



Tasmanian
Audit Office

Annual Report 2019-20

23 October 2020

The Tasmanian Audit Office

The Tasmanian Audit Office is an independent State entity which assists the Auditor-General to provide an independent view of the financial and operational performance of State entities. As such the Office is part of the public sector accountability framework assisting Parliament in holding the Government accountable for fulfilling its responsibilities. This is done by conducting financial (attest), performance (non-attest) and compliance, or other audits and investigations and reporting the outcomes of these to Parliament.

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Communication objective

The Tasmanian Audit Office's Annual Report summarises our financial and corporate performance for 2019-20. In keeping with our vision, the report's theme is 'making a difference'.

Our aim is to provide an annual report that meets the needs of our stakeholders.

We welcome and value your feedback. Please send your comments to Patty Johnson by either:

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Auditor-General's reports and other reports published by the Office can be accessed via the Office's [website](#). For further information please contact:

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23 October 2020

Hon Peter Gutwein MP
Treasurer
Parliament House
HOBART TAS 7000

Dear Treasurer

Tasmanian Audit Office - Annual Report 2019-20

In accordance with the requirements of section 36 of the *State Service Act 2000* and sections 42 and 44 of the *Financial Management Act 2016*, I am pleased to submit, for presentation to Parliament, the Annual Report for the Tasmanian Audit Office for the year ended 30 June 2020.

Yours sincerely

Rod Whitehead
Auditor-General

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Message from the Auditor-General

I take pleasure in presenting my report for the 2019-20 financial year. The role of the Auditor-General and the Tasmanian Audit Office (Office) 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 and reporting the outcomes therefrom to Parliament.

Our achievements in a challenging year

The Office began the financial year with the task of achieving the Budget Savings Measures announced by the Government at the end of the May 2019. These measures included targeted savings of \$50 000 in 2019-20 increasing annually to \$150 000 in 2022-23. In addition to identifying savings in the targeted areas of consultants, travel and advertising, the Office's savings plan included condensing our report to Parliament on the audit of financial statements of State entities from five volumes to one and ceasing future annual examinations of the performance and exercise of the Employer functions under the *State Service Act 2000*.

Despite the achievement of significant cost savings in contracted services, travel and advertising (partly attributable to the curtailment of expenditure as a consequence of the COVID-19 pandemic) the operating result for the Office was a loss of \$787 000 (2018-19, loss \$624 000). The result reflects:

- a decision made by the Office in March 2020 to waive all base audit fee increases for 30 June 2020 financial statement audits in recognition of the impact COVID-19 was having on many State entities
- an increase in employee remuneration costs arising from the wage agreement reached between the State Government and public sector unions in August 2019
- our continued reliance on contracted audit service providers due to an inability to fill vacant auditor positions, which was compounded by a slowdown in recruitment since March 2020 as a consequence of COVID-19.

On 10 March 2020, the Office instigated its Disaster Recovery Team (DRT) in response to the threat of COVID-19. The primary focus of the DRT was to maintain continuity of service whilst protecting the health and wellbeing of our people. The DRT is commended for its work in achieving both objectives to date.

My report on the audit of financial statements of State entities was submitted to Parliament on 28 November 2019. However, the report did not include commentary on the performance of the local government sector due to the delayed preparation of financial statements for two councils due to issues with a finance system implementation. The financial statements and audits thereon were finalised in July 2020.

During 2019-20, five performance audits/reviews were tabled in Parliament, with the last report tabled in November 2019. Following the Premier's announcement on 26 March 2020 that Parliament would be suspended until 18 August 2020 due to the COVID-19 pandemic, I decided to suspend the tabling of performance audit reports until such time as Parliament recommenced sitting. My decision was maintained for the remainder of 2019-20 notwithstanding the resumption of Parliamentary sittings from 30 April 2020.

My draft annual plan of work for 2020-21 was submitted to the Parliamentary Standing Committee of Public Accounts (PAC) on 26 March 2020, with the final plan submitted to Parliament on 30 June 2020. As highlighted in the plan, much of our focus over the next year will examine the public sector's response and recovery from the impacts of COVID-19.

Strengthening our relationships

As in past years, we continually strive to strengthen our relationships with key stakeholders. Our relationship with the Parliament is crucial to the role of the Office and we fulfil this through our interactions with the PAC, the presentation of our reports to members of Parliament on the day of tabling, and meetings with Parliamentarians throughout the year.

Notwithstanding the communication challenges presented by COVID-19, we continued to engage with other key stakeholders, representing those charged with the governance of entities across the Tasmanian public sector. These meetings inform public sector leaders on the results of our work and our future activities, and enabled us to obtain an appreciation of the challenges presented by COVID-19 and how State entities have responded to those challenges.

COVID-19 restricted our ability to deliver presentations during the latter part of the financial year, and led us to reluctantly cancel our annual client information session and audit committee information session.

Focusing on the future

Our 2016-2020 strategic plan is due to expire at the end of 2020, and whilst we implemented many of our strategic actions, we would like to have achieved more. Work has commenced on setting a new direction for the next four years, and I look forward to the opportunity to outline our new strategy in our 2020-21 Annual Report.

Acknowledgements

I am immensely proud of the work we do and of the dedicated staff of my Office who strive in everything they do to make a positive contribution to this State. I commend them for the manner in which they have responded to the uncertainty, concern and challenges COVID-19 has presented. I also thank our contracted audit service providers for their work in delivering audit services to public sector on our behalf.

I especially thank Deputy Auditor-General Ric De Santi for his role in Chairing our DRT and for his contribution in leading the Office's response to and recovery from the impact of COVID-19, together with Patty Johnson and the Corporate Support and Strategy (CSS) team

for their speed in facilitating our ability to work-from-home and the support they provided to our audit staff and teams over the entire year.

I express my appreciation to all members of the Office Executive Committee and the external members of Audit Committee, Glenn Appleyard and Georgie Ibbott, for the work they have performed during the year. Finally, I thank the Parliament and in particular, the PAC, for their continued support throughout the year.

I would also like to acknowledge the cooperation and assistance extended by all State entities to my staff during the year. Mutual respect is an important element of the audit process and I am grateful that executives and staff throughout the public sector share this same view and willingly give their time and effort to assist the work of my Office.



Rod Whitehead

Auditor-General



Message from the Deputy Auditor-General and Chief Operating Officer

I am pleased and privileged to be able to provide a brief overview of 2019-20.

First and foremost, I acknowledge the dedication, hard work and support of our staff together with the assistance and understanding of our clients and stakeholders.

In my 2018-19 report, I commented on how that year had been quite tumultuous but there were a number of positive signs ahead. As a result, our 2019-20 journey started with some optimism. Little did we know that as the year unfolded we were to be faced with a number of unprecedented challenges. While inevitably these impacted our results, in my view we successfully limited the impacts becoming stronger as an organisation.

Recruitment and retention of staff continued to present challenges, with unexpected staff losses and difficulty in recruiting experienced auditors, resulting in significant delays to our financial audit program. This was mitigated in part by the hard work of our staff, outsourcing more work to the private sector and some fixed-term secondment arrangements. On a positive note, our performance audit unit was able to build a new highly capable and energetic team. Our CSS and Office of the Auditor-General (OAG) units continued to perform well and provide great support to our operational units.

For me personally and the Office as a whole, the lowest point of the year was reached on 11 April 2020 with the passing of one of our longest serving, most dedicated and respected staff members, Debbie Scott. Debbie will be fondly remembered by her colleagues and clients for her bubbly and friendly personality, and for her contribution to the Office and more broadly, the Public Sector in Tasmania. While she will be sadly missed, she was and will remain an inspiration.

Financially we posted a deficit of \$787 000 driven mainly by fee relief we provided to clients, additional outsourcing costs and the run-off of previously contracted performance audits while at the same time increasing our staffing in that unit. While 2020-21 is also shaping up to be a difficult year financially, we have already started the work needed to ensure we achieve a more sustainable position in future. We are fortunate to have a strong balance sheet due to the hard work and efforts over many years of our Assistant Auditor-General CSS, Patty Johnson.

Just as we were starting to recover from a challenging financial audit season, along came COVID-19. Sadly, COVID-19 has resulted in tragic consequences for many people and placed enormous strains on our businesses, economy and community. It has certainly put new meaning on what we do in our work and private lives.

For the Office, in March 2020, we activated our DRT to lead our response to the pandemic. I was privileged to lead this team which came together exceptionally well, with a common and unwavering focus – the safety of our staff. It is pleasing to see how the entire office

changed the way it operates in a very short time, moving entirely to home based remote working from late March 2020. On 15 June 2020 we finalised our COVID-19 Safety Plan ready for its commencement in July 2020 marking the start of our recovery from COVID-19.

COVID-19 slowed the progress of our 2019-20 audits due to staff having to work remotely from clients and our inability to recruit experienced auditors to fill vacant positions. These resulted in us having to prioritise the completion of the 2019-20 audits post 30 June 2020. On a positive note, COVID-19 has shown us we can continue to largely operate in a virtual world, not only completing our work but also remaining connected with our colleagues, clients and stakeholders. I am sure these will be a feature of our 'new normal' when we fully from the pandemic.

With the help and co-operation of our staff we rallied together to navigate through a difficult year. I am confident as a collective we can and will overcome whatever the future may throw at us. Every member of our staff rose to the challenges presented this year. I am proud to have been part of the Office and I express sincere gratitude to each of my colleagues.



Ric De Santi

Deputy Auditor-General and Chief Operating Officer

Highlights, achievements and initiatives



Highlights, achievements and initiatives

Our Office

The Office delivered ten publications, which included:

- six reports to State Parliament
 - one on the outcomes of financial audits, and
 - five reports on the outcomes of performance and compliance audits and special investigations
- four Office publications
 - Annual report 2018-19
 - Annual Plan of Work 2020-21, and
 - two Accounting and Auditing Developments Newsletters (July and December 2019)



The Office responded to new and revised accounting and auditing standards and contributed to their development at the exposure draft stage.

Despite the impact of COVID-19, the Office continued to meet (as appropriate) with key stakeholder groups including Parliamentarians and Parliamentary Committees, accountable authorities of State entities, accounting and audit professional bodies, and media representatives in accordance with our Stakeholder Relationship Program.

We continued to facilitate the twinning arrangement with the Office of the Auditor-General, Fiji.

Our people

The Office continued to support its staff through a range of initiatives.

Culture Change program with the implementation of monthly staff pulse surveys continued.

Moved to a primarily work-from-home model from March 2020 and provided the policies, procedures, processes and tools for our staff to do this.

Developed a COVID-19 Safety Plan for the Office.

At 30 June 2020, we had 41.6 FTEs (2019, 41.9).

During the year 12 staff left the office (2018-19, 11) with 9 joining (2018-19, 20).

Average sick leave days taken during the year per employee reduced to 6.59 (2018-19, 13.2). There were no workers' compensation claims during the year (2018-19, one).



Our health and wellbeing program was continued and we continued progressing our Diversity and Inclusion Strategy.

We participated in a number of cultural events and festivals including Harmony Day, NAIDOC Week and International Women's Day.

Our governance

The Audit Committee for the Office met four times during the year and provided strong oversight over the financial and operational performance of the Office.

Two internal audit reviews were conducted. The results of the internal audits indicated that by and large we had effective systems and processes with some areas for continuous improvement.

The Office reviewed and approved 18 policy and procedures.

Our performance

For the 2019-20 audit cycle, 61% (2018-19, 88%) of financial audit opinions were issued within 45 days of receipt of financial statements.

We tabled a total of five reports in Parliament on the outcomes of performance and compliance audits and examinations (four in 2018-19).

The Office's 30 June 2020 financial statements were audited with an unmodified audit opinion issued within required timeframes.

An unmodified review opinion was issued on our key performance indicators (KPIs).



Our finances

Received \$2.43m in funding from the Government (2018-19, \$2.45m).

Generated \$5.20m in fees for audit services (2018-19, \$5.24m).

Incurred costs totalling \$8.51m (2018-19, \$8.36m).

Achieved a Net operating balance of \$0.79m deficit (2018-19, \$0.62m deficit).

Cash balance at 30 June 2020 was \$2.26m (2018-19, \$2.83m).



Our Office



Our Office

Vision

Strive – Lead – Excel / to make a difference

Purpose

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public Sector.

The Office is an independent State entity which assists the Auditor-General to provide an independent view of the financial and operational performance of State entities. As such the Office is part of the public sector accountability framework assisting Parliament in holding the Government accountable for fulfilling its responsibilities. This is done by conducting financial (attest), performance (non-attest) and compliance, or other audits and investigations and reporting the outcomes of these to Parliament.

Through our audit and reporting activities we aim to make a difference to how State entities manage public funds and provide services by promoting and strengthening public sector accountability. Our principal legislation is the Audit Act which defines the powers and responsibilities of the Auditor-General. We undertake financial statement audits of the diverse range of State entities and report to Parliament on significant findings arising therefrom. We also undertake a number of performance audits each year and report the outcomes to Parliament. Our reports are public documents when tabled in Parliament and are accessible on our [website](#).

Role and mandate of the Auditor-General

The Government is obliged to account to the citizens of Tasmania, through the Parliament, for its management of public funds and the achievement of agreed outputs. It must ensure that funds are properly raised, protected from loss and spent with maximum efficiency and effectiveness for the purposes approved by the Parliament.

This duty is discharged through the Auditor-General's broad mandate of comprehensive auditing that embodies the components generally referred to as financial audit, performance audit and compliance audit. The areas subject to examination under these audit components can include the management of financial, human and other resources. The Auditor-General reports the results of audits directly to Parliament.

The Auditor-General must provide an audit opinion on the annual financial statements of all State entities, and on components of the Treasurer's Annual Financial Report including the General Government Sector and Total State Financial Statements. The Auditor-General may also investigate instances of waste, impropriety or lack of financial prudence in the use of public resources and has the power to investigate whether the Government and its agencies effectively, efficiently and economically use public resources.

As noted previously, the Auditor-General may also examine the performance and exercise of the State Employer's functions and powers under the State Service Act. The State Employer may also request the Auditor-General to conduct an investigation into any matter which relates to the administration or management of the State Service.

The Auditor-General offers briefings to all members of Parliament about the role of the Office and the Audit Act.

Legislative and regulatory framework

The Audit Act is the main legislation governing the appointment, tenure, duties, responsibilities and authority of the Auditor-General. The Audit Act provides a legal basis for the Auditor-General to access Government information and the freedom to report findings arising from audits to Parliament. The Auditor-General is an independent Officer appointed by the Governor and is not subject to control or direction either by the Parliament or the Government.

The Office is not part of the government itself. This independence from the Executive Government is vital if we are to perform our work effectively and make independent, unbiased judgments.

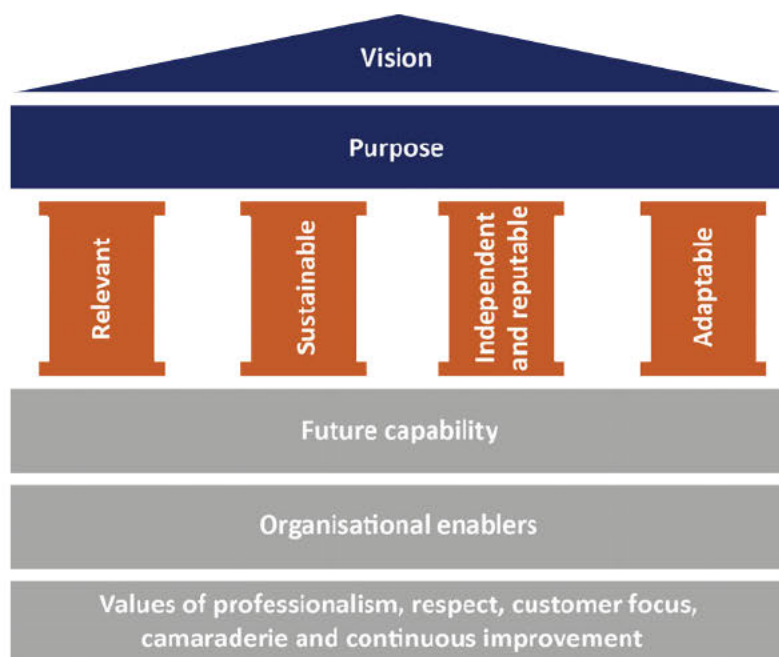
The independence of the Auditor-General is assured under the Audit Act. This independence ensures that findings arising from financial, performance and compliance audits and investigations are communicated regularly to Parliament without interference.

The Auditor-General is responsible for the audits of financial information prepared under the *Financial Management Act 2016*, *Government Business Enterprises Act 1995*, *Local Government Act 1993* and other relevant legislation such as the *Corporations Act 2001* (Cth). We also audit acquittal statements associated with Commonwealth grants and payments to the State under Commonwealth legislation.

Future performance and compliance audits and special investigations are summarised in our Annual Plan of Work which is completed prior to 30 June each year.

Strategic plan

Our four key strategic focus areas of being relevant, sustainable, independent and reputable, and adaptable (our strategic pillars) provide the framework for our strategies to deliver on our purpose and vision.



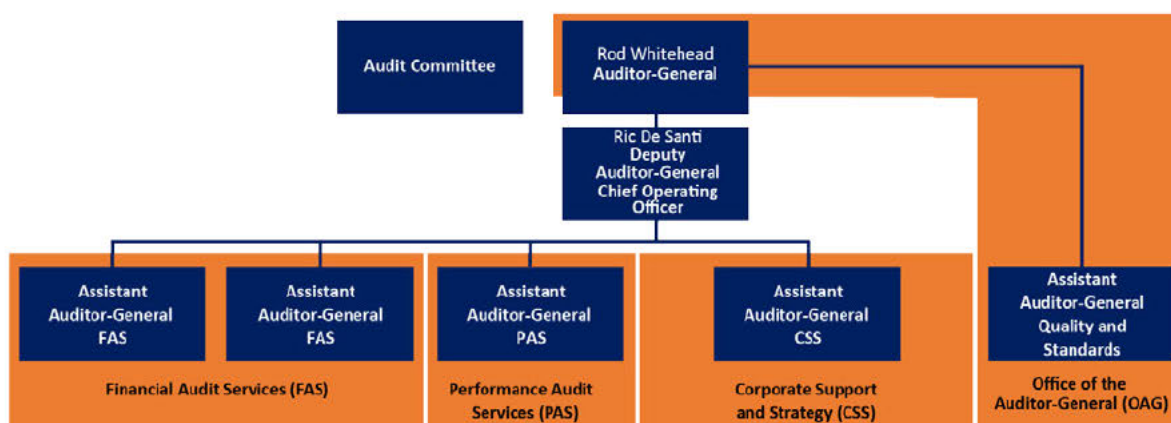
Our strategic plan initiatives

Future expertise	
Enhancing our learning and development framework	Ongoing development of e-learning modules with Department of Justice and other Australian Audit Offices
Develop strategies to embed our values into our desired culture	The Office continued a culture change program throughout the period with a focus on 'living the Office's values'
Contemporary communication	
Refine audit deliverables (including report templates, content, style consistency, publishing requirements and resources)	Whole of office style guide completed and implementation to commence in 2020-21
Enhance internal communication enabling staff to communicate and share information efficiently	Soft-launch of revamped Office intranet
Increase engagement with other audit and integrity bodies	Office continues to engage with and support the Australasian Council of Auditors-General (ACAG) and the Tasmanian Integrity Commission. Continued implementation of the Stakeholder Engagement Strategy

Advanced analytics	
Monitor state, national and global trends relating to data analytics and 'big data'	Continued participation with ACAG data analytics sub-group meetings. Use of TeamMate Analytics in financial audits.
Future audits	
Continue to drive improvement and innovation throughout the Office	A number of improvements were implemented including (but not limited to): development of administrative workflows to streamline operations, improved fees and hours tracking reports for audit operations, and improved process for Qualifications Committee with respect to assessing and recording technical review submissions
Strengthen the quality and assurance framework including our internal quarterly review recommendations	Quality assurance manual continues to be updated. External audit quality assurance reviews conducted. Review findings incorporated into learning and development programs
Monitor national and global trends relating to the future of assurance services	Monitored via ACAG meetings, engagement activities with professional bodies and standards setters
Maintain a contemporary and supported audit methodology and technology platform	Commenced transition from our current audit toolset to a new toolset

For more on the Strategic Plan, or other information about our Office visit www.audit.tas.gov.au

Organisational structure



A more detailed organisational chart can be found under the 'About Us' tab on our [website](http://www.audit.tas.gov.au).

Financial audit services

Part 4 of the Audit Act deals with the Auditor-General's auditing functions, with sections 16 to 22 detailing the audit requirements for financial statements of the Treasurer, State entities and audited subsidiaries of State entities. The Finance Audit Services (FAS) business unit is responsible for the audit of these financial statements.

FAS also undertakes audits by arrangement, which include regulatory financial statements and grant or funding acquittals.

Section 17 of the Audit Act requires accountable authorities of State entities and audited subsidiaries to submit financial statements that are 'complete in all material respects' to the Auditor-General within 45 days of the end of the financial year.

We have determined that 'complete in all material respects' means that the financial statements must:

- be signed by the accountable authority or appropriate senior finance officer at the time they are submitted
- comply with relevant legislative requirements
- comply with Australian Accounting Standards. In the case of government departments, compliance with the Treasury's model financial statements will satisfy this requirement.

Having carried out an audit of the financial statements of a State entity, section 19 requires the Auditor-General to prepare and sign an opinion based on that audit and provide it to the State entity's responsible Minister, with a copy to the relevant accountable authority.

Section 19 also requires the Auditor-General to finalise the audit opinion for a State entity, or an audited subsidiary of a State entity, within 45 days of receiving the financial statements from the accountable authority. We are also required to provide the Minister with a copy of any formal communication of audit findings. FAS works closely with clients to address various accounting matters during the course of its financial audit work. We also continued to produce our model financial statements for local government, aimed at assisting councils in meeting their statutory financial reporting obligations and provide input into Treasury's model financial statements for departments.

In conducting its audits, FAS uses the Integrated Public Sector Audit Methodology (IPSAM) toolset which complies with Australian Auditing Standards (AAS) issued by the Australian Auditing and Assurance Standards Board (AUASB).

Management of financial audits

While the Auditor-General is responsible for auditing all State entities, under the Audit Act there is discretionary power as to who will conduct the audits. Under section 33, the Auditor-General discharges his responsibility by appointing officers within the Office, or some other suitably qualified persons to carry out the whole or a part of an audit or investigation. We have established a panel of audit service providers following a public tender process, and it is from this panel suitably qualified persons are selected to conduct

contracted audits. Details of outsourced audits and external audit service providers are included in Appendices 5 and 6.

Audit dispensation

Under section 18(2) of the Audit Act, following consultation with the Treasurer, the Auditor-General can dispense with the audit of a State entity. Audits dispensed with are detailed in the report to Parliament on the results of our financial audits.

Performance audit services

Section 23 of the Audit Act allows the Auditor-General to carry out examinations and investigations, including performance audits, and this work is usually performed by the Performance Audit Services (PAS) business unit. The Auditor-General may also undertake audits examining the performance and exercise of the Employers functions and powers under the State Service Act.

The objectives of a performance audit are twofold. The first is to provide Parliament with assurance relating to the administration of Government entities and programs. The second is to assist public sector managers by identifying and promoting better administrative and management practices.

Performance audits can include an examination of one or more of the following:

- economy (minimising costs)
- efficiency (maximising the ratio of outputs to inputs)
- effectiveness (the extent to which intended outcomes are achieved)
- legislative and policy compliance.

Audits are carried out using our own methodology which is consistent with requirements of auditing standards and methodologies used by other audit offices. We utilise the IPSAM toolset to document work completed.

Reports to Parliament on the outcomes of performance and compliance audits and examinations

Reports tabled during 2019-20 are shown below and can be accessed via our [website](#).

Reports to Parliament on the Outcomes of Performance and Compliance Audits and Special Investigations	Date Released
Procurement in Local Government	19 September 2019
University of Tasmania's Management of Student Accommodation	17 October 2019
Tasmania Prison Service: Use of Resources	19 November 2019
Rostering of specialists in Tasmania's major hospitals	21 November 2019
Royal Hobart Hospital Redevelopment Project	26 November 2019

Referrals to the Auditor-General

Each year, members of the Tasmanian community, elected officials or other agencies write to the Auditor-General to convey matters of specific concern or interest. Referrals are acknowledged and then triaged before a decision is made as to whether an examination will be conducted. A summary of referrals assessed in 2019-20 is provided below.

Number of new referrals received	Number no further action required	Number of examinations finalised	Number of examinations in progress	Number referred onto other agencies (not in Auditor-General's mandate)
58	41	12 ¹	2	3

1. Of the 12 examinations finalised, the Auditor-General decided not to prepare a report to Parliament. Two reports were tabled in Parliament in 2019-20 that related to referrals received during 2018-19.

Parliamentary presentations

In line with our aim to be open and transparent, we provide presentations to Parliamentarians when we table reports in Parliament. Parliamentarians were invited to presentations on the day of tabling reports. If Parliament is not sitting when reports are tabled, presentations are offered in both Hobart and Launceston.

These presentations highlight our audit approach and key findings affording Parliamentarians the opportunity to obtain further information. These sessions continue to be well attended and based on Parliamentary surveys, along with informal feedback, the reports and presentations continue to add value.

During the year the Auditor-General also meets regularly with the PAC to brief them on our audit plans and audit reports.

Services provided to parliamentarians and state entities

Our reports and audit activities are complemented by providing a range of other services to Parliament and State entities. These services foster enhanced accountability and performance while promoting better practice in the public sector. They include:

- advice and assistance to Parliament, including submissions to Parliamentary committees on matters relevant to their inquiries
- responding to inquiries from Members of Parliament, State entities and the public, which sometimes lead to the conduct of audits

- comment to central agencies and other State entities in such areas as draft Treasurer's Instructions (TIs), financial management proposals and the development of accountability proposals such as audit committee charters
- guidance to State entities, arising from our audit work, in specific areas of governance, management and accountability
- comment to external bodies on emerging developments associated with the public sector including commentary on draft accounting and auditing pronouncements
- advice to Members of Parliament on our role.

Information sessions

In response to the current COVID-19 situation and based on the social distancing advice and mandatory control measures set in place from the Australian and Tasmanian governments, the Office made the decision not to hold its annual Client Seminars (Hobart and Devonport) and Information Session for Senior Management and Members of Audit Committees (Hobart) for 2020.

Compliance and communication

We communicate with openness, accountability and transparency.

Integrity

We are committed to ensuring the Office and its staff operate with the utmost of integrity. As part of this, the Office adheres to the *Integrity Commission Act 2009*.

Right to Information

We are committed to ensuring our administrative information is available to the public. The *Right to Information Act 2009* (RTI Act) gives the public, the media and members of Parliament the right to access information we hold, unless the information is exempt from release.

Under section 6 of the RTI Act the Auditor-General is exempt from providing any requested information unless it relates to our administration. Information relating to financial and performance audits conducted and reports to Parliament are regarded as exempt being classified as internal working information, as is information compiled in making preliminary assessments following receipt of referrals.

One request was received and processed in 2019-20.

Protecting Privacy

We are committed to protecting each individual's privacy in the way we collect, use or disclose personal information. We also ensure that individuals have a degree of control over their own personal information.

When dealing with private information, we do so in accordance with the *Personal Information Protection Act 2004*.

No requests were received in 2019-20.

Public Interest Disclosures

The purpose of the *Public Interest Disclosures Act 2002* (PID Act) is to encourage and facilitate disclosures about the improper conduct of public officers or public bodies. We are committed to the aims and objectives of the Act recognising the value of transparency and accountability in our administrative and management practices. Also, we support making disclosures that reveal corrupt conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment. We do not tolerate improper conduct by our staff, or taking of reprisals against those who come forward to disclose such conduct. All reasonable steps are taken to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure.

Copies of the Office's current PID procedures are available by contacting the Public Interest Disclosure Officer.

In accordance with the requirements of section 86 of the PID Act, the Office advises that in the 2019-20 financial year:

- no disclosures of public interest were made to the Office
- no public interest disclosures were investigated by the Office
- no disclosed matters were referred to the Office by the Tasmanian Ombudsman
- no disclosed matters were referred by the Office to the Ombudsman to investigate
- no investigations of disclosed matters were taken over by the Ombudsman from the Office
- there were no disclosed matters the Office decided not to investigate
- there were no disclosed matters substantiated on investigation as there were no disclosed matters
- the Ombudsman made no recommendations under the Act that relate to the Office.

Process for Appealing Decisions by the Office

The Office does not administer any legislation and the nature of the Office's remit under the Audit Act is that there are no appealable decisions made by the Office.

Our people



Our people

Achievements during 2019-20

- Responding to the COVID-19 pandemic, continuing to put the health and wellbeing of our people first, while still continuing to deliver on our mandate
- Moving to a primarily work-from-home model and providing the policies, procedures, processes and tools for our staff and clients to do this
- Revising our ongoing health and wellbeing initiatives and offerings to include virtual opportunities, with a focus on wellbeing and self-care
- Continuing to implement outcomes from the re-profiling exercise, including the ongoing advertising of permanent positions post re-profiling and continuing to attract, recruit and retain staff to meet our statutory obligations and deliver on the Office's purpose
- Developing further strategies to address the Office's cultural refresh, and working on identified areas for improvement
- Working towards objectives in our Human Resources (HR) plan, further demonstrating the Office's commitment to our people
- Continuing to review staff policies and procedures.

Ongoing monitoring of the status and impacts of COVID-19 continues to occur through the Office's DRT team who will respond and ensure we continue to align with advice from the Australian Government and Tasmanian State Government. The Office remains focused on business continuity, and the wellbeing of our staff, clients and the community during this challenging time.

Our people statistics

	2019-20	2018-19	2017-18
Size of the workforce at 1 July (head count)	47	42	45
Number of staff on secondment, leave without pay and identified employees at 1 July (head count)	7	3	6
Number of staff who left during the year (head count)	(12)	(11)	(15)
Number of staff who commenced during the year (head count)	9	20	9
Number of staff on secondment, leave without pay and identified employees at 30 June (head count)	(6)	(7)	(3)
Size of the workforce at 30 June (head count)	45	47	42
Size of the workforce at 30 June – full-time equivalent	41.6	41.9	39.2
Number of permanent part-time staff	2	2	2
Number of fixed-term part-time staff	4	4	2
Number of fixed-term employees	12	17	14
Number of full-time staff working agreed reduced hours	2	4	6
Average age of workforce at 30 June	42	41	42

The Office's FTE remained stable this reporting period, reflecting the revised structure put in place last financial year. The filling of a number of permanent positions is ongoing as we continue to reduce fixed-term positions.

A breakdown of our staff by salary, age and gender is set out in the table below:

	2019-20	2018-19	2017-18
Number of males as a %	60.0	61.7	61.9
Number of females as a %	38.8	38.3	38.1
Undisclosed gender as a %	2.2	-	-
Average age – male (years)	44.2	41.4	41.4
Average age – female (years)	38.1	39.2	41.6
Average age – undisclosed (years)	*	-	-
Average salary – male	\$114 674	\$102 217	\$105 343
Average salary – female	\$85 988	\$89 156	\$99 719
Average salary – undisclosed	*	-	-
No. of males working agreed reduced hours	0	0	1
No. of females working agreed reduced hours	2	4	5
No. of undisclosed working agreed reduced hours	0	-	-

Results for categories with insufficient responses to de-identify are replaced with an asterisk (*)

The Office aims to have a staffing mix that not only has the right skills and values to meet our strategic objectives but is reflective of the broad and diverse community we operate in. Work has commenced on a detailed roadmap in the form of a Workforce Strategy and underpinning documents that will better allow the Office to continue to ensure we have the right people, in the right jobs, at the right time.

Our Diversity and Inclusion Strategy continued in this reporting period, with initiatives to ensure everyone has access to employment and other opportunities. Our staff are valued, respected, and we support them to be the best that they can be.

Again this reporting period, our overall gender balance did not vary significantly and was not dissimilar to previous years. Along with our new COVID-19 work from home policy, staff continued to access other flexible working arrangements such as varying FTE levels and start and finish times.

Average salaries increased slightly for males due, in part, to the appointment of a new Assistant Auditor-General in Financial Audit Services.

	2019-20	2018-19	2017-18
Average sick leave days taken during the year per employee	6.59	13.2	8.0
Total number of sick leave days taken during the year	274.56	621.4	337.6
Average number of accrued recreation leave days per employee at year end	18.2	16.4	14.4
Total recreation leave days accrued at year end	819.07	752.5	606.4
Staff with >35 days accrued recreation leave at 30 June	6	5	2
Average number of accrued long service leave (LSL) days per employee at year end	18.9	20.6	24.4
Total LSL days accrued at year end	852.68	969.2	1 023.0
Staff with >100 days accrued LSL at 30 June	0	0	1

This reporting period provided a significant decrease in average sick leave days taken by staff. This can be attributed, in part, to COVID-19 social distancing and hygiene measures implemented by the office having a positive impact. Also staff accrued recreation leave entitlements were impacted with some staff deferring planned leave due to the COVID-19 travel restrictions that were in place from March 2020.

Long Service Leave management improved again this reporting period, with no staff holding balances above 100 days. Leave plans continue to be utilised to manage high recreation leave balances to meet our ongoing commitment to providing good work-life balance for all staff.

Workplace health, safety and wellbeing

The Office has continued to proactively manage, employee health, safety and wellbeing. We have a number of measures in place to improve our safety culture and protect staff from workplace injury and harm. A number of additional measures have been implemented in the wake of COVID-19 to support a safe workplace. Throughout the reporting period the office has:

- developed a COVID-19 Safety Plan for the Office
- developed supporting policies and procedures for working safely within the office, at home and at client sites
- provided personal hygiene packs to all staff
- conducted regular workplace inspections

- provided comprehensive Workplace Health and Safety (WHS) reporting to Executive Committee and Audit Committee every quarter on reported WHS incidents, risks and issues
- continued to provide ongoing training throughout the year for our first aid officer, fire wardens and staff with legislative responsibilities
- ensured all worksites and office vehicles contained both first aid kits and cleaning kits
- implemented activities from the Office's Health and Wellbeing Program, including a focus on virtual support and training
- continued to partner with the Department of Justice Health and Wellbeing Champions network to provide greater access to a wide range of activities for staff
- offered influenza vaccinations, the Employee Assistance Program (EAP), fresh fruit, sponsorship for office teams and sporting events, flexibility during work hours to participate in wellness activities, balanced catering at events, educational information to staff through internal communication channels and formal and online training where required.

The provision of annual WHS refresher training and tailored information for staff and managers occurred again in 2019-20. Staff utilised both the Office's learning management system and a face-to-face session to receive training and information on policies, procedures and practices, hazard and risk areas, mental health and wellbeing, reporting, and organisational and individual responsibilities.

The Office continues to support staff who have been absent from the workplace with comprehensive return-to-work support, in-line with Employment Direction 29 - Managing Employees Absent from the Workplace and the Office's Injury Management Program. This may include reduced hours and/or provision of a return to work coordinator to support successful return back into the Office.

We continued to provide staff with access to independent EAP offering support to those seeking assistance with work related or personal matters. Additional resources and support have been offered to all staff to assist with managing work and life during COVID-19.

The following measures were indicators of our success or of areas for improvement, in providing a safe and healthy work environment:

	2019-20	2018-19	2017-18
No. of hazards and incidents reported	6	7	8
No. of workers' compensation claims	0	1	0
No. of first aid officers	1	2	3

Reporting levels remained relatively consistent, indicating our robust culture of hazard identification was maintained this year.

Workplace diversity

The Office is committed to building diversity and inclusion initiatives into our workplace culture and practices. We aim to provide a supportive and respectful work environment which recognises and values the diversity of our staff and the community we serve. We maintain and monitor our commitment to workplace diversity through the Office's *Diversity and Inclusion Strategy and Action Plan 2017-2020*. This Strategy acknowledges every employee of any gender, age, ethnicity or cultural background, disability, sexual orientation, religious faith or those with caring responsibilities can make valuable contributions to achieving our business outcomes. It supports all aspects of employment, people management and development within the Office.

Our action areas under this plan include:

- building an inclusive and diverse workforce
- supporting our staff
- working together to create change.

Key activities in 2019-20 included:

- refreshing our graduate and cadet programs
- participating in internship programs to increase our levels of youth recruitment
- reinforcing our culture of flexible working options through internal communications
- participating and acknowledging in many cultural events and festivals such as Harmony Day, NAIDOC week, and International Women's Day
- promotion of the diversity of our staff through our culture refresh and values programs.

Recruitment and selection

Our recruitment and selection policies and procedures reflect the merit principle. All staff participating on recruitment panels undertake training prior to being on a panel to ensure they have a sound understanding of the key processes and their individual responsibilities, including the key elements of the recruitment and selection process, an understanding of our policies and procedures, conflicts of interest, the merit principle, unconscious bias and diversity in recruitment.

To ensure our ongoing commitment to attracting and retaining skilled staff, we continue to have strong links with the University of Tasmania, attending career fairs, student information sessions, participating in the internship programs and giving a guest lecture. The Office also works closely with professional accounting bodies and attends appropriate career events run by these bodies as they occur.

Industrial and workplace relations

During the year, we continued to implement and adhere to all aspects of the Tasmanian State Service Award and the directions issued under the State Service Act. Employment Directions are issued by the Minister administering the State Service Act and relate to the administration of the State Service and employment matters relevant to the Act. The Office takes advice and guidance from these directions as they are introduced. For further information, refer to www.dpac.tas.gov.au/ssmo. Staff have the right to lodge reviews under the State Service Act related to employment decisions that have an impact on them. During the year, no reviews were lodged.

Graduate, cadetship and internship programs

We continue to offer graduate employment programs to students who are undertaking, or have recently completed, a bachelor degree in a relevant discipline at a recognised tertiary institution. Our revised graduate program now runs for four years, providing graduates an additional year to finalise post-graduate studies and consolidate on-the-job knowledge.

In addition to the graduate programs, the Office supported an intern through the Chartered Accountants Australia and New Zealand (CA ANZ) Achiever Program. The program places a tertiary student looking for a career in accounting, finance or business in our Office for 12 weeks. For the interns, they obtain great experience and the opportunity to build networks within the Tasmanian State Service. As an Office, we get exposure to promising talent in the labour market as well as an opportunity to build our reputation with highly engaged university students.

Further to this, the Office participated in the whole-of-State Service Graduate Rotation Program by hosting a graduate trainee for a six month placement.

The following table summarises the number of cadets and graduates employed at the Office at 30 June 2020:

	2019-20	2018-19	2017-18
Total no. of cadets at 30 June	0	0	0
Total no. of graduates at 30 June (employed in FAS)	5	7	2

Professional development

Our commitment to providing high quality learning and development opportunities for all staff remained consistent. Staff and their managers are encouraged to identify learning and development needs through the Office's performance management process and to continually seek additional learning opportunities as they arise throughout the year. Individual development plans continue to reflect the 70:20:10 model for learning and development. This model holds that 70 percent of knowledge should be gained from job-related experiences, 20 percent from interactions with others (coaching and mentoring) and 10 percent from formal educational events.

We continue to offer customised courses through an e-learning system and a full subscription to LinkedIn Learning, and all new graduates and cadets participate in our Buddy Program. This program pairs these staff with an Office employee who mentors them in their technical development and aids in cultural acclimatisation to the Office.

The following table summarises our investment in staff training, development and coaching:

	2019-20	2018-19	2017-18
Average days per FTE	5.67	14.3	6.6
Average investment per FTE	\$2 676	\$1 905	\$2 321

The Office remains a Recognised Employer Partner with CPA Australia, whereby staff gain recognition for practical experience and continuing professional development. One of the benefits for our staff is they are automatically recognised as meeting their annual continuing professional development obligation. For the Office, this partnership is recognition of our professional development standards and our commitment to the development of our staff. We are continuing to work towards achieving similar status with CA ANZ.

Study assistance

Our study assistance program supports and encourages staff who wish to undertake studies consistent with their workplace requirements and career aspirations. We support our staff by allowing them to take time off to study and prepare for examinations, and appropriate financial assistance for administrative costs and text books.

Performance management

Performance management continues to be conducted in line with Employment Direction 26 - Managing Performance in the State Service. Annual refresher training was again provided to all staff and managers on performance management with a focus on positive feedback conversations. All staff have performance plans in place that include performance indicators linked to business unit and organisational objectives, and behaviours in relation to our values. Half yearly and annual reviews were conducted during 2019-20 for all staff. More detailed information is available in the 'Our performance' Chapter of this Report.

Reward and recognition

We believe it is important to congratulate staff who make an exceptional contribution to our work environment and achievement of objectives. This recognition may take the form of a simple verbal acknowledgement, written acknowledgement via newsletters, value cards and other publications or formal recognition. The objectives of our Reward and Recognition and High Achiever Programs include:

- recognising and rewarding outstanding contributions made by individuals and teams of individuals

- promoting increased awareness of best practices and successful development strategies in ways that will assist us to achieve our vision to 'Make a Difference'
- helping us foster an environment of shared success and commitment
- highlighting behaviours and activities that have benefited us and showcased our staff as role models
- being a fair and flexible practice
- recognising each individual and each team, can make a difference.

We have a number of awards for staff which are presented by the Auditor-General. This year a number of staff were awarded the quarterly Making a Difference Award. This award recognises staff who exceeded expectations in certain areas.

Recipients for 2019-20 were:

- Jason Brett
- Harry Batt
- Nick Cleary
- Ryan Eastley
- the Corporate Support and Strategy Team

Staff ethics

The Office maintains a commitment to high ethical standards, supported by our legislative, governance and policy framework. All our staff must adhere to the Tasmanian State Service Code of Conduct and the State Service Principles under the State Service Act. In addition, we have developed our own values and Guide to Conduct. Our Corporate Governance Framework and the ASX Governance Principles (found under 'About Us' on our [website](#)) promote appropriate leadership, ethics, culture and responsible decision-making within the Office. To support these principles the Office implemented a number of processes to ensure the independence of the Office is not compromised.

Formal procedures require disclosure of any real or perceived conflict of interest and in this regard staff are required to take no part in decisions or audits where real or perceived conflicts of interest may arise. All staff must sign an annual declaration stating they will conduct their work in accordance with codes of conduct, policies and values and must state real or perceived conflicts of interest. Conflicts are also documented and assessed prior to the commencement of each audit.

The Auditor-General provides a declaration of interests to PAC on an annual basis, and the Auditor-General's gifts and benefits forms and register on a quarterly basis. For all staff during the 2019-20 reporting period, 5 declarations of a reportable gift, benefit or hospitality were made.

Grievances and complaints

The Office's Grievance and Respectful Workplace Behaviour Policies are designed to address grievances at the earliest possible opportunity and to avoid escalation to a formal grievance process. In addition, they support the principles of equity, fairness and provide all parties involved with natural justice through consultation, co-operation and mediation. Where possible, we endeavour to achieve amicable resolutions.

We maintain internal procedures for investigating complaints about how we behave and carry out our responsibilities; this includes formal inquiries or disciplinary procedures under the State Service Act.

Employee participation and engagement

We recognise the importance of involving staff in decisions that affect them. In line with our values, we promote a culture based on mutual respect and trust, facilitating innovation, customer focus and continuous improvement. Employee consultation, involvement and participation continues to be sought through 'all staff' emails, pulse surveys, direct approaches, open Office discussions, communiques and consultation. We continue to run quarterly staff information sessions for all staff covering technical and procedural matters and monthly informal staff meetings that cover values and culture based topics. We utilise Microsoft Teams and Zoom to connect with all staff working on-site, at clients and from home. The internal Office newsletter is published bi-monthly and promotes office news, policies, procedures, staff profiles and general information.

We recognise our people are the key to improving our overall efficiency and performance. We continue to our internal organisational effectiveness, and results from the Tasmanian State Service Employee Survey indicate engagement and satisfaction increased in all areas this reporting period:

Agency Results	2020	2018
Overall Satisfaction	58%	48%
Agency Engagement	57%	49%
Wellbeing	68%	59%
Workplace Diversity	69%	65%

Social responsibility

Workforce and Community

This year a number of staff were supported in their participation on both internal and external committees. Further details can be found in Appendix 2. The Office continues to support the Tasmanian School of Business and Economics Prize Awards. The Tasmanian Audit Office Prize in Auditing is awarded annually to the student enrolled in Auditing

(Unit BFA303) who achieves the highest aggregate mark in the unit across the school. The 2019 award recipient was Miss Wern Yahn Lim.

Community Involvement and Support

The Office is an active supporter of many charities, hosting a number of fundraising activities throughout the year. In the reporting period the Office supported Diabetes Tasmania with \$632 of fundraising monies donated, this amount was raised predominantly via free dress Fridays and morning tea events.

Taking into account the impact of COVID-19 the Office participated and supported a reduced number causes and events:

- Cancer Council Biggest Morning Tea
- Harmony Day
- Mental Health Week
- Footy Colour's Day
- Dragon's Abreast Corporate Day.

Climate Change

The Office is committed to reducing emissions associated with our operations through limiting energy usage and waste. Smaller premises in an energy-efficient building continues to provide a reduction in operating costs as well as energy usage. In addition, the Office continues to demonstrate its commitment to reducing emissions by:

- issuing all outgoing correspondence in digital form (new initiative)
- distributing Auditor-General's Reports to Parliament in digital form
- use of efficient office equipment and building facilities
- minimising vehicle and air travel and using eco-friendly options where available
- reducing our fleet to three fuel efficient vehicles, which are shared by staff as required (including private-plated vehicles)
- recycling waste where possible, including toner and coffee pods
- issuing staff with drink bottles and keep cups to reduce single use plastic ware at training and events.

Our performance



Our performance report

In this section we explain our performance for 2019-20 by reference to our KPIs.

Our KPIs were independently assessed by our external auditors with a review opinion published at the end of this section. In the following tables we report our actual results and by use of the following symbols indicate our assessment of each result.

KEY		
Performance achieved	✓	Performance partially achieved or not measured
	—	Performance not achieved
		✗

Parliamentarian and audit client survey indicators

We conduct biennial satisfaction surveys of Members of Parliament and Clients. The most recent survey in 2018-19 indicated high levels of satisfaction with our reports by Parliamentarians. The next survey is due in 2020-21.

The KPIs in the following table are in relation to the Parliamentarian and Audit Client Surveys which support our Relevant, Independent and Reputable Pillars:

Key performance indicators	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Result
Survey of Parliamentarians by independent biennial survey:						
Overall satisfaction with the Auditor-General's reports and services	100%	Nm	100%	Nm	Nm	—
Provide valuable information on public sector performance	97%	Nm	100%	Nm	Nm	—
Reports and services help to improve public sector administration	91%	Nm	93%	Nm	Nm	—
High level of performance audits addressing key areas of interest	85%	Nm	95%	Nm	Nm	—
Responsiveness of the Auditor-General or his Office	100%	Nm	100%	Nm	Nm	—
Extent to which the advice/information provided by the Auditor-General or his Office addressed your needs	100%	Nm	100%	Nm	Nm	—

Key performance indicators	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Result
Performance Audit – overall performance (process, reporting, value)	73%	Nm	69%	Nm	Nm	—
Financial Audit – overall performance (process, reporting, value)	79%	Nm	77%	Nm	Nm	—

Financial indicators

The KPIs in the following table are in relation the Our Finances section of this Report which supports our Sustainable Pillar:

Key performance indicators	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Result
Positive net operating result, that is $\geq 1\%$ of turnover	Not achieved	Not achieved	Not achieved	Achieved	Not achieved	✗
Positive cash flows	Achieved	Achieved	Not achieved	Achieved	Not achieved	✗
End of Year (EOY) cash balance $> \$600\,000$	Achieved	Achieved	Achieved	Achieved	Achieved	✓
Increase cash reserves by \$150 000 each year	Achieved	Achieved	Not achieved	Achieved	Not achieved	✗
Independent un-modified audit opinion on the financial statements of the Office	Achieved	Achieved	Achieved	Achieved	Achieved	✓

Note: In 2017-18, the Office decided to use existing cash reserves to fund the office-wide re-profiling program which was implemented over 2018-19 and 2019-20. The unfavourable result for three indicators reflects this decision, with results expected to improve in 2020-21 and the outyears.

Operational and governance indicators

The KPIs in the following table are in relation to the Our Governance section of this Report which support all of our Pillars:

Key performance indicators	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Result
All financial audits opinions to be issued within 45 days of receipt of final signed financial statements (Audits completed within the financial reporting year) ¹	92%	90%	88%	100%	61%	✗
Performance and compliance audits are completed on average within nine months ²	Not achieved	Not achieved	Not achieved	Achieved	Not achieved	✗
Percentage of recommendations agreed and acted upon 24 months since the tabling of a performance/ compliance audit report	84%	64%	Nm	70%	Nm	—
Performance and compliance audits and special investigations tabled in Parliament ²	6	4	4	6	4	✗
Conducting audits, reviews or investigations and reporting of employer functions under the State Service Act tabled in Parliament	1	1	1	1	1	✓
Report of the Auditor- General on the outcomes of financial audits tabled in Parliament	1	1	1	1	1	✓

Key performance indicators	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Result
Annual independent assessment of a selection of audit files that concludes the Office is conducting audits in accordance with its audit methodology and Australian Auditing Standards ³ :						
Financial audits	Negative	Nm	Positive	Positive	Nm	✓
Performance audits	Negative	Partial	Positive	Positive	Nm	✓
Number of major findings with significant impact/ramifications reported to the Office's Audit Committee by our internal auditor ⁴	None	1	None	None	None	✓

Notes:

- 1 For financial audits completed during 2019-20, 61% were completed within 45 days of receipt of financial statements from clients. These represent audits with reporting dates of 30 June 2019 and 31 December 2019. This is different to the method of calculation in years prior to last year, which used reporting dates of 31 December and 30 June of the following year. Unfilled vacant positions following completion of the office-wide re-profiling program contributed to financial audits not being completed within 45 days of receipt of financial statements from clients.
- 2 We tabled a total of four reports in Parliament on the outcomes of performance and compliance audits. The decrease in reports tabled was due to audits being more complex and unfilled vacant positions following completion of the office-wide re-profiling program. This also contributed to performance and compliance audits taking longer to complete.
- 3 The Office's five year independent review was conducted by Moore Stephens during 2018-19. Whilst the report identified 42 improvement opportunities relating to the conduct of financial and performance audits, there were no adverse findings raised within the report.
- 4 Two internal audit reviews were conducted in 2019-20 covering:
 - Procurement
 - Learning, Development and Recruitment.

The results of the internal audits indicated we had effective systems and processes although recommendations were made suggesting further improvements, which most are already implemented.

People indicators

The KPIs in the following table are in relation to the Our People section of this Report which supports our Adaptable Pillar and Organisational Capacity which underpins all of the Pillars:

Key performance indicators	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Result
Employee satisfaction as measured by the Office's independent biennial employee survey ¹	Nm	48%	Nm	75%	58%	✗
Employee turnover rate ²	22%	33%	26%	<10%	29%	✗
Percentage of staff who have University degree and/or professional qualifications	87%	95%	94%	>85%	89%	✓
Percentage of staff who are members of professional bodies	62%	83%	87%	>85%	82%	✗
Percentage of staff who undertake 10 days of professional development per annum ³	33%	10%	28%	100%	42%	✗
Percentage of employee professional development plans finalised ⁴	100%	100%	91%	100%	85%	✗
Employee participation in health and well-being initiatives ⁵	100%	100%	100%	75%	100%	✓
Personal leave taken by staff (average) ⁶	8.9	8.0	13.2	<5 days	6.1	✗
No excess leave balances	2%	2%	4%	<5%	4%	✓

Notes:

- 1 Employee satisfaction will no longer be measured by an independent biennial employee survey. From 2017-18, the Office will report on employee satisfaction through the annual whole of State Service Survey.
- 2 Office turnover remained constant to the previous year with the finalisation of the office-wide re-profiling program. This rate has decreased and should continue to do so next financial year.
- 3 In 2018-19 due to the fixed-term nature of some positions at crucial audit times, the level of training fell below normal levels. An office-wide training and development program had been formulated and introduced for 2018-19 which included focusing on 70% on-the-job training, 20% coaching and mentoring

with 10% formal training principles. Therefore, the number of days undertaking professional development may change in the future. For 2019-20, the % includes all types of training conducted within the Office. With the filling of vacant positions, the expectations are that this training number will increase for 2020-21.

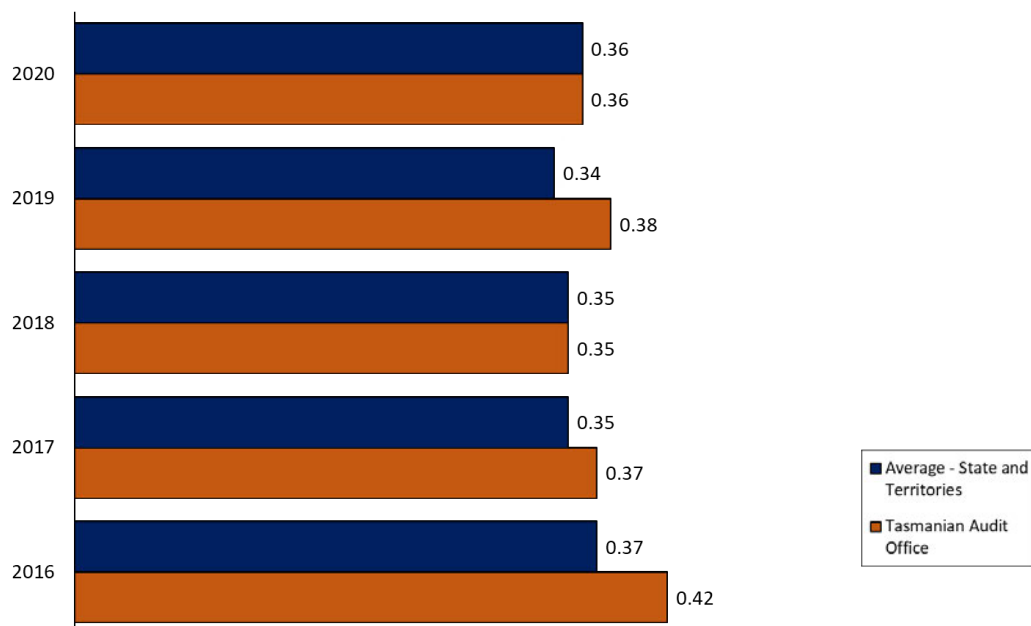
- 4 The percentage of employee professional development plans finalised fell due to the cross-over of managers and the new harmonisation of performance discussion dates for all staff. Managers have been reminded of the importance of completing reviews.
- 5 Staff participated in our health and wellbeing initiatives during 2019-20. The Health and Wellbeing Plan for 2018-20 was formulated through consultation with staff. Initiatives included continuation of the provision of healthy fruit and vegetables and learnings for staff in relation to stress management techniques. In addition, the Office provided staff with regular information in relation to working from home and supporting mental health as part of our response to COVID-19.
- 6 Personal leave taken by employees decreased across the Office. As noted above we encourage staff to participate in health and wellbeing initiatives and these are detailed more in the People Chapter of this Annual Report.

Benchmarking

To help us evaluate our performance we benchmark ourselves against the national average of other State and Territory audit offices as reported in the annual ACAG Macro-Benchmarking report. The following results cover the period 2016-2020.

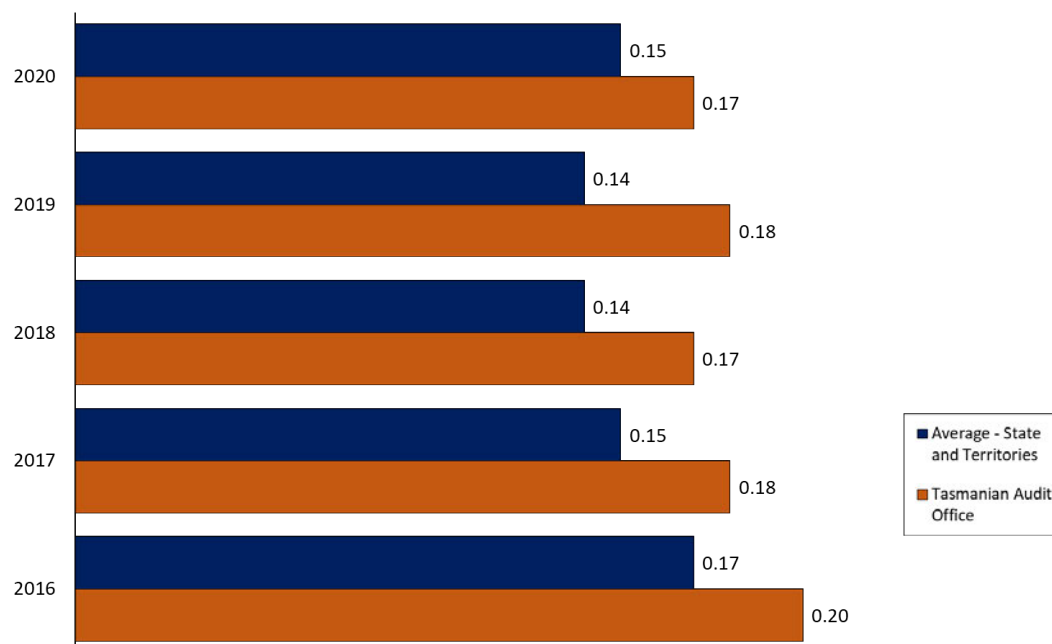
Measure one

Total audit costs per \$'000, of public sector transactions, expressed in cents



Measure two

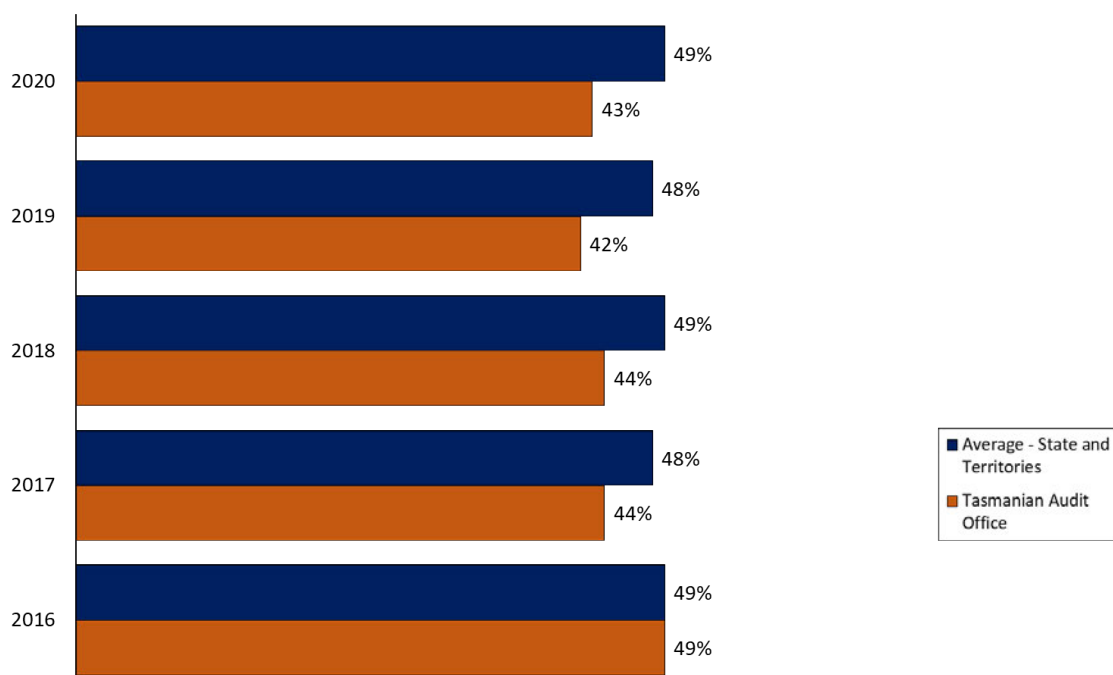
Total audit costs per \$'000, of public sector assets, expressed in cents



In relation to the first two measures, we expect our costs as a proportion of total State transactions and assets to be higher than most other states. Typically, State entities in Tasmania are smaller than their interstate counterparts as is our Office.

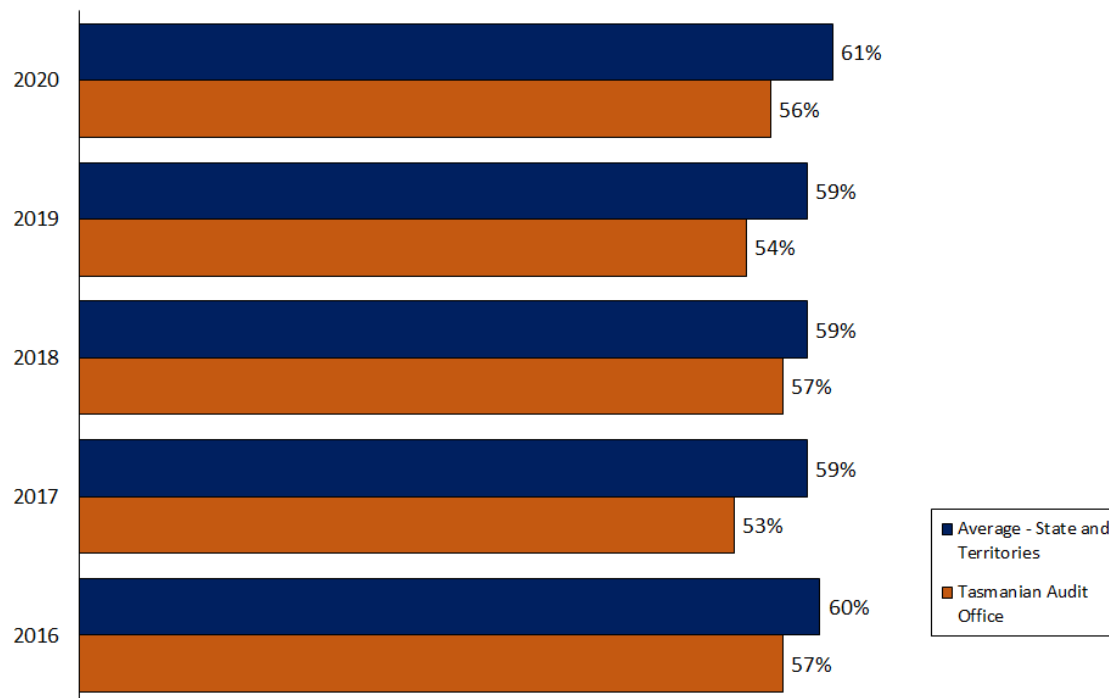
Measure three

Percentage of total (whole of office) paid hours charged to audit activities



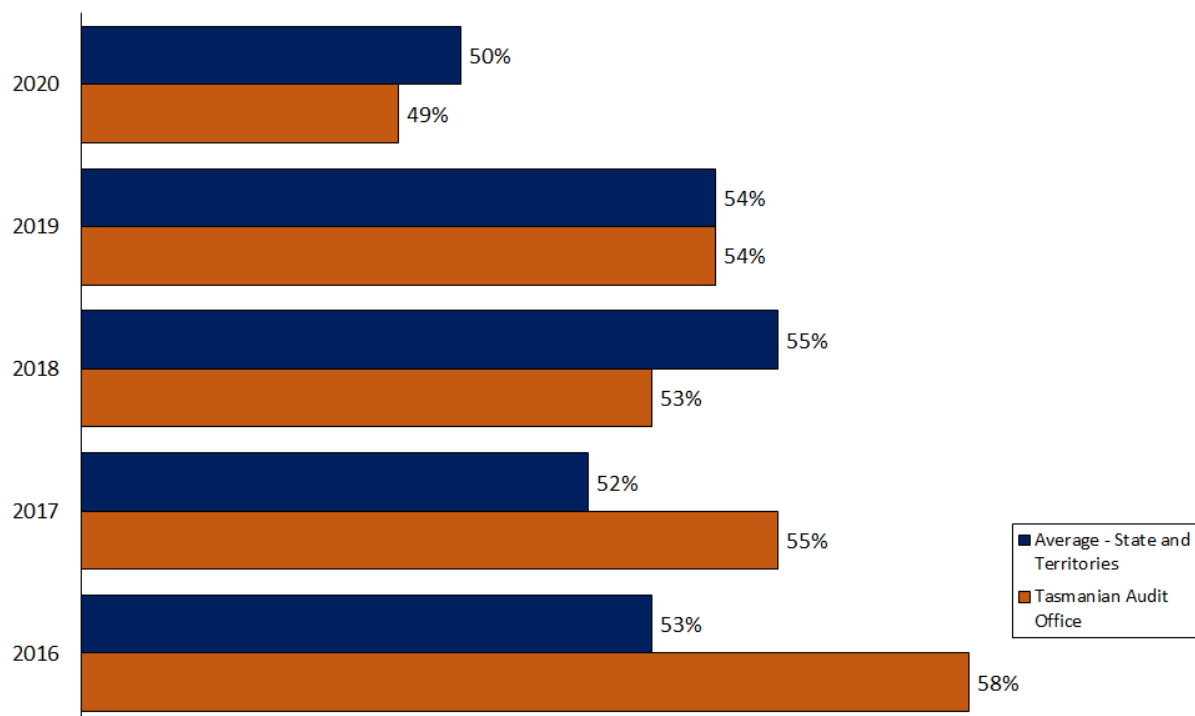
Measure four

Percentage of total paid hours of attest audit staff charged to attest audit activities



Measure five

Percentage of total paid hours of non-attest audit staff charged to non-attest audit activities

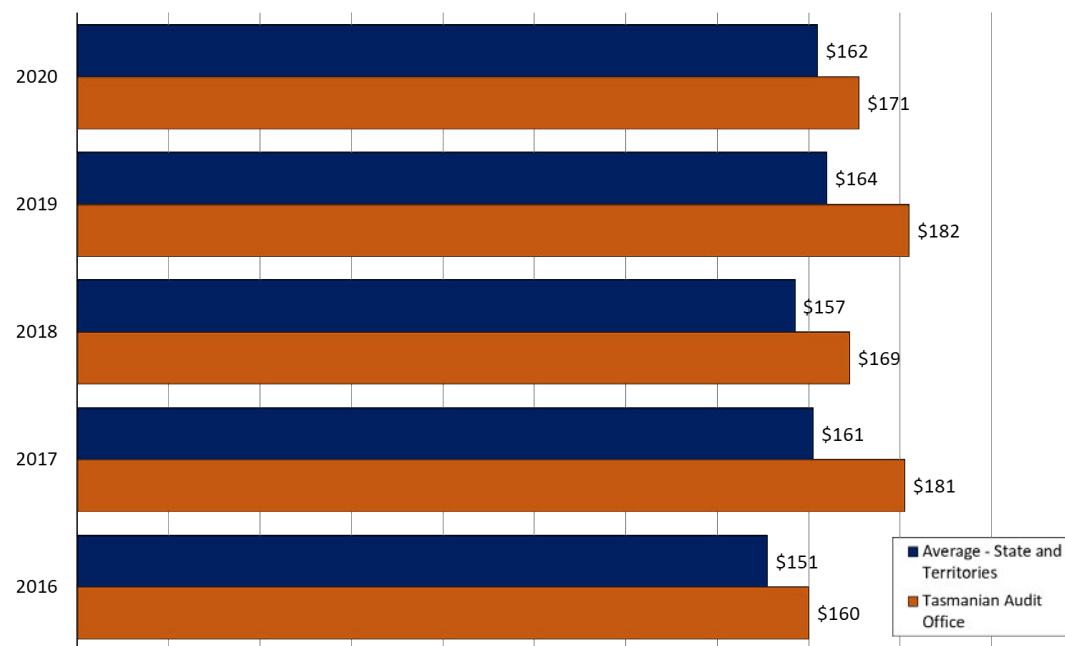


In relation to measures three to five, we note productivity of our staff has a direct impact on our operating results. All auditors are expected to achieve a minimum level of billable hours after allowing for leave, professional development and administration. Total paid hours

include the hours of our corporate staff as well as personal and recreation leave for all staff. The downward movement in chargeable hours was mainly due to the employment of fixed-term staff to replace vacant positions, higher leave taken and the need for a larger amount of on-the-job training for new staff. For example, a significant number of non-attest staff were permanently appointed during 2019-20 resulting in more training and less hours charged to non-attest audit activities. This has occurred in other units. The Office does expect these measures to improve from 2020-21.

Measure six

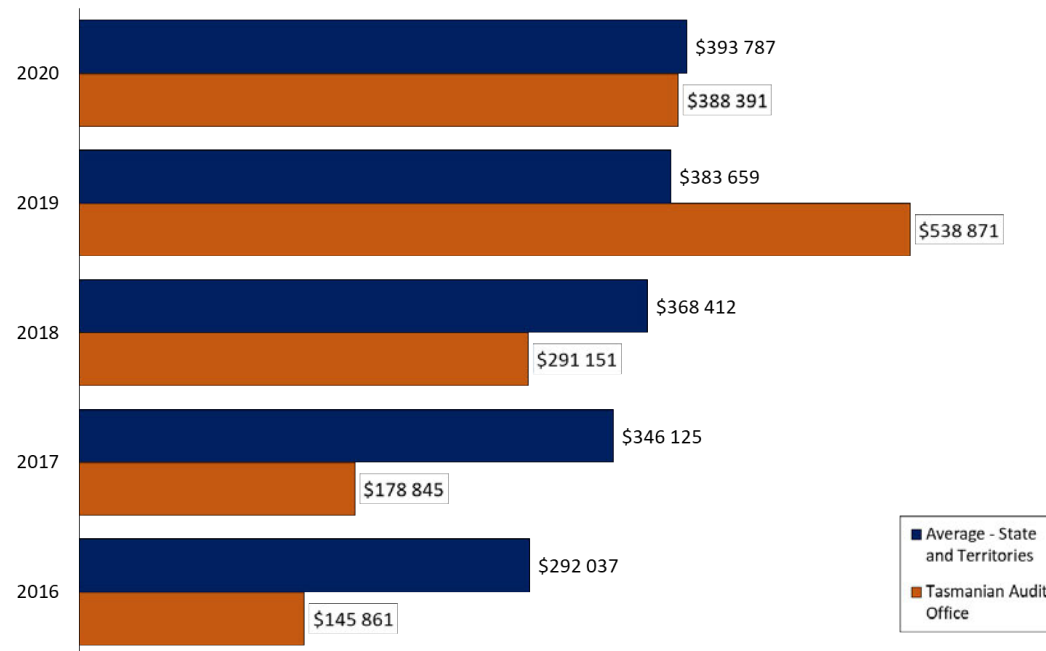
Cost per audit hour charged to audit activities



The 2016 to 2019 fluctuations were explained by the cost of obtaining short-term resources and/or delays in recruiting of key positions due to the office-wide re-profiling program. This has flowed slightly into 2019-20.

Measure seven:

Cost per performance audit (\$)



The increase in cost per audit performance audits completed during 2018-19 is attributed to a lower number of audit completed and the scope and complexity of the audit completed.

Independent Auditor's Review Report to the Governor of Tasmania in relation to the Tasmanian Audit Office

Report on the Performance Report

We have reviewed the accompanying performance report, included within the annual report, which comprises the key performance indicators for the 2020 financial year.

Auditor-General's Responsibility for the Performance Report

The Auditor-General is responsible for the preparation of the performance report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the performance report to ensure that the report fairly represents the key performance indicators of efficiency and effectiveness.

Auditor's Responsibility

Our responsibility is to express a conclusion on the performance report based on our review. We conducted our review in accordance with Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the performance report does not present fairly the key performance indicators of efficiency and effectiveness. As the auditor of the entity, ASRE 2405 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.


A review of a performance report consists of making enquiries, primarily of persons responsible for financial and accounting matters and applying other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the performance report does not present fairly the key performance indicators of efficiency and effectiveness for the year ended 30 June 2020.


**Nexia Melbourne Audit Pty Ltd
Melbourne**
**Andrew S. Wehrens
Director**

Dated this 14th day of October 2020

Our finances



Our finances

How we are funded

The Office charges State entities fees for financial audit services and receives a Parliamentary Appropriation for undertaking performance and compliance audits, special investigations and the preparation, publishing of statutory reports to Parliament and the Auditor-General's on-costs. The Office is also funded through a Parliamentary Appropriation (Reserved by Law) for the Auditor-General's salary.

Our budget, outputs, outcomes and performance information was included in Chapter 21 of Government Services Budget Paper No 2, Volume 2 in the 2019-20 Budget Papers (pp 67-74).

A summary of the financial performance of the Office is provided below.

Revenue

Overall revenue slightly down as a result of the timing of audit revenue receipts and a delay in fulfilling the financial audit program due to vacant positions and COVID-19.

Revenue	2019-20	2018-19	2017-18	2016-17	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
User charges	5 202	5 238	5 453	4 862	5 818
<i>Appropriations</i>					
Reserve-by-law	398	410	435	402	580
Auditor-General on-costs	91	86	80	116	-
Auditor-General recruitment	-	-	-	-	126
Performance audits and parliamentary reporting	1 939	1 954	1 914	1 655	1 779
Other revenue	89	51	21	143	63
Total	7 719	7 739	7 903	7 178	8 366

Expenditure

The major movement in expenditure for 2019-20 was the increase in employee benefits as a result of filling some vacant positions and usual salary and wage index increases.

Expenditure	2019-20 \$'000	2018-19 \$'000	2017-18 \$'000	2016-17 \$'000	2015-16 \$'000
Employee benefits	5 216	5 035	4 945	4 923	4 964
Other expenses	686	790	707	796	771
Audit contractors	1 943	1 892	1 082	993	1 321
Information technology	134	97	157	111	111
Accommodation	456	476	396	430	459
Depreciation/Amorisation	71	73	71	70	83
Total	8 506	8 363	7 358	7 323	7 709

Surplus/(deficit)

The Office endeavours to achieve small surpluses each year. However, the last two years have shown the Office recording large losses. This has mainly been as a result of delays in the financial audit program, vacant positions, increased use of contractors and COVID-19.

Surplus/(Deficit)	2019-20 \$'000	2018-19 \$'000	2017-18 \$'000	2016-17 \$'000	2015-16 \$'000
Total revenues	7 719	7 739	7 903	7 178	8 366
Total expenses	8 506	8 363	7 358	7 323	7 709
Surplus/(Deficit)	(787)	(624)	545	(145)	657

Financial position

Assets decreased from last year mainly as a result of a reduction in cash held at the end of the financial year resulting from planned expenditure on contracted audit service providers and the timing of financial audit fees.

Surplus/(Deficit)	2019-20	2018-19	2017-18	2016-17	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Financial assets	3 096	3 860	4 263	3 774	3 647
Non-financial assets	122	204	262	322	372
Total	3 218	4 064	4 525	4 096	4 019
Liabilities					
Financial liabilities	85	125	25	46	71
Non-financial liabilities	1 692	1 711	1 648	1 743	1 496
Total	1 777	1 836	1 673	1 789	1 567
Net Assets/Equity	1 441	2 852	2 307	2 452	1 795

Independent Auditor's Report To the Governor of Tasmania in relation to the Tasmanian Audit Office

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Tasmanian Audit Office (the Office), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement of certification.

In our opinion the financial report presents fairly, in all material respects, the financial position of the Tasmanian Audit Office as at 30 June 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards and the *Financial Management Act 2016*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Office in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Those Auditor-General is responsible for the other information. The other information comprises the information included in the Tasmanian Audit Office's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. The annual report is expected to be made available to us after the date of this independent auditor's report.

Auditor-General's responsibility for the financial report

The Auditor-General is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and *Financial Management Act 2016*, and for such internal control as the Auditor-General determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Auditor-General is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Auditor-General either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

The Auditor-General is responsible for overseeing the Office's financial reporting process.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.


As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Nexia Melbourne Audit Pty Ltd
Melbourne**



**Andrew S. Wehrens
Director**

Dated this 14th day of August 2020

Financial statements

Statement of certification

We certify that the accompanying financial statements of the Tasmanian Audit Office are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management Act 2016* to present fairly the financial transactions for the year ended 30 June 2020 and the financial position as at the end of that year.

At the date of signing, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



Rod Whitehead
Auditor-General

14 August 2020

Ric De Santi
Chief Operating Officer

14 August 2020

Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
Continuing operations				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue - RBL	2.1(a), 3.1	506	398	410
Appropriation revenue - recurrent	3.1	2 054	2 030	2 020
Other revenue from Government	3.1	-	-	20
User charges	3.2	5 568	5 202	5 238
Other revenue	3.3	30	89	51
Total revenue and other income from transactions		8 158	7 719	7 739
Expenses from transactions				
Employee benefits	4.1(a)	5 486	5 216	5 035
Depreciation and amortisation	2.1(b), 4.2(b)	249	71	73
Audit contractors	2.1(c), 4.3	1 341	1 943	1 892
Supplies and consumables	2.1(d), 4.4	638	946	1 042
Finance costs		8	-	-
Other expenses	4.5	374	330	321
Total expenses from transactions		8 096	8 506	8 363
Net result from transactions (net operating balance)		62	(787)	(624)
Net result		62	(787)	(624)
Comprehensive result		62	(787)	(624)

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

Statement of Financial Position as at 30 June 2020

	Notes	2020 Budget* \$'000	2020 Actual \$'000	2019 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits*	2.2(a), 8.1	3 334	2 258	2 832
Receivables and work in progress	2.2(b), 5.1	623	838	1 028
<i>Non-financial assets</i>				
Leasehold improvements, plant and equipment	2.1(b), 5.2	192	88	157
Intangibles	5.3	15	10	12
Other assets	2.2(c), 5.4	433	24	35
Total assets		4 597	3 218	4 064
Liabilities				
Payables	6.1	59	85	125
Lease liabilities	2.2(c)	113	-	-
Employee benefits	6.2	1 206	1 281	1 256
Other liabilities	6.3	319	411	455
Total liabilities		1 697	1 777	1 836
Net assets		2 900	1 441	2 228
Equity				
Contributed capital		1 168	1 168	1 168
Accumulated surplus/(deficit)		1 732	273	1 060
Total equity*		2 900	1 441	2 228

*The budget is formulated without regard to the actual financial position at any one point in time.

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts – recurrent	3.1	2 054	2 030	2 020
Appropriation receipts - RBL	2.1(a), 3.1	506	398	410
User charges		5 821	5 371	5 109
GST receipts	2.3(a)	672	890	804
Other cash receipts		30	53	25
Total cash inflows		9 083	8 742	8 368
Cash outflows				
Employee benefits	2.3(b)	(5 741)	(5 210)	(4 974)
GST payments		(672)	(828)	(885)
Finance costs		(8)	-	-
Audit contractors	2.1(c)	(1 300)	(1 921)	(1 828)
Supplies and consumables		(982)	(1 030)	(1 044)
Other cash payments		(374)	(327)	(322)
Total cash outflows		(9 077)	(9 316)	(9 053)
Net cash from operating activities	8.2	6	(574)	(685)
Cash flows from investing activities				
Cash outflows				
Payments for acquisition of non-financial assets		(21)	-	(33)
Total cash outflows		(21)	-	(33)
Net cash from (used by) investing activities		(21)	-	(33)
Cash flows from financing activities				
Repayment of lease liabilities (excluding interest)	2.2(c)	(200)	-	-
Net cash from (used by) financing activities		(200)	-	-

	Notes	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
Net increase/(decrease) in cash and cash equivalents held		(215)	(574)	(718)
Cash and deposits at the beginning of the reporting period		3 549	2 832	3 550
Cash and deposits at the end of the reporting period	8.1	3 334	2 258	2 832

This Statement of Cash Flows should be read in conjunction with the accompanying notes. Budget information refers to original estimates and has not been subject to audit. Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2020

	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance as at 1 July 2019	1 168	1 060	2 228
Total comprehensive result	-	(787)	(787)
Balance as at 30 June 2020	1 168	273	1 441

	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance as at 1 July 2018	1 168	1 684	2 852
Total comprehensive result	-	(624)	(624)
Balance as at 30 June 2019	1 168	1 060	2 228

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1 Office Output Schedules

1.1 Output Group Information

The Office only has a single output called Public Sector Management and Accountability to fulfil its Outcome Statement of ensuring that it provides independent assurance to the Parliament and community on the performance and accountability of the Tasmanian Public Sector. The summary of budgeted and actual revenues and expenses for this Output are the same as in the Statement of Comprehensive Income. Therefore, the inclusion of a separate Output Schedule is not necessary.

Explanations of material variances between budget and actual outcomes are provided in Note 2 below. A reconciliation of the net result of the Output Group to the net surplus on the Statement of Comprehensive Income is not necessary as the Office only has one output group. For the same reason there is no separate reconciliation between the total net assets deployed for the Output Group to net assets on the Statement of Financial Position.

Note 2 Explanations of Material Variances between Budget and Actual Outcomes

Budget information refers to original estimates as disclosed in the 2019-20 Budget Papers and is not subject to audit. The following are brief explanations of material variances between the original Budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$100 000. The Statement of Comprehensive Income Note 2.1 and Statement of Cash Flows Note 2.3 include a revised budget column which depicts a change in allocation from the original budget as published in the Budget Papers where applicable. These changes were made to reflect actual anticipated cost allocations. The variance explanations are based upon original budget compared with actuals.

2.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue – RBL	(a)	506	398	(108)	(21)
Depreciation and amortisation	(b)	249	71	178	71
Audit contractors	(c)	1 341	1 943	(602)	(45)
Supplies and consumables	(d)	638	946	(308)	(48)

Notes to Statement of Comprehensive Income variances

- a) Appropriation revenue – RBL is lower than expected due to no acting in the position of Auditor-General during the year by the Deputy Auditor-General. In addition, the Office is provided with an allocation of RBL which is in anticipation of increases during the year based on the average of the Auditor-General salaries in Western Australia and South Australia. During the year there were minimal increases.

- b) Depreciation and amortisation is less than budgeted as Office refurbishment and relocation did not occur during the year as had been expected.
- c) The increase in audit contractors reflects the engagement of additional audit providers for performance audit and financial audit activity as a result of staff shortages.
- d) The increase in supplies and consumables is mainly due to an increased focus on staff training and leadership development during the year in addition to the cost of internal Office investigations. There have been one-off costs for the investigation and ongoing implementation of the audit software, CaseWare, and increased ongoing costs for the provision of information technology infrastructure as a service. Offsetting these increases is the reduction in other costs, namely travel and transport, due to COVID-19.

2.2 Statement of Financial Position

Budget estimates for the 2019-20 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2019-20. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2019-20. The following variance analysis therefore includes major movements between the 30 June 2019 and 30 June 2020 actual balances.

			2020	2019	Budget	Actual
	Note	Budget	Actual	Actual	Variance	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	(a)	3 334	2 258	2 832	(1 076)	(574)
Receivables and work in progress	(b)	623	838	1 028	215	(190)
Leasehold improvements, plant and equipment	2.1(b)	192	88	157	(104)	(69)
Other assets	(c)	433	24	35	(409)	(11)
Lease liabilities	(c)	113	-	-	113	-

Notes to Statement of Financial Position variances

2.2 Statement of Financial Position budget is formulated without regard to the actual financial position at any one point in time. It has historically understated the changes in cash and equity.

- a) The reduction in Cash and deposits is mainly due to the formal decision made to outsource performance and financial audits due to staff shortages.
- b) Receivables and work in progress is greater than expected due to a delay in the work program caused by the COVID-19 pandemic, particularly limitations on performing audit work remotely, and staff shortages.
- c) At the time of the 2020 Budget in May 2019, the recognition criteria for major office accommodation and motor vehicle fleets was under development, and Budget estimates were based on the best available information at the time. AASB 16 Leases commenced on 1 July 2019 and after

consideration, the determination was that the operating leases for Office were to be reported in the accounts for the Department of Treasury and Finance.

2.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts - RBL	2.1(a)	506	398	(108)	(21)
GST Receipts	(a)	672	890	(218)	(32)
GST Payments	(b)	(672)	(828)	156	23
Audit contractors	2.1(c)	(1 300)	(1 921)	(621)	(48)
Repayment of lease liabilities (excluding interest)	2.2(c)	(200)	-	200	100

Notes to Statement of Cash Flows variances

(a) and (b) GST Receipts and Payments are greater than expected due to the increase in receipts and payments as explained in the notes above.

Note 3 Revenue from Transactions

Revenue is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

3.1 Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Office gains control of the appropriated funds. Except for any amounts identified as carried forward, control arises in the period of appropriation.

Revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law. The Budget information is based on original estimates and has not been subject to audit.

	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
Revenue from Government			
Appropriation revenue - recurrent	2 054	2 030	2 020
Items Reserved by Law – Auditor General’s salary and associated allowances	506	398	410
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	-	-	20
Total	2 560	2 428	2 450

3.2 User Charges

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the audit engagement at the end of the financial year and calculated on the basis of actual hours spent to date on individual audits multiplied by the appropriate charge out rate per employee. Stage of completion is determined by assessing the extent of work performed to date as compared to total services to be performed. Revenue is recognised only to the extent that work in progress is recoverable.

	2020 \$'000	2019 \$'000
Financial Audit Services	5 202	5 238
Total	5 202	5 238

3.3 Other Revenue

Revenue from sources other than those identified above is recognised when an increase in future economic benefits, related to an increase in an asset or a decrease of a liability, has arisen that can be measured reliably.

	2020 \$'000	2019 \$'000
Reserved by law – Auditor-General leave provisions	37	26
Miscellaneous	52	25
Total	89	51

Note 4 Expenses from Transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits, related to a decrease in an asset or an increase of a liability, has arisen that can be measured reliably.

4.1 Employee Benefits

Employee benefits include, where applicable, entitlements to salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(a) Employee expenses	2020 \$'000	2019 \$'000
Wages and salaries	4 505	4 385
Superannuation – defined contribution scheme	434	422
Superannuation – defined benefit scheme	106	107
Other employee expenses	171	121
Total	5 216	5 035

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.95 per cent (2019: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation fund at a rate of 9.5 per cent (2019: 9.5 per cent) of salary. In addition, the Office is also required to pay into Consolidated Fund a “gap” payment equivalent to 3.45 per cent (2019: 3.45 per cent) of salary in respect of employees who are members of the contribution schemes.

(b) Remuneration of Key management personnel						
2020	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Super-annuation	Other Benefits and Long Service Leave	Termination Benefits	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key management personnel						
R J Whitehead, Auditor-General	367	15	35	37	-	454
E R De Santi, Deputy Auditor-General/Chief Operating Officer	215	21	28	39	-	303
P R Johnson, Assistant Auditor-General – Corporate Support and Strategy	129	-	12	3	-	144
S G Morrison, Assistant Auditor-General – Financial Audit Service	159	-	21	62	-	242
J J Tongs, Assistant Auditor-General – Quality and Standards	163	-	21	45	-	229
G B Emery, Assistant Auditor-General – Performance Audit Service	159	-	15	12	-	186
L C Franklin, Assistant Auditor-General – Financial Audit Service (from 29-7-19)	149	-	14	6	-	169
Total	1 341	36	146	204	-	1 727

2019	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Super-annuation	Other Benefits and Long Service Leave	Termination Benefits	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key management personnel						
R J Whitehead, Auditor-General	366	16	35	26	-	443
E R De Santi, Deputy Auditor-General/Chief Operating Officer	211	20	27	(8)	-	250
P R Johnson, Assistant Auditor-General – Corporate Support and Strategy	130	-	12	12	-	154
S G Morrison, Assistant Auditor-General – Financial Audit Service (from 1-1-19)	74	-	9	(4)	-	79
J J Tongs, Assistant Auditor-General – Quality and Standards (from 1-1-19)	77	-	10	(4)	-	83
G B Emery, Assistant Auditor-General – Performance Audit Service (from 3-6-19)	12	-	1	1	-	14
Total	870	36	94	23	-	1 023

Note: E R De Santi also acted as the Auditor-General during the following periods: 22/8/18 – 29/8/19, 16/4/19 – 18/4/19, 24/4/19, 26/4/19 and 11/6/19. P R Johnson acted as the Chief Operating Officer from 2/7/18 – 10/7/18 and 24/6/19. S G Morrison acted as Deputy Auditor-General for 24/6/19 and J J Tongs acted as Deputy Auditor-General from 2/7/18 – 10/7/18. During 2019-20, no acting in other key management personnel positions occurred.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

Remuneration during 2019-20 for key management personnel is set by the *Audit Act 2008* for the Auditor-General, and the *State Service Act 2000* for all other personnel.

Remuneration and other terms of employment are specified in employment contracts and awards. Remuneration includes salary, allowances and other non-monetary benefits.

Long-term employee expenses include annual and long service leave, superannuation obligations and termination payments. Short-term benefits include motor vehicle and car

parking fringe benefits in addition to any other short term benefits. Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year, any FBT attributable to key management personnel is reported on that basis.

It should be noted that because annual and long service leave liabilities are calculated by discounting future cashflows (detailed in Note 6.2), the termination payments received by any key management personnel may not necessarily correspond with the leave liability associated to that individual.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month. There were no acting arrangements for key management personnel in excess of one month during 2018-19 nor 2019-20.

Related Party Transactions

There are no material related party transactions requiring disclosure.

4.2 Depreciation and Amortisation

All non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential.

Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Major depreciation periods are:

Computer equipment - hardware	5 years
Office equipment	5 years

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Office. Major amortisation periods are:

Computer equipment – software	10 years
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The cost of improvements to or on leased properties is amortised over the unexpired period of the lease or the estimated useful life of the improvements to the Office, whichever is the lesser. Major amortisation periods are:

Leased buildings – 144 Macquarie Street, Hobart	6 years
Leased buildings – Launceston	12 years

(a) Depreciation	2020	2019
	\$'000	\$'000
Office equipment, furniture and fittings	4	6
Total	4	6

(b) Amortisation	2020	2019
	\$'000	\$'000
Intangibles – computer software	2	2
Leasehold improvements	65	65
Total	67	67
Total depreciation and amortisation	71	73

4.3 Audit Contractors

	2020	2019
	\$'000	\$'000
Audit Contractors	1 896	1 834
IT Audit contractors	47	58
Total	1 943	1 892

4.4 Supplies and Consumables

	2020	2019
	\$'000	\$'000
Audit fees – financial audit and review of key performance report	21	21
Audit fees – internal audit	46	39
Lease expense (Operating lease costs)	377	375
Consultants and contractors	47	58
Property services	79	101
Communications	7	10
Information technology	134	97
Travel and transport	103	166
Printing	1	6
Plant and equipment	2	4
Office requisites	13	12
Personnel expenses	28	37
Other supplies and consumables	88	116
Total	946	1 042

4.5 Other Expenses

Expenses, including accruals not yet invoiced, are recognised when the Office becomes obliged to make future payments or as a result of a purchase of goods and/or services.

	2020 \$'000	2019 \$'000
Workers compensation insurance	40	36
Service level agreements – DoJ and QAO	267	261
Property insurance	5	5
Other expenses	18	19
Total	330	321

Note 5 Assets

Assets are recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to the Office and the asset has a cost or value that can be measured reliably.

5.1 Receivables and work in progress

Receivables that do not contain a significant financing component were measured at amortised cost, which represents their transaction value. An assessment for impairment is conducted on an expected credit loss basis at each reporting date. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the expected credit loss, the Office considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Office's historical experience, an informed credit assessment and forward-looking information.

Work in progress is determined with reference to the stage of completion of the audit engagement at the end of the reporting period and calculated on the basis of actual hours spent to date on individual audits multiplied by the appropriate charge out rate per employee. Impairment losses are recognised when there is an indication that there is a measurable decrease in the recoverability of work in progress.

The Office has recognised a receivable for the Auditor-General's leave entitlement equivalent to the liability for those entitlements on the basis that they will be funded by Parliamentary appropriation.

The Office maintains a strong accounts receivable management program whereby all outstanding receivables are followed up in a timely fashion. In addition, the nature of the Office's clients has also led to the Office not recording impairments of receivables for a number of years.

For ageing analysis of the financial assets past due but not impaired, refer to Note 9.1.

	2020 \$'000	2019 \$'000
User charges	330	710
Work in progress	405	251
Reserved by law – Auditor-General leave receivable	103	67
Total	838	1 028
Settled within 12 months	735	961
Settled in more than 12 months	103	67
Total	838	1 028

5.2 Leasehold Improvements, Plant and Equipment

(i) Valuation basis

All non-current physical assets are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of leasehold improvements, plant and equipment have different useful lives, they are accounted for as separate items (major components) of relevant assets.

(ii) Subsequent costs

The cost of replacing part of an item of leasehold improvements, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Office and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of leasehold improvements, plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Office is \$5 000. Assets valued at less than \$5 000 are charged to the Statement of Comprehensive Income in the year of purchase. Assets valued at less than these thresholds are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(a) Carrying Amount	2020	2019
	\$'000	\$'000
Office equipment, furniture and fittings		
At cost	32	32
Less: Accumulated depreciation	(32)	(28)
Total	-	4
Leasehold improvements		
At cost	401	401
Less: Accumulated amortisation	(313)	(248)
Total	88	153
Total leasehold improvements, plant and equipment	88	157

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of leasehold improvements, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and amortisation.

2020	Office equipment, furniture and fittings \$'000	Leasehold improvements \$'000	Total \$'000
Carrying value at 1 July 2019	4	153	157
Additions	-	-	-
Depreciation and amortisation	(4)	(65)	(69)
Carrying value at 30 June 2020	-	88	88

2019	Office equipment, furniture and fittings \$'000	Leasehold improvements \$'000	Total \$'000
Carrying value at 1 July 2018	10	185	195
Additions	-	33	33
Depreciation and amortisation	(6)	(65)	(71)
Carrying value at 30 June 2019	4	153	157

5.3 Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Office; and
- the cost of the asset can be reliably measured.

Intangibles are reported at cost less any accumulated amortisation and any accumulated impairment loss. The carrying amounts of intangibles are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

(a) Carrying amount	2020 \$'000	2019 \$'000
Intangibles with a finite useful life		
Software at cost	19	19
Less: Accumulated amortisation	(9)	(7)
Total intangibles	10	12

(b) Reconciliation of movements	2020 \$'000	2019 \$'000
Carrying amount at 1 July	12	14
Amortisation expense	(2)	(2)
Carrying amount at 30 June	10	12

5.4 Other Assets

Other assets comprise prepayments. Prepayments relate to actual transactions that are recorded at cost with the asset at balance date representing the un-utilised component of the prepayment.

	2020 \$'000	2019 \$'000
Other current assets		
Prepayments	24	35
Total	24	35
 Utilised within 12 months	 24	 35
Total other assets	24	35

Note 6 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

6.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at the nominal amount when the Office becomes obliged to make future payments as a result of a purchase of assets or services.

	2020	2019
	\$'000	\$'000
Creditors	85	125
Total	85	125
Settled within 12 months	85	125
Total	85	125

Settlement is usually made within 30 days.

6.2 Employee Benefits

Key estimates and judgements

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid.

Employee benefits are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material. The Office assumes that all staff annual leave balances less than 20 days will be settled within 12 months, and therefore valued at nominal value, and balances in excess of 20 days will be settled in greater than 12 months and therefore calculated at present value.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The Office makes a number of assumptions regarding the probability that staff who have accrued long service leave, but are ineligible to take it will remain with the Office long enough to take it. For those staff eligible to take their long service leave, the Office assumes that they will utilise it on average, evenly over the following ten years.

All long service leave that will be settled within 12 months is calculated at nominal value and all long service leave that will be settled in greater than 12 months is calculated at present value.

	2020 \$'000	2019 \$'000
Accrued salaries	77	38
Annual leave	399	334
Long service leave	667	744
Superannuation	138	140
Total	1 281	1 256
Settled within 12 months	431	343
Settled in more than 12 months	850	913
Total	1 281	1 256

6.3 Superannuation

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Key estimates and judgements

The Office does not recognise a liability for the accruing superannuation benefits of Office employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

6.4 Other Liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that the outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

The Office invoices for financial audit work on an agreed instalment basis. Where work has been invoiced but work has not been undertaken, an amount is recognised as revenue in advance.

	2020 \$'000	2019 \$'000
Other liabilities		
Revenue received in advance	358	381
GST liability	53	25
Rent incentive liability	-	49
Total	411	455
Settled within 12 months	411	443
Settled in more than 12 months	-	12
Total	411	455

As an incentive for the Office to relocate to new accommodation at Level 8, 144 Macquarie St Hobart, the Office was offered the first year's rent for free. The Office had elected to record this rent saving over the life of the lease (six years) which expires in October 2020. The rent incentive was fully amortised during 2019-20.

Note 7 Commitments and Contingencies

7.1 Schedule of Commitments

	2020 \$'000	2019 \$'000
By type		
Contract Audits	2 864	3 134
SLA with Office of Justice	554	-
Office rent and motor vehicle fleet agreements	402	764
Other commitments	102	37
Total commitments	3 922	3 935
By maturity		
One year or less	1 661	2 130
From one to five years	2 102	1 688
Over five years	159	117
Total commitments	3 922	3 935

(a) Office rent and motor vehicle fleet agreements

For Launceston Office accommodation the remaining commitment is seven years. For Hobart Office accommodation the remaining term is less than one year. For one year, from 1 July 2015 to 30 June 2016 the Office did not pay rent on this as agreed with the

Department of Premier and Cabinet, with the rent incentive expense being recorded over the life of the lease up until 30 June 2020 (refer Note 6.4).

The motor vehicle commitments are governed by the Government's contract held by the Department of Treasury and Finance. Motor Vehicle commitments have been calculated based on the agreements entered into as at 30 June 2020 and the value and remaining term of the outstanding commitment payments. All amounts shown are inclusive of GST.

(b) Other Commitments

Commitments exist for the payments of future auditing services under contract as at the reporting date.

Note 8 Cash Flow Reconciliation

8.1 Cash and Deposits

Cash and deposits includes the balance of the Financial Management Account held by the Office within the Public Account.

	2020 \$'000	2019 \$'000
Special Purpose Account – S644	2 258	2 832
Total cash and deposits	2 258	2 832

8.2 Reconciliation of Net Result to Net Cash from / (used in) Operating Activities

	2020 \$'000	2019 \$'000
Net result from transactions	(787)	(624)
Depreciation and amortisation	71	73
Decrease (increase) in Receivables and work in progress	190	(316)
Decrease (increase) in Prepayments	11	18
Increase (decrease) in Tax Liabilities	28	(54)
Increase (decrease) in Employee entitlements	25	40
Increase (decrease) in Payables	(40)	100
Increase/(decrease) in Provisions	(49)	(37)
Increase (decrease) in Other liabilities	(23)	115
Net cash from/(used in) operating activities	(574)	(685)

8.3 Reconciliation of liabilities arising from financing activities

The Office does not have any liabilities arising from financing activities.

Note 9 Financial Instruments

9.1 Risk Exposures

(a) Risk management policies

The Office has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk and
- market risk.

The Auditor-General has overall responsibility for the establishment and oversight of the Office's risk management framework. Risk management policies are established to identify and analyse risks faced by the Office, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Office if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria, measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables and work in progress	The Office's Business Plan critical success factor of sustainable business performance is supported by the key performance measures of maintaining unbilled Work In Progress (WIP) at < \$200 000 and a 95% target of maintaining aged debtors at < 30 days. The unbilled WIP target was not met due to staff shortages and delays due to COVID-19. At 30 June 2020 60% of debtors were <30 days again due to the impact of COVID. All debtors are deemed receivable at 30 June 2020.	Normal credit terms are 30 days.
Cash and deposits	The Office's Business Plan critical success factor of sustainable business performance is supported by the key performance measure of maintaining a positive cash balance of \$200 000. This target was met as at 30 June 2020.	Cash means notes, coins and any deposits held at call with a bank or financial institution.

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Office's maximum exposure to credit risk without taking into account of any collateral or other security.

There has been no change to credit risk policy since the previous reporting period.

Past history and the fact that user charges are a debt to the Crown, indicate there is no risk to the credit quality of these financial assets.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Office's maximum exposure to credit risk without taking into account of any collateral or other security:

	2020	2019
	\$'000	\$'000
User charges	330	710
Total	330	710

Receivables age analysis - expected credit loss

The simplified approach to measuring expected credit losses is applied, which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on historical observed loss rates adjusted for forward looking factors that will have an impact on the ability to settle the receivables. The loss allowance for trade debtors as at 30 June are as follows:

2020	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate (A)	0%	0%	0%	0%	0%
Total gross carrying amount (B)	198	67	24	41	330
Expected credit loss (A x B)	-	-	-	-	-

2019	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate (A)	0%	0%	0%	0%	0%
Total gross carrying amount (B)	497	40	-	173	710
Expected credit loss (A x B)	-	-	-	-	-

(c) Liquidity risk

Liquidity risk is the risk that the Office will not be able to meet its financial obligations as they fall due. The Office's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The Office, as part of its risk management plan, manages liquidity risk through processes that ensure effective audit operations, timely billing of work in progress and recovery of debtors and effective cash flow management. This includes managing annual and long service leave arrangements to minimise potential negative cash flow impacts.

Financial	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	The Office's Business Plan critical success factor of sustainable business performance is supported by the key performance measure of maintaining a positive cash balance of \$200 000, in order to have sufficient liquidity to meet its liabilities when they fall due. This target was met at 30 June 2020.	As per Treasurer's Instruction FC-7 the Office pays within suppliers' credit terms. Where there are no credit terms specified Office policy is to pay within 14 days of receipt of a correctly rendered tax invoice.

The following tables detail the undiscounted cash flows payable by the Office by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2020	Maturity analysis for financial liabilities		
	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
Financial liabilities			
Payables	85	85	85
Total	85	85	85

2019	Maturity analysis for financial liabilities		
		Undiscounted	Carrying
	1 Year	Total	Amount
	\$'000	\$'000	\$'000
Financial liabilities			
Payables	125	125	125
Total	125	125	125

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As of 30 June 2020, the Office does not have any interest bearing assets or liabilities. As a result, its exposure to market risk is minimal.

9.2 Categories of Financial Assets and Liabilities

	2020	2019
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	2 258	2 832
Receivables and work in progress at amortised cost	838	1 028
Total	3 096	3 860
Financial Liabilities		
Financial liabilities measured at amortised cost	85	125
Total	85	125

9.3 Comparison between Carrying Amount and Net Fair Value of Financial Assets and Liabilities

	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash in Special Deposits and Trust Fund	2 258	2 258	2 832	2 832
Receivables and work in progress	838	838	1 028	1 028
Total financial assets	3 096	3 096	3 860	3 860
Financial liabilities (Recognised)				
Payables	85	85	125	125
Total financial liabilities (Recognised)	85	85	125	125

9.4 Net Fair Values of Financial Assets and Liabilities

The Office does not recognise any financial assets or financial liabilities at fair value.

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of payables approximate by their carrying amounts.

Note 10 Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on the Office's Financial Statements as at 30 June 2020.

Note 11 Other Significant Accounting Policies and Judgements

11.1 Objectives and Funding

The Office is structured to provide audit assurances to Parliament concerning the Financial Statements of the Treasurer, and all state entities, and the economy, efficiency and effectiveness of those entities.

The Office charges fees for financial audit services. Since 1 July 2008 the Office has been funded by a direct Parliamentary appropriation for undertaking performance and compliance audits, special investigations and the publishing of statutory reports to Parliament. The Office is also funded through a Parliamentary appropriation for the Auditor-General's salary and associated allowances.

These Financial statements encompass all funds through which the Office controls resources to carry on its functions.

11.2 Basis of Accounting

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- AAS and Interpretations issued by the Australian Accounting Standards Board (AASB); and
- The Treasurer's Instructions issued under the provisions of the *Financial Management Act 2016*.

The Financial Statements were signed by the Auditor-General and the Chief Operating Officer on 14 August 2020. Compliance with AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Office is considered to be not-for-profit and may adopt some accounting policies under the AAS that do not comply with IFRS. The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are consistent with the previous year except for those changes outlined in note 11.5.

The Financial Statements have been prepared on the basis that the Office is a going concern. The continued existence of the Office in its present form, undertaking its current activities, is dependent on Government policy and partially on continuing appropriations by Parliament for the Office's performance and compliance audits and reporting to Parliament.

11.3 Reporting Entity

All the Office's activities are classified as controlled with these Financial Statements including all controlled activities. The Office is a single reporting entity.

11.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Office's functional currency.

11.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Office adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 15 Revenue from Contracts with Customers – This Standard establishes principles that require an entity to apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.
AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Standard requires the Office to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the Standard requires relevant disclosures. The effect of AASB 15 had no impact on the Office's financial statements.
- AASB 16 Leases – This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities. The standard results in most of the Office's operating leases being brought onto the Statement of Financial Position and additional note disclosures. The calculation of the lease liability takes into account appropriate discount rates, assumptions about the lease term, and required lease payments. A corresponding right to use asset is recognised, which is amortised over the term of the lease. Operating lease costs are no longer shown. In the Statement of Comprehensive Income, impact of leases is through amortisation and interest charges. In the Statement of Cash Flows, lease payments is shown as cash flows from financing activities instead of operating activities
The Office elected to use the practical expedient to expense lease payments for

lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short term leases), and lease contracts for which the underlying asset is valued at \$10 000 or under when new (low value assets).

In applying AASB 16 for the first time, the Office has used the following practical expedients permitted by the standard:

- not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review
- not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application
- excluding the initial direct costs from the measurement of the right of use asset at the date of initial application and
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adopting AASB 16 had no impact on the Office's financial statements as responsibility for accommodation and motor vehicle leases has been determined to rest with the Department of Treasury and Finance.

- AASB 1058 Income of Not for Profit Entities – This Standard establishes principles for not for profit entities that applies to transactions where the consideration to acquire an asset is significantly less than fair value, principally to enable a not for profit entity to further its objectives, and the receipt of volunteer services. The timing of income recognition under AASB 1058 depends on whether a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to an asset (such as cash or another asset) received. If the transaction is a transfer of a financial asset to enable the Office to acquire or construct a recognisable non-financial asset to be controlled by the Office (i.e. an in substance acquisition of a non-financial asset), the Office recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The Office will recognise income as it satisfies its obligations under the transfer, similarly to income recognition in relation to performance obligations under AASB 15. Revenue recognition for the Office's appropriations and contributions will not change under AASB 1058, as compared to AASB 1004. Revenue will continue to be recognised when the Office gains control of the asset (e.g. cash or receivable) in most instances.

There is no effect of adopting AASB 1058 on the Office's financial statements.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 1059 Service Concession Arrangements: Grantors – The objective of this Standard is to prescribe the accounting for a service concession arrangement by a grantor that is a public sector entity. This Standard applies on or after 1 January 2020. The impact of this Standard is enhanced disclosure in relation to service concession arrangements for grantors that are public sector entities. No financial impact is expected.

11.6 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 11.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated. The comparatives for external administrative restructures are not reflected in the Financial Statements.

11.7 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the Financial Statements include a note expressing the amount to the nearest whole dollar.

11.8 Office Taxation

The Office is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

11.9 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

Note 12 Auditor's Remuneration

The Governor, on recommendation of the Treasurer, in accordance with the *Audit Act 2008*, appoints the auditor of the Tasmanian Audit Office. Nexia Melbourne Audit Pty Ltd were appointed in 2019 for a period of three years.

	2020 \$'000	2019 \$'000
Financial audit fees	19	19
Fee to review key performance indicator report	2	2
	<u>21</u>	<u>21</u>

Note 13 Principal Address and Registered Office

Level 8

144 Macquarie St

Hobart TASMANIA 7000

Acronyms and abbreviations

AAS	Australian Auditing Standards
AASB	Australian Accounting Standards Board
ACAG	Australasian Council of Auditors-General
ATO	Australian Taxation Office
AUASB	Australian Auditing and Assurance Standards Board
CA ANZ	Chartered Accountants Australia and New Zealand
CPA	Certified Practicing Accountants
CSS	Corporate Support and Strategy
DRT	Disaster Recovery Team
EAP	Employee Assistance Program
EOY	End of Year
FAS	Finance Audit Services
FBT	Fringe Benefits Tax
FRAC	Financial Reporting and Auditing Committee
HOFA	Heads of Financial Audit Group
HR	Human Resources
IFRS	International Financial Reporting Standards
IPSAM	Integrated Public Sector Audit Methodology
LSL	long service leave
OAG	Office of the Auditor-General
PAC	Parliamentary Standing Committee of Public Accounts
PAS	Performance Audit Services
PID Act	<i>Public Interest Disclosures Act 2002</i>
RTI Act	<i>Right to Information Act 2009</i>

SSMO	State Service Management Office
TAS	Technical Assessing
TASCORP	Tasmanian Public Finance Corporation
the Office	Tasmanian Audit Office
TIs	Treasurer's Instructions
WHS	Workplace Health and Safety
WIP	Work In Progress

Appendices



Appendix 1: Service on other committees

As at 30 June 2020, our executive staff and senior managers were members of the following committees, professional associations, panels, working parties and community organisations:

Rod Whitehead

ACAG

- Member
- Financial Reporting and Auditing Committee (FRAC) – Chair

Ric De Santi

ACAG

- Heads of Financial Audit Group (HOFA) – Chair
- FRAC – Tasmanian Audit Office representative

Certified Practising Accountants (CPA) Australia

- Board of Directors – Director
- Audit, Risk and Compliance Committee – Member
- Member Engagement Committee – Member
- Tasmanian Divisional Council – Deputy President
- Public Sector Network – Tasmanian representative

Catholic Education Commission of Tasmania

- Commissioner and Chair of Resources and Sustainability Standing Committee

Patty Johnson

ACAG

- Corporate Services Managers Group – Tasmanian Audit Office Representative
- Data Analytics Group – Tasmanian Audit Office representative

State Service Management Office (SSMO)

- HR Forum – Representative

Stephen Morrison

ACAG

- HOFA – Tasmanian Audit Office representative
- Inter-jurisdiction CaseWare Collaboration Group
- Tasmanian Audit Office representative

Jeff Tongs

ACAG

- FRAC – Tasmanian Audit Office representative
- Auditing Standards Committee – Tasmanian Audit Office representative
- Australian Auditing and Assurance Standards Board
- Project Advisory Group – Public Sector Audit Issues – Member

Leigh Franklin

ACAG

- HOFA – Tasmanian Audit Office representative
- Data Analytics Group – Tasmanian Audit Office representative

Simon Scott

Association of Corporate Counsel Australia

- Tasmania Division – Committee Member

Hobart Friendly Society Dispensary Ltd

- Non-Executive Company Director

Appendix 2: Speeches, presentations and other representations

We encourage our staff to participate in events and committees relevant to the objectives of the Office. It is noted however that the impact of COVID-19 and the subsequent social distancing measures put in place by Australian Government and State Government authorities effectively prevented the Office from participating with external parties in the traditional format over the period.

External speeches and presentations delivered during 2019-20 are listed below.

Date	Presentation	Presenter/s
23 August 2019	Institute of Internal Auditors, Hobart Risks of material misstatement in financial statements and reliance on controls	Rod Whitehead
6 September 2019	Legislative Council Select Committee - Production of Documents, Parliament of Tasmania Provision of verbal evidence to the Inquiry	Rod Whitehead
12 September 2019	Samoan Parliamentary Delegation, Parliament of Tasmania Role of the Auditor-General Briefing	Rod Whitehead, Ric De Santi Gary Emery
15 April 2020	University of Tasmania, Hobart Guest Lecture – Audit completion and auditor reporting	Ric De Santi

Appendix 3: External audit service providers

The Office can appoint contractors under section 33 of the Audit Act to provide the following services:

- financial attest audits of Tasmanian State entities or subsidiaries of those State entities, of any part thereof or
- 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, or any part thereof or
- examination into any matter relating to the accounts of the Treasurer, a State entity or a subsidiary of a State entity, or any part thereof or
- examination into any matter relating to public money, other money or to public property or other property, or any part thereof or
- compliance audits examining the compliance by a State entity or a subsidiary of a State entity with written laws or its own internal policies, or any part thereof
- audits or reviews of the Employer functions under the State Service Act and
- draft reports to Parliament, or any part thereof on results of the above.

The Office maintains a Standing Panel of Audit Service Providers to provide these financial audit services.

The following eleven firms lodged successful tenders and have been invited and/or appointed to form the new Standing Panel.

- BDO Audit (TAS) – Hobart
- Bentleys Tasmania Audit Pty Ltd – Hobart
- Crowe Audit Australia – Hobart
- Deloitte Touche Tohmatsu – Hobart
- Ernst & Young – Melbourne
- KPMG – Hobart and Launceston (note that KPMG Launceston was dissolved after the signing of the Standing Panel contract)
- PricewaterhouseCoopers Australia – Melbourne
- RSM Australia Pty Ltd – Melbourne
- Ruddicks Chartered Accountants – Launceston
- Synectic Audit and Assurance Pty Ltd – Devonport
- WLF Accounting & Advisory – Hobart

The following table sets out the commitments to external audit service providers for 2019-20 financial statement audits.

Client	Service Description	Contractor	Fee ex GST
Aurora Energy Pty Ltd	Review of year end valuation of financial instruments	Ernst Young	\$24,000
Brighton Council (including Microwise Australia Pty Ltd)	Financial Statement Audit	Wise Lord & Ferguson	\$29,000
Central Coast Council	Financial Statement Audit	Deloitte	\$25,510
Central Highlands Council	Financial Statement Audit	Crowe Audit Australia	\$22,170
Circular Head Council	Financial Statement Audit	Crowe Audit Australia	\$29,400
Department of Treasury and Finance	Peer review TRMF	PricewaterhouseCoopers	\$22,000
Flinders Council	Financial Statement Audit	Ruddicks	\$24,822
Hydro Hydro-Electric Corporation	Compliance and AFSL	KPMG	\$10,250
Hydro-Electric Corporation and Momentum Energy Pty Ltd	Financial Statement Audit	KPMG	\$308,789
Northern Tasmanian Regional Development Corporation Ltd	Financial Statement Audit	Crowe Audit Australia	\$5,150
Port Arthur Historic Site Management Authority	Financial Statement Audit	Wise Lord & Ferguson	\$35,326
Sorell Council	Financial Statement Audit	Wise Lord & Ferguson	\$23,142
Southern Midlands Council	Financial Statement Audit	Bentleys Pty Ltd	\$25,020
Tasman Council	Financial Statement Audit	Wise Lord & Ferguson	\$23,246
Tasmanian Public Finance Corporation (TASCORP)	Review of year end valuation of financial instruments	Deloitte	\$47,500
TasNetworks	Non-Financial RINS	GHD Pty Ltd	\$60,000

Tasmanian Ports Corporation Pty Ltd (including Bass Island Line)	Financial Statement Audit	Deloitte	\$94,480
Waratah/Wynyard Council	Financial Statement Audit	Crowe Audit Australia	\$26,200

Deloitte and KPMG also provided assistance on a number of financial audits conducted by the Tasmanian Audit Office. The value of this work was \$83,207 (GST exclusive).

The following table sets out other contracts entered into during the 2019-20 year not associated with financial statement audits.

Client	Service Description	Contractor	Fee ex GST
Tasmanian Audit Office	Investigation Services	Technical Assessing (TAS) Pty Ltd	\$18,426
Tasmanian Audit Office	Investigation Services	James Cumming Investigation Services	\$22,491
Tasmanian Audit Office	Facilitation of Casework and Template Training	Justin Reid Consulting	\$14,000
Tasmanian Audit Office	External Auditors	Nexia Melbourne Pty Ltd	\$21,450
Tasmanian Audit Office	Engagement Quality Control Review Tasmanian Prisons Service Performance Audit	Mudmap Consulting	\$6,000
Tasmanian Audit Office	Performance Audit Support – Prison Audit	Insights Performance Impact Consulting Pty Ltd	\$49,000
Tasmanian Audit Office	Performance Audit – Management of State Roads	KPMG	\$188,100
Tasmanian Audit Office	Performance Audit – Underperformance in the State Service	Deloitte	\$110,250
Tasmanian Audit Office	Service Level Agreement – Provision of Corporate Services	Department of Justice	\$266,814

Appendix 4: Asset management, risk and pricing policy, and government procurement

Asset management

The financial statements for 2019-20 contain full details of our assets. Office assets are recorded in accordance with our accounting policies and procedures, and these amounts are disclosed in the statements, together with appropriate policies.

Details of our assets are recorded in the asset module of our financial management system. This provides a direct link between our asset register and the general ledger, thus enhancing financial reporting. In addition the Office tracks portable and attractive items on a register also held in the Office's financial management system. This register is reviewed annually.

Managing risk

Reviewing key business risks is fundamental to our strategic and business processes. We also apply risk management to all major projects undertaken including those relating to our financial and performance auditing services, and to key corporate service functions.

During 2019-20 we continued to monitor our key risks and associated treatment plans. Our key business risks are:

- inadequate management of risk
- issuance of inappropriate audit opinion/Parliamentary report
- inappropriate use of client information and/or audit working papers or findings
- loss of confidence in the Auditor-General and the Office
- failure to look after our people
- loss of key resources.

We maintain strategic and operational risk registers, which provide a detailed assessment of the likelihood and consequences of various risks, and actions taken to mitigate these risks.

A report on the status of risk treatments identified on the registers is periodically presented to the Executive Committee and the Audit Committee.

Our strategic internal audit program is structured around our risks with internal audits generally being undertaken based on our risks.

In addition to internal audits, we address our risks through steps such as:

- identifying audit topics of public interest
- regularly meeting with Parliamentarians and key clients
- quality assurance reviews
- independent peer reviews

- allocating responsibility for managing risks to appropriate staff and in business plans
- continuing to improve the quality, readability and balance in our reporting
- ensuring we have a workplace that attracts and retains the staff we need
- prompt monthly financial reporting inclusive of financial projections
- ensuring we are properly governed
- insurance.

Our insurance arrangements are with the Tasmanian Risk Management Fund and our insurance cover is for travel, general property, personal accident, transit, motor vehicles, general liability and workers compensation.

Pricing policies

Fees for financial audits are determined by the Auditor-General pursuant to section 27 of the Audit Act. The basis for setting fees is to be described in a report to Parliament dealing with the results of financial audit of State entities. The latest basis was detailed in the *Report of the Auditor-General No.6 of 2019-20 Volume 2 Auditor-General's Report on the Financial Statements of State entities*, available from our [website](#).

Government procurement

The Office ensures procurement is undertaken in accordance with the mandatory requirements of the Treasurer's Instructions relating to procurement, including that Tasmanian businesses are given every opportunity to compete for Office business. The following table is a summary of the level of participation by Tasmanian businesses for contracts and procurement processes valued at \$50 000 or more (excluding GST).

Summary of Participation by Tasmanian Businesses (for contracts and procurement processes valued at \$50,000 or more)

Total number of contracts awarded	10
Total number of contracts awarded to Tasmanian businesses	7
Value of contracts awarded	\$ 1 380 524
Value of contracts awarded to Tasmanian businesses	\$ 1 002 860
Total number of procurement processes run	10
Total number of submissions (bids) received	22
Total number of submissions (bids) received from Tasmanian businesses	10

The values in this table do not include the value of options to extend nor GST.

A Tasmanian business is a business operating in Tasmania that has a permanent office or presence in Tasmania and which employs Tasmanian workers.

The following table provides detailed information on contracts valued at \$50 000 or more (excluding GST).

Contracts valued \$50,000 or over (ex GST) (Excluding consultancy contracts)

Name of Contractor	Location	Description of Contract	Period of Contract	Value of Contract (Initial period)	Value of Option to Extend
GHD Pty Ltd	Hobart, TAS	Tasmanian Audit Office – Non-Financial Review of Regulatory Information Notices	3 years	\$ 179 000	\$ Nil
KPMG	Hobart, Tas	Tasmanian Audit Office – Performance Audit - Management of State Roads	Project	\$ 188 100	\$ Nil
RSM	Melbourne, VIC	Superannuation Commission as trustee of the Retirement Benefits Fund – Financial Attestation Audit	3 years	\$ 157 089	\$ Nil
Crowe Audit Australia	Hobart, TAS	Circular Head Council & Waratah/Wynyard Council – Financial Attestation Audit	3 years plus 2 year option	\$ 169 250	\$ 123 946
Bentleys Tasmania	Hobart, TAS	Southern Midlands Council – Financial Attestation Audit	3 years	\$ 80 211	\$ Nil

Name of Contractor	Location	Description of Contract	Period of Contract	Value of Contract (Initial period)	Value of Option to Extend
Deloitte	Hobart, TAS	Tasmanian Audit Office – Performance Audit - Management of Underperformance in the Tasmanian State Service	Project	\$ 110 250	\$ Nil
Synectic Audit and Awareness Pty Ltd	Devonport, TAS	Tasmanian Railway Pty Ltd – Financial Attestation Audit	3 years plus 2 year option	\$ 156 049	\$ 117 470
RSM	Melbourne, VIC	Tasmanian Public Finance Corporation (TASCORP) – Financial Attestation Audit	3 years plus 2 year option	\$ 100 575	\$ 75 194
Newton and Henry	Launceston, TAS	Various – Provision of Contract Auditors	4 months	\$ 120 000	\$ 80 000

The Office's external auditors, Nexia Melbourne Pty Ltd, were re-engaged for a period of three years, through a procurement process run by the Department of Treasury and Finance. The allocated contract value is \$64,092 (exc. GST).

Consultancies over \$50,000

Nil

Procurement complaints

The Office did not receive any complaints from businesses in relation to its procurement practices or procedures.

Appendix 5: Superannuation declaration

I, Rod Whitehead, hereby certify that the Tasmanian Audit Office has met its obligations under the Commonwealth *Superannuation Guarantee (Administration) Act 1992* in respect of those staff of the Office who are members of the following complying superannuation schemes to which the Office contributes:

- AON Master Trust Personal Superannuation
- Australian Superannuation
- Commonwealth Essential Superannuation
- HESTA Superannuation Fund
- ING Direct Living Superannuation
- Legal Superannuation
- MLC Wrap Superannuation - Superannuation Service
- MyNorth Superannuation
- Public Sector Superannuation Accumulation Plan
- R & R Superannuation Fund
- RBF Contributory Scheme
- REST Personal Superannuation
- Tasplan Superannuation
- Unisuper Limited
- Wealth Personal Superannuation & Pension
- Whitehead Superannuation Fund



Rod Whitehead

Auditor-General

30 June 2020

Appendix 6: Compliance index and disclosure requirements

Section and compliance

These columns refer to the statutory disclosure requirements in Tasmanian public sector legislation.

Details

This is a brief statement of the instruction, clause, section or subsection of the corresponding statutory disclosure requirement.

Page

This states where in the Annual Report the requirement is satisfied. In some instances, the requirement is complied with by the report in its entirety.

Key	Act
Audit Act	<i>Audit Act 2008</i>
ED	Employment Direction
FR-3	Treasurer's Instruction – Format of Financial Statements (FR-3)
FR-4	Treasurer's Instruction – Annual Reports (FR-4)
FMA	Financial Management Act 2016
PID	<i>Public Interest Disclosures Act 2002</i>
PSSRA	<i>Public Sector Superannuation Reform Act 2016</i>
RTI	<i>Right to Information Act 2009</i>
SGA	<i>Superannuation Guarantee (Administration) Act 1992 (Cth)</i>
SSA	<i>State Service Act 2000</i>
SSR	<i>State Service Regulations 2011</i>

Section	Compliance	Page	Details
Overview			
Overview of Strategic Plan	SSR r9(a)(i)	12	an overview of the Office's strategic plan, including its aims, functions and related programs
Major Initiatives	SSR r9(a)(v)	N/A	details of the major initiatives by the Office to develop and give effect to Government policy
Organisational Structure			
Organisation Chart	SSR r9(a)(ii)	13	an organisation chart illustrating the Office's administrative structure (including regional offices) and showing officers of the Office
Organisational Structure	SSR r9(a)(iii)	13	a description of the relationship between the organisational structure and the program management structure of the Office
Major Changes	SSR r9(a)(iv)	Nil	details of, and reasons for, any major changes which have taken place in relation to the programs, aims, functions or organisational structure of the Office
Industrial Democracy	SSR r9(a)(iv)	26	processes established to ensure employee participation in industrial relations matters within the Agency and any disputes affecting the Agency
Workplace Health and Safety	SSR r9(b)(vi)	23	outline of workplace health and safety
Workplace Wellbeing	ED 23 cl 5.2	23	status and highlights of Office's health and wellbeing program
Recruitment and Selection	FR-4 cl 4.1.9	25	any other matters deemed relevant by the Auditor-General
Staff Development	FR-4 cl 4.1.9	26	any other matters deemed relevant by the Auditor-General
Workplace Diversity	FR-4 cl 4.1.9	25	any other matters deemed relevant by the Auditor-General
Internal Grievance Procedures	FR-4 cl 4.1.9	29	any other matters deemed relevant by the Auditor-General

Section	Compliance	Page	Details
Performance Management	SSA s36(1) (ba), ED 26 cl(10)	27	the Office's approach to the development and implementation of performance management
Superannuation Obligations	PSSRA s55	93	certification that the Office has met its superannuation obligations under the SGA
Public Access to the Office			
Community Awareness	SSR r9(c)(i)	29	details of activities undertaken by the Office to develop community awareness of the Office and the services it provides
Office Publications	SSR r9(c)(i)	7	list of publications by the Office
Speeches and Presentations	SSR r9(c)(i)	85	list of speeches and presentations made by the Office
Contact Officers	SSR r9(c)(ii)	inside cover	list of contact officers and points of public access in relation to services provided by the Office
Appealable Decision Process	SSR r9(c)(iii)	18	an outline of the processes available for appeals against decisions made by the Office
Information Disclosure			
Public Interest Disclosure	PID s86	18	the reporting requirements for PIDs within Office
Right to Information	RTI s53	17	the number of RTI applications that were received and processed under that <i>Right to Information Act 2009</i>
Legislation Administered			
Legislation Administered	SSR r9(d)	11	list of legislation administered by the Office
Financial Outcomes	FR-4 cl 4.1.1	44-79	financial outcomes for Office programs
Performance Summary	SSA s36(1)(a) FR-4 cl 4.1.4	32-41	Office's key efficiency and effectiveness indicators and the objectives to which the Outputs relate

Section	Compliance	Page	Details
Asset Management, Risk Management and Pricing Policies			
Pricing Policies	FR-4 cl 4.1.2	90	pricing policies of the Office
Infrastructure Projects	FR-4 cl 4.1.3	N/A	infrastructure projects undertaken or being undertaken by the Office
Risk Management	FR-4 cl 4.1.5	89	a statement of the Office's risk management policies, and an outline of significant risk management activities or initiatives
Asset Management	FR-4 cl 4.1.6	89	a statement of the Office's asset management policies, and an outline of asset management strategies and initiatives
Debts Written Off	FR-4 cl 4.1.7	N/A	amounts in respect of public property, revenue and debts due to the State
Financial Statements			
Financial Statements	FMA s42(1)	44-79	financial statements of the Office
Audit Opinion	Audit Act s42(5)	47-48	independent auditor's report on the Office's financial statements
Head of Agency Certification	N/A	49	Statement of Certification by Auditor-General and the Chief Operating Officer
Presentation	FR-3 cl 3.2	44-79	compliance with the Australian Accounting Standards and the use of the Model Financial Statements
Office Procurement			
Support for Local Business	FR-4 cl 4.1.8.2 & 4.1.8.3	90	a statement regarding the Office's support for Tasmanian businesses; and details of participation by Tasmanian businesses in procurement processes with a value of \$50,000 or more, together with information on their level of success in relation to procurement contracts with a value of \$50,000 or more
Contracts	FR-4 cl 4.1.8.4	91-92	procurement contracts awarded with a value of \$50 000 or more, with consultancies separately listed

Section	Compliance	Page	Details
Contract Extensions	FR-4 4.1.8.6 (By Exception)	N/A	details of contracts awarded as a result of a contract extension approved pursuant to the TIs under certain exceptional circumstances
Applied Disaggregation	FR-4 cl 4.1.8.5	N/A	details of procurement contracts where a disaggregation exemption was applied, and procurement contracts awarded as a result of limited tendering (excluding direct sourcing from other agencies)
Confidentiality Provisions	FR-4 cl 4.1.8.1	N/A	details of executed contracts containing confidentiality provisions



Front cover Entrance Island Lighthouse,
Hells Gates, Macquarie Harbour
Photo credit: Pete Harmsen and
Tourism Tasmania

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