Audit Tasmania | *Auditing for a better Tasmania*

Frequently Asked Questions

This document answers questions about the Annual Audit Update report. This document sums up key parts of the report in Plain English. *Please note:* this page is not the whole report – the whole report is here.

1. What is the purpose of this report?

This report provides Parliament with an overview of audit findings identified through Audit Tasmania's financial and performance audit activities. It focuses on governance, risk management, internal controls, unresolved audit issues, and progress made by State entities in addressing previous recommendations.

2. Does this report assess the financial performance of State entities?

No. This volume focuses on internal controls, governance and audit findings. Detailed analysis of financial statements and financial performance will be covered in Volumes 2, 3 and 4.

3. What is an audit finding?

An audit finding identifies a weakness, deficiency, compliance issue or control gap identified during an audit. Audit Tasmania reports findings to entities together with recommendations for improvement.

4. How many new audit findings were identified in 2025-26?

Audit Tasmania identified 227 new audit findings during 2025-26.

5. How many audit findings were resolved during the year?

State entities resolved 163 audit findings during 2025-26.

6. How many audit findings remain unresolved?

At 30 June 2026, 264 audit findings remained unresolved across the Tasmanian public sector.

7. What are the most common weaknesses identified?

The most common findings related to:

- Cyber and information technology controls.
- Policies and procedures documentation.
- Asset management.
- Payroll processes.
- Related party controls.

- Review and approval processes.
- Risk assessment documentation.

8. Why is cyber security highlighted as a major concern?

Cyber and IT controls generated 68 new findings, making it the largest category of new findings. Due to the sensitive nature of cyber vulnerabilities, detailed findings are not disclosed publicly.

9. Why are cyber findings not published in detail?

Publishing detailed cyber weaknesses could expose State entities to security risks. Findings are communicated directly to responsible entities while only high-level themes are reported publicly.

10. Are entities addressing audit findings quickly enough?

No. While findings continue to be resolved, the report notes that new findings are being identified faster than many entities are resolving existing issues. Several findings have remained unresolved for more than three years.

11. Which category accounts for most audit findings?

Internal control findings account for approximately 71% of all resolved and unresolved findings. Financial reporting findings make up approximately 20%, performance audit recommendations 8%, and compliance findings 1%.

12. What are internal controls?

Internal controls are policies, procedures and processes designed to prevent errors, fraud and non-compliance, and to ensure reliable financial reporting and effective management of public resources.

13. What are examples of internal controls?

Examples include:

- Segregation of duties.
- Approval processes.
- Access controls.
- Reconciliations.
- Audit trails.
- Management reporting.
- Monitoring activities.
- Automated system controls.

14. What concerns were identified at the Department of Health?

Audit work identified non-compliance with aspects of Treasurer's Instruction PF-3 relating to procurement of ICT contractors. Audit Tasmania found evidence that procurement processes were not always applied as required and highlighted concerns about contract management and procurement practices.

15. What action has been taken regarding the Department of Health procurement concerns?

The Department of Health and Treasury worked together to develop revised procurement arrangements, which were approved in July 2026. Audit Tasmania will monitor implementation through future audits.

16. Did Audit Tasmania find issues with the aeromedical retrieval procurement process?

No material breaches were identified. Audit Tasmania concluded that the procurement process and resulting 12-year, $354.24 million contract were conducted, in all material respects, in accordance with the relevant Treasurer's Instructions.

17. How many referrals did Audit Tasmania receive during 2025-26?

Audit Tasmania received 68 referrals, which was double the number received the previous year.

18. How many referrals resulted in a report to Parliament?

One referral during 2025-26 resulted in a report to Parliament, the Aeromedical retrieval procurement review.

19. What was the University's financial result?

The University of Tasmania reported a statutory net loss of $22.93 million for the year ended 31 December 2025. This was largely due to impairment of a franking credit receivable.

20. Is the University of Tasmania financially sustainable?

While the University reported a net loss, its underlying operating position improved significantly. Its deficit from core activities improved by $19.80 million, and it maintained strong net assets of $1.35 billion and cash and liquid investments of $56.85 million.

21. What is a high-risk audit finding?

A high-risk finding is a significant business or financial risk that may result in a modified audit opinion if not addressed urgently. High-risk findings require immediate management action.

22. What is a moderate-risk audit finding?

A moderate-risk finding is a systemic weakness that could have a significant impact if not addressed promptly and generally requires action within three to six months.

23. What is a low-risk audit finding?

A low-risk finding relates to isolated or procedural weaknesses that are less significant but still warrant management attention and improvement.

24. Were any audits dispensed with?

Yes. The Auditor-General dispensed with audits for three University of Tasmania-related entities where statutory criteria were met.

25. What is the overall message of the report?

The report concludes that, while some progress has been made, many control weaknesses remain embedded across the public sector. Stronger focus is needed on resolving longstanding audit findings, improving governance, strengthening internal controls and ensuring effective stewardship of public resources.

26. What should boards, audit committees and accountable authorities take away from this report?

They should:

- Prioritise unresolved findings.
- Improve cyber and IT controls.
- Strengthen procurement compliance.
- Ensure policies and procedures remain current.
- Address weaknesses in payroll and asset management.
- Monitor implementation of audit recommendations more rigorously.
- Maintain a strong control culture focused on accountability and value for money.

27. What are Treasurer's Instructions and why are they important?

Treasurer's Instructions are legally binding requirements issued under the *Financial Management Act 2016*. They establish the rules and frameworks that Tasmanian Government agencies must follow when managing public money, procurement, budgeting, financial reporting, risk management and related administrative activities. Compliance with Treasurer's Instructions helps ensure accountability, transparency, consistency and value for money in the use of public resources.

28. Which entities do Treasurer's Instructions apply to?

Treasurer's Instructions generally apply to Tasmanian Government agencies and State authorities that are subject to the *Financial Management Act 2016*. This includes departments and many State entities within the General Government Sector. Different legislative and governance arrangements may apply to Government businesses, local government entities and some statutory authorities.

29. What does the report mean when it refers to a "material breach" or "material non-compliance"?

A material breach or material non-compliance is a failure to comply with a requirement that is significant enough to influence decisions, outcomes, accountability, value for money assessments, or confidence in the integrity of a process. Materiality considers both the magnitude and nature of an issue, not simply its dollar value.