

QUEENSLAND AUDIT OFFICE

Annual report 2020–21

Better public services

About this report

This report covers the activities of the Queensland Audit Office for the reporting period from 1 July 2020 to 30 June 2021.

It provides a comprehensive view of how we operate to create value, reporting against our published strategy and performance measures.

The general purpose financial statements within this report were prepared in accordance with Australian Accounting Standards and Interpretations, the Treasurer's minimum reporting requirements, and other authoritative pronouncements.

The report is available online at: www.qao.qld.gov.au/about-us/our-business-annual-report

Accessibility



We are committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding this report, you can contact us on (07) 3149 6000 and we will arrange an interpreter to effectively communicate the report to you.

17 August 2021

The Honourable A Palaszczuk MP
Premier and Minister for Trade
Level 40
1 William Street
BRISBANE QLD 4000

Dear Premier

Queensland Audit Office Annual report 2020–21

I am pleased to present the *Annual report 2020–21* for the Queensland Audit Office.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual report requirements can be found at Appendix E of the report.

Yours sincerely,

Brendan Worrall
Auditor-General

Further information

As required by the *Annual report requirements for Queensland Government agencies*, further information is published online through the government open data website <https://data.qld.gov.au> related to the following:

- consultancies
- overseas travel
- Queensland Language Services Policy
- government bodies.

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Overview of our role

Our role

The Queensland Audit Office (QAO) is parliament's independent auditor of Queensland's state and local government public sector entities, as established under the *Auditor-General Act 2009*.

The Auditor-General is independent, and appointed by the Queensland Governor in Council for a seven-year term. The parliamentary Economics and Governance Committee provides oversight of the Auditor-General and the office.

Our work

Our vision is for better public services. To achieve this, we:

- provide professional audit services, which include our audit opinions on the accuracy and reliability of the financial statements of public sector entities, including local governments
- provide entities with insights on their financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produce reports to parliament on the results of our audit work, our insights and advice, and recommendations for improvement
- support our reports with graphics, tables, and other visualisations, which connect our insights to regions and communities
- conduct investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- share wider learnings and best practice from our work with state and local government entities, our professional networks, industry, and peers.

Outcomes from our work

The outcomes from our work include:

- improving public sector and local government financial management and reporting
- maintaining confidence in financial accountability, transparency, and reporting
- supporting Queenslanders by providing recommendations to our clients on how they can improve their delivery of public services
- giving parliament independent assurance over the performance of the public sector.

Our clients

Our clients are Queensland's state and local government entities we audit and provide our insights for, and the Queensland Parliament as we provide it with independent assurance.

Our enabling legislation

The *Auditor-General Act 2009* (the Act) governs the powers and functions of the Auditor-General. It provides the legal basis for QAO's access to information, and the freedom to report the findings from our audits. The Act promotes the independence of the Auditor-General and our auditors.

It also requires us to table in parliament the standards by which we perform our audits—the *Auditor-General Auditing Standards*.



Auditor-General's foreword

Firstly, I wish to recognise the significant efforts our clients, my Queensland Audit Office (QAO) staff and our contracted audit service providers took this year following a period of considerable change. I am proud of what we all achieved. What strikes me about our people is our sense of togetherness. More than ever, we operated as one team—OneQAO—as opposed to discrete service arms.

We continued to consider the impact of COVID-19 on the resilience and future shape of public services. Given the impact on entities tackling the crisis, we were realistic with our audit requirements, while continuing to assure Queenslanders on public service performance and accountability.

The pandemic meant that we changed how we conducted our audits for a period of time, particularly with our more remotely located clients. However, by working closely with them and leveraging our contemporary analytics and technology, we delivered 407 audit opinions on the reliability of all state public sector entity and local government financial statements.

I adjusted the approach of some of our performance audits and assurance activities to ensure their relevance and timeliness following the pandemic. I also paused tabling some of our nearly completed reports to parliament due to the timing of the state election in October 2020 and the capacity of entities to contribute. Regardless, we tabled 18 reports this year, containing 80 recommendations.

The Queensland state election presented a good opportunity for us to renew our focus on parliamentary engagement. We had a significant focus on improving our engagement with parliamentarians and received valuable feedback on our services and our reports to parliament.

Our future success as an organisation hinges on the quality of our relationships with our clients and colleagues. By August 2020, we resumed our in-person site visits to our clients, successfully reverting to business as usual for our 2021 audits. I travelled across the state to see many of our regional clients—as far west as Richmond, south to Goondiwindi, north to Cairns, and central to Longreach.

The work we do across Queensland continues to give us important insights into public sector and local government performance. We shared these insights in our day-to-day engagement with clients, in our reports to parliament, and in our resources such as our blog.

Audit quality is paramount and remains my focus. We voluntarily published our first annual *Transparency Report 2019–20* on the internal practices we apply in our commitment to audit quality.

In the coming years, it is vital that we focus on the right audit topics and conduct them at the right time. In May 2021, we published our new *Forward work plan 2021–24*, which includes the strategic risks to public service delivery that QAO has identified and our expected audit activity in response. Like our clients, we will remain responsive and review this plan each year.

QAO's 2020–21 financial statements were certified on 28 July 2021 and this annual report was ready for submission for tabling on 29 July 2021, practising my own recommendations on sharing financial performance information in a timely manner. Per the *Financial Accountability Act 2009*, I cannot table or publish QAO's financial statements or annual report myself until after the annual report is tabled.

To provide the most effective assurance, it is vital that we preserve our independence. [The 2017 strategic review](#) of QAO concluded that QAO is valued, but our legislative framework is not appropriate. We have completed the recommendations made to us, except for three that require legislative changes and two that we will finalise soon. I am keen to see all the recommendations progress ahead of the 2023 review and will engage with parliament and our stakeholders on the matter. I also wish to highlight an important and relevant 2020 [report](#) by the Audit Office of New South Wales that found that the processes for how four of the state's integrity agencies are funded presents independence threats.

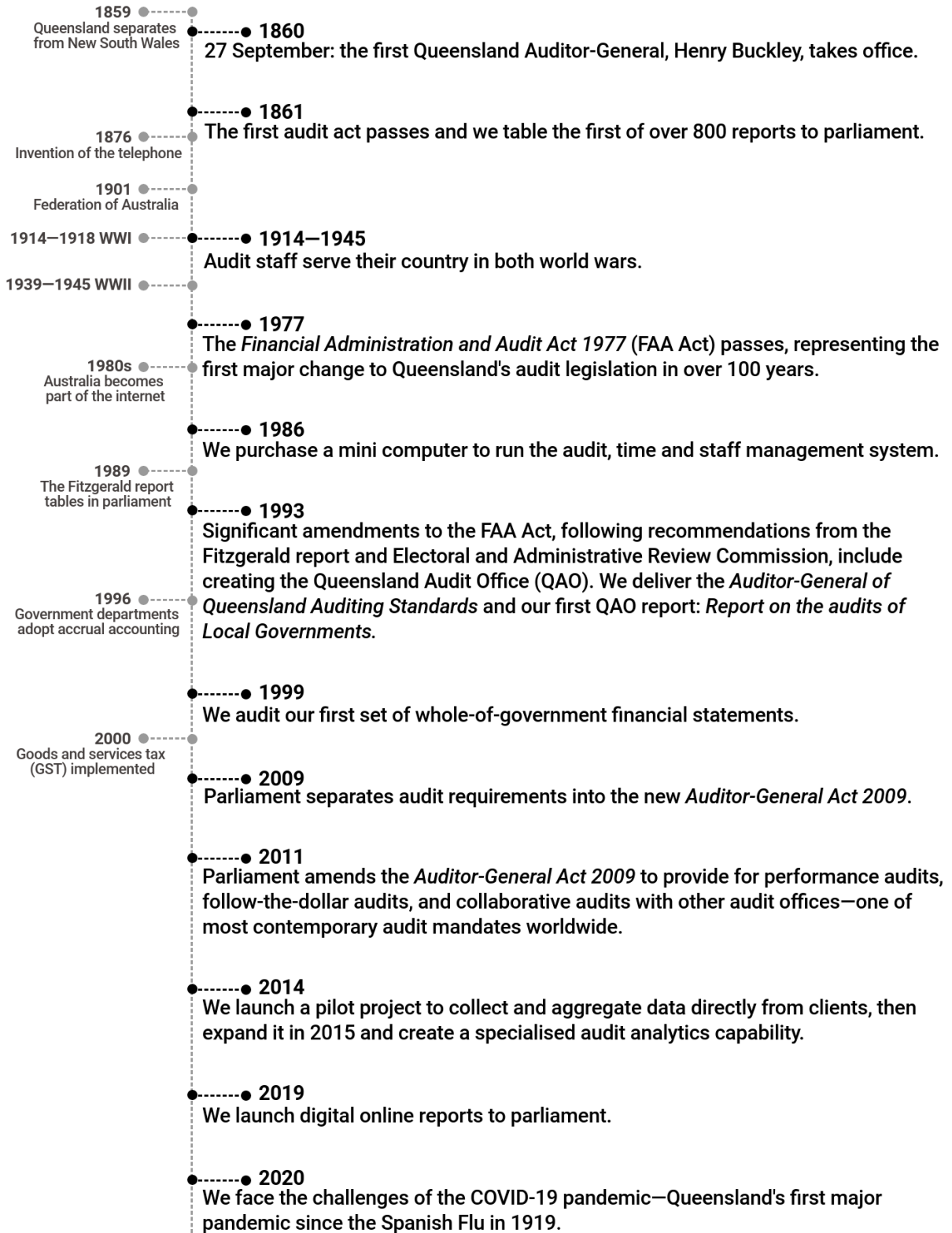
This year is a particularly special year. I was delighted to be leading QAO during the office's 160th anniversary on 27 September 2020. The ongoing sense of connection and loyalty that our current and former staff have with our organisation demonstrates the pride they have in the work that we do.

Over the next year, we will continue to deliver value from our services, share our insights widely, achieve quality in all our work, make optimum use of our data, and develop our workforce. Our work has never been more important, and it remains a tremendous privilege to be in service for Queensland.



160 years of service to Queensland

The statutory position of Auditor-General has existed in Queensland since 1860. For 160 years, our people have made a significant contribution to the state. Below is a timeline containing some highlights.



27 September 2020

QAO celebrates 160 years of service to Queensland



The people who make us who we are

In line with our OneQAO thinking, we worked together as one connected, cohesive, and engaged team that held relationship-building at the heart of our operations.

We continued to support our staff, and steadily build the capability we need to ensure our clients value our services.

181 full-time employees—**29%** from non-English speaking backgrounds and **56%** who are women.

20 contracted audit service providers are part of our team.

79 professional development hours per audit staff member.

Appreciating our diverse workforce

Our greatest asset will always be our people. Their skills and commitment are crucial to our ability to deliver our vision of better public services.

Our workforce comprises 181 full-time equivalents, who are a mix of auditors, specialists, and support team members. This year, 20 audit service providers were a part of our team and performed 44 per cent of our audits, supporting us across Queensland.

Over the years, QAO has shifted its profile of employees to become a more diverse organisation that recognises the unique experiences our people bring to our team. Many of our teammates come from non-English speaking backgrounds, at 29 per cent. Fifty-six per cent are women—including 36 per cent of directors and above, and a third of our Executive Management Group. One person identifies as having a disability, we represent a wide range of age demographics, and our staff bring broad work experiences and backgrounds to our team.

One of our staff members told us:

‘QAO is full of talented and supportive people with diverse experiences, and it is the people that makes it an ideal place to work. It is also incredibly refreshing to be a part of a workplace that is made up of so many different cultures, languages, and backgrounds.’—A. Prasad, Senior Manager, QAO.

Growing a positive culture and living our values

We believe that a positive culture is one that is strong on collaboration and innovation. This year, we continued to build a culture that buoys a high-performing and inclusive OneQAO team. As one of our teammates said:

‘QAO provides such a positive workplace culture. I always feel encouraged to speak up and am wholly supported to develop my professional career.’—K. Masiwel, Auditor, QAO.

Our values underpin all that we do and define how we work with our clients and each other. They help us be the best we can and make QAO an enjoyable place to work. Our culture also reflects the independence and objectivity of our role, which is embedded in the ethical and professional codes we apply to our staff. The values that we uphold are:



Engage

- Collaborating to achieve shared outcomes
- Listening to understand, and communicating clearly and openly
- Being balanced, objective and purposeful



Inspire

- Seeking and sharing better ways of doing things
- Embracing innovation and being progressive
- Encouraging and motivating others



Respect

- Appreciating and caring for others
- Sharing our knowledge and skills
- Recognising achievement



Deliver

- Taking responsibility and being accountable
- Ensuring our work is quality driven and acting with integrity
- Being action oriented and achieving results

Human Rights Act 2019

We are committed to protecting and respecting human rights, eliminating discrimination, and promoting equality and diversity in our workforce.

In accordance with the *Human Rights Act 2019*, we actively promoted a positive and inclusive workplace where all people feel like they belong. We ensured our interactions with each other and our external stakeholders, including the public, exercised human rights and protected the dignity of others. We did not receive any human rights complaints.

Improving our engagement with our audit service providers

We have made a concerted effort to improve our engagement with our contracted audit service providers (ASPs) and how we communicate with them. In operating as OneQAO, we must ensure more consistent services for our clients, and there are opportunities to leverage and share our knowledge to increase our collective capability.

This year we started using some hybrid audit teams where we combined QAO staff (usually at the team leader level) with staff from local audit firms. This ensured greater cohesion of our audit services at the individual client level, and across all our clients. It also means we are tapping into the local contexts of our clients.

We aligned QAO senior directors with each ASP partner or an entire audit firm to simplify the touchpoints an ASP has with us. These QAO senior directors are our ASP relationship managers, providing an independent avenue for our colleagues to talk to us about what is working well and what could be improved.

Each year, we hold full day workshops with our ASPs in Brisbane and Cairns to provide technical advice, insights from our reports, demonstrations of new tools or systems, and the results of our client satisfaction surveys. This year we held an additional 'check in' with firms as we neared the end of the financial year, as a key point in the audit cycle.

New partner portal

For the first time, we launched a SharePoint Online 'partner portal' to give ASPs a one-stop-shop for QAO information and updates. They can receive technical alerts, learnings from our reports to parliament, audit templates, and general business news.

Surveying our ASPs

We now capture feedback from our ASPs on our engagement via a new survey. The first survey ran in early 2021, with 56 of 109 surveyed ASPs participating.

Overall, ASPs were generally positive about their experience in working with QAO. Eighty-nine per cent felt that we worked collaboratively together and 98 per cent felt that their QAO contract manager conducted themselves professionally. We were particularly pleased to hear that 82 per cent felt satisfied with their ability to make a difference to the community through QAO jobs, but we are keen to increase this score.

Eighty-nine per cent said our processes for facilitating timely achievement of agreed milestones and issuing of audit opinions were timely. Eighty-nine per cent also agreed that QAO always tries to improve its performance.

There are areas, of course, for improvement that we will continue to focus on. Respondents were somewhat less positive in relation to the feedback that we give them, with only 55 per cent saying it is timely. There will always be opportunities to improve and innovate how we communicate with each other, and some respondents are also seeking additional training on sector-specific issues. We also need to improve our audit templates by making them easier to use, with only 61 per cent being happy with how to use them.

We look forward to delivering these improvements alongside our ASPs in the coming months. As one of our ASPs shared:

'I find that I have a strong working relationship with the QAO and I am always keen to hear more insights and how we can add greater value.' —QAO-contracted ASP (Orima survey, May 2021).

And another said:

'We value QAO's feedback, input and support on our audit engagements and value the learning that arises from our relationship with the QAO team.'—QAO-contracted ASP (Orima survey, May 2021).

Developing great teams

We invest in training our workforce to support excellence, providing an average of 79 hours of professional development per person for our auditors in 2020–21. We try to ensure that each individual has the right capabilities, and that, overall, we have a team with the right skills mix pertinent to our clients' needs, and reflective of the changing work environment. The reputation of our office relies on the capability and proficiency of our people.

We deliver rigorous professional training to ensure we are adapting to new technologies and tools. This year, we developed a major training program for all staff on our new audit software and how it applies to our audit methodologies. We also encouraged our staff to keep learning through short courses.

We have been preparing key training and induction materials for our ASPs, covering the *Auditor-General Act 2009* and our responsibilities as authorised auditors.

New performance management approach

In early 2021, QAO introduced a new performance management tool, enabling us to give staff regular, real-time feedback and identify growth opportunities. The new tool is streamlining our performance and development processes. It utilises cloud-based technology and a mobile app, which encourages positive performance management through day-to-day conversations.

At the heart of our training is helping our staff plan and progress their careers. As one of our auditors shared:

'With each new client and audit visit over the past six years of my career, there has always been something new to learn and fantastic opportunities to further my development.'—B. Saw, Audit Manager, QAO.

Recruiting for the future

We are proud to be an organisation that recognises diverse and first-rate skills when building our workforce.

The audit and assurance profession continues to face a major skills shortage, which was also impacted by COVID-19. This hugely competitive market presented us with some challenges when it came to our recruitment of new candidates and with retaining some of our staff. We experienced a 13 per cent separation rate due to natural attrition, with some staff undertaking roles in the private sector. QAO continues to benefit from an excellent reputation for professionalism, innovation, and competence, which makes our staff attractive to other businesses.

In response, our targeted and proactive recruitment activities have been highlighting the unique value of a role with QAO where our meaningful work contributes to better public services, ultimately making a real difference to the lives of Queenslanders. We are promoting benefits such as experience across all aspects of government service delivery; the relationship-centric nature of our operations; and the opportunities for growth, security, and flexibility. We welcomed some great new candidates to our team and remain focused on upholding staff satisfaction.

This year, we recruited seven graduates into our graduate development program, attracting 653 applications. Our recruitment strategy included engaging potential candidates via universities and our industry partners, and attending a host of virtual and face-to-face events.

The standout with this year's graduate group is the passion they have for our vision of better public services. As one of our graduates said:

'QAO's graduate program provides a great mix of support, experience and responsibility. Senior staff are approachable and help foster a support network across the organisation. I am encouraged to provide my own input on matters and take ownership of my work. As a result, I can see the impact of my work on our goal to provide better public services.'—N. Evans, Auditor, QAO.

And as another shared:

'I found QAO's graduate program through the Queensland Government graduate portal in my final year of university. I am glad I applied, as QAO has been the best place to start my career. Having been with QAO for over a year now, what I enjoy most about coming to work every day is the people. The culture at QAO is amazing. And if the work is very challenging, we receive support from our seniors and managers.'—P. Faasootauloa, Auditor, QAO.

Looking after our people and each other

QAO is committed to supporting our peoples' health and wellbeing. In 2020–21, we delivered a series of information sessions on mental health to increase our awareness of such an important topic and to learn how we can support each other.

Our progressive use of flexible working arrangements continued to support staff so they can balance their working lives and other responsibilities as we meet our clients' needs. We formalised our hybrid approach to working from our QAO, client, and home offices with a new policy and workplace health and safety requirements.

We also successfully implemented our flu vaccinations and supported staff participation in team sporting events, such as the 2021 Queensland Corporate Games. In June, we held our annual staff team building day. It included a workshop with staff to hear their feedback on changes at QAO over the prior six months, followed by a 'mini Olympics' event where we got out into the fresh air for some mental and physical challenges. It gave staff who do not connect as often the chance to get to know each other.

Celebrating us

A new 'celebrate us' hub on our SharePoint Online intranet site gives us a place to share our peoples' achievements and photos, and to send 'digital notecards' to our colleagues to say thank you or well done.

Returning to the office after COVID-19

As COVID-19 restrictions eased in 2020, we prepared staff to return to our office headquarters in Brisbane City and to client sites. Our Return to office strategy effectively guided the transition. We ensured we protected our people by providing continued flexible working arrangements, where we kept the client at the centre of our decision making.

We:

- launched an intranet microsite that housed return to office schedules, frequently asked questions, correspondence from the Executive Management Group, Queensland Health guidance and useful links
- effectively managed the safety and hygiene of workplaces, including social distancing, room capacity caps, records of attendance, and cleaning materials
- continued with our contingency planning should there be another outbreak or incident
- continued to use all our digital channels to communicate during events such as lockdowns.

Results from the 2020 Working for Queensland survey

The annual Working for Queensland survey tells us how engaged our employees feel, what their thoughts are on public service leadership, and how satisfied they are with their jobs. The last survey ran in August 2020, with results available after last year's *Annual report 2019–20* was tabled in parliament.

We had good staff participation in the 2020 survey, with 83 per cent responding. We scored 72 per cent for agency engagement, which is a measure of employee sentiment. This shows that a lot of our staff would recommend QAO to others, are proud to say they work here, and feel attached and inspired to do their jobs. This score for agency engagement is our equal highest, on par with what we achieved in the previous survey in 2019, and is 13 points above the Queensland public sector average.

Job empowerment, my workgroup, and my manager's support continued to be our strongest areas. They all increased from 2019 and achieved a higher average than other public service offices and the Queensland public sector. We believe these scores reflect the OneQAO approach—where we have a relationship-focused culture for delivering our services as one organisation, and a people-focused culture for empowering our staff to work together and be the best in their fields.

Workload and health, and organisational fairness remain our key areas for improvement. Our workshops on mental health, more formalised flexible working arrangements, and new performance management system are some of the approaches we are implementing to address these concerns, with more to come.

Checking in on our staff

In May 2021, we conducted an anonymous 'pulse' survey with our staff to explore some of the feedback from the Working for Queensland survey more deeply. In particular, the results around bullying, sexual harassment, and domestic and family violence (DFV). In the Working for Queensland survey, some staff responded as 'unsure' to the questions on these sensitive matters. It is important that we better understand their knowledge and feelings in this space so we can act accordingly.

We found that we need to make information on bullying, sexual harassment and DFV more visible and easier to find on our intranet. We were relieved to find that most of our staff do know what to do if someone tells them they are experiencing, or if they observe, bullying, sexual harassment, DFV, or mental illness. But we will continue our educational program, including providing specific examples for various scenarios.

We also received many fantastic suggestions on how we could improve our health and wellbeing, celebrate our diversity as an organisation, and continue to ensure an inclusive culture.

Next steps for QAO include further analysing the comments and suggestions from our staff to identify our actions, including around workload challenges, and provide greater support for our people.



Our priorities for next year for our people

- Continue building our OneQAO workforce, including through our innovative recruitment strategies and staff development, to effectively provide unified and expert client services.
- Continue to develop and implement our strategy for engaging with our audit service providers to communicate clearly and strengthen our relationships with them.
- Embed our new performance management system to foster communication, capture more complete information on staff performance, and help staff realise their full potential.
- Continue to address staff feedback on workload and health, and organisational fairness, per the Working for Queensland survey, and on bullying, harassment, DFV, mental health and inclusion per the pulse survey to ensure increasing staff satisfaction and wellness.
- Implement new ways to celebrate our staff and share information between us about our achievements, including refreshing how we reward staff for high performance and for upholding our values.
- We expect the competitive resourcing market will continue to impact staff retention. We will continue implementing strategies that keep and make QAO a highly attractive place to work.



Our strategic direction, leadership, and governance

QAO’s strategy centres on how we can contribute positive change to the lives of Queenslanders. Our leadership and governance groups guide us on this journey and are integral to achieving our objectives.

Strategic Plan 2020–2024

Vision Better public services

Purpose Independent, valued assurance and insights

Who we serve Queenslanders, through parliament, public sector entities, and local governments

Approach

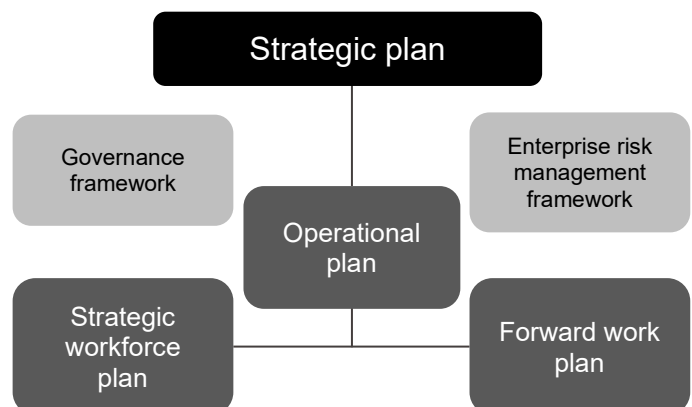
Objectives	Strategic risks	Strategies	Indicators of achievement
We support and inspire our people (including our audit service providers) to best serve parliament and our clients.	We do not attract and retain the right people to uphold our values and ethical and quality standards.	Attract and retain our people to meet parliament and our clients’ assurance needs.	Our people are capable, engaged and valued.
Those we serve trust and value our services and insights.	We do not maintain valued relationships nor adapt our services to meet changing needs.	We build trust in our relationships through listening and tailoring our response.	Our relationships are valued.
Our assurance services and insights are used to improve accountability and performance.	We do not sufficiently understand our clients to deliver services that are valued.	Adapting our assurance and insights to provide greater value.	Parliament and our clients benefit from the assurance services and insights we provide.

Our strategic planning framework

We revise our strategic plan annually, or as required, to ensure we address emerging risks and new opportunities.

Our strategic plan is informed by our operational and workforce planning, our risk management framework, and our forward work plan.

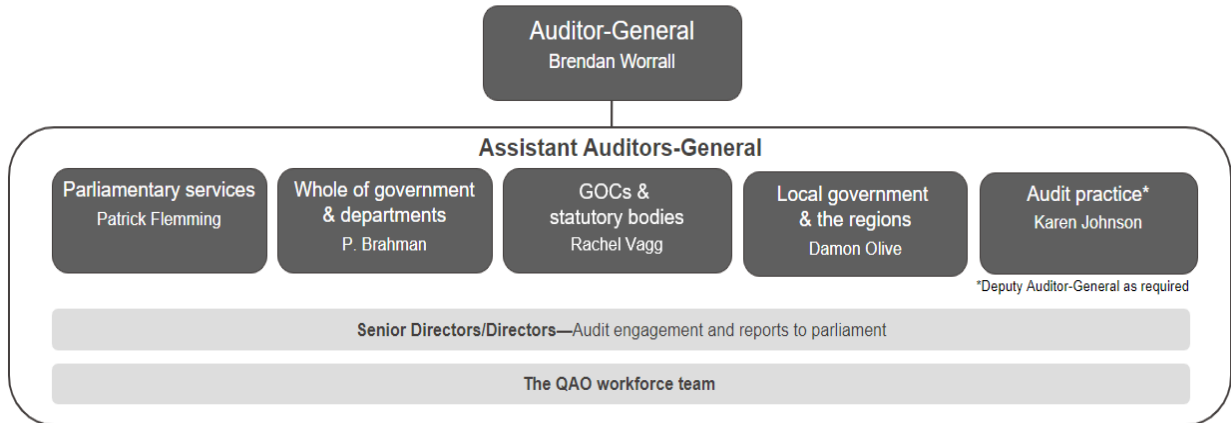
The service delivery statement provides budgeted financial and non-financial information for the financial year and establishes our performance targets.



Our organisational structure

We have been implementing staffing arrangements that support our cohesive way of working, harness innovation, and maximise the benefits of shared resourcing. Our structure also gives us the capacity to mentor our staff, which in turn further develops our capability.

QAO’s organisational structure at 30 June 2021



Note: GOCs—government owned corporations.

Executive leadership

QAO’s Executive Management Group leads the delivery of QAO’s strategy. It monitors high performance, drives change and innovation, and manages our core business operations.

Client service and audit quality are a priority for QAO, and we strive for the highest professional standards. We have several mechanisms in place to ensure our activities are effective, efficient and comply with quality requirements. Included is having assistant auditors-general to look after our relationships with our different types of clients and to oversee the quality of our service delivery.

- Brendan Worrall, Auditor-General
- Karen Johnson (Deputy Auditor-General when required)
- Patrick Flemming
- Poopalasingam Brahman
- Rachel Vagg
- Damon Olive.

Senior leadership

Senior Directors lead our client and audit engagement.

- Charles Strickland
- Darren Brown
- David Toma
- Irshaad Asim
- John Welsh
- Michelle Reardon
- Paul Christensen
- Robert Kilbride
- Vaughan Stemmet.



Our governance bodies

Executive Management Group (EMG)

This group includes all executive leaders. It determines strategy and budget, and regularly reviews QAO's strategic and operating risks.

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) is an independent advisory committee to the Auditor-General, comprised of three external members who bring in expertise from the other industry environments they work in. Membership details are at Appendix A.

This year, the ARMC provided oversight of QAO's risk, control and compliance frameworks, and fiscal responsibilities underpinning our corporate governance. It met four times in 2020–21.

Audit Quality Sub-Committee

QAO's Audit Quality Sub-Committee is a sub-committee of the ARMC. It has three independent members and monitors if QAO's audit activities comply with quality requirements.

This year, the sub-committee looked at QAO's quality framework, the results of our quality assurance reviews, our refined rating system for how we rate audits, and how we can improve our processes. The committee met twice in 2020–21.

Quality Management Group

In December 2020, QAO set up the Quality Management Group (QMG). This group supports the Auditor-General in complying with professional and ethical requirements. QMG members monitor all aspects of QAO's quality assurance framework. The group met three times in 2020–21.

Finance Management Group

In July 2020, the EMG established the Finance Management Group (FMG). This group supports the Auditor-General in complying with the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019. The FMG also reviews QAO budgets, service delivery statement (SDS) measures and reporting, budget updates and annual financial statements. The FMG met twice in 2020–21.

Internal audit

Internal audit conducts independent and risk-based assurance activities over our operations, aiming to improve QAO's operations. It works in accordance with an annual plan and its charter aligns with the *International Standards for the Professional Practice of Internal Auditing*.

QAO's internal audit function is independent of our executive leadership group and our ARMC has oversight of the internal audit program and delivery. QAO engaged Protiviti to deliver its internal audit program. We finalised two internal audits in 2020–21, and a further two were also conducted this year with the final reports delivered in July 2021.

Managing risk in a time of change

We continued to identify, address, and implement controls to address any risks to QAO's services and operations.

Our main focus this year was on cyber security, with COVID-19 increasing the risk for all organisations as malicious bodies sought to exploit the situation.



In response, QAO introduced enhanced digital security arrangements and delivered training for all staff on data protection. Our training included interactive ‘phishing campaigns’ to evaluate our baseline cyber capability, which we followed up with additional coaching. Our much more granular approach to cyber risk this year, as part of the improvements to our information security management system (ISMS), resulted in increased protection for our business.

Implementation of recommendations made in the strategic review of QAO

One of the key accountability measures in our legislation is a five-yearly independent strategic review of our organisation. The Governor in Council appoints independent reviewers who engage with us, our clients, and stakeholders to understand how well we are operating and fulfilling our mandate. The last *Strategic Review of the Queensland Audit Office was in 2017* (tabled in parliament on 23 March 2017).

The 2017 review concluded that, overall, QAO is fundamentally sound and a valuable part of the Queensland public sector. We continue to support all 32 recommendations made by the review and have so far actioned 27 of them.

Three of the remaining recommendations require legislative changes, and thus are outside of our control. Specifically, those relating to our independence. The review recommended that the *Auditor-General Act 2009* is amended to allow us more independence around employing staff. This includes allowing QAO to employ staff under its own legislation rather than the *Public Service Act 2008*, and to determine remuneration, and terms and conditions of employment. This would allow QAO to be more competitive when attracting suitably qualified staff.

The 2017 review also recommended that the Auditor-General become an independent Officer of Parliament and have more independence around the setting of client rates and fees for our services. It recommended that the *Auditor-General Act 2009* is examined to identify any outdated provisions impacting on the efficiency and effectiveness of QAO, and that regular reviews are conducted to ensure it stays in line with developments in public sector auditing.

These recommendations must be actioned by the parliamentary Economics and Governance Committee. QAO last briefed the committee in March 2021, expressing the Auditor-General’s keenness for the recommendations to progress following a pause after COVID-19 and the October 2020 Queensland election.

One of the two outstanding recommendations relates to QAO’s development of a better practice resource for valuing public infrastructure. This has been pushed back pending advice from the Australian Accounting Standards Board (AASB) on the same topic, and we are reassessing our contribution as the AASB provides its guidance.

The last remaining recommendation relates to QAO’s implementation of audit analytics and associated costs and benefits. QAO’s analytics capability continues to deliver valued insights, reflecting contemporary audit approaches to effective audit work. We have prepared a scope for works for an independent review, which will assess the value of our data, how it is used, any associated risks, how our ASPs access information, and opportunities for the future. We expect this review will be completed in August 2021.

In 2020, the Australasian Council of Auditors-General (ACAG) commissioned a report into Auditor-General independence. It assessed legislative frameworks against eight core independence principles that are essential for effective public sector auditing. While Queensland received a strong independence score in this report, our ranking fell from third to sixth out of 10 jurisdictions. This is mainly due to not having an oath of office or independence from executive control, and the 2019 changes to s.53 of the *Auditor-General Act 2009* that enables sharing of protected information with the Treasurer or Queensland Treasury.

In October 2020, an audit by the Audit Office of New South Wales found that the state's processes for funding four of New South Wales's integrity agencies presents independence threats and does not sufficiently recognise that the roles and functions of integrity agencies are different to other agencies. Its report, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, provides pertinent insights for audit offices in other jurisdictions. Similar constraints exist in Queensland, where the *Financial Accountability Act 2009* requires that QAO's annual report is tabled by the Premier. We encourage entities to improve their timely release of their audited financial statements, and it is something we must practise ourselves but cannot do so. This means we risk not giving the public up-to-date information. Providing QAO's annual report directly to the Speaker for tabling, like reports to parliament, would better reflect our accountability.

Our priorities for next year for our strategic direction, leadership, and governance

- Ensure all our priorities, focus areas and operations proactively and efficiently deliver on our purpose of independent, valued assurance and insights, and work towards our vision of better public services.
- Continue to gain, and apply, benefits from our new governance bodies so we deliver on our objectives, model behaviours, and drive improvement.
- Manage QAO's financial management strategy to ensure we remain sustainable in QAO's longer term, particularly in the wake of the COVID-19 pandemic.
- Effectively and thoroughly monitor and act on any current, new or emerging risk, including around cyber security.
- Follow-up the recommendations made in the 2017 strategic review of the Queensland Audit Office regarding changes to the *Auditor-General Act 2009* to improve, protect and secure our independence and accountability.



Our performance and service delivery

We met our strategic objectives, and our performance was strong as we delivered valued audit and assurance services following a period of change. We delivered 18 reports to parliament, on average under budget but slightly later than expected due to external factors.

Our work centred on building our relationships with our clients and stakeholders and the quality of our deliverables.

We continued to operate as a responsible and financially sustainable public sector audit practice.

407 audit opinions.

18 reports to parliament with **80** recommendations on service delivery.

73 requests for audit.

81 index points for our overall client satisfaction.

89% of members of parliament are satisfied with our reports and services.

101 Auditor-General client meetings.

Delivering valued audit and assurance services

This year, we formed 407 audit opinions about the reliability of public sector and local government entities' financial statements. Our audit service providers delivered 44 per cent of these opinions.

We continued to identify the risks that our audit clients were facing, design our audit work to respond to those risks, and report on matters of significance.

Many entities faced challenges in delivering on their financial reporting accountabilities. Unlike some states, Queensland did not receive an extension to its legislated deadlines for the signing of financial statements, meaning entities needed to complete their work to the same timelines as more ordinary years. Most were able to do so, enabling us to deliver timely audit and assurance services.

The COVID-19 pandemic meant that we changed how we conducted our audits, particularly with our more remote and regionally based clients. Our technology, our audit analytics capability, and importantly, our ability to transfer data securely, greatly assisted our clients and our workforce, including our ASPs.

One client told us:

'QAO worked very well with the department under challenging circumstances brought about by the COVID-19 pandemic. They were flexible and responsive to the difficult circumstances and seemed to adapt well to working remotely. It was one of the smoothest end of year processes I have been involved with.'—Audit client (Orima survey, October 2020).

Another said:

'In a very trying time when everyone was fumbling around trying to cope with working from home, the QAO made the process as pain free as it could possibly be.'—Audit client (Orima survey, October 2020).

COVID-19 also meant that QAO needed to make some decisions about the performance audits or assurance activities that were underway when the pandemic struck, including pausing, re-scoping, and, in some cases, delaying audits.

Some of the clients we were auditing at that time were frontline entities responding directly to the crisis, and most of our clients were transitioning to delivering their services remotely due to lockdowns. This impacted on when they could give us audit data and information, and when we could conduct key fieldwork such as site visits and interviews.

Supporting our clients on machinery of government (MOG) changes

Following the October 2020 state election, some entities were affected by MOG changes. We worked closely with central agencies and our clients on accounting requirements and implications, budgetary reporting requirements, and audit considerations. We also provided in-depth briefs at our events for chief financial officers and audit committee chairs.

Regardless, we successfully assured parliament on the efficiency, effectiveness, economy, and legislative compliance of key aspects of public sector and local government performance.

We shared insights and recommendations for improvement on a wide range of topics that are important to Queensland. Just some of these topics included *Regulating firearms* (Report 8: 2020–21), *Responding to complaints from people with impaired capacity* (Reports 5 and 14: 2020–21), the *Family support and child protection system* (Report 1: 2020–21), *Planning for sustainable health services* (Report 16: 2020–21), and more.

We also introduced some new assurance work, which catered for various levels or depth of assurance, allowing us to share our insights more quickly.

In our report *Queensland Government response to COVID-19* (Report 3: 2020–21), we shared key facts on the response measures and costs the state took following the pandemic. We aimed to quickly promote Queensland’s understanding around the various measures, and inform our future work plan by identifying other audit areas we need to focus on. As of 30 June 2021, this report had been viewed over 2,500 times.

In *Delivering successful technology projects* (Report 7: 2020–21), we shared important insights on information and communication technology (ICT) projects, given the significant investment in such projects by most entities. We effectively catered for a wide range of report readers—members of parliament, and ICT project managers with more expertise. For our parliamentarians and senior officers, we provided a high-level visual presentation (infographic) to help them easily and quickly understand the key issues. For our more technical readers, we included case studies that provided specific details on successful and unsuccessful ICT projects.

As of 30 June 2021, this report had been viewed over 4,000 times, with an average time on page of 03:42 minutes, indicating reader interest. It is QAO’s most read report for 2020–21 and our third most read report since 1 July 2015. We also shared our advice via a better practice guide, a series of blog posts, and at our client events.

In *Effectiveness of audit committees in state government entities* (Report 2: 2020–21), we provided insights on the current profile and practices of audit committees in the state public sector. We identified and shared the actions that can help lift committees’ performance and effectiveness. We also published a guide that provided key questions a committee should consider. As of 30 June 2021, this report had been viewed over 3,000 times. It is our third most viewed report for this financial year.

In our report *Awarding of sports grants* (Report 6: 2020–21), we shared key facts about sports grants in Queensland and how they were awarded between 1 July 2017 and 29 February 2020. There were sensitivities in our audit findings, requiring us to conduct careful and targeted engagement. A more strategic ministerial engagement approach led to new insights for QAO about minister and department interactions and resulted in significant change in governance process across the public sector. We have also used this information to inform our *Forward work plan 2021–24*. As of 30 June 2021, this report had been viewed nearly 3,000 times and is our fifth most read report for 2020–21.



Tabling 18 reports to parliament

We produce reports to parliament on the results of our audit work, insights, and recommendations for improvement. This year, we tabled 18 reports, and our success is without a doubt due to the commitment of our staff and the cooperation of our clients.

The website views of our reports to parliament have significantly increased over the past three years. We believe this reflects increased awareness of our role, interest in our audits, significance of our audit focus, how we are sharing our insights, and overall value of our services.

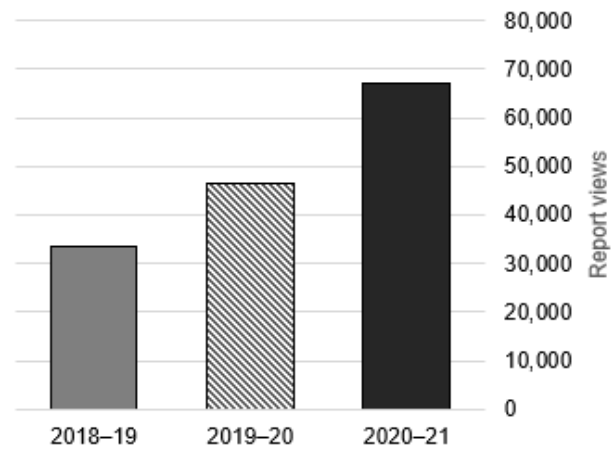
This year, a client told us:

‘QAO identified important areas of focus that has risk management as a key area of attention. The advice provided by QAO added significant value.’—Audit client (Orima survey, October 2020).

The Queensland state election in October 2020, and the caretaker period preceding it, meant we needed to pause or delay tabling some of our nearly completed reports to parliament. Under the tabling protocols in the *Auditor-General Auditing Standards*, QAO generally does not send draft reports to clients for their comment, or table reports, during a caretaker period or estimates hearings.

Overall, all of this year’s reports were viewed nearly 35,000 times, comprising more than half of our total report views for the year. A list of our tabled reports for 2020–21 is at Appendix B.

QAO website views of reports to parliament at 30 June 2021



Cost and timeliness of reports

We track the full life cycle cost of each of our reports to parliament and the time we take to produce them as a measure of efficiency of our work.

We do not deliver our audits and reports as separate services; however, our final deliverables vary in nature, so we report on cost and timeliness accordingly.

This year, we delivered our reports on the results of our financial audits at an average of \$102,300 per report, which was \$37,700 below our target of \$140,000, and \$22,300 below last year’s average cost of \$124,600.

These cost efficiencies were due to our increasing efforts to prepare more concise reports that focus on the information needs of our clients and stakeholders.

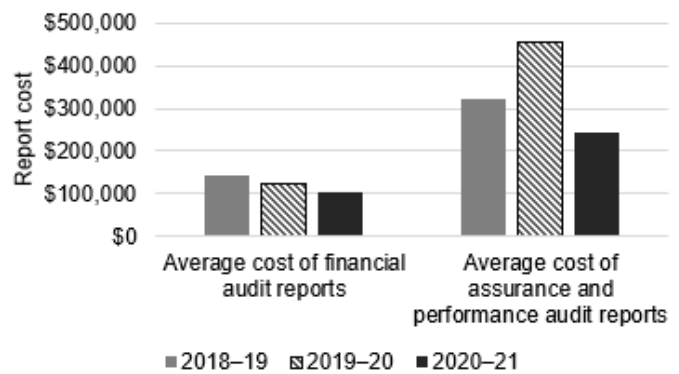
The average cost of our reports on the results of our assurance and performance audits (which includes the audit work and the report) was \$241,900—\$153,100 under our target of \$395,000, and \$211,978 below last year’s average cost of \$453,878.

The favourable cost result demonstrates the efficiencies achieved from our initiatives to ensure more concise, clear and well-messaged reports that better meet the needs of our clients and stakeholders.

We also measure how long it takes for us to prepare and table a report in parliament to ensure we are enabling our clients to act quickly on our recommendations.

We measure the timeliness of our financial audit reports from our clients’ year-end dates to the tabling date of the report in parliament. This year, the average time to deliver the reports was 7.4 months—longer than our target of six months and last year’s average of 5.3 months.

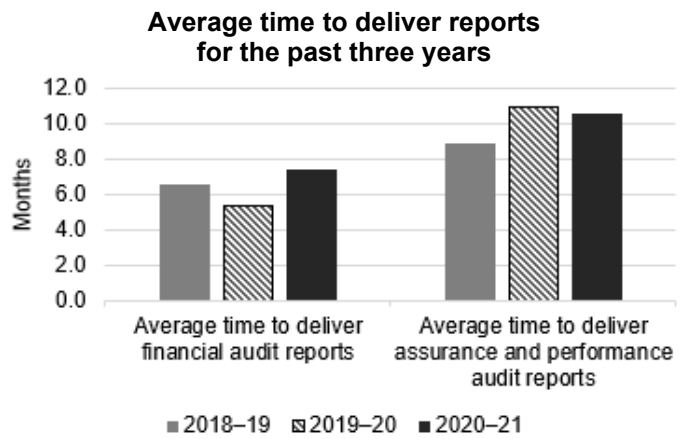
Average cost of audit reports for the past three years



We measure the timeliness of the reports on our assurance and performance audits from formal initiation of the audit to the tabling date. We delivered our performance audit reports on average in 10.6 months—longer than our target of nine months, and slightly faster than last year’s result of 10.9 months.

Our reports took longer to finalise this year due to the impact of COVID-19, where we were cognisant of the ability of some clients to provide data and input into the report per originally planned timelines. Our timeliness was also impacted by our pause in reporting during the 2020 state election and estimates hearings. Our overall average time was impacted by the 20-month time frame for one of our reports, *Family support and child protection system* (Report 1: 2020–21). This audit was slowed down due to the complexity of the topic, and extended feedback periods for the clients.

Further detail on our performance, including the cost and timeliness of each report to parliament, is provided in our performance statement on pages 57–60.



Providing valuable insights and recommendations

We endeavour to provide recommendations for our clients that are timely, practicable and lead to better outcomes. This year, we made 80 recommendations, and suggested 15 actions, across all our reports to parliament. Some of the most common themes across our recommendations included:

- ensuring clarity around leadership roles and responsibilities for decision making
- providing better oversight of compliance activities
- developing sufficient performance indicators to enable effective measurement and reporting
- understanding the true cost of service delivery
- improving collaboration between entities and between people
- providing greater training for staff on new projects or systems
- improving contract management, regardless of the size and type of the contract
- improving internal controls, particularly around the security of information.

Changing how we report on internal controls

We successfully started trialling our new tools for assessing the efficiency and effectiveness of internal controls with a small number of departmental clients. These new tools are aligned with our financial audit processes and help us better communicate with our clients about the strength of their controls and any areas they can improve on to better respond to risk.

The number of recommendations we provided in our reports has remained consistent over the past three years, despite fluctuations in the number of reports we tabled (which is usually due to external factors, such as the timing of state elections or the complexity of audit topics):

- 2020–21, 18 reports, 80 recommendations
- 2019–20, 16 reports, 79 recommendations
- 2018–19, 21 reports, 81 recommendations.

We continued to consult thoroughly with our clients when drafting our recommendations to ensure they are of high quality and to encourage greater commitment to them. A client told us:

‘The suggestions for improvement from QAO show a good understanding of our organisation and the industry in which we operate.’—Audit client (Orima survey, October 2020).



A new way for tracking the implementation of QAO recommendations

This year, we developed a new approach for how we track entities' progress in implementing Auditor-General performance audit recommendations, starting with those we made in our reports to parliament between 2015–16 and 2017–18.

We have always asked entities to inform us on their progress in implementing our recommendations, but it has been a relatively manual process involving hardcopy documents. Our new online system allows entities to more easily self-assess and monitor their progress. Our new system:

- gives entities a record of all QAO performance audit recommendations we made to them, including those re-directed to them from recent machinery of government changes
- gives entities and audit committees clarity over their previous and current self-reported status of QAO recommendations
- identifies and shares the QAO recommendations made more broadly across government.

We need to allow some time for entities to action our recommendations before we follow them up. Thus, this year we started with our 30 reports tabled between 2015–16 and 2017–18. We asked 54 entities to self-assess their implementation of the recommendations and all of them completed it.

In developing the system, we pilot tested and refined it with input from three entities, and we prepared a range of materials to show entities how to use it. This included online frequently asked questions (FAQs), live Microsoft Teams workshops, direct feedback mechanisms, and providing overviews of the new approach at our client and stakeholder events.

In response to feedback from parliamentary committees that they are seeking more insights on the progress of our recommendations, in 2021 we will report to parliament on what entities self-assess and report to us for the first time. This report will be titled *Status of Auditor-General recommendations 2021*. We will table this report each year covering more recent recommendations.

Engaging on our new approach

Entity self-assessments involve the commitment of resources by entities, so it is important that we work well together through good levels of shared communication.

QAO is engaging early on our requests for the self-assessments and will continue to provide ongoing support as more entities use the new system.

Building our relationships and learning about our clients

Effective communication and engagement with our clients and stakeholders remained crucial to QAO. We continued to work closely with entities to understand their work and provide our insights and advice. We are invested in building long-term, productive relationships with our clients, while balancing audit quality and our independence.

To better focus and align our engagement strategy, we analysed our large and varied client base to identify those with whom we need to engage with more and better. Some of our clients have responsibility for delivering a significant volume of public services, some have influence over other entities (which we can leverage), and others may be less satisfied with our services. This helps us prioritise our engagement and allows key clients to become a bigger part of our collective effort to improve public services.

We have been improving how we bring together our clients and workforce to collectively share and discuss topical issues in a timely manner. In March 2021, we held a forum specifically with our energy clients and ASPs. One attendee said:

'The workshop was brilliant – I received a lot of very positive feedback from the staff that attended, as well as the staff who watched the livestream.'—Audit client, May 2021.

Another shared:

'[She] said it was amazing, which is high praise from our technical expert. The presenters were very engaging, and maintained our interest, providing insights and highlighting issues for consideration.'—Audit client, May 2021.

We certainly benefited greatly from our technology this year, however face-to-face engagement continued to give us the best understanding of the unique environments our clients operate in and for building personal relationships. Some clients are more comfortable asking us for advice or discussing any concerns in person.

Following COVID-19, the Auditor-General, and the Assistant Auditor-General who leads our local government services, also recommenced their visits to more remotely located clients. They travelled across Queensland to meet with the chief executives, mayors, board chairs and other contacts across a wide range of public sector and local government clients.

We not only use the information we receive from these visits to build our knowledge and improve our services, but we also pass it on to relevant departments or members of parliament.

A client told us:

'We would like to note the high level of support we receive from QAO in terms of requests for advice and we appreciate the positive and open communication between QAO and ourselves.'—Audit client (Orima survey, October 2020).

Listening to our clients' feedback on our services

Feedback from our clients tells us where we can improve our service delivery and operations, informs our decision making, and influences innovation and change. Each year, we engage an independent research provider to survey our clients on their satisfaction with our services. We ask our clients for feedback on our audit processes, our reports to parliament and the value of our services.

Over the past three years, our client survey trends remained relatively steady, with ups and downs in some specific areas. We will continue to work on maintaining and improving these results.

For 2020–21, we surveyed 328 audit clients throughout the year, receiving a 72 per cent response rate.

Our audit client satisfaction is a blended average from the surveys of our financial audit and assurance or performance audit clients, as we deliver these services wholistically as OneQAO team.

Our overall result across all our audit and assurance services was 81 index points (ip)—the same as 2020 and one point over our target of 80. (IP is the average of the aggregate indices for each area of performance that the survey explored.)

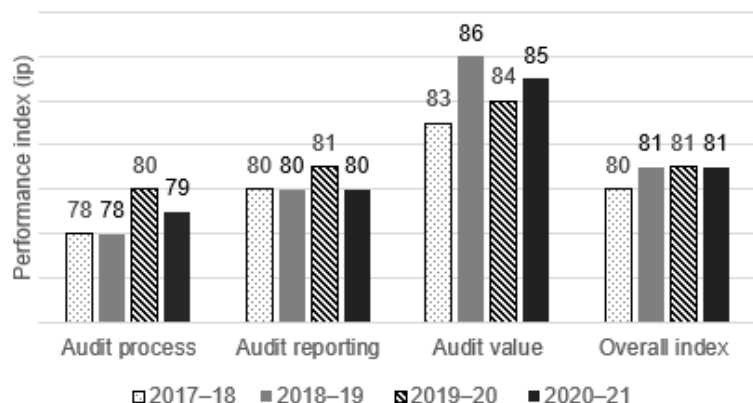
We received, overall, 79ip for our audit process, 80ip for reporting and 85ip for value of our services.

On the road to see our more regional clients

The Auditor-General, Brendan Worrall, and Assistant Auditor-General, Damon Olive, travelled around 14,300 kilometres this year to meet with our more regionally located clients, with most of the travel by road.

- Southern Downs Regional Council
- Goondiwindi Regional Council
- Balonne Shire Council
- Bulloo Shire Council
- Paroo Shire Council
- Quilpie Shire Council
- Murweh Shire Council
- Etheridge Shire Council
- Flinders Shire Council
- Charters Towers Shire Council
- Palm Island Aboriginal Shire Council
- James Cook University
- Western Queensland Alliance of Councils
- Central West Hospital and Health Service
- Barcaldine Regional Council
- Blackall-Tambo Regional Council
- Central Highlands Regional Council
- Woorabinda Aboriginal Shire Council
- Central Queensland University

Results of client satisfaction surveys for the past three years



We further analysed our results by our client service areas. Our departments and whole-of-government clients, and statutory bodies and government owned corporations, gave us the strongest ratings across all our work at 82ip. Local government gave us a slightly lower rating at 80ip.

Ninety-nine per cent of our clients across our services rated us positively for our auditors' professionalism, and 96 per cent rated us positively for our professional skills and knowledge. As one client shared:

'QAO conducted themselves in a professional and timely manner, as always. We appreciate their technical assistance and approach taken every year.'—Audit client (Orima survey, October 2020).

And another said:

'The audit team was very professional, and audit was conducted in a really efficient manner, particularly given that it was during COVID-19 impacts and audit team was remote.'—Audit client (Orima survey, October 2020).

Most of our financial audit clients, 97 per cent, agreed they obtained value from our audits, up from 94 per cent in 2020. And 96 per cent agreed that they obtained value in our recommendations on improving their financial management and internal controls, up from 93 per cent in 2020.

All clients were more likely to agree this year that we gave them adequate opportunities to comment on our audit findings and issues before our final report was tabled in parliament, at 93 per cent across our various report types, up from 90 per cent last year.

Some clients would like us to improve the timeliness of our financial audit program, with 83 per cent saying it was undertaken in a timely manner. We also need to increase how deeply we understand our clients' organisations, with 89 per cent for our financial audit services and 67 per cent for our performance and assurance services agreeing that we do so adequately.

We received a range of positive comments in our surveys this year, which we are grateful for. One client told us:

'We appreciated the level of engagement provided by QAO staff, and willingness to discuss issues and matters of perspective.'—Audit client (Orima survey, October 2020).

Another shared:

'QAO and us experienced a great process, good collaboration and a great working relationship.'—Audit client (Orima survey, October 2020).

Feedback from audit committee chairs

It is key that we deliver our insights to audit committees in an effective, timely and engaging manner so they can use their position to influence the change we are seeking for our clients. They are an important group for advocating our recommendations and monitoring entities' progress in implementation.

Our last survey—which was the first time we surveyed chairs—was in 2019. However, since then we have changed our questions to reduce repetition in the survey and align the valuable insights it gives us on our services as a whole. This means we cannot accurately compare results between the years, but can do so in another two years' time.

This year, we surveyed 185 audit committee chairs, receiving a 66 per cent response rate, up on 62 per cent in 2019.

We asked chairs for feedback on how we supported them, how they value our services and recommendations, how clearly we communicated, how they use our reports and resources, and their thoughts on our audit processes.

Nearly all chairs indicated QAO is meeting their needs and expectations, at 98 per cent. Ninety-five per cent said we provide valuable assurance on the reliability of public sector financial reporting, and 93 per cent said that we help improve public sector accountability.

Most chairs had used our products at least once in the past 12 months, with 96 per cent using our reports to parliament, fact sheets, blog posts or interactive data dashboards. Ninety-three per cent said they find our reports to parliament easy to understand, and nearly all chairs, 99 per cent, said we clearly communicated our audit findings and issues in our management reports.

We were pleased to learn that 86 per cent have visibility of the recommendations QAO makes in its reports to parliament, and 89 per cent have oversight of their entity's implementation of them—but we will engage with them closely to increase this.

One area for us to explore more deeply is how we share our advice and recommendations for entities of varying size or type, for example different types of local governments or hospital and health services, to ensure we are providing everyone with relevant insights.

One chair shared with us:

'The performance of QAO has improved materially over the past few years. Far more engagement and understanding of our businesses and teams are very helpful and engaging where there are changes and difficult issues.'—Audit committee chair (Orima survey, May 2021).

Transforming our engagement with parliament

We help the Queensland Parliament in its oversight of how entities deliver public services and use public resources. This year, we strengthened our engagement with parliamentarians and related stakeholders to help them better understand the key issues facing the public sector and to drive positive change over public sector performance.

Our approach to our engagement was more strategic this year as we improved the timing and frequency of our briefings, broadened our engagement, and adapted our communication approaches to their needs.

After the October 2020 election, we sent a welcome pack containing information on our role to members of parliament (MPs) and provided introductory letters and briefings for incoming ministers. We also presented at an induction event for new MPs and launched a new webpage housing useful resources, which has been viewed 164 times. Internally, we ensured our staff understood the caretaker arrangements ahead of the election so they could plan work accordingly.

We provided two private and seven public briefings to parliamentary committees covering 18 reports to parliament. We also responded to various requests for advice from parliamentary committees about our work, in addition to our briefings on each report.

We met twice with the secretaries of parliamentary committees to better understand committee members' needs and glean insights into how they use our reports and resources. Following the election, we proactively encouraged the newly arranged committees to continue the inquiries on our reports to parliament.

We greatly increased our engagement with ministers by reaching out on our reports—as they were being developed and following tabling. The Auditor-General met with 15 ministers between November 2020 and June 2021. Thirteen of these meetings were a result of us reaching out to meet after the election to provide information on our services and source feedback, and two were on our reports to parliament. We continued to consult widely when developing our forward work plan and shared the draft plan with all parliamentary committees, ministers, and the leader of the opposition for input.

We remained responsive to parliamentarians' needs and requests, including examining requests for audits that they sent us—such as our new audit we commenced this year on regulating animal welfare, following a request from the former Natural Resources, Agricultural Industry Development and Environment Committee.

One MP told us:

'I want to commend the A.G & QAO for their willingness to accept suggestions for audit inquiries & investigation. Though fiercely independent, its appreciated that the A.G is willing to consider and follow up on well-intentioned inquiries about Departmental performance.'—MP (Orima survey, May 2021).

Better understanding how parliament values our services

Via an independent researcher, we survey members of parliament (MPs) twice during their term. Our last survey was in 2019.

This year, we significantly refreshed our survey questions to increase the value of the feedback we receive and to better analyse the insights the survey can give us on our relationships.

Forty-four per cent of MPs responded to this year’s survey, down from 47 per cent in 2019. For the next survey, we will look at ways to improve this response rate to receive as much information from as many MPs as possible.

We asked MPs about the value of our reports to parliament and services, how clearly we communicate, their use and understanding of our reports and resources, and their general impressions of QAO. Over the past six years (three surveys), the results of our MP surveys have increased and steadied.

In an overall great result this year, 89 per cent of MPs were satisfied with the Auditor-General’s reports and services, unchanged from 2019, and nine per cent over our target of 80 per cent. There was also a slight increase in the proportion of those who were ‘very satisfied’.

Nearly all, 96 per cent, agreed that our reports and services provide valuable information on public sector performance, up from 94 per cent in 2019. The majority, 82 per cent, rated their understanding of the Auditor-General’s role highly.

Although still largely positive, MPs were somewhat less likely than in 2019 to agree that our reports and services communicate issues clearly, at 87 per cent (down from 94 per cent). Preparing clear, succinct, well-messaged and timely reports continues to be a focus for us, and we will explore improvements with MPs to quickly implement changes. We also reached out to parliamentary committee staff to ask them for feedback on the quality of our reports, including how we can make them more readable, engaging, and, overall, more valuable.

Fifty-eight per cent of MPs reported having received a briefing or meeting with the Auditor-General about QAO’s reports or services in the past 12 months, which is a good result given the pause in our engagement with COVID-19 and during the state election and caretaker period. And 92 per cent were positive about the overall usefulness and responsiveness of our office.

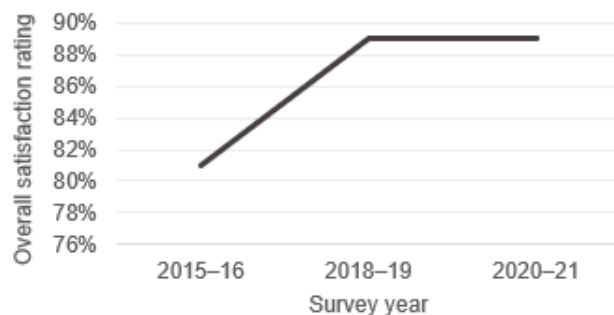
Following our recent improvements to our parliamentary engagement, we will use all of this feedback as a baseline and compare it to the next survey in approximately two years’ time.

‘As a Parliamentarian, I appreciate the valuable role provided by the QAO. The role of the QAO is an important one given that the Queensland Parliament is unicameral and I appreciate the service it provides.’—MP (Orima survey, May 2021).

Another said:

‘The independence and impartiality of the Auditor-General reports in my experience have given the office a strong brand that reflects these characters.’—MP (Orima survey, May 2021).

Results of MP satisfaction surveys for the past three surveys



Designing a work plan focused on strategic issues

Doing audits of the right areas at the right time is the key to achieving better public services for Queenslanders. We carefully plan our work so it meets the needs of parliament and our audit clients, and so we draw out the insights that are most likely to drive positive change.

The *Auditor-General Act 2009* requires us to publish a three-year plan of the performance audits that we intend to carry out. We prepare our program for three years ahead to give our clients early notice on what our focus is going forward and to ensure transparency around our work.

For the first time, this year we published our *Forward work plan 2021–24*, which includes the strategic or critical risks to public service delivery that QAO has identified and our expected audit activity in response.

The plan covers all our audit work—our financial audits, performance audits and assurance activities, which work together to provide a full picture of state and local government performance and accountability. The plan shares important contextual information on the factors impacting public service delivery over the coming years.

We circulated the draft version of the *Forward work plan 2021–24* with our audit clients and stakeholders, including parliamentary committees and chief executives of public sector entities and local governments. Consultation on the draft plan is important for ensuring that we have included the right topics and are conducting the audits at the right time to achieve outcomes from our work.

We will continue to revisit and republish a new plan each year as we reconsider each topic's relative importance, the timing of our audits, and, importantly, our ability to influence changes in public service delivery.

Selecting audit topics that matter to Queensland

We have a very clear process for selecting, rating, and analysing potential audit topics. There are a range of inputs:

- We continually scan the environment that state and local government entities operate in to reflect emerging or systemic risk.
- We meet regularly with our clients and peak bodies to understand their challenges and where they see risk in the public sector.
- We invite all stakeholders, whether they be entities, parliament, or the public, to submit topic suggestions. We analyse these submissions to identify any emerging, consistent, or persistent concerns.
- We use the insights we have access to through the power of our mandate, and through the breadth and reach of our annual audit work. During our performance audits or assurance activities, we may also see issues that warrant a future audit.
- We examine trends and developments in Australian and international environments, and key bodies of large research, to see what the pressing issues are for the world today.
- We look at the priorities and focus areas of other audit jurisdictions.

Via our moderation process, we ensure we have a spread of topics covering matters of efficiency, effectiveness, and economy, and we look at how they would fit across a three-year program. We also ensure potential audit topics fit within our mandate—for example, we cannot comment on the merit of public policy objectives; rather, we will only examine how efficiently and effectively a service has been delivered.

Improving how we manage requests for audit

QAO welcomes information on public sector performance and requests for audits from members of the public, elected representatives, entity management, and from other integrity offices.

This information is a valuable input to our audit work, and we carefully consider all the information and requests we receive.

For the first time, this year we started publishing a summary of the requests for audits we receive from Queensland members of parliament and councillors on our website. This provides transparency around the information we receive and keeps our stakeholders informed about why and how we audit these matters.

This year, we received a total of 74 requests for audit (two less than last year) relating to 44 different state or local government entities. Forty-three requests primarily related to departments, 17 to other agencies such as government owned corporations and statutory bodies, and 14 to local governments.

Forty-five—61 per cent of the requests—came from the general public, and the rest were from elected members, entity staff and other integrity agencies. Some requests were also made anonymously and/or some as public interest disclosures. The predominant themes or topics of the requests were around grants management and procurement.

We finalised 77 requests this year as at 30 June 2020 (including finalising some from previous years). We continue to improve how we analyse and apply the intelligence these requests provide us, and use it to inform our work, including our forward work program.

Collaborating with our peers and professional networks

Our many and varied relationships across industry and with our peers give us opportunities to share information and best practice, and learn from each other.

Central agencies

Central agencies for QAO include the Department of the Premier and Cabinet, the Public Service Commission, Queensland Treasury, and the Department of State Development, Infrastructure, Local Government and Planning.

We liaise regularly with these agencies on significant financial accounting issues and the development of legislative and policy requirements applicable to public sector entities. In 2020–21, we provided advice and support on the continuing impact of COVID-19, the establishment of the Queensland Future Fund and the impact of machinery of government changes following the October 2020 state election.

Integrity agencies

QAO participates in the quarterly Queensland Integrity Committee, an informal committee chaired by the Integrity Commissioner. This year, it discussed employees returning to the office post-COVID-19 and parliamentary engagement during the Queensland state election. QAO also provided updates on the insights from its reports, upcoming audits, and its outreach work with local governments.

Each year, we participate in the quarterly Local Government Liaison Meetings, attended by integrity agencies and the Department of State Development, Infrastructure, Local Government and Planning. Each attendee provides an update on the insights and initiatives it has underway as relevant to local government matters.

Audit plays a role in deterring and detecting fraud in public sector and local government entities and in helping entities prevent the loss of public money through mistakes. This year, we continued to liaise with the Queensland Crime and Corruption Commission where relevant to our investigations and as permissible under our respective legislation.

Peers

The Australasian Council of Auditors-General (ACAG) is an association established by auditors-general for the sharing of information on mutual interest. Brendan Worrall was the ACAG Convenor for 2020–21, operating as the designated ACAG spokesperson and representative.

A key joint deliverable this year for ACAG was a submission to the Commonwealth Joint Committee on Public Accounts and Audit (JCPAA) *Review of the Auditor-General Act 1997*.

The submission emphasised the importance of auditor independence and legislation being designed to achieve the highest level of public sector accountability and transparency.

Due to the COVID-19 period, ACAG met once this financial year, and the sub-committees, typically led by assistant auditors-general, met 17 times to share intelligence and expertise. These committees included the Auditing Standards Committee, Audit Analytics Committee, Corporate Services Committee, Financial Accounting and Reporting Committee, Heads of Financial Audit, and Heads of Performance Audit.

Our audit analytics team provided webinars to our ACAG colleagues on how QAO's new financial audit application delivers more effective audit, and on the value of collaboration between assurance work and analytics using our report *Regulating firearms* (Report 8: 2020–21) as a case study.

QAO also virtually attended the Pacific Association of Supreme Audit Institutions (PASAI) annual congress in June 2021. The congress provides members with an opportunity to gather in formal and informal settings to share ideas and resources. At this year's event, audit office heads presented on the leadership opportunities and challenges they experienced as a result of COVID-19.

Industry and community groups

QAO was proud to co-present with Gold Coast Health Service at the Institute of Internal Auditors SOPAC 2021 conference on how to apply—and make the most of—digital reporting tools.

Our audit analytics team presented to CPA Australia members via a webinar, and to the CPA Centre of Excellence on tips and tricks on integrating data science. And they were invited to present as a guest lecturer at the University of Queensland's Master of Business Administration (MBA) program on analysing and visualising corporate data.

Professional networks

QAO participated in several outreach events for the Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB) as part of their due process for projects and new standards. QAO staff are members of project advisory groups. We continued to work closely with the AASB on their Fair Value Advisory Panel and on their Disclosure Initiative Advisory Panel.

We further developed our strong relationships with the Local Government Finance Professionals (LGFP) association and the Institute of Public Works Engineering Australasia Queensland (IPWEAQ) in their support and advice for local governments. We liaised regularly with both groups and collaborated on projects to improve financial sustainability and asset management—both pertinent and pressing areas for local governments.

In November 2020, one of our directors presented to the IPWEAQ conference on cyber security, sharing insights from our report *Managing cyber security risks* (Report 3: 2019–20). In May this year, another one of our directors presented at IPWEAQ's Asset Management Symposium under the topic of 'working smarter', covering the findings from our reports to parliament and forward work plan.

In August 2020, we delivered the first webinar for the LGFP—sharing our advice on cyber security and managing information and communication technology (ICT) projects, and using audit analytics. We also continued to assist LGFP in its development of a new guide on accounting for environmental waste management.

Throughout the year, we co-hosted financial reporting workshops for local governments with the Department of State Development, Infrastructure, Local Government and Planning. We covered our maturity model for financial statement preparation, our upcoming model for assessing internal controls, and a debrief on the accounting standards that were applied for the first time in the prior year.

Summary of our financial performance

QAO continues to operate as a financially sustainable public sector audit practice. Our audit work funds most of our operating costs each year, with the balance provided through parliamentary appropriation.

Our funding from parliament, received under the *Appropriation (Parliament) Bill 2019*, for 2020–21 was \$6.588 million, marginally under budget of \$6.598 million with the reduction due to decisions made in the *Queensland Government Debt and Savings Plan*. Our appropriation is allocated to our reporting and advice or assistance to parliament, delivering performance audit and assurance activities, preparing the forward work plan, investigating requests for audits, and remunerating the Auditor-General.

Overall, our revenue and operational expenses tracked well against our budget for 2020–21. We delivered most of our audit work as planned, with little impact on our overall position.



We achieved an operating surplus of \$1.582 million, over our budgeted \$723,000. Our budget aims to make regular, modest surpluses so we can refresh our technology and innovate to ensure we have efficient and effective audit services.

Our overall total income from our continuing operations was \$45.752 million, slightly under our budget of \$45.935 million.

The revenue from our audit fees was \$38.952 million, \$178,000 under our budget of \$39.130 million. This was due to delays in the timing of our financial year-end work by our clients and the impact of machinery of government changes on them.

QAO's total expenses were \$44.170 million, marginally below our budget of \$44.957 million. More than half of our expenses were staff costs at \$23.807 million—\$1.083 million under our budget of \$24.890 million due to staff attrition and challenges in replacing them given the competitive recruitment market for audit professionals.

Our next largest cost was our supplies and services at \$19.511 million, \$356,000 over our budget of \$19.155 million as we replaced some of our technology (laptops and mobile phones), which had reached end of life. This was partially offset by timing differences in our fees for our audit service providers and lower travel costs. Our cost for our audit service providers was \$11.818 million, under our budget of \$12.544 million. Our other expenses were conservative, covering some specialist consultants, rent and office services, information technology or minor office equipment, and staff development.

QAO's financial statements and independent auditor's report are on pages 33–56 of this annual report.

We pride ourselves on being an exemplar organisation in demonstrating high standards of financial management. We are committed to being cost-effective and efficient with the resources provided to us.

Our external priorities for next year for our performance and service delivery

- Build, enhance and invest in our relationships with all our clients and stakeholders including our audit clients, members of parliament, ministers, industry, and our peers to ensure they benefit from the services and insights we provide.
- Action feedback from our clients in our surveys, in particular around the timing of our audit work, the depth of understanding we have about each entity we audit, and how we communicate our insights.
- Ensure we focus our forward work plan for 2022–25 on the topics where we can make the most difference to Queensland and address emerging issues, particularly as the state recovers from COVID-19.
- Use the knowledge and insights we are continuously building about our audit clients from our unique position to better inform our understanding of risk for each entity and across the wider public sector.
- Improve how we gather and use intelligence around fraud or financial mismanagement in the public sector to inform our investigations into specific matters and our overall understanding of risk.
- Strengthen our ability to respond better and faster to possible incidents of waste or mismanagement in the public sector.
- Provide assurance on public sector performance and accountability through timely and efficient reporting to parliament, so that our clients can act on our recommendations sooner.
- Continue our trials of our new models for assessing entities' internal controls and prepare to share our resultant learnings and better practice in our reports to parliament.
- Refine our strategy for monitoring entities' implementation of QAO recommendations via their self-assessments, and effectively share the results and insights via our new report to parliament.

Enhancing how we deliver our insights

Through a passion for continuous improvement, we sought innovative ways to share the insights from our work.

Technology reshaped our relationships and we aimed to optimise its benefits.

We continued to focus on delivering quality audits through all facets of our business, that met expectations and regulatory requirements.

Expanded our data strategy with **more clients**, including more local governments.

Our **blog** was viewed over **28,000** times.

Hit over **3,000 followers** on QAO's LinkedIn page.

Successfully used our **new audit software** for our 2020–21 audits.

Published our first **transparency report** on our audit quality.

New models for reporting on clients' financial maturity and assessing internal controls

This year, our new financial reporting maturity model effectively gave our clients and QAO valuable insights into areas of strength, and opportunities for improvement, around the processes some entities use to prepare their financial statements. Our clients found that the stronger their financial statement preparation processes were, the easier it was for them to complete their financial statements by the legislated deadlines.

We worked closely with the state government entities and some larger local governments as they started using the new model to undertake their initial self-assessments. And we collated and shared learnings via a blog post for all our clients.

As part of our audits, we also assess whether entities have designed effective internal controls—the people, systems, and processes that ensure an entity can achieve its objectives, prepare reliable financial reports, and comply with applicable laws.

Over the past year, we have been developing new assessment tools that will help us better communicate with our clients about the strength of their internal controls and the areas they can improve. We recently started trialling the tool with some clients, and continued our consultation with department chief financial officers and heads of internal audit. Key to the success of the trials is the feedback we are receiving from our clients as we refine and finalise these tools to ensure mutual benefit. Following implementation of the new approach, we will also share learnings and better practice in our reports to parliament the following year.

Expanding on our audit analytics capability

QAO's analytics services help our auditors deliver more effective and insightful audits. Our tools and techniques enable speed, accuracy, unique insights, and better collaboration.

It was a big year for the team. We expanded our data strategy, worked on the development of QAO's new audit software, continued to automate our data processing, and improved teamwork across our workforce.

We started to bring more local governments onboard with our data strategy—expanding our data supply to include local governments outside of South East Queensland. The benefits of including more local governments in our data strategy include:

- better insights about our local government clients—both individual councils and across all councils we audit. We can better analyse data to identify risks, and therefore focus our work
- more seamless data collection due to fewer manual data requests from auditors to our clients—reducing the number of touchpoints and number of people contacting clients
- higher resilience to business interruptions with an increased ability to view information remotely.

Enabling remote audit work

Our data supply and financial audit application facilitated more, and better, remote audit work. Our auditors could perform some key audit work before attending client sites, and then use those visits to focus on the most important audit areas. This application is also used by many of our ASPs.

Our innovation in analytics is changing how we deliver our work and positioning us for the future of audit.

Using innovation for insights

As part of our strategy to integrate analytics into our audits, we recently built a recalculation of our clients' payroll balances to independently validate those balances as part of our audits.

This approach links directly to our audit methodology and enables our auditors to focus their expertise on using insights the analytics present rather than developing it themselves.

This year, as OneQAO, we designed analytics on fixed assets, journal testing, and advanced relationship testing, which will deliver better standardisation and a base for our insights. We also recently worked with an external analytics firm to explore how we could use advanced data science techniques on our audits related to information technology.

QAO's Audit Analytics team found innovative ways to use technology to drive collaboration across QAO—between staff and with our audit service providers. We created an analytics collaboration space on Microsoft Teams, facilitated more discussion around new ideas, and created workshop templates using Microsoft 'whiteboards' to encourage participation and creativity from all staff.

We are passionate about sharing our expertise and our learnings with our stakeholders and across industry. We supported our clients and audit service providers in the early stages of their own analytics journeys with around 20 sessions on our data strategy and on how to lead a data capability.

More resources for our clients

Our mandate gives us access to a wealth of information, which we share during our audit work directly with our clients, in our reports to parliament, and through our supporting resources. When we share information, we ensure that client confidentiality is respected.

It is important we ensure longevity of the important messages from our audit work, well after our reports are tabled in parliament. We have implemented engaging and more tailorable ways for us to share the insights and advice we gather.

The suite of digital materials we develop to promote our reports supports our following assumptions:

- Our users would like better, more accessible versions of our reports.
- Our users have less time to read reports—skim reading is the new normal, along with changing device trends.
- We have diverse audiences in terms of their demographics; thus, their information consumption and channel usage varies.
- We take a content-marketing approach to our communications, ensuring we provide thought-provoking or compelling content.

By delivering our reports as fully interactive, HTML webpages, readers can search our reports, view them on mobile devices, and share them via a range of channels. HTML reports also support our search engine optimisation (SEO) strategy, which improves the quantity and quality of traffic to our website.

Interactive data dashboards

Awarding of sports grants (Report 6: 2020–21)

We presented the sports grants data we gathered for this audit in an interactive data map of Queensland on our website. Readers could explore and compare regional information on sports grants, as well as interesting demographic and health information that we considered relevant to understanding local context.

While this data was already publicly available, it was only found in multiple locations in different formats, which was not easy for a reader to access and understand. We solved this problem by providing an engaging and easy-to-use visualisation of the data.

For six of our reports, we translated our data and insights into meaningful and engaging stories via interactive dashboards or maps. We used visualisations to help explain complex ideas or share large volumes of data in a more user-focused manner, for example, by providing regional context.

These dashboards presented the information we gathered during our audits, and we sometimes combined it with publicly available data, for example, interesting population or demographic data.

Some of our dashboards, such as those for some of our performance audit or assurance reports, pertained to specific topics. Some, such as the ones we developed for our financial audit reports, contain enduring data sets that we update each year. We continue to receive positive feedback from our clients,

stakeholders and peers on the value they provide, with some keen to follow our lead and embark on their own data visualisation journeys. Our most viewed dashboard this year was our one for [Local government 2020](#) (Report 17: 2020–21) with over 1,300 views.

Blog series

One of our most successful channels for sharing our advice and insights is our blog. This year we published 23 blog posts, and, overall, all our blog posts were viewed over 28,000 times.

Our blog covered a wide range of topics from ensuring the right membership of local government audit committees, to conflicts of interest, using risk appetite in the public sector, how to treat immaterial adjustments, and much more. We also used our blog to provide updates on our services, such as our new approach to requests for audits and our new self-assessment tool for QAO recommendations.

Our most viewed blog post during this year was [Using risk appetite in the public sector](#) with just over 800 views, followed closely by [Assessing COVID-19 events after the reporting date and why auditors are required to review this](#), which was viewed nearly 800 times.

Via an online website poll, for each blog post we asked our readers ‘Was this blog post valuable?’ and 96 per cent of respondents said yes.

Advice for our clients about COVID-19

Via our blog, we quickly provided advice for our clients during and after the pandemic. We shared advice on the impacts on financial reporting in uncertain times, assessing COVID-19 events after reporting dates, the control environment when returning to the office, and how audit committees can add value during COVID-19.

Fact sheets

We published four fact sheets this year, providing advice and support for our clients in response to their needs or information gaps:

- [Working with electronically signed financial statements—user guide](#)
- [How we prepare our reports to parliament](#)
- [Requests for audits](#)
- [Entity self-assessments on implementation of QAO recommendations.](#)



Our fact sheets were viewed on our website collectively over 2,500 times. Our fact sheet on *Requests for audits* was the most downloaded, followed closely by our one on *Working with electronically signed financial statements—user guide*.

Better practice guides

We take every opportunity to provide more detailed guides or checklists on areas our clients are seeking advice on or where we can share examples of best practice.

In addition to pulling out key information from some of our reports to parliament, we published an *Example client assistance schedule*. It provides our smaller clients with a list of the information QAO needs to undertake an audit efficiently and helps them plan for the audit to reduce unnecessary disruption. As of 30 June 2021, our overall better practice section of our website was viewed nearly 3,500 times.

Maximising the benefits of our information and communication technology systems

Digital resources are essential to our business and this year we continued to improve our core systems, digital hardware, and how we use mobile technology. We are ensuring that we have resilient and high-quality systems to support our audit work regardless of external environmental changes or disruption.

Many of our clients and colleagues experienced challenges during the COVID-19 period due to their use of legacy systems and practices. This led us to look at how we could help them. We expanded our online collaboration platforms to launch collaborative ‘client hubs’ and our ‘partner portal’ for our audit service providers, which enable secure data transfers and information sharing.

QAO used technology to improve its workforce mobility through additional Microsoft Teams functionalities and hardware. This technology also facilitated a ‘blended’ approach to staff learning and development during lockdown periods. We were able to deliver richly interactive training courses to dozens of staff at the one time, with interstate virtual presenters, local presenters, and attendees across multiple locations.

A major achievement for this year was our migration from SharePoint to SharePoint Online. The cloud-based SharePoint Online platform allows us to use new applications, improve sharing and management of content, and is mobile-friendly.

Rolling out our new audit software

At the start of the new audit year in October 2020, we successfully rolled out our new audit software for use on our 2020–21 audits. This has been a major project for QAO over the past two years.

Our new cloud-based program has been configured to our specific audit office needs and allows us to promote effective and efficient documentation of our audit work.

A major part of the effort this year was improving the consistency of audit quality in how we document our audits. Key to this was standardising an array of templates such as work papers, worksheets, and checklists for use in audit files including for smaller audit clients.

We successfully developed and implemented a foundation for integrating our audit analytics insights directly into audit work papers. And we implemented a new reporting mechanism for capturing any deviations from policy or process.

Building advanced capability

Our extensive training on our new tool set was held progressively throughout the year to effectively align it with key points of the audit cycle.

Staff champions, group chats on Teams, and a new dedicated helpdesk assisted users and captured feedback to help us improve the tool.

Providing greater transparency around our audit quality

We focus on delivering quality audits with insightful impacts that meet the expectations and regulatory requirements of our clients. All our work, and the way we deliver it, is underpinned by policy and guidance provided by QAO's audit practice specialists.

To demonstrate our commitment to audit quality, in 2020–21 QAO published the first of its annual transparency reports, *Transparency report 2019–20*, to provide insights into the way we audit and our internal practices and processes. It explains the culture, governance, independence, and quality frameworks that support our quality review practices and results. Importantly, it shares how we seek to continuously improve our audit and assurance practices.

Throughout the year, we actively monitored our audit quality with a program of reviews. This included hot reviews, which examined quality while audits were in-progress to proactively identify and address issues, and cold reviews, which examined audits after they were completed to identify areas for improvement. We shared the themes, observations, and learnings from these reviews with our staff, and externally in our *Transparency report 2019–20*.

Our quality assurance is overseen by QAO's Quality Management Group, which supports the Auditor-General in complying with professional and ethical requirements. It is independently monitored by QAO's Audit Quality Sub-Committee, which looks at what we need to prioritise, our policies and processes, and how we share the findings from our reviews.

Our priorities for next year for how we deliver our insights

- Continue leveraging the benefits from our financial statement preparation maturity model, and continue refining, trialling, and consulting on our new internal controls assessment tools to publish them for all entities.
- Expand our audit analytics capability—embracing collaboration with our clients, furthering transparency, and ensuring governance around what we are doing.
- Improve our data management processes and procedures to make it easier for our workforce and clients to collect, store, work with, and achieve maximum value from the unique data we collect.
- Effectively integrate additional cyber security controls in all aspects of our workplace as we undertake greater digital collaboration with our clients, colleagues and across our workforce.
- Roll out the next phase of our new audit software to understand how well it is working, apply learnings to our documents and templates, onboard our audit service providers, and start to include our performance audits and assurance activities.
- Further improve our transparency report to ensure we provide the key quality information and results that our readers want to see, and that we communicate it clearly.
- Anticipate and prepare for upcoming changes to the international quality management standards.
- Continue to develop how we share the important and enduring messages from our work with our clients and stakeholders, and make our insights readily and easily available to them.
- Improve the readability, accessibility, and impact of our reports, including using interactive tools or visualisations to connect our insights to communities.

Financial statements, independent auditor's report, and performance statement

We continue to operate as a sustainable and contemporary public sector audit practice.

The following pages of this report contain the:

- Queensland Audit Office's financial statements
- Independent auditor's report from Hall Chadwick Queensland
- Queensland Audit Office's performance statement.



Financial statements and independent auditor's report

Queensland Audit Office Financial Statements For the year ended 30 June 2021

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Notes to the Financial Statements

Certificate of the Queensland Audit Office

Independent Auditor's Report

General Information

These financial statements cover the Queensland Audit Office (QAO) for the 2020-21 financial year. QAO is established under the *Auditor-General Act 2009* to provide independent, valued assurance and insights.

QAO is a not-for-profit entity with the objective to strengthen public sector accountability by providing independent audit services, including reporting to Parliament. QAO is a department for financial reporting purposes (as described in the *Financial Accountability Act 2009*) and is consolidated into the Report on State Finances of the Queensland Government.

The principal place of business is:

Level 13, 53 Albert Street
BRISBANE QLD 4000

For information relating to QAO's financial report please:

- call (07) 3149 6000,
- email enquiries@qao.qld.gov.au
- or visit the QAO's internet site www.qao.qld.gov.au.



Queensland Audit Office
Statement of Comprehensive Income
For the year ended 30 June 2021

	Notes	2021 Actual \$'000	2021 Original Budget \$'000	Budget Variance* \$'000	2020 Actual \$'000
Income from Continuing Operations					
Audit fees	2(i)	38,952	39,130	(178)	36,965
Appropriation revenue for services	2(ii)	6,588	6,598	(10)	7,143
Other revenue	2(iii)	212	207	5	365
Total Income from Continuing Operations		45,752	45,935	(183)	44,473
Expenses from Continuing Operations					
Employee expenses	3	23,807	24,890	(1,083)	23,858
Supplies and services	4	19,511	19,155	356	19,039
Depreciation and amortisation	8 (b)	408	408	..	405
Other expenses	5	444	504	(60)	448
Total Expenses from Continuing Operations		44,170	44,957	(787)	43,750
Total Operating Result from Continuing Operations/Comprehensive Income		1,582	978	604	723

**An explanation of major variances is included at Note 11*

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Financial Position
As at 30 June 2021

	Notes	2021 Actual \$'000	2020 Actual \$'000
Current Assets			
Cash and cash equivalents	1(d)	6,939	7,147
Work in progress	6	5,946	3,743
Receivables	7	2,768	3,451
Other current assets		662	565
Total Current Assets		16,315	14,906
Non-Current Assets			
Plant and equipment	8(c)(i)	138	153
Intangible assets	8(c)(ii)	2	318
Total Non-Current Assets		140	471
Total Assets		16,455	15,377
Current Liabilities - Payables and accruals	9	1,347	1,851
Total Liabilities		1,347	1,851
Net Assets		15,108	13,526
Equity			
Contributed equity		5,183	5,183
Accumulated surplus		9,925	8,343
Total Equity		15,108	13,526

The accompanying notes form part of these statements.



Queensland Audit Office
Statement of Changes in Equity
For the year ended 30 June 2021

	Notes	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
Balance as at 1 July 2020		8,343	5,183	13,526
Operating result from continuing operations		1,582	..	1,582
Balance as at 30 June 2021		9,925	5,183	15,108
Balance as at 1 July 2019		7,603	5,183	12,786
Effect of changes in accounting policy AASB 16		17	..	17
Restated Balance as at 1 July 2019		7,620	5,183	12,803
Operating result from continuing operations		723		723
Balance as at 30 June 2020		8,343	5,183	13,526

The accompanying notes form part of these statements.



Queensland Audit Office
Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021 Actual \$'000	2020 Actual \$'000
Cash Flows from Operating Activities			
<i>Inflows:</i>			
Audit fees		39,538	36,499
Appropriation revenue for services		6,598	7,143
GST input tax credits from ATO		1,870	2,026
GST collected from customers		3,695	3,701
Other revenue		28	152
<i>Outflows:</i>			
Employee expenses		(23,484)	(24,210)
Supplies and services		(22,422)	(19,375)
GST paid to suppliers		(1,998)	(1,924)
GST remitted to ATO		(3,720)	(3,803)
Other expenses		(236)	(225)
Net Cash Provided by / (Used in) Operating Activities	14	(131)	(16)
Net Cash used in Investing Activities –			
Payments for plant and equipment and intangibles		(77)	(26)
Net increase / (decrease) in cash and cash equivalents		(208)	(42)
Cash and cash equivalents at beginning of financial year		7,147	7,189
Cash and Cash Equivalents at End of Financial Year		6,939	7,147

The accompanying notes form part of these statements.



Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

QAO supports the statutory role and functions of the Auditor-General, who is parliament’s auditor for all state and local government entities. The Auditor-General is fully independent, appointed by the Queensland Governor in Council for a seven-year term. Our work is governed by the *Auditor-General Act 2009* and guided by Australian auditing and accounting standards.

The Auditor-General’s mandate includes annual financial audits and performance audits. We also conduct investigations about financial waste and mismanagement, and report on “better practice” ways that many entities or local governments can improve performance and service delivery. The outcomes from our work include:

- Improved public sector and local government financial management and reporting
- Maintaining confidence in financial accountability transparency, and reporting
- Supporting Queenslanders by providing recommendations to our clients on how they can improve their delivery of better public services
- Providing parliament with independent assurance over the performance of the public sector.

Financial audits are performed on a fee for service basis and account for approximately 85 per cent of QAO’s revenue. To assist in executing our mandate, QAO engages private sector audit firms to undertake around 33 per cent of our work. These contracted firms are agents of the Auditor-General and their services are led and overseen by QAO.

The balance of QAO’s revenue comes from parliamentary appropriation which is for remuneration of the Auditor-General, reports to parliament, performance audits and investigation of matters referred to us. Apart from the Auditor-General, all of QAO’s staff are employed under the *Public Service Act 2008*. The parliamentary Economics and Governance Committee provides oversight of the Auditor-General and QAO.

1. Summary of Significant Accounting Policies

Significant accounting policies are shown in the notes to which they relate, except as follows:

(a) Statement of compliance

These general-purpose financial statements have been prepared on an accrual basis, except for the statement of cash flows, and in accordance with:

- section 38 of the *Financial and Performance Management Standard 2019*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury’s Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020.

The historical cost convention is used unless otherwise stated. Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

(b) Currency and Rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is less than \$500, to zero unless disclosure of the full amount is specifically required.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

1. Summary of Significant Accounting Policies (continued)

(c) Taxation

QAO is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses, and assets are recognised exclusive of GST, except:

- receivables and payables, which include input tax credits and GST payable, and the net amount due to or receivable from the Australian Tax Office (ATO)
- where the amount incurred is not recoverable from the ATO.

The GST components of cash flows arising from investing activities which are recoverable from, or payable to the ATO are included as operating cash flows.

(d) Cash and cash equivalents

Cash assets comprise funds at call with the Commonwealth Bank of Australia.

(e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Issuance of financial statements

The financial statements are authorised for issue by the Auditor-General of Queensland and the Chief Financial Officer at the date of signing the Certificate of the QAO.



Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

2. Revenue

QAO charges fees for financial audit services on a full cost recovery basis.

QAO also receives parliamentary appropriation for:

- the position of the Auditor-General
- the conduct of performance audits
- reporting to Parliament on the results of financial and performance audits
- providing advice and assistance to the Parliament and central agencies
- preparation of the Forward Work Plan
- investigating matters referred in relation to financial waste and mismanagement.

(i) Audit fees for services to the public sector

QAO recognises revenue from audit fees when the work is undertaken. This includes audit work completed by contracted audit firms on behalf of QAO.

(ii) Appropriation revenue for services to the Parliament

QAO recognises appropriation revenue in the year when the services are performed, which matches the timing of cash transfers made by Queensland Treasury under the *Appropriation (Parliament) Bill 2020*.

	2021 \$'000	2020 \$'000
Revenue		
Budgeted appropriation	6,598	6,922
Queensland Treasury adjustments	(10)	221
Total	6,588	7,143

The reduction in budgeted appropriation from 2020 to 2021 reflects decisions made in the Queensland Government Debt and Savings Plan.

The adjustment to appropriation from the amount set out in the *Appropriation (2020-2021) Bill 2020* was for a Microsoft Core Client Access License (CAL).

(iii) Other Revenue

	2021 \$'000	2020 \$'000
Other revenue		
Storage services received free of charge	199	198
Miscellaneous receipts	13	167
Total	212	365

Miscellaneous receipts consist of amounts recovered from other audit offices for their share of services including –audit software support.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

3. Employee Expenses

	Note	2021 \$'000	2020 \$'000
Employee Benefits			
Wages, salaries and sick leave		18,783	18,690
Annual leave levy	3(ii)	1,805	1,908
Long service leave levy	3(ii)	469	449
Employer superannuation contributions		2,560	2,507
Fringe benefits tax		70	70
Voluntary early retirements		17	145
Total Employee Benefits		23,704	23,769
Employee Related Expenses			
WorkCover Queensland premium		42	36
Employee expenses – other		61	53
Total Employee Related Expenses		103	89
Total		23,807	23,858

The number of employees on a full-time equivalent (FTE) basis under the Minimum Obligatory Human Resource Information (MOHRI) classification methodology is:

	2021	2020
Number of employees as at 30 June (based upon the fortnight ending 2 July 2021)	182	190

(a) Employee benefits

Employee benefits include employer superannuation contributions, annual leave and long service leave levies.

Workers' compensation insurance is not included in an employee's total remuneration package and is recognised separately as employee related expenses.

(i) Wages, salaries and sick leave

Wages and salaries are recognised at current salary rates as it is expected these liabilities will be wholly settled within 12 months of year end. Sick leave is recognised as an expense when the leave is taken.

(ii) Annual leave and long service leave

QAO is a member of the Queensland Government's Annual Leave and Long Service Leave Schemes. QAO pays a levy to these schemes to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. QAO expenses these levies in the period in which they are payable and claims from these schemes quarterly in arrears for amounts paid to employees for leave taken.

QAO does not recognise a provision for annual leave or long service leave as these liabilities are held and disclosed in the Report on State Finances of the Queensland Government pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

3. Employee Expenses (continued)

(iii) Superannuation

Superannuation is provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined (Accumulation) Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by QAO at the specified rate following completion of the employee's service each pay period. The QAO's obligations are limited to those contributions paid.

(b) Key executive management personnel and remuneration

(i) Key executive management personnel

Details of key executive management personnel are disclosed in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies. Key executive management personnel encompass positions which form part of the Executive Management Group. This group had the authority and responsibility for planning, directing and controlling the activities of the QAO during 2020–21.

Auditor-General – undertakes financial and performance audits of Queensland state and local government entities and provides Parliament with independent assurance of public sector accountability and performance as defined in the *Auditor-General Act 2009*.

Deputy Auditor-General – the statutory role of Deputy Auditor-General is only filled when the Auditor-General is unavailable – the Deputy Auditor-General then acts as Auditor-General.

Assistant Auditors-General – lead and set the strategic direction of client services, parliamentary services and audit practice.

Further information on these positions is in the QAO Annual Report under the Leadership and Governance section.

(ii) Remuneration

The remuneration policy for QAO's key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008* and the *Auditor-General Act 2009*.

Individual remuneration and other terms of employment are specified in employment contracts.

Remuneration packages comprise the following components:

- short term employee benefits which include:
 - base — salary, incentives, allowances and leave entitlements paid and accrued for the year or for that part of the year during which the employee occupied the specified position
 - non-monetary benefits — car parking and the applicable fringe benefits tax

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

3. Employee Expenses (continued)

(ii) Remuneration (continued)

- long term employee benefits include long service leave accrued
- post-employment benefits include superannuation contributions
- redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payments in lieu of notice on termination regardless of the reason for termination
- performance bonuses are not paid under the current contracts.

Total fixed remuneration is calculated on a total 'cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits.

Position	Name	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Total Remuneration
		Base	Non-Monetary			
		\$'000	\$'000			
1 July 2020 – 30 June 2021						
Auditor-General	B Worrall	482	12	11	57	562
Deputy Auditor-General (when required) & Assistant Auditor-General	K Johnson	282	12	6	29	329
Assistant Auditor-General	P Brahman	274	12	6	32	324
Assistant Auditor-General	P Flemming	239	12	4	26	281
Assistant Auditor-General	D Olive	228	12	4	23	267
Assistant Auditor-General	R Vagg	245	12	4	25	286
Total 2021						2,049
1 July 2019 – 30 June 2020						
Auditor-General	B Worrall	468	12	11	55	546
Deputy Auditor-General * (1/7/19 – 13/12/19)	D Bird	227	11	4	16	258
Deputy Auditor-General (commencing 14/12/19) & Assistant Auditor-General	K Johnson	273	12	6	29	320
Assistant Auditor-General	P Brahman	273	12	6	31	322
Assistant Auditor-General (commencing 01/01/20)	P Flemming	112	6	3	10	131
Assistant Auditor-General (commencing 01/01/20)	D Olive	109	6	3	10	128
Assistant Auditor-General (commencing 01/01/20)	R Vagg	112	6	3	11	132
Total 2020						1,837

2019-2020: *Total remuneration includes annual and long service leave entitlements payout of \$71,131

(iii) Performance payments

No KMP remuneration packages provide for performance or bonus payments.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

3. Employee Expenses (continued)

(iv) Related Party Transactions

Transactions with people or entities related to Key Executive Management Personnel (KMP)

No transactions with people or entities related to the QAO's KMP were reported for this financial year.

Transactions with other Queensland Government-controlled entities

QAO receives appropriation revenue for the statutory position of Auditor-General and other appropriation funded services (refer Note 2), both of which are provided in cash via Queensland Treasury.

QAO provides audit and assurance services which are paid for directly by public sector entities.

QAO pays work cover premium to WorkCover Queensland as per Note 3.

QAO pays rent and office services to Department of Energy and Public Works as per Note 4.

QAO pays insurance to Queensland Government Insurance Fund (QGIF) as per Note 5.

4. Supplies and Services

	2021	2020
	\$'000	\$'000
Payment to audit service providers	11,818	12,544
Consultants and expert advice	1,267	1,084
Payments to employment agencies for contractor personnel	1,194	1,231
Rent and office services	2,158	1,825
Information technology and minor office equipment	1,751	1,019
Staff development	220	226
Travel costs	354	495
Bureau charges	328	188
Other administrative costs	421	427
Total	19,511	19,039

5. Other Expenses

	2021	2020
	\$'000	\$'000
Internal audit fees	144	147
External audit fees*	33	29
Insurance premiums – QGIF	60	50
Storage services received free of charge	199	198
Other expenses	8	24
Total	444	448

* Total audit fees due to Hall Chadwick QLD relating to the 2020-21 financial year are \$32,500 (2019-20: \$32,500).

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

6. Work in Progress

Work in progress represents services performed but not yet invoiced and is based on:

- weekly timesheets and hourly rates for each level of staff. The rates are determined by the Auditor-General to provide for full cost recovery and approved by the Treasurer
- costs of work undertaken for QAO by contracted audit firms. The total estimated cost of contracted-out work is agreed in advance of the work commencing, but may be subject to variations as the work proceeds
- outlays such as travel and accommodation directly incurred in completing the work that are yet to be recovered.

The recoverability of work in progress is regularly reviewed and an allowance for impairment is provided if there is evidence that amounts are not fully recoverable.

As at reporting date, all work in progress is assessed as fully recoverable. The basis of assessment considers:

- no work is disputed by clients
- no unexplained aged WIP exists
- no amounts are outstanding for entities that no longer exist, and
- good quality credit history, with our clients being Government entities.

7. Receivables

	2021	2020
	\$'000	\$'000
Audit fees receivable	2,279	2,900
Annual leave reimbursement	440	487
Long service leave reimbursement	14	49
Other receivables	35	15
Total	2,768	3,451

Receivables are recognised when an invoice is issued and work in progress is reduced accordingly. Invoices are issued periodically, based on milestones or completion of the work. The total estimated cost of audit engagements is communicated in advance of the work commencing but may be subject to variations as the work proceeds. Invoices are due for settlement within 14 days of invoice date.

All receivables are current and expected to be fully collectible based on good credit quality and recent collection history.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

8. Plant and Equipment and Intangible Assets

(a) Acquisition

All plant and equipment and intangible assets are initially recognised and subsequently measured at cost. Cost comprises purchase price plus additional expenditure incurred to maintain the asset in the condition necessary to be used as intended.

Assets are only recognised in the Statement of Financial Position where their initial acquisition costs exceed \$5,000 for plant and equipment and \$100,000 for intangibles. Items costing less than these amounts are included as expenses.

(b) Measurement

Assets are carried at their acquisition cost less accumulated depreciation/amortisation and any accumulated impairment losses. Plant and equipment is depreciated on a straight line basis to allocate the net cost of each asset, less its estimated remaining value, equally over its estimated useful life.

All intangible assets, including purchased and internally generated software, have finite useful lives and are amortised on a straight-line basis over the period of the expected benefit to QAO.

The depreciation and amortisation rates are:

Asset class	Depreciation rate	Basis	Useful life
Plant and equipment	12.5% to 33.3%	Straight line	3 to 8 years
Intangible assets	Amortisation rate	Basis	Useful life
Software purchased	20% to 33.3%	Straight line	3 to 5 years
Software internally generated	20% to 33.3%	Straight line	3 to 5 years

	2021	2020
	\$'000	\$'000
Depreciation and Amortisation		
Plant and equipment	92	82
Intangibles	316	323
Total	408	405

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

8. Plant and Equipment and Intangible Assets (continued)

(c) Impairment

All plant and equipment and intangible assets are assessed annually for indicators of impairment. If an indicator of possible impairment exists, QAO determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Impairment losses are recognised immediately in the Statement of Comprehensive Income.

	2021	2020
	\$'000	\$'000
(i) Plant and Equipment		
Plant and equipment		
At cost	997	971
Accumulated depreciation	(859)	(818)
Total	138	153
<i>Plant and Equipment Reconciliation</i>		
Carrying amount at 1 July	153	209
Acquisitions	77	26
Disposals	(51)	..
Depreciation	(92)	(82)
Accumulated depreciation on disposal	51	..
Carrying amount at 30 June	138	153
	2021	2020
	\$'000	\$'000
(ii) Intangible Assets		
Software purchased		
At cost	331	331
Accumulated amortisation	(331)	(272)
Total	..	59
Software internally generated		
At cost	1,968	1,968
Accumulated amortisation	(1,966)	(1,709)
Total	2	259
Intangible Asset Total	2	318
<i>Intangible Assets Reconciliation</i>		
Carrying amount at 1 July	318	641
Amortisation	(316)	(323)
Carrying amount at 30 June	2	318

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

9. Payables and Accruals

Creditors are recognised on receipt of goods or services ordered and are measured at the agreed purchase or contract price including any applicable trade and other discounts when goods and services ordered are received. Amounts owing are unsecured and are generally settled on 20-day terms.

	2021 \$'000	2020 \$'000
(a) Payables		
Creditors	510	1,047
GST payable	251	277
GST input tax receivable	(316)	(188)
Net GST payable	(65)	89
Total	445	1,136
(b) Accrued Employee Benefits		
Annual leave levy payable	586	552
Long service leave levy payable	129	127
Other employee benefits	187	36
Total	902	715
Total	1,347	1,851

Other employee benefits include accrued salaries and wages, superannuation, paid parental leave and time in lieu.

10. Commitments for Expenditure

At reporting date QAO had no capital expenditure or operating lease commitments. QAO sub-leases our accommodation through an arrangement with the Department of Energy and Public Works.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

11. Budgetary Reporting Disclosures

The QAO's assessment of major budget variances is in accordance with FRR 5C Budgetary Reporting Disclosures.

(i) Explanation of Major Variances – Statement of Comprehensive Income

<i>Audit fees</i>	Audit fee revenue was \$178,000 under budget due to delays in the timing of year end work as a result of the 2021 Machinery of Government changes.
<i>Appropriation revenue</i>	Appropriation was \$10,000 under budget due to a year end Treasury adjustment.
<i>Employee Expenses</i>	Employee expenses were under budget \$1.083 million due to staff attrition and the market restraints encountered in finding suitable replacements.
<i>Supplies and services</i>	Supplies and services were over budget \$356,000 because a technology refresh was brought forward to 2021. This was partially offset by timing differences in Audit Service provider fees and lower travel costs.
<i>Other expenses</i>	Our budget included a provision for legal expenses which was not fully used.



Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2021

12. Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position on agreement of the contractual provisions of the financial instrument. QAO has the following categories of financial instruments:

(a) Classification

Financial Assets	Notes	2021 \$'000	2020 \$'000
Cash and cash equivalents (fair value through profit or loss)	1 (d)	6,939	7,147
Work in progress (amortised cost)	6	5,946	3,743
Receivables (amortised cost)	7	2,768	3,451
Total		15,653	14,341
Financial Liabilities - Payables and accrued employee benefits (amortised cost)	9	1,347	1,851

(b) Financial Risk Management

QAO's activities expose it to credit risk and liquidity risk. Financial risk management is implemented pursuant to state government and QAO policies. These policies focus on the financial performance of QAO over the medium term. QAO is predominantly self-funded and sufficient surplus cashflow is required to reinvest in the technology required to deliver our services. QAO aims to record modest surpluses over a 2 to 3 year period to allow for this reinvestment. Primary responsibility for the management of financial risk rests with the Executive Management Group, with oversight and monitoring by the Audit and Risk Management Committee.

QAO's bank account is included in the whole-of-government set-off arrangement managed by Queensland Treasury. The overdraft limit of the whole-of-government group is \$75 million. The account does not earn interest on surplus funds, nor is interest charged on overdrawn funds. Interest earned or charged on the aggregate set-off arrangement accrues to the Consolidated Fund of the State.

(c) Credit Risk Exposure

QAO may incur financial loss because of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date is the gross carrying amount of each category of recognised financial asset inclusive of any allowance for impairment.

No collateral is held as security and no credit enhancements relate to the financial assets held by QAO.

In the current financial and prior financial years there has been nil trade receivable write offs and therefore no financial impact of credit risk.

Queensland Audit Office
Notes to the Financial Statements
for the year ended 30 June 2021

12. Financial Instruments (continued)**(c) Credit Risk Exposure (continued)**

No financial assets had their terms renegotiated to prevent them from being past due or impaired and are stated at the carrying amounts as indicated. There were no individually impaired financial assets in the current or previous period.

Receivables	Ageing of Receivables (not impaired)			Overdue		Total \$'000
	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000		
	2021	2,542	202	24	..	
2020	3,289	15	68	79	3,451	

(d) Liquidity Risk

Liquidity risk refers to the situation where QAO may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

QAO ensures it has sufficient funds available to meet financial obligations when they fall due by maximising its bank account balance and through an approved corporate card facility with a \$200,000 limit. At year end, \$194,748 (2020: \$194,407) was available in this facility.

As at 30 June 2021, QAO's financial liabilities are all payables and accruals that fall due within 12 months.

(e) Fair Value

The carrying amounts of receivables and payables, which represent the value of the original transactions less any allowance for impairment, are consistent with the fair values of these balances.

14. Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2021 \$'000	2020 \$'000
Operating Surplus	1,582	723
Non-cash items included in operating result:		
Depreciation and amortisation expense	408	405
Change in assets and liabilities:		
(Increase) / decrease in work in progress	(2,203)	(169)
(Increase) / decrease in receivables	683	(396)
(Increase) / decrease in other current assets	(98)	(216)
Increase / (decrease) in payables and accruals	(537)	(94)
Increase in accrued employee benefits	187	(269)
Increase / (decrease) in GST payable	(153)	..
Net Cash used in Operating Activities	(131)	(16)

Certificate of the Queensland Audit Office

CERTIFICATE OF THE QUEENSLAND AUDIT OFFICE

These general-purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), s.42 of the *Financial and Performance Management Standard 2019* and other prescribed requirements.

In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Audit Office for the financial year ended 30 June 2021 and of its financial position as at the end of that year
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects for financial reporting throughout the reporting period.



Karen Johnson, FCA
Assistant Auditor-General and Chief Financial Officer
28 July 2021



Brendan Worrall
Auditor-General
28 July 2021



Independent auditor's report

HALL CHADWICK 
 CHARTERED ACCOUNTANTS & BUSINESS ADVISORS | QLD

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Independent Auditor's Report to the Accountable Officer of Queensland Audit Office

Report on the audit of the financial report

Opinion

We have audited the financial report of Queensland Audit Office, which comprises the statement of financial position as at 30 June 2021, 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 certificates given by the Auditor-General of Queensland and the Chief Financial Officer of Queensland Audit Office.

In our opinion, the accompanying financial report:

- (a) gives a true and fair view of the financial position as at 30 June 2021 of the Queensland Audit Office and of its financial performance and cash flows for the year then ended; and
- (b) complies with the Financial Accountability Act 2009, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

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 Queensland Audit Office in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "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.

Information Other than the Financial Report and Auditor's Report Thereon

The Accountable Officer is responsible for the other information. The other information comprises the information included in Queensland Audit Office's annual report for the year ended 30 June 2021, 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. We have nothing to report in this regard.

Responsibilities of the Accountable Officer for the Financial Report

The Accountable Officer of the Queensland Audit Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and is appropriate to meet the requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2019. This responsibility includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Limited Liability by a scheme approved
 under the Professional Standards Legislation

National Association | **Hall Chadwick**
 International Association | **Prime Global**
 Associations of Independent Firms

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

Auditor's Responsibilities 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 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 the 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 Queensland Audit Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Officer.
- Conclude on the appropriateness of the Accountable Officer'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 Queensland Audit 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 Queensland Audit 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 the Accountable Officer 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.

Report on other legal and regulatory requirements

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2021:

- (a) We have received all the information and explanations which we have required; and
- (b) In our opinion, the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

Hall Chadwick
M. S. Taylor

Mark Taylor
Director
Hall Chadwick QLD

Dated at Brisbane this 28th day of July, 2021.

Performance statement

Queensland Audit Office Performance statement For the year ended 30 June 2021

Contents

Performance comparison—target to actual

Notes to and forming part of the performance statement

General information

This performance statement covers the Queensland Audit Office (QAO) for the 2020–21 financial year.

QAO is an office established under the *Auditor-General Act 2009* to support the Auditor-General in providing independent public sector auditing services and reporting.

The head office and principal place of business is:

Level 13, 53 Albert Street
BRISBANE QLD 4000

For information relating to QAO's performance report please call (07) 3149 6000, email enquiries@gao.qld.gov.au or visit the QAO's internet site www.gao.qld.gov.au.



Queensland Audit Office
Performance statement
Year ended 30 June 2021

Performance comparison—actual to target.

Independent public sector auditing	Notes	Target	Actual	Variance
Service: Reports and advice to the parliament				
<i>Effectiveness measures</i>				
Parliament's overall satisfaction with services (%)	1, 2	80	89	9 favourable
Average time taken to produce reports—results of financial audits—from applicable balance dates (months)	4, 6	6	7.4	1.4 unfavourable
Average time taken to produce reports—results of performance audits—from initiation of audits (months)	4, 6	9	10.6	1.6 unfavourable
<i>Efficiency measures</i>				
Average cost of reports tabled—results of financial audits (\$'000)	5, 6	\$140.0	\$102.3	\$37.7 favourable
Average cost of reports tabled—results of performance audits (\$'000)	5, 6	\$395.0	\$241.9	\$153.1 favourable
Service: Reports and advice to the public sector				
<i>Effectiveness measures</i>				
Audit entities' overall satisfaction with audit services (index points)	1, 3	80	81	favourable
<i>Efficiency measures</i>				
Average cost of financial audits—State entities (\$'000)	7	80–90	95.4	5.4 unfavourable
Average cost of financial audits—Local government entities (\$'000)	7	70–75	73.4	1.6 favourable

These measures are based on the measures in the 2020–21 Queensland State budget papers. They have been reworded for the 2021–22 Queensland State budget.

The accompanying notes form part of these statements.



Notes to and forming part of the performance statement.

Including the explanation of major variances

1. QAO's performance is effective when members of parliament and the entities we audit value our independent audits and advice. We report the results of our audits and share our insights and advice to parliament and the entities we audit. Our clients provide feedback on the perceived effectiveness and quality of the Auditor-General and QAO's reports and services. This identifies opportunities for QAO to enhance our relationships with members of parliament and audit clients.
2. We typically survey members of parliament twice during the parliamentary term (not annually). This survey was conducted in 2020–21, and previously in 2018–19. The favourable result reflects the positive feedback we received about the value of our audit topics and the impact our reports have upon keeping members of parliament informed about public sector performance. Preparing clear, succinct, well-messaged and timely reports continues to be a focus for us, and we will continue to explore ways to improve our reports.
3. We survey our audit clients within the Queensland public sector each year. Audit client satisfaction is a blended average from surveys of financial audit and performance audit clients. The actual for 2020–21 is slightly higher than the target and reflects our focus on providing our clients with a consistent and seamless QAO experience. Responses from our clients were favourable toward our ability to respond to the COVID-19 pandemic allowing them to meet their reporting deadlines. We received positive feedback about the professionalism of our auditors and their knowledge and skills. Also, more clients felt they were given adequate opportunity to comment on audit findings and issues before our final reports were published. Clients would like to see us improve the timeliness of our financial audit program and further our understanding of our clients' organisations.
4. The Auditor-General must report to parliament on each audit performed. We track the time it takes to produce each report to parliament. The measure demonstrates the timeliness of QAO's reporting to parliament and how it contributes positively to prompt action being taken and the achievement of better public services. Financial audits—The measure is the average time of all financial audit reports tabled. It calculates the average time from our clients' financial year-end date to the tabling date of the report. Performance audits—The measure is the average time of all performance audit reports tabled. It calculates the average time from when the audit was initiated to the tabling date of the report.
5. We also track the life cycle cost of each report tabled. The measure demonstrates the cost of QAO's reporting to parliament and how this contributes to actions taken to achieve better public services. Financial audits—The measure is the average cost of all financial audit reports tabled within the financial year. The life cycle cost of a report includes the costs to develop the report through to when it is tabled. This includes internal staff costs and overheads, contractor costs, and other direct costs to produce the report. Performance audits—The measure is the average cost of all performance audit reports tabled within the financial year. The life cycle cost of a report is measured from when the audit is initiated to the date the report is tabled. This includes internal staff costs and overheads, contractor costs, and other direct costs.
6. Overall, our audit reports have been delivered later than expected and under budget. The unfavourable timeliness result is due to the impact of COVID-19 and the timing of the 2020 state election and estimates hearings. Under QAO's tabling protocols in the *Auditor-General Auditing Standards*, we generally do not send reports out for comment or table during caretaker or estimates periods. The favourable cost result demonstrates the efficiencies achieved from introducing initiatives focusing on reports being concise to better meet the needs of our stakeholders.

The actual duration and cost for each report are listed below.

Financial audit report title	Life cycle cost	Duration (months)
Water 2020	\$77,455	6.9
Transport 2020	\$71,024	7.1
Energy 2020	\$89,108	7.2
Health 2020	\$118,743	7.3
State entities 2020	\$88,074	7.4
State finances 2020	\$58,724	8.8
Local government 2020	\$225,477	9.6
Education 2020	\$89,528	4.8
Total	\$818,133	59.1
Average	\$102,267	7.4
Target	\$140,000	6.0

Performance audit report title	Life cycle cost	Duration (months)
Family support and child protection system (refer to note 8)	\$506,196	20.0
Effectiveness of audit committees in state government entities	\$150,755	9.6
Queensland Government response to COVID-19	\$55,960	3.9
Queensland Health's new finance and supply chain management system	\$133,455	5.8
Responding to complaints from people with impaired capacity—Part 1: The Public Trustee of Queensland	\$175,091	8.6
Awarding of sports grants	\$143,470	6.9
Delivering successful technology projects	\$210,677	7.0
Regulating firearms	\$386,694	10.7
Responding to complaints from people with impaired capacity—Part 2: The Office of the Public Guardian	\$175,091	13.4
Planning for sustainable health services (refer to note 8)	\$481,703	20.0
Total	\$2,419,092	105.9
Average	\$241,909	10.6
Target	\$395,000	9.0

7. We track the cost of each financial audit for state and local government entities completed within the financial year. The measure demonstrates the cost to perform a financial audit. The cost of our audits includes internal staff costs and overheads, contractor costs, and other direct costs. The scope of the audit and the number of opinions signed each year impacts this measure. Expressing the target as a range better reflects the nature of audit services and provides better information for understanding QAO's performance. It is normal for the total number of opinions to change marginally each year, which will impact these results.
8. The duration of *Family support and child protection system* (Report 1: 2020–21) was impacted by the complexity of the audit topic, and extended feedback periods for the clients. The duration of *Planning for sustainable health services* (Report 16: 2020-21) was impacted as we paused this audit while the entity responded to COVID-19.

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A. Additional information

This section contains additional information required for annual reporting purposes that is not in the main body of this report. It covers:

- *Public Sector Ethics Act 1994*
- workforce planning and performance data
- record keeping
- details of the Queensland Audit Office's Audit and Risk Management Committee.

Public Sector Ethics Act 1994

We are a signatory of the whole-of-government code of conduct established under the *Public Sector Ethics Act 1994*. We adhere to the Public Service Code of Conduct 2011 and a code of ethics for professional accountants.

To proactively safeguard and promote ethical conduct, we:

- undertake pre-employment screening on all contractors and employees, including criminal history and reference checks
- require employees to complete a comprehensive independence declaration, including details to help us manage any potential conflicts of interest
- train new recruits in public sector ethics and the Public Service Code of Conduct 2011, and provide refresher training on ethical decision-making
- operate as an integrity agency and routinely discuss issues of ethics and integrity among our workforce and clients.

Our internal policies, procedures, and practices align with ethical principles and values. Our auditors also apply APES 110 Code of Ethics for Professional Accountants as issued by the Accounting Professional and Ethical Standards Board. In 2021, all staff were required to complete mandatory refresher code of conduct training.

Strategic workforce planning and performance data

The Queensland Audit Office takes a strategic planning approach to workforce management, in which we focus on capability and capacity. Each year, we review our workforce needs during our business planning process. This section provides data on our workforce.

Workforce numbers at 30 June 2021

Measure	Value
Minimum Obligatory Human Resource Information (MOHRI)—effective headcount	190
Minimum Obligatory Human Resource Information*—effective full-time equivalents (FTE)	181

Note: *MOHRI FTE data for fortnight ending 18 June 2021.

During 2020–21, our separation rate for permanent employees was 13 per cent. No redundancy, early retirement, or retrenchment packages were paid.

The below table provides the Queensland Audit Office's data on our workforce inclusion and diversity.



Workforce inclusion and diversity at 30 June 2021

Measure	Value
Employees who are women	102
Employees from non-English speaking backgrounds	52
Employees with disability	1
Employees who identify as Aboriginal or Torres Strait Islander	0

Further information on how we manage, develop, and support our people is on pages 4–9 of this report.

Information systems, security, and record keeping

Effective record keeping gives us confidence that we have the evidence we need to support our decisions and the results of our audit work. During 2020–21, we continued to improve our record keeping practices by:

- implementing the principles of the records governance policy
- communicating roles and responsibilities for creating, managing and disposing of public records in our internal policies and procedures
- furthering our use, and reliance on born-digital and digitised records to support our business activities
- continuing our use of electronic signatures and document approvals
- providing mandatory training to all new staff and mandatory refresher courses to existing staff via our online training platform
- implementing the revised Queensland Audit Office retention and disposal schedule
- continuing to develop an information security management system to preserve the confidentiality, integrity, and availability of our information assets.

Audit and Risk Management Committee

The below table provides the membership details of the Queensland Audit Office's Audit and Risk Management Committee.

Audit and Risk Management Committee 2020–21

Member	Term	Meetings attended	Remuneration as per appointment letter per annum*
Ian Rodin (Chair)	Nov 2017–Nov 2020	4	\$14,240
Russell Banham	Nov 2017–Nov 2020	4	\$8,160
Jeff Duthie	Sept 2018–Aug 2021	4	\$8,160

Note: *All amounts exclude goods and services tax (GST) and do not include reimbursement of out-of-pocket expenses.

Further information on the functions of the Audit and Risk Management Committee is on page 12 of this report.

Audit Quality Sub-Committee 2020–21

Member	Term	Meetings attended	Remuneration as per appointment letter per annum*
Russell Banham (Chair)	Jan 2020–Oct 2023	2	\$5,000
Ian Rodin	Jan 2020–Oct 2023	2	\$4,000
Rajnish Padarath	Jan 2020–Oct 2023	2	Nil.

Note: *All amounts exclude GST and do not include reimbursement of out-of-pocket expenses.



B. QAO reports tabled in 2020–21

Number	Title	Tabled in Legislative Assembly	Total website views
1	<u><i>Family support and child protection system</i></u>	4 August 2020	2,587
2	<u><i>Effectiveness of audit committees in state government entities</i></u>	8 September 2020	3,236
3	<u><i>Queensland Government response to COVID-19</i></u>	22 September 2020	2,577
4	<u><i>Queensland Health's new finance and supply chain management system</i></u>	23 September 2020	2,905
5	<u><i>Responding to complaints from people with impaired capacity—Part 1: The Public Trustee of Queensland</i></u>	24 September 2020	1,044
6	<u><i>Awarding of sports grants</i></u> <u>Data visualisation dashboard</u>	29 September 2020	2,775 501
7	<u><i>Delivering successful technology projects</i></u>	30 September 2020	4,227
8	<u><i>Regulating firearms</i></u>	27 November 2020	2,190
9	<u><i>Water 2020</i></u> <u>Data visualisation dashboard</u>	28 January 2021	1,227 247
10	<u><i>Transport 2020</i></u>	2 February 2021	928
11	<u><i>Energy 2020</i></u> <u>Data visualisation dashboard</u>	4 February 2021	1,282 237
12	<u><i>Health 2020</i></u> <u>Data visualisation dashboard</u>	9 February 2021	1,683 430
13	<u><i>State entities 2020</i></u>	11 February 2021	1,319
14	<u><i>Responding to complaints from people with impaired capacity—Part 2: The Office of the Public Guardian</i></u>	16 February 2021	721
15	<u><i>State finances 2020</i></u>	18 March 2021	1,246
16	<u><i>Planning for sustainable health services</i></u>	25 March 2021	1,496
17	<u><i>Local government 2020</i></u> <u>Data visualisation dashboard</u>	22 April 2021	3,451 1,377
18	<u><i>Education 2020</i></u> <u>Data visualisation dashboard</u>	27 May 2021	600 192

The reports and data visualisation dashboards are available on our website at: www.qao.qld.gov.au/reports-resources.

C. Fees for audit service providers

Firms providing financial audit services	2020–21	2019–20*
Grant Thornton Audit Pty Ltd	2,309,182	2,078,446
KPMG	2,143,575	2,200,641
Deloitte Touche Tohmatsu	1,333,760	1,762,317
Crowe Horwath	1,146,782	1,087,068
Pitcher Partners	896,202	797,081
BDO Audit (Qld) Pty Ltd	853,405	665,362
BDO Audit (Nth Qld) Pty Ltd	734,524	678,988
Ernst & Young	670,109	732,786
Thomas Noble & Russell	650,008	693,980
PricewaterhouseCoopers	570,836	605,685
William Buck (QLD)	504,477	679,716
PKF Hacketts Audit	396,340	275,830
Bentleys Brisbane (Audit) Pty Ltd	319,822	330,837
UHY Haines Norton	233,478	221,020
Priestleys Chartered Accountants	190,596	244,189
Bennett Partners Pty Ltd	179,850	88,000
Prosperity Advisers Audit Services	157,304	197,583
MGI Assurance (South Qld) Pty Ltd	56,095	73,494
Vincents Audit & Assurances	12,628	44,305
Altius Accountants and Advisors Pty Ltd	-	171,781
Total	13,358,973	13,629,109

Note: * All amounts represent payments made during the financial year 2020–21.

Firms providing performance audit services	2020–21	2019–20*
Arc Consultancy	175,533	129,991
Aginic	23,760	12,485
Wilson, David Clive	18,040	-
Workplace Edge Pty Ltd	2,805	135,108
Monash University	-	46,286
Weir Legal and Consulting Pty Ltd	-	3,916
WSP Australia Pty Ltd	-	1,256
Total	220,138	329,042

Note: * All amounts represent payments made during the financial year 2020–21.



D. Glossary

Term	Meaning
Audit	This is an official examination and verification of accounts and records, especially of financial accounts.
Audit, financial	Depending on the audit subject (consolidated fund, public sector entity, ministerial expenditure, and whole-of-government financial statements), the Auditor-General must give an opinion as to whether public money was recorded, managed, and protected properly. Usually this involves auditing the financial statements and preparing an audit opinion.
Audit, performance	A performance audit may consider all or any particular activities of a public sector entity and may be conducted as a separate audit or as part of another audit, including an audit of another public sector entity. The audit's objective includes deciding whether the objectives of the public sector entity are being achieved economically, efficiently, and effectively, and in compliance with all relevant laws.
Audit opinion	An audit opinion will generally address whether the Auditor-General has received all the information and explanations the role requires. It will also generally address whether the Auditor-General considers the financial statements have been properly drawn up and are accurate and compliant with prescribed requirements to give a true and fair view of an entity's financial operations and position.
Auditor-General	In Queensland, the Auditor-General is appointed by the Governor in Council for a fixed, non-renewable term of seven years.
<i>Auditor-General Act 2009</i>	This is the Queensland law that establishes the position of the Queensland Auditor-General and the Queensland Audit Office, confers the functions and powers necessary to carry out independent audits of the Queensland public sector and related entities, provides for the strategic review of the Queensland Audit Office, and provides for the independent audit of the Queensland Audit Office (published at www.legislation.qld.gov.au).
Financial statements	The Australian Accounting Standards Board (AASB) defines financial statements as comprising: <ul style="list-style-type: none"> • a statement of financial position as at the end of the period • a statement of profit or loss and other comprehensive income for the period • a statement of changes in equity for the period • a statement of cash flows for the period • notes, comprising a summary of significant accounting policies and other explanatory information • comparative information in respect of the preceding period.
Forward work plan	Section 38A of the <i>Auditor-General Act 2009</i> requires the publication of a strategic audit plan (which we title as a forward work plan) of proposed audits over a three-year period, reviewed and updated annually and published at www.qao.qld.gov.au .
Full-time equivalents (FTE)	This is the total headcount adjusted for the impact of part-time working arrangements.
Headcount	This is the total number of permanent employees, temporary employees, and contracted-in and seconded-in resources. It excludes employees seconded-out and on leave without pay.

Term	Meaning
Minimum Obligatory Human Resource Information (MOHRI) FTE	This is the total number of permanent employees and temporary employees who are either full time or part time. It excludes employment agency or contracted-in resources, and employees seconded-out or on leave without pay for longer than eight weeks.
Parliamentary committees	The <i>Parliament of Queensland (Reform and Modernisation) Amendment Act 2011</i> established portfolio committees to cover all areas of government activity, and examine appropriation bills, other legislation, and public accounts and public works. Parliament generally refers the Auditor-General's reports to a relevant parliamentary committee for review and response.
Public sector entity	The <i>Auditor-General Act 2009</i> defines a public sector entity as a department, a local government, a statutory body, a government owned corporation or a controlled entity.
Queensland Audit Office (QAO)	The Queensland Audit Office gives parliament independent assurance over public sector performance, financial management, and accountability, and assists it in understanding whether entities are delivering their services effectively, efficiently, economically, and in accordance with legislative requirements.
Reports to parliament	Under section 54 of the <i>Auditor-General Act 2009</i> (the Act), the Auditor-General may prepare a report on any audit conducted under the Act. The Act requires the Auditor-General to report to the Legislative Assembly on auditing standards, and on audits of the consolidated fund accounts or public sector entities, those requested by the Legislative Assembly, and audits of matters relating to property held by a public sector entity. These reports are published at www.qao.qld.gov.au upon tabling in parliament.



E. Annual report compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7	Inside cover
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	Contents page 68–69
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	Inside cover
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 9.3	Inside cover
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs – section 9.4	Back cover
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing ARRs – section 9.5	Back cover
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10	1–2
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community and whole-of-government plans/specific initiatives 	ARRs – section 11.1	N/A
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.2	10
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.3	10, 15–28
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	26–27
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	11
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	11
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	10
	<ul style="list-style-type: none"> Public Sector Ethics 	Public Sector Ethics Act 1994 ARRs – section 13.4	62
	<ul style="list-style-type: none"> Human Rights 	Human Rights Act 2019 ARRs – section 13.5	5
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.6	4
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	12–13, 63–64
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	12, 63–64
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	12
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4	12, 13, 63–64
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5	63
	<ul style="list-style-type: none"> Information Security attestation 	ARRs – section 14.6	N/A
	Governance – human resources	<ul style="list-style-type: none"> Strategic workforce planning and performance 	ARRs – section 15.1
<ul style="list-style-type: none"> Early retirement, redundancy and retrenchment 		Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	62
Open Data	<ul style="list-style-type: none"> Statement advising publication of information 	ARRs – section 16	Inside cover
	<ul style="list-style-type: none"> Consultancies 	ARRs – section 33.1	https://data.qld.gov.au
	<ul style="list-style-type: none"> Overseas travel 	ARRs – section 33.2	https://data.qld.gov.au



Summary of requirement	Basis for requirement	Annual report reference
	<ul style="list-style-type: none"> • Queensland Language Services Policy 	ARRs – section 33.3 https://data.qld.gov.au
Financial statements	<ul style="list-style-type: none"> • Certification of financial statements 	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1
	<ul style="list-style-type: none"> • Independent Auditor’s Report 	FAA – section 62 FPMS – section 46 ARRs – section 17.2

Note: FPMS—Financial and Performance Management Standard 2019. ARRs—*Annual report requirements for Queensland Government agencies*.





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