

MEDIA RELEASE - MONDAY, 17 APRIL 2023

Auditor-General tables volume 2 report to Parliament on results of the audit of State entities and audited subsidiaries of State entities for 31 December 2021 and 30 June 2022

The report discloses 221 audit findings which arose from the audit of State entities and audited subsidiaries of State entities for 31 December 2021 and 30 June 2022, a decrease from the 272 findings identified in the previous year. Mr Whitehead noted, 'The lower level of audit findings was not entirely unexpected given the greater prior year focus on assessing how well entities managed certain financial reporting obligations.'

One of the findings discussed in the report was the accounting treatment for National Redress Scheme for Institutional Child Sexual Abuse claims and civil child sexual abuse claims.

Mr Whitehead noted the current approach taken by the Department of Justice, which recognises the expense and liability for those claims when a Deed of Settlement and Release was signed, may not comply with the Australian Accounting Standard dealing with provisions and contingent liabilities, which is more encompassing. Mr Whitehead said, 'Compliance with the approach under the Australian Accounting Standard may lead to earlier recognition of the expense and liability in the financial statements of the Department, for such claims'.

This report also contains analysis and commentary on the financial performance and position of the local government sector.

Tasmanian councils, in aggregate, generated an underlying surplus of \$8.78 million for 2021-22, an improvement of \$17.92 million on the previous year. In comparing the performance of urban and rural councils, Mr Whitehead said 'Urban councils have rebounded strongly from the financial effects of COVID-19. Rural councils, however, have not experienced the same improvement, incurring an aggregated underlying deficit of \$7.66 million in 2021-22 compared to a deficit of \$4.57 million in 2019-20.' Mr Whitehead also noted a concerning trend for rural councils, with the average growth in expenses outpacing the average growth in revenue over the past 4 years.

The report identifies councils are struggling to achieve their capital expenditure budgets. In 2021-22, councils collectively spent \$284.00 million on capital projects, which was only 80.0% of their budgeted spend. Mr Whitehead stated, 'This capital expenditure gap may also be contributing to the declining trend in the aggregate asset sustainability ratio for both urban and rural councils over the past 4 years.'

Click on this link to read the Report.

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