

MEDIA RELEASE

28 November 2019

Auditor-General's Report on the Financial Statements of State Entities Volume 2 Audit of State entities and audited subsidiaries of State entities 2018-19

The Auditor-General, Mr Rod Whitehead, today tabled the second volume in our series reporting to Parliament on the outcome of our financial audits for 2018-19. This volume covers the audit of the financial statements of 110 State entities and audited subsidiaries of State entities with financial years ending on 30 June 2019.

Of the 110 financial statement audits completed, all except one received an unmodified audit opinion. A qualified opinion was issued on the financial statements of King Island Council as a revaluation of road infrastructure assets had not been undertaken since 30 June 2012, resulting in a material understatement of the value of these asset.

As at 15 November 2019, audits had not been completed for five State entities. Two of these entities, Latrobe and Kentish Councils, had yet to submit financial statements for audit due to issues arising from the implementation of new financial management systems.

A total of 143 findings were identified and reported the relevant State Entity and audited subsidiary Accountable authority and Minister. Of the 143 findings, 10 were high risk, reflecting matters that pose a significant business or financial risk to the entity or that could potentially result in a modified audit opinion if not addressed as a matter of urgency. High risk findings largely related to asset recognition and measurement issues involving valuations and recording of commissioned assets and information and communication technology issues involving software and system security access controls.

This volume also includes commentary on the aggregated financial results and position of the General Government Sector and Government Business Sector covering overall financial performance, sources of revenue, capital investment and financing and debt. Financial analysis of the Local Government Sector has not been reported due to the absence of financial information for Latrobe and Kentish Councils.

Mr Whitehead made two recommendations for the Government to consider relating to the governance framework for non-profitable government businesses and the cost-benefit of certain State entities remaining in the National Tax Equivalent Regime.

The complete Report can be downloaded from www.audit.tas.gov.au.

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