-to-day matters such as responsibility for the performance management of staff can also create conflict despite the department having legal responsibility under the *State Service Act 2000*. This could potentially cause difficulties for the department in effectively managing staff. It is suggested that some of the uncertainty could be resolved by the trustees developing a strategic plan for the organisation that would allow the department and trustees to work together to achieve agreed outcomes for the institution.

To some degree, uncertainty in relation to roles and responsibilities is understandable, given the differing history, purpose and constraints placed on the trustees and the department. For instance, there is potential for differences of opinion about for whom the collection is managed, be that the trustees or the people of Tasmania. Similarly, who ultimately manages TMAG may also be debated, as it could be the trustees or the government (through State Growth). Our understanding was, as with similar organisations, a board of directors generally defines strategy, subject to the financial and capacity constraints of government departments.

However, there was no up-to-date document which clarified roles and responsibilities for matters such as those mentioned above.

Our conclusion was that the governing body of TMAG, namely the trustees, did not have clearly articulated roles and responsibilities for operating TMAG.

Recommendation 1

We recommend that State Growth reviews the Act and examines alternative governance models.

Recommendation 2

We recommend that the Act review should clarify the roles and responsibilities of the Minister, the trustees, and State Growth.

1.3 *Did the funding model allow for effective museum management?*

Our expectation of TMAG was that there would be sufficient funding to allow the organisation to fulfil its purpose. Moreover, the funding model should allow TMAG to identify the level of appropriation required from government.

We found that while TMAG had a broad statement of purpose, there was no forward (strategic) plan. This made it uncertain as to what the organisation was trying to achieve, and what level of funding would be required to enable TMAG to fulfil its purpose.

TMAG funding came from three sources: government appropriation, trustee funds, and self-generated revenue. Most funding was from government appropriation, which was prepared and submitted by State Growth as part of the state budget process.

Operating expenses have exceeded revenue since 2011–12. As a result of TMAG’s over-spending in 2011–12 and 2012–13, funds had to be reallocated from other areas of departmental budgets to meet the shortfall.

According to the Department of Treasury and Finance (Treasury), a significant reason why operating expenses exceeded revenue was the staffing level. Table 1 compares TMAG to similar institutions in other states.

Table 1: Staffing costs as a percentage of total costs⁸

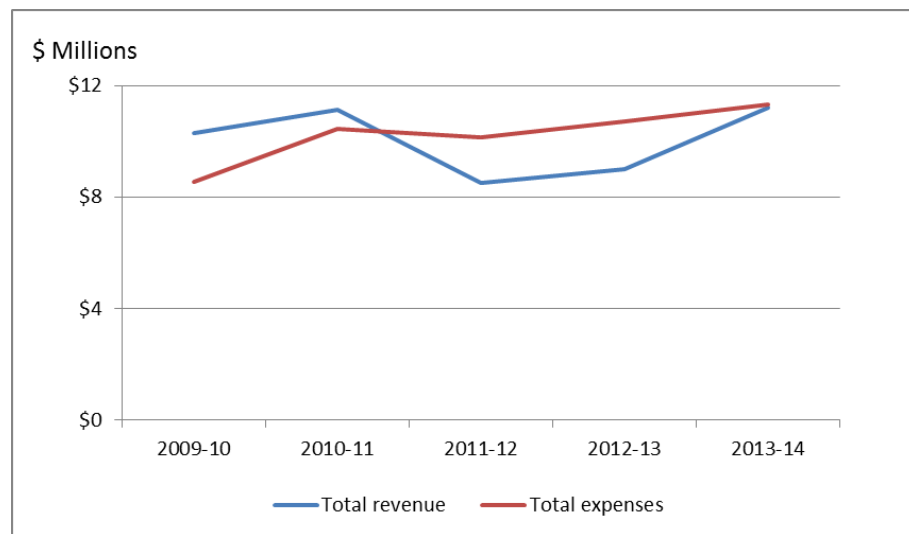
Institution	Staffing costs as a percentage of total costs
TMAG	62%
South Australian Museum	45%
Canberra Museum and Art Gallery	42%
Queensland Art Gallery	53%

TMAG also had a low proportion of revenue derived from commercial activities. However, TMAG was constrained in its ability to increase revenue through commercial operations. For instance, a suggested budget strategy involved charging non-Tasmanians an admission fee (as occurs at MONA). However, we understand that it was not the norm for public institutions to charge for general gallery admission.

Figure 1 shows TMAG’s expenditure over the last five years.

⁸ TMAG pointed out that care needs to be taken when comparing museums and art galleries as they may have very different funding and administrative arrangements.

Figure 1: TMAG financial performance 2009–10 to 2013–14



Source: TMAG Annual Reports; Tasmanian Audit Office, *Report of the Auditor-General No 5 of 2014–15, Vol.2*. Audit Office estimation (for 2012–13).

A range of savings measures totalling \$1.482m were identified by TMAG for 2013–14. They included:

- discontinuing fixed-term appointments
- imposing a levy on external research funds
- reducing opening hours
- use of voluntary redundancy options.

The shortfall for 2013–14 was \$108 000, although this figure included \$1m of additional revenue from government towards the end of the financial year. State Growth estimate that TMAG's expenses will equal its revenue by 2017–18 provided some additional savings measures are undertaken.

While there have been budget over-runs in the past, the matching of expenses and revenue in 2013–14 indicated that the funding model can work. However, we noted that TMAG will need to continue to operate responsibly to ensure it does not overspend in the current tight fiscal environment.

TMAG advised that there is currently a lack of funding to adequately refurbish property and permanent exhibitions. Our view is that this is a matter to be addressed in strategic planning and funding submissions. In Section 2.2 we note the lack of a forward (strategic) plan and recommend that one be developed. Requests for additional funding should be made within that framework.

1.4 Conclusion

TMAG's legal and management framework was unclear. Roles and responsibilities between TMAG and State Growth need to be reviewed and clarified.

While TMAG has had some significant budgetary problems in the past, we believed recent improvements in performance should enable TMAG to operate within its budget, making the funding model more effective.

2 Was TMAG effectively managed regarding policies, plans, risk and information?

2 Was TMAG effectively managed regarding policies, plans, risks and information?

2.1 Background

The National Standards state that museums and galleries should be effectively managed regarding policies, plans, risks and information. We therefore assessed TMAG by asking the following questions:

- Were key policies and plans up-to-date and made public?
- Was there effective information and records management?
- Did TMAG identify, assess and manage risks?
- Did TMAG abide by relevant protocols?

2.2 Were key policies and plans up-to-date and made public?

The National Standards state that a number of policies and plans should be up-to-date and made available to the public. This includes the statement of purpose, vision statement, forward plan, code of ethics, and collection policy.

TMAG's performance in relation to these documents is summarised in Table 2:

Table 2: TMAG's policies and plans

Item	Present	Public
Statement of purpose	✓	✓
Vision statement	✓	✓
Forward plan	✗	✗
Code of ethics	✓	✓
Collection policy	✓	✓

As Table 2 shows, there was a statement of purpose and vision statement, which were on the TMAG website.

There were five collection (acquisition) policies covering art and decorative arts; biodiversity; cultural heritage, cine film⁹; and indigenous cultures. These were also made available on the TMAG website.

⁹ Cine Film is photographic film wound onto a spool, and used in a movie camera.

There were two code of ethics documents; being the *Museum Australia Code of Ethics 1999*, and the International Council of Museums (ICOM) *Code of Ethics for Museums*. The Museum Australia code was on the TMAG website, while the ICOM document was on the ICOM website.

While the trustees recognised the need for a forward (strategic) plan, TMAG did not have one. Strategic plans are important as they provide guidance for an organisation. For TMAG, a strategic plan could potentially identify:

- whether it focuses on preserving collections or maximising visitor numbers
- whether it pursues acquiring significant exhibitions
- whether it spends funds to obtain new exhibits or collections.
- what strategies it intends to implement
- how it plans to measure its achievements.

Due to the importance of the forward plan, we therefore conclude that TMAG's performance was unsatisfactory.

Recommendation 3

We recommend that TMAG creates a forward plan to ensure its strategic aims and objectives are clearly articulated.

2.3 Was there effective information and records management?

The National Standards require museums to have effective information and records management. This is important to ensure that TMAG understands what items it has, and where they are stored.

We selected a sample of collection items, biased toward higher value items. We found that TMAG could account for 65 of the 68 items (96 per cent in the sample). Two items were not found, while the third item had been incorrectly included in the database. The items not located were of low value.

Overall, we concluded that, despite the minor discrepancies, TMAG's record keeping was satisfactory.

2.4 Did TMAG identify, assess and manage risks?

TMAG identified, assessed and addressed risk through a range of processes, including a:

- risk register
- fraud and corruption control policy
- fraud and corruption control plan.

The risk register, updated in August 2014, identified and assessed risk. It also included strategies to mitigate risk.

We believed there were a number of key strategic and operational risks that TMAG faced and which need to be addressed in its risk register. We assessed whether these had been identified and addressed by TMAG, as explained in Tables 3 and 4:

Table 3: Coverage of strategic business risks at TMAG

Risk	Identified by TMAG	Addressed in risk register
Long-term funding requirements for operations and capital (e.g. Redevelopment phase two)	✘	✘
Funding to attract new exhibits to Tasmania	✓	✓
Objectives aimed at more self funding	✓	✓

Table 4: Coverage of operational business risks at TMAG

Risk	Identified by TMAG	Addressed in risk register
Fraud	✓	✓
Funding to preserve collection	✓	✓
Theft or damage by visitors	✓	✓
Environmental damage (i.e. flood and pests)	✓	✓
Information technology supports needs	✓	✓
Customer service fails to meet expectations	✓	✓
Inadequate research of existing collection	✓	✓

Our analysis showed that TMAG had identified and satisfactorily addressed most of the risks we considered important. Some

risks retained a high residual risk rating due to factors outside of TMAG's control (such as finances).

Recommendation 4

We recommend TMAG's risk register addresses risks associated with long-term funding requirements for Redevelopment Stage 2.

2.5 *Did TMAG abide by relevant protocols?*

The Australian Standards include a number of protocols¹⁰ for museums and art galleries. We selected three (namely moveable heritage, heritage places and fabric, and indigenous arts and cultures) and then tested to see whether TMAG had appropriate protocols and whether there was evidence of implementation. Table 5 illustrates whether the protocols were present and being implemented.

Table 5: Protocols and their implementation

Protocol	Present	Implemented
Moveable heritage	✓	✓
Heritage places and fabric	✓	✓
Indigenous arts and cultures	✓	✓

There were two sub-protocols for movable heritage that had been implemented through recent collection handling training.

A protocol existed for heritage places and fabric that pertained to TMAG's city buildings, which was created in 2011 for Stage 1 of the redevelopment. There was evidence to support the implementation of the protocol, in the form of a number of documents shared between TMAG staff and contractors undertaking works.

The indigenous arts and cultures protocol related to the movement of cultural heritage, including indigenous cultural heritage. The protocol contained a control list specifying what types of cultural heritage cannot be exported, and those that can be exported with a permit from the Commonwealth Attorney-

¹⁰ The National Standards require museums to abide by international, national and state/territory protocols relating to museum practice, moveable heritage, and heritage places and fabric.

General's Department. TMAG had a list of items that were exported under a permit in 2014, for overseas exhibitions.

Overall, performance for protocols was satisfactory.

2.6 *Conclusion*

We found that while TMAG had a number of key documents required under the National Standards, it lacked a forward (strategic) plan. As a key document, it would outline the direction of the organisation and give the trustees and State Growth clarity about TMAG's purpose and way forward. Consequently, we did not believe that TMAG was effectively managed regarding key policies and plans.

With regard to information and risk management, TMAG generally performed well.

3 Was TMAG customer focused?

3 Was TMAG customer focused?

3.1 *Background*

The National Standards stated that museums and art galleries should be customer focussed, given their purpose includes informing and entertaining the public.

We assessed whether TMAG was customer focused by asking two questions:

- Was information about visitors obtained and evaluated to assist future planning?
- Did the forward plan include strategies to retain existing audiences and attract new visitors?

3.2 *Was information about visitors obtained and evaluated to assist with future planning?*

We expected that information about visitors would be obtained and evaluated to assist with future exhibition planning.

We found that consultants had undertaken a visitor survey between July 2011 and June 2012, when TMAG was undergoing Stage 1 renovations. Approximately 70 per cent of the museum's offerings were closed from the beginning of September 2011 until complete closure in November 2012. The redevelopment was completed in early 2013 and TMAG reopened to the public in March 2013.

The 2012 survey revealed that visitors had their 'emotional and spiritual' needs met by their visit, while their social expectations were often exceeded. The survey also identified the most popular special exhibitions, and the types of patrons who frequented them.

The survey also revealed that 49 per cent 'definitely' would recommend others visit TMAG, while 31 per cent 'probably' would. Those who said they 'possibly will', or 'probably won't' were not asked why they had less favourable experiences.

Patrons were not asked what they would like to see in the future as part of the survey. No evidence was provided to show that the 2011–12 survey results were used to inform the exhibition schedule for subsequent years.

In addition, the TMAG web site invited comments from customers; however, this was not being used for input to planning processes.

For these reasons, we were not persuaded that information about visitors was being evaluated to assist with future planning as required by the National Standards.

Recommendation 5

We recommend that TMAG undertakes annual surveys to determine visitor satisfaction and visitor preferences and uses this information to inform the creation of exhibitions.

3.3 *Did the forward plan include strategies to retain existing audiences and attract new visitors?*

As stated previously, TMAG did not have a forward plan. Nonetheless, we established the elements that make up a forward plan and instead assessed TMAG against those. The results are shown in Table 6.

Table 6: Elements of a forward plan

Element	Exists?	TMAG document
Strategic objectives	✓	Statement of purpose
Long-term goals	✗	N/A
Short-term goals	✗	N/A
Action plan	Partial	Exhibition schedule

Only one element, the Statement of Purpose, existed in full. Other important elements, such as long and short-term goals, were not developed. An associated action plan, which should allow for implementation of the long and short-term goals, was not completed. An exhibition schedule existed, which contained some elements of an action plan. However, it did not capture TMAG's ancillary activities such as research and restoration, and therefore did not fully constitute an action plan.

Given that an exhibition schedule was present, we were satisfied that efforts had been made to retain existing audiences and attract new visitors. Nevertheless with two out of four elements of a forward plan lacking and one (i.e. an action plan) only partially present, we concluded performance was unsatisfactory.

Recommendation 6

We recommend that TMAG develops a forward plan, which includes strategic objectives, long and short-term goals and an action plan that identifies clear strategies to retain existing audiences and attract new visitors.

3.4 *Conclusion*

While TMAG had undertaken a visitor survey in recent years, we were not persuaded that information about visitors was being evaluated to assist with future planning as required by the National Standards.

TMAG also did not have a forward plan, which is needed to outline strategic objectives and to identify strategies for attracting new and existing audiences. We concluded that TMAG could further increase its customer focus.

4 Was there an appropriate rationale for presenting the collection?

4 Was there an appropriate rationale for presenting the collection?

4.1 *Background*

Collections should be supported by an appropriate rationale, in order to ensure they are relevant and interesting for the audience. We asked three questions, derived from the National Standards, to test whether there was an appropriate rationale:

- Was there a policy or plan for significant collection areas, themes or stories?
- Was the significance of collection items investigated and documented?
- Were exhibitions, displays and activities changed to retain existing audiences and attract new visitors?

4.2 *Was there a policy or plan for significant collection areas, themes or stories?*

The National Standards suggest that TMAG should have a policy or plan for significant collection areas, themes or stories.

TMAG did not have a forward plan to guide lower level policies and plans. However, a statement of purpose and a draft interpretation strategy from 2009 was provided.

We expected that the interpretation strategy would meet the broader strategic direction of TMAG, as identified in the statement of purpose (and ideally, the forward plan).

We found the draft interpretation strategy included an interpretive philosophy which outlined some guiding principles for program directions; factors affecting the collection; and delivery of themes. The document dealt primarily with how to engage the community through program development. It was also broad, stating that there were two main themes to guide program development: The 'Tasmanian World', and 'Tasmania to the World'.

We concluded that there was not an appropriate rationale for presenting the collection, given the interpretation strategy was still in draft form. Furthermore, it had not been altered in five years or since the redevelopment of the museum. Performance was also unsatisfactory given there was no current forward plan to guide lower level documents and activities such as those articulated in the draft interpretation strategy.

Recommendation 7

We recommend that TMAG develops a forward plan and interpretation strategy to ensure there is an appropriate rationale for presenting the collection.

4.3 *Was the significance of collection items adequately investigated and documented?*

The National Standard states that the significance of collection items should be investigated and documented. We believe that significance documentation is important to not only make decisions about which items should go on display, but also to enable TMAG to make educated risk management decisions about security and preservation of the collection.

We tested whether there was significance documentation for our sample of 68 items (as outlined in Section 2.3). We found only 15 had this documentation. The reason provided for this by TMAG was that significance documentation was generally not produced for the 160 years prior to 2010. The exception to this situation was when research was required before an item was to go on display. Therefore, prior to 2010, significance documentation was only created when an item or collection went on display. Since 2010, it has become policy that all TMAG acquisitions have significance documentation produced.

We conclude that TMAG has not adequately provided significance documentation for its collection.

Recommendation 8

We recommend that TMAG undertakes a risk assessment of its collection to determine the extent to which significance documentation is required for items acquired before 2010. This is to ensure the most significant items are displayed and optimal security and preservation of the collection is achieved.

4.4 *Were exhibitions, displays and activities changed to retain existing audiences and attract new visitors?*

The National Standards indicate that exhibitions, displays and activities should be changed to retain existing audiences and attract new visitors.

TMAG regularly rotated its collection, as demonstrated by the exhibition schedule which existed for 2014–18. Analysis showed

that the majority of rotation is in the popular art and decorative arts categories¹¹.

There was no benchmark as to what was the appropriate level of exhibition rotation to attract new visitors. We believe the development of such a benchmark would be appropriate.

Recommendation 9

We recommend that TMAG develops a benchmark to determine how often the collection is rotated.

4.5 Conclusion

TMAG did not have an appropriate rationale for presenting its collection, which we expected would reside in the interpretation strategy and be guided by higher-level documents such as the statement of purpose and the forward plan. There was also inadequate significance documentation of TMAG's collection. We were, however, pleased to see that some exhibits were changed on a regular basis, although a benchmark would help to determine rotation frequency.

¹¹ TMAG advised that a further reason for rotation of those items is reduction of environmental damage.

5 Did TMAG preserve and protect its significant collections?

5 Did TMAG preserve and protect its significant collections?

5.1 Background

The National Standards require that museums and galleries undertake actions to preserve their significant collections, to enable them to be exhibited for as long as possible. We therefore asked whether TMAG had:

- a preventive conservation strategy in place and whether the collections were being effectively preserved?
- suitable training available to ensure the collection was handled and moved appropriately?

5.2 *Was a preventive conservation strategy in place and were the collections being effectively preserved and protected?*

The National Standards require that a preventive conservation strategy be in place to ensure all collections are effectively preserved and protected.

We found that TMAG did not have a preventive conservation strategy. However, measures to prevent damage to the collection were undertaken across the four TMAG locations (i.e. City, Moonah, Rosny and University) to varying degrees.

We undertook a sample of 68 items (as outlined in Section 2.3) and tested whether preservation strategies were in place for various threats. The results are presented in Table 7.

Table 7: Preventive measures

Threats	Preventive measures in place (% of sample)
Light	97
Humidity	97
Extreme temperature	97
Dust and pollution	97
Damp	100
Pests	97

As the results indicate, TMAG's preservation measures for its collection were satisfactory. The ineffectively managed items that were identified were being held at Moonah where the facility lacked environmental controls and regular pest management. As a result items are likely to deteriorate quicker

than in a controlled environment. For this reason, only robust items were stored there.

Overall, while there was no preventive conservation strategy in place, we considered the preservation of TMAG's collection to be compliant with the standard (however note the comments below regarding exhibit security).

Exhibit security

We also reviewed whether exhibits were adequately protected. Our expectation was that there would be clear policies and procedures for security measures to be applied to different categories and values of displayed collections.

We found only day-to-day operational guidelines issued to attendants. These were considered to be cursory and of little help in ensuring a consistent and an appropriate level and type of security.

We visited TMAG's galleries and observed actions undertaken to reduce the possibilities of theft or damage by visitors. We observed during our visit a number of control measures in use, including:

- attendants in most galleries, including one at the entrance to the museum
- barriers and glass panels where appropriate
- motion detectors and sensors.

However, we also noted some inconsistencies such as varied use of exclusion zones around artwork and no evidence of video surveillance of valuable exhibits.

Recommendation 10

We recommend TMAG creates clear guidelines of security measures to be used to assist staff in ensuring the continuing safety of its publicly-displayed exhibits.

5.3 *Was appropriate training available to ensure the collection was handled and moved appropriately?*

The Australian Standards require correct handling and moving of the collection.

We examined TMAG's procedures for moving collections both internally and externally. Procedures were also sighted that assist TMAG staff to electronically track the location of museum items.

Evidence was provided to show many TMAG staff attended object handling training in November 2012. The content of the training appeared to be comprehensive and appropriate.

At the time of the audit, there was no formal process for identifying when further staff training was required. TMAG indicated that further training, and an associated formal process to identify appropriate staff for the training, would be considered when there were sufficient numbers of new staff to justify this. In recent times, however, TMAG reported that there has been minimal staff turnover.

In the 12 months preceding the completion of this audit, there had also been no damage to the collection due to handling problems. While this indicated to us that handling training and practices were adequate, we believed a formal process to identify training needs would be of benefit.

Recommendation 11

We recommend that TMAG develops a formal process to identify training needs in relation to movement and handling of the collection.

5.4 *Conclusion*

TMAG preserved and stored the vast majority of its significant collections soundly, with training undertaken to ensure collections were properly handled.

Exceptions to this were:

- the Moonah facility, where environmental conditions, cleaning and pest management were poor (largely mitigated by storage of more robust items)
- lack of policies and procedures for security measures to be applied to different exhibits and inconsistencies in security measures applied.

Independent auditor's conclusion

Independent auditor's conclusion

This independent conclusion is addressed to the President of the Legislative Council and to the Speaker of the House of Assembly. It relates to my compliance audit assessing how well the Tasmanian Museum and Art Gallery (TMAG) complied with agreed national museum standards.

Audit objective

The objective was to express an opinion on TMAG's compliance with the *National Standards for Australian Museums and Galleries* (National Standards).

Audit scope

The audit involved only TMAG. The Queen Victoria Museum and Art Gallery in Launceston, and other smaller museums and galleries across the state, were not included.

Responsibility of the Acting Director of TMAG, Board of Trustees (trustees) and Secretary for the Department of State Growth

The Acting Director, trustees and the Secretary are responsible for ensuring that TMAG complies with the National Standards.

Auditor-General's responsibility

In the context of this compliance audit, my responsibility was to express a conclusion on whether TMAG was complying with the National Standards.

I conducted my audit in accordance with Australian Auditing Standard ASAE 3100 *Compliance engagements*, which required me to comply with relevant ethical requirements relating to audit engagements. I planned and performed the audit to obtain reasonable assurance that the Acting Director, trustees and Secretary had ensured TMAG had adhered to the National Standards, where appropriate.

My work involved obtaining evidence of adherence to the National Standards.

I believe that the evidence I obtained was sufficient and appropriate to provide a basis for my conclusion.

Auditor-General's conclusion

Based on the audit objective and scope and for reasons outlined in this Report, it is my conclusion that, in all material respects, TMAG complied with the National Standards but that improvements are needed in the following key areas:

- clarity regarding the legal and management framework and roles and responsibilities between TMAG and State Growth is needed
- there is an urgent need for TMAG to develop a statement of purpose and a forward (strategic) plan
- to assist future planning, information provided by visitors requires better evaluation
- significance documentation of TMAG's collection needs improvement.

My report contains 11 recommendations aimed at addressing my conclusions.

H M Blake
Auditor-General
26 March 2015

Recent reports

Recent reports

Tabled	No.	Title
Dec	No.5 of 2013–14	Infrastructure Financial Accounting in Local Government
Jan	No. 6 of 2013–14	Redevelopment of the Royal Hobart Hospital: governance and project management
Feb	No. 7 of 2013–14	Police responses to serious crime
Feb	No. 8 of 2013–14	Financial Statements of State entities, Volume 4 — Analysis of the Treasurer's Annual Financial Report 2012–13
May	No.9 of 2013–14	Financial Statements of State entities, Volume 5 — State entities 30 June and 31 December 2013, matters relating to 2012–13 audits and key performance indicators
May	No.10 of 2013–14	Government radio communications
May	No.11 of 2013–14	Compliance with the Alcohol, Tobacco and Other Drugs Plan 2008–13
June	No.12 of 2013–14	Quality of Metro services
June	No. 13 of 2013–14	Teaching quality in public high schools
Aug	No. 1 of 2014–15	Recruitment practices in the Tasmanian State Service
Sep	No. 2 of 2014–15	Follow up of selected Auditor-General reports: October 2009 to September 2011
Sep	No. 3 of 2014–15	Motor vehicle fleet management in government departments
Nov	No. 4 of 2014–15	Financial Statements of State entities, Volume 3 — Government Businesses 2013–14
Nov	No. 5 of 2014–15	Financial Statements of State entities, Volume 2 — General Government and Other State entities 2013–14
Dec	No. 6 of 2014–15	Financial Statements of State entities, Volume 1 — Analysis of the Treasurer's Annual Financial Report 2013–14
Feb	No.7 of 2014–15	Financial Statements of State entities, Volume 4 — Local Government Authorities, Joint Authorities and Tasmanian Water and Sewerage Corporation Pty Ltd 2013-14
Mar	No.8 of 2014–15	Security of information and communications technology (ICT) infrastructure

Current projects

Current projects

The table below contains details performance and compliance audits that the Auditor-General was conducting and relates them to the *Annual Plan of Work 2014–15* that is available on our website.

Title	Audit objective is to...	<i>Annual Plan of Work 2014–15</i> reference
Vehicle fleet usage and management in government businesses	... review the efficiency and effectiveness of the use of motor vehicles, and testing compliance with applicable guidelines by: government businesses, University of Tasmania and the Retirement Benefits Fund. In addition, it will include the management of vehicle workshops.	Page 20 Topic No. 5
Capital works programming and management	... assess the effectiveness of the state's capital works and ICT budgeting program and departmental asset, including ICT assets, management processes.	Page 18 Topic No. 6
Management of local government roads	... assess local governments' management of roads with emphasis on maintenance, decision-making on new roads and the level of administration costs that underpin road construction.	Page 20 Topic No. 6
Number of government primary schools	... analyse the efficiency and effectiveness of the current number and location of government primary schools in Tasmania.	Page 19 Topic No. 2
Provision of social housing	... form conclusions as to the effectiveness, efficiency and economy of the provision of social housing and other government assistance provided by Housing Tasmania and non-government organisations to Tasmanians in housing stress	Page 21 Topic No. 7

Title	Audit objective is to...	<i>Annual Plan of Work 2014-15</i> reference
Follow up audit	... ascertain the extent to which recommendations contained in the <i>2013 Tasmanian Bushfires Inquiry</i> have been implemented. In addition, follow up the implementation of recommendations contained in <i>Special Report 99 Bushfire management</i> and those recommendations contained in <i>Financial Audit Services Report No. 11 of 2012-13</i> that relate to the Department of Health and Human Services and the three Tasmanian Health Organisations.	Page 22 Topic No. 9

AUDIT MANDATE AND STANDARDS APPLIED

Mandate

Section 17(1) of the *Audit Act 2008* states that:

‘An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.’

Under the provisions of section 18, the Auditor-General:

- (1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).’

Under the provisions of section 19, the Auditor-General:

- (1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards
- (2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity’s appropriate Minister and provide a copy to the relevant accountable authority.’

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.



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