



Tasmanian
Audit Office



Annual Report 2021-22

25 October 2022

Acknowledgement of Country

We acknowledge Tasmanian Aboriginal people as the traditional owners of this Land, and pay respects to Elders past and present. We respect all Tasmanian Aboriginal people, their culture and their rights as the first peoples of this Land. We recognise and value Aboriginal histories, knowledge and lived experiences and commit to being culturally inclusive and respectful in our working relationships with all Aboriginal people.

About this report

This report covers the activities of the Tasmanian Audit Office for the reporting period 1 July 2021 to 30 June 2022.

It provides a summary of the Office's achievements against its published strategy and other relevant performance measures.

The financial statements within this report were prepared in accordance with Australian Accounting Standards, the Treasurer's Instructions and other authoritative requirements.

This report is available online at: www.audit.tas.gov.au/publication-category/annual-report/

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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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24 October 2022

Hon Michael Ferguson MP
Treasurer
Parliament House
HOBART TAS 7000

Dear Treasurer

Tasmanian Audit Office – Annual Report 2022-23

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 2022.

Yours sincerely



Rod Whitehead
Auditor-General

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Message from the Auditor-General



Message from the Auditor-General

I take pleasure in presenting my report for 2021-22.

The effects of COVID-19 during 2021-22 coupled together with a highly competitive market for experienced audit professionals continued to affect our ability to complete our audit program during 2021-22.

Although the percentage of financial audits completed within the legislated timeframe improved slightly from 2020-21 it is still well short of what we, and the State entities we work with, expect. Our first full year using the CaseWare Audit System (CaseWare) enabled us to improve audit efficiencies, although this was countered by high staff turnover and consequent recruitment, and the need to work remotely on occasions.

Our performance audit team tabled 5 reports in Parliament during 2021-22, reflecting our normal level of activity in comparison to the 11 reports tabled in 2020-21, which included reports carried over from 2019-20 following the suspension of Parliament due to COVID-19 in the latter part of that financial year.

Our corporate support and strategy team continued to provide great support to the Tasmanian Audit Office (the Office), particularly to our staff who work flexibly and remotely throughout the year, and in supporting our recruitment and on-boarding of new staff.

Our financial result for 2021-22 was a surplus of \$465,000 compared to a budgeted loss of \$12,000. The positive financial result reflected an improvement in our financial audit recoveries (audit amount billed compared to audit cost, based on hours charged at individual charge rates) from 88.5% in 2020-21 to 93.2% in 2021-22, largely attributed to audit efficiencies achieved from the implementation of CaseWare.

In line with our new Strategic Plan 2021-24, we continually look to improve how we engage with key stakeholders. It was pleasing to see the positive Orima survey results provided by parliamentarians and the State entities with whom we work. We continue to challenge ourselves to improve the impact, quality and efficiency of our work.

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 Tasmania. I express my appreciation for their work and the manner in which they have responded to the challenges presented throughout 2021-22. I also thank our contracted audit service providers for their work in delivering audit services to the public sector on our behalf.

I express my appreciation to all members of the Office Executive Committee and the external members of the Risk and Audit Committee, for the work they have performed during the course of the year. I especially thank former Deputy Auditor-General, Gary Emery, for his significant contribution to the performance audit team during his tenure as Assistant Auditor-General and for his contribution to the entire Office during his tenure as Deputy Auditor-General.

I also thank Parliament and in particular, the Parliamentary Standing Committee of Public Accounts 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 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

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Highlights for 2021-22



Highlights for 2021-22



Eight reports to Parliament (2020-21, 14):

- One report, comprising two volumes, on the outcomes of financial audit (2020-21, 1 report)
- Five reports on the outcomes of performance and compliance audits and special investigations (2020-21, 11 reports)
- Annual Report 2020-21
- Annual Plan of Work 2022-23.



We finalised the development of our strategic plan for 2021-24. The strategy focuses on how we can assist the Tasmanian public sector produce positive outcomes for Tasmanians.



Successfully upgraded our Electronic Document Records Management System (EDRMS), Tacman, to Version 9.4.

Implemented multi-factor authentication across the Office.

Successfully implemented CaseWare and streamlined our audit templates.



We received an unmodified audit opinion on our 30 June 2022 financial statements, within the required timeframe.

We received an unmodified review opinion on our key performance indicators (KPIs).



Our Risk and Audit Committee met 4 times during the year and continued to provide strong oversight over the Office's financial and operational performance.

Four internal audit reviews were conducted confirming we had effective systems and processes in place with improvement opportunities identified for our quality assurance framework and contract management.

The Tasmanian Audit Office



The Tasmanian Audit Office

Our role

The Auditor-General and the Tasmanian Audit Office are established under the *Audit Act 2008* (Audit Act). Our role is to provide assurance to Parliament and the Tasmanian community about the performance of public sector entities. We achieve this by auditing financial statements of public sector entities and by conducting audits, examinations and investigations on:

- how effective, efficient, and economical public sector entity activities, programs and services are
- how public sector entities manage resources
- how public sector entities can improve their management practices and systems
- whether public sector entities comply with legislation and other requirements.

Through our audit work, we make recommendations that promote accountability and transparency in government and improve public sector entity performance.

We publish our audit findings in reports, which are tabled in Parliament and made publicly available online. To view our past audit reports, visit our [reports](#) page on our website.

Financial audits

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 Financial Audit Services (FAS) business unit is responsible for the audit of these financial statements.

Our financial audits provide assurance that the information contained in State entity financial statements is reliable, relevant, presented fairly and in accordance with Australian Accounting Standards and other relevant legislation.

We also undertake audits by arrangement, which include regulatory financial statements and grant or funding acquittals. We also produce 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.

Each year we audit more than 120 State entity financial statements and more than 80 other audits by arrangement.

Performance audits

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 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. In our performance audits we assess the effectiveness, efficiency, economy and compliance of government agencies, programs and services. We have ‘follow-the-dollar’ powers, which allow us to audit community-sector and for-profit organisations contracted to provide government services.

During 2021-22 we tabled the 5 performance audit reports:

- COVID-19 Support Measures – Community Support
- Council general manager recruitment, appointment and performance assessment
- COVID-19 – Response to social impacts
- Accessing services for the safety and wellbeing of children and young people – the Strong Families, Safe Kids Advice and Referral Line
- COVID-19 – Response to social impacts: mental health and digital inclusion.

These reports are available from our [website](#).

From time to time, members of Parliament, accountable authorities of State entities, elected officials or members of the Tasmanian community refer matters to us for performance audit or investigation consideration. A summary of referrals assessed in 2021-22 compared to the prior year is provided below.

Referrals	2020-21	2021-22
Number of new referrals received	22	22
Number with no further action required	8	16
Number of referrals assessed	14	2
Number of examinations in progress	0	2
Number referred onto other agencies	0	2

Recommendations for improvement

Our financial and performance audits enable us to identify common issues and provide useful insights for parliamentarians, the public and the agencies we audit. We make recommendations to audited agencies on how to improve services and function more efficiently and effectively. Our recommendations for improvement are provided to relevant ministers for their reference.

Services to parliamentarians and State entities

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

They include:

- presentations to parliamentarians on audit reports tabled in Parliament
- regularly meeting with the Parliamentary Standing Committee of Public Accounts to brief them on our audit plans and audit reports
- advice and assistance to Parliament, including submissions to parliamentary committees on matters relevant to their inquiries
- briefings to Legislative Council Business Scrutiny Committees
- responding to inquiries from Members of Parliament, State entities and the public, which sometimes lead to the conduct of audits
- advice to Members of Parliament on the role of the Auditor-General and the Office
- provision of comments to central agencies and other State entities on matters such as draft Treasurer's Instructions, 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.

External speeches and presentations

We provide presentations to various stakeholders to promote the work of the Office and to share better practice insights.

Listed below are the presentations delivered during 2021-22:

Date	Presentation	Presenter/s
6 August 2021	Tasmanian Chapter of Institute of Internal Auditors in Australia - Responsibilities relating to financial reporting obligations	Rod Whitehead
15 November 2021	Crown Law Continuing Legal Education Program - Role of the Auditor-General and Tasmanian Audit Office	Rod Whitehead Gary Emery
24 February 2022	Tasmanian Audit Office - Audit Service Provider Update	David Bond
5 April 2022	Guest Lecture – UTAS Workshop – Audit and Assurance	Stephen Morrison
6 April 2022	Huon Valley Councillors – Audit of Local Government Entity Financial Statements and summary of recent Performance Audits	Rod Whitehead David Bond

Date	Presentation	Presenter/s
10 May 2022	Client Information Session - General Government and Other NFP Sector (online)	Rod Whitehead David Bond Stephen Morrison Jeff Tongs Gary Emery
12 May 2022	Client Information Session – Government Businesses (online)	Rod Whitehead David Bond Stephen Morrison Jeff Tongs Gary Emery
17 May 2022	Client Information Session – Local Government (online)	Rod Whitehead David Bond Stephen Morrison Jeff Tongs Janine McGuinness
19 May 2022	Senior Management and Members of Audit Committees Information Session	Rod Whitehead David Bond Stephen Morrison Jeff Tongs Janine McGuinness

Leadership and governance

Our organisational structure as at 30 June 2022 is shown below.



Deputy Auditor-General and Chief Operating Officer, Ric De Santi retired on 3 July 2021. Deputy Auditor-General, Gary Emery, resigned and left the Office on 13 May 2022. The Deputy Auditor-General position remained vacant as at 30 June 2022.

Executive Committee

Our Executive Committee is responsible for assisting the Auditor-General and ensuring the Office meets its service delivery obligations and core business objectives. Our Executive Committee during 2021-22 comprised Rod Whitehead, David Bond, Janine McGuinness (from 16 May 2022), Patty Johnson, Ric De Santi (to 3 July 2021) and Gary Emery (to 13 May 2022).

Strategic Leadership Group

Our Strategic Leadership Group is responsible for the implementation of the strategy and management of risk for the Office. This committee meets at least quarterly. Our Strategic Leadership Group during 2021-22 comprised members of the Executive Committee together with Stephen Morrison and Jeff Tongs.

Risk and Audit Committee

We have a Risk and Audit Committee in accordance with the Treasurer's Instruction Internal Audit (FC-2) made under the *Financial Management Act 2016*. Members of the Committee during 2021-22 comprised external members Georgie Ibbott, Chair, David Hudson together with Rod Whitehead and Jeff Tongs.

The Committee provides assistance to the Auditor-General in fulfilling corporate governance responsibilities relating to our:

- financial and performance reporting (including the preparation of the annual report and audit of the financial statements)
- system of risk oversight and management
- system of internal control (including internal control framework, legislative and policy compliance, internal audit coverage and performance reporting).

The Committee also monitors the activities and effectiveness of internal audit, management responses to external reviews and the implementation of recommendations arising from these reviews. The Committee also undertakes other activities related to its responsibilities as requested by the Auditor-General.

Internal audit

Our internal auditor, Grant Thornton, assesses the quality and performance of specific functions performed by the Office. The Risk and Audit Committee, in conjunction with the internal auditor, develops the internal audit plan before the beginning of each financial year. This plan lists proposed audits and when they will be performed.

During 2021-22 Grant Thornton completed 4 internal audit reviews:

- Audit Quality Assurance Framework (August 2021)
- Cyber Security Health Check and Phishing Exercise (October 2021)
- Procurement and Computer assisted audit techniques (CAATs) (November 2021)
- Contract Management & Management of Outsourced Providers (June 2022).

Periodic review of the Office

Under section 44 of the Audit Act, we are subject to a review of the efficiency, effectiveness and economy of our operations at least once in every 5 year period. The last review was conducted by Moore Stephens Audit (Vic) in February 2019 and covered the period 2014-2018. A copy of the review report is available on our website under 'About Us – Our Accountability'.

Our strategic direction

Purpose

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

Vision

Strive – Lead – Excel / to make a difference

During 2021-22 we developed our strategic plan for the period 2021-2024. The *Tasmanian Audit Office Strategic Plan 2021-2024* sets out our objectives, the steps we will take to achieve them and defining what success looks like.

Our three strategic objectives are set out below.

1	Impact Making a difference to the bodies we audit, the Parliament and the public by enhancing the relevance and impact of our work
2	Quality Delivering high quality, professional services by building capability and capacity to meet the changing demands of our clients and stakeholders
3	Efficiency Building a high performing organisation by quickly and efficiently changing our structure and practices to meet our evolving needs

Our progress against these objectives in our first year of operating under this plan is summarised in table below.

Strategic initiative	Objective	Achievement
Re-examine resource models and recruit accordingly	Impact	Established a Data analysis and IT audit unit to better support our financial and performance audit teams. Established new positions to support parliamentary reporting, learning and development and quality and technical activities. Improved and increased utilisation reporting within the financial audit business unit.

Strategic initiative	Objective	Achievement
Increase engagement with key stakeholders	Impact	<p>Increased meetings and tracking with key stakeholders.</p> <p>Revised agendas designed for stakeholder interactions.</p> <p>Recommended client and audit committee information sessions.</p>
New employee levels to support attraction and retention	Quality	<p>Introduced new salary and competency levels across the Office to provide a new starter with the ability to understand how they go from one position to another within the Office.</p> <p>Standardisation of titles across all business units.</p> <p>New Statements of Duties issued to all staff.</p>
Implement the new AUASB Quality Management Standards	Quality	<p>Increasing collaboration and sharing of information between members of the Australasian Council of Auditors-General (ACAG).</p> <p>Audit templates updated for our CaseWare audit system.</p>
New Learning and Development (L&D) Framework	Quality	<p>Developed a new learning and development framework linked to employee levels to better support employee attraction and retention.</p> <p>Increased interactions with professional bodies to better identify external learning and development opportunities.</p> <p>Increased enrolments for ACAG performance auditor training programs.</p>
New entry level position learning and development program (audit specific)	Quality	<p>The Year 1 entry level program has been developed and is being rolled out.</p>
Dynamic vacancy fulfilment	Quality	<p>Improved applicant management from time of application.</p> <p>Implemented an improved recruitment advertising approach.</p> <p>Implemented changes to recruitment processes to increase efficiency in recruitment activities.</p>

Strategic initiative	Objective	Achievement
Maximise CaseWare functionality	Quality	Collaborated with South Australia, Australian Capital Territory, and Queensland audit offices regarding revised template for revised Australian Auditing Standards and revised financial statement assertions Examined private sector CaseWare templates to assess merit of adapting for public sector.
Assessment of our resourcing needs	Efficiency	Developed a budget model to better assess resource needs, productivity, and utilisation of external audit service providers.
Prepare a dynamic workforce plan	Efficiency	This will be commenced in 2022-23. The delay is due to resourcing constraints.

Our team

As at 30 June 2022, our workforce comprised of 48 staff who are a blend of auditors, specialists and support team members. In line with our diversity and inclusion strategy, we continued to aim to have a staffing mix that not only has the right skills and values to meet the Office's objective but is reflective of the broad and diverse community we operate in.

We continued to respond to the COVID-19 pandemic, balancing the health and well-being of staff whilst maintaining service delivery expectations. Our staff worked a combination from home, in the Office and at the client depending on requirements. The Disaster Recovery Team monitored the status and effects of COVID-19, responding to advice from Australian and Tasmanian Governments.

Appendix 1 details our staff related statistics for 2021-22.

Workplace health, safety and wellbeing

We continued to proactively manage staff health, safety and wellbeing including a number of measures in place to improve safety culture and protect staff from workplace injury and harm. Throughout the reporting period we:

- continued our COVID-19 safety protocols and implementation plan
- conducted regular workplace inspections
- provided regular Workplace Health and Safety reporting to the Executive Committee and Risk and Audit Committee
- continued to provide ongoing training throughout the year for first aid officers, fire wardens and staff with legislative responsibilities
- 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, COVID-19 boosters, 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.

In addition to providing access to an independent employee assistance provider for those staff seeking assistance with work related or personal matters, we met our obligations by continuing to support staff who had been absent from the workplace with comprehensive return-to-work support in line with *Employment Direction 29 - Managing Employees Absent from the Workplace* and our Injury Management Program.

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 2000* (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 State Service Act. We take advice and guidance from these directions as they are introduced. 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.

Performance assessment

The performance of our staff are regularly assessed in line with *Employment Direction 26 - Managing Performance in the State Service*. Annual refresher training was again provided to all staff and managers on providing performance feedback with a focus on quality feedback conversations. All staff have performance plans in place that include performance indicators linked to business unit and organisational objectives and adherence to our values. Half yearly and annual reviews were conducted during 2021-22 for all staff. More detailed information is available in the 'Our Performance' chapter of this report.

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.

We continue 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 2021 award recipient was Miss (Vicky) Mengqing Wu.

With more staff working from home and the ongoing effects of COVID-19, the Office has participated in a reduced number of causes and events in 2022. We raised \$351 for the Cancer Council's Biggest Morning Tea in May and participated in the Winter Step Challenge.

Our performance



Our performance

Performance report

Our KPIs were independently assessed by Nexia Australia with their review opinion published at the end of this section. The following tables detail our actual results with the following symbols indicating our assessment of each result.

✓ Performance achieved	✗ Performance not achieved	Nm - Performance not measured
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Parliamentarian and audit client survey indicators

We usually conduct biennial satisfaction surveys of Members of Parliament and Clients. This survey was conducted in 2021-22. The KPIs in the following table are in relation to the Parliamentarian and Audit Client Surveys which support the Office's key strategic focus areas of impact, quality and efficiency:

Key Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Result
Parliamentarians Survey						
Overall satisfaction with the Auditor-General's reports and services	100%	Nm	Nm	75%	100%	✓
Provide valuable information on public sector performance	100%	Nm	Nm	80%	100%	✓
Reports and services help to improve public sector administration	93%	Nm	Nm	75%	100%	✓
High level of performance audits addressing key areas of interest	95%	Nm	Nm	75%	91%	✓
Responsiveness of the Auditor-General or their Office	100%	Nm	Nm	85%	100%	✓

Key Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Result
Extent to which the advice/ information provided by the Auditor-General or their Office addressed user needs	100%	Nm	Nm	85%	100%	✓
Clients Survey						
Performance Audit – overall performance (process, reporting, value)	69%	Nm	Nm	75%	72%	✗
Financial Audit – overall performance (process, reporting, value)	77%	Nm	Nm	75%	74%	✗

Financial indicators

The KPIs in the following table are in relation to the Financial Statements section of this report:

Key Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Result
Positive net operating result, that is $\geq 1\%$ of turnover	Not achieved	Not achieved	Achieved	Achieved	Achieved	✓
Positive cash flows	Not achieved	Not achieved	Achieved	Achieved	Achieved	✓
End of Year cash balance $> \$600,000$	Achieved	Achieved	Achieved	Achieved	Achieved	✓
Increase cash reserves by \$150,000 each year	Not achieved	Not achieved	Achieved	Achieved	Not achieved	✗
Independent unmodified audit opinion on the financial statements of the Office	Achieved	Achieved	Achieved	Achieved	Achieved	✓

Operational and governance indicators

The KPIs in the following table are in relation to the Our role section of this report:

Key Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 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	89%	68%	53%	100%	59%	✗
Performance and compliance audits are completed on average within 9 months	Not achieved	Not achieved	Not achieved	Achieved	Achieved	✓
Percentage of recommendations agreed and acted upon 24 months since the tabling of a performance/compliance audit report	Nm	Nm	Nm	70%	Nm	Nm
Performance and compliance audits and special investigations tabled in Parliament	4	4	11	6	5	✗
Report of the Auditor-General on the outcomes of financial audits tabled in Parliament	1	1	1	1	1	✓

Key Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 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 ²						
Financial audits	Positive	Nm	Nm	Positive	Positive	✓
Performance audits	Positive	Nm	Nm	Positive	Nm	Nm
Number of major findings with significant impact/ramifications reported to the Office's Risk and Audit Committee by the internal auditor ³	None	None	None	None	None	✓

Notes:

1. The result for 2021-22 was impacted by the inability to obtain experienced audit staff at the higher levels. The basis for reporting timeliness of audit completion has been changed to the audit cycle completed during the financial year (for example, the December 2020/June 2021 audit cycle completed in the 2022 financial year).
2. Our 5 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. During 2021-22, the Office entered into reciprocal quality reviews with other Australian audit offices. The ACT Audit Office, conducted a review on FAS and did not have any major findings. As at August 2022, all but one finding had been fully addressed.
3. Four internal audit review was conducted in 2021-22 covering risks in the Office's enterprise risk register. No major findings were reported.

People indicators

The KPIs in the following table are in relation to the Our team section of this report:

Key Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Result
Staff satisfaction as measured by our independent employee survey ¹	Nm	58%	Nm	75%	Nm	Nm
Staff turnover rate ²	26%	29%	26%	<10%	42%	✗
Percentage of staff who have University degree and/or professional qualifications	94%	89%	93%	>85%	96%	✓

Key Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Result
Percentage of staff who are members of professional bodies ³	87%	82%	89%	>85%	82%	✗
Percentage of staff who undertake 10 days of professional development per annum ⁴	28%	42%	7%	100%	52%	✗
Percentage of staff professional development plans finalised ⁵	91%	85%	98%	100%	98%	✗
Personal leave taken by staff (average) ⁶	13.2	6.1	7.5	<5 days	7	✗
No excess leave balances ⁷	4%	4%	7%	<5%	6%	✗

Notes:

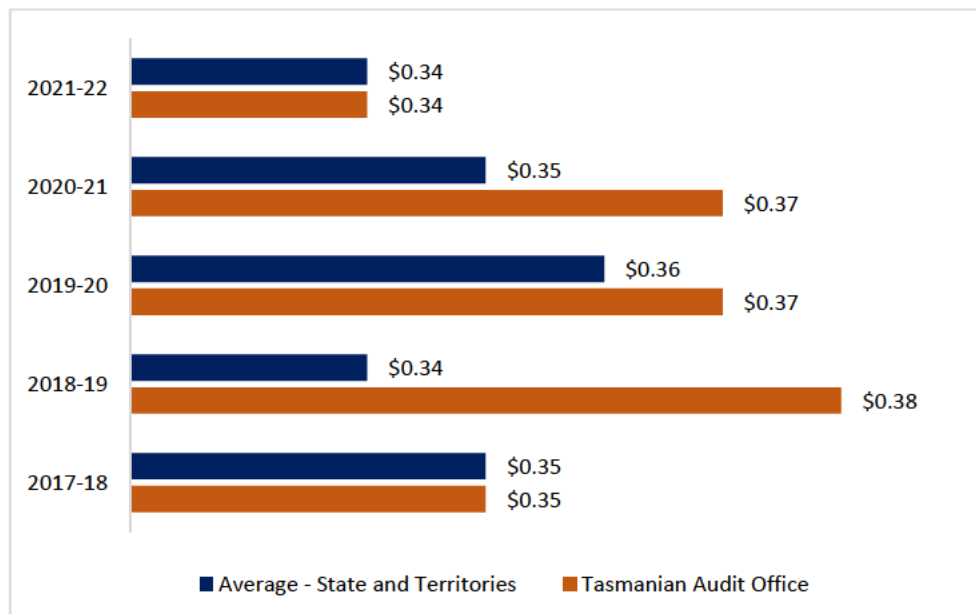
1. Annual whole of State Service Survey was postponed again this financial year.
2. Our turnover increased in 2021-22 due to the shortage of skilled audit staff across Australia and the increase in demand for such expertise.
3. Percentage of staff who are members of professional bodies has slightly reduced due to the increase in entry level staff joining the Office during 2021-22.
4. The % includes all types of training conducted within the Office. The increase is as a result of the focus on learning and development across the Office. This trend should continue next financial year.
5. One staff member's performance plan was not finalised due to them being on extended leave during 2021-22.
6. Personal leave taken by staff slightly decreased across the Office. The result is affected by some long term staff absences.
7. Three staff had excess recreation balances and these are being actively managed.

ACAG benchmarking

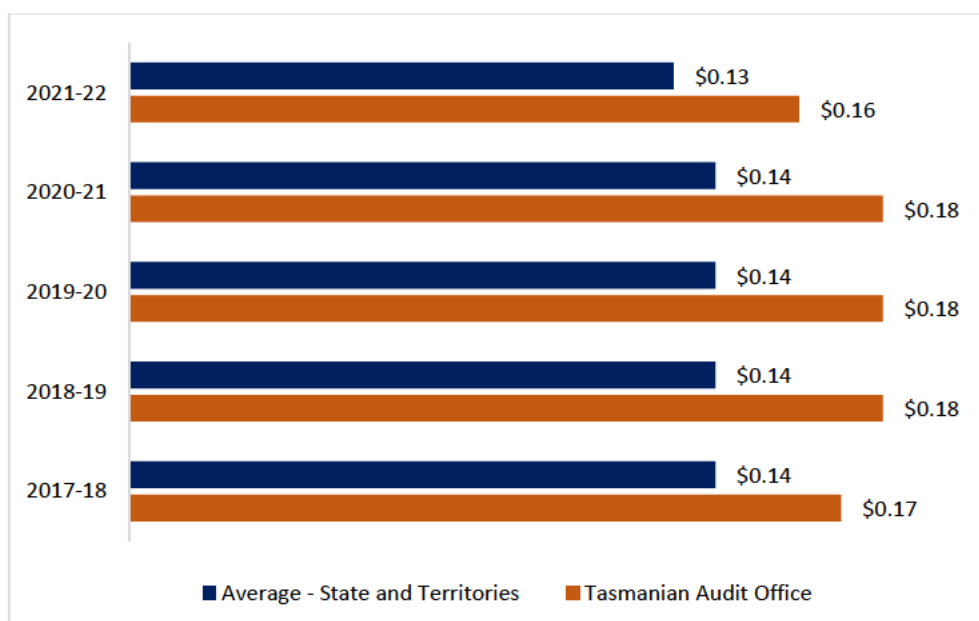
We evaluate performance against 7 measures by benchmarking against the national average of other State and Territory audit offices as reported in the annual ACAG Macro-Benchmarking report. The following results cover the period 2017-18 to 2021-22.

With respect to Measures 1 and 2, 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.

1. Total audit costs (excluding payroll costs) per \$'000 of public sector transactions

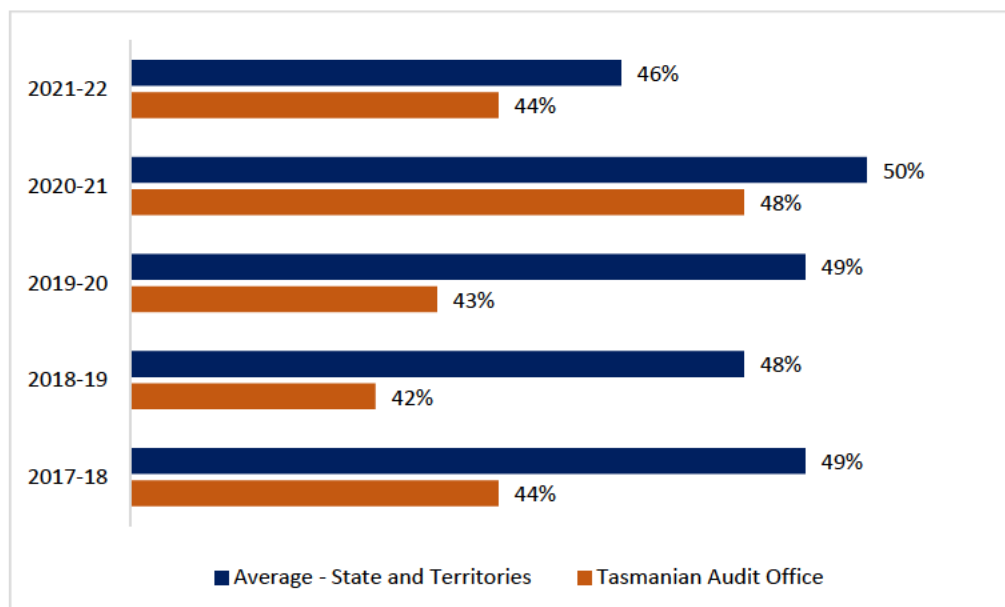


2. Total audit costs (excluding payroll costs) per \$'000 of public sector assets

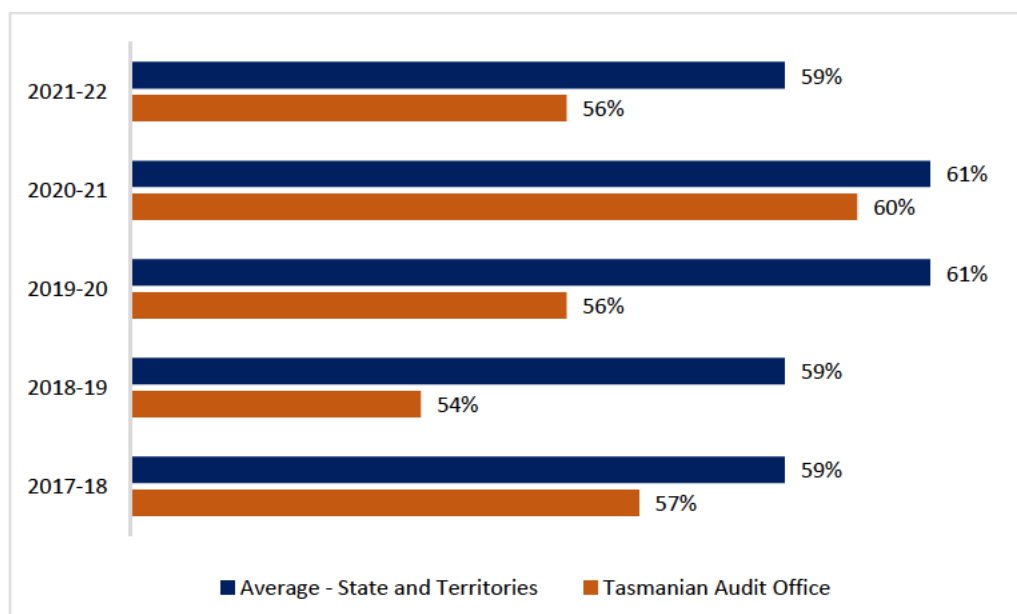


In relation to Measures 3 to 5, productivity of our staff has a direct impact on our operating results. All auditors are expected to achieve a minimum level of billable hours after allowing for leave, professional development and administration. Total paid hours include the hours of our corporate staff as well as personal and recreation leave for all staff. The movement from 2020-21 to 2021-22 is mainly due to a large number of new staff joining the Office in both the Attest and Non-Attest units which increased on-boarding and training.

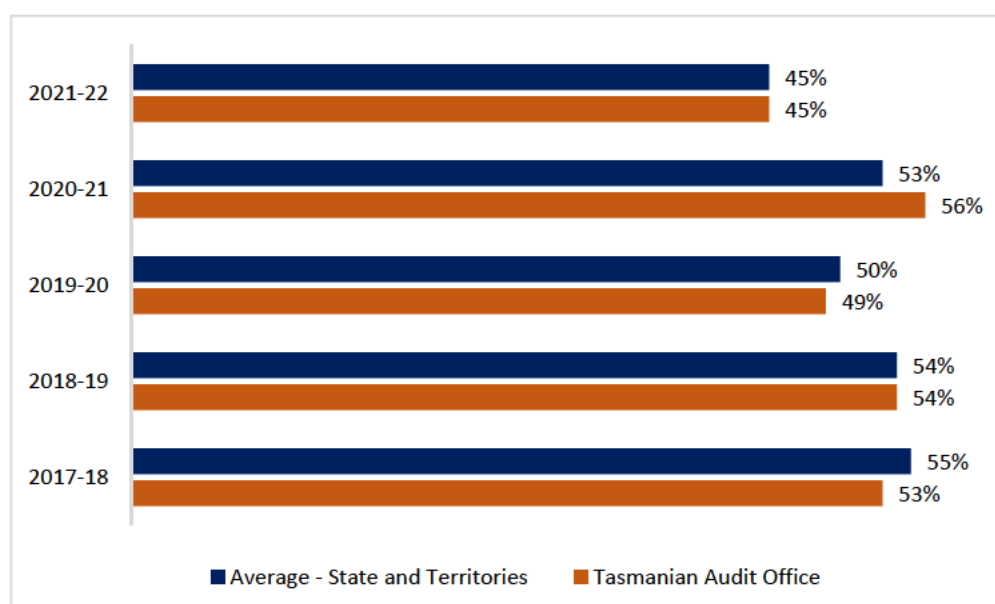
3. Percentage of total (whole of office) paid hours charged to audit activities



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

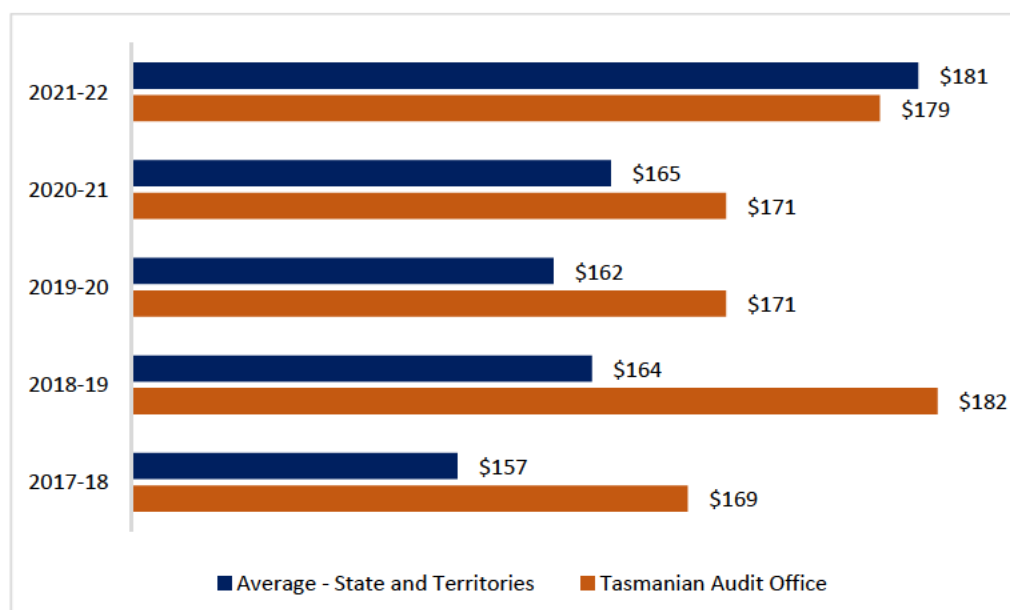


5. Percentage of total paid hours of non-attest audit staff charged to non-attest audit activities



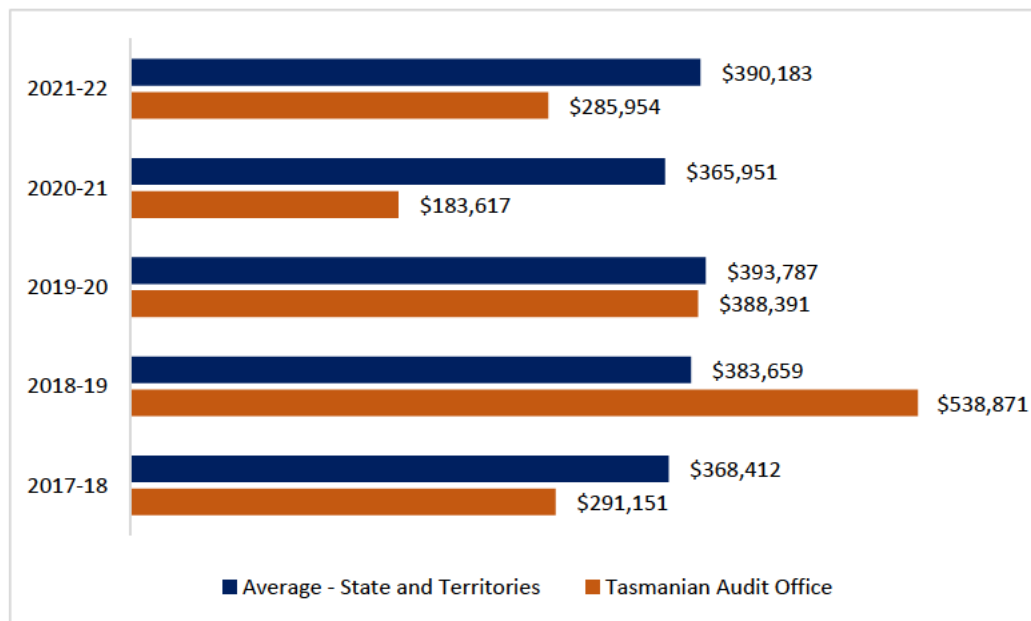
Measure 6 shows the slight increase of cost per audit hour charged to audit activities from 2020-21 due to the cost of resourcing, mainly experienced staff.

6. Cost per audit hour charged to audit activities



Measure 7 shows an increase in cost per audit performance audits completed from 2020-21 to 2021-22 which is attributed to a focus on shorter COVID-19 related reviews and audits during the 2021 financial year.

7. Cost per performance audit



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 2022 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

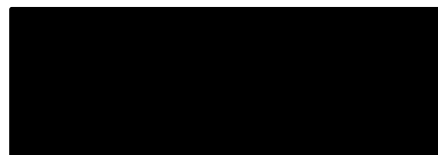
In conducting our review, we have complied with the independence requirements of the Australian professional ethical pronouncements.

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 2022.



Nexia Melbourne Audit Pty Ltd
Melbourne



Chapman Wan
Director

Dated this 10th day of October 2022

Financial statements



Financial statements

Statement of certification

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 2022 and the financial position as at the end of the year.

At the date of signing, I am not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Rod Whitehead
Auditor-General

12 August 2022

Statement of comprehensive income for the year ended 30 June 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
Income from continuing operations				
Revenue from Government				
Appropriation revenue - recurrent	4.1	2,167	2,167	2,110
Appropriation revenue – Reserved by law	2.1(a), 4.1	526	426	436
Financial audit services	4.2	5,587	5,827	5,675
Other revenue	4.3	30	58	34
Total revenue from continuing operations		8,310	8,478	8,255
Expenses from continuing operations				
Employee benefits	5.1(a)	6,048	5,499	5,558
Depreciation and amortisation	5.2	59	20	35
Audit contractors	5.3	1,194	1,203	1,341
Supplies and consumables	2.1(b), 5.4	656	914	804
Other expenses	5.5	365	377	413
Total expenses from continuing operations		8,322	8,013	8,151
Net result from continuing operations		(12)	465	104
Net result		(12)	465	104
Comprehensive result		(12)	465	104

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 2022

	Notes	2022 Budget* \$'000	2022 Actual \$'000	2021 Actual \$'000
Assets				
Financial assets				
Cash and deposits*	2.2(a), 10.1	2,087	2,786	2,714
Receivables	2.2(b), 6.1	514	361	566
Contract assets	2.2(b), 6.2	314	545	428
Non-financial assets				
Leasehold improvements, plant and equipment	6.3	122	65	54
Intangibles	6.4(a)	10	17	21
Other assets	6.5	69	63	90
Total assets		3,116	3,837	3,873
Liabilities				
Payables	7.1	79	51	234
Employee benefits	7.2	1,272	1,213	1,441
Contract liabilities	2.2(b), 7.4	396	563	653
Total liabilities		1,747	1,827	2,328
Net assets		1,369	2,010	1,545
Equity				
Contributed capital		1,168	1,168	1,168
Accumulated surplus	2.2(c)	201	842	377
Total equity*		1,369	2,010	1,545

*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 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts – operating	4.1	2,167	2,167	2,110
Appropriation receipts – reserved by law	2.1(a), 4.1	526	426	436
User charges		5,790	5,847	5,764
Goods and Services Tax (GST) receipts	2.3(a)	672	846	731
Other cash receipts		30	31	56
Total cash inflows		9,185	9,317	9,097
Cash outflows				
Employee benefits		(6,303)	(5,728)	(5,399)
GST payments	2.3(b)	(672)	(941)	(697)
Audit contractors		(1,194)	(1,269)	(1,265)
Supplies and consumables	2.1(b)	(619)	(899)	(858)
Other cash payments		(365)	(377)	(411)
Total cash outflows		(9,153)	9,214	(8,630)
Net cash from/(used by) operating activities	10.2	32	103	467
Cash flows from investing activities				
Cash outflows				
Payments for acquisition of non-financial assets	2.3(c)	(171)	(31)	(11)
Total cash outflows		(171)	(31)	(11)
Net cash from/(used by) investing activities		(171)	(31)	(11)
Net increase/(decrease) in cash and cash equivalents held				
		(139)	72	456
Cash and cash equivalents at the beginning of the reporting period		2,226	2,714	2,258
Cash and cash equivalents at the end of the reporting period	10.1	2,087	2,786	2,714

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 2022

	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance as at 1 July 2021	1,168	377	1,545
Total comprehensive result	-	465	465
Balance as at 30 June 2022	1,168	842	2,010

	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance as at 1 July 2020	1,168	273	1,441
Total comprehensive result	-	104	104
Balance as at 30 June 2021	1,168	377	1,545

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 2022

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Note 1. Office output schedules

1.1 Output group information

The Office only has a single output called Public Sector Performance 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 2021-22 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 – Reserved by law	(a)	526	426	(100)	(19)
Supplies and consumables	(b)	656	914	(258)	(39)

Notes to Statement of comprehensive income variances

(a) The Appropriation revenue – Reserved by law is under budget due to the Auditor-General's salary not increasing as expected during the year. The Auditor-General's salary is calculated on the average of both the Western Australia Auditor-General and the South Australia Auditor-General salaries.

(b) Supplies and consumables are higher than expected which is due to delays in the internal audit program from 2020-21 where those audits were undertaken in 2021-22, increases in the provision of information technology and licences such as the audit software CaseWare and increases in staff travel and transport post COVID-19.

2.2 Statement of financial position

Budget estimates for the 2021-22 Statement of financial position* were compiled prior to the completion of the actual outcomes for 2021-22. As a result, the actual variance from the original budget estimate will be impacted by the difference between estimated and actual opening balances for 2021-22. The following variance analysis therefore includes major movements between the 30 June 2021 and 30 June 2022 actual balances.

			2022	2021	Budget	Actual
	Note	Budget	Actual	Actual	Variance	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	(a)	2,087	2,786	2,714	699	72
Receivables	(b)	514	361	566	(153)	(205)
Contract assets	(b)	314	545	428	231	117
Contract liabilities	(b)	396	563	653	(167)	90
Accumulated surplus	(c)	201	842	377	641	465

Notes to Statement of financial position variances

* 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 increase in Cash and deposits reflects the timing of the Office refurbishment which will be finalised in the 2022-23, the increase in fees received along with the decreased expenditure to budget of employee benefits due to vacant positions.

(b) Receivables, contract assets and contract liabilities all inter-relate with Financial audit services fees. Receivables and Contract liabilities reflect the earlier than anticipated audit instalments levied to clients, mainly for contracted out audits and the work had not yet to be completed and clients had paid the instalments leading to less receivables. Contract assets represents work in progress, where staff had charged time to jobs but this had not yet been billed due to timing.

(c) Accumulated surplus/deficit is greater than expected mainly as a result of increased Financial audit services fees, attributed to a higher level of hours charged to financial audit engagements than the previous year, and the decrease in expenditures in Employee benefits due to vacant positions offset by the increase in Supplies and consumables.

2.3 Statement of cash flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts – Reserved by law	(a)	526	426	(100)	(19)
GST receipts	(a)	672	846	174	26
GST payments	(b)	(672)	(941)	(269)	(40)
Supplies and consumables	(b)	(619)	(899)	(280)	(45)
Payments of acquisition of non-financial assets	(c)	(171)	(31)	140	82

- (a) The increase in GST receipts reflects the increase in User charges received due to timing of billing and client payments.
- (b) The increase in GST payments reflects the higher than expected supplies and consumables as explained in note 2.1.
- (c) The payments of acquisition of non-financial assets reflects the delay in the Office refurbishment.

Note 3. Underlying result

The Office has not recognised any non-operational capital funding or other one-off transactions relating to funding for capital projects. Accordingly, the Underlying net result from continuing operations does not differ from the Net result from continuing operations reported in the Statement of comprehensive income

Note 4. Revenue

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.

Income is recognised in accordance with the requirements of Australian Accounting Standards Board (AASB) 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15.

4.1 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 as they do not contain enforceable and sufficiently specific obligations as defined by AASB 15. Except for any amounts identified as carried forward, control arises in the period of appropriation.

Revenue from Government includes revenue from appropriations, unexpended appropriations rolled over under section 23 of the *Financial Management Act 2016* and Items Reserved by law.

The Budget information is based on original estimates and has not been subject to audit.

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
Appropriation revenue – recurrent	2,167	2,167	2,110
Items Reserved by law – Auditor-General's salary and associated allowances	526	426	436
	2,693	2,593	2,546

4.2 Financial audit services

Revenue recognition relating to the provision of financial audit services is recognised over time as the services are performed and performance obligations satisfied. Recognition is in accordance with the terms of the client services agreement or engagement strategy, adjusted for any time that may not be recoverable with reference to the hours incurred. The *Audit Act 2008* provides an enforceable right to payment for audit services provided.

	2022 \$'000	2021 \$'000
Financial audit services user charges	5,827	5,675
	5,827	5,675

4.3 Other revenue

Reserved by law – Auditor-General leave provisions revenue represents the movement in leave provisions for the Auditor-General's leave entitlements, which are appropriations reserved by law. Miscellaneous revenue represents expense reimbursements and revenue from the Australasian Council of Auditors-General (ACAG) for the provision of secretariat services for the Financial Reporting and Accounting Committee in 2020-21.

	2022 \$'000	2021 \$'000
Reserved by law – Auditor-General leave provisions	27	(22)
Miscellaneous	31	56
	58	34

Note 5. Expenses

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.

5.1 Employee Benefits

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

(a) Employee expenses

	2022	2021
	\$'000	\$'000
Wages and salaries	4,812	4,893
Superannuation – defined contribution scheme	518	481
Superannuation – defined benefit scheme	74	102
Other employee expenses	95	82
	5,499	5,558

Superannuation expenses relating to defined benefits schemes relate to payments into the Public Account. 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 13.45 per cent (2021: 12.95 per cent) of salary. Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 10.0 per cent (2021: 9.5 per cent) of salary. In addition, the Office is also required to pay into the Public Account a “gap” payment equivalent to 3.45 per cent (2021: 3.45 per cent) of salary in respect of employees who are members of the contribution schemes.

(b) Remuneration of key management personnel

2022	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Superan- uation	Other Benefits and Long Service Leave		
				Termin- ation Benefits		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Key management personnel

R J Whitehead, Auditor-General	396	21	37	27	-	481
E R De Santi, Deputy Auditor-General (retired 2 July 2021)	9	6	1	(87)	87	16
P R Johnson, Director – Corporate Support and Strategy	137	-	13	17	-	167
D J R Bond, Assistant Auditor-General (commenced 28 June 2021)	150	-	15	6	-	171

2022	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Superan- uation	Other Benefits and Long Service Leave		
				Termin- ation Benefits		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

G B Emery, Deputy Auditor-General
(commenced as Deputy Auditor-General on 5 July 2021)

172 - 19 (4) - 187

Acting key management personnel

J McGuinness, Acting Assistant Auditor-General
(from 16 May 2022 to 30 June 2022)

18 - 2 - - 20

882 27 87 (41) 87 1,042

2021	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Superan- nuation	Other	Termin- ation Benefits	
				Benefits and Long Service Leave		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Key management personnel

R J Whitehead, Auditor-General

371 20 35 (22) - 404

E R De Santi, Deputy Auditor-General/Chief Operating Officer

237 21 31 (45) - 244

P R Johnson, Assistant Auditor-General – Corporate Support and Strategy

94 - 9 6 - 109

S G Morrison, Assistant Auditor-General – Financial Audit Services

165 - 21 (30) - 156

J J Tongs, Assistant Auditor-General – Quality and Standards

165 - 21 (26) - 160

2021	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Superannuation	Other Benefits and Long Service Leave	Termination Benefits	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
G B Emery, Assistant Auditor-General – Performance Audit Service	162	-	15	12	-	189
L C Franklin, Assistant Auditor-General – Financial Audit Service (resigned as at 16 April 2021)	135	-	13	(7)	-	141
Acting key management personnel						
S M Scott, Acting Assistant Auditor-General – Corporate Support and Strategy (from 26 October 2020 to 31 January 2021)	33	-	3	3	-	39
	1,362	41	148	(109)	-	1,442

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Office, directly or indirectly. There was a change in 2021-22, whereby the key management personnel were determined to be those that were Executive Committee members. These members have been detailed in the 2022 key management personnel remuneration.

Remuneration during 2021-22 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, motor vehicle and other non-monetary benefits. Long term employee expenses include long service leave and superannuation obligations.

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 7.2), 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.

(c) Related party transactions

There are no material related party transactions requiring disclosure.

5.2 Depreciation and amortisation

All applicable 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.

The depreciable amount of improvements to or on leaseholds is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is reasonably certain.

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

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

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 – Level 8, 144 Macquarie Street, Hobart 8 years

Leased buildings – Launceston 10 years

(a) Amortisation

	Major amortisation rate (%)	2022 \$'000	2021 \$'000
Intangibles – computer software	10.00	4	2
Leasehold improvements			
Hobart office	3.56		
Launceston office	10.00	16	33
		20	35
Total depreciation and amortisation		20	35

5.3 Audit contractors

	2022	2021
	\$'000	\$'000
Audit contractors	1,203	1,292
IT audit contractors	-	49
	1,203	1,341

5.4 Supplies and consumables

	2022	2021
	\$'000	\$'000
Audit fees – financial audit and review of key performance report	22	19
Audit fees – internal audit	53	23
Lease expense (operating lease costs)	377	441
Consultants and contractors	34	3
Property services	89	72
Communications	3	5
Information technology	163	139
Travel and transport	72	37
Plant and equipment	6	8
Office requisites	16	7
Personnel expenses	35	22
Printing	1	4
Other supplies and consumables	43	24
	914	804

Audit fees paid or payable to Nexia Melbourne Audit Pty Ltd for the audit of the Office's financial statements were \$22,140 (2020-21 \$19,100).

Lease expense includes lease rentals for short-term leases, lease of low value assets and variable lease payments. Refer to note 6.3 for breakdown of lease expenses and other lease disclosures.

5.5 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.

	2022	2021
	\$'000	\$'000
Workers compensation insurance	54	40
Service level agreements – Department of Justice and Queensland Audit Office	279	276
Property insurance	4	4
Fiji Twinning underspent funds on Department of Foreign Affairs and Trade Agreement	-	44
Other expenses	40	49
	377	413

Note 6. 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.

6.1 Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Receivables are held with the objective to collect the contractual cash flows and are subsequently measured at amortised cost using the effective interest method. Any subsequent changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

An allowance for expected credit losses is recognised for all debt financial assets not held at fair value through profit and loss. The expected credit loss is based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, a simplified approach in calculating expected credit losses is applied, with a loss allowance based on lifetime expected credit losses recognised at each reporting date. The Office has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

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 11.1.

	2022	2021
	\$'000	\$'000
Receivables - Financial audit services	235	485
Reserved by law – Auditor-General leave receivable	109	81
GST receivable	17	-
Less: Expected credit loss	-	-
	361	566
Settled within 12 months	252	485
Settled in more than 12 months	109	81
	361	566

6.2 Contract assets

Contract assets represents costs incurred and profit recognised on financial audit engagements that are in progress and have not yet been invoiced at reporting date. Contract assets are valued at net realisable value after providing for any impairment. Contract assets are recognised in the Statement of financial position and the movement recognised in the Statement of comprehensive income.

	2022	2021
	\$'000	\$'000
Contract assets (work in progress)	545	428
	545	428
Balance at 1 July	428	405
Add, Revenue related to financial audit services provided	5,827	5,576
Less, Transfers to receivables	(5,620)	(5,848)
Add/(Less), Movement in revenue in advance	(90)	295
Balance at 30 June	545	428

6.3 Leasehold Improvements, plant and equipment

(i) Valuation basis

All non-current physical assets, including any work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses. All assets within a class of assets are measured on the same basis.

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.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or build occupied.

The recognised fair value of non-financial assets is classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements.

Level 1 the fair value is calculated using quoted prices in active markets;

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

(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:

Office equipment, furniture and fittings	\$5,000
Leasehold improvements	\$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

	2022	2021
	\$'000	\$'000
Leasehold improvements		
At cost	401	401
Less: Accumulated depreciation	(363)	(347)
	38	54
Work in progress (at cost)	27	-
Total leasehold improvements, plant and equipment	65	54

(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.

2022	Leasehold improvements \$'000	Total \$'000
Carrying value at 1 July 2021	54	54
Additions	-	-
Net movement in Work in progress	27	27
Depreciation expense	(16)	(16)
Carrying value at 30 June 2022	65	65

2021	Leasehold improvements \$'000	Total \$'000
Carrying value at 1 July 2020	88	88
Additions	-	-
Depreciation expense	(34)	(34)
Carrying value at 30 June 2021	54	54

6.4 Intangible assets

An intangible asset is recognised where:

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

Intangible assets held by the Office 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 useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

(a) Carrying amount

	2022	2021
	\$'000	\$'000
Intangibles with a finite useful life		
Software at cost	32	19
Less: Accumulated amortisation	(15)	(11)
	<u>17</u>	<u>8</u>
Work in progress (at cost)	-	13
	<u>17</u>	<u>21</u>

(b) Reconciliation of movements

	2022	2021
	\$'000	\$'000
Carrying amount at 1 July	21	10
Net movement in Work in progress	(13)	13
Transfer	13	-
Amortisation expense	(4)	(2)
Carrying amount at 30 June	<u>17</u>	<u>21</u>

6.5 Other assets

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

	2022	2021
	\$'000	\$'000
Other assets		
Prepayments	63	90
Total other asset	63	90
Utilised within 12 months	63	90
Total other assets	63	90

Note 7. 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.

7.1 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.

	2022	2021
	\$'000	\$'000
Creditors and accruals	51	134
GST liability	-	100
	51	234
Settled within 12 months	51	234
	51	234

Settlement is usually made within 30 days.

7.2 Employee liabilities

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.

Other employee entitlements 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.

	2022	2021
	\$'000	\$'000
Accrued salaries	125	350
Annual leave	367	366
Long service leave	588	596
Superannuation	133	129
	1,213	1,441
Expected to settle wholly within 12 months	437	668
Expected to settle wholly after 12 months	776	773
	1,213	1,441

7.3 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.

7.4 Contract liabilities

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

	2022	2021
	\$'000	\$'000
Revenue received in advance	563	653
Revenue recognised during the year that was included in the contract liability balance at the beginning of the year	653	358
Revenue recognised during the year from performance obligations satisfied (or partially satisfied) in previous years	-	-

Note 8. Commitments

8.1 Schedule of commitments

Commitments represent those contractual arrangements entered by the Office that are not reflected in the Statement of financial position.

Leases are recognised as right-of-use assets and lease liabilities in the Statement of financial position, excluding short term leases and leases for which the underlying asset is of low value, which are recognised as an expense in the Statement of comprehensive income.

	2022	2021
	\$'000	\$'000
Commitments by type		
Contract audits	2,140	2,670
Service level agreement with Department of Justice	1,006	280
Office rent and motor vehicle fleet agreements	2,507	629
Other commitments	249	203
Total commitments	5,902	3,782
Commitments by maturity		
One year or less	2,017	1,821
From one to five years	2,637	1,961
Over five years	1,248	-
Total commitments	5,902	3,782

(a) Office rent and motor vehicle fleet agreements

For Launceston Office accommodation the remaining commitment is 5 years. For Hobart Office accommodation the remaining term is 10 years as a new agreement was entered into in June 2022. Both of these leases are held by the Department of Treasury and Finance.

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 2022 and the value and remaining term of the outstanding commitment payments. All amounts shown are exclusive of GST.

(b) Other Commitments

Commitments exist for the payments under contract/agreement for future auditing services, audit software licensing, architect costs for refurbishment and the multi-function device lease.

Note 9. Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Statement of financial position due to uncertainty regarding any possible amount or timing of any possible underlying claim or obligation.

The Office does not have any contingent assets or liabilities.

Note 10. Cash flow reconciliation

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in Specific Purpose Accounts, being short term of 3 months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

10.1 Cash and Deposits

Cash and cash equivalents includes the balance of the Specific Purpose Accounts held by the Office, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2022	2021
	\$'000	\$'000
Special Purpose Account – S644	2,786	2,714
Total cash and deposits	2,786	2,714

10.2 Reconciliation of net result to net cash from / (used in) operating activities

	2022	2021
	\$'000	\$'000
Net result from transactions	465	104
Depreciation and amortisation	20	34
Decrease (increase) in Receivables	(186)	(133)
Decrease (increase) in Contract assets	295	(23)
Decrease (increase) in Prepayments	27	(66)
Decrease (increase) in Tax receivable	(17)	-
Increase (decrease) in Tax liabilities	(100)	47
Increase (decrease) in Employee entitlements	(228)	160
Increase (decrease) in Payables	(83)	49
Increase (decrease) in Contract liabilities	(90)	295
Net cash from / (used in) operating activities	103	467

10.3 Reconciliation of liabilities arising from financing activities

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

Note 11. Financial instruments

11.1 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 client 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	<p>The Office's receivables are reviewed monthly for recoverability and investigation, particularly for those at 90+ days by the Engagement Leader. At 30 June 2022, 5% of debtors were 90+ days outstanding. All debtors are deemed receivable at 30 June 2022.</p> <p>The Office's work in progress is reviewed monthly for recoverability. Work in progress drives the budget for Financial audit services user charges. Recoverability was set at 89.6% for 2021-22. This target was met at 30 June 2022 at 93.2%.</p>	Normal credit terms are 14 days as dictated by the Treasurers Instruction.
Cash and deposits	<p>The Office's financial indicators for support of sustainability published in our annual report as follows:</p> <p>End of year cash balance greater than \$600,000. This target was met at 30 June 2022.</p> <p>Positive cashflows for which the target was met at 30 June 2022.</p> <p>Increase cash reserves by \$150,000 each year. This target was not met due to the increase in receivables from clients and the reduction in accounts payable as at 30 June 2022 compared to 30 June 2021.</p>	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:

	2022	2021
	\$'000	\$'000
Financial audit services receivables	235	485
Total	235	485

Expected credit loss analysis of receivables

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:

2022	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)	14	62	147	12	235
Expected credit loss (A x B)	-	-	-	-	-

2021	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)	416	-	69	-	485
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 Instrument	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	<p>The Office's financial indicators for support of sustainability published in our annual report as follows:</p> <p>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 2022.</p>	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.

Maturity analysis for financial liabilities

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:

2022	Maturity analysis for financial liabilities		
	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
Financial liabilities			
Payables	51	51	51
Total	51	51	51

2021	Maturity analysis for financial liabilities		
	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
Financial liabilities			
Payables	234	234	234
Total	234	234	234

(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 2022, the Office does not have any interest bearing assets or liabilities. As a result, its exposure to market risk is minimal.

11.2 Categories of financial assets and liabilities

Amortised cost	2022	2021
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	2,786	2,714
Receivables	361	566
Total	3,147	3,280
Financial liabilities		
Payables	51	234
Total	51	234

11.3 Comparison between carrying amount and net fair value of financial assets and liabilities

	Carrying amount 2022 \$'000	Net fair value 2022 \$'000	Carrying amount 2021 \$'000	Net fair value 2021 \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	2,786	2,786	2,714	2,714
Receivables	361	361	566	566
Total financial assets	3,147	3,147	3,280	3,280
Financial liabilities (recognised)				
Payables	51	51	234	234
Total financial liabilities (Recognised)	51	51	234	234

11.4 Net fair values of financial assets and liabilities

2022	Amortised Cost	Net Fair Value Level 1	Net Fair Value Level 2	Net fair Value Level 3	Net Fair Value Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and deposits	2,786	-	-	-	2,786
Receivables	361	-	-	-	361
Total financial assets	3,147	-	-	-	3,147
Financial liabilities					
Payables	51	-	-	-	51
Total financial liabilities	51	-	-	-	51

2021	Amortised Cost	Net Fair Value Level 1	Net Fair Value Level 2	Net fair Value Level 3	Net Fair Value Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and deposits	2,714	-	-	-	2,714
Receivables	566	-	-	-	566
Total financial assets	3,280	-	-	-	3,280
Financial liabilities					
Payables	234	-	-	-	234
Total financial liabilities	234	-	-	-	234

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Office uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- *Level 1* the fair value is calculated using quoted prices in active markets;
- *Level 2* the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- *Level 3* the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Note 12. 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 2022.

Note 13. Other significant accounting policies and judgements

13.1 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.

13.2 Basis of accounting

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

- Australian Accounting Standards (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 on 12 August 2022.

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 13.5.

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.

The Office has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

13.3 Reporting entity

The financial statements include all the controlled activities of the Office. The Office is a single reporting entity.

13.4 Functional and presentation currency

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

13.5 Changes in accounting policies

(a) Impact of new and revised Australian Accounting Standards and Interpretations

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.

New and revised Australian Accounting Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Office include:

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021*.

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

The Office has not applied a new Australian Accounting Standard or Interpretation that has been issued but is not yet effective. Those that may have an impact on the Office's financial statements include:

- AASB 17 *Insurance Contracts* (as amended) (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (effective for annual reporting periods beginning on or after 1 January 2022)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (effective for annual reporting periods beginning on or after 1 January 2023)

The Office has undertaken an assessment of the impact of new and revised Accounting Standards and those yet to be applied and has determined they will have no material impact on the Office's financial statements.

13.6 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 13.5.

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.

13.7 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.

13.8 Office taxation

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

13.9 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), 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 14. Auditor's remuneration

	2022	2021
	\$'000	\$'000
Financial audit fees	20	17
Fee to review key performance indicator report	2	2
Total	22	19

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 3 years, the option for an additional 2 years was exercised in March 2021.

Note 15. Principal address and registered office

Level 8
144 Macquarie St
Hobart TASMANIA 7000.

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 2022, 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 2022 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 2022 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

Chapman Wan
Director

Dated this 12th day of August 2022

Acronyms and abbreviations

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ACAG	Australasian Council of Auditors-General
ATO	Australian Taxation Office
Audit Act	<i>Audit Act 2008</i>
CaseWare	CaseWare Audit System
Cth	Commonwealth
EDRMS	Electronic Document and Records Management System
FAS	Financial Audit Services
FBT	Fringe Benefits Tax
FTE	Full Time Equivalent
GST	Goods and Services Tax
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
KPI(s)	Key performance indicator(s)
PAS	Performance Audit Services
PID Act	<i>Public Interest Disclosure Act 2002</i>
RTI Act	<i>Right to Information Act 2009</i>
State Service Act	<i>State Service Act 2000</i>
the Office	Tasmanian Audit Office

Appendices



Appendix 1 – Statistics on our staff

Our establishment

Our full-time equivalent (FTE) staffing level remained increased during this reporting this reporting period, which was mainly due to recruiting more entry level staff towards the latter part of 2022. Global audit skill shortages continue to provide challenges in recruiting and retaining staff.

Measures	2021-22	2020-21	2019-20	2018-19
Size of the workforce at 1 July (head count)	46	45	47	42
Number of staff on secondment, leave without pay and identified staff at 1 July (head count)	5	6	7	3
Number of staff who left during the year (head count)	(20)	(12)	(12)	(11)
Number of staff who commenced during the year (head count)	20	12	9	20
Number of staff on secondment, leave without pay and identified staff at 30 June (head count)	(3)	(5)	(6)	(7)
Size of the workforce at 30 June (head count)	48	46	45	47
Size of the workforce at 30 June – FTE	47.4	43.2	41.6	41.9
Number of permanent part-time staff	8	2	2	2
Number of fixed-term part-time staff	4	2	4	4
Number of fixed-term staff	10	10	12	17
Number of full-time staff working agreed reduced hours	1	5	2	4
Average age of workforce at 30 June	42	44	42	41

We aim 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 continues on a detailed roadmap in the form of a Workforce Strategy and underpinning documents that will better allow us to continue to ensure we have the right

people, in the right jobs, at the right time. This is continually being reviewed and adjusted due to the tight labour market particularly for experienced audit staff.

Our Diversity and Inclusion Strategy includes initiatives to ensure everyone has access to employment and other opportunities. Our people are valued, respected, and are supported to be the best that they can be.

Our gender balance varied slightly from the previous years. Average salaries for females remained constant with male salaries decreasing slightly mainly due to the increase in entry level recruitments being male.

Gender related information is set out in the table below:

Measures	2021-22	2020-21	2019-20	2018-19
Number of males as a %	58.3	58.7	60.0	61.7
Number of females as a %	37.5	39.1	37.8	38.3
Undisclosed gender as a %	4.2	2.2	2.2	-
Average age – male (years)	42.0	44.4	44.2	41.4
Average age – female (years)	41.0	42.1	38.1	39.2
Average age – undisclosed (years)	43.0	*	*	-
Average salary – male	\$107,752	\$113,177	\$114,674	\$102,217
Average salary – female	\$97,507	\$97,190	\$85,988	\$89,156
Average salary – undisclosed gender	*	*	*	-
No. of males working agreed reduced hours	2	0	0	0
No. of females working agreed reduced hours	2	5	2	4
No. of undisclosed working agreed reduced hours	0	0	0	-

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

This reporting period provided a slight increase in average sick leave days taken by staff. This can be attributed, in part, to the relaxation of COVID-19 awareness practiced by staff in the previous reporting period. With no community transmission for a significant period, it appears a return to more typical sick leave patterns has occurred. Accrued recreation leave entitlements continue to be impacted by COVID-19, with staff deferring large portions of planned leave due to ongoing travel restrictions.

Long Service Leave management continues to be practiced, with no staff holding balances above 100 days. Leave plans continue to be utilised to manage high recreation leave balances to meet the our ongoing commitment to providing good work-life balance for all staff, with a slight decrease in staff with accrued recreation leave balances in excess of 35 days.

Measures	2021-22	2020-21	2019-20	2018-19
Average sick leave days taken during the year per staff member	7.5	7.5	6.6	13.2
Total number of sick leave days taken during the year	333.4	323.6	274.6	621.4
Average number of accrued recreation leave days per employee at year end	15.8	19.7	18.2	16.4
Total recreation leave days accrued at year end	648.1	884.2	819.1	752.5
Staff with >35 days accrued recreation leave at 30 June	3	5	6	5
Average number of accrued long service leave days per employee at year end	22.9	22.7	18.9	20.6
Total long service leave days accrued at year end	847.1	1,045.9	852.7	969.2
Staff with >100 days accrued long service leave at 30 June	0	0	0	0

Workplace health and safety measures

The following indicators reflect our performance in providing a safe and healthy work environment. Reporting levels remained relatively consistent with prior years.

Measures	2021-22	2020-21	2019-20	2018-19
No. of hazards and incidents reported	3	4	6	7
No. of workers' compensation claims	2	1	0	1
No. of first aid officers	2	2	1	2

Entry level program

During the year we moved away from a designated Graduate or Cadet Program and became more inclusive by introducing an entry level program. For Assistant Auditors, this provides the opportunity to work and learn whilst completing their University studies or similar, on a part time or full time basis and for Auditors, provides a broad and detailed learning and development program which they can progress to more senior positions in a clear and structured manner.

Professional development

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

It is notable with the new Entry Level Program that both the Average days and Average Investment per full time equivalent has significantly increased in 2021-22. Whilst external courses have been provided, there has been a significant amount of in house training that has been developed and implemented.

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

Measures	2021-22	2020-21	2019-20	2018-19
Average days per FTE	17.0	5.5	5.7	14.3
Average investment per FTE	\$1,656	\$1,029	\$2,676	\$1,905

Appendix 2 – Professional and community service

As at 30 June 2022, our Strategic Leadership Group (SLG) were members of the following committees, professional associations, panels, working parties and community organisations:

SLG Member	Entity	Position
Rod Whitehead	ACAG	Member
David Bond	ACAG	Heads of Financial Audit – Office representative Data Analytics Group – Office representative
Patty Johnson	ACAG	Corporate Services Managers Group – Office representative, along with other sub groups of this Group: <ul style="list-style-type: none"> • Communications • HR • Legal and contracts
	Office of Tasmanian Assessment, Standards and Certification	Conduct Review Committee – Chair
	State Service Management Office	HR Forum – Office Representative
	Mackillop Catholic College	Board member
Janine McGuinness	ACAG	Heads of Performance Audit – Office representative
Stephen Morrison	ACAG	Heads of Financial Audit – Office representative Inter-jurisdiction CaseWare Collaboration Group
Jeff Tongs	ACAG	Financial Reporting Auditing Committee – Office representative Auditing Standards Committee – Office representative
	Australian Auditing and Assurance Standards Board	Project Advisory Group – Public Sector Audit Issues – Member

Appendix 3 – Risk management and asset management

Risk management

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 financial and performance auditing services, and to key corporate service functions.

During 2021-22 we continued to monitor key risks and associated treatment plans as per our key headline risks, which are reviewed regularly:

- inability to attract, develop and retain staff due to failure to provide appropriate learning and development opportunities or poor Office organisational culture
- issuance of inappropriate audit opinions and/or reports due to failure to provide sufficient resources to conduct Office audits (appropriately skilled staff, physical resources, experts and time)
- loss or misuse of sensitive information held by Office due to inadequate physical ICT security measures, inappropriate access, use or distribution of the Office's sensitive information to unauthorised third parties or failure to enforce Office's contractual obligations with respect to confidentiality agreements
- failure to protect peoples' health and wellbeing due to hazard or threat prevalent in the community, complex and demanding nature of work or inappropriate behaviour in the workplace
- non-compliance or breach of Office's statutory requirements due to failure of Office to follow the law or Government policy
- audit outcomes not meeting stakeholder and/or client expectations due to failure to regularly engage with clients and stakeholders, failure of ensuring stakeholders and clients understand Office's mandate or failure to understand/meet client and stakeholder expectations
- key vendors failing to deliver goods and/or services to the Office's expectations due to failure to contract manage the Office/vendor contractual obligations
- failure of key ICT systems due to failure of vendor to recover from a critical business interruption
- Office's statutory independence is compromised due to State Government not keeping at arm's length from the Office's operations
- adverse fraud and/or corruption event due to Office staff member/contractor/third party engaging in unlawful activity, and
- Office's inability to sustainably manage its operations due to the Office not having the right mix of skilled and competent staff.

A report on the status of risk treatments identified on the registers is periodically presented to the Strategic Leadership Group and the Risk and Audit Committee.

Our strategic internal audit program is structured around the identified risks around internal controls associated with the Enterprise Risk Register.

In addition to internal audits, we address 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 our reporting
- ensuring we have a workplace that attracts and retains the staff required
- 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 insurance cover is for travel, general property, personal accident, transit, motor vehicles, general liability and workers compensation.

Asset management

The financial statements for 2021-22 contain full details of our assets. These 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 we track portable and attractive items on a register also held in our financial management system. This register is reviewed annually.

Appendix 4 – Government procurement and pricing policies

Government procurement

We ensure 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 our 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)¹

Total number of contracts awarded	10
Total number of contracts awarded to Tasmanian businesses ²	10
Value of contracts awarded	\$873,694
Value of contracts awarded to Tasmanian businesses	\$873,694
Total number of procurement processes run	10
Total number of submissions (bids) received	10
Total number of submissions (bids) received from Tasmanian businesses	10

1. The values in this table do not include the value of options to extend nor GST
2. A Tasmanian business is a business operating in Tasmania that has a permanent office or presence in Tasmania and which employs Tasmanian workers.

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

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

Name of Contractor	Location	Description of Contract	Period of Contract	Value of Contract (Initial Period)	Value of Option to Extend
BDO Australia	Hobart, Tasmania	Financial Statement Audit (King Island Council)	3 years + 2 (option)	\$59,898	\$45,089

Name of Contractor	Location	Description of Contract	Period of Contract	Value of Contract (Initial Period)	Value of Option to Extend
Bentleys Tasmania Audit Pty Ltd	Hobart, Tasmania	Financial Statement Audit (Derwent Valley Council)	3 years	\$76,606	\$0
Bentleys Tasmania Audit Pty Ltd	Hobart, Tasmania	COVID-19 Local Roads and Community Infrastructure Annual Reports and Roads to Recovery Audits (numerous Councils) – 2021-22	1 year	\$76,500	\$0
Crowe Findex	Hobart, Tasmania	Financial Statement Audit (Hobart City Council)	3 years + 2 (option)	\$143,439	\$107,977
Crowe Findex	Hobart, Tasmania	Financial Statement Audit (Kingborough Council)	3 years	\$131,617	\$0
KPMG	Hobart, Tasmania	Financial Statement Audit (Latrobe Council)	3 years + 2 (option)	\$72,750	\$54,889
KPMG	Hobart, Tasmania	Financial Statement Audit (Kentish Council)	3 years + 2 (option)	\$72,000	\$54,243
KPMG	Hobart, Tasmania	Financial Statement Audit (Glamorgan Spring Bay Council)	3 years + 2 (option)	\$82,800	\$62,423
Ruddicks Chartered Accountants	Hobart, Tasmania	Financial Statement Audit (Northern Midlands Council)	3 years	\$74,084	\$0

Name of Contractor	Location	Description of Contract	Period of Contract	Value of Contract (Initial Period)	Value of Option to Extend
Ruddicks Chartered Accountants	Hobart, Tasmania	COVID-19 Local Roads and Community Infrastructure Annual Reports and Roads to Recovery Audits (numerous Councils) – 2021-22	1 year	\$84,000	\$0

Consultancies over \$50,000

There were no consultancies over \$50,000 during 2021-22.

Procurement complaints

We did not receive any complaints from businesses in relation to our procurement practices or procedures. We assisted Treasury in a review of a matter raised by an audit service provider with respect to the application of the Buy Local Policy to panel arrangements and standing offer contracts.

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.5 of 2020-21 Volume 2 Auditor-General's Report on the Financial Statements of State entities*, available from the Office's website.

Office contact officer

Responsibility	Primary Contact Officer
Procurement Complaints Officer	Janine McGuinness: admin@audit.tas.gov.au

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:

- AMP Directions Personal Super
- AMP Signature Super
- Australian Retirement Trust
- Australian Super
- Commonwealth Essential Super
- HESTA Super Fund
- Hostplus Super
- Macquarie Super Manager
- MLC Masterkey Business Super
- MLC Wrap Super - Super Service
- MyNorth Super
- Public Sector Super Accum. Plan
- RBF Contributory Scheme
- REST Employer Sponsored Super
- SmartMonday PRIME
- Spirit Super
- Student Super Professional Super
- Unisuper Limited
- VicSuper FutureSaver
- Whitehead Super Fund



Rod Whitehead
Auditor-General

30 June 2022

Appendix 6 – Right to information, privacy and public interest disclosures

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 that 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.

No requests were received and processed in 2021-22.

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 2021-22.

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 its 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 our current PID procedures are available by contacting the Public Interest Disclosure Officer.

In accordance with the requirements of section 86 of the PID Act, we advise that in the 2021-22 financial year:

- no disclosures of public interest were made to us
- no public interest disclosures were investigated by us

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

Process for appealing decisions by the Office

We do not administer any legislation and the nature of our remit under the Audit Act is that there are no appealable decisions made by the Office.

Office contact officers

Responsibility	Primary Contact Officer
Public Interest Disclosure Officer	Patty Johnson: admin@audit.tas.gov.au
Right to Information Officer	Patty Johnson: admin@audit.tas.gov.au
Personal Information Contact Officer	Patty Johnson: admin@audit.tas.gov.au

Appendix 7 – 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	<i>Financial Management Act 2016</i>
PID	<i>Public Interest Disclosures Act 2002</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 2021</i>

Section	Compliance	Page	Details
Overview			
Overview of strategic plan	SSR r9(a)(i)	14-16	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
Legislation administered	SSR r9(d)	N/A	list of legislation administered by the Office
Performance summary	SSA s36(1)(a) FR-4 cl 4.1.4	19-28	Office's key efficiency and effectiveness indicators and the objectives to which the Outputs relate
Organisational structure			
Organisation chart	SSR r9(a)(ii)	12	an organisation chart illustrating the Office's administrative structure (including regional offices) and showing officers of the Office
Organisational structure	SSR r9(a)(iii)	12-13	a description of the relationship between the organisational structure and the program management structure of the Office
Major changes	SSR r9(a)(iv)	N/A	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
Staffing related			
Industrial democracy	SSR r9(b)(i)	17	processes established to ensure employee participation in industrial relations matters within the Office and any disputes affecting the Office
Workplace health and safety	SSR r9(b)(ii)	16	occupational health and safety strategies

Section	Compliance	Page	Details
Workplace wellbeing	ED 23 cl 5.2	16-17	status and highlights of Office's health and wellbeing program
Performance management	SSA s36(1)(ba), ED 26 cl(10)	17	the Office's approach to the development and implementation of performance management
Superannuation obligations	PSSRA s55	79	certification that the Office has met its superannuation obligations under the SGA
Public access to the Office			
Community awareness	SSR r9(c)(i)	10-11,15	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)	6,8-9	list of publications by the Office
Speeches and presentations	SSR r9(c)(i)	10-11	list of speeches and presentations made by the Office
Contact officers	SSR r9(c)(ii)	78,81	list of contact officers and points of public access in relation to services provided by the Office
Appealable decision process	SSR r9(c)(iii)	81	an outline of the processes available for appeals against decisions made by the Office
Information disclosure			
Public interest disclosure	PID s86	80-81	the reporting requirements for PIDs within the Office
Right to information	RTI s53	80	the number of RTI applications that were received and processed under that <i>Right to Information Act 2009</i>
Financial information			
Financial outcomes	FR-4 cl 4.1.1	30-66	financial outcomes for Office programs
Financial statements	FMA s42(1)	30-66	financial statements of the Office

Section	Compliance	Page	Details
Audit opinion	Audit Act s42(5)	65-66	independent auditor's report on the Office's financial statements
Head of agency certification	FMA s42(2), FR-3 cl 3.2	30	Statement of Certification by Auditor-General
Presentation	FR-3 cl 3.2	65-66	compliance with the Australian Accounting Standards and the use of the Model Financial Statements
Debts written off	FR-4 cl 4.1.7	N/A	amounts in respect of public property, revenue and debts due to the State
Risk Management and asset management			
Risk management	FR-4 cl 4.1.5	74-75	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	75	a statement of the Office's asset management policies, and an outline of asset management strategies and initiatives
Infrastructure projects	FR-4 cl 4.1.3	N/A	infrastructure projects undertaken or being undertaken by the Office
Government procurement and pricing policies			
Support for local business	FR-4 cl 4.1.8.2 & 4.1.8.3	76	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	76-78	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	76-78	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
Pricing policies	FR-4 cl 4.1.2	78	pricing policies of the Office

Audit mandate and standards applied

Mandate

Section 23 of the *Audit Act 2008* states that:

- (1) The Auditor-General may at any time carry out an examination or investigation for one or more of the following purposes:
 - (a) examining the accounting and financial management information systems of the Treasurer, a State entity or a subsidiary of a State entity to determine their effectiveness in achieving or monitoring program results;
 - (b) investigating any matter relating to the accounts of the Treasurer, a State entity or a subsidiary of a State entity;
 - (c) investigating any matter relating to public money or other money, or to public property or other property;
 - (d) examining the compliance of a State entity or a subsidiary of a State entity with written laws or its own internal policies;
 - (e) examining the efficiency, effectiveness and economy of a State entity, a number of State entities, a part of a State entity or a subsidiary of a State entity;
 - (f) examining the efficiency, effectiveness and economy with which a related entity of a State entity performs functions –
 - (i) on behalf of the State entity; or
 - (ii) in partnership or jointly with the State entity; or
 - (iii) as the delegate or agent of the State entity;
 - (g) examining the performance and exercise of the Employer's functions and powers under the *State Service Act 2000*.
- (2) Any examination or investigation carried out by the Auditor-General under subsection (1) is to be carried out in accordance with the powers of this Act

Standards applied

Section 31 specifies that:

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

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

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



Front cover image: Barn Bluff and Lake Will
Photography: Luke Tscharke, Tourism Tasmania Visual Library

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