

23 September 2025

We connect, innovate, grow, and have impact with integrity

Foreword

This report focuses on the outcomes of all of Audit Tasmania's audit activity to assess the adequacy of the internal control structures of State entities. This activity occurs in both our financial and performance audits units. An effective internal control structure underpins the integrity and accuracy of financial data, it also assists in ensuring compliance and delivery of objectives in an efficient, effective and economical manner.

We acknowledge the efforts taken by many entities to continuously improve their control structures in the face of changing technology and risks. The report notes ongoing improvements by entities in resolving findings raised in past audits and a significant number of prior period matters that have been resolved. However, room for improvement remains. Several common areas of concern continue to appear. The higher risk areas include continued weaknesses in relation to:

- Inadequate information technology controls, in particular an overreliance on service providers and an assumption that risks are being managed by external parties. Poor Business Continuity Plans, with many that were narrow in scope and in some cases out of date. Ongoing failures to meet basic security standards, including the management of privileged and generic users.
- Gaps in the management of infrastructure, including poor documentation, inadequate valuation processes and a lack of rigour to the management of work in progress and the associated capitalisation of costs incurred.
- Inadequate segregation, review and approval processes, including approval outside authorised delegations and limited segregation of duties for incompatible activities.
- Failure to either create or maintain adequate documentation to support business processes and practices.

This report also provides an overview of the ouctomes of our audits conducted for the year ended 31 December 2024. The most significant finding in relation to these audits is the continued financial challenges facing the University of Tasmania. The University recorded a fourth consecutive deficit from core operations, resulting in the accumulated total deficits from over the last 4 years now exceeding \$122.40 million. Continued deficits from core operations are not sustainable and the University will need to ensure it follows through with its plans to address the current trend of deficits¹.

Martin Thompson

Auditor-General

¹ A response from the University of Tasmania to this matter is provided in the body of this report on page 25.

2025 (No. 17)



2025 PARLIAMENT OF TASMANIA

Auditor-General's report on the financial statements of State entities,

Volume 1 – Annual Audit Update

30 June 2025

23 September 2025

Presented to both Houses of Parliament pursuant to Section 29 of the *Audit Act 2008*

Acknowledgement of Country

We acknowledge Tasmanian Aboriginal people as the traditional owners of this Land, and pay respects to Elders past and present. 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 with all Aboriginal people.

© Crown in Right of the State of Tasmania September 2025

Auditor-General's reports and other reports published by Audit Tasmania can be accessed via the Audit Tasmania website. For further information please contact:

Audit Tasmania

GPO Box 851 Hobart TASMANIA 7001

Phone: (03) 6173 0900

Email: admin@audit.tas.gov.au
Website: www.audit.tas.gov.au

ISSN: 1327 2608

Table of contents

Foreword	iii
Table of contents	vii
Executive summary	10
Controls matter	10
How do we find our findings	11
Introduction	13
Guide to using this report	13
Audit Matters	14
What has changed	14
New and resolved findings	15
Unresolved findings	16
Audit findings by category	17
Timeliness in resolving audit matters	17
The internal control structure	18
Common themes	18
General IT controls	19
Documentation	20
Non-financial assets / property, plant and equipment	20
Payroll, related party and KMP	20
Review and approval	20
New findings – Performance audit	21
Alignment of the duration of custodial stays at Ashley Youth Detention Centre with related sentencing orders	21
Tasmanian Community Fund (TCF) referendum support and assessment of grant funding to Australians for Indigenous Constitutional Recognition Ltd	21
Follow up of University of Tasmania's management of student accommodation	22
Follow up of Effectiveness of Internal Audit	22
Follow up of Management of Underperformance in the Tasmanian State Service	22
Funding of Community Service Organisations by Health	22
Shared Services in General Government Sector	23
Referrals	24

Results from 31 December 2024 audits		
University of Tasmania	25	
Audits dispensed with		
Audit fees		
Summary of audit fees for 2025 financial statement audits	28	
Basis for setting audit fees	28	
Auditing the auditor	30	
Individual entity updates	31	
Healthy and safe Tasmanians	32	
Department of Health, Tasmanian Health Service, Ambulance Tasmania	32	
Department of Police, Fire and Emergency Management	33	
State Fire Commission	34	
Sustainable communities and environment	35	
Department for Education, Children and Young People	36	
Fit-for-purpose infrastructure	46	
Strong governance and stewardship	59	
Local Government	72	
Urban Councils	73	
Rural Councils	83	
Other Local Government Entities	98	
Appendix 1 – State entities with low risk findings only	100	
Healthy and safe Tasmanians	100	
Sustainable communities and environment	100	
Fit-for-purpose infrastructure	103	
Strong governance and stewardship	104	
Local Government – Urban Councils	108	
Local Government – Rural Councils	108	
Other Local Government Entities	109	
Appendix 2 – State entities with no findings	111	
Healthy and safe Tasmanians	111	
Sustainable communities and environment	111	
Fit-for-purpose infrastructure	112	

	Strong governance and stewardship	113
	Local Government – Urban Councils	114
	Local Government – Rural Councils	115
	Other Local Government Entities	115
Appendix 3 – Audits dispensed		
Appendix 4 – Risk ratings		
Appendix 5 – Finding category		119
	Internal control	119
	Compliance	119
	Financial reporting	119
	Non-Financial Audit – Performance audit, review and examination findings	119
Appendix 6 – Transmittal letter		120
Acı	ronyms and abbreviations	121

Executive summary

This report is focussed on our audit findings and what State entities are doing to address them. Our findings relate to weaknesses in or absence of controls or other deficiencies that we identify through our audits. We report these findings to State entities, along with suggested recommendations for improvement, with the expectation that implementation will lead to improvements. This report provides details of new findings and updates on what State entities have achieved in relation to previously raised findings.

Controls matter

Controls can be many things, however all controls share one characteristic, when working effectively they will prevent things going wrong or, alternatively, detect that something has gone wrong in a timely manner. Controls ensure accuracy, integrity, and accountability in financial transactions. They help prevent errors, fraud, and unauthorised access, while safeguarding assets and supporting compliance. Strong internal controls enhance decision-making by providing reliable financial data. Ultimately, they create a transparent and well-managed financial environment that supports State entities in meeting their objectives.

Controls need to be tailored to address the risks specific to an agency's operations while often there will be commonality of controls across State entities and activities, new or unique operations are likely to create new or unique risks that will need to be matched with appropriate controls.

Examples of common controls include:

- **Segregation of duties** Different individuals handle initiation, approval, and recording of transactions to prevent fraud and errors.
- **Authorisation and approval processes** Transactions require review and sign-off by designated personnel before being executed.
- Access controls Limits who can view, modify, or input financial data using passwords, roles, and permissions.
- **Reconciliations** Regular comparison of financial records with bank statements and other sources to identify discrepancies.
- **Document trails** Maintains detailed logs of who performed each transaction and when, ensuring traceability.
- Timely management reporting Regular reporting of performance against expectations (budgets), which is comprehensive and appropriately reviews will identify unexpected trends and outcomes in a timely manner to allow for investigation and remediation.
- **Review and monitoring** Ongoing oversight by managers or internal audit teams to spot irregularities and ensure compliance.

• **System controls** – Automated rules in accounting software that flag anomalies, enforce data validation, and prevent duplication.

How do we find our findings

Our audit process involves identifying risks in relation to the areas of:

- how do we make our findings
- what do our findings mean
- · how should a member of Parliament read and use this report
- what needs to happen.

Our financial statement audits progress through 3 critical stages: planning, interim, and final. Each plays a distinct role in ensuring the audit's effectiveness and integrity. As part of our continuing and timely communication, these phases result in reports to State entities and to the Parliament. To ensure our reporting is comprehensive and considers all matters raised through the breadth of our audit activities, we included matters raised in our performance audits within these reports as appropriate.

Audit phase	Activity and reporting
Planning	Activity This phase lays the foundation. We assess the State entities business environment, risks, internal controls, and financial reporting processes. By understanding key areas of concern and setting audit objectives, we can design tailored procedures to focus effort where material misstatements are most likely. Planning ensures the audit is efficient, risk-focused, and compliant with regulations.
	Reporting to those charged with governance ² – Audit Strategy Document The Audit Strategy Document (ASD) communicates our risk assessment in relation to the audit of the financial report and our planned approach. The ASD is also used to communicate key milestones and performance expectations between Audit Tasmania and State entities.
	Reporting to the Parliament No direct report from the planning phase.
Interim	Activity Conducted before year-end, the interim audit involves testing internal controls and reviewing transactions up to a certain point. It helps identify weaknesses early, allowing our team to suggest improvements before final reporting. This stage also reduces the workload at year-end and flags issues that may require deeper investigation later.

² Those charged with governance include Accountable Authorities, Chief Executive Officers, Board Members, Audit Committee Members and General Managers.

Audit **Activity and reporting** phase Reporting to those charged with governance – Annual Audit Outcomes Report The Annual Audit Outcomes Report (AAOR) communicates the results of the interim phase of our audit, typically identifying weaknesses in internal control and recommendations for improvement. The AAOR is also used to provide updates on actions taken in relation to previously raised matters, across both our performance and financial audit activity. Reporting to the Parliament AGR Vol 1, Annual Audit Update The AGR, Vol 1, Annual Audit Update communicates to the Parliament insights into the outcomes of our financial and performance audit activity. The report identifies and discusses common issues and their impacts. The report also provides an update on the overall and agency by agency implementation of recommendations raised in all our previous reports. **Final** Activity At year-end, we verify account balances, disclosures, and adjustments. We perform substantive procedures and evaluate any remaining risks. The final stage culminates in an audit opinion – confirming whether the financial statements are free from material misstatement and fairly presented in accordance with accounting standards. Reporting to those charged with governance Audit Report (including opinion) The audit report provides our opinion on the financial report prepared by State entities. It concludes as to whether we have obtained reasonable assurance that the financial report is free of material misstatement. The Audit Report must be included with the Financial Report when it is published (online or in hard copy). Report to those charged with governance This report expands upon the Audit Report and provides conclusions against the matters detailed in the ASD. The report also communicates other matters noted during the audit that are relevant to those charged with governance. **Final Audit Outcomes Report** If additional matters are identified at the final audit phase, that lead to recommendations for change, these are communicated in a Final Audit Outcomes Report (FAOR). The recommendations, and managements agreed actions will be followed up in subsequent periods, with updates communicated through the AAOR. Reporting to the Parliament AGR Vols 2, 3 & 4, Results of Financial Statement Audits (PFC & PNFC, General Government Sector, and Local Government Sector) AGR Vols 2, 3 & 4 communicate to the Parliament the outcomes of our final audit phase. Like AGR 1, the report identifies and discusses common issues and their impacts, however these reports focus on matters related to the preparation of the financial reports, the financial performance and the financial position of State entities. To assist in timely reporting and alignment of like sectors, State entities are grouped

with 3 sectors.

Introduction

This report fulfils the Auditor-General's obligation to, on or before 31 December in each year, report to Parliament in writing on the audit of State entities and audited subsidiaries in respect of the preceding financial year.

This report is the first of 4 volumes reporting on our audits for the years ended 31 December 2024 and 30 June 2025. This volume reports on the audit findings related to the control frameworks of State entities and progress by management in relation to prior year findings from our financial audits as well as progress against implementation of our performance audit recommendations and other investigations. This volume also includes the results for entities whose financial year ended 31 December 2024

Volume 2 will report on the status of financial statements audits and provides analysis and commentary on State entities and audited subsidiaries in the Public Financial and Public Non-Financial Corporations sector.

Volume 3 will report on the status of financial statements audits and provides analysis and commentary on State entities and audited subsidiaries in the General Government Sector and other uncategorised State entities and audited subsidiaries.

Volume 4 will report on the status of financial statements audits and provides analysis and commentary on State entities and audited subsidiaries in the Local Government Sector.

Guide to using this report

Guidance relating to the use and interpretation of financial information included in this report can be found on the Audit Tasmania website: www.audit.tas.gov.au

The guidance includes information on the calculation and explanation of financial ratios, performance indicators and the definition of audit finding risk ratings.

Audit Matters

What has changed

Audit Tasmania has changed the way we report to the Parliament. The objective of the change is to ensure a comprehensive and timely approach for all our reporting. This report, AGR Volume 1 – Annual Audit Update, is focussed on our findings in relation to the systems of internal control within the State entities we audit. The report also provides an update on the status of all recommendations raised in previous audits.

To improve the comprehensiveness of information reported, we now report the status of all new and prior year findings across all our audit activities in 1 report. This report includes information relating to financial, performance and other audit activities. To ensure this report is provided in a timely manner, we will prepare the report when we conclude the controls focussed testing of our financial audits, enabling much earlier reporting to Parliament.

We will continue to provide analysis and insight into the preparation of and the results detailed within the financial reports of all state entities. We will report on these results to the Parliament in 3 volumes:

- AGR Volume 2 PFC and PNFC entities
- AGR Volume 3 General Government Sector
- AGR Volume 4 Local Government Sector.

All reports will be finalised within 6 months of year end.

To enable the preparation of these reports, we have also refreshed the way we report to State entities. We have replaced our previous Memorandum of Audit Findings (MOAF), which was typically issued between August and December with an Annual Audit Outcomes Report (AAOR) issued by 30 June 2025. The AAOR details the status of all new and unresolved prior period matters as at that date and enables the preparation of this report. A separate Financial Audit Outcomes Report (FAOR) will be issued at the conclusion of the financial audit process if additional findings are identified and will provide input into our AGR Vols 2, 3 and 4.

The number of new findings raised in this report are less than in previous years, this in part represents the transition from our previous reporting practices, where control and financial report matters were reported together, to our new approach, where this report focusses on new control related matters and future reports will detail financial report matters. However, the reduction in new findings also reflects an improvement in the overall control environment across many State entities.

New and resolved findings

The AAOR contained a total of 34 new audit findings based on 31 December 2024 audits, as well as planning and interim procedures performed for our 30 June 2025 audits. Historically, we have identified 220 to 315 new findings each financial year as depicted in Figure 1, however there are a few reasons that have driven this, including:

Timing of issuing our Reports

As explained above, our AAORs have been issued circa 30 June 2025 following the completion of our planning and interim audits. By comparison, our Memorandum of Audit Findings were issued after the finalisation of an audit, therefore it was expected that this year we would have less new findings compared to previous years.

Focus areas

In 2020-21, Audit Tasmania started to focus on certain responsibilities of accountable authorities and management relating to financial reporting obligations. Given Audit Tasmania only audits State entities, the view was established that all State entities should have appropriate controls in place. Depending on the size and complexity of an entity, each entity was either classified as a More Complex Entity or Less Complex Entity. This assessment underpins the type and number of controls that we expect to be in place and operating effectively. The list below explains what the areas of additional focus have been from 2020-21 through to 2024-25:

- Financial reporting obligations (2020-21)
- Payroll (2021-22 and 2024-25)
- Property, plant and equipment / non-financial assets (2021-22)
- Revenue (2022-23)
- General IT controls (2022-23 and 2023-24)
- Expenditure (2023-24).

As the above highlights, whilst we have concentrated on payroll in 2024-25, we also had a focus on this in 2021-22. Due to this, it was expected that given this was our second time concentrating on this area, the quantum of findings was expected to be significantly less.

It is expected that this trend will continue, with the key focus area for 2025-26 on the design, implementation and operating effectiveness of revenue controls and property, plant and equipment / non-financial asset controls.

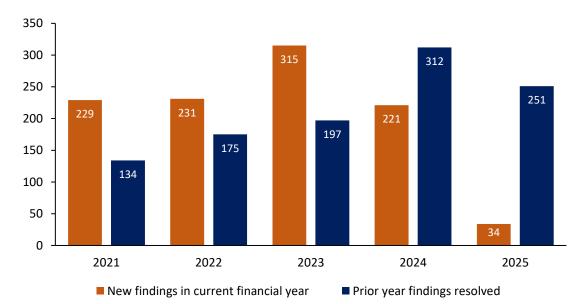


Figure 1: New and resolved findings between 2021 and 2025

Unresolved findings

The previous Figure highlighted a trend of an increase in the number of findings identified from 2021 through to 2023. This is also reflected in Figure 2 below which shows the number of unresolved findings at the end of each financial year. The peak was in 2023 with a total of 491 findings that were unresolved. Pleasingly, Figure 2 highlights that management have continued to address a significant number of audit matters each year.

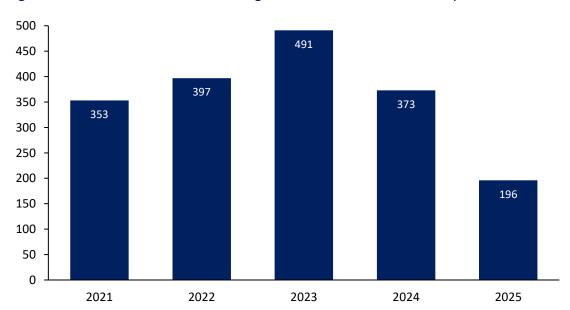


Figure 2: Number of unresolved findings at the end of each financial year

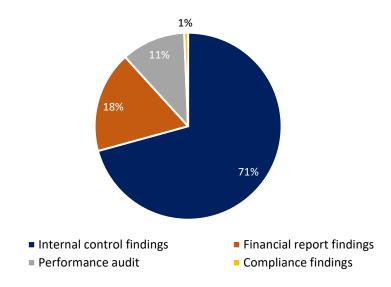
Audit findings by category

Audit Tasmania classifies audit matters into 1 of 4 categories, being:

- Internal control findings
- Financial report findings
- Compliance findings
- Performance audit matters.

The figure below highlights that of all the resolved and unresolved findings for 2024-25, 71% of them relate to internal control findings, with 18% relating to financial report findings. As explained earlier in the Report, our Annual Audit Outcome Reports were issued by 30 June 2025 which is at the conclusion of our planning and interim phases of the audit. We typically identify the majority of our financial report findings as part of the final audit phase.

Figure 3: Percentage of audit findings by category at the completion of 2024–25 interim audits



Timeliness in resolving audit matters

During 2024-25, there were 255 audit matters resolved and 196 audit matters unresolved. Figure 4 highlights for both resolved and unresolved audit matters, the financial year that they were first identified. This Figure helps to highlight that there were audit matters dating back to 2012-13 which were only addressed in 2024-25. The finding from 2012-13 related to excessive leave balances at Derwent Valley Council, whereas the matter from 2015-16 related to work in progress being commissioned on a timely basis at Hobart City Council. All 5 matters from 2018-19 relate to the Department of Justice, with 2 matters being resolved in 2024-25. For 2019-20, Department of Justice also had 4 findings, 2 were resolved in 2024-25 and 2 still remain as unresolved.

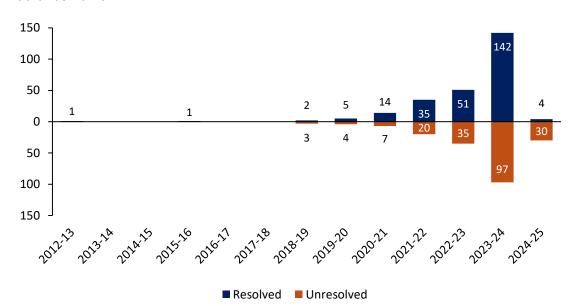


Figure 4: Number of resolved and unresolved audit matters by period first identified by Audit Tasmania

The internal control structure

A strong internal control structure is critical to ensuring the integrity of financial systems and the reliability of the reporting that is generated from them. The internal control structure is built on 5 interrelated components as outlined in the COSO framework: the control environment, risk assessment, control activities, information and communication, and monitoring activities.

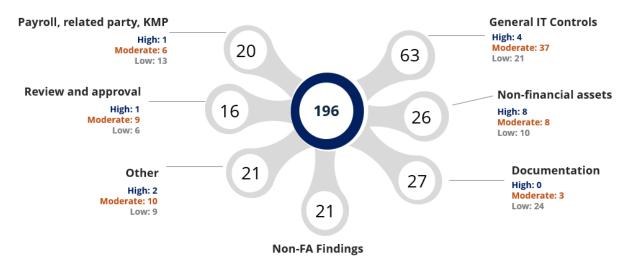
The control environment sets the tone at the top and influences the control consciousness of an entity. Risk assessment involves identifying and analysing risks that may affect the achievement of objectives, forming a basis for determining how those risks should be managed. Control activities are the policies and procedures that help ensure management directives are carried out. Information and communication systems support the identification, capture and exchange of information in a form and timeframe that enables people to carry out their responsibilities. Monitoring activities involves ongoing evaluations to assess the effectiveness of internal controls over time.

The extent to which we rely on each State entities internal control structure is contingent on both our risk assessment processes and the results of our testing. When matters are identified through either our risk assessment or testing processes that identify weaknesses or deficiencies in the internal control structure, these are reported to the entity along with a recommendation for improvement. The following information provides an overview of current matters that entities are working to address.

Common themes

Figure 2 highlighted that as at 30 June 2025, there were 196 audit matters which were unresolved. Figure 5 below categorises these 196 audit matters into 7 categories, and highlights the number of high, moderate and low rated findings within each category.

Figure 5: Categorisation of audit matters



Key themes within these categories have been delved into further below.

General IT controls

In line with changes to Auditing Standards, Audit Tasmania increased the focus on general IT controls since 2022-23. Whilst many audit matters have been resolved during this time, many of the audit matters that remain unresolved relate to a variety of reasons, which are detailed below.

Audit matters relating to general IT controls included:

- Service Level Agreements are absent, vendor centric, and/or poorly defined in scope and responsibility
- third party provider services are seen incorrectly as a transfer of risk responsibility
- Business Continuity Plans tend to be narrow in scope, in some cases out of date and not considered in context of the entire organisation. Additionally, evidence on testing these plans is lacking
- organisations not meeting basic security standards, especially password/passphrase requirements, effective management of privileged and generic users and timely onboarding and off-boarding of staff
- lack of strategic documentation for risk areas such as cybersecurity, password, and change management
- lack of dedicated resources and ownership allocated to effectively support functionality and operational requirements of some IT systems
- inconsistencies between security policy, actual system parameters, and password guide
- failure to keep operational policies current and appropriate to current environments and technologies

 poor change control policies and procedures for business as usual and major activities.

Documentation

Audit matters relating to documentation included:

- lacking or incomplete documentation of financial procedures and control activities
- lacking or incomplete documentation identifying and assessing business risks relevant to financial reporting objectives
- outdated policies and/or procedures
- Service Level Agreement not in place or has lapsed.

Non-financial assets / property, plant and equipment

Audit matters relating to non-financial assets included:

- poor management and quality of underlying asset data
- absent or inconsistent asset capitalisation policy
- lack of formal review of valuer's assessment
- incorrect presentation of work-in-progress
- lack of periodic review of work-in-progress.

Payroll, related party and KMP

Audit matters relating to payroll, related parties and Key Management Personnel included:

- not having required related party declarations for relevant individuals signed after balance date
- absence of, lack of review or timely review of onboarding and offboarding checklists
- lack of or inappropriate segregation of duties.

Review and approval

Audit matters relating to review and approval included:

- lack of review or timely review of monthly reconciliations
- absence of review or evidence of review of manual journals
- approval outside of delegations.

New findings – Performance audit

The following Performance audit reports were tabled during the financial year:

Alignment of the duration of custodial stays at Ashley Youth Detention Centre with related sentencing orders

The audit assessed whether the length of custodial stays undertaken at Ashley Youth Detention Centre were compliant with sentencing orders under the Sentencing Act 1997 and Youth Justice Act 1997.

This included an assessment of processes, roles, responsibilities, systems and record keeping. We found that all sentence lengths complied with the appropriate release date but that controls could be improved.

At 30 June 2025 the Department for Education Children and Young People advised that they were still in the process of implementing the recommendations arising from this report.

Tasmanian Community Fund (TCF) referendum support and assessment of grant funding to Australians for Indigenous Constitutional Recognition Ltd

The audit assessed at the TCF's processes and considerations that led to its decision to publicly support a yes vote in the Voice Referendum, and its processes for assessing the relevant grant.

The review covered events that occurred between 4 December 2022 and 2 February 2024. We found the TCF did not record its reasons for supporting a yes vote in accordance with the Information and Records Management Standard, enabling it to explain and justify its decision. It did not consider the available guidance or seek advice as to whether it was prudent for a state entity to support a particular outcome of a Commonwealth referendum. It was not able to demonstrate that it identified, documented, and implemented controls in relation to any risks associated with this decision in accordance with its risk management framework.

At 30 June 2025 the TCF advised that they had implemented the recommendations arising from this report.

Follow up of *University of Tasmania's management of student accommodation*

The audit assessed the extent to which the university implemented recommendations made in the student accommodation report. It also assessed whether implementing those recommendations improved performance or compliance.

The audit concluded that recommendations had either been implemented, or the underlying situation changed so that the original recommendations no longer remained relevant.

Follow up of Effectiveness of Internal Audit

The audit assessed the extent to which the 8 departments subject to the original audit had implemented recommendations made in the effectiveness of internal audit report. It also assessed whether implementing those recommendations improved performance or compliance.

The audit concluded that the departments had largely implemented the original findings.

Follow up of Management of Underperformance in the Tasmanian State Service

The audit assessed at the extent to which the state entities subject to the original had implemented recommendations made in the management of underperformance report. It also assessed whether implementing those recommendations improved performance or compliance.

The audit concluded that the majority of recommendations had been implemented, however an important recommendation relating to the need to review Employment Direction No. 26 Managing Performance in the State Service (ED 26) had not been progressed at the time of follow up.

Funding of Community Service Organisations by Health

The audit assessed Department of Health's processes for managing CSO funding arrangements.

We concluded that Health's management of funding arrangements with community service organisations was not effective.

Findings related to:

• ineffective funding frameworks, including procurement, contract management, grants, and quality and safety frameworks

- ineffective agreements with lack of link to government policy, risk management, value for money assessment, and accreditation / standards requirements
- ineffective performance monitoring, missing risk-based site visits, mid-term reviews, independent audits, post implementation reviews, and complaints processes.

We made recommendations to improve both Health's approach to managing CSO funding and, more broadly, its culture in prioritising matters to address known issues with its own processes. Health have agreed to implement the recommendations in full.

Shared Services in General Government Sector

The audit assessed 3 shared services arrangements to assess if their design and delivery was effective, efficient, and economical.

We concluded that shared services arrangements were, in part, effectively designed and delivered.

Findings related to:

- inadequate planning for shared service arrangements because of the speed at which Machinery of Government changes need to be implemented
- inadequate assessments to support decisions to renew arrangements
- documented agreements missing key elements that could reasonably be expected in a contemporary Service Level Agreement
- performance assessment of shared service arrangements lacking formality and appropriate performance measures.

We directed recommendations to the Department of Premier and Cabinet, service providers and recipients to address these exceptions and the limitation on the audit scope.

Referrals

Alongside the Auditor-General's primary function of carrying out annual financial statement audits, section 23 of the *Audit Act 2008* (Audit Act) provides the Auditor-General with powers to undertake investigations or examinations – often referred to as performance audits. Planned performance audits are outlined in the <u>Auditor-General's Annual Plan</u> which is published each year – for 2025-26 this was presented to Parliament on 5 June 2025. From time to time, Members of Parliament, accountable authorities of State Entities, elected officials, or members of the Tasmanian community refer additional matters to us for consideration or further investigation. We welcome information relating specifically to the potential misuse of public money or public property in state entities. However, as we have limited resources, we cannot investigate all matters referred. Audit Tasmania is not a general complaint handling organisation and the Auditor-General has full discretion as to the matters are audited.

Nevertheless, we acknowledge receipt and assess all referrals we receive. We need to assess whether Audit Tasmania is the best State Entity to review the matter, whether it is in our mandate and whether it is in the public interest to divert public resources to investigate it further. To do this we assess whether, there is a clearly stated Government policy, is the matter able to be audited, is it significant in size, nature, and consequence. We consider if the audit will promote public accountability or improve public administration, whether similar reviews have been recently performed and whether all appropriate channels of inquiry have been exhausted. While we may not immediately conduct an investigation or examination, we may build consideration of the matter into our further financial or performance audit planning.

While we comprehensively assess all referrals received to enable us to choose which issues to investigate, our policy is to not make public announcements on investigations we undertake, because this can hamper our work. If the Auditor-General does decide to undertake an investigation we are obliged to report to Parliament rather than the person who has made the referral, although in cases involving certain sensitive information, we may only report to the Parliamentary Standing Committee of Public Accounts and the Treasurer.

We received a total of 34 referrals in 2024-25, down from the 38 received in 2023-24. Of these, 12 were assessed as requiring no further action, 21 were reviewed with the matter closed and 1 has resulted in an investigation included in the <u>Annual Plan for 2025-26</u>, with the report planned to be tabled in quarter 1 of 2025-26.



Results from 31 December 2024 audits

University of Tasmania

The University of Tasmania (University) recorded a consolidated net surplus from operations of \$11.70 million in 2024, compared to a consolidated net loss from operations of \$10.40 million in 2023. Factors contributing to this improved result relate to revenue generated by the University's core activities.

The University's core activities represent:

- learning and teaching
- research, knowledge transfer and research training
- community engagement
- activities incidental to undertaking the above.

Specific matters contributing to the improved result were:

- an increase in State and Local Government financial assistance of \$20.39 million, due largely to funding for capital works for the northern transformation project
- increase in investment earnings of \$7.11 million due to improved investment earnings and dividend yields
- increase of \$36.78 million in Australian Government financial assistance and grants, which partially funded increases in employee related benefits and other expenses of \$46.92 million.

Ongoing expenditure on capital works continued in 2024 with capitalised additions at cost totalling \$190.46 million. This was for a range of projects, most notably for the Northern Transformation Project ("the Shed"), with the total capitalised of \$117.75 million and the Phillip Smith Education Centre in Hobart with \$15.64 million capitalised in 2024. To facilitate the capital works, the University continues to carry a significant level of debt, with total borrowings of \$353.90 million at 31 December 2024.

Sustainability

In 2024, the University generated a consolidated deficit from these core activities of \$47.49 million compared to a deficit of \$54.81 million for 2023. The University has now recorded deficits from core activities for the last 4 consecutive years, these deficits total \$122.40 million. Ongoing deficits from core activities are not sustainable and the University will need to address the causes of the deficits to ensure the longer-term sustainability of the organisation.

Response from the University of Tasmania

The Australian higher education sector is in the midst of a period of significant change that was triggered by the onset of the Covid-19 pandemic but since then has seen significant Federal Government policy intervention in the international student market that has

resulted in students consolidating in several major city universities. This has negatively impacted the revenue profile for many regional and outer metro universities. The changes in domestic policy outlined in the Higher Education Accord are also in the process of being finalised and are contributing to the sector uncertainty. The University of Tasmania has managed this challenging environment through continued cost constraint and while not able to fully offset the impact of lower revenue, the University is now on a trajectory towards an improved financial result while continuing to use our reserves to support activities where necessary.

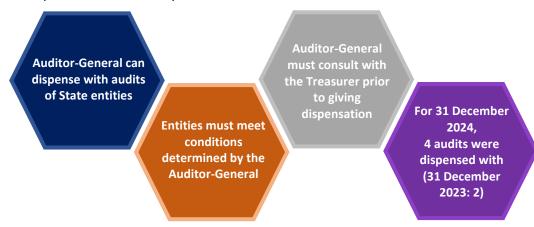
Audits dispensed with

The Auditor-General has discretion under section 18 of the Audit Act to dispense with all or any part of the audit of a particular State entity, if considered appropriate in the circumstances. The Auditor-General has determined dispensation from audit may be provided where 1 of the following conditions are met:

- The State entity demonstrates that its financial reporting and auditing
 arrangements are appropriate. To satisfy this condition, the entity is required to
 submit their audited financial statements to the Auditor-General each year. The
 financial statements are reviewed and, where necessary, feedback on information
 presented in the financial statements is provided to the entity.
- The entity is controlled by another State entity and is included in the group audit of the controlling entity.
- The entity has not operated and the accountable authority has provided evidence to support this assertion.

The audit dispensation process is illustrated in Figure 6.

Figure 6: Dispensation of audits process



It is important to note that dispensation of the audit does not limit any of the Auditor-General's functions or powers under the Audit Act. Where the entity is of significant size or by its nature of particular public interest, it is unlikely dispensation will be granted. The Audit Act also requires the Auditor-General to consult with the Treasurer before exercising the power to dispense with audits.

Entities where the Auditor-General has dispensed with the audit are listed in Appendix 3.

Audit fees

Summary of audit fees for 2025 financial statement audits

A summary of audit fees for 2025 financial statement audits are summarised in Table 1. These fees exclude those charged for audits by arrangement.

Table 1: Fees for 2025 financial statement audits

Sector	\$'000
General Government Sector entities	2,169
Public Financial Corporations and Public Non-Financial Corporations	2,229
Local Government entities	1,868
Other State entities	619
Total	6,885

Note: Negotiations with some State entities for additional audit fees had not been finalised as at 30 June 2025.

Basis for setting audit fees

The Audit Act requires our financial audits to be delivered on a cost recovery basis. To enable this, Audit Tasmania has developed a cost recovery model. The model identifies all direct and indirect costs incurred in the delivery of the audit services. This enables the development of an hourly charge rate for team members at different levels.

Individual audits are costed based on the level and extent of resources required to complete the audit. Matters which impact the level and extent of resources required include:

- size of operations
- complexity
- industry type
- past performance
- · level of change.

Benchmarking our audit fees

Benchmarking our audit fees is an important aspect in demonstrating our efficiency. We perform a range of benchmarking exercises to give us the evidence we need.

External benchmarking

External benchmarking involves comparing our costs against our peers. We participate in annual macro benchmarking surveys with other public sector audit offices throughout Australia and disclose the results in our annual report.

We compare our costs against our peers on a range of measures including:

- total audit costs (excluding payroll tax) per \$'000 of public sector transactions
- total audit costs (excluding payroll tax) per \$'000 of public sector assets
- cost per financial audit opinion.

Internal benchmarking

Internal benchmarking involves the analysis of audit fees and total audit hours for comparable audits. This analysis looks at trends in audit fees and identifies audit fees that appear outside a reasonable range. In addition to the macro analysis, a representative sample of audits is selected for quality review each year. Among other things, the review considers whether the audits were conducted efficiently.

Resolving audit fee disputes

If an entity disputes an audit fee determined by the Auditor-General, we encourage the entity to resolve the dispute through direct engagement with Audit Tasmania. If the dispute cannot be resolved, it will be referred to arbitration under the <u>Commercial Arbitration Act</u> <u>2011</u>.

Auditing the auditor

Audit Tasmania is subject to annual audits of our financial and performance statements by our external auditors, Newton & Henry. The process of appointing an auditor of Audit Tasmania is conducted by the Department of Treasury and Finance.

There have been no findings identified as part of the 30 June 2024 audit, nor any findings identified to date as part of the 30 June 2025 audit.

We are also subject to a periodic review of the efficiency, effectiveness and economy of our operations at least once in every period of 5 years (section 44 of the *Audit Act 2008*). The last section 44 review was conducted by Moore Stephens Audit (Vic) in March 2024 and covers the period 2019-2023.

Individual entity updates

In this report we have grouped state entities under 1 of the 4 pillars that we utilise in planning our non-financial audit activities. The pillars allow the grouping of entities in line with their primary external objective. The pillars and allocations of entities is undertaken for Audit Tasmania's planning and reporting purposes only.

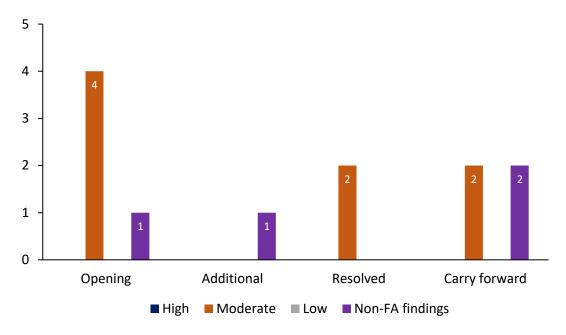
Healthy and safe Tasmanians	Services that ensure everyone has access to essential services, regardless of their financial situation. For example, healthcare, housing, policing, and justice.
Sustainable communities and environment	Services that collectively help create healthier, more resilient and sustainable communities. For example, education, planning, environmental protection, economic development and support, parks, and recreational facilities.
Fit-for purpose infrastructure	Built or digital infrastructure that supports service delivery. For example, roads, bridges, ports, buildings, water supply, sewerage treatment, and information systems.
Strong governance and stewardship	Entities or activities that are part of the control framework. This may include accountability and transparency, efficiency and effectiveness, risk management, compliance with laws and regulations, fraud prevention and detection, and improved decision-making.
Local Government	Whilst various parts of Local Government fall into the 4 pillars above, as Local Government is a separate tier of Government, it made sense to call this out.

Healthy and safe Tasmanians

Department of Health, Tasmanian Health Service, Ambulance Tasmania

The Department of Health is committed to delivering the best possible healthcare for Tasmanians across all regions of the state. With a focus on providing a caring and supportive work environment, the Department strives to maintain and improve the health and wellbeing of Tasmanians through innovative patient focussed initiatives.

Summary of recommendations



Recommendation updates

During the period, management have addressed 2 of the 4 moderate findings from last year. With regards to non-FA findings, there was 1 open finding, with another Report tabled during the year, leaving 2 findings to carry forward to the next Report.

Performance audit matters

The opening finding relates to recommendations coming out of the <u>Access to Oral Health Services</u> (tabled in June 2024) and 1 new finding relating to the <u>Funding of Community Service Organisations</u> (tabled in May 2025)

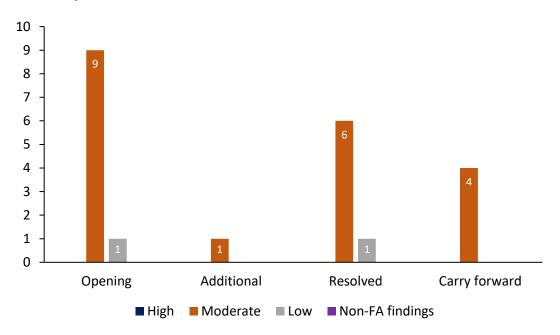
Moderate risk items

Two items resolved during the year relating to procurement and privileged user controls, whereas the 2 items unresolved relate to outpatient revenue controls and the treatment of private patient schemes.

Department of Police, Fire and Emergency Management

The Department of Police, Fire and Emergency Management is responsible for the delivery of quality policing, fire, and emergency management services in Tasmania. The Department is committed to providing a safe, secure and resilient Tasmania and building individual and organisational capability in order to provide high quality services to the Tasmanian community.

Summary of recommendations



Recommendation updates

Pleasingly, management have resolved 7 of the 10 findings from last year, with only 1 new finding identified from the 2024-25 audit.

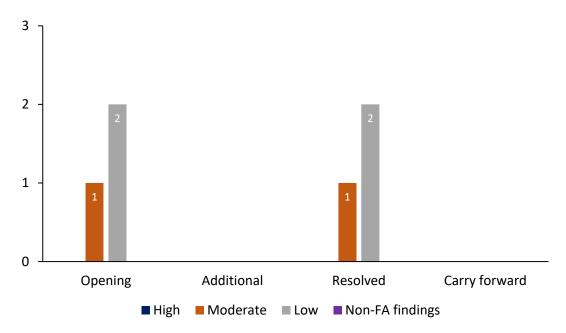
Moderate risk items

Majority of the findings relate to Information Technology, reflecting Audit Tasmania's focus in this area over the last couple of years.

State Fire Commission

The primary purpose of the State Fire Commission is to minimise the social, economic and environmental impact on the Tasmanian community of fire and other emergencies. This is achieved through implementing strategies for the Tasmania Fire Service and the State Emergency Service that develop resilience to prevent and prepare for emergencies.

Summary of recommendations



Recommendation updates

All 3 findings from last year have been resolved, with no new findings identified as part of the 2024-25 audit.

Moderate risk items

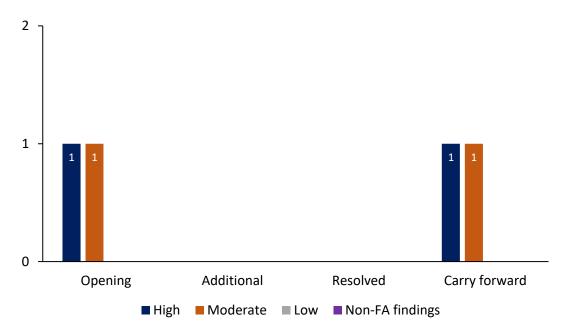
The 1 moderate risk finding related to general IT controls.

Sustainable communities and environment

Brand Tasmania

Brand Tasmania is responsible for taking a best practice approach to ensure the Tasmanian Brand is promoted as a key asset of the Tasmanian community.

Summary of recommendations



Recommendation updates

Management is in the process of responding to both items and should be resolved as part of final audit procedures for 2024-25.

High risk items

The high risk item related to the assessment of revenue recognition for transfers from other agencies.

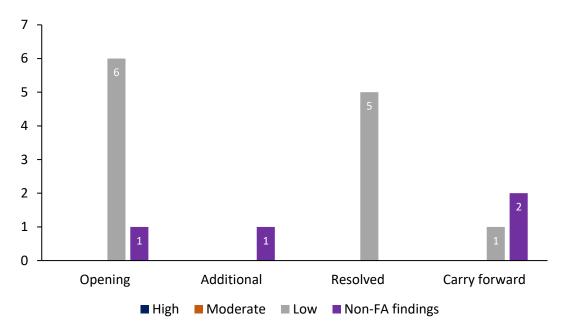
Moderate risk items

The moderate risk item related to ensuring that appropriate impairment testing was being performed on an annual basis over Brand Tasmania's "Tasmanian" trademark.

Department for Education, Children and Young People

The Department for Education, Children and Young People is responsible for delivering public early years and school education and library and archive services throughout Tasmania, as well as Youth Justice Services, Child Safety Services, Out of Home Care and Adoptions and Permanency Services.

Summary of recommendations



Performance audit matters

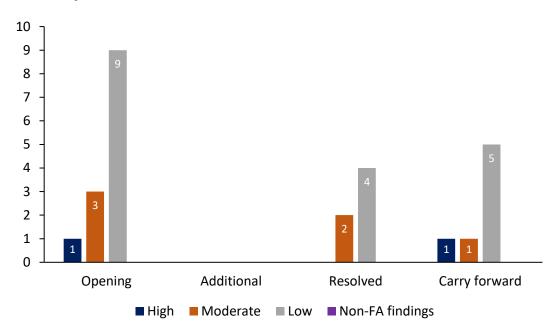
Department for Education, Children and Young People had performance audit matters relating to the following:

- Student outcomes <u>Improving outcomes for Tasmanian senior secondary students</u>, tabled in September 2022
- Custodial stays <u>Alignment of the duration of custodial stays at Ashley Youth</u>
 <u>Detention Centre with related sentencing orders</u>, tabled in August 2024.

Department of Natural Resources and Environment Tasmania

The Department of Natural Resources and Environment Tasmania provides services focussed towards delivering a sustainable Tasmania. This is achieved through actions to protect and enhance Tasmania's cultural and natural values and places, facilitating productive and sustainable industries, and through promoting the sustainable use, presentation, and enjoyment of cultural and natural values.

Summary of recommendations



Recommendation updates

During 2024-25, management resolved 6 of the 13 opening findings, leaving 7 to be carried forward to 2025-26.

High risk items

The high risk item relates to reconciling differences between the Department's 2 asset management systems.

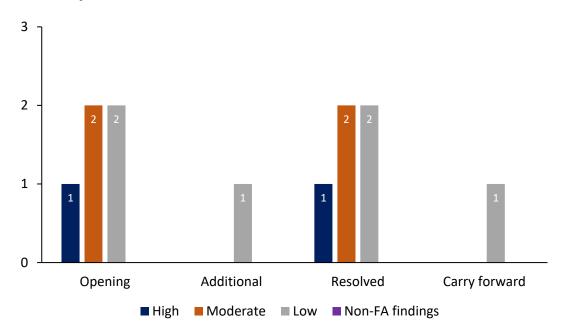
Moderate risk items

Two moderate risk items have now been resolved, relating to management of excessive leave and how management were applying indexation percentages to the carrying amount of assets.

Port Arthur Historic Site Management Authority

The Port Arthur Historic Site Management Authority (PAHSMA) was created in 1987 to preserve and maintain the Port Arthur Historic Site – a major Australian tourism destination and one of the country's most important heritage sites. PAHSMA are also responsible for the Coal Mines Historic Site and Cascades Female Factory Historic Site.

Summary of recommendations



Recommendation updates

All 5 findings from last year have been resolved in 2024-25, with 1 new low risk finding identified from the 2024-25 interim audit.

High risk items

The high risk item related to management not having evidence to provide to audit to substantiate that periodic review of user access was occurring.

Moderate risk items

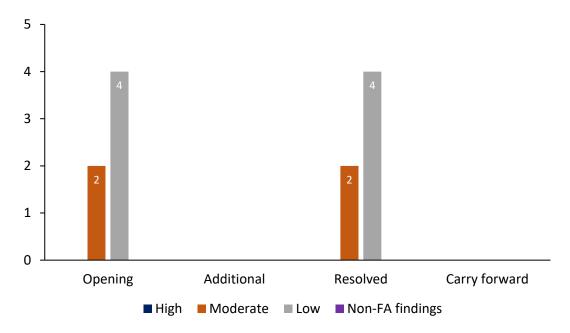
One of the resolved findings related to independent review of new starter and termination checklists, with the other finding related to the absence of formal approval process when providing IT access to employees.

Sustainable Timber Tasmania

Sustainable Timber Tasmania is a Tasmanian Government Business Enterprise responsible under State legislation for:

- sustainably managing approximately 800,000 hectares of public production forest (Permanent Timber Production Zone land)
- undertaking forest operations for the production and sale of forest products from these forests (including making available at least 137,000 cubic metres of high-quality eucalypt sawlogs and veneer logs per annum).

Summary of recommendations



Recommendation updates

Management resolved all 6 findings during 2024-25, with 2 of the findings originally identified in 2022.

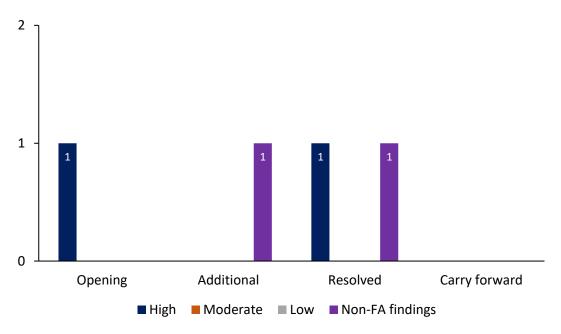
Moderate risk items

The 2 moderate risk findings relate to the operating effectiveness of general IT controls.

Tasmanian Community Fund

The Tasmanian Community Fund was established by legislation and funded by State Government appropriation, with an independent board whose primary purpose is to provide grant funds for community purposes.

Summary of recommendations



Recommendation updates

Tasmanian Community Fund have resolved the 1 finding from last year, as well as the 1 finding identified as part of the performance audit carried out during 2024-25.

Performance audit matters

The performance audit finding was identified as part of the Tasmanian Community Fund referendum support and assessment of grant funding to Australians for Indigenous Constitutional Recognition Ltd (tabled in August 2024).

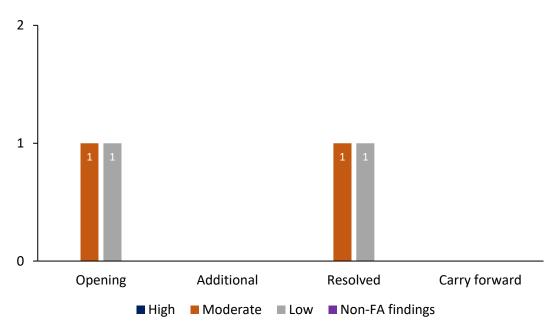
High risk items

The high risk item related to a recommendation that when the Minister responsible for the *Tasmanian Community Fund Act 2005* changes in the future, that a new authorisation to execute contracts or deeds is obtained.

Tasmanian Museum and Art Gallery

The Tasmanian Museum and Art Gallery are responsible for delivering an accessible and highly utilised public program and enrich the State collection through appropriate research and acquisition activities.

Summary of recommendations



Recommendation updates

The 2 findings from 2023-24 were resolved during the financial year.

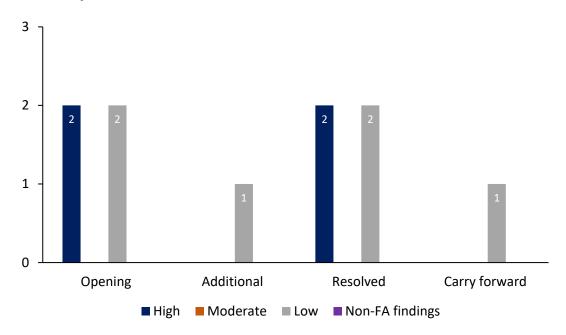
Moderate risk items

The moderate risk item related to the fair value assessment of land and building.

Tasracing Pty Ltd

Tasracing is responsible for the development of racing and breeding, the funding of clubs, and providing stakes, negotiating media rights and managing racing and training venues. The Office of Racing integrity is responsible for maintaining the probity and integrity of each racing code.

Summary of recommendations



Recommendation updates

All 4 findings from 2023-24 were resolved by management in 2024-25, however there was 1 new low rated item identified as part of interim audit procedures in 2024-25

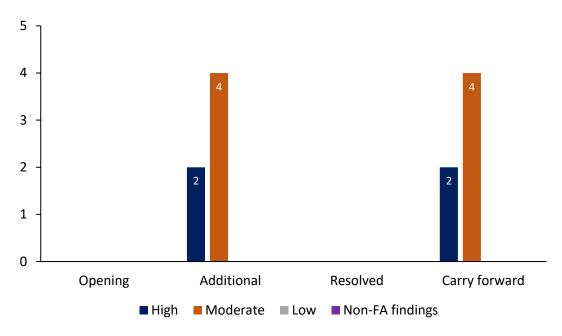
High risk items

Pleasingly, both high risk items were resolved in 2024-25, with 1 relating to the management of service level agreements, and the other relating to cyber security maturity assessment.

Theatre Royal Management Board

It is the responsibility of the Theatre Royal Management Board to manage the Theatre Royal and to promote the performing arts.

Summary of recommendations



Recommendation updates

There were no findings from previous audits, however the audit for the year ended 31 December 2024 identified 6 new findings, with 2 rated as high and 4 rated as moderate.

High risk items

One of the high risk findings related to outdated and missing IT policies, while the other related to key person dependency.

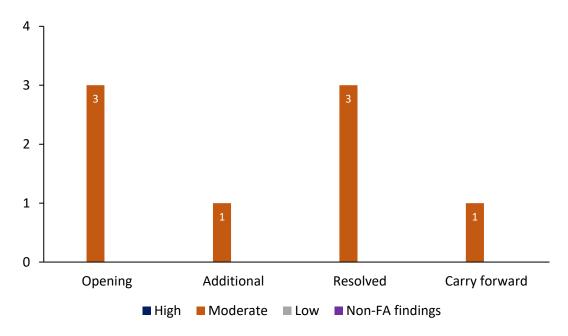
Moderate risk items

The 4 moderate risk items identified as part of this year's audit are unique, with no clear theme. Findings relate to segregation of duties, documented policies, review of super user access, and procedures surrounding onboarding and offboarding.

University of Tasmania

The University of Tasmania is dedicated to making a positive impact on both a local and global scale through its educational offerings, research initiatives, and commitment to sustainability.

Summary of recommendations



Recommendation updates

Pleasingly, all 3 findings from last years audit have been resolved during the current financial year, with the identification of 1 new finding as part of the 31 December 2024 audit.

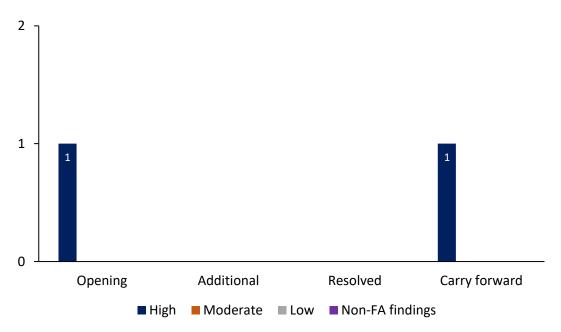
Moderate risk items

Three of the findings related to general IT controls, with 1 finding relating to payroll controls.

Wellington Park Management Trust

The Trust's primary purpose is to ensure the sustainable management and protection of Wellington Park's natural, cultural, and recreational values.

Summary of recommendations



Recommendation updates

Management have not yet actioned the finding raised from last years' audit, however they are in the process of putting in the relevant process in order to resolve the finding.

High risk items

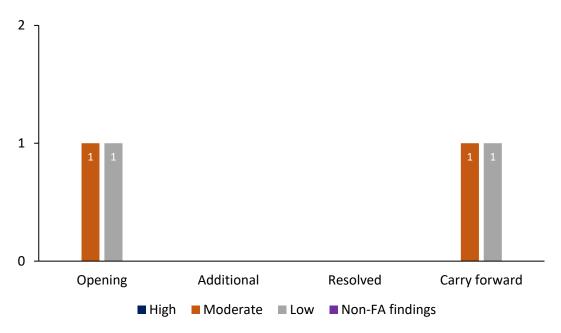
The high risk item relates to the independent review of journals.

Fit-for-purpose infrastructure

Abt Railway Ministerial Corporation

The primary role is to oversee the operation and management of the West Coast Wilderness Railway, a heritage railway running between Queenstown and Regatta Point near Strahan on Tasmania's west coast. The Abt Railway Ministerial Corporation was created to ensure the railway serves as a sustainable tourism asset while preserving its historical and cultural significance.

Summary of recommendations



Recommendation updates

Management have progressed both findings raised in the 2023-24 audit and it is expected that the findings will either be closed as part of final audit procedures in 2024-25 or interim in 2025-26.

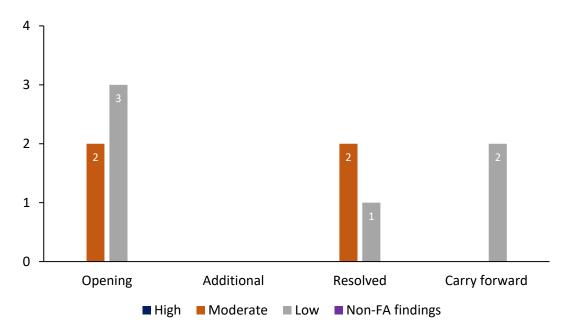
Moderate risk items

The moderate risk item relates to developing and implementing a process to ensure eligible capital expenditure associated with capital grants is accurately captured.

Aurora Energy Pty Ltd

Aurora Energy is Tasmania's government-owned energy retailer, providing electricity and natural gas services to homes and businesses across the state. Aurora Energy continues to play a pivotal role in Tasmania's energy sector, balancing the provision of essential services with a commitment to sustainability and community well-being.

Summary of recommendations



Recommendation updates

During the year, management have resolved 3 of the 5 findings, leaving 2 low rated items which should be resolved as part of the final audit procedures in 2024-25.

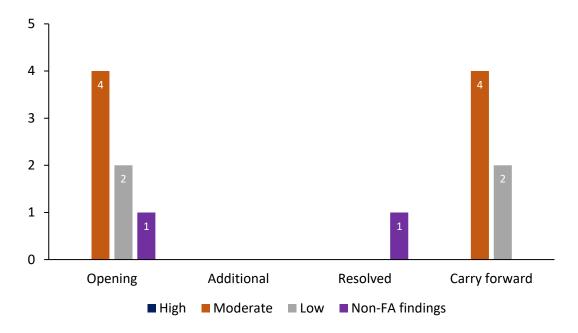
Moderate risk items

One of the items related to developing a skills matrix, and the other related to formalising a control and ensuring it was being performed on a regular basis.

Department of State Growth

The Department of State Growth facilitates economic growth and the creation of jobs and provides a range of services, infrastructure, programs and regulatory functions to support local industries, sectors, communities and individuals while promoting the state as the best place to live, work, visit, study, invest, and thrive.

Summary of recommendations



Recommendation updates

During the year 1 performance audit matter was resolved, however all 6 financial audit findings remain unresolved.

Performance audit matters

The 1 performance audit matter related to the grant commitment to the New Norfolk Distillery.

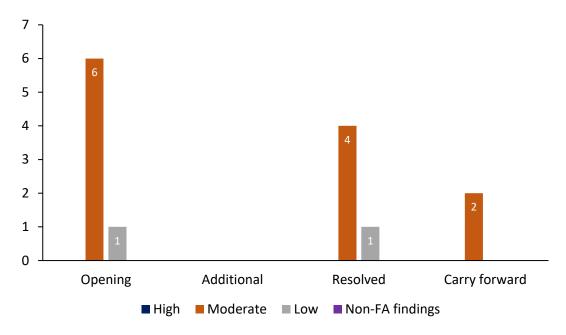
Moderate risk items

Three of the moderate risk items relate to general IT controls and 1 item related to ensuring the accuracy of items classified as capital improvements.

FortyTwo24 Pty Ltd

FortyTwo24 is a Tasmanian-based technology services company specialising in telecommunications, IT infrastructure, and data centre solutions.

Summary of recommendations



Recommendation updates

Management have addressed 5 of the 7 findings, with 2 moderate risk items to be resolved, however it is expected that both of these items will be resolved either as part of the final audit procedures for 2024-25, or planning/interim work for 2025-26.

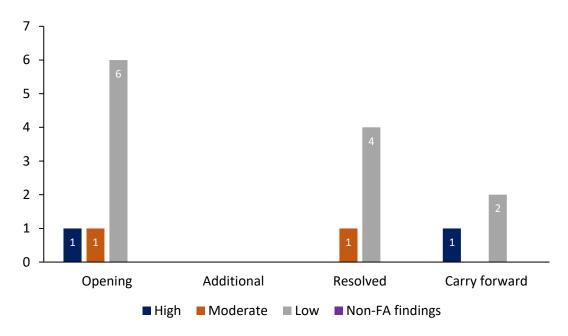
Moderate risk items

Three moderate risk items related to general IT controls, with the other 3 findings relating to segregation of duties, process for approving changes to the financial statements and documenting of relevant information to support relevant models.

Homes Tasmania

Homes Tasmania is Tasmania's housing and homelessness system manager, working with government, industry, the private sector, and the social housing and homelessness sector, to improve the housing market and provide more housing opportunities.

Summary of recommendations



Recommendation updates

Management were able to resolve 5 of the 8 findings during the year, with 2 of the findings expected to be resolved as part of the final audit procedures for 2024-25 and the last finding to be resolved as part of interim procedures for 2025-26.

High risk items

The high risk item relates to the financial sustainability monitoring of Homes Tasmania.

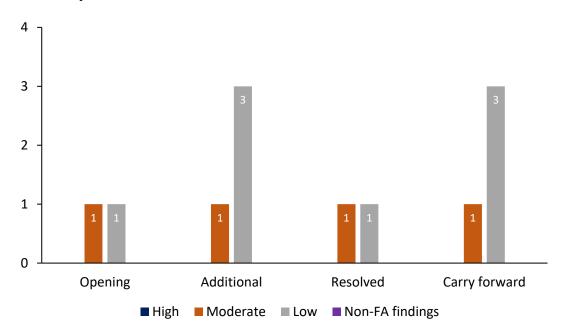
Moderate risk items

The moderate risk item related to the classification of Homes Tasmania, and whether being classified as a not-for-profit entity was more appropriate.

Hydro Tasmania and Momentum Energy Pty Ltd

Hydro Tasmania is a government-owned business enterprise and Australia's largest producer of renewable energy. Established in 1914, it has played a pivotal role in Tasmania's energy landscape, primarily through hydropower generation. The organisation is also the nation's largest water manager, overseeing 54 major dams and 30 hydropower stations across the state.

Summary of recommendations



Recommendation updates

Whilst management were able to resolve the 2 findings from last year, there were 4 new items identified as part of the 2024-25 audit.

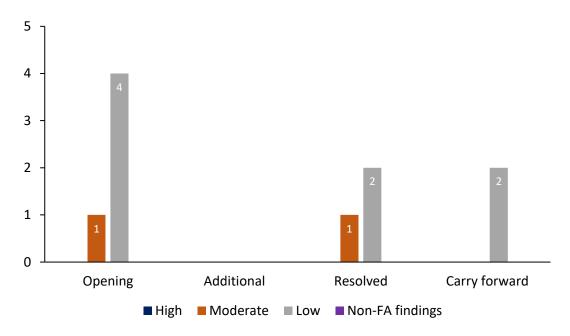
Moderate risk items

Both of the moderate rated items relate to general IT controls.

Macquarie Point Development Corporation

The primary purpose of Macquarie Point Development Corporation is to oversee the remediation, redevelopment, and transformation of the Macquarie Point site into a vibrant, mixed-use precinct.

Summary of recommendations



Recommendation updates

Three of the 5 findings were resolved during the year, with 1 of the unresolved items due to be resolved over the coming 12 months, whereas the other unresolved item will not be resolved until the next revaluation is performed.

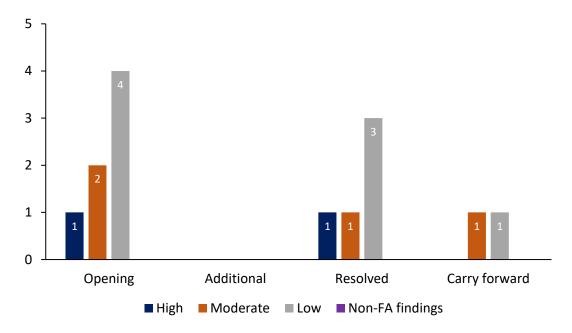
Moderate risk items

The moderate item related to the implementation of a comprehensive quality control framework surrounding the financial statement process.

Metro Tasmania Pty Ltd

Metro Tasmania is a government business enterprise committed to delivering reliable, accessible, and sustainable public transport options across the state.

Summary of recommendations



Recommendation updates

Five of the 7 findings have been resolved by management during the year, with 1 of the unresolved findings due to be resolved in the first quarter of 2025-26, and the other to be resolved by 30 June 2026.

High risk items

The high risk item has been resolved during the year and related to Metro's cyber strategy.

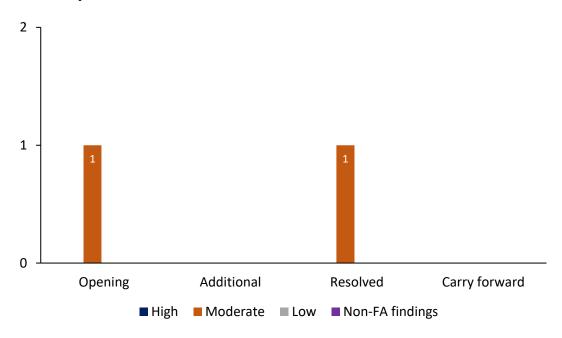
Moderate risk items

The 2 moderate risk items relate to general IT controls.

Tasmanian Irrigation Pty Ltd

Tasmanian Irrigation Pty Ltd is a state-owned company established in 2008 under the *Water Management Act 1999*. It plays a pivotal role in supporting Tasmania's agricultural sector by delivering reliable irrigation water and managing water resources across the state.

Summary of recommendations



Recommendation updates

The 1 moderate item identified as part of the 2023-24 audit was resolved during 2024-25.

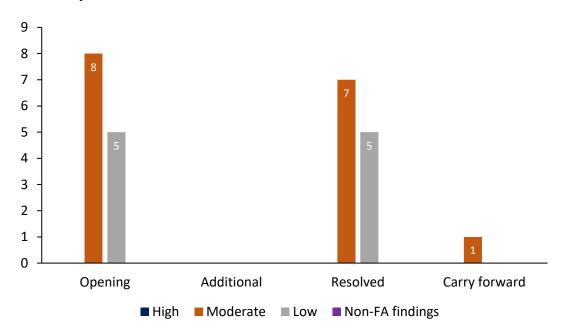
Moderate risk items

The moderate risk item related to having clearly defined year-end reporting procedures.

Tasmanian Networks Pty Ltd

TasNetworks is a state-owned corporation responsible for the transmission and distribution of electricity throughout Tasmania. They deliver a safe, cost-effective and reliable electricity supply to more than 295,000 residential, commercial and industrial customers. TasNetworks facilitate the transfer of electricity between Victoria and Tasmania via Basslink, the sub-sea electricity interconnector.

Summary of recommendations



Recommendation updates

Management resolved 12 of the 13 findings during 2024-25, with some of the findings dating back to 2021. The 1 unresolved finding is expected to be resolved as part of the yearend audit procedures for 2024-25.

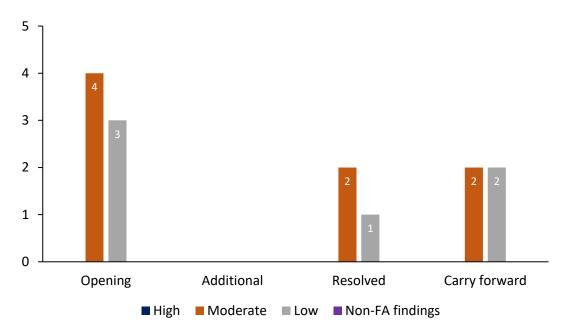
Moderate risk items

The moderate rated risk items are all quite unique with no identified theme. Many of the findings had recommendations relating to the preparation of position papers, independent review of reconciliations, capitalising of borrowing costs, and the incorrect classification of equipment as inventories.

Tasmanian Ports Corporation Pty Ltd and Bass Island Line Pty Ltd

TasPorts facilitate trade for the benefit of Tasmania through the commercial provision of infrastructure and services. As an island state, Tasmania relies heavily on shipping, port infrastructure, and port operations to sustain its communities and economy. Each year 99% of the state's freight moves through TasPorts' multi-port network.

Summary of recommendations



Recommendation updates

During the year, management resolved 3 of the 7 findings, with work progressing to resolve the remaining 4 audit matters.

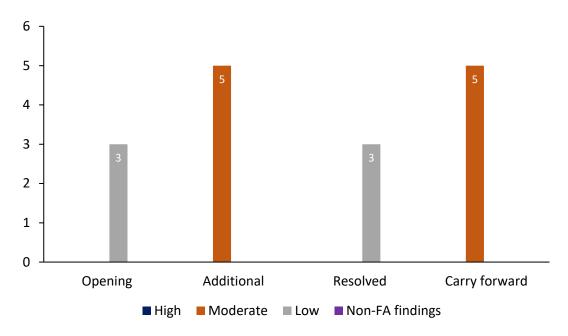
Moderate risk items

Three of the moderate risk items relate to general IT controls and 1 item relates to the valuation of infrastructure assets.

Tasmanian Railway Pty Ltd

TasRail owns and manages both the below-rail infrastructure (tracks and associated facilities) and above-rail assets (rolling stock and operational services). This integration allows TasRail to provide comprehensive rail logistics solutions across Tasmania.

Summary of recommendations



Recommendation updates

All 3 findings from last year were resolved during 2024-25, however based on interim audit procedures performed, 5 moderate risk items were identified.

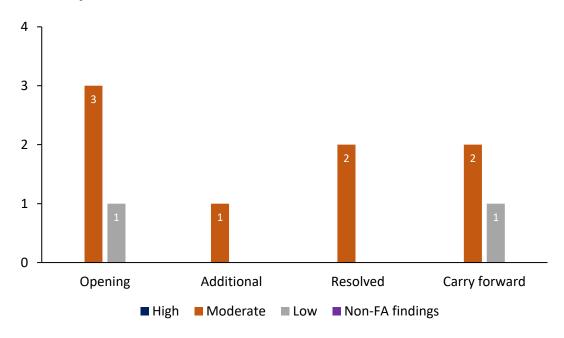
Moderate risk items

Two of the moderate risk items relate to independent review and 3 findings relate to general IT controls.

TT-Line Company Pty Ltd

TT-Line is responsible for the provision of passenger and freight services on the Devonport to Geelong Bass Strait route.

Summary of recommendations



Recommendation updates

Two of the moderate risk items from last year were resolved during the year, with the other 2 findings due to be resolved in the first quarter of 2025-26. The 1 new finding identified as part of interim audit procedures is due be resolved as part of interim audit procedures for 2025-26.

Moderate risk items

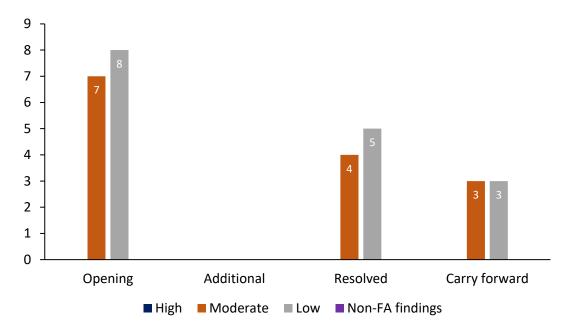
Three of the findings relate to general IT controls and 1 relates to segregation of duties.

Strong governance and stewardship

Department of Justice

The Department of Justice provides services that contribute to achieving a fair, just and safe Tasmania by providing an accessible system of justice, protecting and respecting rights, improving laws, influencing positive behaviour and enforcing legal and regulatory responsibilities

Summary of recommendations



Recommendation updates

The Department of Justice resolved 9 of the 15 findings, with the 6 unresolved items to be resolved as part of final audit procedures for 2024-25 or interim audit procedures for 2025-26.

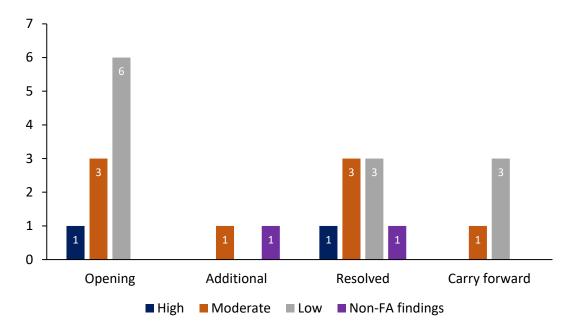
Moderate risk items

All 7 moderate risk items related to internal controls, including general IT controls, failure to review and approve key reconciliations on a timely basis, lack of evidence of approval of overtime, and no policies or procedures on the identification of related party transactions.

Department of Premier and Cabinet

The Department of Premier and Cabinet assists Government by providing impartial and high-quality advice to the Premier and Cabinet on matters of State and national significance. It collaborates with all agencies across Government and Local Government to provide considered, balanced and timely strategic advice.

Summary of recommendations



Recommendation updates

During the year, management resolved 8 findings, leaving 1 moderate and 3 low rated items, which are all due to be addressed by 31 December 2025.

Performance audit matters

In response to a referral received, an examination into the use of public funds for political advertising on the social media page and website of Premier Jeremy Rockliff MP was completed.

High risk items

The high risk item related to privileged user review.

Moderate risk items

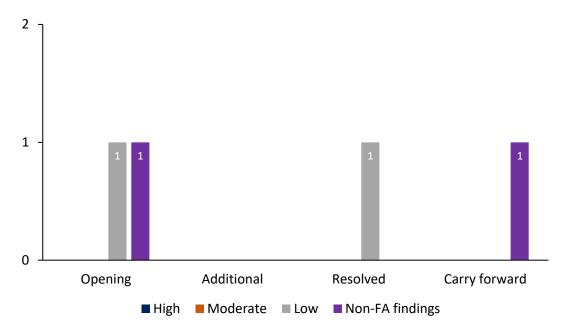
Three of the moderate risk items relate to general IT controls, and 1 item relates to the currency of Service Level Agreements.

Department of Treasury and Finance

Treasury provides the Government with objective advice on the economic and financial management of Tasmania. Treasury also implements Government policies and programs, performs analysis, monitoring, and reporting functions on behalf of the Government.

The Finance-General Division is administered by the Department of Treasury and Finance. The major activities transacted through Finance-General include the management of the Government's financial assets and liabilities, meeting the Government's pension and other superannuation commitments, administration of the Tasmanian Risk Management Fund, management of the Government's light vehicle fleet and property portfolio, and payments to government businesses.

Summary of recommendations



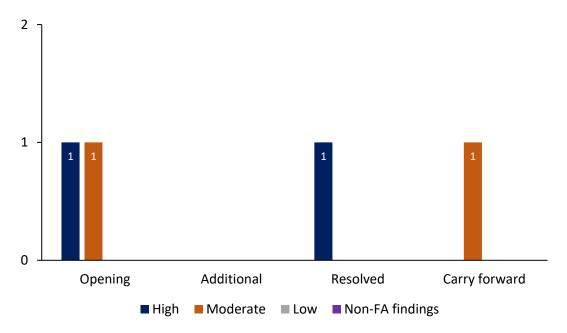
Performance audit matters

Treasury had 1 performance audit matter relating to the <u>Management of major office</u> <u>accommodation</u>, tabled in June 2024.

Treasurer's Annual Financial Report

The Treasurer's Annual Financial Report provides the audited financial statements for the General Government Sector, Total State Sector and Public Account.

Summary of recommendations



Recommendation updates

During the year, the 1 high risk item was resolved, and it is expected that the moderate risk item will be resolved as part of final audit procedures for 2024-25.

High risk items

The high risk item related to the presentation of the Public Account Receipts and Expenditure Estimates Statement under the *Financial Management Act 2016*. In 2023-24 it was established that additional disclosure around borrowings was missing from the Statement since inception. This has now been corrected and is expected to flow through to the 2024-25 Statements published in October 2025.

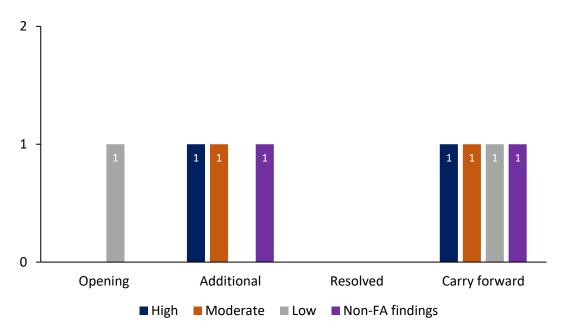
Moderate risk items

The moderate risk item related to the need for ongoing monitoring of material balances that need to be separately disclosed in the Statement of Financial Position. This is expected to be resolved in October 2025.

Environment Protection Authority

The Environment Protection Authority (EPA) is Tasmania's independent environmental assessment and regulatory body. The purpose of the EPA is to assess and regulate developments and activities that may impact on environmental quality and to promote best practice and sustainable environmental management. Its goals are clean air, clean water, clean land, acceptable noise levels, and sustainable use of resources.

Summary of recommendations



Recommendation updates

Whilst management have made progress on the 1 unresolved finding from last year, it was not resolved during the year. Additionally, the 2024-25 interim audit activities identified 2 new findings, and a performance audit was tabled during the year with recommendations relevant to the EPA.

Performance audit matters

On 26 May 2025, <u>Effectiveness of shared services arrangements in the General Government Sector</u> was tabled in Parliament. Recommendations were made in the Report relevant to the EPA, with EPA committing to addressing these by 30 June 2026.

High risk items

The high risk item relates to the recommendation of additional controls to be introduced for 1 of its revenue streams.

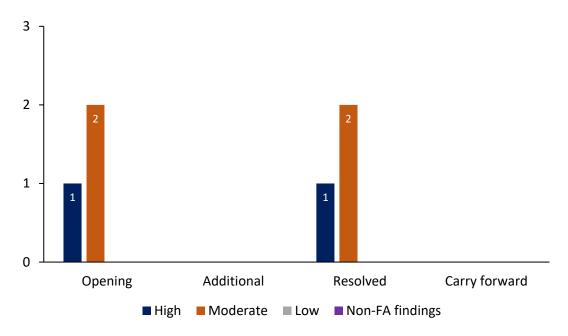
Moderate risk items

The 1 moderate risk item relates to general IT controls.

House of Assembly

The Office of the Clerk of the House of Assembly provides services through the provision of advisory, procedural, research and administrative support to the House of Assembly, its committees, the Speaker of the House, and Members generally.

Summary of recommendations



Recommendation updates

House of Assembly managed to address all 3 findings during 2024-25.

High risk items

The high risk item related to review of user access.

Moderate risk items

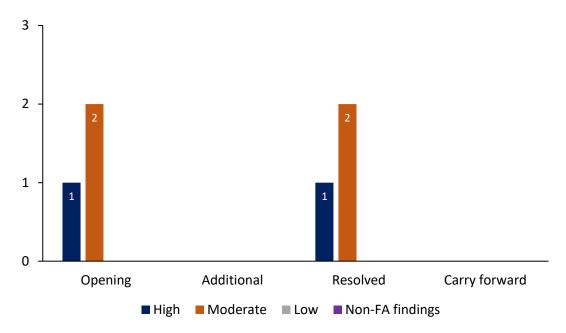
The 2 moderate risk items related to recommendations regarding payroll controls.

Legislative Council

The Governor, the Legislative Council and the House of Assembly together constitute the Parliament of Tasmania. The Legislative Council is the Upper House of Parliament and functions as a House of Review. The role of the Members of the Legislative Council is to:

- authorise the raising of revenue and the expenditure of State monies
- examine the merits of legislation
- provide a Parliamentary check on the Government of the day.

Summary of recommendations



Recommendation updates

Management resolved all 3 findings during 2024-25.

High risk items

The high risk item related to general IT controls.

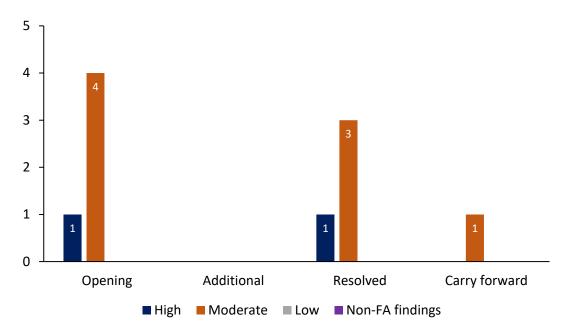
Moderate risk items

The 2 moderate risk items relate to improvements to payroll controls.

Legislature-General

Legislature-General provides support services to both Houses of Parliament and their Members through the Joint House support staff including the Parliamentary Reporting Service, the Parliamentary Library Service and the Parliamentary Printing, Systems and Broadcasting Services.

Summary of recommendations



Recommendation updates

During the year, management have addressed 4 of the 5 findings that were outstanding, with 1 moderate finding still to be addressed.

High risk items

The high risk item related to general IT controls.

Moderate risk items

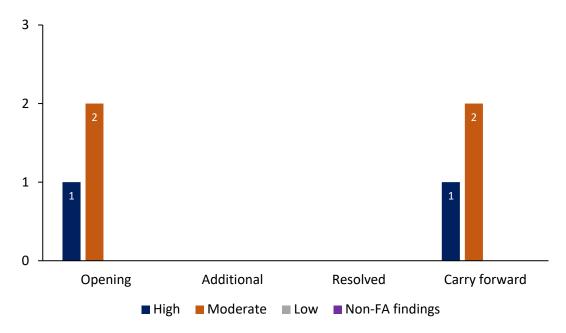
Two of the moderate risk items relate to improvements to payroll controls and 2 related to internal controls over assets / leases.

Office of the Governor

The Office of the Governor supports the Governor in the performance of her legal, constitutional, ceremonial and community responsibilities by:

- providing a high standard of advice and administrative support to the Governor, including the organisation of constitutional and ceremonial duties, and a program of community engagements
- facilitating the efficient and effective interaction between the Office of the Governor, the Parliament, the Executive, and the State Service
- protecting, maintaining and enhancing the heritage values of Government House and its grounds.

Summary of recommendations



Recommendation updates

Whilst none of the 3 risk items have been addressed during 2024-25, it was noted that significant progress has occurred.

High risk items

The high risk item related to general IT controls.

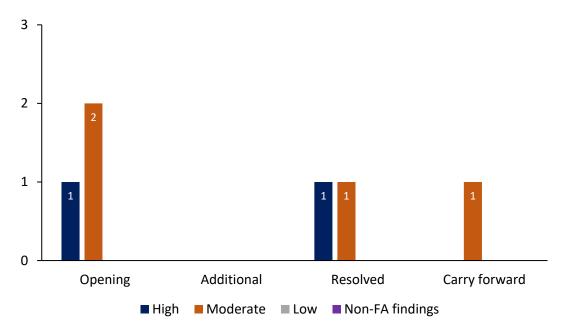
Moderate risk items

The 2 moderate risk items also related to general IT controls.

Public Trustee

The Public Trustee is an independent statutory authority established in 1915, that provides a range of estate planning, administration, and trustee services.

Summary of recommendations



Recommendation updates

Management have addressed 2 of the 3 findings during 2024-25, with good progress made on the third finding.

High risk items

The high risk item related to the going concern of the Public Trustee.

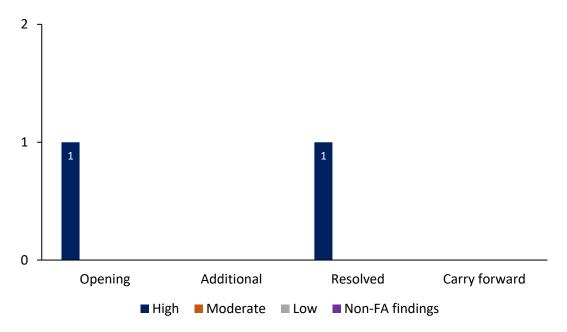
Moderate risk items

Both of the moderate risk items related to general IT controls.

Tasmanian Pharmacy Authority

The Tasmanian Pharmacy Authority regulates the ownership and registration of pharmacy premises in Tasmania, ensuring that pharmacies meet professional standards, and operate within the legal framework.

Summary of recommendations



Recommendation updates

The Tasmanian Pharmacy Authority had 1 high risk finding from the 2021-22 audit which was addressed during the current financial year.

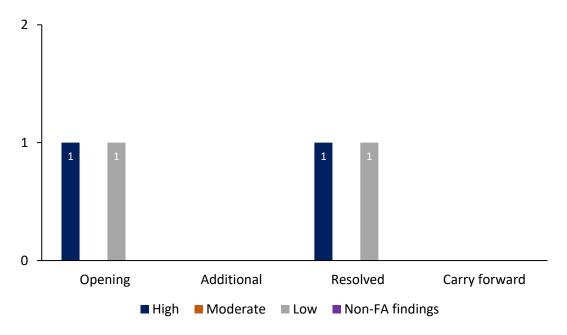
High risk items

The high risk finding related to the going concern of the Tasmanian Pharmacy Authority.

The Nominal Insurer

The Nominal Insurer ensures that injured workers receive the compensation they are entitled to under the *Workers Rehabilitation and Compensation Act 1988*.

Summary of recommendations



Recommendation updates

The 2 findings from last year's audit were resolved during 2024-25.

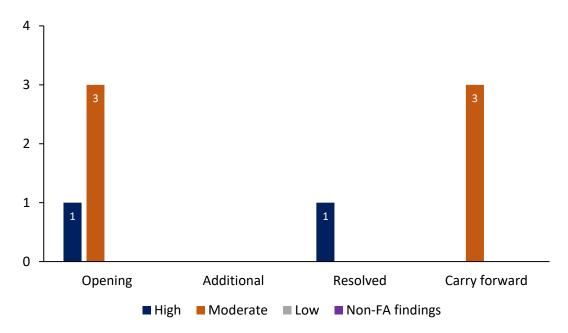
High risk items

The high risk item related to the recognition and measurement of outstanding claims.

Veterinary Board of Tasmania

The Veterinary Board of Tasmania is an independent statutory authority established under the *Veterinary Surgeons Act 1987*. It plays a crucial role in regulating the veterinary profession within the state, ensuring that veterinary services are delivered competently and ethically.

Summary of recommendations



Recommendation updates

The 1 high risk item was resolved during the year, with progress made on all 3 moderate risk items, ensuring they are due to be resolved as part of final audit procedures for 2024-25.

High risk items

The high risk item related to adequacy of insurance coverage.

Moderate risk items

The 3 moderate risk items related to uplift of controls surrounding bank accounts, approval of payments, and development of a business continuity and disaster recovery plan.

Local Government

The principal legislation establishing the powers and functions of Tasmania's councils is the *Local Government Act 1993*. Section 20 describes the role of councils:

- to provide for the health, safety and welfare of the community
- to represent the interests of the community
- to provide for the municipal area's peace, order and good government.

Councils are responsible for providing a range of community services and infrastructure. These include:

- roads and bridges
- parks and sportsgrounds
- animal control
- waste and recycling
- planning, building, and environmental services
- local events.

Every council provides different types of infrastructure and services, due to differences in things like their communities' needs and expectations, land area, population, location, number of properties, and industry mix.

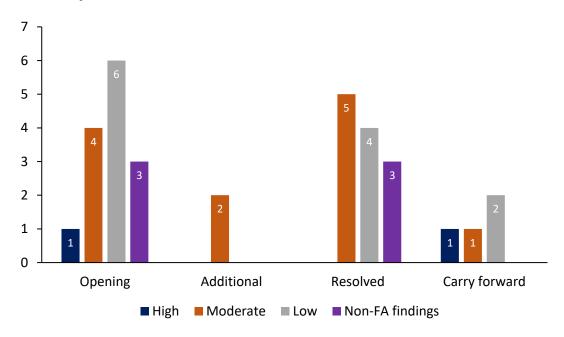
In performing these functions, councils are to consult, involve and be accountable to their residents and ratepayers. In doing so, councils can ensure they are acting in the best interests of the communities they serve.

Urban Councils

Brighton Council

Brighton Council is located in Southern Tasmania and has a population of approximately 20,000.

Summary of recommendations



Recommendation updates

Whilst there were 2 additional findings identified as part of the 2024-25 interim audit, management have managed to resolve 12 findings since last year audit.

Performance audit matters

Brighton Council had performance audit matters to address relating to:

- General Manager recruitment, provision of support to Councillors
- General Manager recruitment, review and improve as appropriate recruitment processes.
- review of private works delivered by Local Government.

High risk items

The high risk item related to the indexation of fixed assets.

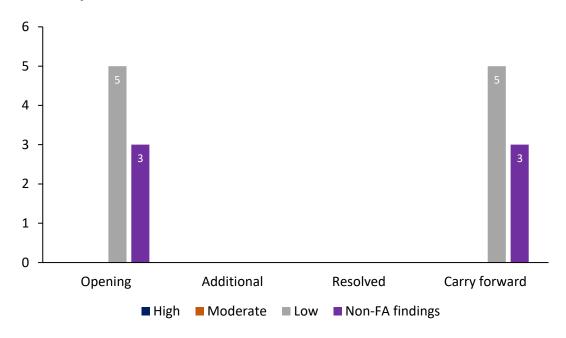
Moderate risk items

All 6 moderate risk items related to internal controls, primarily focusing on independent reviews.

Burnie City Council

Burnie City Council is located on the northwest coast of Tasmania and has a population of approximately 20,000.

Summary of recommendations



Performance audit matters

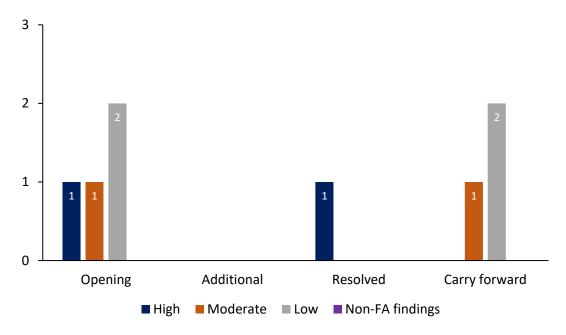
Burnie City Council had performance audit matters to address relating to:

- General Manager recruitment, provision of support to Councillors
- General Manager recruitment, review and improve as appropriate recruitment processes.
- strategic procurement by Local Government.

Central Coast Council

Brighton Council is located in Northwest Tasmania and has a population of approximately 22,800.

Summary of recommendations



Recommendation updates

The 1 high risk item was resolved during 2024-25 with the remaining 3 items to be resolved as part of 2025-26 interim audit procedures.

High risk items

The high risk item related to the classification of land under roads.

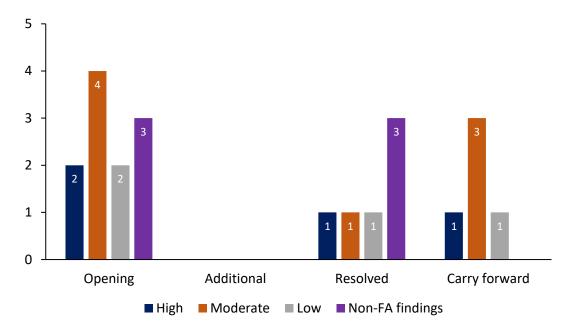
Moderate risk items

Two moderate risk items relate to documentation of procedures, and 1 relates to revising the chart of accounts as part of transition process to a new finance system.

Clarence City Council

Clarence City Council is located on the eastern shore of the Derwent River, near Hobart and has a population of approximately 61,500.

Summary of recommendations



Recommendation updates

Management have addressed 6 of the 11 findings, with progress being made on the remaining 5 findings.

Performance audit matters

Clarence City Council addressed performance audit matters relating to:

- General Manager recruitment, provision of support to Councillors
- General Manager recruitment, review and improve as appropriate recruitment processes.
- review of private works delivered by Local Government.

High risk items

One high risk item related to general IT controls, with 1 related to changes to the financial report post submission to Audit Tasmania having been addressed.

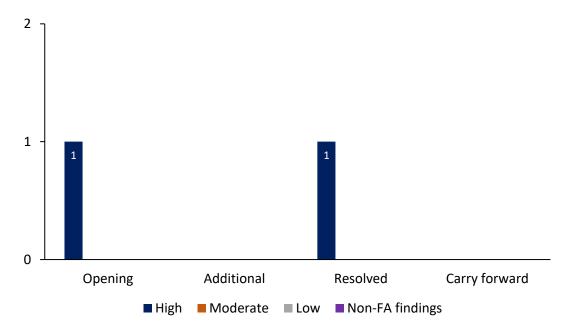
Moderate risk items

All 3 moderate risk items carried forward relate to general IT controls.

Devonport City Council

Devonport City Council is located on the northwest coast of Tasmania and has a population of approximately 26,000.

Summary of recommendations



Recommendation updates

Devonport City Council addressed the 1 outstanding high risk item during 2024-25.

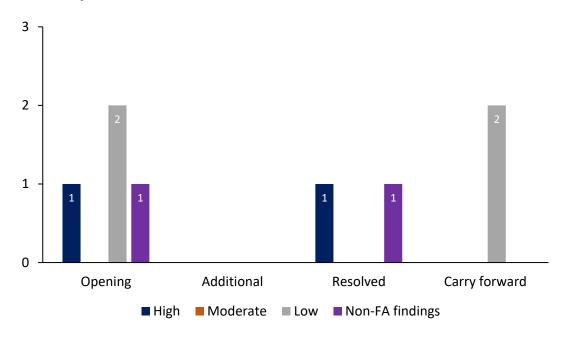
High risk items

The high risk item related to the classification of land under roads.

Glenorchy City Council

Glenorchy City Council is located in the northern suburbs of Hobart and has a population of approximately 50,000.

Summary of recommendations



Recommendation updates

Glenorchy City Council resolved 2 of the 4 findings, with progress made on the other 2 findings.

Performance audit matters

The performance audit matter related to the private works undertaken by Council.

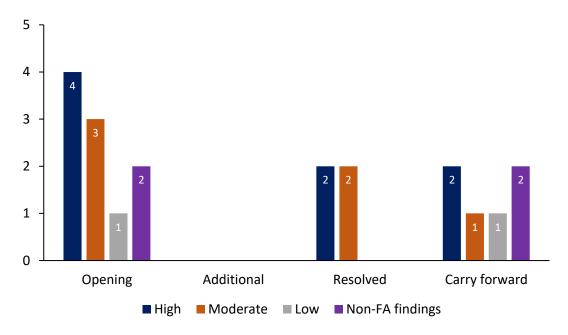
High risk items

The high risk item related to general IT controls.

Hobart City Council

Hobart City Council is located in Southern Tasmania and has a population of approximately 247,000.

Summary of recommendations



Recommendation updates

During the year, management resolved 4 of the 10 findings, and has made significant progress on the remaining 6 findings.

Performance audit matters

Hobart City Council had performance audit matters to address relating to:

- strategic procurement in Local Government
- review of private works delivered by Local Government.

High risk items

Two of the high risk items related to general IT controls, buildings on council owned land, and timely review of work in progress.

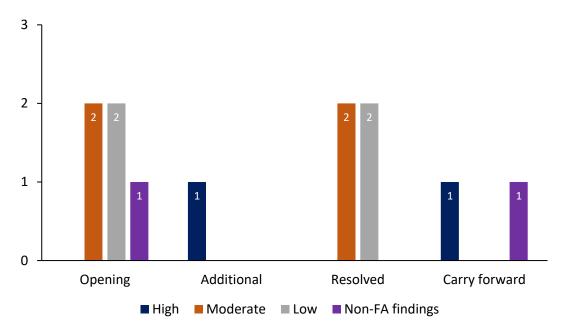
Moderate risk items

All 3 moderate risk items relate to infrastructure, property, plant and equipment.

Kingborough Council

Kingborough Council is located south of Hobart and has a population of approximately 40,000.

Summary of recommendations



Recommendation updates

Whilst there was 1 new high risk item identified as part of the 2024-25 interim audit, management resolved 4 of the findings from previous audits.

Performance audit matters

The performance audit matter relates to the review of private works delivered by Local Government.

High risk items

The high risk item relates to general IT controls.

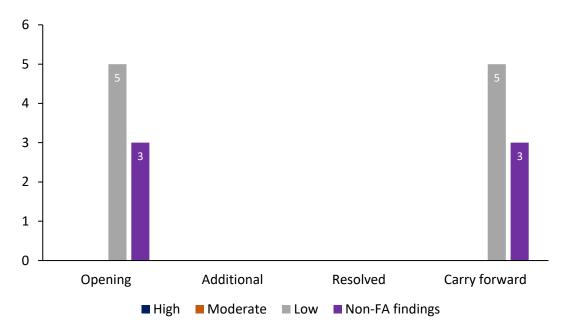
Moderate risk items

Both of the moderate risk items relate to work in progress.

Launceston City Council

Launceston City Council is located in Northern Tasmania and has a population of approximately 70,000.

Summary of recommendations



Performance audit matters

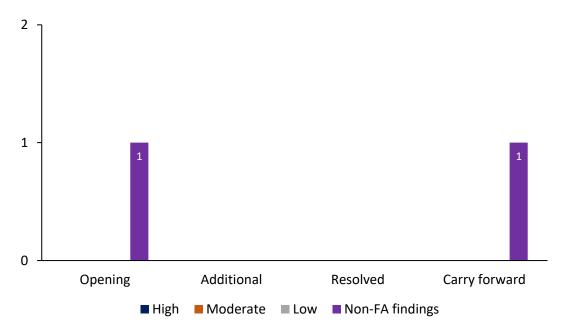
Launceston City Council had performance audit matters to address relating to:

- strategic procurement in Local Government
- General Manager recruitment, review and improve as appropriate appointment, and performance assessment
- review of private works delivered by Local Government.

West Tamar Council

West Tamar Council is located in Northern Tasmania and has a population of approximately 26,000.

Summary of recommendations



Performance audit matters

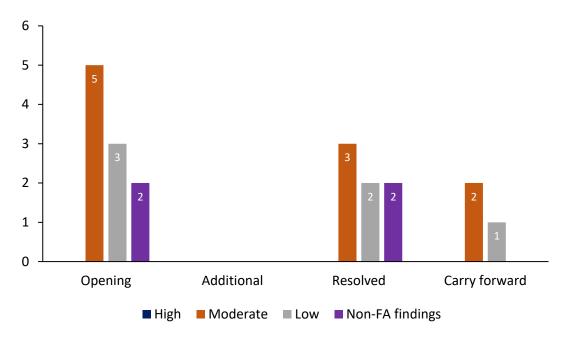
West Tamar Council had 1 performance audit matter to address relating to the review of private works delivered by Local Government.

Rural Councils

Break O'Day Council

Break O'Day Council is located along Tasmania's north-east coast and has a population of approximately 6,800.

Summary of recommendations



Recommendation updates

Council resolved 7 of the 10 findings, with 3 findings still to be addressed. Two of the outstanding findings are expected to be resolved as part of the final audit for 2024-25.

Performance audit matters

Break O'Day Council had performance audit matters to address relating to:

- strategic procurement in Local Government
- review of private works delivered by Local Government.

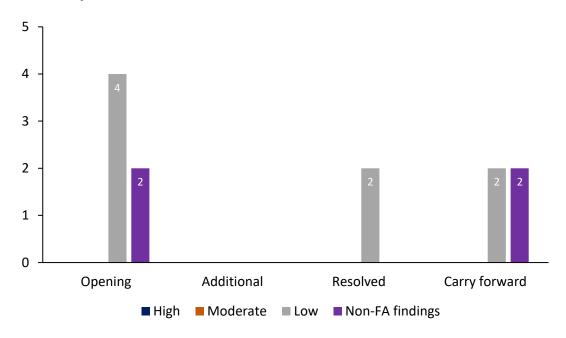
Moderate risk items

Two of the findings related to general IT testing, 1 relating to segregation of duties, 1 relating to documentation of financial procedures, and 1 relating to management oversight of the valuation process.

Central Highlands Council

Central Highlands Council is located in central Tasmania and has a population of approximately 2,500.

Summary of recommendations



Performance audit matters

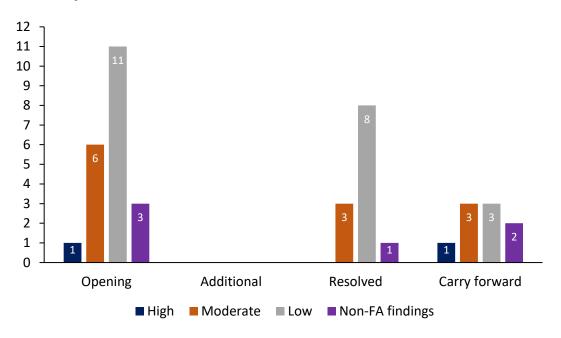
Central Highlands Council had performance audit matters to address relating to:

- General Manager recruitment, review and improve as appropriate assessment processes.
- review of private works delivered by Local Government.

Circular Head Council

Circular Head Council is located in Tasmania's far north-west and has a population of approximately 8,100.

Summary of recommendations



Recommendation updates

Of the 21 findings from previous audits, 12 were resolved during 2024-25, with progress being made of the remaining 9 audit matters.

Performance audit matters

Circular Head Council had performance audit matters to address relating to:

- General Manager recruitment, provision of support to Councillors
- General Manager recruitment, review and improve as appropriate assessment processes
- review of private works delivered by Local Government.

High risk items

High risk item relates to the revaluation of land under roads.

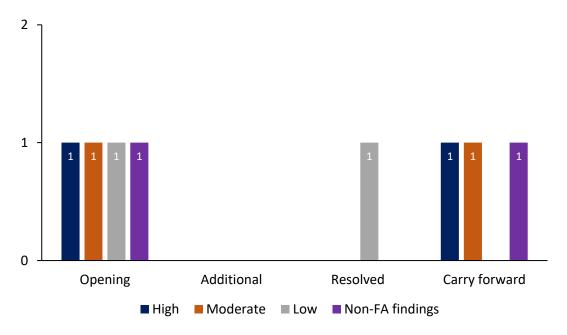
Moderate risk items

Two moderate risk items relate to general IT controls, 3 relate to infrastructure/assets, and 1 relates to review of rates debtors.

Derwent Valley Council

Derwent Valley Council is located in southern-central Tasmania and has a population of approximately 10,900.

Summary of recommendations



Recommendation updates

Management addressed 1 of the 4 findings during 2024-25, with progress being made on the 3 unresolved matters.

Performance audit matters

The performance audit matter relates to the review of private works delivered by Local Government.

High risk items

The high risk item relates to valuation adjustments by management.

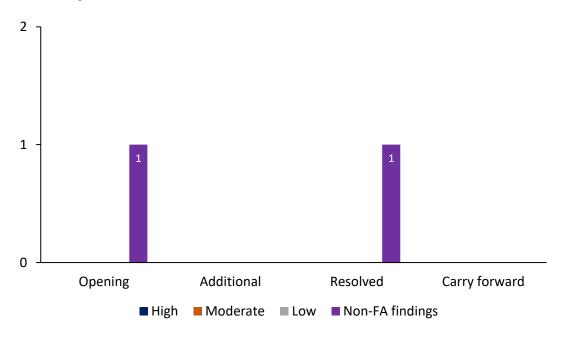
Moderate risk items

The moderate risk item relates to general IT controls.

Dorset Council

Dorset Council is located in north-east Tasmania and has a population of approximately 6,800.

Summary of recommendations



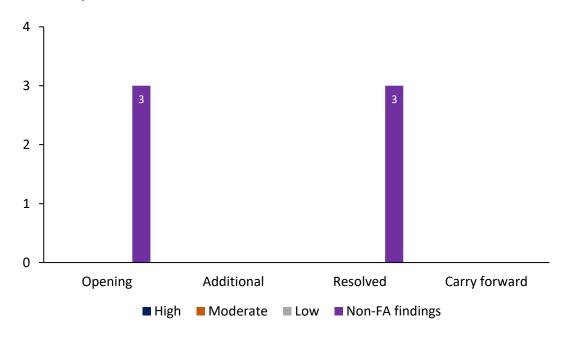
Performance audit matters

Dorset Council had 1 performance audit matter to address relating to the review of private works delivered by Local Government. This matter was resolved during the year.

George Town Council

George Town Council is located in northern Tasmania and has a population of approximately 7,000.

Summary of recommendations



Performance audit matters

George Town Council had performance audit matters to address relating to:

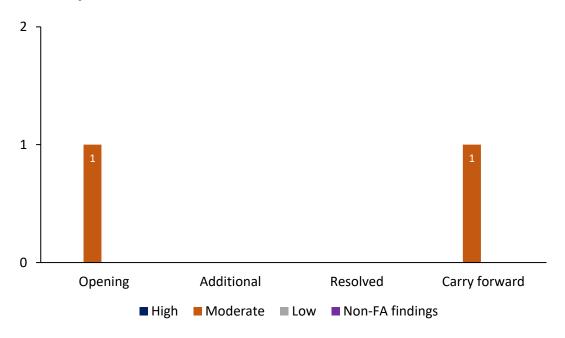
- General Manager recruitment, provision of support to Councillors
- General Manager recruitment, review and improve as appropriate recruitment processes.
- review of private works delivered by Local Government.

All 3 matters were resolved during the year.

Huon Valley Council

Huon Valley Council is located in southernmost council of Tasmania and has a population of approximately 19,000.

Summary of recommendations



Recommendation updates

Management has progressed with resolving this item, and it should be resolved as part of final audit procedures for 2024-25.

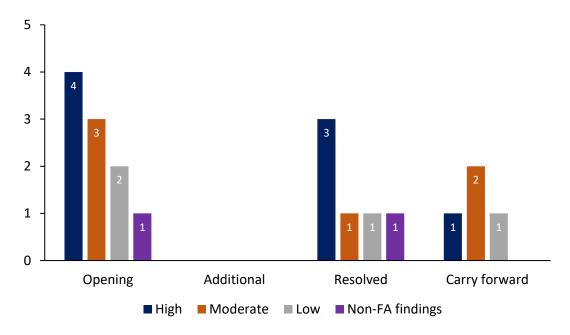
Moderate risk items

The moderate risk item relates to the componentisation of unsealed roads.

Kentish Council

Kentish Council is located inland on the eastern North-West Coast of Tasmania and has a population of approximately 6,600.

Summary of recommendations



Recommendation updates

Kentish Council resolved 6 of the 10 findings during the year. Of the 4 carry forward items, 3 are expected to be resolved as part of the 2025-26 audit, and 1 finding as part of the 2026-27 audit.

Performance audit matters

The performance audit matter relates to the review of private works delivered by Local Government.

High risk items

The high risk items relate to:

- segregation of duties of journal processing
- management of acquired assets through developed subdivisions
- management and quality of underlying asset data
- key person dependency.

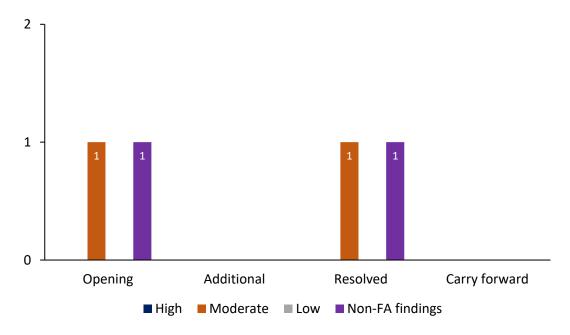
Moderate risk items

Two moderate risk items relate to general IT controls and 1 relates to capitalised work in progress.

King Island Council

King Island Council is located in the Bass Strait and has a population of approximately 1,600.

Summary of recommendations



Recommendation updates

King Island Council resolved both of the audit matters during 2024-25.

Performance audit matters

The performance audit matter related to the review of private works undertaken by Local Government.

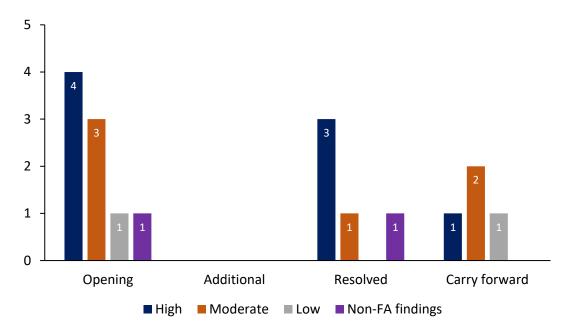
Moderate risk items

The moderate risk items relates to general IT controls.

Latrobe Council

Latrobe Council is located in the eastern end of Tasmania's North West Coast and has a population of approximately 12,400.

Summary of recommendations



Recommendation updates

During the year, management addressed 5 of the 9 findings, with progress on the remaining 4 items dependent on staff availability.

Performance audit matters

The performance audit matter relates to the review of private works delivered by Local Government.

High risk items

The high risk items relate to:

- segregation of duties of journals processing
- management of acquired assets through developed subdivisions
- management and quality of underlying asset data
- key person dependency.

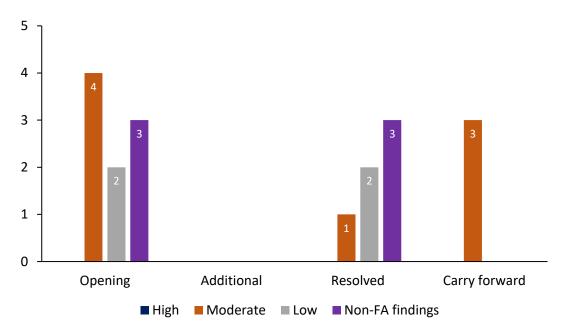
Moderate risk items

Two moderate items relate to general IT controls and 1 relates to capital work in progress.

Sorell Council

Sorell Council is located in the southeastern region of Tasmania and has a population of approximately 16,700.

Summary of recommendations



Recommendation updates

During the year, management resolved 6 of the 9 findings that were outstanding, with the remaining 3 audit matters due to be resolved by September 2025.

Performance audit matters

Sorell Council had performance audit matters to address relating to:

- General Manager recruitment, provision of support to Councillors
- General Manager recruitment, review and improve as appropriate assessment processes.
- review of private works delivered by Local Government.

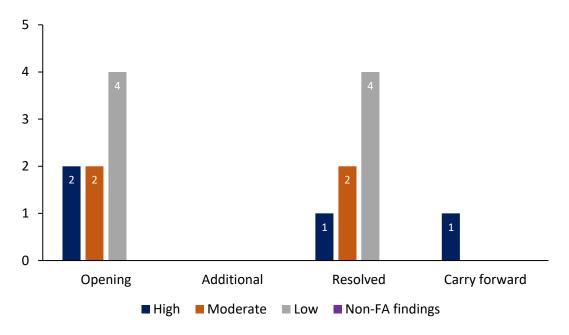
Moderate risk items

All 4 of the moderate risk items relate to general IT controls

Southern Midlands Council

Southern Midlands Council is located in the southern region of the Tasmanian central midlands and has a population of approximately 6,700.

Summary of recommendations



Recommendation updates

Management resolved 7 of the 8 findings during 2024-25, with the remaining high risk item due to be resolved by November 2025.

High risk items

High risk items relate to the valuation of stormwater assets and IT policies and procedures.

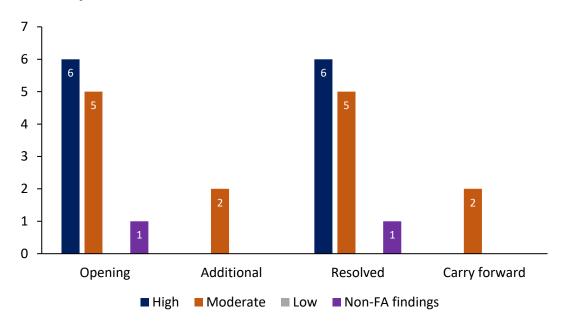
Moderate risk items

One moderate risk item related to general IT controls, and 1 finding related to the evidencing of independent review of the fortnightly payroll function.

Tasman Council

Tasman Council is located on the southeastern coast of Tasmania and has a population of approximately 2,600.

Summary of recommendations



Recommendation updates

All 12 of the audit matters from last year were resolved during 2024-25. The 2 outstanding items relate to audit matters identified as part of the 2024-25 interim audit.

Performance audit matters

The performance audit matter relates to the strategic procurement of Local Government.

High risk items

High risk items related to the following:

- overdue revaluation of buildings
- inadequate documentation of prior years' fixed asset register
- absence of IT strategy
- lack of formal process over preparation of financial statements
- lack of segregation of duties in journal processing
- management oversight of valuation process and assessment of valuation result.

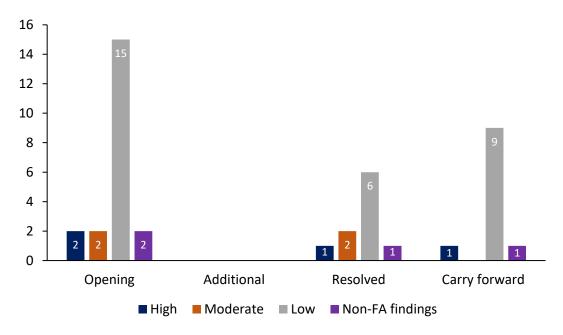
Moderate risk items

Moderate risk items relate to either general IT controls or lack or independent review.

Waratah-Wynyard Council

Waratah-Wynyard Council is located on Tasmania's north-west coast and has a population of approximately 14,300.

Summary of recommendations



Recommendation updates

Management resolved 10 of the 21 findings during 2024-25, with 11 still to be resolved. Of the 11 outstanding items, 7 are expected to be resolved as part of final audit procedures for 2024-25.

Performance audit matters

Waratah-Wynyard Council had performance audit matters to address relating to:

- strategic procurement by Local Government
- review of private works delivered by Local Government.

High risk items

High risk items relate to:

- revaluation of Land Under Roads assets
- management's due diligence on review of internal assets revaluation.

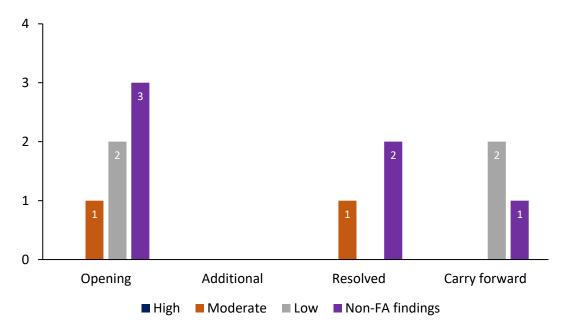
Moderate risk items

The 2 moderate risk items relate to general IT controls.

West Coast Council

West Coast Council is located in western Tasmania and has a population of approximately 4,300.

Summary of recommendations



Recommendation updates

Management addressed 3 of the 6 audit matters during 2024-25, with 2 findings currently in the process of being resolved.

Performance audit matters

West Coast Council had performance audit matters to address relating to:

- General Manager recruitment, provision of support to Councillors
- General Manager recruitment, review and improve as appropriate recruitment processes
- review of private works delivered by Local Government.

Moderate risk items

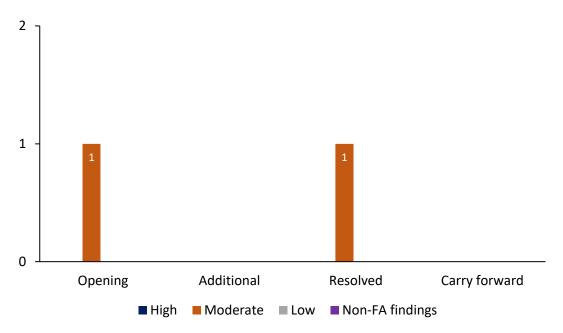
Moderate risk item relates to regularity of revaluation of infrastructure assets.

Other Local Government Entities

Cradle Coast Authority

The Cradle Coast Authority is a regional development organisation in north-western and western Tasmania, established in 1999. It is jointly owned by 8 local councils: Central Coast, Circular Head, Devonport, Kentish, King Island, Latrobe, Waratah-Wynyard, and West Coast. Operating under the *Local Government Act 1993*, Cradle Coast Authority serves as a collaborative body to drive sustainable development, advocate for regional interests, and support local governance

Summary of recommendations



Recommendation updates

During the year, Cradle Coast Authority resolved the 1 outstanding Moderate risk finding.

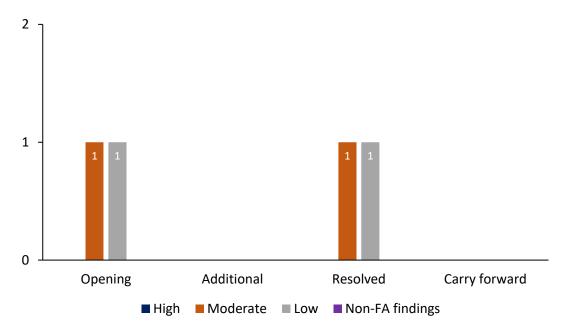
Moderate risk items

The 1 moderate risk item related to general IT controls.

Southern Waste Solutions

Southern Waste Solutions is a regional waste management organisation. It was established in 2001 under the *Local Government Act 1993*, the Authority is a joint initiative of several local councils, including the City of Clarence, Sorell, Tasman, and Kingborough. Its primary mandate is to manage and operate the Copping Waste Precinct, located on Blue Hills Road near Copping.

Summary of recommendations



Recommendation updates

The 2 risk items outstanding were resolved during 2024-25.

Moderate risk items

The moderate risk item related to the lack of a service level agreement with a third party.

Appendix 1 – State entities with low risk findings only

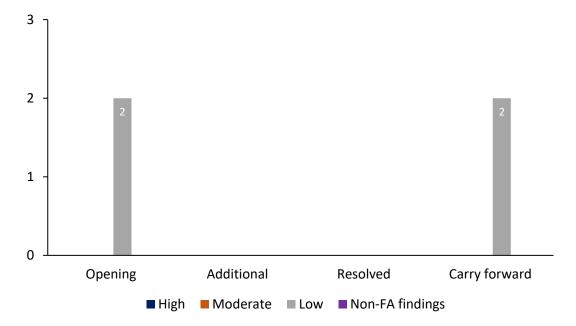
Healthy and safe Tasmanians

Nil

Sustainable communities and environment

Inland Fisheries Service

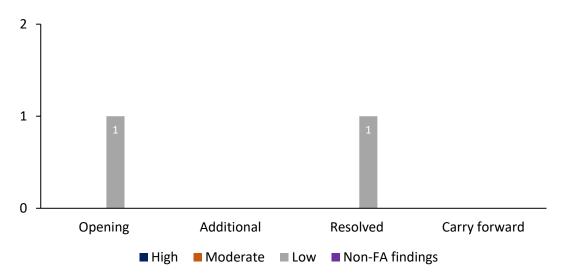
Under the *Inland Fisheries Act 1995*, the Director of Inland Fisheries, through the Inland Fisheries Service, manages fisheries in all inland waters, which includes lakes, rivers, farm dams, registered private fisheries, ponds and aquaria.



Private Forests Tasmania

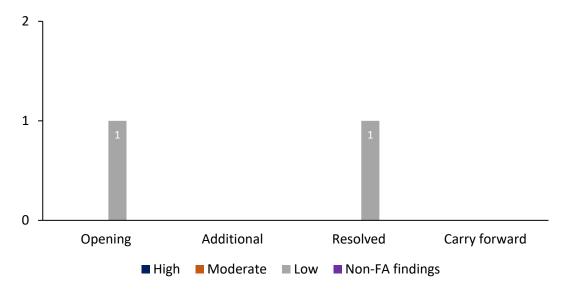
Private Forests Tasmania is a statutory authority established in 1994 under the *Tasmanian Private Forests Act 1994*. It has a legislated role to facilitate and expand the sustainable development of Tasmania's private forest resource in a manner which is consistent with sound forest and land management practices.

Summary of recommendations



Royal Tasmanian Botanical Gardens

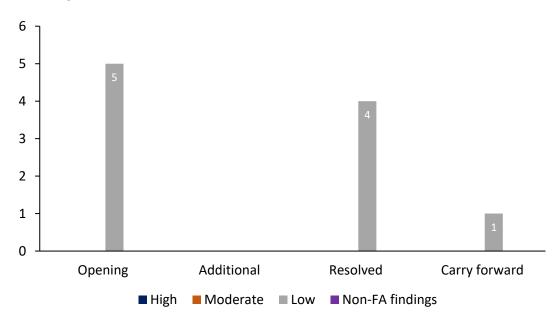
The Royal Tasmanian Botanical Gardens (RTBG) is responsible for managing, conserving and enhancing the Gardens in accordance with the *Royal Tasmanian Botanical Gardens*Act 2002. The vision of the RTBG is to create a thriving Tasmanian botanical, social and cultural destination. The RTBG purpose is to enrich Tasmania by curating, securing and displaying a diverse living collection.



TasTAFE

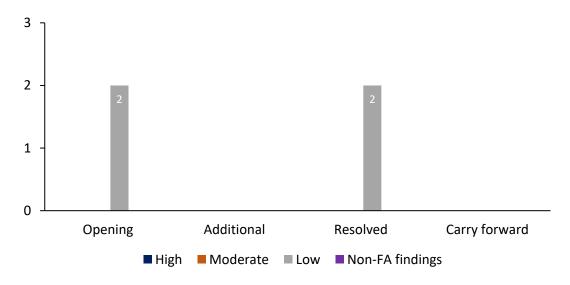
TasTAFE is the single publicly owned entity delivering post compulsory Vocational Education and Training in Tasmania. Through its status as a registered training organisation with the Australian Skills Quality Authority, its role is to enable Tasmanians to gain skills and qualifications needed for the State's workforce and to support the community to succeed and prosper.

Summary of recommendations



Tasmanian Waste and Resource Recovery Board

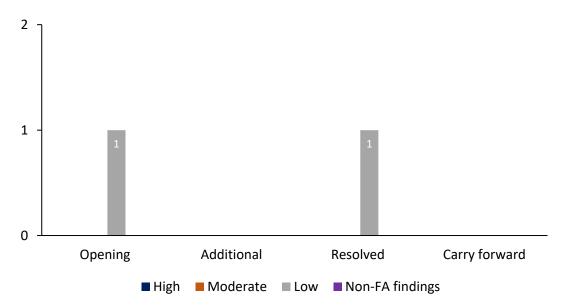
Tasmanian Waste and Resource Recovery Board is a statutory authority established under the *Waste and Resource Recovery Act 2022*. It plays a pivotal role in Tasmania's waste management and resource recovery landscape and is supported by the Department of Natural Resources and Environment Tasmania.



UTAS Holdings Pty Ltd

UTAS Holdings Pty Ltd is a wholly owned subsidiary of the University of Tasmania, established to advance the university's educational objectives through the commercialisation of its intellectual property.

Summary of recommendations



Fit-for-purpose infrastructure

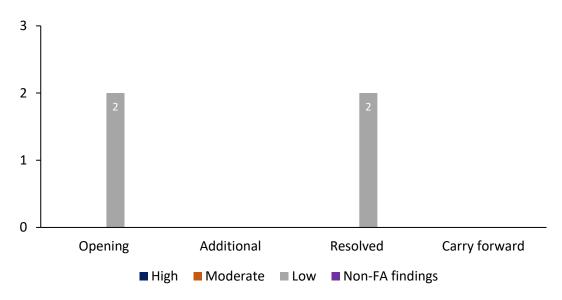
Nil

Strong governance and stewardship

Keystone Tasmania

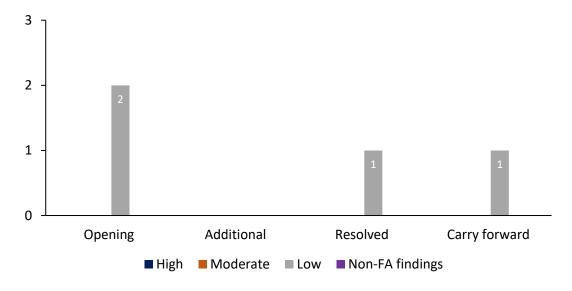
Keystone Tasmania is a statutory authority established under the *Building and Construction Industry Training Fund Act 1990*. Its primary purpose is to enhance the quality and accessibility of training within Tasmania's building and construction industry.

Summary of recommendations



Legal Profession Board

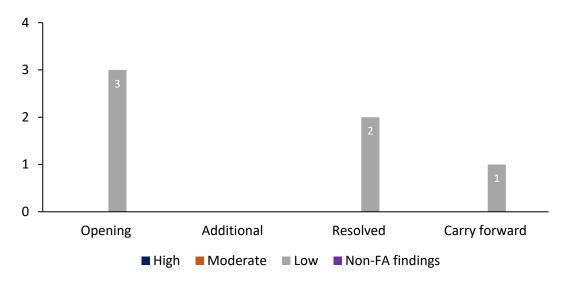
The Legal Profession Board of Tasmania is an independent statutory body established under the *Legal Profession Act 2007*. It serves as the primary regulator of the legal profession in Tasmania, overseeing the conduct of legal practitioners to ensure they meet high standards of professionalism and integrity.



Office of the Director of Public Prosecutions

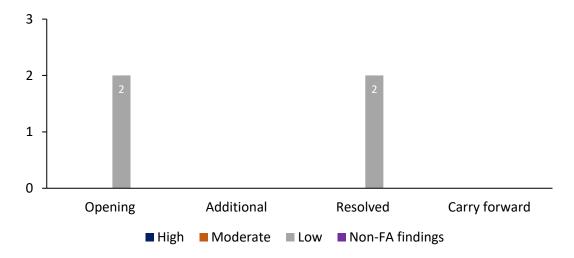
The Office of the Director of Public Prosecutions provides criminal law services to the State of Tasmania. The *Director of Public Prosecutions Act 1973* details the role and functions of the Director of Public Prosecutions.

Summary of recommendations



Office of the Ombudsman and Health Complaints Commissioner

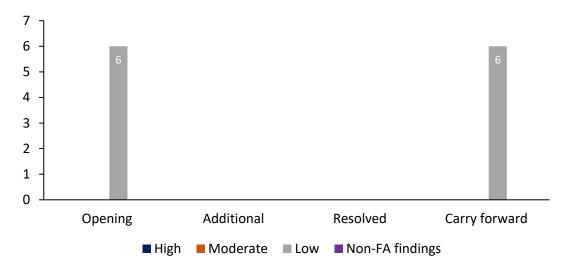
The Ombudsman operates under the *Ombudsman Act 1978* and is responsible for enquiry and investigation into complaints regarding the administrative actions of Tasmanian government agencies, local councils and a range of other public authorities. The Ombudsman seeks to resolve individual grievances and address systemic issues arising from administrative matters in the public sector. Through independent, objective and impartial investigations, the Ombudsman promotes fairness and equity and aims to bring about improvements in the quality and standard of public administration.



Property Agents Board

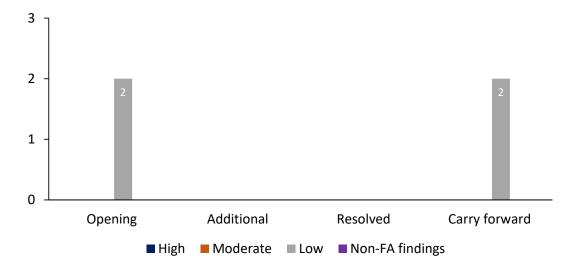
The Property Agents Board is the statutory authority responsible for regulating the real estate industry in Tasmania. Established under the *Property Agents and Land Transactions Act 2016*, the Board ensures that property agents – such as real estate agents, property managers, property representatives and general auctioneers – operate in compliance with legal and professional standards.

Summary of recommendations



Property Agents Trust

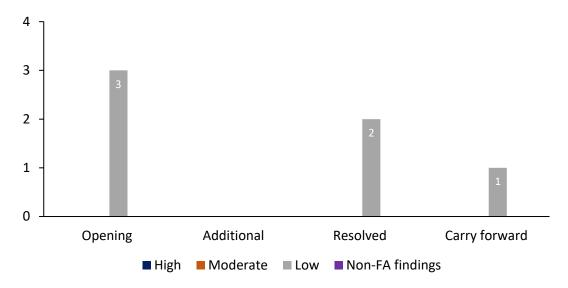
The Property Agents Trust is an entity constituted under the provisions of the *Property Agents and Land Transactions Act 2016*. Its main function is to establish and maintain from money it receives under schemes of arrangement, a fund to meet claims for loss suffered by people as a result of certain acts and omissions of real estate agents, property managers or general auctioneers, their directors and people employed by them, or acting on their behalf.



Solicitors' Trust

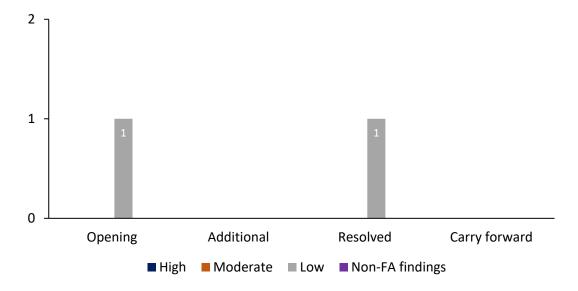
The Solicitors' Trust was established under the *Legal Practitioners Act 1959* and continued under the *Legal Profession Act 1993* as a body corporate with a common seal. Its main function is to administer and manage the Guarantee Fund.

Summary of recommendations



Tasmania Legal Aid

Tasmania Legal Aid is an independent statutory body established under the *Legal Aid Commission Act 1990 (Tas)*. Its primary mission is to provide equitable access to legal services for all Tasmanians, particularly focusing on those who are economically or socially disadvantaged.



Local Government – Urban Councils

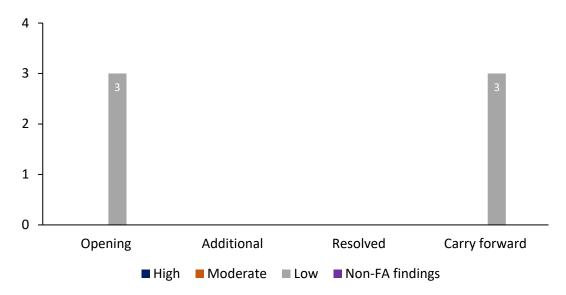
Nil

Local Government – Rural Councils

Glamorgan Spring Bay Council

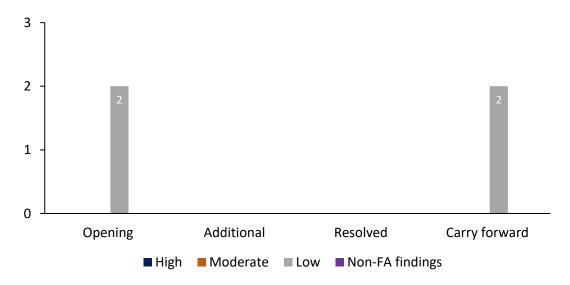
Glamorgan Spring Bay Council is located on the central east coast of Tasmania and has a population of approximately 5,000.

Summary of recommendations



Meander Valley Council

Meander Valley Council is located in northern Tasmania and has a population of approximately 21,600.

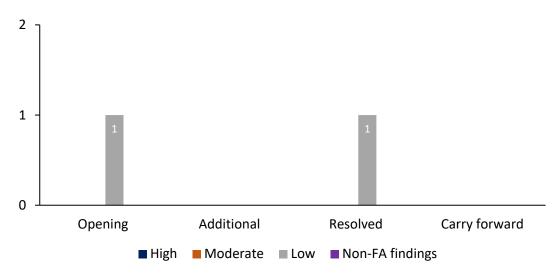


Other Local Government Entities

C-Cell Unit Trust

C-Cell Unit Trusts principal activities involve developing and operating a category C Cell at the Copping landfill and to decommission and rehabilitate the C Cell at the end of its useful life.

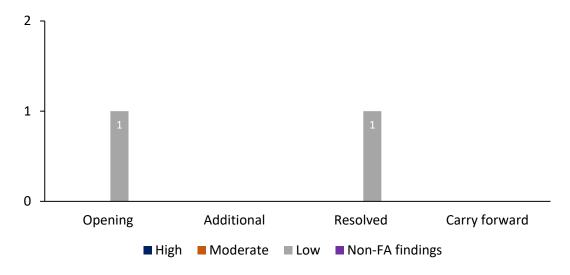
Summary of recommendations



Dulverton Regional Waste Management Authority

Dulverton Regional Waste Management Authority is a regional waste management entity established under the *Local Government Act 1993* by the Central Coast, Devonport City, Kentish, and Latrobe councils. Its primary purpose is to manage and operate waste management services for these councils, focusing on environmentally sustainable practices and resource recovery.

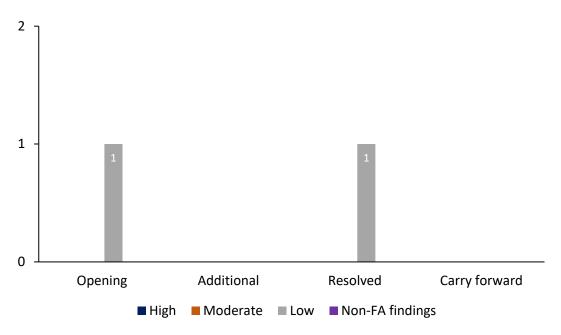
Summary of recommendations



TasWaste South

TasWaste South is a joint authority established by the 12 councils of Southern Tasmania. Its primary purpose is to coordinate and enhance waste management and resource recovery across the region, aiming to achieve more sustainable and efficient outcomes for local communities.

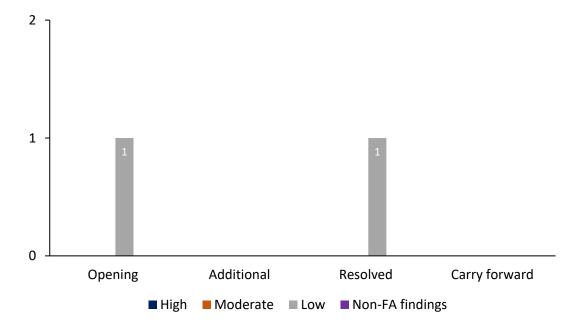
Summary of recommendations



Tasmanian Water and Sewerage Corporation Pty Ltd

TasWater is the sole provider of regulated water and sewerage services across Tasmania.

Summary of recommendations



Appendix 2 – State entities with no findings

Healthy and safe Tasmanians

Tasmanian State Health Funding Pool

The Tasmanian State Health Funding Pool is a financial mechanism established under the *National Health Funding Administration Act 2012*. It serves as a central account where both Commonwealth and State governments deposit funds for the delivery of public hospital services in Tasmania.

Sustainable communities and environment

AMC Search Ltd

AMC Search Ltd is the commercial arm of the Australian Maritime College (AMC), which is a fully owned subsidiary of the University of Tasmania. Established in 1985, AMC Search provides a wide range of maritime training and consultancy services to various sectors including shipping, ports, defence, logistics, environment, and energy.

Forest Practices Authority

The Forest Practices Authority is an independent statutory body established under the *Forest Practices Act 1985*. It oversees the forest practices system in Tasmania, regulating activities such as establishing forests, growing and harvesting timber, clearing trees, and constructing roads and quarries on both public and private land.

Retirements Benefits Fund

The Superannuation Commission serves as the trustee of the RBF, overseeing the administration of its defined benefit schemes.

Tasmanian Affordable Housing Limited

Tasmanian Affordable Housing Limited was established to provide subsidised rental properties, with the aim to assist disadvantaged Tasmanians in securing affordable housing.

Tasmanian Beef Industry (Research and Development) Trust

The Beef Trust is a fund dedicated to supporting research, development, and other activities that benefit the Tasmanian beef industry.

Tasmanian Public Finance Corporation

TASCORP is a statutory body corporate established under the *Tasmanian Public Finance Corporation Act 1985*. It serves as the central financing authority for Tasmania, providing a range of financial services to public sector entities.

Tasmanian Timber Promotion Board

The Tasmanian Timber Promotion Board is a statutory body established by the Timber Promotion Act 1970. Its primary mission is to promote the use of wood, particularly Tasmanian timber, both within Tasmania and beyond.

Tasmanian University Student Association

Tasmanian University Student Association is a student-led collective dedicated to 2 core principles: student leadership and fostering a strong student community.

Tourism Tasmania

Tourism Tasmania's purpose is to connect travellers emotionally and culturally with Tasmania to drive visitation and lead a sustainable visitor economy that delivers social, environmental, and economic value for all Tasmanians. The Agency is responsible for leading Tasmania's tourism brand, generating demand for visitation in key domestic and international markets and converting that demand into bookings for industry through direct leads from its digital platforms and through strategic travel trade and airline partnerships.

UTAS Properties Pty Ltd

UTAS Properties Pty Ltd is a wholly owned subsidiary of the University of Tasmania, established to manage and develop the university's significant property portfolio.

Fit-for-purpose infrastructure

Stadiums Tasmania

Stadiums Tasmania will lead the strategic oversight, operation, maintenance and development of Tasmania's major public stadiums. It aims to maximise economic and community benefits and promote Tasmania as a destination for world class events. Stadiums Tasmania will centralise the ownership, management, and future capital development of Tasmania's major public stadiums under a single entity.

Tasmania Development and Resources

Tasmania Development and Resources is a statutory entity governed by the Tasmanian Development Board, established under the Tasmanian Development Act 1983. It provides independent advice to the Tasmanian Government, with a primary focus on the creation of investment and associated employment through supporting the implementation of government policies.

Tasmanian Networks Holdings Pty Ltd

TasNetworks Holdings Pty Ltd serves as a non-trading holding company within the TasNetworks group. Its primary function is to hold and manage the group's investments in subsidiary companies that operate in various sectors related to energy and infrastructure.

Strong governance and stewardship

Asbestos Compensation Fund

The Asbestos Compensation Fund is a statutory fund established under the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* in Tasmania. Its primary purpose is to provide fair and appropriate compensation to workers who develop asbestos-related diseases due to exposure in the workplace, as well as to certain family members of workers who have died from such diseases.

Integrity Commission

The Integrity Commissions role is to improve the standard of conduct, propriety and ethics in the public sector by:

- delivering education and training to prevent misconduct and develop resistance to misconduct
- building the capacity of the public sector to prevent and address misconduct
- providing an effective mechanism for misconduct complaints to be addressed.

An important focus for the Integrity Commission is education, advice and prevention of public officer misconduct to strengthen the confidence of Tasmanians in the capacity of State and Local Government public authorities to operate ethically and with propriety.

Marine and Safety Authority

Marine and Safety Tasmania seeks to be widely recognised as a proactive, approachable, and knowledgeable organisation that performs the functions required under the *Marine and Safety Authority Act 1997*. These functions are to:

- ensure the safe operation of recreational and commercial vessels
- provide and manage marine facilities
- manage environmental issues relating to vessels
- perform the functions delegated to the Authority by the Australian Maritime Safety Authority.

Motor Accidents Insurance Board

MAIB is a Government Business Enterprise established under the *Motor Accidents (Liabilities and Compensation) Act 1973*. It operates the state's compulsory third-party motor accident insurance scheme, providing personal injury insurance for individuals injured in motor vehicle accidents involving Tasmanian-registered vehicles. Funding for this insurance is sourced from compulsory premiums paid by vehicle owners during registration.

National Trust of Australia (Tasmania)

The National Trust of Australia (Tasmania) is a community-based, member-driven organisation dedicated to preserving and promoting Tasmania's historic and cultural

heritage. Established in 1960, it is part of the broader National Trust network operating across Australia.

Tasmanian Assessment, Standards and Certification

TASC is an independent education regulator governed by the TASC Board. Operating under the *Tasmanian Assessment, Standards and Certification Act 2003*, TASC develops appropriate standards, accredits courses, and assesses and certifies senior secondary student achievement in Tasmania.

Tasmanian Dairy Industry Authority

The Tasmanian Dairy Industry Authority (TDIA) is an independent statutory government authority established under the *Tasmanian Dairy Industry Act 1994*. Fully funded by the dairy industry, TDIA is responsible for regulating Tasmania's dairy sector to ensure the safety and quality of dairy products consumed both locally and internationally, as well as regulating dairy effluent through the Farm Dairy Premises Effluent Management Code of Practice.

Tasmanian Economic Regulator

The Tasmanian Economic Regulator is an independent statutory body responsible for regulating essential services in Tasmania, including electricity, gas, water, sewerage, and certain transport sectors.

Tasmanian Heritage Council

The Tasmanian Heritage Council is an independent statutory body established under the *Historic Cultural Heritage Act 1995*. It plays a pivotal role in identifying, assessing, protecting, and conserving places of historic cultural heritage significance in Tasmania.

Teachers Registration Board

The Teachers Registration Board of Tasmania is an independent statutory authority established under the *Teachers Registration Act 2000*. Its primary function is to regulate the teaching profession in Tasmania, ensuring that only qualified and ethical individuals are permitted to teach in Tasmanian schools, colleges, and TasTAFE.

WorkCover Board Tasmania

The WorkCover Board Tasmania is an independent statutory authority established under the *Workers Rehabilitation and Compensation Act 1988*. It plays a pivotal role in overseeing and regulating Tasmania's workers compensation system and ensuring a fair and equitable workers compensation scheme, good return to work outcomes and safer workplaces for all Tasmanian workers.

Local Government – Urban Councils

Nil

Local Government – Rural Councils

Northern Midlands Council

Northern Midlands Council is located in central/northern Tasmania and has a population of approximately 13,700.

Other Local Government Entities

Local Government Association of Tasmania

The Local Government Association of Tasmania represents and advocates for the interests of Tasmania's local governments.

Appendix 3 – Audits dispensed

Audits dispensed with		
Board of Architects		
OzLuna Pty Ltd (University of Tasmania)		
SciMex Pty Ltd (University of Tasmania)		
Sita Gen Tech Pty Ltd (University of Tasmania)		

Appendix 4 – Risk ratings

Rating	Impact	Action
High	Matters categorised as high risk pose a significant business or financial risk to the entity and have resulted or could potentially result in a modified or qualified audit opinion if not addressed as a matter of urgency. High risk findings represent a: • control weakness which could have or is having a significant adverse effect on the ability to achieve process objectives and comply with relevant legislation • material misstatement in the financial report is likely to occur or has already occurred.	Requires immediate intervention with a detailed action plan to be implemented within 1 month. Requires correction to the material misstatement in the financial report to avoid a modified audit opinion.
Moderate	Moderate risk findings are matters of a systemic nature that pose a moderate business or financial risk to the entity if not addressed as high priority within the current financial year, matters that may escalate to high risk if not addressed promptly or low risk matters which have been reported to management in the past but have not been satisfactorily resolved or addressed. Moderate risk findings represent a: • systemic control weakness which could have or is having a moderate adverse effect on the ability to achieve process objectives and comply with relevant legislation • misstatement in the financial report that is not material and has occurred.	Requires prompt intervention with a detailed action plan implemented within 3 to 6 months.
Low	Matters categorised as low risk are isolated, non-systemic or procedural in nature and reflect relatively minor administrative shortcomings and could be addressed in the context of the entity's overall control environment. Low risk findings represent: • an isolated or non-systemic control weakness with minimal but reportable impact on the ability to achieve process objectives and comply with relevant legislation • a misstatement in the financial report that is likely to occur but is not expected to be material.	Requires intervention with a detailed action plan implemented within 6 to 12 months.

Rating	Impact	Action
Non-FA findings	Non-FA findings are those that have been raised in performance audits, reviews or examinations. Reference should be had to the relevant reports to assess the risks associated with these findings.	N/A

Appendix 5 – Finding category

Findings fall into the following categories:

- Internal control
- Compliance
- Financial reporting
- Non-Financial Audit Performance audits, reviews and examinations.

Internal control

As required by the Australian Auditing Standards, in conducting our audit of your financial report, we assess the design and implementation of internal controls relevant to financial reporting. If we intend to rely on these controls, we test how effectively they are operating. Any weaknesses in internal control identified during our audit is communicated through this report.

Compliance

These audit findings relate to compliance with relevant legal and regulatory requirements. The purpose of these findings is to communicate instances where non-compliance has been identified. Consideration of compliance is limited to those laws and regulations generally recognised as having a direct effect on the financial report.

Financial reporting

The adequacy of the financial report preparation process, including an assessment of errors or omissions noted in the financial report, is undertaken as part of the audit process. This report provides an update on status in relation to any weaknesses in the financial report preparation process that were identified in prior audits. Any weaknesses that are noted in the current report will be separately reported at the conclusion of our current financial audit.

Non-Financial Audit – Performance audit, review and examination findings

These audits and reviews are undertaken either in accordance with our annual plan of work or because of a decision by the Auditor-General to undertake a review or examination. Any findings from these audits are detailed in this report along with management's assessment as to the extent to which any recommendation has been implemented. Unless otherwise stated, the scope of our activity is limited to reporting management's assessment of progress to date. We provide no assurance as to the accuracy or completeness of managements comments.

Appendix 6 – Transmittal letter



Level 2, 144 Macquarie Street, Hobart, Tasmania, 7000 Postal Address GPO Box 851, Hobart, Tasmania, 7001 Phone: 03 6173 0900 Email: admin@audit.tas.gov.au Web: www.audit.tas.gov.au

23 September 2025

President, Legislative Council Speaker, House of Assembly Parliament House **HOBART TAS 7000**

Dear President, Speaker

Report of the Auditor-General No. 2 of 2025-26: Auditor-General's report on the financial statements of State entities, Volume 1 -**Annual Audit Update, 30 June 2025**

In accordance with the requirements of section 29 of the Audit Act 2008, I have the pleasure in presenting the first volume of my report on the audit of the financial statements of State entities and audited subsidiaries of State entities for the year ended 30 June 2025.

Yours sincerely

Martin Thompson **Auditor-General**

Acronyms and abbreviations

AAOR Annual Audit Outcomes Report

AGR Auditor-General's Report

AMC Australian Maritime College

ASD Audit Strategy Document

Audit Act 2008

Audit Tasmania Tasmanian Audit Office

ED 26 Employment Direction No. 26 Managing

Performance in the State Service

EPA Environment Protection Authority

FAOR Final Audit Outcomes Report

IT Information Technology

MOAF Memorandum of Audit Findings

Non-FA Non-financial audit

PAHSMA Port Arthur Historic Site Management Authority

PFC Public Financial Corporations

PNFC Public Non-Financial Corporations

RTBG Royal Tasmanian Botanical Gardens

TDIA Tasmanian Dairy Industry Authority

TCF Tasmanian Community Fund

University University of Tasmania



Front cover image: Tasmanian Pepper Co, Kermandie River. *Photography: Tourism Tasmania & Jasper Da Seymour.*

Level 2, 144 Macquarie Street

GPO Box 851, Hobart 7001

Hobart, 7000

Hobart Office

Phone (03) 6173 0900

Email admin@audit.tas.gov.au

Web www.audit.tas.gov.au

Launceston Office Address 4th Floor, Henty House

Address

Postal

Phone (03) 6173 0971 1 Civic Square, Launceston