

## MEDIA RELEASE

24 March 2022

### 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 2020 and 30 June 2021

The Auditor-General, Rod Whitehead, today tabled Volume 2 of his report to Parliament on the audit of 31 December 2020 and 30 June 2021 financial statements of State entities and audited subsidiaries of State entities, together with commentary on the performance of local government councils.

No modified audit opinions were issued for the 121 financial statements audits undertaken by the Tasmanian Audit Office, although three audit opinions included an 'emphasis of matter paragraph' to draw attention to important information presented or disclosed in the financial statements and the audit opinion for National Trust of Australia (Tasmania) included a paragraph to highlight a material uncertainty relating to going concern.

A total of 272 findings were reported to State entities or audited subsidiaries of State entities, representing 180 internal control weaknesses or improvement opportunities, 85 financial reporting matters and 7 matters of other significance or for non-compliance with laws and regulations.

Mr Whitehead said "the resolution of prior years' audit findings has improved in each of the past 3 years, which reflects the focus State entities have had on strengthening internal controls and enhancing financial reporting."

Regarding the financial performance of local government councils for 2020-21, Mr Whitehead said "There was significant improvement in the aggregated underlying result for urban councils, with a deficit of \$5.51 million for 2020-21 compared to a deficit of \$18.07 million for the previous year. The aggregated underlying deficit of \$3.60 million for rural councils was a small improvement from the previous year, with 11 of the 19 rural councils recording a lower underlying result than the previous year."

The report shows capital expenditure for rural councils increased over the last 4 years, as did the level of actual capital expenditure compared to budget. Conversely, capital expenditure by urban councils decreased over the past 4 years with a widening gap between actual and budgeted capital expenditure.

Mr Whitehead said "Whilst acknowledging the civil construction resource challenges faced by councils during 2020-21, councils should strive to achieve budgeted capital expenditure to ensure asset renewal occurs at the optimal time to reduce the risks of increased maintenance costs, reduced asset condition, safety and functionality and reduced council services to communities. This is particularly important for those councils with a deteriorating trend in the capital expenditure gap."

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

**Ends**

**Further information contact:**

**Mr Rod Whitehead**  
**AUDITOR-GENERAL**  
**Phone: (03) 6173 0900**