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# Technical audit update

25 February 2025

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## Acknowledgement of country

I begin today by respectfully acknowledging the Yugara and Turrbal People who are the Traditional Owners of the land on which this event is taking place, and Elders past and present.

I also recognise those whose ongoing effort to protect and promote Aboriginal and Torres Strait Islander cultures will leave a lasting legacy for future Elders and leaders.

Welcome



# Agenda

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## **Opening address**

Rachel Vagg, Auditor-General

## **Fraud**

Irshaad Asim, Senior Director

## **Information security**

Sumi Kusumo, Senior Director

## **Morning tea**

## **Queensland Treasury update**

Greg Hall, Principal Accountant

## **Technical update – climate assurance**

Charles Strickland, Senior Director

## **Q&A and discussion**

Facilitated by Damon Olive, Assistant Auditor-General – Financial Audit





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## Opening address

**Rachel Vagg, Auditor-General**

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**Our recent activity**

## Recently tabled and upcoming reports

### Reports tabled this financial year

2024 status of Auditor-General's recommendations

Delivering forensic medical examinations (follow-up audit)

Central agencies' coordination of the state budget

Managing Queensland's regional water quality

Preparing for the Brisbane Games

Protecting students from bullying

Energy 2024

Health 2024

Major projects 2024



### Reports tabling next

- State entities 2024
- Managing Queensland's debt and investments 2024
- Local government 2024
- A range of performance audits

# Performance audit portfolio update

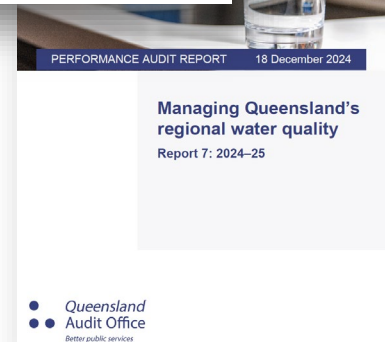
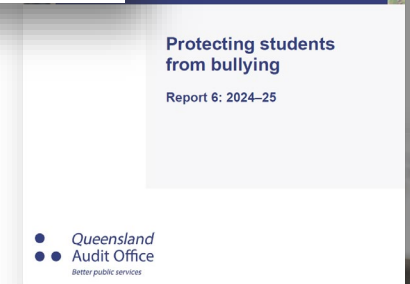
## Recently tabled reports

- *Managing Queensland's regional water quality*
- *Preparing for the Brisbane Games*
- *Protecting students from bullying*
- *Health 2024*
- *Major projects 2024*

## Six in progress from the 2025–26 program

- Effectiveness of local government audit committees
- Reducing organic waste sent to landfill
- Attracting and retaining teachers in regional and remote Queensland
- Ethical use of Artificial Intelligence
- Contract variations in infrastructure projects
- Attracting and growing industries in Queensland

## Planning for the 2025–28 Forward work plan underway



Program  
update



## 2024 status of Auditor-General's recommendations report

### Status of AG's recommendations





## Status of AG's recommendations

## Key themes

### Most common types of recommendations

- Workforce capability and planning
- Information systems and data management
- Governance





# Our planning process

1

## Environmental scanning

- Intelligence gathering from a broad range of sources
- Strategic risk assessment

2

## Topic development and prioritisation

- Topic development and viability assessment
- Topic prioritisation (impact/importance/influence)
- Plan moderation
- Selection of audits for follow-up

3

## Finalisation and publication

- 42-day draft consultation period required under the *Auditor-General Act 2009*
- Annual publication on QAO's website
- Includes planned topics and focus areas for the 3-year period, changes, and acquittal of plan

External consultation

## **Stewardship and accountability**

### **Key considerations for us, and for me as Auditor-General:**

- ✓ transparency and public defensibility of key decisions and transactions; how have the right decisions been made
- ✓ achieving value for money in their use of public resources
- ✓ impacts of machinery of government changes
- ✓ special payments/ex gratia payments
- ✓ internal controls
- ✓ fraud risks.



## Stewardship and accountability

# Helping our clients navigate their stewardship and accountability responsibilities

Our resources are designed to help you work more effectively with us:

- Tools like assessment, planning, and maturity models
- Blogs on related topics
- Dashboards
- Ongoing commitment to fostering stakeholder engagement



### Fraud risk assessment and planning model

Home » Reports and resources » Better practice » Fraud risk assessment and planning model

Reports to parliament

Status of recommendations

Better practice

Events

Fact sheets

Interactive dashboards

QAO Queensland dashboard

Podcasts

Published: November 2023 • Sector: State and local government entities

[Download \(XLSX, 188.22 KB\)](#)

[f](#) [in](#) [✉](#)

To effectively manage and identify fraud risks, entities need to examine their business environments to understand their potential exposure to fraud. Their overarching risk management plans need to effectively target and address fraud risks.

Our fraud risk assessment and planning model gives entities a step-by-step process for self-assessing how they identify fraud risk, control and treat risks, and monitor and report on the risks. It helps entities examine their business environment, develop overarching risk management plans, and conduct their fraud risk assessments in a comprehensive and consistent way.

The model reflects our insights on fraud management from our audit work across entities.

We refreshed the model in 2023 to align with the updated Australian Standard AS/ISO 31000:2018 *Risk management – Guidelines*; Queensland Treasury's *A Guide to Risk Management (2020)*; and Australian Standard 8001:2021 *Fraud and Corruption Control*. It supersedes the Queensland Audit Office's original model published in 2018 alongside our report [Fraud risk management \(Report 6: 2017-18\)](#).

We have also refreshed our [Fraud and corruption self-assessment tool](#) which entities can use to identify areas where they can improve their fraud controls and focus resources for detection on high-risk areas.



## Maturity models

# Our maturity models help improve public sector practices

## Some key models to look out for:

- financial statement preparation
- risk management
- annual internal control assessment
- grant management
- change management maturity model and checklist.

## Four levels of maturity underpin our tools

Developing

Established

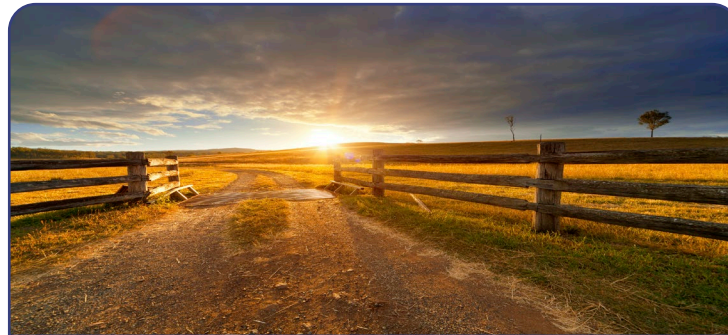
Integrated

Optimised



## Maturity models

# NEW Asset management maturity model



## Asset management maturity model

- Developed during our audit on *Improving asset management in local government* (Report 2: 2023–24)
- Aligned to the ISO 55000 standard on asset management systems
- Outlines the levels of maturity for each of the major elements of asset management




## Blogs

# Our blogs are a rich source of information and advice

- Risk management series
- Contract management series
- Asset management series

Subscribe to our blogs via the QAO website.



## Keep fraud risks front and centre in 2024

Home » Blog » Keep fraud risks front and centre in 2024

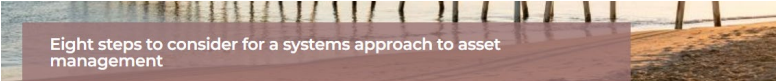
**Author**  
Charles S.



**Published:** 17 October 2024

Fraud and corruption risks are pervasive to all organisations, regardless of whether they operate in the public or private sector, or are for-profit or not-for-profit.

It's important that all entities self-assess their operating environments and any risks to them. But designing preventative and detective internal controls isn't a one size fits all exercise. A large department has different risks to a hospital and health service, which again has different risks to a local government. This is expected as they operate in different environments.



## Eight steps to consider for a systems approach to asset management

Home » Blog » Eight steps to consider for a systems approach to asset management

**Author**  
David A.



**Published:** 8 May 2024

### Why adopt a systems approach?

Providing services to the community relies on governments entities taking care of the physical assets they operate. In Queensland, public sector entities, including local governments, own and operate assets worth over \$500 billion. It's crucial they manage these assets effectively. This involves implementing successful systems approaches to identify, assess, and make decisions about the condition, performance, maintenance, and replacement of assets to ensure maximum performance and value over time.



## Key themes

## Key themes for financial officers

### Issues in focus include:

- ✓ cyber security and awareness
- ✓ general IT controls review
- ✓ machinery of government and internal controls.



**Machinery of government changes**

## **Machinery of government changes and internal controls**

### **Impacts on financial statement preparation**

- Movement of key finance staff between departments
- Changes required to financial systems
- Lack of timely access to financial information.

Visit our website for blogs, checklists, and better practice guides that can help.

### **MOG impacts can be wide-ranging**

Changes to:

- organisational structures
- information systems
- corporate policies and procedures.

Transfers of:

- employees
- assets and liabilities.







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# Fraud

**Irshaad Asim, Senior Director**

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## Fraud risk factors

## Influencing factors

### New and emerging technologies

- Use of remote working technologies
- Generative AI

### Cost of living pressures

- Financial pressure may lead employees to compromise their integrity

### Restructures

- MOGs lead to operational changes, which can weaken the control environment

### Cost pressure

- Fewer people required to do more work
- Non-essential services

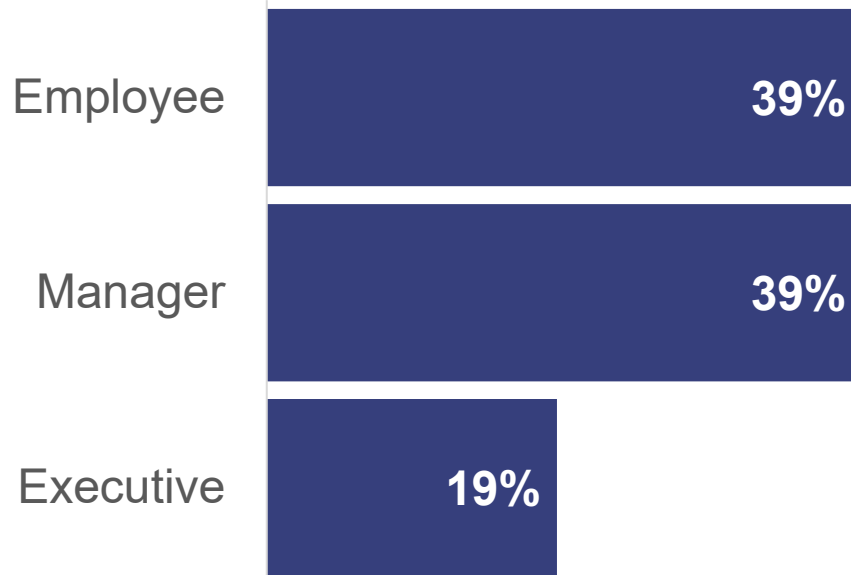
Understanding the  
**fraud risk  
triangle** can help

**Fraud risk  
triangle**



## About fraudsters

### Who commits fraud?



### Profile of a fraudster

**74%** are male

**69%** aged between 31–50 years

**87%** never been charged

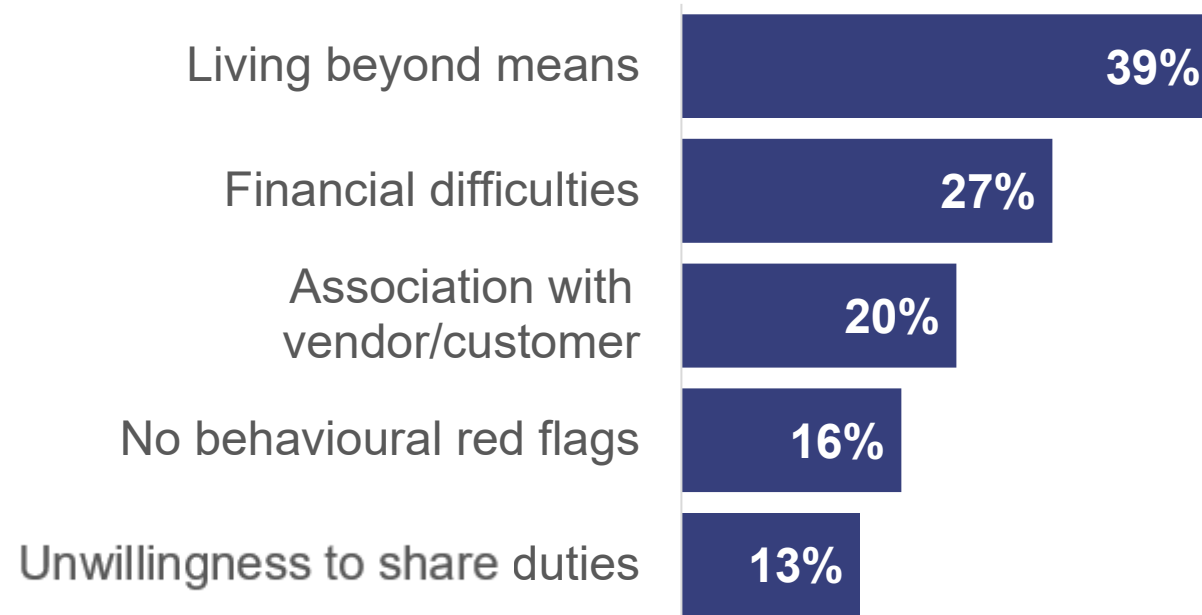
**85%** never disciplined for fraud

*Source: Organisational Fraud 2024: A report to the nations.*

## Red flags

### Behavioural red flags

- Understanding red flags can help to identify a fraudster.
- This is usually identified through observations.



*Source: Organisational Fraud 2024: A report to the nations.*

## Case studies

### Case studies

#### \$27m fraud over 11 years

- A senior public official used an elaborate fake invoicing scheme
- Fund a lavish lifestyle and addiction to gambling
- Lack of segregation of duties

#### \$16.7m fraud over 4 years

- A finance manager created fake suppliers and authorised payments
- Was living beyond the salary that was paid to him
- Weak internal controls

#### \$1.4m fraud over 2 years

- A school principal colluded with his brother-in-law and embezzled funds intended for public school works
- Close relationship
- Abuse of delegation of authority and trust

**The real costs of these frauds are much higher.**

They don't capture the cost of investigations and recovery action, and the damage to public confidence and reputation.

An aerial photograph of a city skyline with several tall skyscrapers on the left, transitioning into a wide, sandy beach and the ocean on the right. The image is overlaid with a semi-transparent white box containing the text 'Types of fraud'.

## Types of fraud

## Common public sector fraud

- Procurement
- False invoicing
- Payroll
- Misuse of credit cards/expense reimbursement



## Case studies

# Case studies – procurement

## Department

- A senior public official manipulated the procurement process for contracts
- Had a relationship with a supplier and failed to disclose it
- Convicted of corruption and sentenced to imprisonment

## Local government

- Employee responsible for procurement of infrastructure projects had undisclosed interest in a company bidding for contracts
- Conviction of corruption and received a prison sentence

## Power company

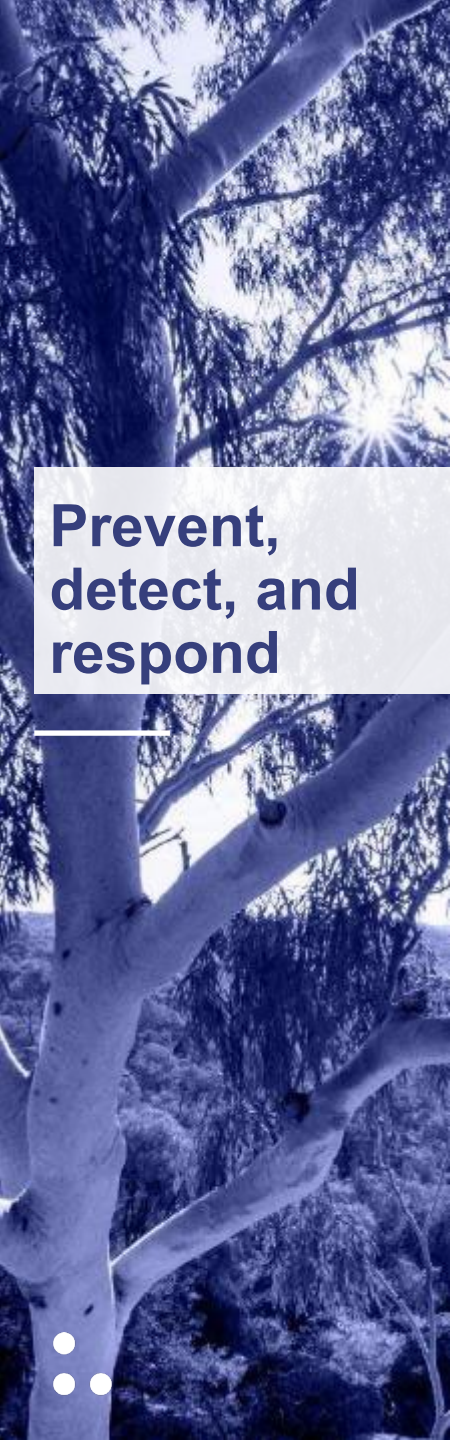
- Investigation into the procurement process of a power company (not a Queensland government owned corporation)
- Employees failed to declare conflicts of interest
- Had employees with previous criminal convictions for dishonesty offences





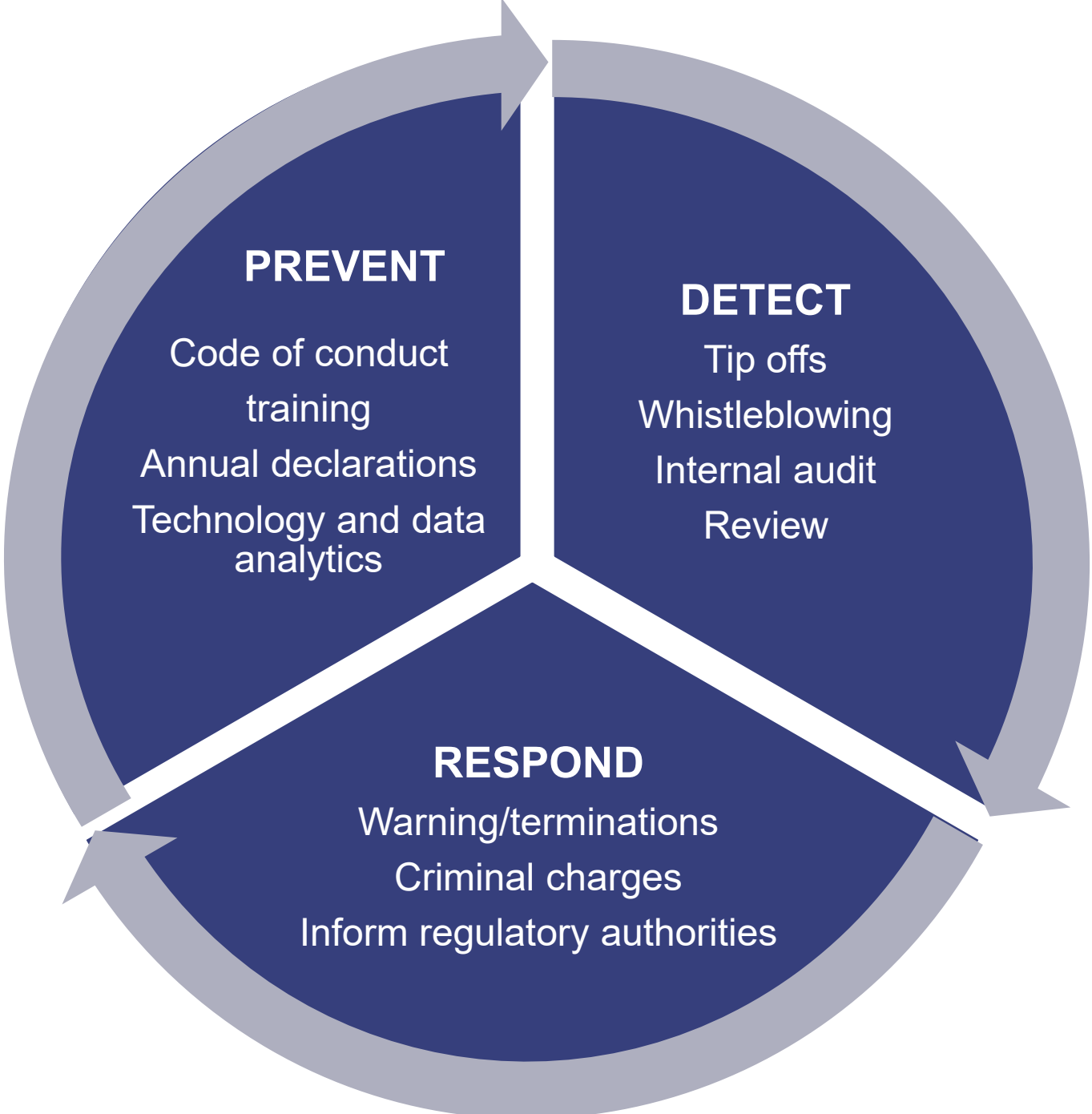
## Lessons learnt from case studies

- Oversight and robust governance
- Transparency
- Vetting and induction of employees
- Continuous improvement



**Prevent,  
detect, and  
respond**

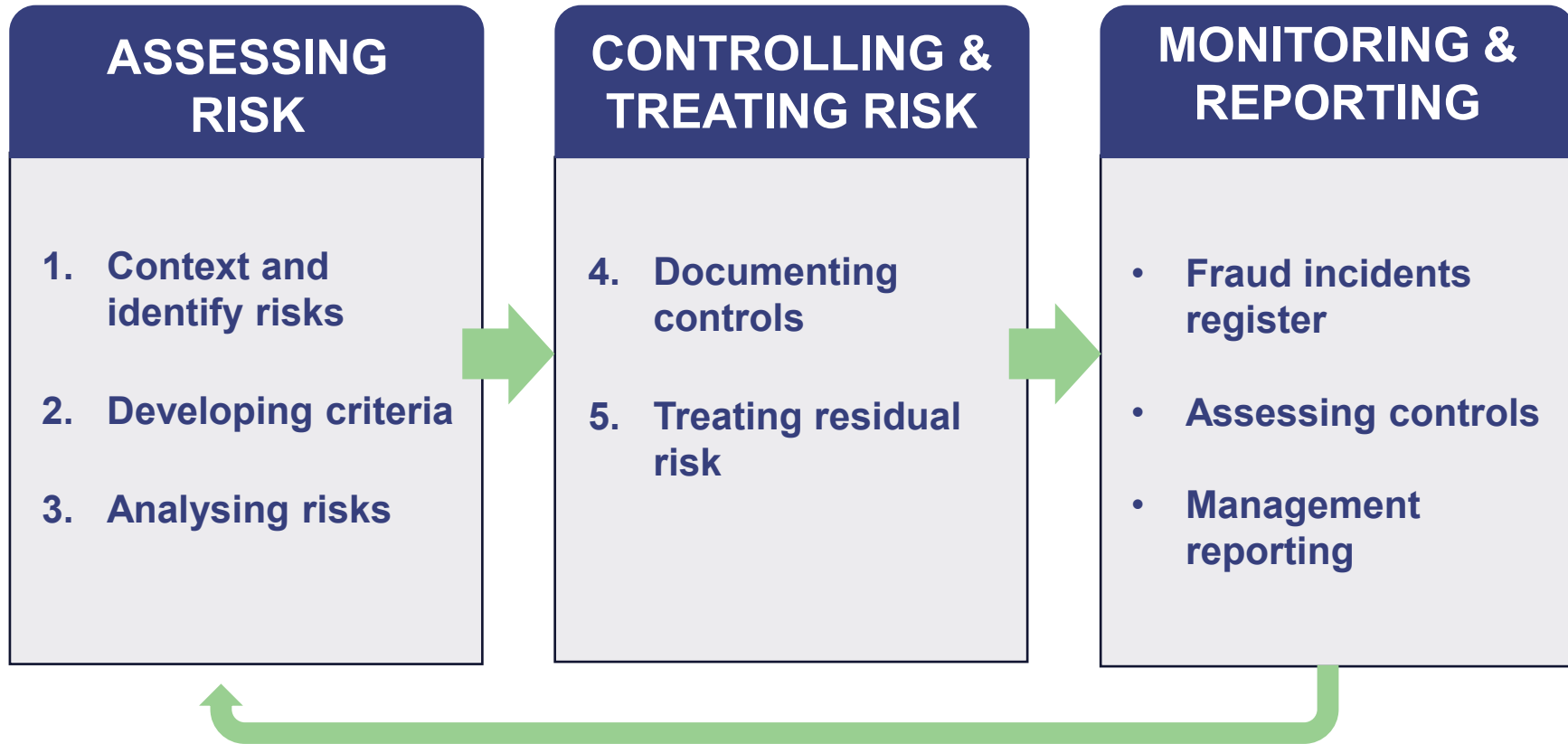
**Preventing,  
detecting, and  
responding to fraud**





**QAO fraud  
risk tool**

## Our fraud risk assessment and planning model



## Our role as financial auditors

- To consider fraud as part of the audit
- To ensure financial statements do not contain any material errors or fraud
- To undertake performance audits on fraud risk management.

### Performance audits

*Fraud risk management* (Report 6: 2017–18)

*Fraud risk management in local government* (Report 19: 2014–15)

*Fraud risk management* (Report 9: 2012–13)



## Resources that can help

### TOOLS

- ✓ Fraud risk assessment and planning model
- ✓ Fraud and corruption self-assessment tool

### BLOGS

- ✓ Keep fraud risks front and centre in 2024
- ✓ Why is it important to report material losses to QAO?
- ✓ Are your 'everyday' internal controls strong enough to prevent a fraud attempt?
- ✓ Managing risks associated with third-party providers
- ✓ Risk management – where do we start?
- ✓ Does your audit committee comply with Treasury's composition requirements?
- ✓ Fraud risk assessment and planning model



**Key  
takeaways**

## **A call to action**

- Continuous improvement
- Culture of integrity
- Encourage whistle blowing
- Leverage technology



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# Information security

Sumi Kusumo, Senior Director

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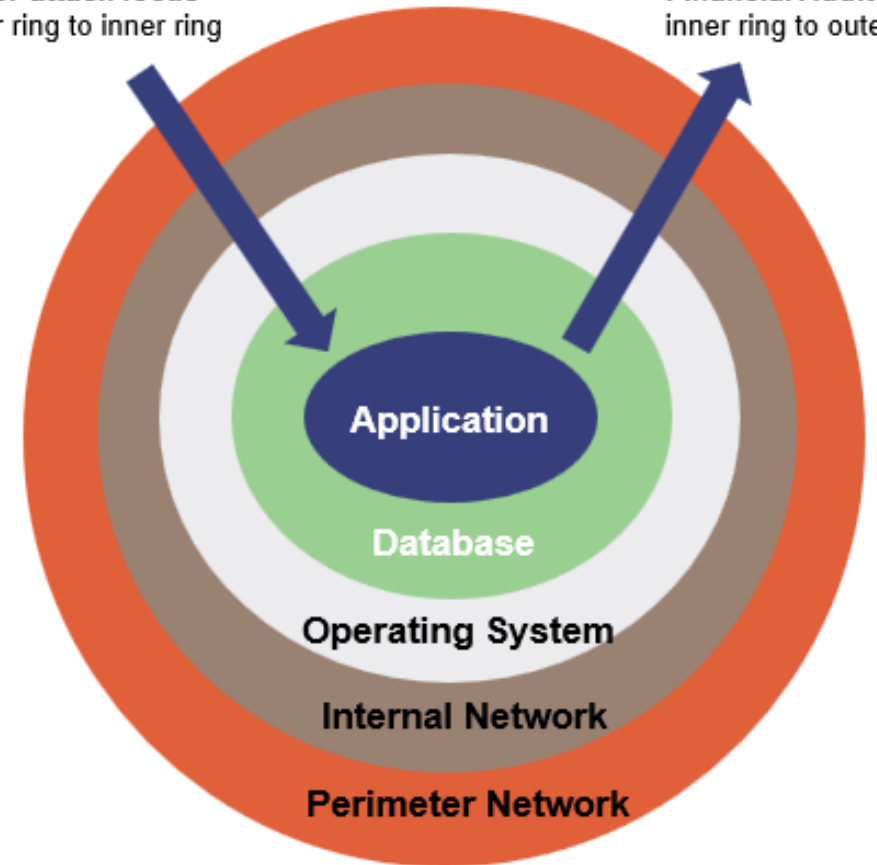
## General IT control reviews

### General IT controls

- Updated auditing standard ASA 315 *Identifying and Assessing the Risk of Material Misstatement*.
- Consideration of cyber security risks in audit of a financial report (AUASB Bulletin).

Cyber-attack focus –  
outer ring to inner ring

Financial Audit focus –  
inner ring to outer ring



Centre for Audit Quality – Alert #2014-3



# Updated auditing standard ASA 315

## General IT control reviews

### GITC review areas (Appendix 6):

#### Managing system access

- Authentication
- Authorisation
- Provisioning
- Deprovisioning
- Privileged access
- User access review
- Security configuration

#### Managing changes to IT environment

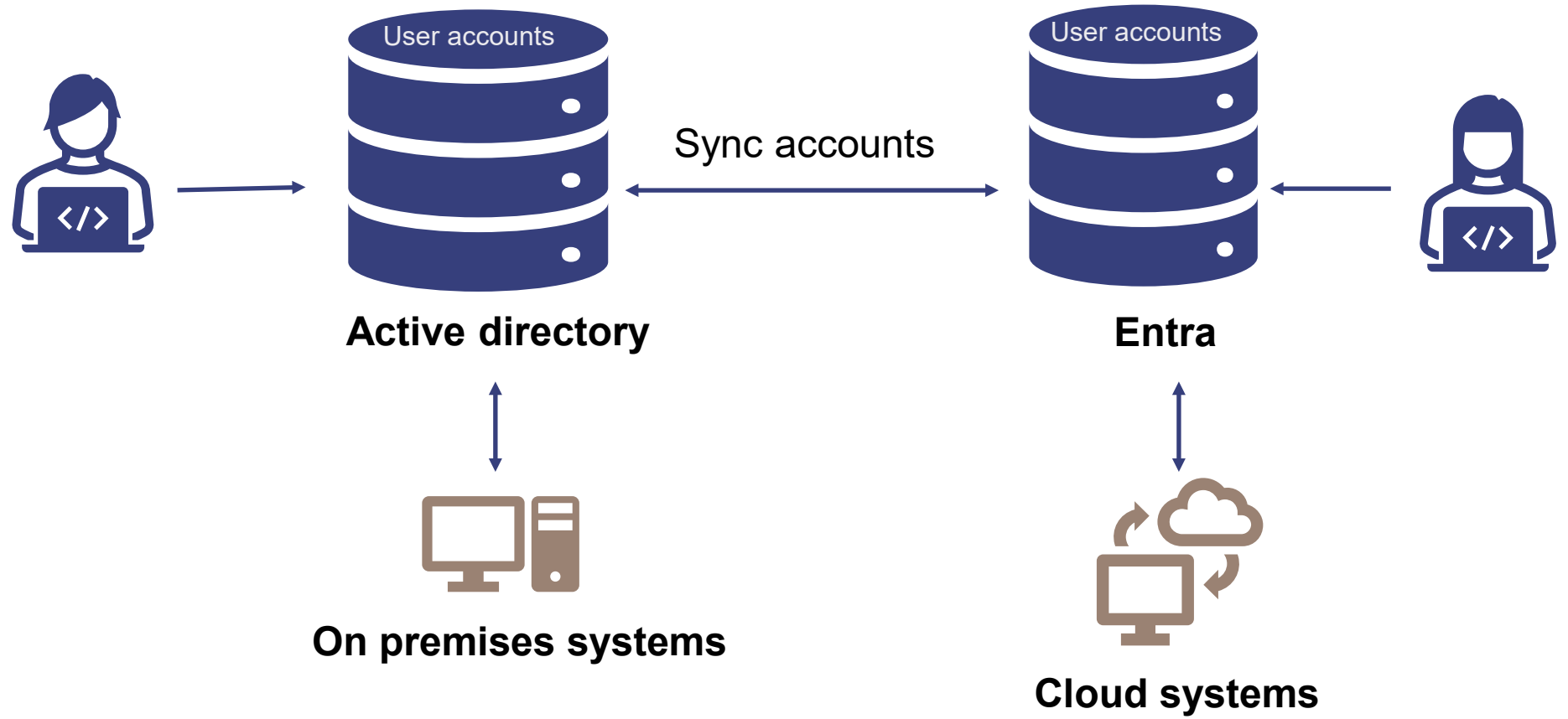
- Change management process
- Segregation of duties over change migration
- System development or acquisition or implementation
- Data conversion

#### Managing IT operation

- Job scheduling and monitoring
- Backup and recovery
- Intrusion detection

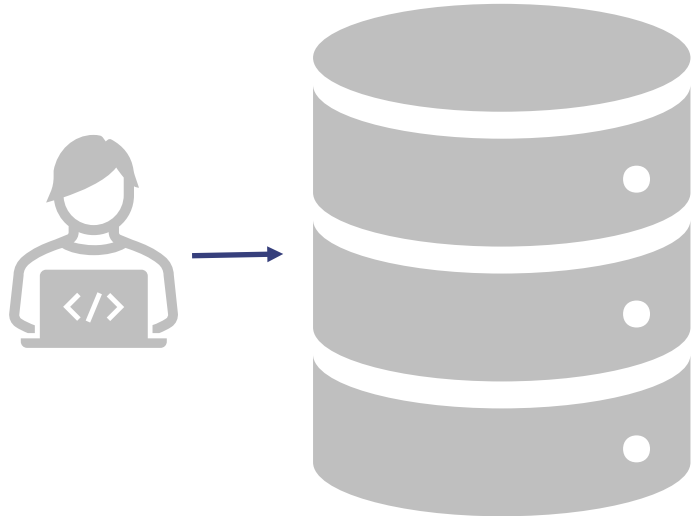
General IT control reviews

## Managing user access and authentication



## Key findings

Appropriateness of users with full access (**domain admins**)

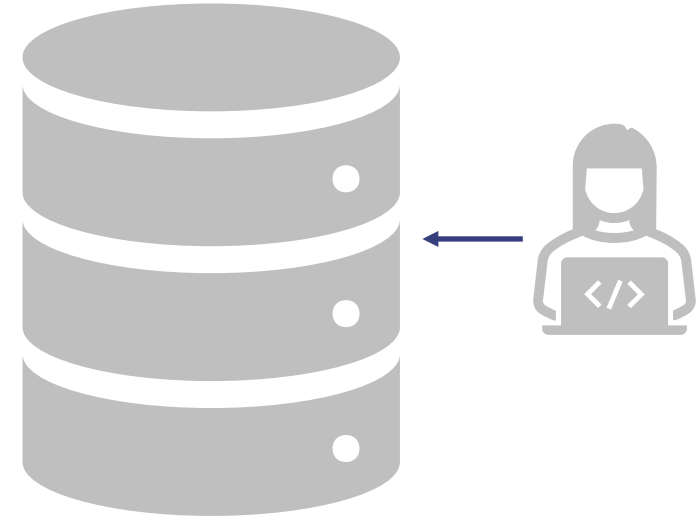


Active directory



On premises systems

Appropriateness of users with full access (**global admins**)



Entra



Cloud systems



Syncing accounts with domain and global admins

Managing service accounts

## Other important updates

### Commonwealth legislation:

- ***Cyber Security Act 2024*** issued 25 November 2024
- ***Security of Critical Infrastructure (SOCI) Act*** (Part 2B already has incident reporting obligations)
- **Privacy Act – Mandatory notification, obligation under *Privacy Act 1988*.**

### Queensland legislation:

- The ***Information Privacy and Other Legislative Amendment Act 2023 (IPOLA)*** in Queensland, passed by parliament on 29 Nov 2023.

# Mandatory Notification of Data Breach Scheme – Quick Guide

## Information Privacy Act 2009

- Overview of the scheme
- How agencies can start to prepare
- How the OIC can support
- What is an eligible data breach?
- What is serious harm?

### Mandatory Notification of Data Breach (MNDB) Scheme – Quick Guide

#### Information Privacy Act 2009

#### What's happening?

As part of the reforms under the *Information Privacy and Other Legislation Amendment Act 2023* (IPOLA) a Mandatory Notification of Data Breach (MNDB) scheme will commence on 1 July 2025 for public sector agencies, with the exception of local councils where the scheme will commence on 1 July 2026.

#### The MNDB scheme requires agencies to:

- Contain the data breach and mitigate harm.
- Determine if the breach is an eligible data breach.
- If an eligible data breach, notify the Information Commissioner and particular individuals.
- Publish a data breach policy about how data breaches will be managed.
- Maintain an internal register of eligible data breaches.

#### When is a breach an eligible data breach?

An eligible data breach under the MNDB scheme applies when:

- There is unauthorised access to, or unauthorised disclosure of, personal information held by the agency, or there is a loss of personal information held by the agency in circumstances where unauthorised access to, or unauthorised disclosure of, the information is likely to occur.
- The unauthorised access to, or disclosure of the information is likely to result in serious harm to an individual to whom the personal information relates (an 'affected individual').

The Queensland Audit Office has published a report on government agencies preparedness for mitigating and managing cyber-attacks: [Responding to and Recovering from Cyber-attacks](#).



Office of the Information Commissioner  
Queensland

#### How can agencies start preparing?

- **Develop a unified approach** to data breach management across a cross section of subject matter experts from privacy, information management and security, cyber, human resources, governance, records, legal and incident management.
- **Review your agency data breach framework (policies, procedures and systems)** and consider the appropriate roles and responsibilities required to identify if a breach includes personal information, and how to assess and manage the range of potential breaches that may occur in your agency. This will form part of your agency's data breach policy.

#### What is serious harm?

Serious harm can include serious physical, psychological, emotional, financial, or reputational harm to the individual.

Other types of harm may also meet the serious threshold. The effect on an individual must be more than irritation, annoyance, or inconvenience.

#### Factors to consider:

- the kind of personal information accessed, disclosed or lost
- the sensitivity of the personal information
- whether the personal information is protected by one or more security measures and the likelihood that any of those measures could be overcome
- the kind of person/s who have or could obtain the personal information
- the nature of the harm likely to result from the breach, and
- any other relevant matter.

#### How is OIC supporting you?

To support agencies prepare for the IPOLA reforms, the Office of the Information Commissioner is delivering **Guidelines, other resources and a staged training program** to build awareness and knowledge.

- Keep across the published Guidelines and training material available via the [IPOLA webpage](#) on OIC's website. Specific MNDB Guidelines include:
  - [MNDB Scheme](#)
  - [MNDB Scheme Policy and Register](#), and
  - [MNDB Scheme Exemptions](#).
- Keep updated by [subscribing to OIC's newsletters](#).

This guide does not reflect the current law. It highlights important changes to the *Information Privacy Act 2009*. This guide does not constitute legal advice and is general in nature only. Additional factors may be relevant in specific circumstances. For detailed guidance, legal advice should be sought.

In November 2023, an MNDB scheme began in NSW. According to their most recent data:

Approximately two out of three breaches were caused by human error...



Personal information sent to wrong recipient email



Unauthorised disclosure or unintended release of publication

Approximately one out of three breaches were caused by malicious and criminal attack...



Phishing (compromised credentials), stolen and compromised credentials



Ransomware, hacking, malware, and brute-force attack



## Resources

# Cyber security podcast

## *Cyber risk: what do we do now?*

- A conversation between QAO senior directors and the Queensland Government's Cyber Security Unit.

### Podcast – Cyber risk: what do we do now?

Listen in as 2 of our senior directors and the Queensland Government's Cyber Security Unit chat about what chief executives need to consider, including risk management, controls, and what to do if you experience a cyber attack. We share some interesting findings and important recommendations from our recent report [\*Responding to and recovering from cyber attacks\*](#).

▶ 0:00 / 19:06 ———— 🔊 ⋮

[Transcript](#)

[Listen on Spotify](#)

[www.qao.qld.gov.au/reports-resources/podcasts](http://www.qao.qld.gov.au/reports-resources/podcasts)

**Morning tea**  
Half an hour



# QAO Technical Update

Greg Hall – Principal Accountant

Accounting Policy and Advisory | Fiscal Policy | Queensland Treasury



# What we will cover...

New Accounting Standards 2024/25

Future Accounting Standards 2025/26 and beyond

Climate Sustainability Reporting

Calculating GHG Emissions

# New Accounting Standards 2024/25

— QUEENSLAND TREASURY



Queensland  
Government

# New Accounting Standards 2024/25



## Public Sector Specific



AASB 2022-10: Fair Value Measurement of Non-Financial Assets for Not-for-Profit Public Sector Entities (AASB 13)



## Other Amendments



AASB 2020-1 and AASB 2022-6: Definition of current liability (AASB 101)



AASB 2022-5: Lease Liability in a Sale and Leaseback (AASB 16)



AASB 2023-1 and AASB 2024-1: Supplier Finance Arrangements

# New Accounting Standards 2024/25

- Supplier Finance:
  - unlikely to have major impacts within government.
- Sale and Leaseback:
  - Does not change accounting for leases unrelated to sale and leaseback
  - Gain on termination of the lease is permitted, however...
  - Amendments ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
- Classification of liabilities between non-current vs current
  - The right to defer settlement must exist at the end of the reporting period
  - The right no longer needs to be unconditional

# New Accounting Standards 2024/25

- 2022-10 amends AASB 13 Fair Value Measurement
- Our previous advice is no material changes in fair value expected in practice...remains our view having consulted with QAO & SVS.
- Mostly practical relief...
  - clarifies that NFP public sector entities only need to assess whether '*highest and best use*' differs from '*current use*' if asset classified under AASB 5 or its highly probable the asset will be used for an alternative purpose to current use.
  - May begin with own data when developing unobservable inputs about market participants.
  - Update guidance for estimating current replacement cost – 'reference asset'

# New Accounting Standards 2024/25

Q. Does Paragraph F12(c) require additional site preparation costs to be included in a CRC valuation?

A. Only considered if not reflected in the valuation of the subject asset's land.

- Key paragraphs are F12(c) and BC 173 – read carefully.
- This does not result in an automatic uplift in CRC valuations for the existing subject asset.
- Applied properly it does not, and should not, result in a double up of site preparation costs.

# New Accounting Standards 2024/25

- Where a scarcity of nearby land exists, the subject asset land's value **would typically already reflect that scarcity and the suitability/readiness of the site;**
- Where nearby land is readily available, additional site preparation costs for a 'reference asset' would not be a consideration.
- If costs under F12(c) are considered necessary to fair value the subject asset, valuers and valuation reports should explicitly say why the valuation of the subject land does not already take this into account.
- Agencies and auditors need to be alert to double counting risk
- Remember you are ultimately valuing CRC of the subject asset (F9)

# New Accounting Standards 2024/25

- NCAP 3 for 2024/25 will cover off 2022-10 amendments
  - Phase 1 of NCAP simplification
- FRRs for 2024/25
- No major policy changes anticipated
- Minor updates to guidance:
  - FRR 5D for lifecycle payments under PPPs;
  - FRR 4B.9 for common leasing questions
- General Housekeeping and Simplification
  - FRR 2B on materiality;
  - FRR 5E and 4D consolidated into single FRR



# Future Accounting Standards 2025/26 and beyond

# Future Accounting Standards 2025/26 and beyond

- Public sector application of AASB 17 in 2026/27.
- Aus6.1, Aus 6.2 and AASB 2022-9 (Appendix E in AASB 17)
- Treasury will look at implementation progress in coming months
- Agencies who have “insurance-like arrangements” and do not currently apply AASB 1023...do you have:
  - Liabilities measured using actuarial assessment?
  - Group of assets specifically set aside to fund a provision (liability)?
- If so, you may need to review Appendix E or contact Accounting Policy for advice to determine whether AASB 17 impacts you.

# Future Accounting Standards 2025/26 and beyond

- Amendments to AASB 9 and 7 arising from ED 330.
- Renewable Energy Contracts (PPAs) that meet certain conditions.
- Clarification of the application of the own use exemption to these contracts.
- Amend the hedge accounting requirements to allow contracts for electricity from nature-dependent renewable energy sources to be used as a hedging instrument if certain conditions are met.
- Also introduce additional disclosures.
- 2026/27 applicability

# Future Accounting Standards 2025/26 and beyond

- AASB 18 *Presentation and Disclosure in Financial Statements*.
- Effective '*for-profit*' entities from 2027/28.
- Effective '*not-for-profit*' entities from 2028/29.
- Specific application issue in a public sector context is currently being discussed with the AASB.
- Resolution expected in the 2<sup>nd</sup> half of this year.
- Further updates on this next year.
- No action required right now – wait for QT guidance.

# Future Accounting Standards 2025/26 and beyond

- AASB 18 requires income and expenses to be classified into five categories:
  - Investing
  - Financing
  - Income taxes
  - Discontinued operations
  - Operating (this is a residual category if income and expenses are not classified into any of the above categories).
- Classification based on ‘main business activities’
- No direct alignment to cash flow classification

# Future Accounting Standards 2025/26 and beyond

- Two new mandatory subtotals in the profit/loss statement;
  - **Operating profit or loss** – this is a sub-total of all income and all expenses classified as operating
  - **Profit or loss before financing and income taxes** – this is the sub-total of operating profit or loss, and all income and expenses classified as investing.
- Disclosure of '*management-defined performance measures*';
- **For-profit focused - response to non-IFRS measures**
- **Public sector application considered by AASB**

# Climate / Sustainability Reporting

— QUEENSLAND TREASURY



# CLIMATE/SUSTAINABILITY REPORTING

- QLD's approach continues to be WOG focused.
- QSR remains the central sustainability communication piece.
- Agency reporting sits within WOG framework.
- Beyond *Corporations Act 2001* mandated entities, options for agency reporting (i.e. departments and statutory bodies) will be considered by Government in the coming months.
- Once formal decisions around reporting are made by Government, the reporting roadmap for agencies will be released.



# CLIMATE/SUSTAINABILITY REPORTING

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The Australian Government passed the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* in September 2024, which introduces the climate-related financial disclosure regime.

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This regime **only applies to companies required to prepare financial reports under Chapter 2M of the Commonwealth Corporations Act 2001** on a tiered, phased, implementation pathway.

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The first round of impacted entities will include most GOCs and apply to the reporting periods commencing on or after 1 January 2025 (effectively 1 July 2025). In-scope GOCs will commence enhanced reporting in their 30 June 2026 financial reports.

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In September 2024, the AASB released their Australian Sustainability Reporting Standards (ASRS) on the disclosure of climate-related financial information – AASB S1 and AASB S2.

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S2 is mandatory for *Corporations Act 2001* entities under the implementation roadmap. **At present, it does not have mandatory application to departments and statutory bodies.**

If you have a subsidiary that is a company under the *Corporations Act 2001*, it **might** be required to comply even though you aren't in scope.

# CLIMATE/SUSTAINABILITY REPORTING

First annual reporting periods starting on or after	Entities that meet at least two of the below thresholds:			NGER Reporters	Asset Owners (eg. management investment schemes and superannuation funds)
	Consolidated revenue	EOFY consolidated gross assets	EOFY employees		
1 January 2025 Group 1	\$500 million or more	\$1 billion or more	500 or more	Above NGER publication threshold	N/A
1 July 2026 Group 2	\$200 million or more	\$500 million or more	250 or more	All other NGER reporters	\$5 billion assets under management or more
1 July 2027 Group 3	\$50 million or more	\$25 million or more	100 or more	N/A	N/A

Notes: Entities which fall within Group 3 and have no material climate-related risks or opportunities will only be required to disclose a statement to that effect. Entities that are not required to lodge financial reports under Chapter 2M of the *Corporations Act 2001* are also exempt from preparing annual sustainability reports.

This includes entities that are registered under the *Australian Charities and Not-for-profits Commission Act 2012*, or entities that have been provided with relief or are exempt from financial reporting by way of an ASIC class order or individual entity relief.

# CLIMATE/SUSTAINABILITY REPORTING

## PHASE-IN OF ASSURANCE REQUIREMENTS FOR AASB SUSTAINABILITY REPORTING STANDARDS

Disclosure	Reporting Year			
	1st*	2nd	3rd	4th onwards
Governance	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance
Strategy - Risks and Opportunities (only subparagraphs 9(a), 10(a) and 10(b) of AASB S2)	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance
Climate Resilience Assessments / Scenario Analysis	Limited Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance
Transition Plans	Limited Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance
Risk Management	Limited Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance
Scope 1 and 2 Emissions	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance
Scope 3 Emissions	No Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance
Climate-related Metrics and Targets	Limited Assurance	Reasonable Assurance	Reasonable Assurance	No Assurance

Assurance Key:

No Disclosure

Disclosure - No Assurance

Disclosure - Limited Assurance

Disclosure - Reasonable Assurance



\* Group 1 financial years commencing on or after 1 January 2025 (30 June 2026)

\* Group 2 financial years commencing on or after 1 July 2026 (30 June 2027)

\* Group 3 financial years commencing on or after 1 July 2027 (30 June 2028)

# CLIMATE REPORTING – KEY MESSAGES

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GOC's should continue to engage with their Treasury contact through the GOC Performance and Governance division around preparing for AASB S2 reporting from 2025/26 and issues encountered.

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Treasury is working on finalising all relevant directions that GOC's require to commence reporting in 2025/26 – these will be communicated shortly following approval by Government.

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Treasury's expectation is GOC's and their auditors are taking steps as part of the 2025 audit to ensure readiness for limited review assurance requirements commencing in FY2026.

---

Departments and Statutory Bodies consolidated into WOG reporting:

> **Should wait for directions from Queensland Treasury on the future public sector reporting roadmap to be approved by Government. This will be released in the coming months.** Do not look to other public sector jurisdictions – they don't apply to you.

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> **Current focus** should be on ensuring you **know your climate-related risks** and **building knowledge and capability in emissions measurement calculations** once the Queensland Treasury emissions calculator tool is rolled out in coming months.

# CLIMATE REPORTING – KEY MESSAGES

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For Statutory Bodies **outside** the *Financial Accountability Act 2009* and **not consolidated into WOG reporting?**

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If you are not incorporated under the *Corporations Act 2001*, then AASB S2 does not have mandatory application to you.

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Treasury's future reporting roadmap will contain guidance on how statutory bodies in this group should approach emissions measurement and reporting appropriate to their legislative frameworks. There may be additional flexibility to accommodate unique circumstances.

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If you are borrowing through QTC, you will need to comply with any information requirements or directions from QTC regarding ESG related disclosure.

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Local Government – Treasury is in discussions with the Department of Local Government, Water and Volunteers (DLGWV) about emissions reporting in the broader public sector context. Look to future information/guidance releases from DLGWV

# CARBON OFFSETS

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Interim Policy Position per UT Letter to Agencies in August 2022 remains in place.

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**Agencies are requested to seek UT approval** for dealings in carbon offset products (e.g. ACCU's) in both domestic and international carbon markets.

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Generating ACCU's remains unrestricted – but seek UT approval to deal with these units.

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Carbon offset products are not without risks that must be managed, from both a financial and government policy perspective.

Comprehensive due diligence before approaching UT is essential.

# Calculating GHG Emissions

# Calculating GHG Emissions

- QT is developing a uniform framework for defining and calculating GHG emissions by Queensland Government entities.
- This framework will include the development of an emissions measuring and reporting tool that will convert inputs from government entities to calculate the total emissions attributable to the Queensland Government.
- Why are Treasury doing this?
- Emerging reporting standards, debt market demands, internal-to-government needs for emissions data.
- Existing initiatives are fragmented and lack the necessarily uniformity.
- A consistent measurement approach for GHG emission across government is necessary to minimize legal and compliance risks.



# Calculating GHG Emissions

- Treasury's emissions measurement tool:
- enable agencies to focus on gathering *activity data*, not the mathematics, science or engineering components;
- it includes all applicable emissions factors;
- it automates the mathematical calculations;
- It minimises financial costs to agencies;
- It de-risks agency and WOG emissions calculations;
- It is auditable and facilitates future assurance activities.

# Calculating GHG Emissions

July 24	August	September	October	November	December	January 25	February
Tool and guidance development				Pilot preparation	Phase 1 Pilot Testing commencement	Phase 1 Feedback	<b>Phase 2 Pilot Testing WE ARE HERE</b>

- Thank you to those agencies who've been part of the pilot testing so far.
- Phase 3 consultation is planned ... invitations sent shortly.
- Subject to outcomes of pilot testing and Government direction on emissions to be measured and reported, QT will communicate with agencies on the final rollout of the calculation tool and guidance document in coming months.

# Concluding Comments

# Concluding Comments...

- 2025 will see more certainty as consultation with AASB on public sector specific issues is concluded in coming months.
- **Queensland Treasury will provide the agency reporting roadmap and policies/guidance once the reporting approach is determined and approved by Government.**
- Initial focus on measuring and calculating GHG emissions – departments and statutory bodies should focus efforts here.
- Emissions calculation tool and guidance will be rolled out over coming months once testing phase is complete.

# Our message today...

- Interim carbon offset policy from 2022 still in place.
- Key sustainability policy framework integrating WOG and agencies is taking shape in response to an evolving reporting landscape.
- Departments and Statutory Bodies are **not** to produce sustainability reports or early adopt sustainability standards/proposals. Refer to Queensland Sustainability Report.
- GOC's should continue to engage/liaise with your GPG Treasury contact.
- Departments and Statutory Bodies can reach out to Accounting Policy or Emissions Calculation Pilot Team with any questions.
- Expect further updates from Treasury over the next 3 months.

Disclaimer:

This presentation has been prepared for presentation at the QAO Technical Update (February 2025).

This presentation does not constitute formal Queensland Government or Queensland Treasury policy.

Agencies should monitor future communication from Queensland Treasury on the application of sustainability standards in Australia to the Queensland public sector.

The Queensland Sustainability Report can be accessed in full via Queensland Treasury's website at:  
<https://www.treasury.qld.gov.au/programs-and-policies/esg/>

Questions? Need accounting advice or assistance? Contact us at [fmcsupport@treasury.qld.gov.au](mailto:fmcsupport@treasury.qld.gov.au)



Engage



Respect



Inspire



Deliver

# Technical update – climate assurance

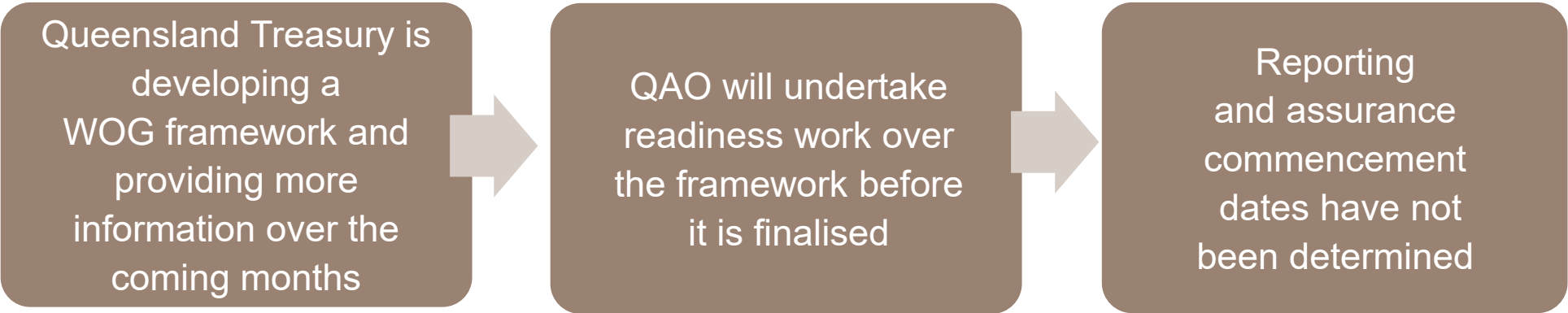
**Charles Strickland, Senior Director**

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## Climate reporting

### Key updates



### Mandatory reporting groups under *Corporations Act*:

Group 1 2025-26	Group 2 2026-27	Group 3 2027-28
<ul style="list-style-type: none"><li>• NGER reporting</li><li>• N/A</li><li>• 2 or more (consolidated) Revenue &gt;= \$500 mil. Assets &gt;= \$1,000 mil. 500 employees</li></ul>	<ul style="list-style-type: none"><li>• NGER registered</li><li>• \$5 billion assets</li><li>• 2 or more (consolidated) Revenue &gt;= \$200 mil. Assets &gt;= \$500 mil. 250 employees</li></ul>	<ul style="list-style-type: none"><li>• N/A</li><li>• N/A</li><li>• 2 or more (consolidated) Revenue &gt;= \$50 mil. Assets &gt;= \$25 mil. 100 employees</li></ul>

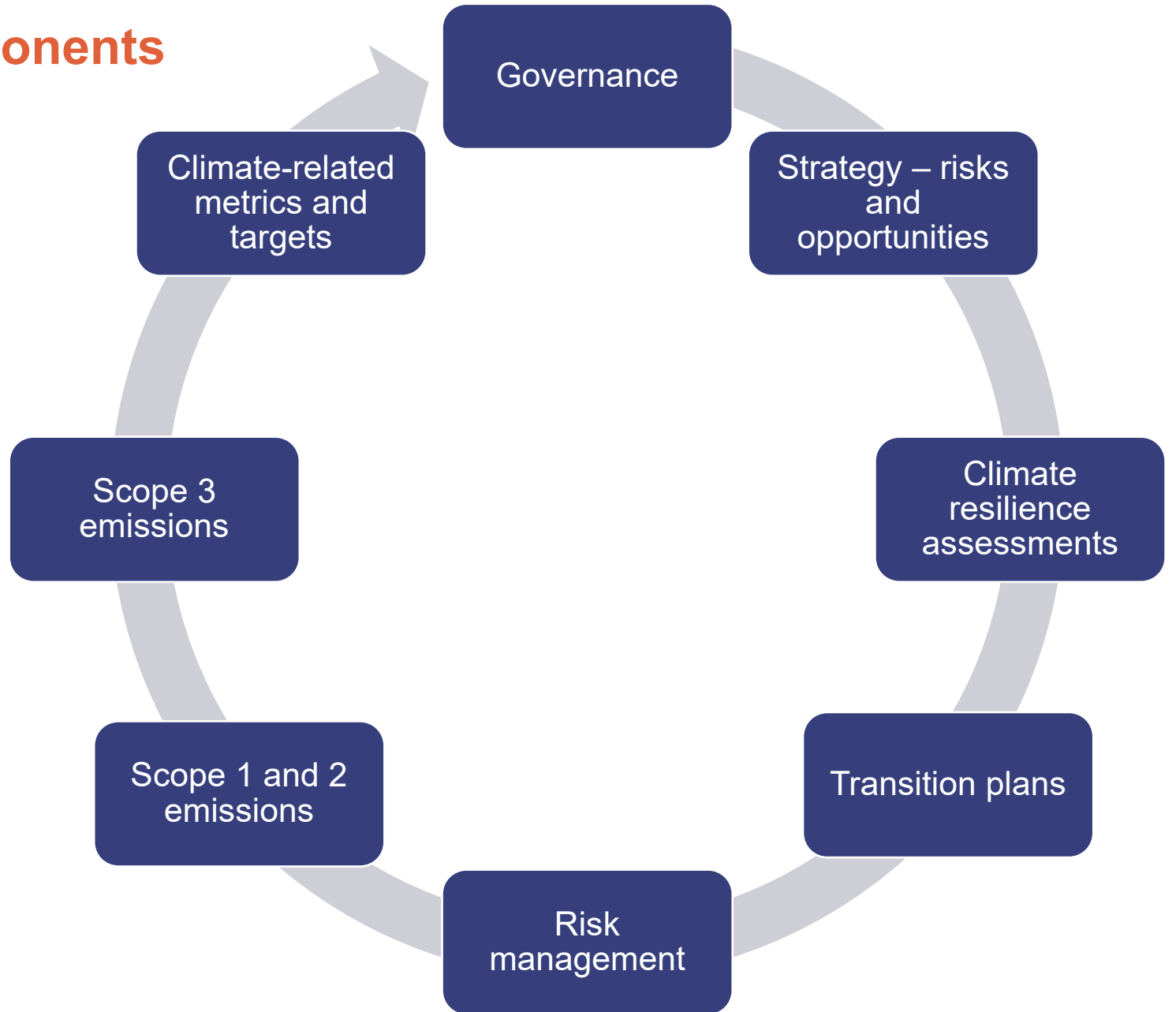
Some controlled entities may be in scope

No mandatory application to universities and local governments (yet).





## Reporting components



Reporting components



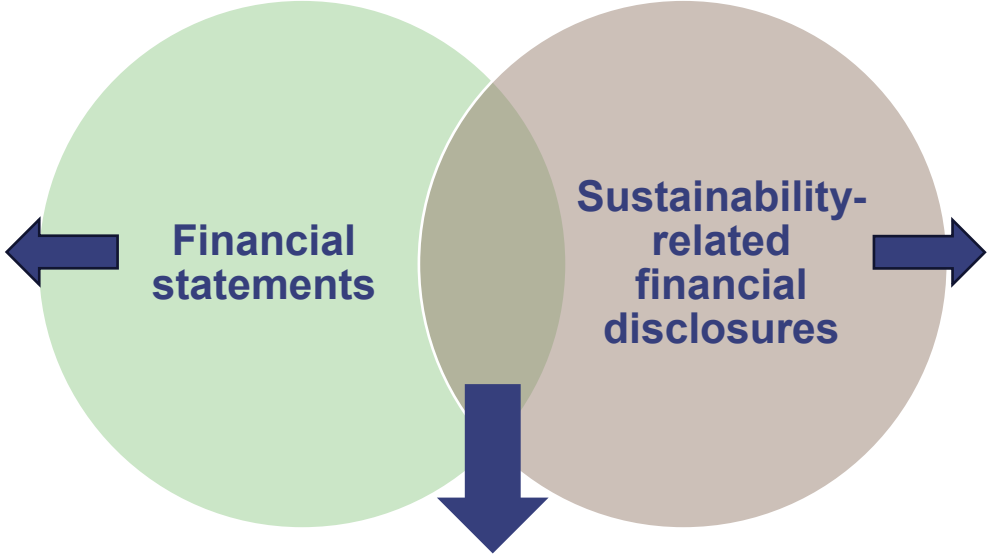


## Connectivity

# Complementary objectives

● Information required by AASB accounting standards

Information about **assets, liabilities, equity, income, and expenses**



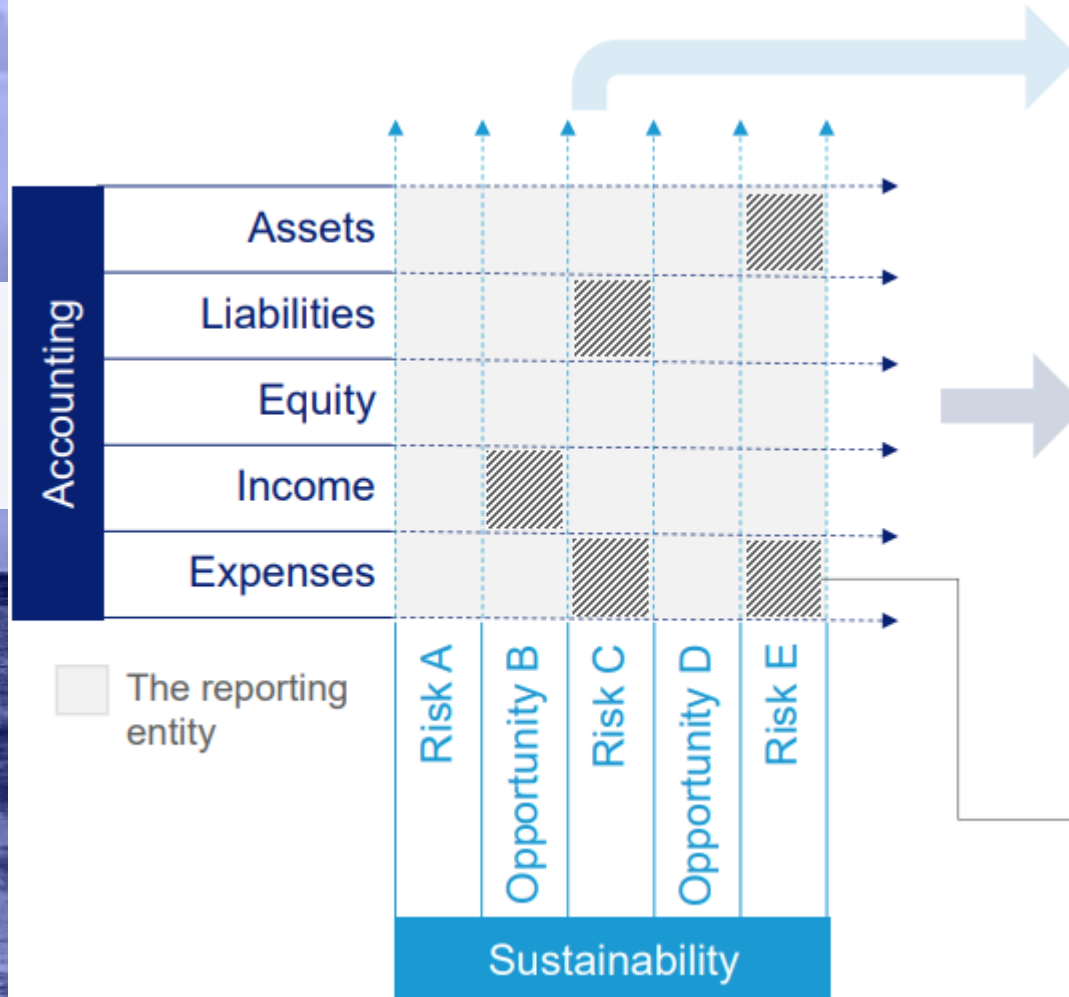
● Information required by AASB sustainability disclosure standards

Information about **sustainability-related risks and opportunities**

Information about the effects of **sustainability-related risks and opportunities** on an entity's **assets, liabilities, equity, income, and expenses**

Note: The diagram is not intended to represent relative proportions of reported information.  
Source: IFRS webcast: connectivity between the financial statements and sustainability-related financial disclosures.

## Complementary perspectives



The objective of **sustainability-related financial disclosures** is to provide information about an entity's sustainability-related risks and opportunities that is material for users' decision-making.

The objective of **financial statements** is to provide information about an entity's assets, liabilities, equity, income, and expenses that is material for users' decision-making.

Material information about the effects of an entity's sustainability-related risks and opportunities on its assets, liabilities, equity, income, and expenses is provided in the **context of each report's objective** in accordance with the **applicable requirements** in the respective AASB standards.



## Understanding impacts

# Understanding impacts

## Physical risks

- Rainfall variability
- Extreme weather events
- Sea level rising
- Extreme heat
- Desertification

## Transition risks

- Emission controls
- Carbon pricing
- Other policy and legal levers
- Debt/equity investor demands
- Customer/stakeholder preferences
- Changes in technology



## Illustrative phasing-in of audit requirements

Reporting year	1 <sup>st</sup> *	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup> **
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – risks and opportunities***	Limited****	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate resilience assessments/scenario analysis	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Transition plans	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Risk management	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 1 and 2 emissions	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 3 emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate-related metrics and targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

\* Group 1 – years commencing 1 January 2025. Group 2 – years commencing 1 July 2026. Group 3 – years commencing 1 July 2027.

\*\* Group 3 is to be subject to reasonable assurance across all disclosures by years commencing 1 July 2030.

\*\*\* The phasing for assurance on statements where there are no material climate-related financial risks and opportunities is the same as for 'Strategy – risks and opportunities'

\*\*\*\* Only the risks and opportunities (S2.9a), and whether they are physical or transition risks (S2.10(a) and 10(b))

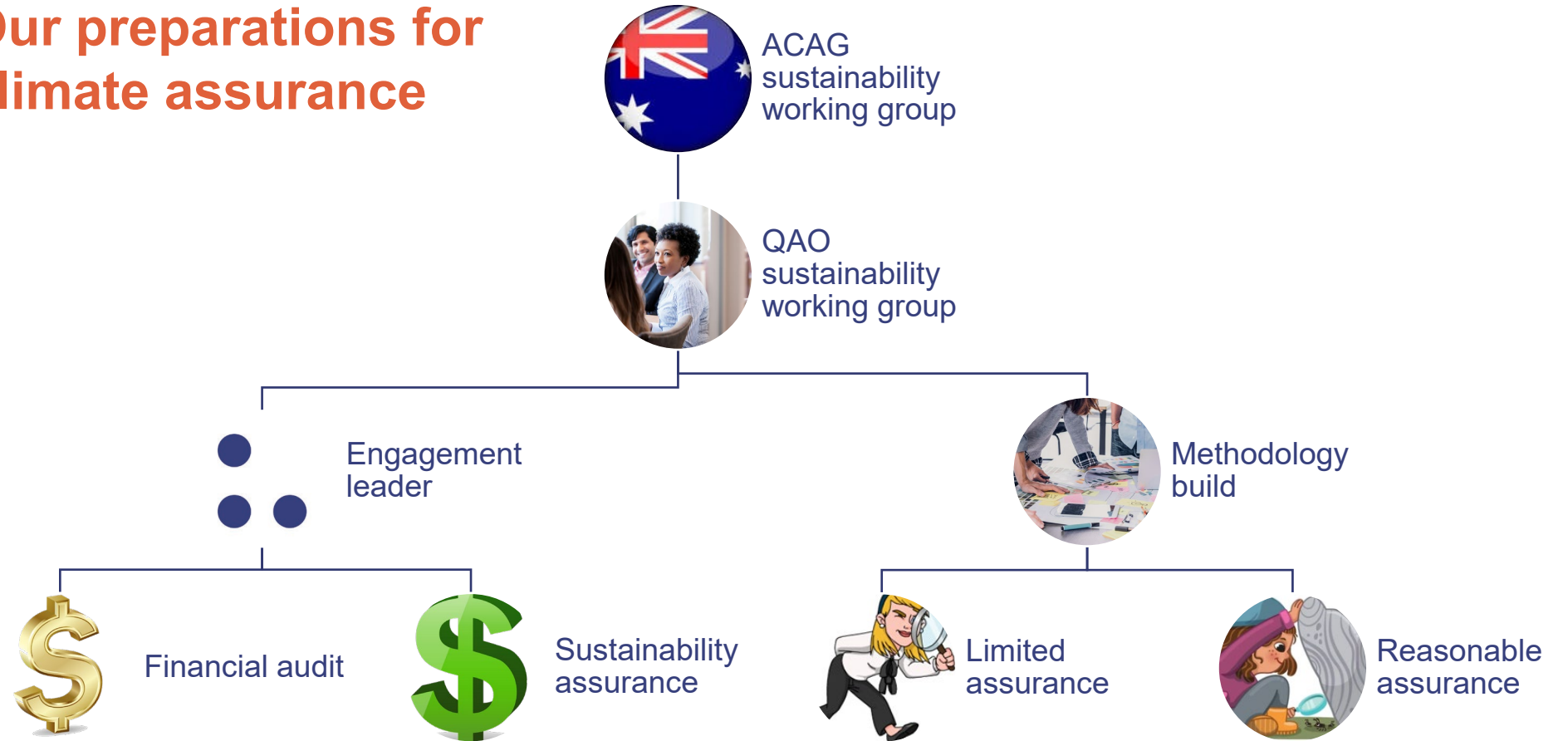
ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the *Corporations Act 2001*

Auditing



QAO actions

## Our preparations for climate assurance





**Other  
accounting  
matters**

Insurance

Fair value of  
assets

Presentation and  
disclosure

 Engage

 Respect

 Inspire

 Deliver

## Q&A and discussion

Facilitated by **Damon Olive, Assistant Auditor-General – Financial Audit**

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## Event survey

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Your feedback helps us improve our events.

A quick **five question survey** is open now:

[www.surveymonkey.com/r/QAOTechnicalAuditUpdate2025](https://www.surveymonkey.com/r/QAOTechnicalAuditUpdate2025)





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## Any questions please contact us

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