

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

We continue to operate as a sustainable and contemporary audit practice. The following pages of this report contain the:

- Queensland Audit Office's financial statements
- Independent auditor's report from HLB Mann Judd
- Queensland Audit Office's performance statement.

Financial statements

Queensland Audit Office Financial Statements For the year ended 30 June 2024

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General Information



These financial statements cover the Queensland Audit Office (QAO) for the 2023-24 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 2024

	Notes	2024 Actual \$'000	2024 Original Budget \$'000	Budget Variance* \$'000	2023 Actual \$'000
Income from Continuing Operations					
Audit fees	2(i)	45,678	43,550	2,128	42,041
Appropriation revenue for services	2(ii)	8,128	7,767	361	7,301
Other revenue	2(iii)	268	210	58	237
Total Income from Continuing Operations		54,074	51,527	2,547	49,579
Expenses from Continuing Operations					
Employee expenses	3	29,490	28,558	932	26,456
Supplies and services	4	23,787	22,506	1,281	21,440
Depreciation and amortisation	8 (b)	128	146	(18)	34
Other expenses	5	538	508	30	467
Total Expenses from Continuing Operations		53,943	51,718	2,225	48,397
Total Operating Result from Continuing Operations/Comprehensive Income		131	(191)	322	1,182

**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 2024

	Notes	2024 Actual \$'000	2024 Original Budget \$'000	2024 Budget Variance* \$'000	2023 Actual \$'000
Current Assets					
Cash and cash equivalents	1(d)	10,169	11,203	(1,034)	11,424
Work in progress	6	3,396	3,306	90	2,428
Receivables	7	6,591	4,125	2,466	5,001
Other current assets		589	558	31	612
Total Current Assets		20,745	19,192	1,553	19,465
Non-Current Assets					
Plant and equipment	8(c)(i)	257	251	6	385
Total Non-Current Assets		257	251	6	385
Total Assets		21,002	19,443	1,559	19,850
Current Liabilities					
Payables and accruals	9	2,724	2,029	695	1,703
Total Liabilities		2,724	2,029	695	1,703
Net Assets		18,278	17,414	864	18,147
Equity					
Contributed equity		5,183	5,183	..	5,183
Accumulated surplus		13,095	12,231	864	12,964
Total Equity		18,278	17,414	864	18,147

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

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Changes in Equity
For the year ended 30 June 2024

	Notes	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
Balance as at 1 July 2023		12,964	5,183	18,147
Operating result from continuing operations		131	..	131
Balance as at 30 June 2024		13,095	5,183	18,278
Balance as at 1 July 2022		11,782	5,183	16,965
Operating result from continuing operations		1,182	..	1,182
Balance as at 30 June 2023		12,964	5,183	18,147

The accompanying notes form part of these statements.

**Queensland Audit Office
Statement of Cash Flows
For the year ended 30 June 2024**

	Notes	2024 Actual \$'000	2024 Original Budget \$'000	2024 Budget Variance* \$'000	2023 Actual \$'000
Cash Flows from Operating Activities					
<i>Inflows:</i>					
Audit fees		44,205	43,393	812	42,423
Appropriation revenue for services		8,128	7,767	361	7,301
GST input tax credits from ATO		2,602	2,056	546	2,139
GST collected from customers		5,015	3,890	1,125	4,261
Other revenue		19	..	19	24
<i>Outflows:</i>					
Employee expenses		(29,264)	(28,450)	(814)	(26,185)
Supplies and services		(24,078)	(23,230)	(848)	(20,708)
GST paid to suppliers		(2,600)	(2,068)	(532)	(2,172)
GST remitted to ATO		(5,026)	(4,041)	(985)	(4,129)
Other expenses		(256)	(298)	42	(242)
Net Cash Provided by / (Used in) Operating Activities	13	(1,255)	(981)	(274)	2,712
Cash Flows from Investing Activities					
Payments for plant and equipment		..	(360)	360	(367)
Net Cash used in Investing Activities		..	(360)	360	(367)
Net increase / (decrease) in cash and cash equivalents		(1,255)	(1,341)	86	2,345
Cash and cash equivalents at beginning of financial year		11,424	12,544	(1,120)	9,079
Cash and Cash Equivalents at End of Financial Year		10,169	11,203	(1,034)	11,424

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

The accompanying notes form part of these statements.

Queensland Audit Office

Notes to the Financial Statements

For the year ended 30 June 2024

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 an independent officer of parliament, 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 that can improve performance and service delivery. The outcomes from our work include:

- Providing parliament with independent assurance over the performance of the public sector
- 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 public services.

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 30 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.

The parliamentary Cost of Living and Economics Committee provides oversight of the Auditor-General and QAO.

1. Summary of Material Accounting Policies

Material 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
- *Financial Accountability Act 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2023.

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 2024

1. Summary of Material 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) Issuance of financial statements

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

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

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 audit work is undertaken. This includes audit work undertaken by contracted audit firms on behalf of QAO.

(ii) Appropriation revenue for services to the parliament

QAO recognises appropriation revenue in the year which matches the timing of cash transfers made by Queensland Treasury under the *Appropriation Act 2023* as it is not subject to specific performance or contractual obligations.

	2024	2023
	\$'000	\$'000
Revenue		
Budgeted appropriation	7,767	7,301
Unforeseen expenditure	361	..
Total	8,128	7,301

The adjustment to appropriation from the amount set out in the *Appropriation Bill 2024* was for additional employee expenses that resulted from collective bargaining outcomes.

(iii) Other Revenue

	2024	2023
	\$'000	\$'000
Other revenue		
Storage services received free of charge	249	214
Miscellaneous receipts	19	23
Total	268	237

Miscellaneous receipts primarily consist of amounts recovered from other audit offices for their share of services the QAO provides to the Australian Council of Auditors-General.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

3. Employee Expenses

	Note	2024 \$'000	2023 \$'000
Employee Benefits			
Wages, salaries and sick leave	3(i)	23,085	20,717
Annual leave levy	3(ii)	2,329	2,055
Long service leave levy	3(ii)	637	553
Employer superannuation contributions		3,213	2,903
Fringe benefits tax		110	94
Total Employee Benefits		29,374	26,322
Employee Related Expenses			
WorkCover Queensland premium		33	34
Employee expenses – other		83	100
Total Employee Related Expenses		116	134
Total		29,490	26,456

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

	2024	2023
Number of employees as at 30 June (based upon the fortnight ending 28 June 2024)	199	182

(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 as incurred and accruals are recognised at current salary rates as it is expected any liability 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

While QAO transitioned to employing staff from the *Public Sector Act 2022* to the *Auditor-General Act 2009* on 13 December 2023, our membership of the Queensland Government's Annual Leave and Long Service Leave Schemes continued. 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 2024

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 management personnel and remuneration

(i) Key management personnel

Details of key management personnel are disclosed in accordance with section 3C of the *Financial Reporting Requirements for Queensland Government Agencies*. Key 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 2023–24.

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 performed 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 of QAO's executive management was set by the Queensland Public Sector Commission as provided for under the *Public Sector Act 2022* up to 13 December 2023. Since then, the remuneration framework for QAO's executive management has been set by the Auditor-General under the *Auditor-General Act 2009*. Individual remuneration and other terms of employment are specified in employment 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. Remuneration packages comprise the following components:

- short term employee benefits which include:
 - base — salary, 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 2024

3. Employee Expenses (continued)

(ii) Remuneration (continued)

- long term employee benefits include long service leave accrued
- post-employment benefits include superannuation contributions
- termination benefits are paid only in accordance with a contract of employment
- 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

Position	Name	Short Term Employee Benefits		Long Term Employee Benefits \$'000	Post-Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
		Base	Non-Monetary				
		\$'000	\$'000				
1 July 2023 – 30 June 2024							
Auditor-General	B Worrall	475	14	12	55	..	556
Deputy Auditor-General & Assistant Auditor-General	K Johnson	347	14	7	45	..	413
Assistant Auditor-General	P Flemming	349	14	7	41	..	411
Assistant Auditor-General	D Olive	339	14	7	41	..	401
Assistant Auditor-General	M Reardon	268	14	6	35	65	388
<i>1/7/2023 - 27/6/2024</i>							
Assistant Auditor-General	D Brown	307	14	7	40	..	368
Assistant Auditor-General	P Brahman	3	2	1	6
<i>1/7/2023 -5/7/2023</i>							
Total 2024							2,543
1 July 2022 – 30 June 2023							
Auditor-General	B Worrall	483	12	12	56	..	563
Deputy Auditor-General & Assistant Auditor-General	K Johnson	334	12	7	35	..	388
Assistant Auditor-General	P Brahman	331	7	7	38	..	383
Assistant Auditor-General	P Flemming	331	12	7	38	..	388
Assistant Auditor-General	D Olive	326	12	7	37	..	382
Assistant Auditor-General	M Reardon	191	6	5	18	..	220
<i>(4/10/22 – 30/6/23)</i>							
Assistant Auditor-General	D Brown	218	6	5	20	..	249
<i>(4/10/22 – 30/6/23)</i>							
Total 2023							2,573

(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 2024

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 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 data centre services to CITEC as per Note 4.

QAO pays rent and office services to Department of Housing, Local Government, Planning and Public Works as per Note 4.

QAO pays insurance to Queensland Government Insurance Fund (QGIF) and receives storage fees free of charge from Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities, and the Arts as per Note 5.

4. Supplies and Services

	2024 \$'000	2023 \$'000
Payments to audit service providers	14,809	13,130
Consultants and expert advice	1,810	2,363
Payments to employment agencies for contractor personnel	1,047	1,111
Rent and office services	1,420	1,382
Information technology and minor office equipment	3,119	2,043
Staff development*	249	239
Travel costs	464	483
Data centre charges	276	189
Other administrative costs	593	500
Total	23,787	21,440

*Staff development costs include all payments to external service providers for educational courses and course facilitation. Internal staff development costs include only employee expenses and are included in the employee expenses disclosed in Note 3.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

5. Other Expenses

	2024	2023
	\$'000	\$'000
Internal audit fees	148	143
External audit fees*	45	33
Insurance premiums – QGIF	63	65
Storage services received free of charge	249	214
Other expenses	33	12
Total	538	467

* Auditors remuneration

In September 2023, the Governor-in-council appointed Mr Adrian Narayanan to audit QAO’s financial statements for a five-year period, commencing the year ended 30 June 2024.

Mr Narayanan is a partner at HLB Mann Judd (SE Qld Partnership) and he uses the firm’s resources to complete the audit. The auditor’s remuneration for auditing the 30 June 2024 financial statements is \$35 000. In 2022-23 Mr Mark Taylor of Hall Chadwick was the appointed auditor and received remuneration of \$33 150.

HLB Mann Judd (SE Qld Partnership) is a full member of HLB Mann Judd Australasian Association. While Mr Narayanan did not provide any other services during the year to QAO, an affiliated member firm of HLB Mann Judd Australasian Association, Thomas, Noble & Russell provided services as an Audit Service Provider. QAO paid Thomas Noble & Russell \$952 038 for this work in 2023-24. No other services were provided by HLB Mann Judd (SE Qld Partnership) or Thomas Noble & Russell.

Thomas Noble & Russell audit have applied to become a full member firm of HLB Mann Judd Australasian Association, but at the date of signing the financial statements, that had not been confirmed.

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 calculated by the Auditor-General to provide for cost recovery and approved by the Treasurer
- invoiced and approved work undertaken for QAO by contracted audit firms
- outlays such as travel and accommodation directly incurred in completing the work that are yet to be billed.

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 work in progress exists
- no amounts are outstanding for entities that no longer exist, and
- good quality credit history, with our clients being state and local government entities.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

7. Receivables

	2024 \$'000	2023 \$'000
Audit fees receivable	5,831	4,359
Annual leave reimbursement	570	493
Long service leave reimbursement	167	127
Other receivables	23	22
Total	6,591	5,001

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.

8. Plant and Equipment**(a) Acquisition**

All plant and equipment assets are initially recognised and subsequently measured at cost.

Plant and equipment is only recognised in the Statement of Financial Position if initial acquisition costs exceed \$5,000. 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.

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

	2024 \$'000	2023 \$'000
Depreciation and Amortisation		
Plant and equipment	128	34
Total	128	34

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

8. Plant and Equipment (continued)

(c) Impairment

All plant and equipment 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.

	2024	2023
	\$'000	\$'000
(i) Plant and Equipment		
Plant and equipment		
At cost	988	1,002
Accumulated depreciation	(731)	(966)
Sub-total	257	36
Capital work in progress – at cost	..	349
Total	257	385
 <i>Plant and Equipment Reconciliation</i>		
Carrying amount at 1 July	385	52
Acquisitions	..	18
Disposals	(363)	(13)
Depreciation	(128)	(34)
Accumulated depreciation on disposal	363	13
Acquisitions to capital work in progress	..	349
Carrying amount at 30 June	257	385

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

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.

	2024	2023
	\$'000	\$'000
(a) Payables		
Creditors	1,092	405
GST payable	599	610
GST input tax receivable	(248)	(250)
Net GST payable	351	360
Total	1,443	765
(b) Accrued Employee Benefits		
Annual leave levy payable	871	616
Long service leave levy payable	182	158
Other employee benefits	228	164
Total	1,281	938
Total	2,724	1,703

Other employee benefits include accrued salaries and wages, accrued termination payments, 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 Housing, Local Government, Planning and Public Works (DHLGPPW). This arrangement is outside the scope of *AASB 16 Leases* as DHLGPPW has substantive substitution rights over the non-specialised, commercial office accommodation we use. There is no lease remediation requirement under this sub-lease.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

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 fees were \$2.128 million above budget. We were required to do additional audit work because of Machinery-of-Government changes in addition to the early performance of 2024 year end testing. We increased the number of audit staff and contractors to achieve this outcome.
<i>Appropriation</i>	QAO received additional funding to support payments related to enterprise bargaining outcomes.
<i>Employee Expenses</i>	Employee expenses were \$0.932 million over budget due to recruitment of additional staff and retention of incumbent staff to enable QAO to deliver audit services. Salaries and wages also increased due to the new Enterprise bargaining agreement (EBA) and State Wage Case.
<i>Supplies and Services</i>	Supplies and Services were \$1.281 million above budget. Payments to audit service providers were higher due to both additional audits being outsourced, increased costs of the contractual work being performed and timing of that work. The costs to invest in protecting systems and storing data has also continued to increase.

(ii) Explanation of Major Variances – Statement of Financial Position

<i>Cash and Cash Equivalents</i>	Cash was \$1.034 million below budget. This is a timing difference between when the work was billed and paid.
<i>Receivables</i>	Receivables are \$2.466 million above budget. This is a timing difference (as noted above) and most of this balance was received in July 2024.

(iii) Explanation of Major Variances – Statement of Cash Flow

<i>Audit Fees</i>	Audit fees were \$0.812 million above budget. This is a combination of additional audit fees during the year offset by the timing of when this work was billed and paid.
<i>Appropriation</i>	QAO received additional funding to support employee payments related to EBA outcomes.
<i>Employee Expenses</i>	Employee expenses were \$0.814 million more than budget. This was driven by higher than anticipated employee numbers and salaries and wages increased due to both EBA negotiations and the impact of the State Wage Case.
<i>Supplies and Services</i>	Supplies and Services was \$0.848 million more than expected. This was driven by higher payments to audit service providers and increased information technology costs.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2024

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	2024 \$'000	2023 \$'000
Cash and cash equivalents	1 (d)	10,169	11,424
Work in progress (amortised cost)	6	3,396	2,428
Receivables (amortised cost)	7	6,591	5,001
Total		20,156	18,853
Financial Liabilities			
Payables and accrued employee benefits (amortised cost)	9	2,724	1,703

(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 sufficient 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 \$300 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 2024

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)				Total \$'000
	Less than 30 days \$'000	30-60 days \$'000	Overdue 61-90 days \$'000	More than 90 days \$'000	
2024	6,150	401	40	..	6,591
2023	4,540	447	14	..	5,001

(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, \$173,806 (2023: \$171,000) was available in this facility.

As at 30 June 2024, 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.

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

	2024 \$'000	2023 \$'000
Operating Surplus	131	1,182
Non-cash items included in operating result:		
Depreciation and amortisation expense	128	34
Change in assets and liabilities:		
(Increase) / decrease in work in progress	(968)	409
(Increase) / decrease in receivables	(1,590)	422
(Increase) / decrease in other current assets	23	270
Increase / (decrease) in creditors	687	147
Increase / (decrease) in accrued employee benefits	343	145
Increase / (decrease) in GST payable	(9)	103
Net Cash provided / (used) by Operating Activities	(1,255)	2,712

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 2024 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.



Sandi Faddy, CPA
Acting Chief Financial Officer
31 July 2024



Karen Johnson, FCA
Acting Auditor-General
31 July 2024

Independent auditor's report



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 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the certificates given by the Acting Auditor-General of Queensland the Acting Chief Financial Officer of Queensland Audit Office.

In our opinion, the accompanying financial report:

- a) gives a true and fair view of the Queensland Audit Office's financial position as at 30 June 2024 and its financial performance and cash flows for the year then ended; and
- b) complies with Australian Accounting Standards, *Financial Accountability Act 2009* and Financial and Performance Management Standard 2019.

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 auditor independence 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 the Queensland Audit Office's annual report for the year ended 30 June 2024, 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.

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Responsibilities of the Accountable Officer for the Financial Report

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

In preparing the financial report, the Accountable Officer is responsible for assessing the Queensland Audit Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Queensland Audit Office or to cease operations, or have 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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2024:

- (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.

HLB Mann Judd (SE Qld Partnership)

**HLB Mann Judd (SE Qld Partnership)
Chartered Accountants**

Brisbane, Queensland
31 July 2024

A handwritten signature in black ink, appearing to read 'A B Narayanan'.

**A B Narayanan
Partner**

Performance statement

Queensland Audit Office
Performance Statement
Year ended 30 June 2024

Performance comparison of actual to target

Service Standard	Notes	Target	Actual	Variance	
Effectiveness measures					
Parliament's overall satisfaction with services	1,2
Audit clients' overall satisfaction (weighted average) (index points)	1,3	80	82	2	Favourable
Financial audit clients' overall satisfaction (index points)	1,3	80	82	2	Favourable
New measure					
Performance audit clients' overall satisfaction (index points)	1,3	80	82	2	Favourable
New measure					
Average time to produce reports – financial audits (months)	4,6	6	6.4	0.4	Unfavourable
Average time to produce reports – performance audits (months)	4,7	9	13.8	4.8	Unfavourable
Efficiency measures					
Average life-cycle costs of reports tabled – financial audits (\$'000)	5,6	140	175	35	Unfavourable
Average life-cycle costs of reports tabled – performance audits (\$'000)	5,7	395	492	97	Unfavourable
Average cost of financial audits – state entities (\$'000)	8	80–90	97	7	Unfavourable
Average cost of financial audits – local government entities (\$'000)	8	70–75	93	18	Unfavourable

QAO included 4 new measures in our Service Delivery Statements for 2024–25. Two of these – the financial audit and performance audit client satisfaction measures – are reported in this performance statement. The other 2 will be reported in our 2024–25 performance statement.

The accompanying notes form part of this statement.

Notes to and forming part of the performance statement.

1. QAO's performance is effective when members of parliament and our audit clients value our independent audits and advice. We report on the results of our audits and share our insights and

advice to parliament and the entities we audit. We value all feedback we receive as it 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). We previously surveyed members of parliament in 2022–23. Parliament’s overall satisfaction with services in 2022–23 was 97 per cent based on a response rate of 26 per cent. The next survey will be in 2024–25.
3. QAO surveys its public sector and local government audit clients each year. Our audit clients’ overall satisfaction is a weighted average from surveys of financial audit and performance audit clients.

The actual result for 2023–24 is slightly higher than the target and reflects the positive feedback about the professionalism of our auditors and their knowledge and skills. Clients rated our reporting highly, and agreed they had adequate opportunity to comment on audit findings. Based on the survey results, key improvement opportunities include the timeliness of our audit program and responsiveness to client enquiries; and how we communicate with some clients.

4. The Auditor-General reports to parliament annually on each audit performed. We track the time taken to produce each report to parliament, which contributes positively to prompt action towards the delivery of better public services. Our reports include:

Financial audit reports. The measure is the average time of all financial audit reports tabled. It calculates the average time taken from our clients’ financial year-end date to the tabling date of the report.

Performance audit reports. The measure is the average time of all performance audit reports tabled. It calculates the average time from when we initiate the audit to the tabling date of the report.

As detailed in the *Auditor-General Auditing Standards*, QAO does not table reports, or issue proposed reports for comment during the caretaker period. Therefore the 2024–25 target will increase due to the impact of the 2024 general State election.

5. We also track the life cycle cost of each report to parliament. The cost of reporting to parliament includes internal staff costs and overheads, contractor costs and other direct costs to produce the report.

Financial audit reports. 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 tabling the report.

Performance audit reports. The measure is the average cost of all performance audits for reports tabled within the financial year. We measure the life cycle cost of an audit from when we initiate the audit to tabling the report.

6. The variance in the cost of our financial audit reports reflects the increase in the cost of service delivery due to wage increases and increases in other operating costs. The variance for cost and time also reflects the challenges QAO is facing with resources in the competitive professional labour market. Other contributing factors include understanding the impact of multiple machinery-of-government changes to departments during 2023, and understanding the complexity of the issues we addressed in our new financial audit report, *Queensland’s regions 2023*.

We have listed the duration and cost for each report below.

Financial audit report title	Life cycle cost	Duration (months)
Energy 2023	165,170	5.2
Health 2023	121,563	5.4
Major projects 2023	189,612	5.5
Local government 2023	225,513	6.2
Managing Queensland's debt and investments 2023	88,364	5.3
State entities 2023	262,597	7.9
Education 2023	146,286	5.1
Queensland's regions 2023	198,362	10.7
Total	\$1,397,467	
Average (rounded)	\$174,683	6.4
Target	\$140,000	6

7. The delay and increase in costs of tabled performance audit reports is due to several reasons including:

- clients being afforded additional time and opportunity to consult and provide feedback on draft reports
- the challenges QAO is facing with resources in the competitive professional labour market
- the cost of delivering quality audits being impacted by wage increases and increasing costs associated with travel and technology
- QAO's commitment to providing clients with increased value from our work. For example, as part of our *Improving asset management in local government* audit, we developed an asset management maturity model for councils to self-assess their maturity. We then provided each council with a report on their results which were benchmarked against similar councils. This increased the cost and time to produce this report.

Performance and assurance audit report title	Life cycle cost	Duration (months)
Managing invasive species	411,498	14.8
Improving asset management in local government	595,567	15.1
2023 status of Auditor-General's recommendations	223,531	9.2
Deploying police resources	699,173	17.7
Minimising gambling harm	366,782	11.8
Responding to and recovering from cyber attacks	461,111	13.2
Reducing serious youth crime	687,744	14.4
Total	\$3,445,405	
Average	\$492,201	13.8
Target	\$395,000	9

8. We track the cost to perform each financial audit for state and local government entities completed within the financial year. These costs include internal staff costs and overheads, contractor costs, and other direct costs.

Expressing the target as a range better reflects the nature of audit services and provides better information for understanding QAO's performance. This measure is impacted by the change in the total number of opinions QAO issues each year.

The cost of delivering quality audits was also impacted by wage increases, increasing costs associated with travel and technology and additional work required from QAO due to the machinery-of-government changes.

The 2024–25 Target/Estimate has been increased to reflect the increasing costs of service delivery due to ongoing wage increases and costs associated with travel and technology.