

25 September 2024

Mr Simon Scott
Committee Secretary
Parliament of Tasmania
HOBART TAS 7000

Issued by email only

Dear Mr Scott

Legislative Council Estimates – Answers to Questions on Notice

As requested, please find attached responses to questions taken on notice at the Legislative Council Select Committee Estimates A hearing on 23 September 2024.

Yours sincerely



Martin Thompson
Auditor-General

Encl.

ANSWERS TO QUESTIONS ON NOTICE

BILL NO 2/DIVISION 8-TASMANIAN AUDIT OFFICE

Output Group 1- Public Sector Performance and Accountability

1.1 Public Sector Performance and Accountability

1. Any detail relating to benchmarking of performance audits, including in the context of Tasmanian Audit Office funding and the review of the *Audit Act 2008*.

Independent benchmarking

- Total performance audit cost per \$'000 of public sector transactions in Tasmania is \$0.05, against a state and territory average of \$0.08. This indicates that when scaled against total public sector transactions, expenditure on performance audit activity in Tasmania is less than in other states and territories.
- Six performance audits are targeted in the annual plan in Tasmania compared with a state and territory average of 9.6 in 2023-24. This indicates that the Tasmanian Audit Office (the Office) is providing fewer reports to the Parliament than other similar sized state and territories.
- Percentage of total office hours (paid) charged to performance audit is 7% for the Office, and the state and territory average is 10%. This indicator shows that the performance audit team at the Office represents a smaller proportion of overall audit activity than in other state and territory offices.

Tasmanian Audit Office funding

- Appropriation funding is applied to the performance audit program and the share of corporate costs that function utilises.
- The existing level of funding is sufficient to deliver six performance audit reports and one statutory report on the outcomes of financial audits as set out in the annual plan, however, does not provide scope for additional emerging examinations and reviews that the Auditor-General may choose to undertake unless at the cost of planned performance audits.

Review of the *Audit Act 2008*

- The independence of Auditor-Generals in Australasia is periodically surveyed and benchmarked against eight core independence principles.
 - Modernising amendments in other jurisdictions since 2008 has caused Tasmania's audit legislation to be ranked lower than comparable states and territories.
 - In several other jurisdictions, Parliamentary Committees play an active role in advising on, recommending and even determining budgets for Auditors-General in order to align resources with Parliament's expectations of performance audit coverage including number and scope.
 - The Office is participating in a review of the Act to update and strengthen public accountability which is being led by the Department of Treasury and Finance.
2. Detail as to the challenges and problems to do with on-time performance/timeliness/meeting the statutory deadline for financial attest audits.
 - The existing statutory deadlines for financial statement submission for all state entities (within 45 days of each financial year end and finalisation of financial audit opinions with 45 days of receiving the statements) cause significant resource conflicts both within some state entities and the Office.

- Through the review of the Act, the Office will explore improved alignment between the reporting requirements of the Parliament and the associated deadlines for submission of financial statement submission.
- In 2023–24, the Office issued 66% of financial opinions within 3 months and is looking to improve that performance in the current year. Based on independent benchmarking, this is better than the average of all states and territories, which is 60% within 3 months, while noting that the targets in other jurisdictions vary according to legislative requirements.

3. With respect to the Marinus Link:

a. Is the Office the auditor?

No, following the sale of Marinus Link by TasNetworks, Marinus Link is not subject to audit by any commonwealth or state Auditor-General under relevant legislation. I understand that Marinus Link appointed an external auditor shortly after the transaction and is responsible for updating ASIC records to reflect this change.

b. How will the Marinus Link investment be shown in the state's accounts?

The state holds 17.7% of the equity in Marinus Link. The state will account for the investment within the Department of Treasury and Finance financial report.

A handwritten signature in black ink, appearing to read 'Martin Thompson', with a stylized flourish at the end.

Martin Thompson
Auditor-General