



# Tasmanian Audit Office



## Annual plan of work 2019-20

June 2019

## THE ROLE OF THE AUDITOR-GENERAL

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

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

Audits of financial reports are designed to add credibility to assertions made by accountable authorities in preparing their financial reports, enhancing their value to end users.

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

We also conduct performance audits and compliance audits. Performance audits examine whether a State entity is carrying out its activities effectively and doing so economically and efficiently. Audits may cover all or part of a State entity's operations, or consider particular issues across a number of State entities.

Compliance audits are aimed at ensuring compliance by State entities with directives, regulations and appropriate internal control procedures. Audits focus on selected systems (including information technology systems), account balances or projects.

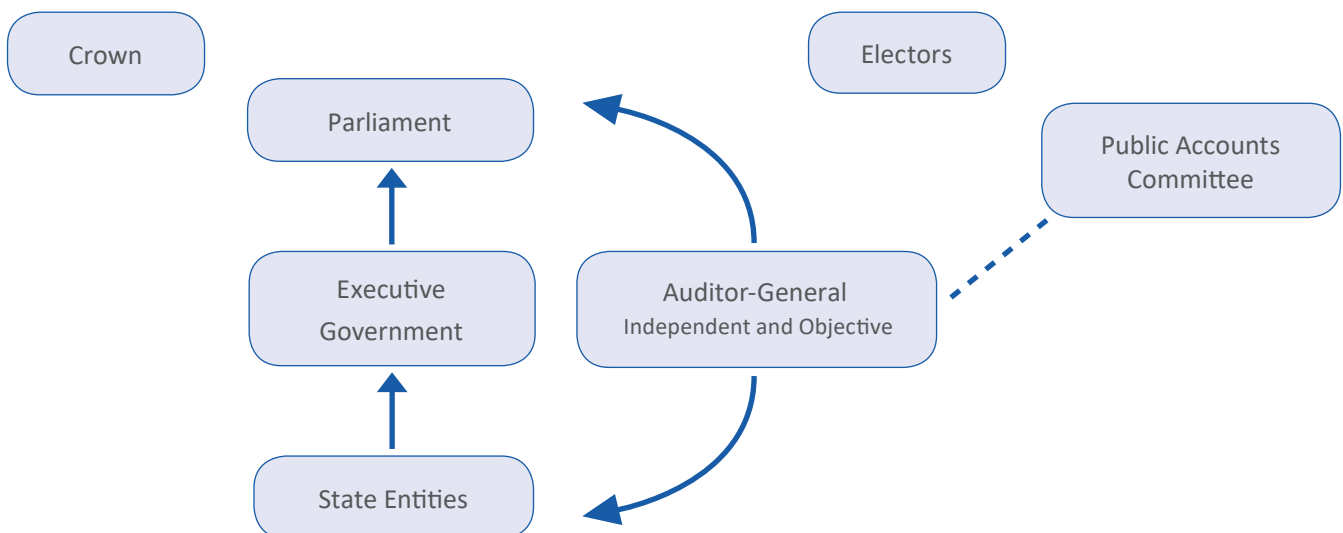
We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

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

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

## THE AUDITOR-GENERAL'S RELATIONSHIP WITH THE PARLIAMENT AND STATE ENTITIES

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



26 June 2019

Chair  
Public Accounts Committee  
HOBART

President  
Legislative Council  
HOBART

Speaker  
House of Assembly  
HOBART

Dear Chair, President and Speaker,

In accordance with section 11 of the *Audit Act 2008*, I submit my annual plan of work for the 2019-20 financial year.

Yours sincerely



Rod Whitehead  
**Auditor-General**

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## FOREWORD

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Pursuant to section 11 of the *Audit Act 2008* (the Act) by 30 June each year I am required to prepare and present to the Parliamentary Standing Committee of Public Accounts (Committee) an Annual Plan (Plan) that describes the proposed work program for the coming financial year. This provides the Tasmanian Parliament, the Tasmanian public sector and the community with an opportunity to understand our priorities and scrutinise our proposed work program for 2019-20.

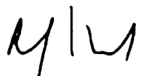
The Plan is a key accountability document for the Tasmanian Audit Office (Office). It is my statement of intent on what we will audit or examine during the forthcoming years and the reports we expect to table in Parliament.

In developing the Plan we continuously monitor issues and developments across the public sector and we consult extensively with relevant stakeholders throughout the year. In exercising my discretionary power to undertake audits and examinations, I am conscious our reports need to be of relevance to Parliamentarians and of interest to members of the public.

The Committee endorsed the draft Plan presented to it on 29 March 2019 and there were no further comments from the Committee that required consideration.

As in past years, the Plan represents an ambitious schedule of work. I am confident that the talented, experienced and dedicated staff of the Office will strive to deliver on the commitment outlined in the Plan.

Finally, I thank Parliamentarians, public sector staff and members of the community who have engaged with us to help formulate the 2019-20 plan of work.



Rod Whitehead  
**Auditor-General**





## OVERVIEW OF REPORTS TO BE TABLED IN PARLIAMENT

| 2019-20  | 2020-21  |
|--|--|
| Performance audits and examinations  |  |
| Council procurement - Report 1   | Council procurement - Report 2   |
| Royal Hobart Hospital redevelopment project  | Effectiveness of shared services arrangements                                      |
| Tasmanian Prison Service   | Children in out of home care   |
| University of Tasmania (University) investment in new student accommodation buildings and management of existing student accommodation buildings | Retention and attainment of year 12 students                                       |
| Expressions of interest for tourism investment opportunities in national parks   | Review of ICT projects and initiatives   |
| Information and communications technology (ICT) strategy, critical systems and investment  | Pre-construction management of significant projects by the University              |
| Management of State roads  |  |
| Effectiveness of risk management and internal audit functions  |  |
| Financial audits   |  |
| Volume 1: State entities 31 December 2019 and accounting and auditing developments   | Volume 1: State entities 31 December 2020 and accounting and auditing developments |
| Volume 2: Treasurer's Annual Financial Report and results of General Government Sector (GGs) Entities 2018-19                                    | Volume 2: Treasurer's Annual Financial Report and results of GGs Entities 2019-20  |
| Volume 3: Government Businesses 2018-19  | Volume 3: Government Businesses 2019-20  |
| Volume 4: Local Government Authorities 2018-19   | Volume 4: Local Government Authorities 2019-20                                     |
| Volume 5: Audit summary 2018-19 and other matters  | Volume 5: Audit summary 2019-20 and other matters                                  |
| Probity examinations   |  |
| Expenditure and payment trends in the GGs  | Council general managers' recruitment, appointment and performance assessment      |
| Audit of Employer functions and powers   |  |
| Management of underperformance in the Tasmanian State Service  | Redeployment arrangements  |
| Tasmanian Audit Office accountability reports  |  |
| Annual report 2018-19  | Annual report 2019-20  |
| Annual plan of work 2020-21  | Annual plan of work 2021-22  |



## OUR MANDATE

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### ROLE OF THE AUDITOR-GENERAL

The role of the Auditor-General is to provide independent assurance to the Tasmanian Parliament and the community on the performance and accountability of the Tasmanian public sector. We do this primarily by undertaking financial audits, performance audits and other examinations and investigations of State entities (as defined in section 4 of the Act). The entities themselves are accountable to Parliament for their use of public resources and the powers conferred on them by Parliament.

### GUIDING LEGISLATION

The Act is the principal legislation governing and guiding the Auditor-General and the Office. It establishes the Auditor-General's mandate and provides the legal basis for the powers and functions of the Auditor-General.

The key responsibility of the Auditor-General is to audit the financial statements of State entities and to report the results of those audits to Parliament. In addition, the Auditor-General must audit the Public Account Statements and any other statements prepared by the Treasurer in accordance with any written law.

The Act also provides the Auditor-General with the authority to undertake:

- performance audits examining the efficiency, effectiveness and economy of a State entity, a number of State entities, or a part of a State entity or a subsidiary of a State entity
- compliance audits examining compliance by a State entity, or a subsidiary of a State entity, with written laws or its own internal policies
- examinations or investigations into any matter relating to the accounts or accounting and financial management information systems of the Treasurer, a State entity or a subsidiary of a State entity
- investigations into any matter relating to public money, other money, public property or other property
- examinations of the performance and exercise of the Employer's functions and powers under the *State Service Act 2000*.

Other audits can also be entered into by arrangement.

### OUR FUNDING, OUTPUTS AND TARGETS

The resources allocated to the Office each year to undertake our audits and examinations and prepare our reports are determined through Tasmania's annual budget process. Under the State Budget framework, our resourcing is incorporated into one output group, Public Sector Management and Accountability. The services the Office must deliver to enable achievement of this Outcome are:

- Audit Assurance - independent assurance of Tasmanian public sector financial reporting, administration, control and accountability
- Parliamentary Reports and Services - independent assessment of the performance of selected State entity activities, including scope for improving economy, efficiency, effectiveness and compliance.

Performance measures for these outputs are published each year in the State Budget Papers and the achievement of these targets are reported in our annual report.

### Communicating Our Findings

The Act prescribes our reporting responsibilities, which include:

- the provision of audit reports expressing an opinion on the financial statements of State entities and management letters conveying audit findings to the relevant State entity's responsible Minister and relevant accountable authority

- reporting to Parliament on or before 31 December in each year on the audits of the financial statements of State entities and audited subsidiaries in respect of the preceding financial year
- reporting, at the discretion of the Auditor-General, the outcomes of performance or compliance audits, examinations or investigations, to the Parliament, or the Committee or the Joint Standing Committee on Integrity.

In addition to the above requirements, we have a stakeholder engagement framework that aims to share our audit findings and to encourage State entities to act on audit recommendations.

We engage through discussions, briefings and presentations with a broad range of stakeholders, including Members of Parliament, the Committee, heads of departments, State entity executive management, chairs of boards and audit committees, mayors and general managers of councils and other integrity bodies.

We also communicate findings of audits through presentations, media releases, media interviews, submissions to inquiries and reviews, and lectures. We also provide information on our website ([www.audit.tas.gov.au](http://www.audit.tas.gov.au)), including full and summarised reports and presentation summaries.

## INFORMATION SESSIONS AND OTHER COMMUNICATIONS

We continue to facilitate information sessions for:

- members of audit committees and senior executives in State entities to keep them abreast of developments in governance, foster a better understanding of the relationship between audit committees and the Office and to provide an opportunity for the exchange of ideas and networking
- State entity corporate, accounting and internal audit staff to ensure they are kept aware of relevant changes in financial reporting requirements and other recent developments impacting financial management and auditing.

We aim to communicate our audit findings and recommendations more broadly to other State entities where those findings and recommendations are of relevance to those entities.

## IMPROVING PUBLIC SECTOR PERFORMANCE

Through our audit work, we collect information, knowledge and experience that has relevance beyond solely acquitting our legislative responsibilities. While we have strict confidentiality provisions around audit evidence, there is some information that we are able to share that can be used by external stakeholders to help inform their own activities.

We have a unique perspective on the regulatory and policy framework governing the accountability of the Tasmanian public sector. We draw on our experience, expertise and research to contribute to the development of audit and accountability policy in the Tasmanian public sector, including reforms to legislation, regulation and standards. This takes the form of submissions to relevant Parliamentary or government inquiries, meetings with representatives of State entities developing policy on audit and accountability issues and providing comments on exposure drafts of new accounting and auditing standards relevant to the public sector. These activities help to increase the impact of our audits, as they ensure that the audit function remains robust and relevant to the Tasmanian community.

## ACCOUNTABILITY AND REPORTING PUBLICATIONS

The Act includes accountability and reporting requirements for the Office specifically, our Plan and our annual report.

The annual report contains our financial statements and a report of operations. The financial statements are audited by an independent auditor who is appointed by the Governor, on the recommendation of the Treasurer. The financial statements of the Office are prepared in accordance with the Treasurer's Instructions (TIs) issued under the provisions of the *Financial Management and Audit Act 1990* (FMAA) and applicable Australian Accounting Standards. The annual report includes an acquittal of our output performance measures established in the State Budget Papers and other key performance indicators.

# FACTORS SHAPING OUR WORK PROGRAM

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## A FOCUSED AND RELEVANT WORK PROGRAM

In developing this Plan, we have undertaken an environmental scan of topical issues in the state, national and global public sector environment and conducted extensive stakeholder consultation to identify and guide the development of our audit and examination areas of focus. This ensures that our work program reflects the changing priorities and challenges of the Tasmanian public sector.

### Environmental scanning

Environmental scanning is a year-round process that includes ongoing research as well as the identification of key risks and challenges for public sector performance and accountability. It provides audit teams with an understanding of the particular context of that sector, as well as any relevant policy goals and service objectives set by the government of the day.

Our scanning includes consideration of media reports, relevant external publications, information gathered from audits, the examination of underlying trends to identify state, national and international public sector developments that may influence our work program.

Examples of scanning activities include sourcing information from Parliamentary committees, other Auditor-General offices, integrity bodies and the Productivity Commission and examining documentation including budget papers, annual reports, State entity strategies and corporate plans.

We also use input from members of the community who have shared their concerns about public sector performance and accountability.

### Stakeholder consultation

We consult widely to gather information and ideas for audit topics and to discuss the merits of, and approach to, potential audit and examination topics. We seek input from Parliamentarians, Parliamentary committees, the public sector and other key stakeholders.

We analyse feedback received to identify recurring themes and instances of high relevance to our mandate, which are then considered in formulating our Plan.

### Public sector and other key sector stakeholders

Along with gathering information from the public sector, we consult heads of departments, State entity executive management, chairs of boards, audit committees, mayors and general managers of councils and State entity employees to help us understand the context of the information we have gathered and to assess the value of potential audit topics. We also consult other Tasmanian integrity bodies, including the Integrity Commission.

Representatives from our Office also meet with representatives from industry, peak bodies, advocacy groups, community groups, unions and academics.

### Parliamentarians

The interests of Parliamentarians are particularly relevant to our work as they represent the interests of their communities. Throughout the year, we collect ideas and feedback from Parliamentarians on our work program through Parliamentary report tabling briefings, one-on-one meetings, surveys and correspondence.

### Parliamentary Standing Committee for Public Accounts

Our key mechanism for consulting Parliament on our proposed work program is through the Committee. The Act requires us to seek and consider the Committee's comments on our draft Plan. In addition, we are required to publish any changes to the draft Plan suggested by the Committee that the Auditor-General does not adopt in the final Plan.

The Committee endorsed the draft Plan presented to it on 29 March 2019 and there were no further comments from the Committee that required consideration.

## Input for future audit topics

We will continue to consult with key stakeholders, including audited State entities and their audit committees, as we develop audit and examination topics for future annual plans. We also welcome ideas and input from the community on topics of interest for future years. Suggestions can be directed to the Auditor-General via post or on our website ([www.audit.tas.gov.au/contact-us/](http://www.audit.tas.gov.au/contact-us/)).

## DECIDING ON THE WORK PROGRAM

Our scanning, consultation and analysis led to the identification of a large range of possible audit and examination topics for 2019-20 and future years. Each potential audit or examination was assessed as part of the selection process with the balance and coverage of the program then considered as a whole.

### Assessing topics

Potential audit or examination topics are selected by considering how effectively they cover our legislative obligation to assess waste, probity and financial resource management, and address risks within the operating environment of the audited State entities.

Potential audit and examination topics are assessed based on a consideration of the following factors:

#### Significance - financial materiality

Financial materiality reflects the financial resources attributed to the State entity program or activity - the value of the assets, annual expenditure and annual revenue against a relevant financial base (such as the entity's net operating result or the relevant expenditure or revenue category).

#### Significance - material nature, influence or public interest

Materiality by nature recognises that an activity or program may have importance to perceptions of public administration and accountability by its very nature; that is, even if it is not significant financially (fraud, abuse of authority or waste may be 'material by nature' regardless of the amounts involved).

Influence recognises that a State entity activity or program may have considerable influence or leverage beyond the entity itself. These activities may have low financial materiality but have a significant impact on other areas of the Tasmanian public sector or community. For example, a policy setting body may be quite small but its influence can be extensive.

In considering the qualitative significance of a potential performance audit or examination topic, we also take into account the impact of an error or irregularity on public accountability and the level of parliamentary and public interest in the outcome of the audit or examination.

#### Risk to good management

Priority may be given to an area or activity where we consider there are higher risks to good management. In considering risks, we consider financial, social and environmental risks. This will include an assessment of risk factors such as:

- nature, where the nature of the subject matter creates inherent risks, such as new and emerging programs, innovative approaches, development of complex or innovative ICT products
- history, where previous reviews or audits in the relevant area have identified weaknesses in controls, systems or approaches that appear ongoing or have widespread effects
- change, where the subject area has been subject to significant change, such as being given an expanded or markedly different role than in the past or significant change of personnel, especially in leadership positions
- visibility and transparency, whereby risks tend to increase when activities are not open to public scrutiny or where policy, guidelines, and processes effecting the activity or area are not in the public domain.

### Potential impact

The potential of a performance audit or examination to promote public accountability and, through its recommendations, improvements in administration is an important consideration. Impact can be increased where recommendations arising from an audit or examination are likely to have:

- significant positive impacts on State entity performance
- broader implications outside the audited State entity
- whole of government application.

### Other reviews

If there have been previous reviews by competent authorities, the Auditor-General is less likely to initiate a performance audit or examination on the same topic. Such reviews include internal and external audits and evaluations by bodies such as the Integrity Commission, Ombudsman and Commissioner for Children and Young People. In assessing this criterion, the Office considers the independence, coverage, date and quality of any previous reviews, whether the outcomes were made public and whether the State entity implemented the agreed recommendations.

### Auditability

Audit selection takes into account the auditability of the proposed topic which is influenced by such matters as the complexity of the subject matter and the availability of acceptable audit or examination criteria, performance standards or reliable information. Other factors considered include the availability of human and financial resources (e.g. audit staff, contractors, consultants or subject matter experts to act as advisers) and the likely duration of the audit or examination.

### Balance and coverage of the program

When finalising topic selection, we consider whether we have effectively covered our legislative obligations to review efficiency, effectiveness, economy and compliance with relevant legislation and regulation and to consider waste, probity and resource management. We also consider the spread of activity across sectors and State entities as well as ensuring there is coordination between the financial audit and performance audit programs.

We believe this process has created a balanced, efficient and effective audit program for 2019-20 and 2020-21 that addresses our legislative obligations while remaining responsive to areas of public interest.

Our audit program is not static and is subject to periodic review. Changes in, or delays to, the program can arise primarily from:

- the identification of a higher priority audit or examination undertaken at the discretion of the Auditor-General
- an audit or examination undertaken at the request of the Committee, Treasurer, Ombudsman or Integrity Commission
- an audit or examination undertaken in collaboration with the Auditor-General of the Commonwealth or another State or a Territory
- reviews undertaken by State entities or other third parties
- resource constraints.

Normally, audits and examination planned but not commenced in the one year will be 'rolled over' into the audit program of the following year where they continue to be relevant. In some cases, following further consideration, audits may be removed from the program.

# PERFORMANCE AUDIT AND EXAMINATION PROGRAM

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## OVERVIEW OF OUR PERFORMANCE AUDIT AND EXAMINATION PROGRAM

Under Part 4 of the Act the Auditor-General may carry out a range of examinations or investigations as defined by section 23. This includes:

- a. examining the accounting and financial management information systems of the Treasurer, a State entity or a subsidiary of a State entity to determine their effectiveness in achieving or monitoring program results
- b. investigating any matter relating to the accounts of the Treasurer, a State entity or a subsidiary of a State entity
- c. investigating any matter relating to public money or other money, or to public property or other property
- d. examining the compliance of a State entity or a subsidiary of a State entity with written laws or its own internal policies
- e. examining the efficiency, effectiveness and economy of a State entity, a number of State entities, a part of a State entity or a subsidiary of a State entity (commonly referred to as a performance audit)
- f. examining the efficiency, effectiveness and economy with which a related entity of a State entity performs functions) on behalf of the State entity, in partnership or jointly with the State entity or as the delegate or agent of the State entity.

## DELIVERING OUR PERFORMANCE AUDITS AND EXAMINATIONS

### Performance audits

A performance audit is a review or examination of the operations of a State entity or any other entity that uses public money or public property that aims to provide the Parliament with assurance relating to the administration and/or outcomes of State entity activities and programs. Performance audits also encourage better administrative and management practices by identifying and alerting public sector leaders to areas of weakness and highlighting areas of innovation and good practice for adoption more broadly across the public sector.

A performance audit can be entity specific or involve examination of a common issue as part of a broader cross entity audit involving a number of State entities. Performance audits include an examination of one or more of the areas illustrated in Figure 1.

Figure 1: Types of criteria commonly included in performance audits

|  |   |
|--|---|
| <b>Economy</b><br><b>Definition:</b><br>Acquisition of the appropriate quality and quantity of resources at the appropriate times and at the best cost.<br><b>Examples:</b> <ul style="list-style-type: none"> <li>• goods and services are procured for the best possible price</li> <li>• desired quality standards have been achieved within time and budget parameters.</li> </ul> | <b>Efficiency</b><br><b>Definition:</b><br>The use of resources such that output is optimised for any given set of resource inputs, or input is minimised for any given quantity and quality of output.<br><b>Examples:</b> <ul style="list-style-type: none"> <li>• resources are used to maximise output of activity levels</li> <li>• controls and monitoring are used to track and manage resource use and improve efficiency.</li> </ul>                   |
| <b>Effectiveness</b><br><b>Definition:</b><br>The achievement of the objectives or other intended effects of activities at a program or entity level.<br><b>Examples:</b> <ul style="list-style-type: none"> <li>• the entity has achieved its stated objectives</li> <li>• the project has delivered the solution in accordance with the agreed specification.</li> </ul>             | <b>Compliance</b><br><b>Definition:</b><br>State entity compliance with all relevant regulation, policies and rules, whether externally or internally imposed.<br><b>Examples:</b> <ul style="list-style-type: none"> <li>• the entity can demonstrate compliance with objectives, functions and requirements of relevant legislation</li> <li>• the entity has systems and processes to monitor compliance and address instances of non-compliance.</li> </ul> |

Performance audits are conducted in accordance with relevant standards issued by the Australian Auditing and Assurance Standards Board. These standards cover planning, conduct, evidence, communication, reporting and other elements of performance audits.

Our performance audits are typically delivered by our staff, however, we periodically engage subject matter experts to advise our performance audit teams on complex and technical issues. We also use contractors to supplement our staff resources where required.

Performance audits are designed and conducted to provide ‘reasonable assurance’, although a performance review may provide a ‘limited assurance’ opinion if it is determined that, as a result of the less extensive nature of the audit, the acceptable risk associated with the findings is higher than for a reasonable assurance engagement.

The outcomes of our performance audits are tabled in Parliament as they are completed.

### Examinations and investigations

The purpose of this program is to supplement our comprehensive audits with shorter, more narrowly focused examinations and investigations. This will enable State entities to realise the benefits of our findings and recommendations more quickly for high impact/high visibility programs and decisions.

### Follow up examinations

We are committed to conducting follow-up examinations to monitor State entity progress in implementing recommendations from previous performance audits and examinations and to verify that actions taken by State entities have been effective in addressing the recommendations. Audits or examinations selected for follow up exclude those subject to follow up by the Committee.



## ACQUITTAL OF THE 2018-19 PERFORMANCE AUDIT AND EXAMINATION PROGRAM

An acquittal of our planned 2018-19 performance audit and examinations program is provided in Table 1 below.

Table 1: Performance audit reports planned to be tabled in 2018-19

| Audit project   | Commencement |          | Completion           |             | Actual or planned tabling |
|---|--------------|----------|----------------------|-------------|---------------------------|
|   | Planned      | Actual   | Planned <sup>1</sup> | Actual      |                           |
| Administration of two grant programs by the Department of State Growth (State Growth) | N/a          | Oct 2017 | Jun 2018             | Sep 2018    | Oct 2018                  |
| Student attendance and student engagement: Years 7 to 10                              | N/a          | Sep 2016 | Apr 2018             | Feb 2019    | Mar 2019                  |
| Emergency Departments   | N/a          | Jun 2017 | Apr 2018             | Apr 2019    | May 2019                  |
| Council procurement - Report 1  | N/a          | Feb 2019 | May 2019             | In progress | Aug 2019                  |
| Royal Hobart Hospital redevelopment   | Aug 2018     | Aug 2018 | May 2019             | In progress | Sep 2019                  |
| Tasmanian Prison Service  | N/a          | Jul 2016 | Oct 2017             | In progress | Oct 2019                  |
| University student accommodation  | Dec 2018     | Dec 2018 | May 2019             | In progress | Oct 2019                  |

1 - initial planned tabling date on commencement of the audit

N/a - not applicable

The timing of the completion of our performance audits has been impacted by:

- loss or redeployment of principal auditors responsible for audits
- the re-profiling of positions within the Office
- the unplanned examination of the administration of two grant programs by State Growth
- the council procurement examination, the timing of which was brought forward from 2019-20.

## PLANNED PERFORMANCE AUDIT AND EXAMINATION OUTPUTS FOR 2019-20

In 2019-20 we plan to complete seven performance audits and one examination.

Table 2: Planned completion of performance audits and examinations in 2019-20

| Audit project  | Type              | Commencement | Planned tabling |
|--|-------------------|--------------|-----------------|
| Council procurement - Report 1   | Examination       | Feb 2019     | Aug 2019        |
| Royal Hobart Hospital redevelopment  | Performance audit | Aug 2018     | Sep 2019        |
| Tasmanian Prison Service   | Performance audit | Jul 2016     | Oct 2019        |
| University student accommodation   | Performance audit | Dec 2018     | Oct 2019        |
| Expressions of interest for tourism investment opportunities in national parks | Performance audit | Apr 2019     | Oct 2019        |
| ICT strategy, critical systems and investment                                  | Performance audit | Apr 2019     | Mar 2020        |
| Management of State roads  | Performance audit | May 2019     | Mar 2020        |
| Effectiveness of risk management and internal audit functions                  | Performance audit | Sep 2019     | May 2020        |

## PERFORMANCE AUDITS AND EXAMINATIONS IN PROGRESS

Table 3: Performance audits and examinations in progress

| Audit or examination                | Overview   | State entities covered   |
|-------------------------------------|--|--|
| Council procurement - Report 1      | <p>This examination relates to procurement of goods and services by three councils, assessing whether certain procurements have been undertaken in accordance with the:</p> <ul style="list-style-type: none"> <li>• <i>Local Government Act 1993</i></li> <li>• <i>Local Government (General) Regulations 2015</i></li> <li>• council's Code for Tenders and Contracts</li> <li>• council's internal policies, procedures and manuals.</li> </ul>   | Devonport City, Dorset and Glenorchy City Councils   |
| Royal Hobart Hospital redevelopment | <p>The audit will examine the project status and will review the arrangements established by the State to enable the project to be delivered on time, within budget and with the intended benefits realised. The audit will also assess the effectiveness of processes for:</p> <ul style="list-style-type: none"> <li>• project governance, management and reporting</li> <li>• risk management</li> <li>• budgetary and financial management</li> <li>• building and operational commissioning.</li> </ul>                             | Royal Hobart Hospital Redevelopment Executive Steering Committee, Department of Health, Tasmanian Health Service |
| Tasmanian Prison Service            | <p>The objective of the audit is to assess whether Tasmanian Prison Service is efficiently and efficiently managing its operations in relation to:</p> <ul style="list-style-type: none"> <li>• facility capacity management</li> <li>• workforce management</li> <li>• financial management.</li> </ul>   | Department of Justice, Tasmanian Prison Service  |
| University student accommodation    | <p>The objective of this audit will be to express an opinion on the effectiveness of the University's management of student accommodation.</p> <p>The audit will examine how the University manages elements of student accommodation, including:</p> <ul style="list-style-type: none"> <li>• the strategic approach to delivering student accommodation</li> <li>• meeting students expectations</li> <li>• management of accommodation facilities</li> <li>• the financial management of accommodation related activities.</li> </ul> | University   |

| Audit or examination   | Overview  | State entities covered   |
|--|---|--|
| Expressions of interest for tourism investment opportunities in national parks | <p>The objective of this audit is to assess the effectiveness of the expression of interest process to achieve development of sensible, low-impact ecotourism experiences and associated infrastructure in our National Parks by private investors and tourism operators to broaden the range of exciting and unique experiences on offer.</p> <p>This audit will assess whether:</p> <ul style="list-style-type: none"> <li>• there is effective whole of government oversight and coordination of expression of interest bids in Tasmania's national parks</li> <li>• governance arrangements ensure a clearly defined separation of duties and personnel between the assessment and approval functions</li> <li>• there is clarity and consistency in how regard is given to other relevant processes and approval requirements in related procurement policy documents (including relevant management plans, guidelines, for example).</li> </ul> <p>We will also assess the extent to which advice was provided by Crown Law and/or the Solicitor-General and the extent to which that advice was implemented or not.</p> <p>The audit will not examine:</p> <ul style="list-style-type: none"> <li>• tourism developments in Tasmanian national parks, reserves and on Crown land that were approved prior to the commencement of the expression of interest process on 21 June 2014</li> <li>• tourism developments in Tasmanian national parks, reserves and on Crown land approved post 21 June 2014 that have been subject to a public tender process.</li> </ul> | State Growth, Office of the Coordinator-General, Department of Primary Industries, Parks, Water and Environment (DPIPWE) |

| Audit or examination                          | Overview  | State entities covered   |
|---|---|--|
| ICT strategy, critical systems and investment | <p>Many governments are shifting from the relatively inward focus of their previous ICT Strategies, to outward looking Digital Strategies that prioritise citizen-centric, responsive and integrated service delivery through digital innovation, collaboration, information management, data analytics, cybersecurity and digital capability development. The Tasmanian Government has signalled a similar appetite for change with the creation of a new Digital Strategy and Services division within the Department of Premier and Cabinet (DPAC).</p> <p>However, the ICT strategy remains an important part of that transformation in that it guides the public sector in seizing the opportunities provided by new technologies in order to reshape the way services to the community are planned, delivered and supported.</p> <p>This audit will assess whether:</p> <ul style="list-style-type: none"> <li>the Tasmanian Government has an effective coordinated and strategic approach to ICT governance and decision making across the general government sector</li> <li>agencies have prepared and maintained contemporary ICT strategic plans</li> <li>agencies are effectively managing critical ICT systems that are essential for service delivery</li> <li>the Tasmanian Government has facilitated an effective investment evaluation and prioritisation approach to ICT investment.</li> </ul> | State departments, DPAC Digital Strategy and Services Division |
| Management of State roads                     | <p>State Growth is responsible for managing significant road networks throughout the State encompassing more than 3 700 kilometres of road with a replacement value of \$5.4 billion.</p> <p>This audit will assess whether Tasmania's State road network is being effectively and efficiently managed and maintained. The audit will examine whether:</p> <ul style="list-style-type: none"> <li>the planning approach to the management of the State road network is effective</li> <li>road assets are effectively and efficiently managed throughout their life cycle</li> <li>State Growth effectively monitors the delivery of the road program</li> <li>State Growth has procurement activities that ensure contracts provide value for money.</li> </ul>  | State Growth   |

## PERFORMANCE AUDITS AND EXAMINATIONS EXPECTED TO COMMENCE IN 2019-20 AND 2020-21

Table 4: Performance audits and examinations expected to commence in 2019-20 and 2020-21

Note: ▲ indicates a new audit or examination not in the previous annual plan of work.

| Audit or examination  | Overview   | State entities covered |
|---|--|------------------------|
| 2019-20   |  |                        |
| Effectiveness of risk management and internal audit functions | <p>Risk management is a critical element of good corporate governance. Effective risk management enables entities to improve their decision making by allowing them to make informed decisions about risks. This examination will assess whether government departments are building risk management capabilities and embedding a sound risk culture throughout their organisations. The examination will assess whether:</p> <ul style="list-style-type: none"> <li>• entities can demonstrate that senior management has provided a mandate for, and is committed to, risk management</li> <li>• information about risk is communicated effectively throughout the entities</li> <li>• entities are building risk management capabilities.</li> </ul> <p>This will include an evaluation of:</p> <ul style="list-style-type: none"> <li>• the role and positioning of the internal audit function within departments</li> <li>• the independence and objectivity of internal audit</li> <li>• the alignment of internal audit plans with departmental goals and risks</li> <li>• quality assurance and resourcing</li> <li>• performance against stakeholder expectations</li> <li>• the communication of internal audit outcomes and insights.</li> </ul> | State departments      |
| Council procurement - Report 2                                | <p>This compliance audit will assess whether procurement of goods and services by councils is being undertaken in accordance with the:</p> <ul style="list-style-type: none"> <li>• <i>Local Government Act 1993</i></li> <li>• <i>Local Government (General) Regulations 2015</i></li> <li>• council's Code for Tenders and Contracts</li> <li>• council's internal policies, procedures and manuals.</li> </ul>  | Selected councils      |

| Audit or examination                          | Overview   | State entities covered  |
|---|--|-------------------------|
| Effectiveness of shared services arrangements | <p>A shared services arrangement facilitates the delivery of back office support services such as accounting, human resources, payroll, information technology, legal, compliance, purchasing and security. The arrangement can allow a number of organisations to share operational tasks, avoid duplication and provide economies of scale.</p> <p>This examination will assess the effectiveness of selected shared services arrangements to determine whether they achieve efficiencies and deliver value to their “customers”. The examination will focus on:</p> <ul style="list-style-type: none"> <li>• governance arrangements including oversight and planning</li> <li>• mechanisms to ensure the effective delivery of services</li> <li>• reporting arrangements and review activities provide for ongoing monitoring and continuous improvements to the operation of the shared services arrangement.</li> </ul> | State departments       |
| Retention and attainment of year 12 students  | <p>The government’s current policy to improve Year 12 retention rates is to extend all public high schools to the final senior grade by 2022. As at 2019, Years 11 and 12 will be offered at 43 state high schools. The government intends to extend this to a further five high schools in 2019, leaving nine schools to be extended to Year 12 by 2022.</p> <p>This audit will examine the effectiveness of the policy in increasing retention and attainment of students. The audit will also examine the impact of government policy to extend Years 11 and 12 in high schools on Colleges. This audit will be undertaken after the end of the 2019 calendar year as a follow on to the student attendance and engagement: years 7 to 10 audit tabled in March 2019.</p>   | Department of Education |

| Audit or examination                   | Overview  | State entities covered  |
|--|---|-------------------------|
| Children in out of home care (OOHC)    | <p>In August 2017, the Office received a request from the Committee to undertake a performance audit into compliance and service delivery of OOHC provided to children in State care.</p> <p>In response to the request an initial audit assessment was undertaken to determine the:</p> <ul style="list-style-type: none"> <li>established or stated audit or review requirements for OOHC service providers</li> <li>nature, timeliness and number of specific checks or audits undertaken</li> <li>outcomes of those checks/audits including number of reports made</li> <li>actions taken when reports were made.</li> </ul> <p>In addition, the audit assessment examined payments made to external providers for OOHC Special Care Packages.</p> <p>On completion of the assessment, we concluded:</p> <ul style="list-style-type: none"> <li>the Department of Health and Human Services (DHHS) had a plan to make improvements to OOHC provided to children in State care</li> <li>DHHS be afforded time to implement planned reforms.</li> </ul> <p>This audit will be undertaken to assess the extent to which the Department of Communities Tasmania (Communities Tasmania) has implemented and achieved the intended outcomes of the planned reforms.</p> | Communities Tasmania    |
| Review of ICT projects and initiatives | <p>Information on the status and outcomes of public sector ICT initiatives is often difficult to obtain. Most agencies and entities provide little, if any, public information specifying these details. This lack of transparency means that it is difficult to determine whether ICT investments have enhanced government services or addressed the problems they were meant to resolve, and whether public resources have been spent in an efficient and effective manner.</p> <p>This audit will provide a status review of selected public sector ICT projects and initiatives.</p>  | Selected State entities |



| Audit or examination  | Overview   | State entities covered                              |
|---|--|---|
| Pre-construction management of significant projects by the University | <p>The University is proposing to undertake an ambitious program of significant building developments which include the \$96 million Hedberg Centre for creative industries and performing arts, the \$300 million Northern Campus relocation projects, additional student accommodation facilities and the \$400 million science, technology, engineering and maths research and teaching facility in Hobart.</p> <p>This audit will examine how the University manages pre-construction activities, including the engagement and use of consultants and experts.</p>   | University  |
| 2020-21   |  |   |
| Council procurement - Report 3  | <p>This compliance audit will assess whether procurement of goods and services by councils is being undertaken in accordance with the:</p> <ul style="list-style-type: none"> <li>• <i>Local Government Act 1993</i></li> <li>• <i>Local Government (General) Regulations 2015</i></li> <li>• council's Code for Tenders and Contracts</li> <li>• council's internal policies, procedures and manuals.</li> </ul>  | Selected councils                                   |
| Follow up of audits not covered by the Committee ▲                    | <p>This follow up examination will assess the extent to which recommendations made in selected tabled audit reports have been implemented.</p>   | Various State entities                              |
| Managing landfills ▲  | <p>This audit will examine whether the Environmental Protection Authority's (EPA) current regulatory approach is appropriately administered, is being complied with and has been effective in providing assurance that landfills are not leading to adverse human health and environmental impacts, both currently and for future generations.</p> <p>This audit will examine the activities of the EPA and a sample of councils and joint authorities that own and operate landfills.</p> <p>This audit will assess whether:</p> <ul style="list-style-type: none"> <li>• EPA effectively administers the regulatory framework for landfills and oversees compliance with it by landfill operators/owners</li> <li>• active landfills are well operated and managed in accordance with the regulatory framework requirements and guidelines</li> <li>• closed landfill sites are well managed in accordance with the regulatory framework requirements and guidelines.</li> </ul> | EPA, DPIPW, Selected Councils and Joint Authorities |

| Audit or examination  | Overview   | State entities covered                               |
|---|--|--|
| Non-Government Organisation (NGO) Grants in the human services sector ▲ | This project will use our powers under the Act to examine outcomes from grant programs undertaken by NGOs. It will also address compliance with reporting responsibilities, and the extent to which Communities Tasmania examines NGO performance effectiveness.   | Communities Tasmania, Various NGOs                   |
| Management of recurrent contracts ▲                                     | This audit will assess the management of recurrent contracts. Examples of such contracts include public and school bus services, ICT consultancies, waste disposal, and debt collection. The audit will examine processes for defining service levels and breach remedies, monitoring performance and renewal of contracts and the resources available to manage the contracts.  | State entities based on contracts selected for audit |
| Management of State department office accommodation ▲                   | <p>The Property Services Unit of the Department of Treasury and Finance (Treasury) is responsible for the management of State departments office accommodation arrangements and the disposal of surplus government property.</p> <p>The audit will look at how economically and effectively State department office accommodation needs are being met. The audit will also assess whether property disposals have been effectively managed.</p>  | Treasury   |
| Mental Health Services ▲  | <p>Tasmania's mental health system is complex and involves many stakeholders including consumers, their families and carers, the State, the Australian Government, community sector organisations, primary health and private providers. It also overlaps with many services and sectors such as alcohol and drug services, disability services, acute services, emergency services, children and youth services, housing, justice, education and employment providers.</p> <p>The audit will assess the extent to which the Tasmanian Government has established an integrated system for consumers and carers where mental health care and support is seamless, smooth and easy to navigate, and whether it has achieved increased timely access to appropriate treatment and support services.</p> <p>The audit will also assess the extent to which the Tasmanian Government has reduced the reliance on acute, hospital based mental health services by delivering sub-acute and non-acute services through other models of community care and support.</p> | Department of Health, Tasmanian Health Service       |

# FINANCIAL AUDIT PROGRAM

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## OVERVIEW OF OUR FINANCIAL AUDIT PROGRAM

Key outputs from our financial audit program are summarised below.

### Opinions on financial statements of State entities

The Auditor-General (including authorised delegates) issues audit opinions on whether the financial statements of State entities fairly present, or give a true and fair view of, their financial position and performance for the year in accordance with applicable Australian Accounting Standards and the relevant legislative reporting framework.

### Opinion on the Annual Financial Report of the State of Tasmania

The Treasurer's Annual Financial Report (TAFR) presents the consolidated financial position and performance of the Total State and the GGS. It also includes the Public Account statement prepared on a cash accounting basis incorporating all transactions, operational or capital in nature, entered into by State entities from the Special Deposit and Trust Funds and Consolidated Fund. The TAFR is a key accountability document for informing Parliament and the public. The Act requires the Auditor-General to express an opinion as to whether the TAFR is fairly presented in accordance with the FMAA and applicable Australian Accounting Standards.

### Parliamentary reports on results of financial audits

At the conclusion of each audit cycle, the Office tables a report in Parliament about the results of our audits of public sector entities' financial statements and our audit of the TAFR. Currently we do this in one report comprising four volumes:

- Volume 1: State entities 31 December year ends and accounting and auditing developments
- Volume 2 - Treasurer's Annual Financial Report and results of GGS Entities
- Volume 3 - Government Businesses
- Volume 4 - Local Government Authorities
- Volume 5 - Audit summary and other matters.

Our reports include comments on selected areas of focus covering key elements of financial and asset management and governance.

We aim to table Volume 1 by the end of April or May and Volumes 2 to 5 by the last Parliamentary sitting period for the calendar year. Where this is not achievable, we table Volumes 2 to 5 as soon as is practicable after the last sitting period. Each tabling is followed by a presentation to Parliamentarians to provide them with a summary of the volume being tabled and to highlight matters of importance. Where reports are finalised and tabled out of session, we will continue to offer presentations to members of Parliament in both the north and south of the State.

### Probity examinations

Outcomes from probity examinations may be reported to Parliament, the Committee or the Joint Standing Committee on Integrity. Outcomes from probity examinations may be reported and tabled as individual reports or may be included in our reports to Parliament on the results of our audits of public sector entity financial statements.

## Audits by arrangement

Under the Act we have the ability to conduct audits and provide other services of a kind commonly performed by auditors. We undertake audits by arrangement covering:

- audits required by regulatory authorities
- audits of council special committees
- grant acquittals.

## DELIVERING OUR FINANCIAL AUDITS

Under the Act, State entities must submit their financial statements, that are complete in all material respects, to the Auditor-General within 45 days after the end of each financial year (that is, 14 August for June balance date reporting and 14 February for December balance date reporting). The Office must then audit the financial statements and issue an audit report outlining compliance with relevant legislation and the applicable financial reporting framework within 45 days of their receipt. Where signed financial statements are received prior to 14 August/February, our 45 day completion obligation commences from the date of receipt.

Financial audits are performed in accordance with Australian Auditing and Assurance Standards issued by the Australian Auditing and Assurance Standards Board. Whilst not a legislative requirement, when conducting annual financial audits, we give regard to probity considerations related to the management or use of public resources.

In conducting financial audits, we use an electronic financial audit methodology known as IPSAM (Integrated Public Sector Audit Methodology). IPSAM was specifically designed for the management of audits in the public sector environment and includes:

- reviewing the probity of matters associated with the management or use of public resources
- assessing compliance with relevant acts, regulations, Government policies and other prescribed requirements
- reporting to Parliament on matters arising from audits or relating to the Auditor-General's other activities in accordance with relevant legislation.

Financial audits are conducted by either financial audit staff of the Office or contracted audit firms. All audits conducted with the assistance of contracted audit firms are subject to project management and quality assurance review by the Office and all audit opinions are issued by the Auditor-General or an Office authorised delegate.

Our audit portfolio management objective is to achieve a balanced allocation of higher risk, material and/or strategic audits between our staff and externally engaged firms. This allocation takes into consideration our financial budgetary requirements and opportunities for our staff to develop their skills and experience. Our resourcing decisions also take into account the level of highly specialised technical skills or expertise required in an audit which may not currently exist within our Office. In instances where it is not practical or viable to build this expertise internally, external specialists are contracted to provide this capability.

## PLANNED FINANCIAL AUDIT OUTPUTS FOR 2019-20

We will continue to deliver a diverse range of financial audit and assurance services in 2019-20 pursuant to the Act. Table 5 provides an overview of those activities and any other applicable legislative frameworks.

Table 5: Financial audits and assurance activities expected to be conducted in 2019-20

| 2019-20   | Number <sup>1</sup> |
|---|---------------------|
| <b>Financial statement audits</b>   |                     |
| <i>Financial Management and Audit Act 1990</i>  | 18                  |
| <i>Local Government Act 1993</i>  | 39                  |
| <i>Corporations Act 2001</i>  | 13                  |
| <i>Government Business Enterprises Act 1995</i>   | 6                   |
| Other legislation or reporting frameworks   | 38                  |
| Audits by arrangement   | 7                   |
| <i>Total financial statement audits</i>   | <b>121</b>          |
| <b>Probity examination</b>  |                     |
| Reporting of outcomes from any probity examinations - not included in other Parliamentary reports | 1                   |
| <b>Parliamentary report</b>   |                     |
| <i>Audit Act 2008</i> - report on the results of financial audits and results of GGS entities     | 1                   |
| <b>Other audits</b>   |                     |
| Audits by arrangement, including regulatory audits  | 8                   |
| Funding acquittals <sup>2</sup>   | 75                  |

1. The number of audits conducted varies each year due to changes in the number of public sector entities and the level of audit dispensation provided.
2. Based on 2017-18 data. Acquittals are only conducted if required under agreements related to specific funding programs.

Our financial audit program is dynamic, reflecting changes such as the creation of new entities and the cessation of others, including the impacts of machinery of government changes in the composition of portfolio departments and associated entities. As such, the number of audit and assurance activities we conduct can change throughout the year and over time in accordance with changes in the number of public sector entities.

## PROBITY EXAMINATIONS

Probity examinations assess whether there has been any lack of probity or prudence in the management or application of public resources. Tables 6 and 7 provide further detail on current and future probity examinations.

Table 6: Probity examinations in progress

| Audit or examination                      | Background  | State entities covered |
|---|---|------------------------|
| Expenditure and payment trends in the GGS | This examination will identify trends in government expenditure and payments, specifically, the increase in expenditure towards the end of the financial year with a focus on expenditure just below tender and quotation thresholds. | State departments      |

Table 7: Probity examinations expected to commence in 2019-20 and 2020-21

Note: ▲ indicates a new audit or examination not in the previous annual plan of work.

| Audit or examination  | Background   | State entities covered |
|---|--|------------------------|
| 2019-20   |  |                        |
| Council general manager recruitment, appointment and performance assessment | This examination will assess recruitment processes, contractual and remuneration arrangements and performance assessment for council general managers.   | Selected councils      |
| 2020-21   |  |                        |
| Private works undertaken by councils ▲                                      | This examination will assess processes relating to private works undertaken by councils to employees. This will include management oversight and approval processes, determination of amounts to be charged and payment arrangements for work performed. | Selected councils      |

## EXAMINATION OF EMPLOYER FUNCTIONS AND POWERS

Section 23(1)(g) of the Act provides the Auditor-General with the authority to examine the performance and exercise of the Employer's functions and powers under the *State Service Act 2000*. The Employer is defined as the Minister administering the *State Service Act 2000*, currently the Premier of Tasmania.

The Office currently receives funding to enable it to undertake one examination per annum.

The Auditor-General may also conduct an investigation into the administration or management of the State Service under Section 18 of the *State Service Act 2000* if requested to do so by the Employer.

Table 8: Employer examinations in progress

| Examination                                | Overview   | State entities covered     |
|--|--|----------------------------|
| Management of under-performance in the GGS | <p>This examination will assess the effectiveness of the management of underperformance in the State Service and identify opportunities for improvement. The examination will consider:</p> <ul style="list-style-type: none"> <li>• how effectively State entities are managing under-performance</li> <li>• whether State entities documented underperformance procedures contribute to the effective management of underperformance</li> <li>• whether State entity management practices contribute to the effective management of underperformance.</li> </ul> | Selected State departments |

Table 9: Employer examinations expected to be commenced in 2019-20 and 2020-21

Note: ▲ indicates a new audit or examination not in the previous annual plan of work.

| Examination                                    | Overview   | State entities covered     |
|--|--|----------------------------|
| 2019-20  |  |                            |
| Redeployment arrangements                      | <p>This audit will assess:</p> <ul style="list-style-type: none"> <li>• compliance with, and effectiveness of, established redeployment rules (employment directions and guidelines)</li> <li>• the effectiveness of redeployment arrangements including vacancy control</li> <li>• how surplus positions are identified and how redeployees are managed.</li> </ul> | Selected State departments |
| 2020-21  |  |                            |
| Follow up of previous Employer audit reports ▲ | This follow up examination will assess the extent to which recommendations made in selected tabled Employer audit reports have been implemented.   | Various State departments  |



## ACRONYMS AND ABBREVIATIONS

|                      |   |
|----------------------|---|
| Act                  | <i>Audit Act 2008</i>   |
| Committee            | Parliamentary Standing Committee of Public Accounts   |
| Communities Tasmania | Department of Communities Tasmania  |
| DHHS                 | Department of Health and Human Services   |
| DPAC                 | Department of Premier and Cabinet   |
| DPIPWE               | Department of Primary Industries, Parks, Water and Environment  |
| Employer             | Minister administering the <i>State Service Act 2000</i> (currently the Premier of Tasmania)  |
| EPA                  | Environmental Protection Authority  |
| FMAA                 | <i>Financial Management and Audit Act 1990</i>  |
| GGs                  | General Government Sector   |
| ICT                  | Information and communications technology   |
| IPSAM                | Integrated Public Sector Audit Methodology  |
| NGO                  | Non-Government Organisation   |
| Office               | Tasmanian Audit Office  |
| OOHC                 | Children in out of home care  |
| Plan                 | Annual plan describing the Auditor-General's proposed work program for the following financial year   |
| State                | Tasmania  |
| State Growth         | Department of State Growth  |
| TAFR                 | Treasurer's Annual Financial Report   |
| TIs                  | Treasurer's Instructions issued under section 51 of the <i>Financial Management and Audit Act 1990</i> and section 114 of the <i>Government Business Enterprises Act 1995</i> |
| Treasury             | Department of Treasury and Finance  |
| University           | University of Tasmania  |

## AUDIT MANDATE AND STANDARDS APPLIED

### Mandate

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

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

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

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

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

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

### Standards Applied

Section 31 specifies that:

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

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

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



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Cover Image *Travelling on the Lyell Highway*  
Tourism Tasmania & Stuart Gibson