

QUEENSLAND AUDIT OFFICE

Annual report
2023–24

Better public services

About this report

This report covers the activities of the Queensland Audit Office for 1 July 2023 to 30 June 2024. It provides a comprehensive view of how we operate to create value, and reports 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-annual-report-transparency-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.

5 August 2024

The Honourable S Miles MP
Premier
Level 40
1 William Street
BRISBANE QLD 4000

Dear Premier

Queensland Audit Office Annual report 2023–24

I am pleased to present the *Annual report 2023–24* for the Queensland Audit Office. I submitted this report to the Department of the Premier and Cabinet on 5 August 2024.

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 F of the report.

In accordance with changes to the *Auditor-General Act 2009*, the Queensland Audit Office will submit a copy of its future annual reports to the Speaker of Parliament, the appropriate minister and the Treasurer. The chair of the Cost of Living and Economic Committee (or its equivalent) will table the report.

Yours sincerely,



Karen Johnson
Acting Auditor-General

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Acknowledgement

The Queensland Audit Office acknowledges the Traditional and Cultural Custodians of the lands, waters, and seas across Queensland. We pay our respects to Elders past, present, and emerging.

We use the term 'First Nations people' in this report. We respect First Nations people's choices to describe their cultural identity using other terms, such as Aboriginal and Torres Strait Islander peoples, particular peoples, or by using traditional place names.

Outgoing Auditor-General's farewell

There are too many highlights from the past 7 years for me to include here. First and foremost, I appreciate this opportunity to publicly thank our people – our employees and contracted audit service providers, who have served Queensland tirelessly through what was a remarkable time of change. I thank the Queensland Parliament and the many clients and stakeholders I have had the privilege of providing our services for.

Effective oversight of public service delivery and the value for money that Queensland gains from our work was more important than ever over the past period. We faced COVID-19, much-needed scrutiny of audit quality, climate-related events, and skills shortages – to name a few. We also had 2 state and local government elections during my tenure, along with too many machinery of government changes.

Legislative change to the *Auditor-General Act 2009* was a significant milestone. Decades of reviews stipulated the need for enhanced independence of the state's audit office so we are free from potential influence from the executive government. To see that come into fruition was a high point, with the changes reflecting how fundamental independence is to our role. In March 2023, I was also honoured to be the first Auditor-General made an officer of the parliament in our 164-year history. There is more to be done to complete the recommended changes to our mandate that further enhance and protect the office's independence.

I believe in our own continuous growth, and know we must remain relevant as the world changes around us. This annual report discusses the results of the 2023 strategic review of the Queensland Audit Office (QAO). I was pleased to see it concluded QAO's functions are effective, efficient, economic, and valued. We immediately started, or continued, implementing the recommendations so we can improve. I am also proud of the work my office did to address the recommendations from the previous 2017 strategic review.

Involving our clients and stakeholders more meant they were more likely to hear what we were saying. From the onset, we continued QAO's strategy of placing them at the centre of all that we do. I designed a new operating model that pivoted to who we serve (parliament and public sector entities) to provide more consistent and relationship-based services from across our business. I aimed to better understand the differing environments entities work in, and attended 803 engagements with clients across Queensland over the 7 years. This includes meeting with 76 of the 77 Queensland local governments.

We sought innovation through our business improvement initiatives. Our data analytics project, strengthening our quality assurance, modernising our methodologies and tools, refreshing our reports to make them easier to understand, and becoming more transparent including on the audit requests we receive from elected members come to mind. We elevated professional development opportunities for our people via secondments with the Office of the Auditor-General New Zealand and the Office of the Auditor General of British Columbia. There were other successful projects our staff worked hard on, for which I am grateful.

A key endeavour was sharing the deep insights from our work. I tabled new reports, such as an annual status of Auditor-General's recommendations, which tells people if entities are acting on our recommendations. We launched new ways to deliver our advice beyond tabled reports, including data visualisations that translate performance information for everybody to understand. We produced tools to support entities' application of our advice. For 3 years in a row, QAO was recognised by peer offices in the Australasian Council of Auditors-General (ACAG) Awards.

We sharpened our forward work planning to develop focus areas that umbrella our work and bring together strategic risks to entities. Entities are also facing new challenges, which we will need to provide assurance over, for example, on climate reporting by the public sector, and the deployment of artificial intelligence to government service delivery. QAO's upcoming audit topics and reports reflect the interests of the Queensland community and address matters where our insights can best add value.

I wish the incoming Auditor-General the best for the years ahead with the 2023 strategic review confirming that QAO's work to date serves as a valuable platform for influencing positive change in the way public services are delivered. It is indeed an incredibly worthwhile role and it has been a privilege to serve Queenslanders. Thank you.

Brendan Worrall

Auditor-General: 11 July 2017–10 July 2024.

A message from the Acting Auditor-General

On behalf of our people, I thank Brendan Worrall for his stewardship of the Queensland Audit Office and applaud his services as the 23rd Auditor-General. His focus on the value from our services and real outcomes from our work continued to reinforce the vital role our office has as part of the state’s integrity system.

In the past few years, we saw momentous legislative change. The *Integrity and Other Legislation Amendment Act 2022* amended the *Auditor-General Act 2009*, aimed at strengthening our independence while providing enhanced accountability to parliament. The changes addressed recommendations made as far back as the 1991 Electoral and Administrative Review Commission, through to Professor Coaldrake’s 2022: *Let the Sunshine in – Review of culture and accountability in the Queensland public sector*.

In 2023, our mandate was also expanded to allow for performance audits of government owned corporations, shifted primary approval of our fee rates to the parliamentary Cost of Living and Economics Committee (COLEC), and, as Brendan mentions, recognised the Auditor-General as an officer of the parliament. We can now employ our people under the *Auditor-General Act 2009*, so we have more control over our resources and can remain responsive to external factors while pursuing innovation. The amendments also mean next year QAO’s annual report will be tabled by the chair of COLEC.

In the coming period, QAO will remain committed to delivering quality audits that meet our clients’ expectations and regulatory requirements. Our strategic plan guides us in meeting our clients’ and the Queensland community’s expectations of probity, accountability, and transparency. We will continue to foster our relationships and share our insights through genuine and timely engagement.

We will remain flexible to new opportunities and challenges. This includes implementing additional audit quality requirements following recent changes to Australian auditing and professional standards, auditing climate and sustainability disclosures, and auditing transactions associated with the 2032 Brisbane Olympic and Paralympic Games. Our fit-for-purpose business practices, such as how we develop our people, our data analytics, our information systems audit work, and a technology refresh, will augment our operations and enable us to continue to serve our clients efficiently.

There is a substantial body of work ahead of us in implementing the recommendations from the 2023 strategic review of QAO, and we look forward to the benefits we will gain. We will report to COLEC, QAO’s Executive Management Group, and our Audit and Risk Management Committee on our progress, and keep our clients and stakeholders informed.

Finally, I am delighted to take this opportunity to congratulate the incoming Auditor-General, Rachel Vagg. She will lead our office from 12 August 2024 in our support to parliament and in helping maintain the confidence Queenslanders have in the public services they receive.

Karen Johnson
Acting Auditor-General

QAO’s values



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.

Report on a page

Our workforce

- 198.98 full-time equivalent employees. 51 per cent are women, and 19.1 per cent are culturally or linguistically diverse. 76.9 per cent of our employees hold professional audit qualifications or are currently studying towards theirs
- 62 per cent for overall employee engagement from the Working for Queensland survey
- 129 training and development hours per auditor and 3 staff received CA or CPA qualifications

Our performance

- 414 audit opinions on public sector and local government financial statements
- 5 briefings to parliamentary committees on our reports to parliament, services, and performance
- 13.8 months (average) to produce reports for our performance audits, above our target of 9 months
- \$492,000 (average) cost of reports on our performance audits, above our target of \$395,000
- Received 82 index points from our surveyed audit clients on their satisfaction with our performance and assurance services – exceeding our target of 80 points
- Finalised 70 requests for audit – sending detailed responses to 85 per cent within 30 days, up from 81 per cent in 2022–23
- Received the Australasian Council of Auditors-General (ACAG) Communication award for our report on *Health outcomes for First Nations people* (Report 14: 2022–23)
- Tabled 15 reports to parliament, containing 70 recommendations on performance improvement
- Reported to parliament on 98 entities' self-assessed updates on their implementation of 678 recommendations
- 6.4 months (average) to produce reports for our financial audits, above our target of 6 months
- \$175,000 (average) cost of reports on the results of our financial audits, above our target of \$140,000
- Received 82 index points from our surveyed audit clients on their satisfaction with our financial audit services – exceeding our target of 80 points
- The average cost of the high-priority investigations was \$5,736 per request, down from \$9,755 in 2022–23
- 72,767 views of our reports to parliament on our website and 31,315 views of our blog, fact sheets, better practice guides, and podcast

Our financial position

- Remained financially sustainable, reflecting our focus on driving efficiency and improving how we manage our operations
- Overall income from continuing operations: \$54.1 million
- Total expenses from continuing operations: \$53.9 million

1. Our services for Queensland

The Auditor-General, supported by the Queensland Audit Office (QAO), is parliament’s independent auditor of all of Queensland’s state and local government public sector entities. The *Auditor-General Act 2009* (the Act) provides the legal basis for QAO’s access to information and the freedom to report the findings and insights from our audits. It promotes and protects our independence.

Our clients are all of Queensland’s state and local government entities, including departments, government owned corporations, statutory bodies, controlled entities, and the state’s 77 councils.

Queensland Parliament is our client, as we provide it with independent assurance over public sector and local government performance. It provides our office with appropriation to report to parliament on our work and to support it in its scrutiny and oversight. Parliamentarians provide input into our selection of audit topics, representing matters the public cares most about. 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, insights, and recommendations
- support our reports with visualisations that connect our insights to regions and communities
- conduct investigations into claims of financial waste and mismanagement
- share learnings from our work with our clients, professional networks, industry, and peers.

The outcomes from our work

- 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

The Queensland community is the reason for our work. From our selection of audit topics through to striving towards our vision for better public services, we aim to improve the lives of Queenslanders.

Our history

- 1859** • Queensland becomes an independent colony.
- 1860** • First Auditor-General, Henry Buckley, is appointed.
- 1861** • First report to parliament is tabled – covering some of Queensland’s earliest projects such as the dredging of the Brisbane River.
- 1861** • The colony’s first audit act is passed, establishing the principles and responsibilities of public sector auditing.
- 1874** • The *1861 Act* is replaced by the *Audit Act 1874*, better defining the Auditor-General’s role and function.
- 1977** • The *1874 Act* is replaced by the *Financial Administration and Audit Act 1977*, combining responsibilities for financial administration and the Auditor-General.
- 1993** • The *Audit Legislation Amendment Act 1993* is passed, changing the Auditor-General’s Department to the Queensland Audit Office: launched 1 May.
- 2009** • Legislation is updated with the *Auditor-General Act 2009* and *Financial Accountability Act 2009*. The Auditor-General’s independence is enhanced by separating audit provisions from financial accountability.
- 2011** • The *Auditor-General Act 2009* is expanded to enable performance audits, in a first for the state.
- 2023** • The *Auditor-General Act 2009* is amended to protect the Auditor-General’s and QAO’s independence. Staff are employed under the 2009 Act.

2. Report on our performance

Our strategic plan, revised annually, aligns our services with how we work together as one team towards our vision and purpose. The plan is informed by our operational and workforce planning, our forward work plan, and our service delivery statement (SDS) – which provides budgeted financial and non-financial performance information.

Strategic plan 2021–25

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, which includes our audit service providers, to best serve parliament and our clients.	We do not attract and retain the right people who uphold our values, and our ethical and quality standards.	Attract and retain our people to meet parliament and our clients' assurance expectations.	Our people are capable, uphold our standards, and feel respected and valued.
Those we serve trust and value our independent services and insights.	We do not maintain valued relationships nor adapt our services to meet changing needs.	Build trust in our relationships through listening and tailoring our response.	Our relationships and independence are valued.
We use contemporary auditing practices to deliver independent services that are used to improve accountability and performance.	We do not sufficiently use our technology to better understand our clients and deliver services that are valued.	Using data-driven solutions to enhance our assurance and insights to provide greater value.	Parliament and our clients benefit from our independent assurance services and the insights we provide.

QAO's strategic planning framework

Our strategic plan is based on a range of intelligence sources and information from across our business. Our strategic planning framework enables us to identify our aims, risks, and priorities.

Our executive leadership guides us in achieving our objectives, and every member of our workforce has a key role in our success.



Performance results for 2023–24

QAO assesses its performance against its strategic and operational objectives, using a range of measures developed through corporate planning and budgeting processes. Our performance targets are outlined in our SDS. We also compare our results to benchmarked averages of other Australian audit offices, where available, via the Australasian Council of Auditors-General (ACAG).

Our performance framework allows us to monitor and measure what we delivered – our outputs, how efficiently and effectively we operated, and the outcomes or impact from our services. Overall, these results inform our clients and stakeholders on how well we are achieving our mission and vision, including the value they receive from our services.

Performance results against annual measures

Strategic plan objective: We support and inspire our people, which includes our contracted audit service providers, to best serve parliament and our clients	
Target	Result
Improve our Working for Queensland survey score for overall employee engagement	2023–24: 62 per cent 2022–23: 63 per cent
Improve feedback from our independent survey with our contracted audit service providers	2023–24: 96 per cent said we work collaboratively 2022–23: 89 per cent said we work collaboratively
Increase on-the-job training and deliver the right number of training hours for our people	2023–24: 129 training and professional development hours per auditor 2022–23: 89 training and professional development hours per auditor
Support our peoples' achievement of professional audit qualifications	2023–24: 3 employees received CA or CPA qualifications. CA ANZ recognised 2 of our people with Fellowship status 2022–23: 10 employees received CA or CPA qualifications
Manage the risk to our capacity due to a competitive labour market for audit professionals	Hired 9 graduates Our separation rate reduced by 10.5 per cent Transitioned our employees from the <i>Public Sector Act 2022</i> to the <i>Auditor-General Act 2009</i>

Strategic plan objective: Those we serve trust and value our independent services and insights	
Effectiveness of our service delivery	
Target	Result
Deliver our audit opinions	2023–24: 414 opinions 2022–23: 414 opinions
Improve audit clients' overall satisfaction and meet SDS target of 80 index points (ip)	2023–24: 82ip 2022–23: 83ip
Improve our financial audit clients' overall satisfaction and meet our SDS target of 80ip	2023–24: 82ip 2022–23: 84ip
Improve our performance audit clients' overall satisfaction and meet our SDS target of 80ip	2023–24: 82ip 2022–23: 74ip
Table our reports to parliament	2023–24: 15 reports containing 70 recommendations 2022–23: 18 reports containing 82 recommendations
Provide support to the Queensland Parliament	2023–24: 4 briefings on 5 reports to parliament 2022–23: 10 briefings on 14 reports to parliament

Efficiently and effectively manage the requests for audits we receive	2023–24: Finalised 70 requests from this and previous years – sending detailed responses to 85 per cent within 30 days 2022–23: Finalised 83 requests from this and previous years – sending detailed responses to 81 per cent within 30 days
Produce resources for our clients, in addition to our reports to parliament	2023–24: 33 blogs, fact sheets, better practice guides, and podcasts 2022–23: 30 blogs, fact sheets, and better practice guides
Efficiency of our service delivery	
Target	Result
Meet the SDS target of 6 months average time to produce reports on our financial audits	2023–24: 6.4 months 2022–23: 8.4 months
Meet the SDS target of 9 months average time to produce reports for our performance audits	2023–24: 13.8 months. ACAG average: 11.5 months 2022–23: 11.9 months. ACAG average: 11.4 months
Meet the SDS target of \$140,000 average life cycle cost of reports on our financial audits	2023–24: \$175,000 2022–23: \$151,000
Meet the SDS target of \$80,000–\$90,000 average cost of financial audits for state entities	2023–24: \$97,000 2022–23: \$93,000
Meet SDS target \$70,000–\$75,000 average cost of financial audits for local government clients	2023–24: \$93,000 2022–23: \$83,000
Meet SDS target \$395,000 average life cycle cost of reports on our performance audits	2023–24: \$492,000. ACAG average: \$462,469 2022–23: \$320,000. ACAG average: \$425,345
Manage the average cost per hour of work charged to our audits	2023–24: \$187.70. ACAG average: \$206.67 2022–23: \$170.60. ACAG average: \$187.79
Manage the percentage of our total paid hours charged to audit work	2023–24: 54.2 per cent. ACAG average: 45.7 per cent 2022–23: 55.8 per cent. ACAG average: 45.6 per cent

Note: ACAG averages for 2023–24 exclude data from one of 7 participating audit offices due to unavailability.

Strategic plan objective: We use contemporary auditing practices to deliver independent services that are used to improve accountability and performance	
Target	Result *Does not include our employees.
100 per cent of our audits meet quality expectations and regulatory requirements	93 per cent (28 of 30) of audit files reviewed had satisfactory quality assurance results
Deliver data analytics project milestones	Built 4 new tools to improve the efficiency of our audit work
Increase readership of reports to parliament	2023–24: 72,767 users* 2022–23: 74,279 users*
Increase readership of better practice guides, blog, fact sheets, and podcasts	2023–24: 31,315 users* 2022–23: 30,658 users*
Increase views of our interactive data dashboards	2023–24: 9,516 users* 2022–23: 6,586 users*

Detail on this year’s performance

Delivery of audit opinions

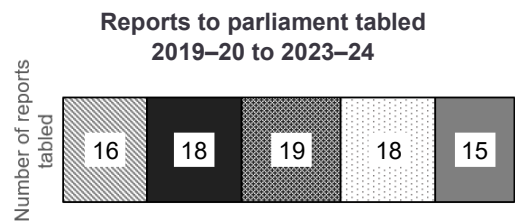
We continued to identify the risks that our audit clients were facing, design our audit work to respond to those risks, and report on matters of significance directly to our clients and to parliament.

We formed 414 audit opinions (2022–23: 414) about the reliability of state public sector and local government entities’ financial statements. We engage contracted audit service providers (ASPs) to support the delivery of our audit services each year and they are a critical part of our workforce. This year, our ASPs delivered 45 per cent of our audits, similar to 42 per cent in 2022–23.

Tabled reports to parliament

We tabled 15 reports to parliament on the results of our audits, our insights, key facts, and recommendations for performance improvement. This compares to 18 reports in 2022–23. We table our reports as soon as possible to ensure our assurance for parliament is timely and so entities can act immediately.

We tabled less reports due to the challenges QAO faced for qualified resources in a competitive professional labour market (Chapter 4), and due to the more complex or sensitive nature of some of our audit topics. Such topics require more engagement with the entities involved in the audit, and for some, with other stakeholders including the community.



Some of our clients also requested more time to respond to several of our reports – both on the early drafts we share with them and the following version we send for comment for 21 days per the *Auditor-General Act 2009*. We also needed to extend or repeat the consultation period on some reports due to changes in entity leadership.

We have a range of strategies and actions in place relating to our resourcing, recruitment, and developing our people (Chapter 4). We continue to refine the scoping we do for our selected topics through our forward work planning process. This reduces the time we need in the audit planning stage. We will continue to engage closely with clients as we prepare our reports as a crucial part of our process.

Across this year’s reports, we made 70 recommendations (2022–23: 82) on how public sector entities and local governments can improve their performance and achieve the positive, intended outcomes we are seeking in public service delivery. This does not include the many recommendations we make to our clients directly during our financial audits throughout the year.

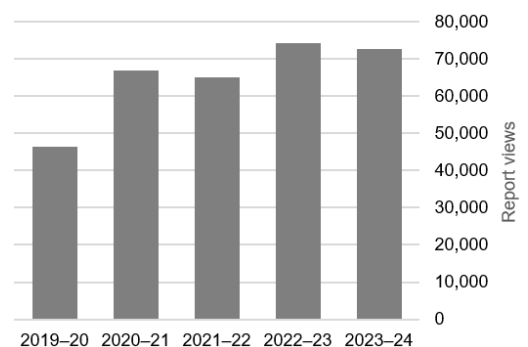
Readership of reports to parliament

We aim to increase views (readership) across all our reports over time, to grow exposure to our insights.

Within 2023–24, our reports were viewed 72,767 times. Our top 3 read reports of those tabled within this financial year were:

- *Improving asset management in local government* (Report 2: 2023–24) with 3,372 views
- *Local government 2023* (Report 8: 2023–24) with 3,213 views
- *Deploying police resources* (Report 4: 2023–24) with 2,725 views.

Website views of all QAO reports to parliament



We also track data on the readership of our supporting resources, including our blog, better practice guides, fact sheets, podcasts, and interactive data dashboards (Chapter 5).

Efficiency and effectiveness of our service delivery

We endeavour to use our resources as efficiently and effectively as possible, and ensure we allocate the right people to the right tasks to obtain the best possible value.

The cost and duration of each report to parliament is in QAO's performance statement on pages 57–59.

We also compare our performance results to data from peer audit offices, where available, via the Australasian Council of Auditors-General (ACAG). For this year, the ACAG averages exclude data from one of 7 participating audit offices (Audit Office of South Australia), due to unavailability at the time of this report.

This year, we were the most productive audit office, charging a higher percentage of total (whole of office) paid hours to audit work than our ACAG peers (54.2 per cent compared to the ACAG average of 45.7 per cent). The average cost for each hour we charged to our audits was \$187.70, compared to the ACAG average of \$206.67. Over the past 5 years (2019–20 to 2023–24), QAO has had the second-lowest cost per hour we charge for our audit work compared to the other offices.

Cost and timeliness of reports to parliament

We delivered our reports on the results of our financial audits at an average of \$175,000 per report, which was \$35,000 above our SDS target of \$140,000, and \$24,000 above last year's average cost of \$151,000.

The average cost of our performance audits, including the reports, was \$492,000. This was \$97,000 over our target of \$395,000, and \$172,000 above last year's average cost of \$320,000. Our cost for these reports was slightly higher than the ACAG average of \$462,469.

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 6.4 months – slightly longer than our target of 6 months and below last year's average of 8.4 months.

We measure the timeliness of the reports on our performance audits from the start of the audit to the tabling date. We delivered our performance audit reports on average in 13.8 months – longer than our target of 9 months and slightly up from last year's result of 11.9 months. Our time was longer than the ACAG average time of 11.5 months.

Both cost and timeliness of our reports was affected by the complexity of some of the audit topics and the additional client engagement we undertook accordingly, for example, on our report on *Reducing serious youth crime* (Report 15: 2023–24). We also needed to extend our consultation times on draft reports when entity leadership changed.

The average cost of our financial audit reports also increased due to us needing to reflect machinery of government changes and insights in our report *State entities 2023* (Report 11: 2023–24). This year, we tabled a new type of report to parliament, *Queensland's regions 2023* (Report 14: 2023–24), which required additional time for careful planning, review, and consultation.

Alongside some of our reports to parliament, we develop supporting guides or maturity models. These further share advice from our audits to support entities' action on our recommendations, and we include the cost of development in the cost of our reports. We conducted additional work for our report *Improving asset management in local government* (Report 2: 2023–24), where we prepared individual advice on the maturity of each council's asset management. This year, we also developed 2 guides for our report *Responding to and recovering from cyber attacks* (Report 12: 2023–24).

This year, QAO also experienced resource challenges for suitably experienced employees ([Chapter 4](#)).

Efficiency benefits from our analytics solutions

The data that QAO has access to, as enabled under our mandate, is key for the efficient and cost-effective delivery of our audit services. It also gives us opportunities to develop innovative solutions that are integrated with our audit methodologies, and support deeper insights from our work. We design our tools to increase the efficiency of our audit work by focusing on what our people need so they can be as effective as possible – reducing the time they spend on manual data analysis.

This year, we launched 4 new audit-driven analytics solutions and provided data-driven services to replace or supplement those that each of our audit teams would normally undertake. We estimate to have significantly reduced the hours our people spend on manual audit calculations and analysis.

By continually innovating, we reflect our desire to foster unique, outcomes-oriented thinking amongst our people, where we encourage them to challenge the status quo and seek ways to better serve our clients. This aspect of our culture also helps us attract and retain a skilled and passionate workforce.

Audit clients’ satisfaction with our services

We engage an independent research provider (named ORIMA) to survey our audit clients every year. We use the results to immediately address any issues our clients may have and develop our strategy. We analyse the results over time to identify trends by client type, location, and the QAO team they work with.

In the survey, we ask departments, government owned corporations, statutory bodies, and local governments for feedback on our processes, our documents and reports, and value of our services. Index points (ip) is the average of the aggregate indices for each area of performance that the survey explores.

Over the past 5 years, our results have remained relatively steady.

This year, for our financial audits, our overall result of 82ip trended slightly lower than last year (2022–23: 84ip), but we exceeded our overall target of 80ip. We received 79ip for our audit process (2022–23: 81ip), 80ip for reporting (2022–23: 83ip), and 87ip for the value of our services (2022–23: 88ip).

One of our financial audit clients shared in the free text section of the survey:

‘I appreciate the insight that is able to be provided given the audit engagement across other organisations as it enables us to do things better at our organisation.’ – ORIMA survey, September 2023.

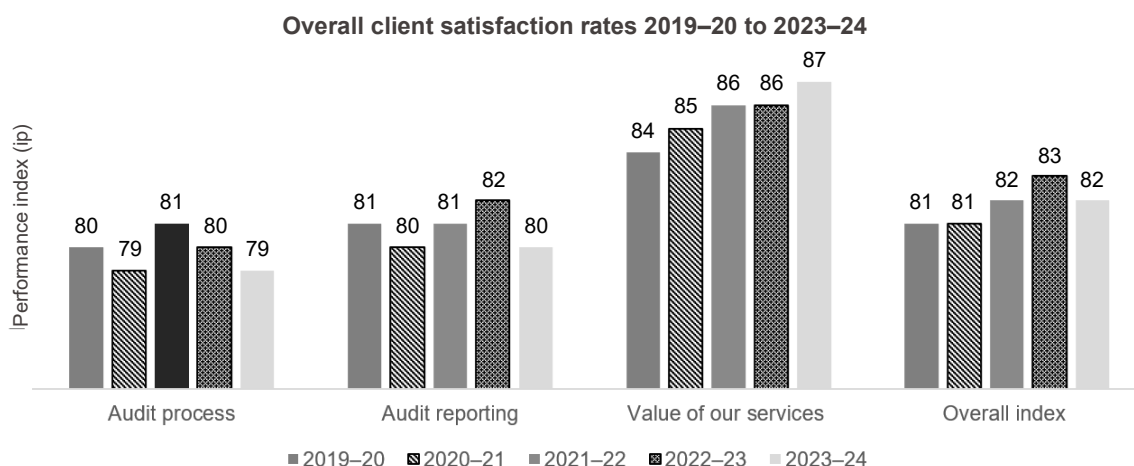
For our performance audits, the overall results were higher than last year at 82ip (2022–23: 74ip), and exceeds our performance target of 80ip. We received 80ip for our audit process (2022–23: 76ip), and 84ip for our reporting (2022–23: 77ip). We were particularly pleased to see our score for the value of our services went up to 83ip, from 68ip in 2022–23.

Regarding one of our performance audits and reports to parliament, an entity shared:

‘It was a pleasure working with the audit team. They were very knowledgeable and helped to work through our processes to ensure any potential gaps were explored fully before making any decisions. The audit report was communicated well with our organisation and opportunities were provided for additional input or corrections to be made.’ – ORIMA survey, October 2023.

We received significantly less responses to our surveys with performance audit clients – 52 per cent, down from 83 per cent last year. We are identifying ways to encourage better completion rates to yield more data.

We combine the results from our financial and performance audits to reflect our commitment to delivering consistent engagement and services from across our business. This approach provides one score for each client, giving us a more fulsome picture of their audit experience for the year. Our overall combined result this year was 82ip.



Overall, from the strengths identified in the surveys, our clients continue to recognise and appreciate the professionalism of our staff. They also all called out our collaborative approach to our work, meaning we aim to consult early and well on our audit planning, results, and reports to parliament.

We need to improve how long it takes for us to give clients feedback on their draft audit documents and ensure there are no large gaps in time between our audit teams contacting or engaging with clients.

We aim to complete audit work in-person to glean a better understanding of the context they operate in and to establish efficient communication and rapport. However, we can better plan the focus of our site visits to client locations before we arrive.

What we do with these results

Effective reporting to management and to our staff is a key part of us using these results and acting quickly on feedback or change opportunities. This year we improved our internal reporting to the Executive Management Group. This includes comparing results for QAO-led and audit service provider work, identifying clients with large variances to previous years, understanding who is or is not responding to the survey, and comparing results between reports to parliament.

We also improved our Power BI report for our people, which shows them their clients’ scores over time, so they can set their performance goals for their teams and track real-time data on survey completion.

Every 2 years we survey our clients’ audit committees, and members of parliament, with the next surveys to occur in 2024–25. The most recent survey results with these groups can be read in our 2022–23 annual report: www.qao.qld.gov.au/reports-resources/reports-parliament/annual-report-2022-23.

Supporting our parliamentary clients and stakeholders

We continually aim to help parliament understand entities’ performance and financial management, so it can hold them to account for the delivery of public services.

Briefings on our reports

Our reports to parliament are each referred to the respective parliamentary committee that will be responsible for reviewing it. The committee may elect to hold a briefing on the report from QAO, and from the entities involved in the audit. We also ensure we notify other committees if our audit includes an entity it has oversight of, or if the topic may be of interest. We inform the Cost of Living and Economics Committee of all our reports.

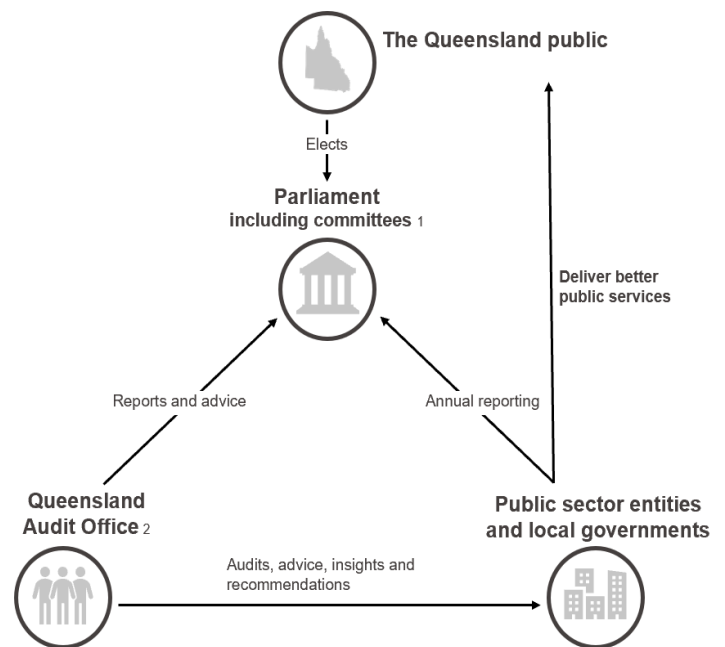
This year, we gave 4 briefings to 4 parliamentary committees covering the findings and recommendations in 5 of our reports to parliament, compared to 10 briefings on 14 reports in 2022–23. We anticipate briefings on the remainder of the reports we tabled this year later in 2024.

Overall, 16 of our reports from this year and previous years were referred to committees, and 5 committees finalised their inquiries into 6 reports from previous years.

In June 2024, in its report on *Improving asset management in local government* (Report 2: 2023–24), the Housing, Big Build and Manufacturing Committee commented:

‘The committee acknowledges the importance of asset management maturity and practices for sustainability and the support of growing and thriving communities. The recommendations provided by the QAO will assist councils to improve planning and management of the assets they administer.’ – Report No. 16, 57th Parliament, Housing, Big Build and Manufacturing Committee. Page 5.

Our relationship with parliament and Queensland



¹ Cost of Living and Economics Committee has oversight responsibility of the Queensland Auditor-General.
² Auditor-General is an officer of parliament, independent of parliament. They do not report to a member of parliament.

In August 2023, we attended the then Economics and Governance Committee's (now the Cost of Living and Economics Committee) public hearing on the *Integrity and Other Legislation Amendment Bill 2023* on the changes pertaining to QAO and Queensland's integrity bodies. We also made a formal submission to the committee on this Bill.

In November 2023, the Auditor-General presented to the Economics and Governance Committee on our performance and in April 2024, we attended a public hearing for the Cost of Living and Economics Committee's Inquiry into the Report on the Strategic Review of the Queensland Audit Office.

Engagement on our services and insights

In February 2024, the structure and membership of Queensland's parliamentary committees changed. We wrote to each newly established committee on 1 March 2024 about our services and to provide an overview of our recent and upcoming work as related to the entities they oversee.

We remained responsive to parliamentarians' requests for audits by carefully and objectively examining the information that they sent to us, per our mandate. We publish all requests from elected members on our website to ensure transparency: www.qao.qld.gov.au/audit-program/requests-audits.

We continued to engage directly with ministers about our recent and upcoming audits. We consistently offer to meet with the ministers whose entities are involved in the respective audit to ensure they understand our aims, to secure feedback, and, overall, to increase attention to our recommendations.

We consulted early on our new forward work plan with parliamentary committees and ministers (regarding the audit topics impacting them), receiving some feedback on the timing and scope of our planned audits.

Each year, we host a forum for parliamentary committee chairs, deputy chairs, and secretariat staff. This year, we discussed our forward work plan, the status of Auditor-General's recommendations report, themes emerging from QAO's work, and the results of our prior-year survey with members of parliament. We also presented on how to understand the state budget and how we use it in our work.

We invest in our relationships with the secretariat staff of the committees to better understand their needs from our reports, and for their advice on how and when it is best to engage with members. We also share how we do some of our own work, for example, on how we use plain language writing in our reports.

Developing our program of upcoming audits and reports

Per the *Auditor-General Act 2009*, each year we publish a 3-year plan to ensure we are auditing and reporting on the right matters at the right time.

Our plan provides transparency to parliament, our clients, and the Queensland community on the audits we intend to perform and reports we intend to table, and why we consider these important. Our forward-looking plan also gives our clients advance notice, so they have as much time as possible to prepare for our audits.

This year, we published our *Forward work plan 2024–27* on 24 June 2024. A summary is available at [Appendix B](#).

In developing the plan, we considered the range of strategic risks facing public sector entities and local governments. We have a robust methodology for prioritising potential topics based on their impact and importance, and the influence we can have over improvements to entity performance. As we have a limited number of audits and reports to parliament we can produce each year, we are careful and systematic in our selection.

A critical part of developing our plan each year is regular engagement with key stakeholders. We proactively sought input or feedback from parliamentary committees, entity leadership, stakeholders such as peak bodies, and other integrity bodies.

The culmination of our efforts from this plan is our delivery of insightful and timely reports to parliament. Over the next 3 years, QAO will supplement its plan with new or updated audits that respond to risks, and any changes to government priorities and strategies.

Managing the requests for audits we receive

QAO welcomes information on public sector performance and requests for audits from members of the public, elected representatives, public sector and local government employees, and other integrity bodies.

To be transparent, we publish requests from members of state parliament and councillors on our website: www.qao.qld.gov.au/audit-program/requests-audits.

This year, we received 79 requests, assessing 7 as high priority – meaning the topic may have significant impact or reflects a widespread issue across public sector service delivery or financial waste and mismanagement.

We finalised 70 requests we received in this or previous years, which included completing 14 investigations. We reported 16 findings or issues directly to entity management in relation to 7 of our completed investigations, and closely engaged with them to expedite or resolve matters.

Thirteen requests contributed to our current or planned performance audits, and we added another 4 to our list of potential topics for our forward work plan. We did not take further or detailed action on 39 of the requests we received, generally because the topics were not within QAO’s mandate, we had previously investigated them, or the request did not provide sufficient information for us to progress.

The most common topics or themes in the requests we received related to the governance of information or projects, systems implementation, and procurement. We received a similar ratio of requests by stakeholder type last year.

Some of our reports to parliament incorporate matters raised in requests for audits. This year, we covered ex-gratia payments (voluntary payments an entity is not legally required to make under contract) in our report *State entities 2023* (Report: 11: 2023–24).

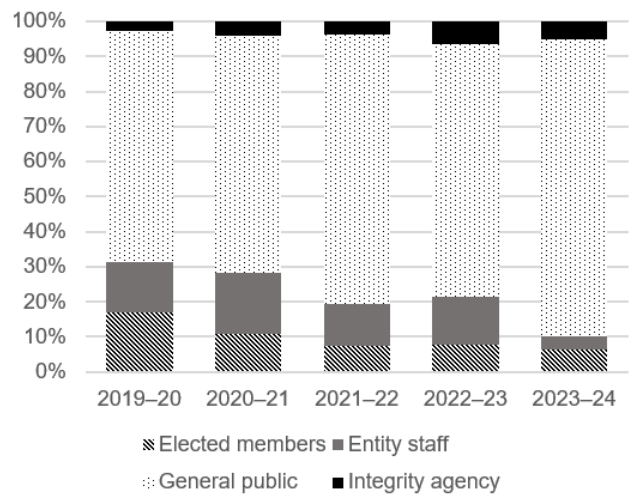
How efficiently we processed requests

This year, we increased how quickly we responded to requests. We sent detailed responses to 85 per cent of those submissions within 30 days of receipt, which is up from 81 per cent in 2022–23.

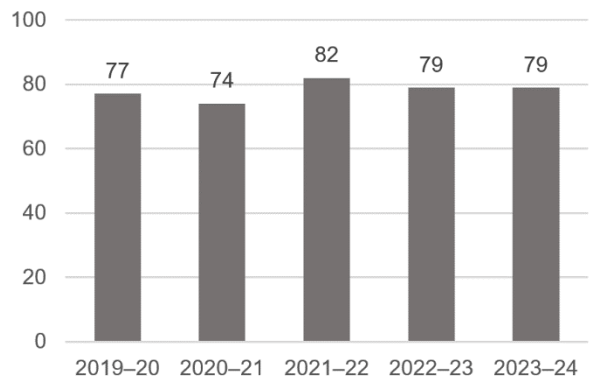
The average duration of requests we had in progress this year was 10.4 months, slightly slower than 9.2 months in 2022–23. On average, we had 25 active requests at the end of each month, the same as 2022–23.

The cost of managing requests for audits comes from the investigative work and liaison we do to determine what actions we will take. This year, the average cost of the high-priority investigations we finalised was \$5,736 per request, down from \$9,755 in 2022–23. We achieved this by streamlining how we analyse requests, liaise with our client-facing staff, and report on the requests. This efficiency also reflects less complexity in the requested audits.

Sources of requests for audit by stakeholder type



Total number of requests in the past 5 years



3. Overview of our financial position

We aim to lead by example in holding ourselves to the high standards we expect from the public sector entities and local governments we audit, and ensuring long-term financial sustainability. We ensure we provide cost-effective and valued audit and assurance services to parliament and our fee-paying clients.

This year's results reflect our ongoing focus on driving efficiency and improving how we manage our operations, while managing employee resource fluctuations and market demand for qualified audit professionals.

We remain financially sustainable in terms of our revenue, staff costs, and net surplus, with a current ratio of assets to liabilities of 7.7 as at 30 June 2024 (current ratio measures whether an organisation is sustainably balancing its assets, financing, and liabilities and is a general metric of financial health). This indicates an excellent ability to pay our debts as they become due.

We delivered our services with little impact on our overall financial position, with our revenue and operational expenses tracking well against our budget for 2023–24.

Our funding from parliament for 2023–24, received under the *Appropriation Act 2023* and the *Appropriation Bill 2024*, was \$8.13 million. This appropriation is allocated to reporting and advice or assistance to parliament, delivering performance audit and assurance activities, preparing our forward work plan, investigating requests for audits, and remunerating the Auditor-General.

Our overall income from our continuing operations was \$54.1 million, slightly over our budget of \$51.5 million.

QAO recognises the revenue from the audit fees we need to charge our clients for our financial audit services on a full cost recovery basis. High-quality, outcomes-focused and timely audits are a time and labour-intensive process. The fees we charge to deliver our audit services need to recover both direct and indirect costs. Approximately 84.5 per cent of our revenue comes from our client fees and the revenue from fees this year was \$45.7 million, slightly over our budget of \$43.6 million. This is due to additional work arising from machinery of government changes, in addition to early 2024 year-end audit testing.

QAO's total expenses from our continuing operations was \$53.9 million, marginally over our original budget of \$51.7 million. Over half of our expenses were employee costs at \$29.5 million, which was above our budgeted \$28.6 million, due to our need to recruit additional, suitably qualified people from a competitive labour market. This work included (and will include into next financial year):

- the increase in staff salaries per wage increases from state government certified agreements – QAO must self-fund ongoing wage increases
- addressing 2023 strategic review recommendations regarding our ability to resource all our audit and assurance services
- upskilling our capability with specialised training and development, particularly following significant changes to the audit landscape such as that on climate-related reporting and assurance
- improving how we use audited entities' information and data to derive further efficiencies in our services for them. We must continue to improve the security and handling of the data we source and house to manage the evolving and increasing cyber security risks all organisations face.

Our supplies and services were \$23.8 million, \$1.3 million over our budget of \$22.6 million, primarily due to increased costs related to our information technology (IT) needs, and our need to engage audit service providers to help us execute our mandate in delivering our audit work.

Our other expenses were conservative, primarily covering rent and office services, minor office equipment, and staff development.

QAO's financial statements and independent auditor's report are from page 34 of this annual report.

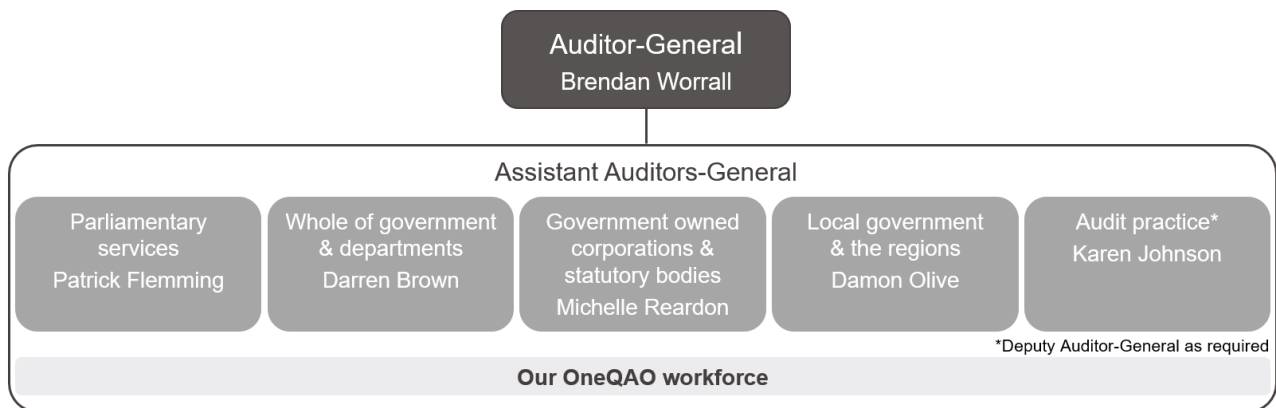
4. Leadership, governance, and risk

Our OneQAO organisational structure ensures all aspects of our service delivery are cohesive, so our clients experience more consistent services.

The Executive Management Group (EMG) supports the Auditor-General in meeting QAO’s responsibilities under the *Auditor-General Act 2009*, governs QAO’s strategic direction, and leads us to achieve our vision and purpose.

Our EMG and leaders drive successful business improvement and transformation opportunities, model our core values, and influence our positive culture. Our Assistant Auditors-General oversee our client services, quality, and people.

QAO’s operating model as at 30 June 2024



Governance framework

Our governance arrangements promote effective and accountable risk management. Our governance committees and groups challenge and monitor our risks, and our proactive or responsive actions.

Executive Management Group (EMG)

QAO’s EMG determines QAO’s strategy and budget; leads us in achieving our objectives; and helps us optimise, monitor, and report on our performance and risks. The 6-member group convenes monthly.

The Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) is an advisory committee to the Auditor-General. It is comprised of 3 independent members who bring in expertise from other industry environments.

The ARMC provides oversight of QAO’s risk, control, and fiscal responsibilities underpinning our corporate governance. It met 4 times in 2023–24. Details of committee membership are included in [Appendix C](#).

QAO’s governance foundations



Section 30(3) of the Financial and Performance Management Standard 2019 states that in establishing an audit committee, an accountable officer must have regard to the audit committee guidelines Queensland Treasury provides. In October 2023, Queensland Treasury updated the guidelines, and QAO ensured it applies its requirements. This includes ensuring our committee’s 3 members are all external and independent to QAO. Our charter details the committee’s responsibilities and appropriateness of the members’ skills, and includes that the committee must assess and report to the Auditor-General on its performance.

The Audit Quality Sub-Committee

The Audit Quality Sub-Committee is a sub-committee of the ARMC. It is responsible for advising the ARMC on quality assurance activities across QAO's audit services. It monitors QAO's audit quality activities and advises the ARMC of any unmanaged quality risks. All 3 committee members are independent. The committee met once in 2023–24.

Projects board

QAO's Projects board monitors and oversees QAO's initiatives, which we set up in response to risks and opportunities the business faces, including data analytics, learning and development, and the efficiency of our audit document filing processes. The board is accountable to the EMG and provides recommendations on project direction.

The board is comprised of 4 members, including one external, independent member, and is chaired by a member of the EMG. The Auditor-General has a standing invitation to attend meetings as an observer. The board met 9 times in 2023–24.

Sub-committees of the EMG

Our governance structure includes sub-committees to the EMG, which monitor and make recommendations regarding the primary risks QAO faces.

People Committee

QAO's People Committee guides how we manage our strategic risk of recruiting and retaining the right people to uphold our values and ethical and quality standards. This includes QAO's recruitment and retention decisions that require Auditor-General approval.

The committee is comprised of 3 Assistant Auditors-General. QAO's Director – Human Resources is also invited to attend meetings. It met 12 times in 2023–24.

Quality Management Group (QMG)

This group supports the Auditor-General in complying with professional and ethical requirements and provides leadership to QAO in achieving quality audit and assurance outcomes. The QMG members monitor all aspects of QAO's quality assurance framework.

The group is comprised of 3 Assistant Auditors-General. The chair may invite the Senior Director – Audit Practice, and other specialists. The group met 3 times in 2023–24.

Information and Cyber Governance Committee

This committee guides governance of matters relating to information, data, and cyber security. It focuses on compliance with legislation and government policy, and on increasing data governance awareness and capability within our organisation. This includes compliance per section 53 of the Act and to the *Information Privacy Act 2009*, *Public Records Act 2002*, and the information security policy (IS18:2018).

The committee is comprised of 3 members, chaired by a member of the EMG. It met 3 times in 2023–24.

Finance Management Group

This group supports the Auditor-General in complying with the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019. It reviews QAO budgets, service delivery statement measures and reporting, budget updates, and annual financial statements.

The committee is comprised of 3 members, chaired by a member of the EMG. It met twice in 2023–24.

Project Independence group

This group provided oversight and guidance on implementing amendments to the *Auditor-General Act 2009* on transitioning the employment of QAO staff from the *Public Sector Act 2022*, which occurred on 13 December 2023.

The group was comprised of 6 members who represented subject matter experts from across QAO, on matters such as human resources and QAO's legislation. It was chaired by a member of the EMG and met fortnightly or as needed.

Major legislative change for QAO

In 2022, Queensland Parliament first passed the *Integrity and Other Legislation Amendment Act 2022*, amending the *Auditor-General Act 2009* (the Act). Some amendments took effect in March 2023, and the remaining in December 2023.

The primary amendments covered formal recognition of the Auditor-General as an officer of the parliament, employing our people under the *Auditor-General Act 2009*, enabling us to conduct performance audits of government owned corporations, and increasing oversight by the Cost of Living and Economics Committee.

In February 2024, parliament passed the *Integrity and Other Legislation Amendment Act 2024*, which further amends the *Auditor-General Act 2009*. The 2024 amendments that apply to QAO will include parliamentary oversight of the appointment of the Auditor-General, QAO's funding proposals, and the annual report. The new requirements will commence during 2024–25.

Implementing the changes to our legislation was a significant body of work for our office, in particular for our specialists in our parliamentary services and human resources areas. It entailed deep understanding of various legislation, external engagement with stakeholders, and ongoing consultation with our workforce on the changes.

2023 strategic review of our office

Approximately every 5 years, a strategic review of QAO is conducted by an independent reviewer, appointed by the Governor-in-Council. The reviewers engage with us and our clients to understand how well we are operating and fulfilling our mandate. We welcome these reviews as an important opportunity for us to improve our services and operations.

In May 2023, Her Excellency the Governor of Queensland appointed the 2023 strategic reviewers, and the final report was tabled in parliament on 15 February 2024. The Cost of Living and Economics Committee (COLEC) held a public briefing with the reviewers on 15 April 2024, and a public hearing with the Auditor-General on 29 April 2024. COLEC's report is due in September 2024.

The 2023 review terms of reference covered the functioning and operation of QAO, including how QAO discharges its responsibilities.

The 2023 reviewers also looked at the recommendations in the 2017 strategic review of QAO, and those in the 2022 Coaldrake Review: *Let the Sunshine in – Review of culture and accountability in the Queensland public sector*.

Summary of the review conclusions

The 2023 strategic review report and QAO's response is available on our website: www.qao.qld.gov.au/about-us/external-reviews. Overall, it noted:

- The preceding 5 years have been a tumultuous period, domestically and internationally, and that QAO has navigated these challenges and served the state well.
- Queensland gets good value from its investment in QAO.
- QAO's functions are performed economically, effectively, and efficiently.

QAO accepted the 58 recommendations the reviewers made:

- Forty-seven of the recommendations are directed to QAO (including 9 made to the incoming Auditor-General about our organisational structure, planning, governance, and internal workforce challenges).
- Nine recommendations are directed to external parties, including to COLEC and the executive government, as stakeholders required for legislative change, and public sector entities regarding their completion of our client satisfaction surveys.
- Two recommendations closed out the recommendations from previous strategic reviews of our office, which the 2023 reviewers decided should no longer be followed up due to changed external circumstances or QAO’s actions in response.

We were pleased to hear that the review found QAO’s professionalism, expertise, the approach of its staff, and the assurance it provides were highly regarded.

It found that our financial audits complied with QAO’s methodology and auditing standards and provided useful and relevant feedback to stakeholders. However, it noted some areas for improvement regarding our processes for how we manage our documentation. The review also found areas for improvement regarding our performance audits, stating:

‘QAO’s performance audits are sound and robust. However, we also identified areas where there are room for improvements.’ – 2023 Strategic Review of the Queensland Audit Office. Page 11.

Our progress in implementing the 2023 recommendations

We have prioritised the timing and order for our completion of each recommendation based on a combination of risk, complexity, progress of existing initiatives, and corporate capacity to implement changes. We started work in December 2023 when the reviewers provided the final report to the Premier for tabling in parliament. Some of the recommendations were already underway, as they covered improvement opportunities we were already aware of and addressing.

Some recommendations will require a longer-term focus to be of full benefit. They require a staged approach over several years before they can be considered as fully addressed, and some recommendations entail multiple steps or actions, which we will steadily and progressively undertake.

We are reporting our implementation progress to QAO’s EMG and ARMC, and COLEC. We are also keeping our people informed of our actions, and updating our clients and stakeholders at our events and meetings, as relevant or of interest to them.

We will only ‘close’ a recommendation once we have sufficient evidence demonstrating that all aspects have been effectively addressed, as validated by QAO’s internal auditors. The next strategic review of QAO is due 5 years after the Queensland Government responds to the parliamentary committee’s (COLEC’s) report.

Overview of QAO’s implementation of 2023 strategic review recommendations

Recommendation type	In progress	Not started	Closed	Total
2023 – made to QAO	35	-	3	38
2023 – made to the incoming Auditor-General	-	9	-	9
2023 – made to external parties	-	8	1	9
2023 – no further follow up required	-	-	2	2
Sub-total	35	17	6	58

Sharing what we learned from the review process

QAO's preparation for, and work on, the strategic review was sizable. Before the review commenced, we identified and collected the information the reviewers may need, who in our office was responsible for collating it, and how they could do so as part of their day-to-day job. We set up a secure system and central repository to efficiently house data and documents, and regularly reported on our preparation progress to the EMG.

Following the tabling of the strategic review report, we published a blog on our website on *What we learned from an external review of our office*. While an audit and an external review differ in their approaches and levels of assurance, we shared parallels between the 2 on how best to prepare to ensure maximum value. In our blog, we outline how we prepared and what we learned, and include a list of tips for others.

QAO's internal audit function

Internal audit conducts independent and risk-based assurance activities, 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 engaged Bellchambers Barrett to deliver its internal audit program this year, which included assessing:

- the adequacy and effectiveness of QAO's accounts payable processes and controls
- the design and operating effectiveness of QAO's process for translating directives of the *Public Sector Act 2022* following our transition to employing our people under the *Auditor-General Act 2009*
- phase 2 of the effectiveness of QAO's process for calculating fee-for-service (end-to-end) revenue based on our timesheeting and rates we charge our clients
- the completeness and accuracy of data migration for the transition of our payroll system
- the maturity of QAO's information security management system (ISMS) against ISO 27001.

The results of the internal audits and QAO's subsequent actions are reported to the Auditor-General, the EMG, and ARMC.

External audit of QAO

Sections 71 and 72 of our legislation, the *Auditor-General Act 2009*, detail the requirements for an independent audit of QAO. An auditor is selected through a procurement process undertaken by the Department of the Premier and Cabinet and then appointed by the Governor-in-Council.

Similar to what QAO's audits do for public sector and local government entities, our external auditors provide assurance that the information in our financial statements can be relied upon, and that the statements are free from material misstatement and comply with relevant legislation.

Our risks and responses

Integrated risk leadership

QAO's risk management approach encompasses our culture, processes, and structures for identifying, responding to, and controlling existing and emerging risks. We use our assessments as input into our strategic and business planning, and we apply them to our operations, projects, and business decisions.

QAO records the key risks it identifies in risk registers, which we report on quarterly to the EMG and our governance committees.

Some of the 2023 strategic review recommendations related to our risks, which we are either already addressing or have since commenced action on.

Managing the capacity and capability of our workforce

Industry-wide recruitment and retention challenges continue, with high market demand and a reduced pool of suitable candidates for professional audit positions. Our profession is also seeing less people undertake relevant university qualifications. This means we face risks to how we can resource our audits in-line with client expectations, without compromising the wellbeing of our people.

Further, the 2023 strategic review of QAO highlighted the results in the 2022 and 2023 annual Working for Queensland survey that our staff are feeling increased workload pressure, and their workload is having a negative effect on their health.

In response to the above factors, we have progressed our strategic workforce planning to identify and bridge any gaps between our current and future workforce needs including the number of, and skills-types, of our employees. Our actions to help us attract and retain the right people this year included:

- increasing our staffing at each level so we can meet the scope of our work, and support non-billable activities (such as training to meet changes in the auditing landscape)
- ensuring our learning and development curriculum ([Chapter 6](#)) targets, and invests in, the capabilities we need now and for the future
- continuing to mature the service delivery that our ASPs provide with what our clients expect and value, including increasing training, feedback, and performance management for ASPs
- revising our performance management system so our employees have clear, measurable goals to work towards, and we quarantine time for coaching and development on the job
- streamlining how quickly we can promote and recruit for available positions, and improving how we onboard new starters so they are well-positioned to immediately add value
- prioritising our graduate and undergraduate development program to attract, retain, and upskill our future workforce
- continuing to implement QAO's wellbeing framework, which is grounded in 8 dimensions of: occupational, social, physical, financial, spiritual, emotional, environmental, and intellectual
- continuing to meet our workplace health and safety requirements
- examining how we source shorter-term contractors and specialist capability so we can efficiently support higher-tempo periods during the year.

Improving how we resource our audit work

A major activity this year was refining how we resource our audits so our clients receive consistent services over time, we remain responsive to unexpected work, and we align the knowledge our people have with our clients' needs. All while giving our employees rich experiences and greater team stability.

Our resourcing approach means we organise our people under 'communities', which are like large portfolios, servicing clients by industry or industries.

In October 2023, we launched our communities and, throughout this year, continued to smooth task allocations and identify efficiency opportunities. We also set up support tools to ensure consistent ways of working across our business, complemented by our employee engagement activities ([Chapter 6](#)).

Recruitment and staffing

The number of employees QAO needs has increased. In addition to meeting workload demands, we must upskill our people with specialised training. We also need to deploy staff to projects that meet or enhance our service requirements.

Some examples of this include:

- implementing additional audit quality requirements following recent changes to Australian auditing standards and professional requirements
- auditing of climate and sustainability disclosures, which are required under Commonwealth legislation for 8 large Queensland Government-owned companies from 1 July 2025
- addressing the recommendations from the 2023 strategic review of QAO
- auditing of new entities and their transactions, such as those associated with the delivery of the 2032 Brisbane Olympic and Paralympic Games
- maturing how we use audited entities' data to derive further efficiencies in our services for them. And continuing to improve the security of the data we house per evolving cyber security risks.

In response, we look to attract the right candidates by advertising our unique employee value proposition, and using both traditional and emerging recruitment methods. We also connect with professional bodies, universities, and student societies to promote our organisation and career opportunities.

To source the skills we need for the large and rapidly evolving area of climate-related reporting, we are engaging with our peers via the Australasian Council of Auditors-General (ACAG), and collaborating with industry specialists. We have also established a working group comprising EMG members and senior staff who audit the entities the reporting will first affect.

Changes to how we employ our people

Following the major changes to our legislation this financial year, and in what was a special milestone event for our office, on 13 December 2023 our employees transferred employment from under the *Public Sector Act 2022* to the *Auditor-General Act 2009*.

Employment conditions largely remained the same for most of our people. However, this change will give us more flexibility and predictability for our strategic workforce planning and will allow us to be more responsive to market standards for audit professionals.

Ahead of, and during, the employment changes, we engaged closely with our people via a change management initiative and provided a wide range of supporting materials.

Providing valued client engagement

Our clients are required to undergo our audit services, rather than choose us as a provider. As such, we must be aware of the authority our role and work carries, and what this means for our relationships.

We receive feedback on our services via our independent client surveys ([Chapter 2](#)), via external mechanisms including the strategic review of QAO, and directly from clients when we meet with them or visit their work sites. Through this, we act on opportunities for improvement.

To mitigate risk, we centre our relationships at the core of our strategic plan ([Chapter 2](#)), and consider them in all our operations, across all facets of our business. We:

- analyse our large and varied client base to identify those whom we need to engage with more, and better. This also means we can focus on those entities that are responsible for delivering a significant volume of public services and/or have influence over other entities
- analyse our client surveys to identify any trends, by service area, client type, location, and audit teams
- consult early on our planned audit program, upcoming audit work, and draft reports to parliament
- produce additional resources, on top of our mandated services, to support and help our clients – such as our blogs, fact sheets, better practice guides, and events
- seek to better understand our clients and the unique environments they operate in by speaking and/or meeting with them more frequently, including at their work locations across Queensland
- mature the service delivery of our audit service providers so it is in line with ours and our clients' standards and expectations
- ensure transparency around our work, and how and why we do it via our annual report, transparency report, correspondence with clients and stakeholders, and via our external communication channels
- educate and coach our people so they understand how and why to build long-term productive relationships, and set performance goals on effective client engagement and communication
- grow our relationships with our peers at other audit offices, integrity bodies, and professional bodies to expand our knowledge

QAO's organisational structure and operating model is geared to enable close oversight of our client engagement. This includes having Assistant Auditors-General – Client Services oversee client engagement and audit quality, meet with clients throughout the year, and develop our people.

How we manage complaints

This year, QAO received 7 complaints, mostly related to our processes for delivering financial audit services. We take any complaints seriously and manage them in accordance with policy. Our process for addressing complaints aligns with best practice, including the Queensland Ombudsman's complaints management guidance.

This year, we strengthened our process by implementing new action plans for our people and our audit service providers to help monitor our client relationships. We use these plans if we receive a complaint, but also if client dissatisfaction becomes apparent through our independent client surveys or via client engagement.

Assuring quality audit services

The overarching aims of audit quality can be summed up as the degree of excellence with which we consistently perform our audits. We aim to deliver quality audits with insightful impacts that meet the expectations and regulatory requirements of our clients. This includes assuring that our work is supported by sufficient and appropriate audit evidence, and that we conduct effective client engagement.

We have controls in place to ensure we meet these responsibilities. This year, we continued to deliver:

- risk-based audit methodologies
- an annual quality assurance plan targeting riskier audit jobs
- reviews by engagement quality officers of our audit work and our reports to parliament
- reviews of our audit service providers' performance and their systems of quality control
- effective resource allocation, ensuring the right mix and skills of people for our clients' needs
- an integrated learning and development program to grow our capability and share learnings.

The *Auditor-General Act 2009* requires us to table in parliament the standards by which we perform our audits – the *Auditor-General Auditing Standards*. Under these standards, we adopt the standards issued by the Auditing and Assurance Standards Board (AuASB) where relevant.

Transparency report

To demonstrate our commitment to audit quality, we voluntarily publish on our website a transparency report each year. It explains our quality program and results, how we seek to improve our audit practices, and describes our systems of quality management. We published our *Transparency report 2022–23* in October 2023: www.qao.qld.gov.au/reports-resources/reports-parliament/transparency-report-2022-23.

Acting on the evolving risk of cyber security

Cyber security is a primary risk for all organisations globally, and at QAO we continued our journey to improve and address any emerging risks and threats. Our controls help us monitor and act on risks before they become an issue, and to ensure we can respond to and recover from an incident.

Our robust policies, standards, procedures, and planned activities help ensure the security of our information and protect the integrity, confidentiality, and availability of our information assets.

This year, we continued to update and improve our information security management system in accordance with ISO 27001 – the leading international standard for information security. We continued to implement the Australian Cyber Security Centre's 'essential eight' maturity model for mitigating cyber risk, including the centre's updates in November 2023. QAO diligently ensured our organisation strives for the highest possible level of maturity.

We continued our education campaigns across our workforce to ensure our people know about their obligations under the *Auditor-General Act 2009*. This includes ensuring protected information is not divulged or made public, adhering to correct record keeping protocols, and reporting any breaches. Importantly, we continued our focused engagement with our contracted audit service providers to ensure they understand these critical requirements.

5. The impact from our services

We intend for our work to have an impact where we foster change by supporting and motivating entities to improve their service delivery, as well as holding them to account for how they use taxpayers' dollars. To do this, we follow up on entities' progress on acting on our recommendations, and we optimise and share the deep and broad insights from across our work via a range of methods.

Monitoring implementation of our recommendations

While our mandate does not extend to forcing entities to act on our recommendations, each year we ask them to self-assess their implementation progress. We then report to parliament on the results.

This approach gives entities and audit committees clarity over the current status of QAO recommendations. It also gives them a record of all performance audit recommendations we make to them, including those re-directed from machinery of government changes.

Our resultant report to parliament includes insights on the most common types of recommendations we make – indicating shared challenges and opportunities across entities. It shows the recommendations that entities are least likely, or slower, to implement.

We tabled our report *2023 status of Auditor-General's recommendations* (Report 3: 2023–24) in parliament in November 2023. For it, we asked 98 entities to self-assess their progress in implementing the recommendations we made to them across the 18 performance audit reports we tabled in 2020–21 and 2021–22. We also requested updates on outstanding recommendations from our 2022 report.

Twenty of the 98 entities reported fully implementing our recommendations. Fourteen of the reports we tabled in 2020–21 and 2021–22 have outstanding recommendations, and entities reported implementing 41 per cent of the 146 outstanding recommendations in our 2022 report.

In its response to our report *2023 status of Auditor-General's recommendations*, Queensland Health said '*I would like to acknowledge the valuable insights, important work undertaken and the continued assistance provided by your team to the Hospital and Health Service and Department of Health personnel regarding this process.*'

Each year, as set out in our forward work plan ([Chapter 2](#)), QAO conducts a detailed 'follow-up' audit with a resulting report to parliament. We use the responses from the status of recommendations project above to help inform what this follow-up audit will be, along with our other intelligence sources and analysis.

Sharing our insights

We can achieve more positive outcomes from our work when we share the insights from our reports beyond the tabling period, and beyond the entities we make recommendations to. Many of the learnings in our reports are pertinent or of interest to other entities. Further, with entities and their people frequently changing, we continuously share and re-promote the enduring insights from our reports and guidance.

Our resources are guided by a strategy, with each reflecting an area of audit focus per our forward work plan ([Chapter 2](#)). We ensure we publish our resources at the right time, so they benefit entities.

Maturity models and other self-assessment tools

For some of our reports, we develop maturity models, guides, or tools, for example, our models on asset management, fraud assessments, and financial statement preparation. In 2023–24, we produced 6 new better practice guides covering procure-to-pay functions, fraud and corruption, financial statement preparation, and cyber security.

Our most viewed guide for this year of those we produced in any year was the *Risk management maturity model*, at 901 views, which was followed by the *Fraud and corruption self-assessment tool* at 528 views.

Blog on topical matters

QAO's blog continues to be one of our most popular channels, allowing us to synthesise insights from our work into small articles and share advice quickly.

In 2023–24, we published 25 blogs. Our blog channel was viewed a total of 24,981 times this year. Our 3 most read blogs were: *Effective asset management plans and their long-term benefits* at 542 views, *Ex-gratia payments – what those charged with governance need to consider* at 528 views, and *Can confidential information be disclosed in financial statements?* at 491 views.

Some of our blogs form part of an ongoing series, which reflect systemic issues that have a lot of subject matter to cover. This year, these included the challenge of performance monitoring and reporting, asset management, and risk management.

Interactive data dashboards

Alongside some of our reports to parliament, we illustrate our insights via interactive data dashboards: www.qao.qld.gov.au/reports-resources/interactive-dashboards.

We refresh our dashboards for our results of financial audit reports each year, sharing easy-to-understand financial performance results for entities and interesting demographic information.

One of our most popular dashboards accompanies our yearly status of Auditor-General's recommendations report, allowing our readers to search based on their interests or role. This year, it was viewed 1,366 times: www.qao.qld.gov.au/status-auditor-generals-recommendations-dashboard.

Another key dashboard for us is our QAO Queensland dashboard, where we highlight key insights and data from across all our dashboards: www.qao.qld.gov.au/reports-resources/qao-queensland-dashboard. This dashboard has been viewed 2,272 times this year.

Our dashboard *Understanding grants*: www.qao.qld.gov.au/understanding-grants, brings together data from the Queensland Government Open Data Portal, and additional information relevant to understanding the local context for grants. This year, this dashboard was mentioned on the www.ourcommunity.com.au online newsletter, an organisation that delivers grant making, grant seeking, and grant management technology for the community across Australia.

Overall, this year, all our dashboards were viewed 9,516 times in total.

QAO's first podcast

We aim to keep pace with the communication channels our audiences are using and how they prefer to receive information. We seek out innovative methods for sharing the insights we gather from across our years of work, and from across multiple entities.

In late 2023–24, QAO launched its first podcast, covering our reports related to cyber security. Launched on 4 June 2024, the podcast had been listened to by 208 people as at 30 June 2024.

Following our tabling of *Responding to and recovering from cyber attacks* (Report 12: 2023–24) and its supporting resources for entities, we received significant interest and positive feedback from clients and others who work in the cyber or governance areas.

One stakeholder wrote to the Auditor-General shortly after, reflecting on our report findings and recommendations:

'Your recent report on cyber attacks has prompted me to thank you for being so vigilant and publishing such professional and high-quality, timely, valuable, and useful reports during your term. I completely agree that 'entities cannot delegate (abdicate) responsibility for managing their (programs).' We have seen this far too often. I also completely agree that 'governance documents be changed to formally recognise that responsibility for (programs) rests with the public body's chief executive or equivalent.'

Fact sheets on our role and services

We also produce fact sheets that explain our role, services, processes, and specific topics in more depth. Some of our fact sheets also help explain or support some of our better practice guides, for example on internal control assessments.

Our most viewed fact sheets this year were: *Internal control assessments* with 301 views, followed by *Our forward work plan* with 288 views, and *Preparing position papers for accounting matters and valuation* with 109 views.

Events for our clients

Our events provide a way for us to engage closely with specific client groups in a discussion-based manner. We cover bespoke information relevant to the attendees, such as technical and standards updates, insights from our audits and reports, and our upcoming work.

In February 2024, our annual event for the finance managers for all our Queensland state and local government clients had over 500 attendees. We appreciate Queensland Treasury's participation as a presenter on whole-of-government matters. Eighty-two per cent of post-event survey respondents said the briefing helped them in their role in financial management.

We host an event twice a year for audit committee chairs, with 179 attending across our events this year. This increases slightly each year.

Throughout the year, we hold forums for our client groups and our people – including our audit service providers – to share knowledge, examine risks facing specific industries, and discuss audit approaches. This year, we held such forums for our energy, health, local government, and university clients.

Some of our client engagement in focus

Supporting audit committees

Audit committees are an important group for advocating our recommendations with entity management, and those of internal audit and other assurance providers. They also have a key role in monitoring entities' progress in implementing recommendations.

Guided by our stakeholder engagement plan, this year we liaised with our clients' audit committees on an ongoing basis as part of our audits, and via dedicated deliverables that we develop specifically for them. Our attendance at audit committee meetings ensured we alerted them to emerging risks and allowed us to share the insights we glean from other entities and other audit committees.

We continued to share learnings in our briefing papers for audit committees for all our audit clients, and at a range of QAO-hosted and external event presentations.

In its June 2024 report covering our *Local government 2022* and *Local government 2023* reports, the Housing, Big Build and Manufacturing Committee acknowledged the importance of audit committees and reinforced our recommendations:

'The committee and its predecessors have previously stated and reiterated how vitally important it is for each council to have an audit and risk committee to help manage any vulnerabilities. In particular, the threat of cyber security attacks mean that each council must take proactive steps to raise their preparedness and resilience.' – Report No. 15, 57th Parliament, Housing, Big Build and Manufacturing Committee. Page 9.

Supporting local government

Queensland's local governments, also known as councils, are the first line of connection to our communities.

Guided by an engagement plan, we continued to support councils on a range of matters, particularly following the March 2024 local government election which saw some changes to council members and leadership. Some of our deliverables for the sector this year included:

- tabling our *Local government 2023* (Report 8: 2023–24) report to parliament early, in January 2024, ahead of the 2024 council elections. This gave councils in place for the 2023–24 year the opportunity to comment on their performance, and supported timely advice before the election caretaker period. Our report included an interactive data dashboard where readers can search by their address or local government area to see financial performance and demographic information
- developing better practice guides specifically for local government service delivery, including a tool for prioritising services, and a maturity model on procurement

- producing a welcome letter from the Auditor-General for councillors with a fact sheet on our services, topical issues for local government, what an audit is, and how we will work with them
- engaging closely with the Department of Housing, Local Government, Planning and Public Works on opportunities for us to share our insights via its communication channels
- presenting at the Local Government Association of Queensland's (LGAQ's) Civic Leaders Forum.

We also have strong relationships with many stakeholders who support councils, including LGAQ, the Local Governance Finance Professionals (LGFP), and accounting and auditing standards boards.

In May 2024, QAO made a submission to the Commonwealth Regional Development, Infrastructure and Transport Committee Inquiry into local government sustainability. We took the opportunity to share context in Queensland, and the reports to parliament and resources we have produced on the topic.

In May 2024, we were invited to share our insights on asset management in the Australian Local Government Yearbook magazine, which collates advice for local government professionals from experts across the sector: <https://executivemedia.com.au/publications/the-australian-local-government-yearbook>.

Case studies on the impacts from reports to parliament

Award for excellence on our report *Health outcomes for First Nations people*

In May 2024, QAO received an award from the Australasian Council of Auditors-General (ACAG) for our report: *Health outcomes for First Nations people* (Report 14: 2022–23). The award recognised, against peer audit offices, the report that demonstrated clear communication, effective reach, excellent presentation of information, and impactful engagement.

This audit topic was complex and sensitive, so it was essential our team attended cultural capability training, and we engaged a First Nations subject matter expert to provide feedback on the report. During the audit, we travelled throughout the state to meet with many stakeholders, such as health workers, community providers, and First Nations advocates. This helped build awareness of our final report.

We ensured our report was engaging for users who may not be as familiar with our work, including advocacy groups and some community service providers. We used plain language, keeping in mind the differing preferences our readers may have for receiving information. We also took a 'storytelling' approach, including using innovative visual aids to communicate more intricate or conceptual information.

Queensland Health accepted all recommendations and started updating its audit and risk committee on its progress. Shortly after tabling, the respective parliamentary committee requested a private briefing.

The report received interest from the wider public sector. For example, an entity planning a review of cultural capability reached out to us to learn more about how we audited and reported on the matter.

Report to parliament on *Improving asset management in local government*

Our experience in auditing local governments over many years shows that while they deliver similar services with similar assets, each see themselves as facing different challenges to asset management.

For our performance audit on *Improving asset management in local government* (Report 2: 2023–24), we developed a questionnaire for councils to self-assess their asset management maturity. It enabled them to understand their weak points and prioritise important changes.

Separate to our report, we gave each council an individualised report on the results of its assessment, benchmarked against similar councils, and based on financial sustainability challenges it faces. Councils told us how valuable it was for them to be able to engage their senior management about what was going well and where the weaknesses were. They used it to challenge themselves about improvements.

We have further developed the model and have been piloting it with our health clients. We aim to release it for all entities in 2025–26.

Collaborating with our peers

QAO invests in professional relationships through the exchange of information and best practices.

Australasian Council of Auditors-General

The Auditor-General is a member of the Australasian Council of Auditors-General (ACAG), alongside other Australian offices, New Zealand, Papua New Guinea, and Fiji. ACAG's objective is to strengthen public sector audit in Australasia through leadership, collaboration, and advocacy. We work closely with it through committee meetings, discussion papers, and by contributing to standard-setting boards. This year, Brendan Worrall, Auditor-General, was also the Chair of 2 ACAG subgroups: the Audit Standards Committee and the Audit Analytics Committee.

We engage internationally with audit offices. This May, Brendan Worrall attended the 25th Congress of the Pacific Association of Supreme Audit Institutions (PASAI). Brendan gave 3 presentations covering audit quality, building respect for the role of audit institutions, and using technology.

In April, Brendan Worrall was invited to present at the Australasian Council of Public Accounts Committees (ACPAC) Conference, which provides parliamentary public accounts committees (as titled in each jurisdiction) the opportunity to share best practice. Brendan shared insights on QAO's access to information and how we obtain evidence for our audits.

In another international relationship, QAO supports the Papua New Guinea Institutional Partnerships Program (PIPP), funded by the Department of Foreign Affairs and Trade (DFAT) and coordinated by the Australian National Audit Office (ANAO). In April 2024, QAO hosted 2 members from Papua New Guinea's Auditor-General's Office for a 4-week secondment, where we shared skills and experiences.

Integrity bodies

We regularly engage with other Queensland integrity bodies as permissible under legislation. Our sharing of insights sometimes extends to bodies in other Australian jurisdictions too.

In January 2024, the New South Wales Ombudsman referenced our report *Implementing machinery of government changes* (Report 17: 2022–23) in its 'In Focus' paper on the risks of maladministration: www.ombo.nsw.gov.au/Find-a-publication/publications/InFocus/machinery-of-government-changes-and-maladministration-risks.

Professional bodies

We contribute to work programs or sit on project advisory boards for the Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB). We liaise on a range of matters, for example on the Australian sustainability reporting standards, climate-related financial disclosures, and a post-implementation review of the performance audit standard (ASAE 3500).

Queensland Treasury has a key role in guiding whole-of-government accounting matters, so we also work closely with it to clarify and provide advice. One example this year was reflecting Treasury's changes to its guidelines for audit committees at our biannual event for committee chairs, and sharing a blog on the important changes.

We are actively involved in the work of the professional accounting bodies: Certified Practising Accountant Australia (CPA Australia), and Chartered Accountants Australia and New Zealand (CA ANZ). A QAO Senior Director chairs CPA Australia's public sector committee. Our audit staff obtain professional qualifications and attend or present at these bodies' knowledge-sharing and development events. We reflect on some achievements of our people in working with these groups in [Chapter 6](#).

6. Building our capability for the future

Our diverse and valued workforce

Our workforce comprises 198.98 full-time equivalent employees, with 19.1 per cent who are culturally and linguistically diverse. Fifty-one per cent are women – 32 per cent of them are in leadership roles, 3.8 per cent of our people identify as having a disability, and we represent a wide range of age demographics.

We aim to represent the community we serve, and greatly value the experiences our people bring to our workplace. Our ambition is to be exemplary in how we see, seek, and support our people as unique individuals who work together to give us a broad range of valued skills. It is important to us that everyone feels appreciated and confident in the work they do regardless of background or working style.

Under the *Human Rights Act 2019*, we fully support the rights of people to be treated with dignity and respect. We reflect this in our values, which we assess staff on as part of their performance reviews. We adhere to all the requirements of the *Human Rights Act 2019* and have received no complaints.

Feeling connected with peers is an important part of caring for and supporting our people and we continue to implement a number of ways to celebrate our people and the hard work they do.

Living our values

Our culture is underpinned by 4 core values of engage, respect, inspire, and deliver. They underpin how we work with our clients and each other.

Every year, we recognise our staff who demonstrate our values and our approach of delivering valued services for our clients. Our latest awardees were Paul Christensen, Senior Director; Amy Briggs, Senior Manager; and Kathleen Hayward, Senior Governance and Project Officer.

Paul's peers recognised him for his tireless work towards legislative change for QAO, which resulted in history-making improvements to the independence of the role of Auditor-General and our office. His knowledge of our mandate and effective stakeholder engagement, along with support to staff throughout the change process, made the project a success. Across his work, he generously shares his knowledge and expertise with all.

We recognised Amy for her exceptional client engagement, in particular her ability to listen, connect in a meaningful way, and appreciate each client's unique perspective. Her peers see her as a leader who expertly delivers high-quality products, and is resilient and positive.

Kathleen demonstrated QAO's values in her significant support to the 2023 strategic review of our office. Her effective sourcing of information for the reviewers, and timely preparation of key materials, meant QAO met its deadlines while delivering a significant body of work as economically as possible.

Developing and supporting our people

We need a workforce with the right skills and qualifications, who have opportunities to progress their careers and feel fulfilled.

We refreshed our learning and development framework to better align employee competencies, role requirements, and training delivery. It defines our 'learner-based' approach where we empower and support our people to drive their development. As part of our new approach, we implemented new methods for training, including modernising our online learning platform.

We advanced our 'on-the-job' training for staff, to expand traditional lessons with real experience where they can collaborate in teams, ask questions, and learn from others. We also built this approach into our performance management expectations.

Our training program is structured for graduates through to senior employees. This year's program covered core skills and competencies to ensure we stay up to date. All our auditors completed their annual technical training.

We better supported our graduates, and those that transfer at level from other organisations, by extending our dedicated support program for new auditors by 2 years. This helps build their core skills, prepare them for the next level of their career, and foster connections across the office while they start their first tasks.

Some of our recent graduates shared their thoughts on QAO:

'QAO's graduate program exposed me to an inclusive, engaging culture where I was able to meaningfully contribute on my jobs, while also giving me the opportunity to establish myself in the professional workforce. The genuine emphasis on career development and mentorship my colleagues displayed has allowed me to challenge myself with new and complex areas. This has been further encouraged by knowing that I have the support and assistance from my team.' – Joe R., Auditor.

'Participating in QAO's graduate program was a rewarding and valuable experience. I gained insight into how the public sector operates and developed a diverse set of skills that I will use throughout my career. The monthly forums gave me the opportunity to connect with the other graduates and bond over both our successes and setbacks.' – Claire G., Auditor.

We supported our staff to attend key industry conferences, such as those by Chartered Accountants Australia and New Zealand (CA ANZ) and Certified Practising Accountant Australia (CPA Australia). These help our staff remain across what is happening in the sectors or environment our clients operate in.

We further integrated our audit service providers (ASPs) into QAO's training program, meaning they received the same knowledge and information as our employees. Our program this year reached over 100 of our ASPs per event and covered local government audit, asset valuation, and our annual workshops on topical issues, client feedback, and our insights for clients. This integration also gives us their input into how we do our work and what they need from us to work together well.

Professional qualifications

QAO greatly values professional audit qualifications, and they are a requirement for our people as they progress their careers. QAO funds staff to obtain their CA or CPA designations. These programs entail a gruelling body of work, and this year 3 QAO team members were awarded theirs.

In April 2024, we were delighted to celebrate some of our employees advancing to CA ANZ Fellowship status. Fellowships honour the significant career achievements and contributions members have made to CA ANZ, the community, business, or through teaching, research, or writing in the accounting field. The recipients were Sumi Kusumo, Senior Director, and Charles Strickland, Senior Director.

'Using my skills to give back to CA ANZ and the community has always been part of what I've believed in. Being recognised as a Fellow is a humbling experience and tremendous honour.' – Charles S., Senior Director.

In April 2024, Auditor-General, Brendan Worrall, received a meritorious service award for his service to CA ANZ and the accounting profession. At the Fellowship Dinner for awardees, Brendan shared some of his experiences over his career and his contribution to the industry through his representation on CA ANZ boards and committees.

The contributions of our awardees represent that of many others in our organisation. QAO is proud of what all our people have achieved over the past year and thank them for living our values every day.

International experiences for our people

A special way we help grow our people, as well as share audit expertise, techniques, and methodologies, is through our relationships with overseas audit offices.

In February 2024, the Australian Association of Graduate Employers ranked QAO 14th as a 'Top Graduate Employer,' putting us in the top 25 small graduate employers Australia-wide.

The ranking is based on survey feedback from our graduates on our onboarding, our development program, and their first year overall.

This year, we continued our 4-week secondment exchange arrangements with Audit New Zealand. One of our 2 teammates who crossed the Tasman Sea this year shared with us:

‘I found it really valuable to spend a few weeks getting to know the approach of another audit office. Learning new ways to go about solving the same problem has given me greater confidence in my own work – particularly for public sector entities.’ – Nathan E., Assistant Manager.

Four auditors from New Zealand joined the QAO team for a 4-week placement with a range of our audit teams. Nish. P, Audit Senior, from the Office of the Auditor-General New Zealand told us:

‘The experience was truly invaluable, and I am greatly thankful for the chance to work alongside QAO’s talented team. The positive and inclusive culture made my experience even more enjoyable.’ – Nish P., Audit Senior.

In March 2024, QAO and the Office of the Auditor General of British Columbia (OAG BC) signed a Memorandum of Understanding to exchange of audit staff, and 2 of our people commenced a 6-week exchange in British Columbia in May 2024. QAO will also host staff from the OAG BC in July 2024.

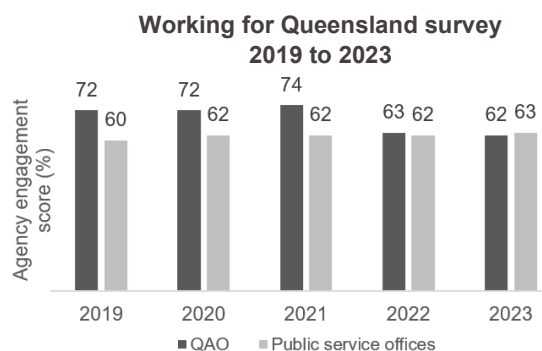
Feedback from our employees

Working for Queensland survey

We participate in the independent, annual Working for Queensland survey, which gives us information on how engaged our people feel, how they view our leadership group, and how satisfied they are with their jobs.

We assess our results against benchmark data. Whilst we are not a government entity, we compare our results to those of smaller Queensland government organisations (less than 500 staff) – which is what we are most like.

In the most recent 2023 survey, 86 per cent of our employees responded. Many of our people were new to QAO at the time of the survey, reflecting the significant turnover of audit staff across the profession in recent years. Our overall employee engagement result was 62 per cent, similar albeit a slight drop to our previous year survey in 2022. The score for employee engagement for smaller Queensland government organisations was 63 per cent.



Areas where we are performing well include:

- 93 per cent understand what is expected to do their job well.
- 90 per cent understand how their work contributes to QAO’s strategic objectives.
- 87 per cent of respondents say their job gives them the opportunity to utilise their skills and knowledge.
- 90 per cent of respondents enjoy flexible work practices and the ability to manage work and non-work interests.

Areas where we need to improve include:

- 47 per cent believe performance is assessed fairly.
- 56 per cent are confident discussing their mental health with a manager or supervisor.
- 32 per cent discuss ways to promote wellbeing in their work group.
- 29 per cent discuss ways to promote mental health in their work group.

We developed an action plan to address where we need to improve. We shared what we are going to do and reported on our progress to our people and governance committees.

Pulse survey with our team

Pulse surveys with our employees are a good way to check in and receive feedback throughout the year.

Following QAO's creation of a 'communities' approach to its resourcing management ([Chapter 4](#)), we have been asking our people about what is working and ideas for improvement. In our latest survey in May 2024, 20 per cent strongly agreed the new model is an improvement, with a further 39 per cent agreeing. Eighty-eight per cent agreed they enjoy working and collaborating within their team.

We will continue to improve and refine our resourcing approach, including applying ongoing feedback from our people and applying insights from our client satisfaction surveys.

Feedback from our audit service providers

Our contracted ASPs are crucial to the delivery of our services. The way we work with them helps ensure we are delivering more consistent client services, and we share and exchange our knowledge and skills.

For the past 4 years, we have been capturing feedback from our ASPs via a survey that is conducted by an independent researcher.

Overall this year, ASPs gave us a satisfaction score of 77ip, down slightly from last year's 79ip. Their feedback on how we guide and work with them was consistent at 82ip this year (82ip 2022–23), and on our workforce 83ip (84ip 2022–23). We ask them how well they understand our expectations, if we provide useful and timely performance feedback, whether we work collaboratively to present a united audit team, and about the conduct of our auditors.

ASPs told us that our learning and development approach is working well, along with the regular catch ups between audit teams and ASPs, and regular updates of audit templates. We were pleased to receive positive feedback on our collaboration, with ASPs feeling like they are part of our team. Eighty-six per cent said they felt like we provided them with the information they need to do their jobs and 97 per cent said they understood what was expected of them. Ninety-six per cent said they felt we continually tried to improve performance.

Areas for improvement include providing more consistent and timely feedback and advice on their work, continuing to be clear on our expectations, and continuing to make our audit templates easier to use. QAO is developing a formal performance management process for ASPs and will continue to provide more regular, ongoing feedback throughout the year.

In the open-ended comments, one ASP shared: *'We have noted significant improvement over the past 18 months in the processes and communication to our audit team. [It has] been a very good collaborative working environment.'* – ORIMA survey, June 2024.

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
Assistant Auditor-General	D Brown	307	14	7	40	..	368
Assistant Auditor-General	P Brahman	3	2	1	6
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
Assistant Auditor-General	D Brown	218	6	5	20	..	249
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	2023
	\$'000	\$'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.

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A. Reports tabled in parliament

No.	Title	Tabled in Legislative Assembly
1	<i>Managing invasive species</i>	4 July 2023
2	<i>Improving asset management in local government</i>	25 July 2023
3	<i>2023 status of Auditor-General's recommendations</i> Data visualisation dashboard	28 November 2023
4	<i>Deploying police resources</i>	30 November 2023
5	<i>Energy 2023</i> Data visualisation dashboard	6 December 2023
6	<i>Health 2023</i> Data visualisation dashboard	12 December 2023
7	<i>Major projects 2023</i>	14 December 2023
8	<i>Local government 2023</i> Data visualisation dashboard	29 January 2024
9	<i>Minimising gambling harm</i>	6 February 2024
10	<i>Managing Queensland's debt and investments 2023</i>	6 March 2024
11	<i>State entities 2023</i> Data visualisation dashboards	21 March 2024
12	<i>Responding to and recovering from cyber attacks</i>	4 June 2024
13	<i>Education 2023</i> Data visualisation dashboard	10 June 2024
14	<i>Queensland's regions 2023</i>	13 June 2014
15	<i>Reducing serious youth crime</i>	28 June 2024

B. Overview of Forward work plan 2024–27

We prepare a 3-year forward work plan of the audit topics and reports to parliament we plan on delivering. We apply robust analysis to how we select and prioritise our audit topics, and reflect the strategic risks facing public sector entities and local government now and into the future ([Chapter 2](#)).

We aim to examine and share insights on the matters that are important to Queensland, where we can add value, and what is appropriate under our mandate. We update our plan each year to ensure we focus on the right topics at the right time, and to reflect evolving risks or changes to government priorities.

Below is a summary from our *Forward work plan 2024–27*. Our full plan is on our website: www.qao.qld.gov.au/audit-program

Summary of our focus areas for QAO's audits

We use the intelligence that we gather to decide the audit areas we will focus on in the coming year. These focus areas guide our work in financial audits, performance audits, and other assurance activities. The focus areas for our 2024–27 plan are:



Technology risk and opportunities

Emerging technologies are advancing rapidly. They can help deliver better outcomes at lower costs. Equally, they can present unforeseen risks. We will focus on:

- assessing the design and implementation of general information technology controls as part of our annual financial audits
- how effectively public sector entities are implementing new information systems and maintaining legacy systems
- systems and practices to respond to and recover from cyber attacks, including managing third-party cyber security threats, and cyber risk to critical infrastructure
- information technology developments, including use of artificial intelligence by public sector entities.

Sustainable communities and environment

A sustainable community manages its human, natural, and financial resources to meet its current needs, without compromising the needs of future generations. To achieve this, all levels of government must work together cooperatively in planning and delivering public services to optimise community outcomes. We will focus on:

- strategies to promote sustainable communities, including managing the supply of teachers, reducing labour and skill shortages, and enhancing the sustainability of local governments
- how public sector entities are transitioning to new climate-related financial disclosure requirements
- programs and services to protect the environment, including mitigating risks from future floods and reducing landfill waste.

Governance of government

The public expects governments at all levels to uphold high standards of governance and not see it as mere compliance. Good governance promotes accountability, integrity, and transparency, and can help entities continuously improve. We will focus on:

- assessing the quality and effectiveness of internal controls annually
- examining entities' governance and board structures and their culture and risk management practices
- assessing the impact of recent and future machinery of government changes and how effectively entities have managed them
- assessing transparency and defensibility of decision making in key areas, such as procurement and government grants, use of ex-gratia payments, and ensuring compliance with legislation and policy
- assessing the use of contractors and consultants, and lobbying in the Queensland Government.

Healthy and safe Queenslanders

Communities thrive where people's safety, health, and wellbeing are prioritised, protected, and maintained, and they have equal access to services. Governments keep people safe and healthy by addressing a wide range of threats and hazards through health services, law enforcement, public safety measures, emergency response capabilities, and proactive risk management. We will focus on:

- strategies to help Queensland's health system manage increasing pressure and improve the health outcomes of all Queenslanders
- programs and services supporting vulnerable Queenslanders, including ensuring equitable access for First Nations people
- strategies and methods to ensure communities are safe and appropriately supported by police, legal representation, emergency services, and other community specialists.

Infrastructure investment

Effective and well-maintained infrastructure is important for the health of our economy and Queensland's national and international competitiveness. Governments are facing several challenges in delivering their capital programs, including heightened competition for key resources, which can increase costs and delay the delivery of key projects. We will focus on:

- the delivery of capital programs led by the private sector by considering whether adequate oversight is maintained and how risk is allocated to the most appropriate entity
- providing updates on the delivery of significant infrastructure projects, including Cross River Rail, Brisbane Metro, Gold Coast light rail, the Queensland Train Manufacturing Program, Queensland pumped hydro, and CopperString
- assessing the propriety and probity of procurement decisions and contract and asset management
- assessing how effectively public sector entities are managing their infrastructure assets
- planning for capital programs and assessing overall progress against planned expenditure.

Economic risk and response

Queensland's economy continues to recover following the global COVID-19 pandemic, and rising interest rates and inflation within Australia further contribute to the challenge. These factors also contribute to heightened cost-of-living pressures experienced by many Queenslanders. We will focus on:

- cost-of-living measures implemented, including concessions provided to support Queenslanders
- assessing the level of government debt and how it is being managed
- providing insights on how the government is investing its surplus funds, how the investments are being managed, and the performance of the investments
- how local governments are managing risks of financial sustainability.

Planned reports by parliamentary committee and tabling year

The table below outlines the proposed financial audit, performance audit, and other reports that we plan to table over the next 3 financial years by parliamentary committee. We list the reports by the year we expect to table them in parliament. However, to enable us to table reports progressively throughout the year, we may commence the audits in the prior year. We work with entities in advance of starting an audit to refine the scope, particularly for the outer-year topics, to ensure we are focusing on the right topic at the right time. As a result of our ongoing engagement, we may rename, move, or discontinue some topics.

Tabling in 2024–25	Tabling in 2025–26	Tabling in 2026–27	Yearly reports
Clean Economy Jobs, Resources and Transport Committee			
<ul style="list-style-type: none"> Overseeing the use of artificial intelligence 	<ul style="list-style-type: none"> Managing consultants and contractors Managing third party cyber security risks Reducing road fatalities 	<ul style="list-style-type: none"> Defending critical infrastructure from cyber risk Ensuring disability access to transport 	<ul style="list-style-type: none"> Energy
Community Safety and Legal Affairs Committee			
	<ul style="list-style-type: none"> Mitigating risk from future floods Preventing prisoners from reoffending 	<ul style="list-style-type: none"> Delivering equitable legal aid services Managing volunteer services 	
Community Support and Services Committee			
<ul style="list-style-type: none"> Attracting the screen industry 	<ul style="list-style-type: none"> Protecting information held by government 		
Cost of Living and Economics Committee			
<ul style="list-style-type: none"> Examining the state budget framework* 		<ul style="list-style-type: none"> <i>Government grant report #3</i>[^] Improving public sector culture Lobbying in the Queensland Government Strengthening government reporting 	<ul style="list-style-type: none"> Managing Queensland's debt and investments State entities Status of Auditor-General's recommendations
Education, Employment, Training and Skills Committee			
<ul style="list-style-type: none"> Managing the supply of teachers Protecting students from bullying* 		<ul style="list-style-type: none"> Reducing labour and skill shortages 	<ul style="list-style-type: none"> Education
Health, Environment and Agriculture Committee			
<ul style="list-style-type: none"> Delivering forensic medical examinations* Reducing landfill waste 	<ul style="list-style-type: none"> Accessing mental health services 	<ul style="list-style-type: none"> Ensuring the quality and safety of health services 	<ul style="list-style-type: none"> Health
Housing, Big Build and Manufacturing Committee			
<ul style="list-style-type: none"> Effectiveness of local government audit committees* Managing Queensland's regional water quality* Preparing for the Brisbane Games* Transferring risk in infrastructure projects 	<ul style="list-style-type: none"> Enhancing the sustainability of local governments Follow-on audit: Licensing builders and building trades 	<ul style="list-style-type: none"> <i>Olympic and Paralympic Games report #2</i>[^] Planning for liveable communities 	<ul style="list-style-type: none"> Local government Major projects Queensland's regions

Note: * As per our *Forward work plan 2023–26*, we expected to table this report in 2023–24. The audit is in progress, but we will not table the report before 30 June 2024.

[^] The final scope and name of these reports will be refined closer to the time of the audit.

C. Additional information

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

Workforce planning and performance data

QAO takes a strategic planning approach to workforce management, in which we focus on capability and capacity. This section provides data on our workforce.

Workforce numbers at 30 June 2024

Measure	FTE
Total FTE – effective full-time equivalents	198.98

Notes:

- Our effective full-time equivalents (FTE) figure is calculated based on Minimum Obligatory Human Resource Information (MOHRI) measures for public service reporting purposes. It 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 8 weeks.
- Using MOHRI measures means our FTE includes staff on long-term paid leave. As at 30 June 2024, QAO had 3 staff on long-term paid leave.

During 2023–24, our separation rate for permanent employees was 10.5 per cent (2022–23: 19 per cent). No redundancy, early retirement, or retrenchment packages were paid during the period.

Workforce inclusion and diversity at 30 June 2024

Gender

Gender	Number (Headcount)	Percentage of workforce (Calculated on headcount)
Woman	111	51%
Man	101	49%
Non-binary	<5	0%

Diversity and target group data

Diversity groups	Number (Headcount)	Percentage of workforce (Calculated on headcount)
Women	111	51%
Aboriginal Peoples and Torres Strait Islander peoples	<5	0%
People with disability	8	3.8%
Culturally and Linguistically Diverse – Speak a language at home other than English	40	19.1%

Target group for women in leadership roles

	Women (Headcount)	Women as a percentage of total leadership cohort (Calculated on headcount)
Leaders and Senior Leaders	8	30%
Executive and Chief Executives	2	24%

Further information on how we manage, develop, and support our people is from page 29 of this report.

Public Sector Ethics Act 1994

Though we are independent of the public sector, QAO is a signatory of the whole-of-government public service Code of Conduct 2011, established under the *Public Sector Ethics Act 1994*.

QAO is an integrity body, and ethics are a crucial and deeply ingrained part of all that we do. 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.

Audit and Risk Management Committee membership

Audit and Risk Management Committee 2023–24

Member	Term	Meetings attended	Remuneration paid 2023–24 including indexed inflation*	Remuneration as per appointment letter p.a.*
Ian Rodin (Chair)	Nov 2020– Oct 2026	4	\$21,904	\$18,000
Russell Banham	Nov 2020– Oct 2025	4	\$8,040	\$12,000
Jeff Duthie	Sep 2022– Aug 2025	4	\$11,040	\$12,000

Note: *All amounts exclude GST and do not include reimbursement of out-of-pocket expenses. P.a. – per annum.

Further information on the functions of the Audit and Risk Management Committee is on page 15 of this report.

QAO Audit Quality Sub-Committee

QAO Audit Quality Sub-Committee 2023–24

Member	Term	Meetings attended	Remuneration as per appointment letter p.a.*
Russell Banham (Chair)	Jan 2020–Oct 2025	1	\$5,000
Ian Rodin	Jan 2020–Oct 2026	1	\$4,000
Rajnish Padarath [#]	Jan 2020–Oct 2026	1	-

Note: *All amounts exclude GST and do not include reimbursement of out-of-pocket expenses. P.a. – per annum.

[#]Not paid for this committee due to substantive role with Commonwealth regulatory agencies. In accordance with government policy, staff are not to be provided additional remuneration for sitting on government committees.

D. Fees for audit service providers

Firms providing financial audit services	2023–24*	2022–23*
KPMG	2,766,330	2,127,280
Grant Thornton Audit Pty Ltd	2,617,370	2,249,318
BDO	2,054,648	1,756,370
Deloitte Touche Tohmatsu	1,759,966	1,793,369
Crowe Horwath	1,458,774	1,166,912
Pitcher Partners	958,322	1,059,415
Thomas Noble & Russell	952,038	817,475
Ernst & Young	905,878	921,519
RSM Australia Partners	594,915	628,245
PricewaterhouseCoopers	356,868	499,587
William Buck (QLD)	453,181	439,500
UHY Haines Norton	465,913	351,470
PKF Hacketts Audit	483,132	348,707
Bentleys Brisbane (Audit) Pty Ltd	310,510	324,242
SBB Partner Accountants	114,510	154,440
Priestleys Chartered Accountants	7,128	–
Total	16,259,483	14,637,849

Note: *All amounts represent payments made during the respective financial year.

Firms providing performance audit services	2023–24*	2022–23*
Ernst & Young	156,609	18,986
Arc Consulting Pty Ltd	134,613	180,169
Untangle Consulting Pty Ltd	90,749	193,506
Queensland University of Technology	26,958	..
KPMG	10,250	40,233
Risk Insights Pty Ltd	6,600	6,600
Central Queensland University	2,090	..
Workplace Edge Pty Ltd	..	22,417
Pricewaterhouse Coopers Indigenous Consulting Pty Ltd	..	7,343
Total	427,869	624,024

Note: *All amounts represent payments made during the respective financial year.

E. Glossary

We provide a page on our website which explains and provides definitions of audit-related terminology: www.qao.qld.gov.au/audits/understanding-audit.

Term	Meaning
<i>Auditor-General Act 2009</i>	The Queensland law that establishes the position of the Queensland Auditor-General and the Queensland Audit Office (QAO). It confers the functions and powers necessary to carry out independent audits of Queensland's public sector entities, including local governments. It provides for the strategic review of QAO and the annual independent audit of QAO's financial statements.
Financial audit	Examines the financial transactions of a public sector entity each year. This usually involves the Auditor-General auditing a public sector entity's financial statements and preparing an audit opinion.
Performance audit	Examines government programs or services to consider if public money is being used well and whether the government is meeting its objectives economically, efficiently, effectively, and in compliance with all relevant laws.
Report to parliament	Report prepared by the Auditor-General, in accordance with the <i>Auditor-General Act 2009</i> , and tabled in the Legislative Assembly.
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.
Parliamentary committee	Portfolio committees of the Legislative Assembly established under the <i>Parliament of Queensland (Reform and Modernisation) Amendment Act 2011</i> to cover all areas of government activity and examine appropriation bills, other legislation, public accounts, and public works.

F. 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	Inside cover – second page Page 68
<ul style="list-style-type: none"> • Public availability 	ARRs – section 9.2	Inside cover
<ul style="list-style-type: none"> • Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Inside cover
<ul style="list-style-type: none"> • Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	Inside back cover
<ul style="list-style-type: none"> • Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Inside back cover
General information <ul style="list-style-type: none"> • Introductory Information 	ARRs – section 10	Pages 1–3
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	Pages 5–13
<ul style="list-style-type: none"> • Agency objectives and performance indicators 	ARRs – section 11.2	Pages 3, 5–13
<ul style="list-style-type: none"> • Agency service areas and service standards 	ARRs – section 11.3	Page 4
Financial performance <ul style="list-style-type: none"> • Summary of financial performance 	ARRs – section 12.1	Page 14
Governance – management and structure <ul style="list-style-type: none"> • Organisational structure 	ARRs – section 13.1	Page 15
<ul style="list-style-type: none"> • Executive management 	ARRs – section 13.2	Page 15
<ul style="list-style-type: none"> • Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	Pages 15–19
<ul style="list-style-type: none"> • Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 2, Page 29
<ul style="list-style-type: none"> • Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 29
<ul style="list-style-type: none"> • Queensland public service values 	ARRs – section 13.6	Page 2, Page 29

Summary of requirement	Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1 Pages 19–22
	• Audit committee	ARRs – section 14.2 Page 15 Page 65
	• Internal audit	ARRs – section 14.3 Page 19
	• External scrutiny	ARRs – section 14.4 Pages 17–18
	• Information systems and recordkeeping	ARRs – section 14.5 Pages 16, 23
	• Information Security attestation	ARRs – section 14.6 Page 23
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1 Pages 29–32
	• Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2 Page 65
Open Data	• Statement advising publication of information	ARRs – section 16 Inside cover
	• Consultancies	ARRs – section 31.1 https://data.qld.gov.au
	• Overseas travel	ARRs – section 31.2 https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 31.3 https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1 Page 53
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2 Page 54

FAA *Financial Accountability Act 2009*
 FPMS Financial and Performance Management Standard 2019
 ARRs Annual report requirements for Queensland Government agencies



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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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