



Queensland Audit Office  
*better public services*

# Annual report

## 2016–17

## Contact

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19 September 2017

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

Dear Premier

I am pleased to present the Queensland Audit Office Annual Report 2016–17.

I certify that this annual report complies with:

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

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

Yours sincerely

Brendan Worrall  
Auditor-General

## About this report

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This report covers the activities of the Queensland Audit Office (QAO) for the reporting period from 1 July 2016 to 30 June 2017.

This report provides a comprehensive view of how QAO operates to create value, reporting against our published strategy and performance measures.

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

This report is available online at <http://www.qao.qld.gov.au/about/business>

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# Auditor-General's forward

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It has been a significant year for the Queensland Audit Office (QAO).

The former Queensland Auditor-General, Andrew Greaves, was appointed as the Victorian Auditor-General and as such, left QAO early in the reporting year.

On 23 March 2017, the results of the strategic review of QAO were tabled in parliament, and on the same day my appointment as the 23rd Auditor-General was announced. I commenced in the role on 11 July 2017.

I pay tribute to the dedication and efforts of QAO staff and executives during the year, particularly during a period of leadership transition and the strategic review.

I also acknowledge the efforts of our audit service providers, who are integral in our delivery of audit services to our clients.

I thank parliament, public sector clients and our stakeholders for their active engagement with QAO during the year.

The year ahead presents both opportunities and challenges for QAO.

I am committed to working with QAO and stakeholders to implement the recommendations from the strategic review, which present opportunities for QAO to enhance experiences for both staff and clients.

Other opportunities in the year ahead for QAO to enhance staff and client experiences include initiatives such as:

- implementing strategies to address staff survey findings
- a new financial audit toolkit
- further enhancing audit methodologies for both financial and performance audit.

I also see additional opportunities for financial audit work to be brought forward to pre-year end where appropriate and in doing so, this presents opportunities for both clients and QAO staff to reduce work pressures and work time during the financial reporting season.

Challenges for QAO and clients alike include the forthcoming implementation of new accounting standards around revenue recognition, financial instruments and lease accounting.

As your Auditor-General, I am committed to active client and stakeholder engagement and look forward to continuing to meet many of you during the year.



Brendan Worrall  
Auditor-General

# 2016–17 Highlights

## 2017 strategic review completed

The reviewers concluded that:  
‘the Queensland Audit Office is fundamentally sound, and that it is a valuable part of the Queensland public sector’...  
‘It is operating economically and efficiently, and in accordance with its legislation’

## Financial audit services

increased to  
**79%**  
overall financial  
audit client satisfaction

Strong client satisfaction—closed in on our target of 80 per cent

**99%**  
of our clients agreed our  
workforce is professional

Professionalism captures the core values that we want our employees to model

 revised financial audit methodology to modernise our audit practice

Reflects a higher reliance on our clients’ automated systems using audit analytics and information

## Performance audit services

**98%** accepted  
**86%** implemented

Auditees accepted the majority of our recommendations

 revised methodology

The new methodology improved stakeholder engagement and communication

**3** year rolling forecast means we can engage with agencies earlier

We refined our strategic audit planning to develop a robust topic selection process, focused on value

## Operational performance

**16** parliamentary committee briefings

Our employees presented at on the results of our audits and matters related to our office

**48** referrals examined relating to allegations of financial waste, mismanagement and fraud

We saw improvements in our clients’ systems of internal controls for most investigations

 targeted training from graduate to executive levels

We completed our learning and development program and aligned it to our auditor capability and competency framework

 significantly invested in audit analytics

We continued to modernise and we upgraded our end-of-life office systems



# Queensland Audit Office

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## Our office

We are the independent auditor of the Queensland public sector as established under the *Auditor-General Act 2009*.

Our statutory role is to conduct financial and performance audits of public sector entities and the entities they control. This includes state and local government entities, and other statutory bodies. Our clients are the public sector entities we audit and parliament.

Auditing and reporting the results to the entities themselves and to parliament is an important way of holding public sector entities accountable for their use of public resources and to safeguard the public interest.

Our people are professionals who support and deliver financial and performance audit services to our clients. Each year, we invest in our people. This helps them work with our clients to achieve our vision of better public services.

Our other key stakeholders include private sector audit service providers, central agencies, other integrity agencies, professional accounting and auditing groups, industry and community groups, and our Australian audit office peers in other jurisdictions.

Through our services we:

- help our public sector entity clients meet their compliance obligations and identify areas where they can improve
- help parliament and our stakeholders maintain confidence in public sector financial and operating performance
- investigate issues about financial waste and mismanagement related to public services.



## Strategic review

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As required by the *Auditor-General Act 2009*, a strategic review of QAO was conducted during the year. The review provides an independent assessment of how we are performing. The report tabled in parliament on 23 March 2017.

Lead reviewer, Phillipa Smith, concluded 'that the Queensland Audit Office is fundamentally sound, and that it is a valuable part of the Queensland public sector'... 'It is operating economically and efficiently, and in accordance with its legislation'.

The report included five strategic recommendations about:

1. improving client engagement
2. increasing parliamentary funding for performance audits
3. reviewing financial audit fees and workloads
4. employing staff under the *Auditor-General Act 2009*
5. strengthening Auditor-General independence.

We welcomed the strategic review, and support the recommendations.

Fully implementing the recommendations will require both legislative change and additional parliamentary funding.

Parliament's response to the review recommendations is in progress, with the review report under consideration by the parliamentary Finance and Administration committee.

### What this means for our people

The strategic review recognised that there has been significant workload pressure on our staff.

The reviewers concluded that the combination of a labour market shortage in audit professionals and public service award constraints has limited our ability to attract the more experienced audit professionals we need.

They raised the following concerns with staff shortages:

- it increases the pressure on existing staff
- it is inefficient and limits the ability to resource audits as planned
- it negatively impacts client relationships.

Engaging short-term contractors and a sustained increase in our graduate intake in recent years have helped alleviate, but not resolve, workload pressures.

In response, the reviewers made recommendations to:

- review financial audit fees to confirm they are realistic for maintaining audit quality, in response to staff workload issues and additional auditing requirements
- change the *Auditor-General Act 2009* to enable the auditor-general to employ staff directly under this act and to determine appropriate conditions of employment.

We are responding to the first point and are waiting for parliamentary support to progress the second.



## What this means for our clients

The strategic review recognised the strength of our overall client satisfaction results, but also raised issues about how we engage and respond to our clients.

The reviewers summarised the feedback they heard from clients as creating an impression ‘that the QAO’s focus is on completing its own work, rather than on providing value to its clients’.

This is valuable feedback as we work to improve our clients’ experience. We expect that steps we take to ease the significant workload pressure on our staff will also have a positive impact on this issue.

While speaking to our clients, the reviewers also identified a desire among directors-general and chief executives to have more access to the auditor-general.

In response, the reviewers made a recommendation to improve client engagement between the auditor-general and the leadership of our major clients.

Consistent with this, Brendan Worrall has held more than 30 client meetings since starting as the Auditor-General.

## What this means for our services

Providing performance audit services is a recent addition to our audit mandate and was an area of focus for the strategic review.

While examining these services, the reviewers recognised the value we provide through performance audits and the negative impact of us continuing to operate within our initial parliamentary funding.

They identified that these constraints are negatively impacting on our ability to:

- engage with clients
- access the expertise we need
- provide a wider range of services.

In response, the reviewers made a recommendation to double our parliamentary funding for performance audits.

Given the benefits from these services, additional funding will provide greater opportunity for us to deliver more value to Queensland.

We are in full support of this recommendation. However, we await consideration by the parliamentary Finance and Administration Committee before we respond to this recommendation.



## Our business model

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The way we create value is expressed through our business model.

It represents the relationship between our organisation's key inputs, activities, outputs, and outcomes.

### INPUTS

#### Our workforce

The audit professionals and support staff we employ, professional audit firms that we contract work to, and other subject matter experts we engage as required.

#### Our ways of working

We use audit methodologies aligned with auditing standards, and modern technology that supports workforce collaboration.

#### Client relationships and information

We receive financial and operational performance information relevant to audit planning and conduct.

#### Funding

Financial audit services are paid for by our public sector entity clients, with parliament funding our other services.

### ACTIVITIES

#### Professional audit services

We deliver financial audit and performance audit services.

#### Investigations

We investigate issues about financial waste and mismanagement that members of parliament, public service employees and members of the public raise with us.

#### Advice and assistance

We provide advice and assistance to our clients, sharing information about good practice and promoting better public services.

### OUTPUTS

#### Financial audit opinions

These provide assurance about the accuracy and reliability of public sector entity financial statements.

#### Reports to parliament on the results of financial audits

These provide aggregated information about financial performance and issues relevant to the whole of government or groups within the public sector.

#### Reports to parliament on the results of performance audits

These provide performance audit results that examine areas of public sector economy, efficiency, and effectiveness.

#### Good practice

We provide awareness and resources to promote better practices within the public sector.

### OUTCOMES

#### Increasing maturity

We engage on matters of importance, examine control environments, and identify systemic issues to increase maturity in public sector financial management and reporting.

#### Maintaining confidence

We provide professional audit services, form opinions on financial statements and operational performance, and publish the results to maintain confidence in financial accountability, transparency and reporting.

#### Improving services

We examine our clients' performance, and provide recommendations that our clients accept and implement to improve services.

Achieving these outcomes results in better public services.



## Our strategy

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Our organisational strategy reflects our vision and is intended to strengthen the outcomes we want to achieve.

Each year, we review our strategy to ensure that our objectives, risks and actions are aligned to our vision. Throughout the year, we monitor our performance and the delivery of our strategy to ensure that we meet our commitments and achieve our objectives.

### VISION

#### **Better public services**

Helping our clients improve their financial and operational performance, resulting in better public services

#### **World class audit**

Producing work of the highest standard in terms of audit quality and value for money to our clients

### PURPOSE

#### **Independent assurance**

Determining how we work and not being influenced by external factors, so that our clients and other stakeholders can trust what we produce

#### **Unique insights**

Our unique position gives us access to rich information across the entire public sector. We use this to develop valuable perspectives on public sector performance

### OBJECTIVES

#### **Our people**

Our people are the best in their field, supported by efficient and effective operations

#### **Our services and performance**

Our services are trusted and valued as independent, authoritative, and timely. They are provided efficiently and effectively

#### **Our clients and other stakeholders**

Our clients and other stakeholders use the information we provide and the recommendations we make to improve accountability and perform their functions more efficiently and effectively



## Our people

Our people are dedicated and highly qualified professionals who are essential to achieving our objectives.

Our work is carried out by about 200 staff who are a mix of audit professionals, other specialists, and support team members. We also engage audit service providers from about 26 public practice firms to perform some annual financial audits on the auditor-general's behalf.

### Developing our people

To achieve our vision of world-class audit we have invested in building capability and are committed to developing an exemplary workforce. In developing our workforce, we provide:

- study assistance to support ongoing learning
- targeted technical and non-technical development programs for personal and professional growth
- competency frameworks that clarify career progression and capability expectations
- clear and continuous feedback to help people perform their work and continue to grow
- audit training focused on enhancing client engagement, leadership and communication skills
- opportunities to work on projects or in higher-level positions
- secondments between government departments for job variety and skill development.

In 2016–17 we also completed our learning and development program for financial auditors, which aligns with our auditor capability framework.

### Supporting our people

Our aim is to have a highly engaged workforce where every person enjoys their work and has a sense of accomplishment and connection with our organisation.

We recognise that there is much more to work than the technical aspects of a job. In addition to learning and development, we support employees with:

- tailored programs to support employee health and wellbeing
- an active workplace health and safety committee
- support for employee involvement in activities outside of work such as the Corporate Games, fun runs and other sporting events.

We participate in the annual *Working for Queensland* employee opinion survey, which the Public Service Commission coordinates for the Queensland public sector. This year, we achieved a record of 87 per cent employee participation rate.

The high-level results have just been received and we have seen improvement in agency engagement, from 60 to 65 per cent, which includes an improvement in workload and health scores. However, our workforce remains very concerned about the impact workloads are having on their health and work-life balance, and fairness. These areas will be a major focus for the leadership in the coming year.

**200**  
people

**49**  
:51 female  
: male staff

**85%**  
audit operations  
**15%**  
support services

**51**  
hours of professional  
development per  
auditor on average



## Recruiting and developing our graduate auditors

For the 2016–17 year we engaged 12 graduate auditors and are providing tailored programs to give them:

- a comprehensive foundation program that meets their knowledge needs and supplements on-the-job training
- experience working as part of a team of audit professionals across all aspects of our business
- experience in client engagement and service delivery
- an understanding of the broader public sector context including financial and operational performance
- support for achieving qualifications, such as a Chartered Accountant or Certified Practising Accountant, and ongoing professional development
- an opportunity to travel throughout Queensland to work with our clients.

We have also started an internship program within our audit analytics team to ensure we have access to a diverse skill set in the future.

The efforts we make to develop our graduates has been recognised in 2016–17. QAO is a finalist in the Australian Association of Graduate Employers (AAGE) Graduate Recruitment Industry Awards for best Graduate Program. The award is determined by graduates participating in the 2017 AAGE Graduate Survey.



Pictured: Recent QAO graduates and program manager Amy Glasson.



## Culture and values

Many employees have built their careers at QAO, developing deep client knowledge and expertise across many areas of the public sector. We also welcome experienced team members from a wide range of backgrounds—both public and private sectors. This diversity has a hugely positive influence on our culture.

How we work together and work with our clients is expressed through the core values that underpin our professional services culture—engage, challenge, deliver, and care.

We first defined and promoted these core values in 2015–16. We continue to embed them through:

- our induction program
- organisational events
- regular performance discussions.

We regularly check-in with our staff to measure engagement and ensure we are living our values.

Our employees are recognised throughout the year via an award program. Some recent recipients are below.



Engage



Challenge



Deliver



Care



### Engage

**Michelle Reardon,  
Director**

‘By developing strong relationships, Michelle has become a valuable, trusted advisor.’



### Challenge

**Nizar Kabadaja,  
Audit Senior**

‘Niz effectively demystifies complex accounting concepts.’



### Deliver

**Madara Kahawatta,  
Audit Senior**

‘Madara consistently delivers high quality audit outcomes.’



### Care

**John Hanwright,  
Manager**

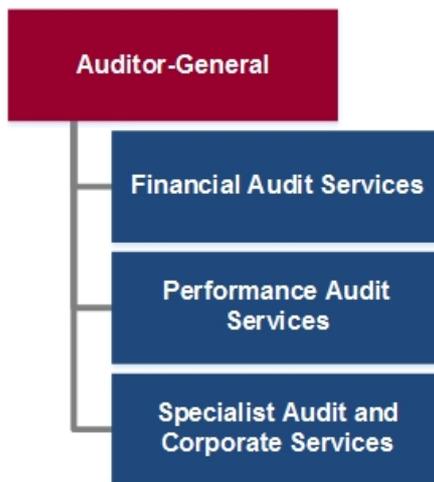
‘John contributes significantly to our social wellbeing and team spirit.’



## Our people—leadership and governance

Our office has adopted a simple accountability and authorising structure. Our staff are organised into divisions that align with the services and support we provide.

Two divisions directly produce our outputs and outcomes through our financial and performance audit program, and a support division delivers specialist staff and advice and delivers our corporate functions.



Our executive leaders have a shared responsibility for audit excellence and operational performance. They set the tone for integrity and model good governance within QAO.

### Executive leaders

The executive leaders are supported by sector directors and audit/specialist directors, and our corporate support leaders for human resources, finance and information services.

Input into our governing bodies is sought from across the business.

### Executive leaders

	<b>Brendan Worrall</b> Auditor-General
	<b>Poopalasingam Brahman</b> Assistant Auditor-General Financial Audit Services
	<b>Daniele Bird</b> Assistant Auditor-General Performance Audit Services
	<b>Karen Johnson</b> Assistant Auditor-General Specialist Audit and Corporate Services

### Governing bodies

#### Executive Management Group

This group includes all executive leaders, and sets strategy and monitors its delivery.

#### Operational Management Group

This group includes all executive and divisional leaders, and sets operational objectives and monitors performance.

#### Organisational Change Group

This group includes all corporate support divisional leaders, is focused on organisational change, and monitors initiative delivery.

#### Audit and Risk Management Committee

All members are external and independent, with this group having oversight of risk, control and compliance frameworks.



## Our services and performance

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Each year, through our financial audit program, we form opinions about the reliability of financial statements of public sector entities. Our opinions are published in each entity's annual report. We also prepare reports based on the combined results of individual financial audits, and table these reports in parliament.

Through our performance audit program, we examine the efficiency, effectiveness and economy of important aspects of public services. From each performance audit, we prepare and table a report in parliament that contains our findings, conclusions and recommendations for improving performance.

Our services support public sector entities to meet their reporting obligations and improve performance. They also provide members of parliament and the public with confidence about the performance and accountability of the public sector.

In 2016–17 the key outputs from our services are:

- audit opinions on the annual financial statements of public sector entities
- sector-based reports to parliament on the results of financial audits
- reports to parliament on performance audit topics
- delivery of a strategic audit plan for 2017–20, which sets out the performance audit topics we propose to undertake over the next three years
- investigations into referrals of public sector waste and mismanagement.

Appendix A lists the audit reports we tabled during the year.

These outputs are delivered by our three divisions—financial audit, performance audit and specialist audit.

### Financial audit services

Our annual financial audit program delivers a variety of assurance services to all state public sector entities and local governments.

During 2016–17:

- we provided 436 financial statement audit opinions
- we charged our clients \$35.4 million for financial audit services
- we adopted key audit matter audit reporting for significant public sector entities
- our assurance opinions included GS007 reports, ASEA 3402 reports on service organisations, Australian Financial Service Licence (AFSL) and Australian Prudential Regulatory Authority (APRA) certifications, National Disaster Relief and Recovery (NDRRA) and Roads to Recovery certifications, and electricity industry Regulatory Information Notices (RINs)
- we issued an opinion on the annual financial report of the State of Queensland—the consolidated whole-of-government and general government sector financial statements
- as per our plan, we tabled eight sector-based reports to parliament on the results of our financial audits, including commentary on their internal control environments
- we participated in parliamentary committee briefings on six of our financial audit reports
- satisfaction with our audit services has remained stable, with 79 per cent of our clients confirming they were satisfied with our overall services.



## Performance audit services

Our strategic audit planning process identified 36 potential performance audit topics over the three-year period, 2017–20.

During 2016–17:

- we tabled 12 reports to parliament on the results of our performance audits
- we spent \$3.8 million of parliamentary funding on performance audits, participated in 10 parliamentary committee briefings on our reports, held two briefings for members of parliament and had one on-site visit from the Finance and Administration Committee to showcase our audit analytics capabilities
- we estimated the potential financial benefits of implementing the recommendations from our 2016–17 reports to be at least \$11 million per annum
- seventy-six per cent of our clients were satisfied with our services
- our clients accepted 98 per cent of the recommendations from our performance audit reports that were tabled in parliament during 2016–17, providing a basis for improving public services
- our clients advised that they had fully implemented 86 per cent of the recommendations they had accepted from our performance audit reports tabled in parliament during 2014–15
- the Finance and Administration Committee provided their support for our strategic audit plan for 2017–20
- we updated our performance audit methodology to better document and evidence research and findings. To improve our audit focus during planning we now assess our client outcomes using the service logic model
- refined our strategic audit planning process to develop a robust process focused on value.

## Specialist audit services

During 2016–17:

- we evaluated 48 new referrals from the public about possible public sector financial waste and mismanagement, with most finalised during the year
- we provided ongoing technical advice and assistance to our staff, and clients and stakeholders
- we assisted in the development of 64 key audit matters within the new long-form audit reports
- we obtained continuous monthly financial data for 62 significant public sector entities. Our financial and performance auditors use this data to gain insights into their clients and audit risks, and use it in the conduct of our audits
- we streamlined our annual process for engaging audit service providers, making it a lower cost experience for them and for us
- we developed a new audit methodology that reflects a higher reliance on automated client systems using audit analytics and information technology application controls testing
- our office has committed significant funding and resources to a major upgrade to end-of-life back office systems and whole-of-office system integration.



## Our clients and stakeholders

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### Client engagement

Our clients are the public sector entities we audit and parliament. Our relationship with them and other stakeholders impacts our ability to achieve our strategy.

When we engage, we focus on:

- listening to and understanding our clients' needs and concerns
- sharing better practice with and among our clients
- generating greater impacts from our services
- raising awareness about our role and services
- sourcing important topics for our performance audit program.

We organise our audit teams into sectors to improve client engagement and our understanding of their organisations.

Our clients benefit from having an audit professional they can talk to about their issues, who has developed a deeper understanding of their operating environment.

Our staff benefit from working with multiple clients within a common sector because they can improve their understanding of their clients and have greater opportunities to apply their expertise.

The sector-based teams—led by sector directors—engage with members of parliament, parliamentary committees, public sector entities, and industry and community groups.

In our role as an integrity organisation we engage with:

- Queensland Government central agencies to promote integrity in financial management and reporting
- other integrity offices to collaborate and maintain service alignment.

In our role as an audit organisation we engage with:

- professional accounting bodies and audit regulators to contribute to accounting and audit related matters

- public sector audit offices in other jurisdictions to collaborate, and benchmark our performance
- private sector audit firms to partner with them to deliver our financial audit services.

We also engage with members of the public, primarily through our website, and provide opportunities to suggest new performance audit topics, contribute to current performance audits, or raise issues about financial waste and mismanagement of public resources.

We are always seeking to improve how we engage. We encourage our clients to provide direct feedback about our services and offer other feedback opportunities through independent surveys.

We also measure client satisfaction through independent surveys to better understand how well we are engaging and delivering value to our clients.

For 2016–17 we set ourselves an overall client satisfaction target of 80 per cent. The results were slightly below target.

We evaluate the feedback we receive and the results of the surveys to improve our performance and our clients' experience.

### Parliamentary engagement

Our work is important for maintaining parliament's confidence in the financial and operating performance of the public sector.

An important way that parliament supports us is with funding. We received \$6.6 million during 2016–17, which we allocated across a range of our services.

We tabled 20 reports in parliament during 2016–17. Through the parliamentary process, each report is referred to the appropriate parliamentary committee for consideration and response.

If requested, we also provide advice and assistance to committees about our work.



### **Finance and Administration Committee**

The Finance and Administration Committee provides oversight of the auditor-general and QAO. This committee meets with the auditor-general at different times to discuss the position and performance of the office. This year we also hosted a visit from the committee at our office, and provided four briefings about the function of QAO.

We survey members of parliament twice within a parliamentary term to source feedback on the value of QAO's services and products.

### **Stakeholder engagement**

We also engage with a range of other stakeholder groups. Most of these relationships are collaborative in nature.

These stakeholders include:

- other integrity agencies
- central agencies
- private sector audit service providers
- professional accounting and auditing groups
- industry and community groups
- members of the Australasian Council of Auditors-General—our audit office peers in other jurisdictions.

### **Other integrity agencies**

Integrity agencies have powers to investigate matters relevant to their role. Members of the public may raise matters with them, or they may identify matters when delivering their services.

Our role focuses on matters about financial waste and mismanagement related to public services.

Integrity agencies may also refer matters among themselves, to ensure they are investigated by the most appropriate agency. We are an active participant in these investigations.

### **Central agencies**

Central agencies—the Department of Premier and Cabinet, Public Service Commission, and Queensland Treasury—are critical to making positive change across the public sector.

Our work identifies important areas for change but we need these groups to bring the right people together to help make change happen. These groups often provide the perspective we need to ensure we implement the right solution.

During 2016–17, we worked with these groups to implement the requirements of new accounting standards that impact the public sector

### **Private sector audit service providers**

Audit service providers helped us deliver more than a third of our work during 2016–17. They are an essential extension of our workforce and with some providers being regionally-based, they can help us deliver services to our regional clients at a reduced cost. The appendices to this report include information about the audit professional service fees that we incurred during 2016–17.

### **Professional accounting and auditing groups**

Professional bodies and standard setting boards are important in the advancement of our profession, and their work can have a significant impact on our clients and the work we do.

We collaborate through the Australasian Council of Auditors-General to respond to exposure drafts and proposed standards to ensure we identify public sector implementation issues.

### **Industry and community groups**

A variety of groups with an interest in public services exist. Each group's focus may vary—some focus on specific services, some on services in a specific area, and some on specific stakeholder interests.

We engage with different groups at different times based on the work we do. For example, we have a strong relationship with the Local Government Association of Queensland—a not-for-profit focused on supporting and advancing local government. We work closely with them to engage with local government on important matters like financial sustainability.



## Improvements and challenges

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We listen to our people, our clients and other stakeholders when evaluating the challenges we face and identifying the improvements we need to make.

Each year, we review our organisation and identify activities to improve the efficiency and effectiveness of our services and operations.

During 2016–17, we:

- revised our performance audit methodology to better document and evidence research and findings
- redeveloped our public sector financial audit methodology to reflect a higher reliance on clients' automated financial systems using audit analytics and information system application control testing. This is while still ensuring our audit effort focuses on the areas of material audit risk
- adopted key audit matter reporting for significant public sector entities, and initiated a trial run for this type of reporting for our local government entities
- released our audit professional capability framework and developed all associated training materials
- conducted development activities to improve client engagement and service skills
- continued to invest in improving our written communication skills
- replaced end-of-life back-end office systems and improved corporate reporting tools.

During 2017–18, we will:

- implement strategies that address staff survey findings
- release our financial and performance audit methodologies for use in the next audit cycle
- further embed audit analytics into our ways of working to improve audit quality and efficiency
- continue to invest in improving client engagement and service skills across the organisation
- investigate options for implementing contemporary audit tools, including a new audit toolkit
- progress with the implementation of strategic review recommendations
- continue to listen and respond to the view of our workforce around workload issues.

## Financial and performance statements

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Because we work in the public interest, funded by the parliament and public sector entities, we focus on providing value-for-money services to our clients.

Our financial objective is to break even over the medium term—to only recover the cost of providing our services—and we manage any surpluses and deficits over time to achieve this result.

This year we budgeted for a deficit of \$0.662 million.

Our operating result for 2016–17 was a deficit of \$0.273 million, which is a better result than we had budgeted for. Our budget for 2017–18 is for a surplus of \$0.347.

We project to remain financially sustainable as we continue to pursue operational efficiencies. An annual increase of 2.5 per cent to our basic fee rates has been approved to counter increased organisational costs. This increase applies each year from 1 October 2016 to 1 October 2019.

Our non-financial performance was in line with expectations. In those areas where our results were unfavourable against our targets, most were within acceptable tolerances.

This section contains:

- our financial statements
- our performance statement
- independent auditor reports from Nexia Australia.

## Financial statements

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### Queensland Audit Office Financial Statements For the year ended 30 June 2017

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**Statement of Comprehensive Income**

**Statement of Financial Position**

**Statement of Changes in Equity**

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**Certificate of the Queensland Audit Office**

**Independent Auditor's Report**

#### General Information

These financial statements cover the Queensland Audit Office (QAO) for the 2016–17 financial year. QAO is established under the *Auditor-General Act 2009* to provide independent public sector auditing services.

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 (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 14, 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](mailto:enquiries@qao.qld.gov.au)
- or visit the QAO's internet site [www.qao.qld.gov.au](http://www.qao.qld.gov.au).

**Queensland Audit Office**  
**Statement of Comprehensive Income**  
**Year ended 30 June 2017**

	Notes	2017 Actual \$'000	2017 Original Budget \$'000	Budget Variance* \$'000	2016 Actual \$'000
<b>Income from Continuing Operations</b>					
Audit fees	2(i)	35 407	35 274	133	37 146
Appropriation revenue for services	2(ii)	6 608	6 629	(21)	6 422
Other revenue	2(iii)	658	692	(34)	872
<b>Total Income from Continuing Operations</b>		<b>42 673</b>	<b>42 595</b>	<b>78</b>	<b>44 440</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	3	20 567	22 304	(1 737)	20 838
Supplies and services	4	21 602	20 159	1 443	23 189
Depreciation and amortisation	8	411	510	(99)	301
Other expenses	5	366	284	82	423
<b>Total Expenses from Continuing Operations</b>		<b>42 946</b>	<b>43 257</b>	<b>(311)</b>	<b>44 751</b>
<b>Total Operating Result from Continuing Operations/Comprehensive Income</b>		<b>(273)</b>	<b>(662)</b>	<b>389</b>	<b>(311)</b>

*\*An explanation of major variances is included at Note 12*

*The accompanying notes form part of these statements.*

**Queensland Audit Office**  
**Statement of Financial Position**  
**As at 30 June 2017**

	Notes	2017 Actual \$'000	2017 Original Budget \$'000	Budget Variance* \$'000	2016 Actual \$'000
<b>Current Assets</b>					
Cash and cash equivalents	1(d)	5 163	3 123	2 040	4 611
Work in progress	6	2 075	2 500	(425)	3 637
Receivables	7	3 601	4 396	(795)	1 936
Other current assets		258	387	(129)	173
<b>Total Current Assets</b>		<b>11 097</b>	<b>10 406</b>	<b>691</b>	<b>10 357</b>
<b>Non-Current Assets</b>					
Plant and equipment	8(c)(a)	222	550	(328)	403
Intangible assets	8(c)(b)	1 329	1 092	237	985
Other financial assets		10	10	..	10
<b>Total Non-Current Assets</b>		<b>1 561</b>	<b>1 652</b>	<b>(91)</b>	<b>1 398</b>
<b>Total Assets</b>		<b>12 658</b>	<b>12 058</b>	<b>600</b>	<b>11 755</b>
<b>Current Liabilities - Payables and accruals</b>	9	<b>2 048</b>	<b>2 424</b>	<b>(376)</b>	<b>1 505</b>
<b>Non-Current Liabilities - Provision for lease</b>	10	<b>875</b>	<b>355</b>	<b>520</b>	<b>242</b>
<b>Total Liabilities</b>		<b>2 923</b>	<b>2 779</b>	<b>144</b>	<b>1 747</b>
<b>Net Assets</b>		<b>9 735</b>	<b>9 279</b>	<b>456</b>	<b>10 008</b>
<b>Equity</b>					
Contributed equity		5 183	5 183	..	5 183
Accumulated surplus		4 552	4 096	456	4 825
<b>Total Equity</b>		<b>9 735</b>	<b>9 279</b>	<b>456</b>	<b>10 008</b>

*\*An explanation of major variances is included at Note 12*

*The accompanying notes form part of these statements.*

**Queensland Audit Office**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2017**

	<b>Accumulated Surplus \$'000</b>	<b>Contributed Equity \$'000</b>	<b>Total \$'000</b>
<b>Balance as at 1 July 2016</b>	4 825	5 183	10 008
Operating result from continuing operations	(273)	..	(273)
<b>Balance as at 30 June 2017</b>	<b>4 552</b>	<b>5 183</b>	<b>9 735</b>
	<b>Accumulated Surplus \$'000</b>	<b>Contributed Equity \$'000</b>	<b>Total \$'000</b>
<b>Balance as at 1 July 2015</b>	5 136	5 183	10 319
Operating result from continuing operations	(311)	..	(311)
<b>Balance as at 30 June 2016</b>	<b>4 825</b>	<b>5 183</b>	<b>10 008</b>

*The accompanying notes form part of these statements.*

**Queensland Audit Office  
Statement of Cash Flows  
for the year ended 30 June 2017**

	Notes	2017 Actual \$'000	2017 Original Budget \$'000	Budget Variance* \$'000	2016 Actual \$'000
<b>Cash Flows from Operating Activities</b>					
<i>Inflows:</i>					
Audit fees		35 405	35 513	(108)	37 907
Appropriation revenue for services		6 608	6 629	(21)	6 422
GST input tax credits from ATO		2 262	1 811	451	2 349
GST collected from customers		3 762	3 248	514	3 611
Other revenue		467	423	44	656
<i>Outflows:</i>					
Employee expenses		(20 647)	(22 223)	1 576	(20 499)
Supplies and services		(20 619)	(18 779)	(1 840)	(23 076)
GST paid to suppliers		(2 221)	(1 786)	(435)	(2 394)
GST remitted to ATO		(3 715)	(3 267)	(448)	(3 685)
Other expenses		(176)	(284)	108	(154)
<b>Net Cash Provided by Operating Activities</b>	14	<b>1 126</b>	<b>1 285</b>	<b>(159)</b>	<b>1 137</b>
<b>Net Cash used in Investing Activities</b> – Payments for plant and equipment and intangibles		<b>(574)</b>	<b>(677)</b>	<b>103</b>	<b>(1 134)</b>
Net increase in cash and cash equivalents		552	608	(56)	3
Cash and cash equivalents at beginning of financial year		4 611	2 515	2 096	4 608
<b>Cash and Cash Equivalents at End of Financial Year</b>		<b>5 163</b>	<b>3 123</b>	<b>2 040</b>	<b>4 611</b>

*\*An explanation of major variances is included at Note 12*

*The accompanying notes form part of these statements.*

## 1. Summary of Significant Accounting Policies

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

### (a) Statement of compliance

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

- section 42 of the *Financial and Performance Management Standard 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016 (FRR).

The historical cost convention is used, unless otherwise stated. This means that assets and liabilities are initially recorded at their fair value and subsequently measured at amortised cost.

New accounting standards applied for the first time in these financial statements are outlined in 1(f).

### (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.

### (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) New and revised accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates are set out below:

#### **AASB 15 Revenue from Contracts with Customers**

This standard will become effective from reporting periods beginning on or after 1 January 2019 and contains detailed requirements for the accounting for certain types of revenue from customers. An analysis of the impact of AASB15 on QAO revenue was undertaken. QAO currently recognises revenue as services are performed (over time). AASB15 paragraphs 35 to 37 (and related guidance) includes provisions for similar situations where performance obligations are satisfied over time. Therefore, QAO do not expect this standard to have a material impact on how revenue is currently recognised in our financial statements.

## 1. Summary of Significant Accounting Policies (continued)

### (e) New and revised accounting standards not yet effective (continued)

#### AASB 16 Leases

This standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

QAO has one operating lease (rent for two (2) floors of a building) that is recognised as an expense on a straight-line basis over the lease term as per AASB 117 *Leases*. Under AASB 16, the accounting for this lease will change to recognising a right-of use asset and associated liability, interest and depreciation expense, resulting in an impact on financial statements from 2019–20.

As the deadline for adoption of the new standard approaches, additional consultation and refining of the impact of the standards will occur, including the discount rate to be used.

### (f) First Year Application of New Accounting Standards

AASB 124 *Related Party Disclosures* became effective for the first time in 2016-17 and has an impact on this financial report. This standard requires note disclosures about key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As the FRR already required disclosure of KMP remuneration expenses, there was minimal impact for QAO's disclosures compared to 2015–16 (refer Note 3 (b) (ii)). Material related party transactions for 2016–17 are disclosed in Note 3 (b) (iii). No comparative information is required in respect of 2015–16.

### (g) Issuance of financial statements

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

## 2. Revenue

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

QAO also receives parliamentary appropriation for:

- the operation of the statutory Office of the Auditor-General
- the conduct of performance audits
- reporting to Parliament on the results of financial and performance audits performed
- providing advice and assistance to the Parliament and central agencies.

### (i) Audit fees for services to the public sector

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

### (ii) Appropriation revenue for services to the Parliament

QAO recognises appropriation revenue in the year when the services are performed, which matches the timing of cash transfers made by Queensland Treasury under the *Appropriation (Parliament) Bill 2015*.

	2017 \$'000	2016 \$'000
<b>Revenue</b>		
Budgeted departmental services appropriation	6 629	6 401
Queensland Treasury adjustments	(21)	21
<b>Total</b>	<b>6 608</b>	<b>6 422</b>

**Queensland Audit Office**  
**Notes to the Financial Statements**  
for the year ended 30 June 2017

**2. Revenue (continued)**

**(iii) Other Revenue**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other revenue</b>		
Licence fees	419	432
Storage services received free of charge	191	201
Recovery of costs for Energex Performance Audit report	..	148
Miscellaneous receipts	48	91
<b>Total</b>	<b>658</b>	<b>872</b>

**3. Employee Expenses**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Employee Benefits</b>		
Wages, salaries and sick leave	16 342	16 272
Annual leave levy	1 587	1 815
Long service leave levy	369	369
Employer superannuation contributions	2 144	2 211
Fringe benefits tax	82	70
Service payment – non-renewal of contract	..	54
<b>Total</b>	<b>20 524</b>	<b>20 791</b>
<b>Employee Related Expenses - WorkCover Queensland premium</b>	<b>43</b>	<b>47</b>
<b>Total</b>	<b>20 567</b>	<b>20 838</b>

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

	<b>2017</b>	<b>2016</b>
Number of employees as at 30 June 2017	175	179

**(a) Employee benefits**

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

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

**(i) Wages, salaries and sick leave**

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

**(ii) Annual leave and long service leave**

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

### 3. Employee Expenses (continued)

#### (ii) Annual leave and long service leave (continued)

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*.

#### (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.

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

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

#### (b) Key executive management personnel and remuneration

##### (i) Key executive management personnel

Details of key executive management personnel are disclosed in accordance with section G1 of the Financial Reporting Requirements for Queensland Government Agencies. Key executive management personnel encompass positions which form part of the Executive Management Group. This group had the authority and responsibility for planning, directing and controlling the activities of the QAO during 2016–17.

**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** – manages the financial and performance audit functions of QAO as well as the non-audit responsibilities as Chief Operating Officer.

**Assistant Auditors-General** – lead and set the strategic direction for the delivery of audit services to enhance effective public sector accountability.

Following the resignation of Auditor-General A Greaves, acting arrangements were in place as outlined in note (ii) Remuneration.

Further information on these positions is in the Annual Report under the *How We Operate* section.

##### (ii) Remuneration

The remuneration policy for QAO's key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008* and the *Auditor-General Act 2009*. Individual remuneration and other terms of employment are specified in employment contracts.

Remuneration packages comprise the following components:

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

**Queensland Audit Office**  
**Notes to the Financial Statements**  
for the year ended 30 June 2017

**3. Employee Expenses (continued)**

**(ii) Remuneration (continued)**

- redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payments in lieu of notice on termination regardless of the reason for termination
- performance bonuses are not paid under the current contracts.

Total fixed remuneration is calculated on a total 'cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits. Key executives acted in higher positions during the year to cover leave and vacancies.

Position (date resigned if applicable)	Name	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Total Remuneration
		Base	Non-Monetary			
		\$'000	\$'000			
<b>1 July 2016 – 30 June 2017</b>						
Auditor-General (resigned 13/9/16)	A Greaves*	221	4	..	10	234
Auditor-General (acting 31/8/16 – 30/6/17) Deputy Auditor-General (1/7/16 - 30/8/16)	A Close	390	13	7	33	443
Assistant Auditor-General (1/7/16 - 30/8/16) Deputy Auditor-General (acting from 31/8/16 – 30/6/17)	P Brahman	261	13	5	23	302
Assistant Auditor-General	K Johnson	238	13	5	25	281
Assistant Auditor-General	D Bird	261	13	5	27	306
Assistant Auditor-General (acting from 17/1/17 – 16/6/17)	D Olive	94	6	2	8	110
Assistant Auditor-General (acting 1/9/16 - 16/1/17 and 17/6/17 - 30/6/17)	P Flemming	87	6	2	7	102
<b>Total 2017</b>						<b>1 779</b>
<b>1 July 2015 – 30 June 2016</b>						
Auditor-General	A Greaves	410	13	9	44	476
Deputy Auditor-General	A Close	281	13	5	27	326
Assistant Auditor-General	P Brahman	222	13	4	22	261
Assistant Auditor-General	K Johnson	221	13	4	22	260
Assistant Auditor-General	D Bird	258	13	5	27	303
Assistant Auditor-General (contract ended 14/10/15)	M Booth**	230	5	2	6	243
<b>Total 2016</b>						<b>1 869</b>

2016-17: \*Total remuneration includes annual and long service leave payout of \$123 685

2015-16: \*\*Total remuneration includes termination benefits of \$35 270 and annual and long service leave entitlements of \$122 201

**Queensland Audit Office**  
**Notes to the Financial Statements**  
for the year ended 30 June 2017

**3. Employee Expenses (continued)**

**(iii) Related Party Transactions**

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

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

**Transactions with other Queensland Government-controlled entities**

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

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

**4. Supplies and Services**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Payment to contract auditors	13 817	14 123
Consultants and expert advice	1 506	2 210
Payments to employment agencies for contractor personnel	1 750	1 964
Rent and office services	1 910	1 860
Leasehold restoration	520	..
Information technology and minor office equipment	880	1 561
Staff development	282	362
Travel costs	406	443
Bureau charges	55	129
Other administrative costs	476	537
<b>Total</b>	<b>21 602</b>	<b>23 189</b>

**5. Other Expenses**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Internal audit fees	82	86
External audit fees*	26	58
Insurance premiums – QGIF	65	78
Storage services received free of charge	191	201
Other expenses	2	..
<b>Total</b>	<b>366</b>	<b>423</b>

\*Total audit fees due to Nexia Brisbane Audit Pty Ltd relating to the 2016-17 financial year are \$35 500 (2015-16: \$32 000). Further assurance services in relation to an audit of the Service Delivery Statement - Key Performance Indicators are valued at a cost of \$7 400 (2015-16: \$7 200).

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

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

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

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

- no dispute by clients
- no unexplained overdue WIP
- no amount outstanding for entities no longer exist, and
- good quality credit history with majority of our clients are Government entities.

## **7. Receivables**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees receivable	3 240	1 680
Annual leave reimbursement	250	139
Long service leave reimbursement	91	102
Other receivables	20	15
<b>Total</b>	<b>3 601</b>	<b>1 936</b>

Receivables represent amounts owed to QAO at year end.

Receivables are recognised when an invoice is issued and work in progress is reduced accordingly. Invoices are issued periodically, based on milestones or final 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 and Intangible Assets**

### **(a) Acquisition**

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

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

## 8. Plant and Equipment and Intangible Assets (continued)

### (b) Measurement

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

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

The depreciation and amortisation rates are:

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

### (c) Impairment

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

	2017 \$'000	2016 \$'000
<b>(a) Plant and Equipment</b>		
Plant and equipment		
At cost	1 086	1 048
Accumulated depreciation	(864)	(645)
<b>Total</b>	<b>222</b>	<b>403</b>
 <b>Plant and Equipment Reconciliation</b>		
Carrying amount at 1 July 2016	403	505
Acquisitions	48	152
Disposals	(50)	(145)
Depreciation	(229)	(254)
Accumulated depreciation on disposal	50	145
<b>Carrying amount at 30 June 2017</b>	<b>222</b>	<b>403</b>
 <b>(b) Intangible Assets</b>		
Software purchased		
At cost	1 100	1 090
Accumulated amortisation	(829)	(767)
<b>Total</b>	<b>271</b>	<b>323</b>
Software internally generated		
At cost	1 968	790
Accumulated amortisation	(910)	(780)
<b>Total</b>	<b>1 058</b>	<b>10</b>

Queensland Audit Office  
Notes to the Financial Statements  
for the year ended 30 June 2017

## 8. Plant and Equipment and Intangible Assets (continued)

	2017 \$'000	2016 \$'000
<b>(b) Intangible Assets (continued)</b>		
Work in progress – at cost	..	652
<b>Total</b>	<b>1 329</b>	<b>985</b>
 <i>Intangible Assets Reconciliation</i>		
Carrying amount at 1 July 2016	985	50
Acquisitions	526	982
Amortisation	(182)	(47)
<b>Carrying amount at 30 June 2017</b>	<b>1 329</b>	<b>985</b>

## 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 30 day terms.

	2017 \$'000	2016 \$'000
<b>(a) Payables</b>		
Creditors	1 014	580
GST payable	488	440
GST input tax receivable	(293)	(332)
Net GST payable	195	108
<b>Total</b>	<b>1 209</b>	<b>688</b>
	<b>2017 \$'000</b>	<b>2016 \$'000</b>
<b>(b) Accrued Employee Benefits</b>		
Annual leave levy payable	371	413
Long service leave levy payable	96	88
Other employee benefits	372	316
<b>Total</b>	<b>839</b>	<b>817</b>
 <b>Total</b>	 <b>2 048</b>	 <b>1 505</b>

**Queensland Audit Office**  
**Notes to the Financial Statements**  
for the year ended 30 June 2017

## 10. Provision for Lease

	2017 \$'000	2016 \$'000
Non-cancellable operating lease	355	242
Leasehold restoration	520	..
<b>Total</b>	<b>875</b>	<b>242</b>

### Non-Cancellable Operating Lease

QAO has a sub-lease for office accommodation, the Department of Housing and Public Works (DHPW) has the head lease. This arrangement is an operating lease as DHPW retains substantially all risks and benefits.

Lease rentals are expensed in the period incurred on a straight line basis over the term of the lease, with the difference between future increases and the amounts due recognised as a provision.

Non-cancellable lease commitments are disclosed in Note 11(a).

### Leasehold Restoration

Under our current lease arrangement, QAO has a present obligation to restore the office accommodation to its original state if the office does not exercise its option to extend the current lease beyond the existing agreement.

In June 2017 an independent accommodation options analysis was undertaken with the assistance of external experts to quantitatively and qualitatively compare QAO's current tenancy and alternative tenancies to our accommodation objectives and aspirations. Based on this analysis it is now probable that the QAO will not take up this extension option therefore triggering the current obligation under the lease agreement.

As the settlement of this obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

### *Key Estimates and Judgements*

The leasehold restoration provision has been calculated by an estimated rate per square metre, based on an industry benchmark utilised by the Corporate Real Estate industry in Australia.

## 11. Commitments for Expenditure

	2017 \$'000	2016 \$'000
<b>(a) Non-cancellable Operating Lease</b>		
Not later than one year	1 526	1 461
Later than one year and not later than five years	6 071	7 597
<b>Total</b>	<b>7 597</b>	<b>9 058</b>
<b>(b) Future Auditing Services Under Contract</b>		
Not later than one year	12 288	11 866
Later than one year and not later than five years	3 731	6 129
<b>Total</b>	<b>16 019</b>	<b>17 995</b>
<b>(c) Other Contracts – Not later than one year</b>	<b>1 032</b>	<b>847</b>
<b>Total</b>	<b>24 648</b>	<b>27 900</b>

All commitments in existence at reporting date are inclusive of GST. These commitments have not been recognised as liabilities in the financial statements (except for the provision included in note 10) as services are yet to be performed under these contracts. Audit contracts commencing 2018 are not included above as contracts were not finalised at reporting date.

## 12. 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>Employee Expenses:</i>	Actual employee expenses were \$1.737 million under budget due to a lower average number of employees (12 FTEs) as we experienced difficulty in attracting and retaining people with audit capabilities.
<i>Supplies and Services:</i>	This variance is mostly attributable to higher expenses for audit service providers (\$0.791 million) and a provision for leasehold restoration (\$0.520 million).

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

<i>Cash and Cash Equivalents:</i>	Most of the variance relates to a lower actual opening balance than planned from a concerted effort made by management to minimise customer and creditor accounts in preparation for the roll-out of the enterprise resource planning (ERP) system. The remainder relates to continuous effort in improving management of customer accounts.
<i>Work in Progress:</i>	The variance relates to efforts made by management to minimise the WIP balance through conversion to receivables and cash.
<i>Receivables:</i>	The variance is due to improved management of customer accounts.
<i>Plant and Equipment:</i>	The variance is due to lower capital works expenditure to maintain and replace current office and IT equipment than planned.
<i>Intangible Assets:</i>	Actual intangible assets are higher than budget due to capitalisation of a larger proportion of costs from the implementation of the (ERP) system.
<i>Payables and Accruals:</i>	The variance is due to improved management of creditor accounts.
<i>Provision for Lease:</i>	The actual provision is higher than budget due to a provision for leasehold restoration arose due to a recent management decision on the office's lease arrangement, thereby creating an obligation to include a provision for a lease make good.

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

<i>GST Inflows and Outflows:</i>	Variances in GST input tax credits from ATO, GST collected from customers, GST paid to suppliers and GST remitted to ATO are due to higher than expected audit fees and supplies and services in June 2016.
<i>Payments for Plant and Equipment and Intangibles:</i>	The decrease in cash outflows for plant and equipment and intangibles is primarily due to a reduction in capital works expenditure, partially offset by higher costs capitalised from the ERP system implementation.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
for the year ended 30 June 2017

### 13. Financial Instruments

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

#### (a) Classification

Financial Assets	2017 \$'000	2016 \$'000
Cash and cash equivalents (fair value through profit or loss)	5 163	4 611
Work in progress (amortised cost)	2 075	3 637
Receivables (amortised cost)	3 601	1 936
Other financial assets (fair value through profit or loss)	10	10
<b>Total</b>	<b>10 849</b>	<b>10 194</b>
<b>Financial Liabilities</b> - Payables and accrued employee benefits (amortised cost)	<b>2 048</b>	<b>1 505</b>

#### (b) Financial Risk Management

QAO's activities expose it to credit risk and liquidity risk. Financial risk management is implemented pursuant to Government and QAO policies. These policies focus on the financial performance of QAO over the medium term. Primary responsibility for the management of financial risk rests with the Chief Financial Officer under the authority of the Executive Management Group, with oversight and monitoring by the Audit and Risk Management Committee.

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

#### (c) Credit Risk Exposure

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

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

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

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.

#### Ageing of Financial Assets (not impaired)

Receivables	Overdue				Total Financial Assets
	Less than 30 days	30-60 days	61-90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
2017	2 854	648	72	27	3 601
2016	1 936	..	..	..	1 936

### 13. Financial Instruments (continued)

#### (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, \$154 184 (2016: \$175 000) was available in this facility.

An approved overdraft facility of \$2 million was not used during the financial year.

As at 30 June 2017, QAO's financial liabilities are all payables and accruals that fall due within 12 months.

#### (e) Fair Value

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

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

	2017	2016
	\$'000	\$'000
<b>Operating (Deficit)</b>	<b>(273)</b>	<b>(311)</b>
Non-cash items included in operating result:		
Depreciation and amortisation expense	411	301
Provision for lease	113	176
Provision for leasehold restoration	520	..
Change in assets and liabilities:		
(Increase)/decrease in work in progress	1 562	(1 607)
(Increase)/decrease in receivables	(1 665)	2 680
(Increase)/decrease in other current assets	(85)	217
Increase/(decrease) in payables	434	(213)
Increase in accrued employee benefits	22	13
Increase/(decrease) in GST payable	87	(119)
<b>Net Cash from Operating Activities</b>	<b>1 126</b>	<b>1 137</b>

### 15. Events Occurring after the Reporting Date

Brendan Worrall has commenced as the Auditor-General on 11 July 2017.

## 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 2009* 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 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 2017 and of the financial position as at the end of that year
- (c) these assertions, in all material respects, are based on an appropriate system of internal controls and effective risk management processes for financial reporting throughout the reporting period.



Tina Le, FCPA  
Chief Financial Officer  
25 July 2017



Brendan Worrall  
Auditor-General  
25 July 2017

## Independent Audit Report



### Independent Auditor's Report To the Accountable Officer of the 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 2017, 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 a summary of significant accounting policies and the certificates given by the Auditor-General of Queensland and the Chief Financial Officer of the Queensland Audit Office.

In our opinion, the accompanying financial report of Queensland Audit Office is in accordance with the *Auditor General Act 2009*:

- a. We have received all the information and explanations which we have required; and
- b. In our opinion:
  - i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Queensland Audit Office for the financial year 1 July 2016 to 30 June 2017 and of the financial position as at the end of that year.

##### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Queensland Audit Office in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## Independent Auditor's Report to the Accountable Officer of the Queensland Audit Office (cont)

### 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 2017, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial report does not cover the other information and accordingly we will 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 identified above when it becomes available 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. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Accountable Officer and request the other information be corrected. If the other information is not corrected after communicating with the Accountable Officer we will be required to seek to have the uncorrected material misstatement brought to the attention of users for whom this auditor's report is prepared.

### Responsibilities of the Accountable Officer for the Financial Report

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

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

### Auditor's Responsibility 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 the 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.



### Independent Auditor's Report to the Accountable Officer of the Queensland Audit Office (cont.)

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 entity'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 entity'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 entity 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.

*Nexia Brisbane Audit Pty Ltd*

**Nexia Brisbane Audit Pty Ltd**

*A M Robertson*

**A M Robertson  
Director**

Level 28, 10 Eagle Street,  
Brisbane, QLD, 4000

Date: 25 July 2017

## Performance statement

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### Queensland Audit Office Performance Statement For the year ended 30 June 2017

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#### Contents

**Performance Comparison – Target to Actual**

**Notes to and forming part of the Performance Statement**

**Certificate of the Queensland Audit Office**

**Independent Audit Report**

#### General Information

This performance statement covers the Queensland Audit Office (QAO) for the 2016–17 financial year. QAO is an office established under the *Auditor-General Act 2009* to support the Auditor-General in providing independent public sector auditing services and reporting.

The head office and principal place of business is:

Level 14, 53 Albert Street  
BRISBANE QLD 4000

For information relating to QAO's performance report please call (07) 3149 6000, email [enquiries@qao.qld.gov.au](mailto:enquiries@qao.qld.gov.au) or visit the QAO's internet site [www.qao.qld.gov.au](http://www.qao.qld.gov.au).

**Queensland Audit Office  
Performance Statement  
Year ended 30 June 2017**

**Performance comparison—actual to target**

<b>Service standards</b>	<b>Notes</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>	
<b>Service area: Independent Public Sector Auditing</b>					
<b>Service: Reports and Advice to Parliament</b>					
<i>Effectiveness measures</i>					
Parliament's overall satisfaction with services (%)	1	80	N/A		
Audit entities' overall satisfaction with performance audit services (ip)	2	80	76	-4	unfavourable
Performance audit recommendations implemented by audited entities (%)	3	100	86	- 14	unfavourable
Benefits from performance audits (benefit-cost ratio)	4	> 1	> 1	Nil	favourable
<i>Efficiency measures</i>					
Reports to parliament on the results of financial audits:	5, 6				
Average cost of reports tabled (\$ 000)		\$170.0	\$172.9	\$2.9	unfavourable
Average time taken to produce reports (months)		5.0	6.1	1.1	unfavourable
Reports to parliament on the results of performance audits:	5, 7				
Average cost of reports tabled (\$ 000)		\$360.0	\$338.8	- \$21.2	favourable
Average time taken to produce reports (months)		< 8.0	8.5	0.5	unfavourable
<b>Service: Reports and Advice to the Public Sector</b>					
<i>Effectiveness measures</i>					
Audit entities' overall satisfaction with financial audit services (ip)	2	80	79	-1	unfavourable
Financial statement material error (%)	8	< 5.0	4.1	- 0.9	favourable
<i>Efficiency measures</i>					
Average cost of financial audits	9				
State entities (\$ 000)		\$78.0	\$79.4	\$1.4	unfavourable
Local government entities (\$ 000)		\$69.0	\$67.5	-\$1.5	favourable

*The accompanying notes form part of these statements*

## Notes to and forming part of the Performance Statement Including the Explanation of Major Variances

1. Opinion surveys are issued to members of the Queensland Parliament about twice per parliamentary term. Therefore, members are not surveyed every year. Accordingly, no surveys were issued to this group for 2016-17.
2. Opinion surveys are issued each year to our financial and performance audit clients within the Queensland public sector. An independent organisation conducts the surveys for us. The results are expressed as 'index points' (ip) to more accurately describe the result when combining multiple survey factors into a single value or score.

The results for 2016-17 are below target but within tolerance.

3. The percentage of 'performance audit recommendations implemented by audit entities' is a measure of the impact of our work. Each year we follow-up with clients who have previously accepted recommendations from our reports, to understand the extent to which they have implemented the recommendations.

Actual results are based on client responses for eight performance reports that we tabled in 2014-15. Across all clients, there were 57 acceptances of our recommendations – which includes instances where multiple clients have accepted the same recommendation to implement within their own entities. Client responses indicate that of the 57 acceptances, 49 (86%) are fully implemented, and a further 7 (12%) are partially implemented.

This measure was first reported in our 2015-16 annual report and we expect our approach to measuring performance and setting targets to mature over time.

4. 'Benefits from performance audits' is a measure of the impact of our work. It provides greater transparency of the financial benefits to Queensland from our work. This measure is reported as a benefit-cost ratio. A value greater than one, indicates that the benefits from our performance audit program are greater than the cost of the program itself.

This measure was first reported in our 2015-16 annual report and we expect our approach to measuring performance and setting targets to mature over time.

The actual result reported of 'greater than one' represents our assessment that the financial benefits from our performance audit program is greater than the cost of the program we delivered in 2016-17 (\$4 065 614). The key benefit that supports this assessment is the potential to reduce transaction costs for procurement.

Our performance audit about strategic procurement, identified more than \$11 million in savings per annum through the appropriate use of corporate cards for minor procurement transactions by:

- reducing the number of purchase orders being processed by about 30 per cent
- reducing the number of direct invoices being processed by about 70 per cent.

The \$11 million benefit related to this audit significantly exceeds the \$4 million cost of our overall performance audit program.

5. We track the full lifecycle cost of each report to parliament and the time it takes to produce it. These are important measures of our efficiency.

The cost of our reports includes internal staff costs and overheads, consultant costs, and other direct costs. The total cost of all the reports we tabled during the 2016-17 financial year are used in this measure. We report the estimated final cost within each report. Actual costs may vary slightly from this estimate due to minor work undertaken after tabling.

The timeliness of our reports on the results of financial audits, is measured from the financial year end date of our clients to the tabling date of the report in parliament. For our reports on the results of performance audits, it is measured from the formal initiation of the audit to the tabling date.

6. Overall, our reports on the results of financial audits have been delivered slightly over budget and later than expected. The actual costs for each report are:

Report Title	Lifecycle Cost	Duration (months)
Energy: 2015-16 results of financial audits	\$75 694	5.0
Rail and ports: 2015-16 results of financial audits	\$96 800	5.0
Water: 2015-16 results of financial audits	\$112 029	5.5
Queensland state government: 2015-16 results of financial audits	\$156 681	5.5
Hospital and Health Services: 2015-16 results of financial audits	\$246 950	7.0
Audit of Aurukun school partnership agreement	\$295 423	N/A
Local government entities: 2015-16 results of financial audits	\$258 391	9.1
Universities and grammar schools: 2016 results of financial audits	\$141 379	5.7
<b>Total</b>	<b>\$1 383 347</b>	<b>42.8</b>
<b>Average</b>	<b>\$172 918</b>	<b>6.1</b>

Note that the 'Audit of Aurukun school partnership agreement' was undertaken by QAO on request and does not conform to the data definition for our average duration measure. Therefore, it is reported as 'N/A' and excluded from this measure.

7. Overall, our reports on the results of performance audits have been delivered under budget but slightly later than expected. The actual costs for each report are:

Report Title	Lifecycle Cost	Duration (months)
Strategic procurement	\$428 751	8.4
Forecasting long-term sustainability of local government	\$382 109	9.6
Follow-up: Monitoring and reporting performance	\$84 024	5.0
Criminal justice system - prison sentences, and reliability and integration of data (two separate audits and reports)	\$632 593*	13.5*
Efficient and effective use of high value medical equipment	\$537 829	11.2
Biosecurity Queensland's management of agricultural pests and diseases	\$329 846	8.1
Managing performance of teachers in Queensland state schools	\$301 923	7.4
Government advertising	\$319 925	9.1
Organisational structure and accountability	\$289 927	11.5
Security of critical water infrastructure	\$346 923	10.5
Education and employment outcomes for Aboriginal and Torres Strait Islander people	\$411 764	8.1
<b>Total</b>	<b>\$4 065 614</b>	<b>102.5</b>
<b>Average</b>	<b>\$338 801</b>	<b>8.5</b>

\* This information covers two reports related to the criminal justice system.

8. 'Financial statement material error' is a measure of our effectiveness. This measure was first reported in our 2015-16 annual report to provide greater transparency of the quality of our financial audit work.  
  
This measure reports where there are material errors in prior year financial statements that we have already provided an audit opinion on, and need to be corrected in the current year. During 2016-17, there were 18 material errors identified that related to the prior year, in which a total of 435 audit opinions had been provided.  
  
This result is favourable against our target, however we aim to have no errors and use information about these errors to inform our audit quality improvement activities.
9. We track the full lifecycle cost of each financial audit for state and local government entities. The cost of our audits includes internal staff costs and overheads, contractor costs, and other direct costs. The total cost of all the financial audits we completed during the 2016-17 financial year are used in this measure.  
  
Overall, our average cost of financial audits for state and local government entities is within about 2% of target.

## Certificate of the Queensland Audit Office

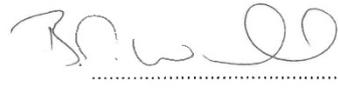
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### CERTIFICATE OF THE QUEENSLAND AUDIT OFFICE

We hereby certify that the performance indicators in the statement are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Queensland Audit Office, and fairly represent the performance of the office for the financial year ended 30 June 2017.



Brad Wilson  
Executive Officer  
21 August 2017



Brendan Worrall  
Auditor-General  
21 August 2017

## Independent Audit Report



### Independent Assurance Report

#### To the Accountable Officer of the Queensland Audit Office

We have audited the accompanying Performance Statement of the Queensland Audit Office which details the Queensland Audit Office's actual performance of performance indicators against target for the year ended 30 June 2017.

#### Responsibility of the Accountable Officer for the Performance Statement

The Accountable Officer is responsible for the preparation and fair presentation of the Performance Statement. The accountable officer's responsibility also includes such internal controls as the accountable officer determines are necessary to enable the preparation of the Performance Statement to be free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on the Performance Statement based on our audit. We conducted our audit in accordance with *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* which require us to comply with relevant ethical requirements relating to assurance engagements and plan and perform the audit to obtain reasonable assurance whether the actual and targeted key performance indicators are not materially misstated on the Performance Statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Performance Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Performance Statement, whether due to fraud or error.

Our procedures included, agreeing the targeted key performance indicators to the 2016-17 Queensland State Budget – Service Delivery Statements - Queensland Audit Office document, and agreeing actual performance indicator numbers to source data, systems or documents.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our assurance opinion.

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#### **Inherent Limitations**

Because of inherent limitations in the evidence gathering procedures and the Queensland Audit Office's internal controls, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of fraud, error or non-compliance as an audit is not performed continuously throughout the year ended 30 June 2017 and the audit procedures performed are undertaken on a test basis. The assurance conclusion expressed in this report has been formed on the above basis.

#### **Use of Report**

This assurance report has been prepared for the Queensland Audit Office in accordance with our engagement letter. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Queensland Audit Office, or for any purpose other than that for which it was prepared.

#### **Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

#### **Auditor's Opinion**

In our opinion the Performance Statement of the Queensland Audit Office presents a true and fair view, in all material respects, of the targeted performance indicators listed in the 2016-17 Queensland State Budget – Service Delivery Statements - Queensland Audit Office document and the Queensland Audit Office's performance against those performance indicators for the year ended 30 June 2017.

*Nexia Brisbane Audit Pty Ltd*

**Nexia Brisbane Audit Pty Ltd**

*A M Robertson*

**A M Robertson  
Director**

Level 28, 10 Eagle Street,  
Brisbane, QLD, 4001

Date: 21 August 2017



# Appendices

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## Appendix A—Reports to parliament 2016–17

Number	Title	Date tabled in Legislative Assembly
1	Strategic procurement	September 2016
2	Forecasting long-term sustainability of local government	October 2016
3	Follow-up: Monitoring and reporting performance	November 2016
4	Criminal justice system—prison sentences	November 2016
5	Energy: 2015–16 results of financial audits	December 2016
6	Rail and ports: 2015–16 results of financial audits	December 2016
7	Water: 2015–16 results of financial audits	December 2016
8	Queensland state government: 2015–16 results of financial audits	December 2016
9	Hospital and Health Services: 2015–16 results of financial audits	January 2017
10	Effective and efficient use of high value medical equipment	February 2017
11	Audit of Aurukun school partnership arrangement	February 2017
12	Biosecurity Queensland's management of agricultural pests and diseases	March 2017
13	Local government entities: 2015–16 results of financial audits	April 2017
14	Criminal justice system—reliability and integration of data	April 2017
15	Managing performance of teachers in Queensland state schools	April 2017
16	Government advertising	May 2017
17	Organisational structure and accountability	May 2017
18	Universities and grammar schools: 2016 results of financial audits	June 2017
19	Security of critical water infrastructure	June 2017
20	Education and employment outcomes for Aboriginal and Torres Strait Islander people	June 2017

## Appendix B—Performance audit highlights

We selected these highlights from our 2016–17 performance audit program to demonstrate the breadth of topics we cover, and the potential benefits of our work to Queenslanders.

### Strategic procurement

#### Report 1 from our 2016–17 program

During 2015–16, procurement of services and supplies, such as general goods, transport infrastructure or medical services, made up a significant proportion of total expenditure for the Queensland Government—around 18 per cent.

Through our audit analytics, we identified opportunities where a more strategic approach to procurement could realise significant financial benefits for the state. We demonstrated that savings could be made by creating new supply arrangements, better using existing arrangements, reducing processing costs, or by managing demand. One example is that if government departments converted 70 per cent of their procurement transactional costs onto corporate card (in line with guidance about how to use corporate cards), they could have saved \$26.5 million over the past three years.

Because of this report, three departments started accessing QAO's financial audit dashboard to better inform their decision-making around strategic procurement. This action, along with the recommendations made in our report, will contribute better value for money in the delivery of public services.

### Forecasting long-term sustainability of local government

#### Report 2 from our 2016–17 program

To deliver vital infrastructure services to the community, councils manage large numbers of complex, long-lived assets. We identified improvement opportunities in local government financial management and asset management and how this would positively impact their long-term financial sustainability.

Following our report, Queensland Treasury Corporation and the Department of Infrastructure, Local Government and Planning established a working group that is dedicated to addressing local government asset concerns. QAO was invited to participate to further share insights from our audit work.

This working group has engaged the right people, across the right organisations, at the right levels to affect change. Their first steps have been to determine how to collect more complete and accurate data on asset condition to provide councils with more confidence in developing their long-term forecasts.

Once they implement their plans to collect data, we expect that many councils will be able to better manage and share their data. This will enable councils to benchmark their assessments against neighbouring councils and improve their financial planning.

### Follow-up: Monitoring and reporting performance

#### Report 3 from our 2016–17 program

Public sector entities must report publicly on their performance as part of their accountability obligations to demonstrate effective stewardship and responsible use of tax-payer funded resources. We followed-up the recommendations QAO made in our 2013–14 report *Monitoring and reporting performance*, in which we identified opportunities to better monitor and measure public sector performance and outcomes.

The public sector has put a lot of effort into implementing our recommendations and is now publicly reporting more outcomes of efficiency and effectiveness measures than it did in 2013–14. Measures now cover 48 per cent of government spending, up from 28 per cent in 2013–14. Entities can better identify where to improve government service delivery, and parliament and the community can have greater confidence in government spending.

In our original audit, we recommended that all departments use service logic models to develop measures of efficiency and effectiveness. Seventeen of the 20 core Queensland departments assessed themselves as having fully done so. This means they have realigned their services to focus more on the customer or service user and on outcomes. It has also led to clearer expectations, clearer target outcomes, and greater transparency, ownership and accountability for performance.

Our website contains copies of our reports to parliament, and also details of performance audits that are planned and in progress. Visit <https://www.gao.qld.gov.au/> for details.

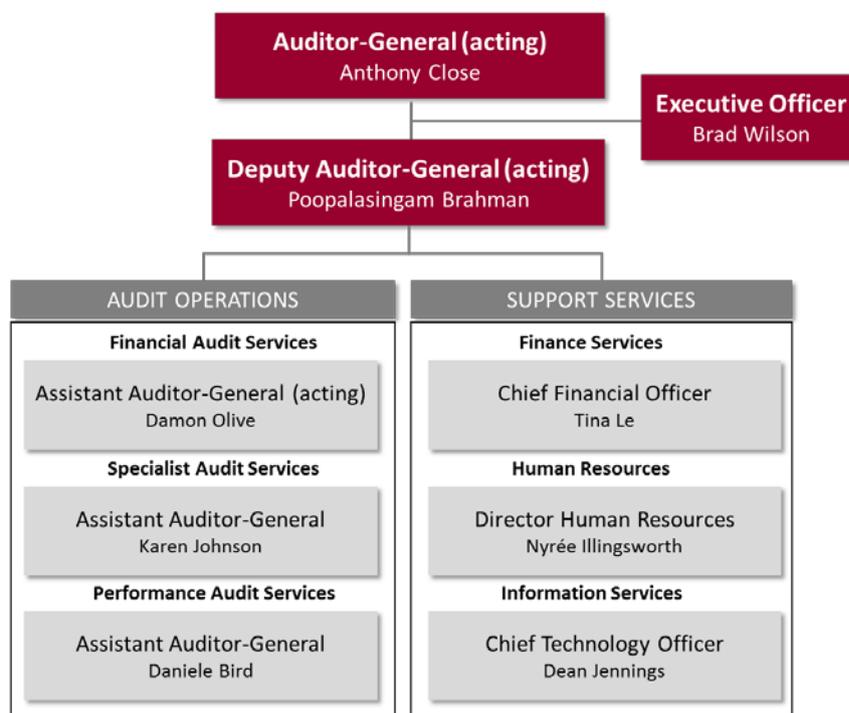
## Appendix C—Additional information

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

- QAO organisational structure as at 30 June 2017
- *Public Sector Ethics Act 1994*
- Audit and Risk Management Committee
- internal audit
- information systems and record keeping
- workforce planning and performance.

### QAO organisational structure as at 30 June 2017

The organisational structure included earlier in this annual report was effective from 1 September 2017. The structure as at 30 June 2017 is included here for reporting purposes.



### *Public Sector Ethics Act 1994*

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

To proactively safeguard and promote ethical conduct we:

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

Our internal policies, procedures, and practices align with ethical principles and values.

## Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) provides independent advice and assurance to the auditor-general in discharging his responsibilities. The ARMC does this through effective oversight of the risk, control, and compliance frameworks and fiscal responsibilities underpinning our corporate governance. The ARMC has three external independent members and meets at least four times each year.

During 2016–17, the ARMC observed the terms of its charter, reviewing numerous matters including business risks, internal and external audit plans and reports, risk management frameworks and registers, financial statements, and strategic and operational plans. The ARMC chair reports annually to the auditor-general on the activities of the committee and makes recommendations to improve performance.

### Audit and Risk Committee 2016–17

Member	Term	Meetings attended	Remuneration*
Mr Bob Grice AO (Chair) FCA HonDPhil	Jun 12–Dec 17**	4 of 4	\$6 680
Professor Kerry Jacobs BCom MCom(Hons) PhD FCA FCPA	May 13–Aug 17***	4 of 4	\$2 720
Mr Jeff Duthie BBus(IT)	Jul 15–Aug 18	4 of 4	\$2 720

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

\*\* Mr Bob Grice's term has been extended to end of 2017 to facilitate handover to a new chair.

\*\*\* Professor Kerry Jacobs has resigned from the committee for personal reasons.

A number of other attendees regularly support the ARMC at its meetings, including our co-sourced internal auditor, Ms Pamela Robertson-Gregg of O'Connor Marsden and Associates, and our external auditor, Ms Ann-Maree Robertson of Nexia Brisbane Audit Pty Ltd.

## Internal audit

Internal audit operates under an approved charter, with the head of internal audit reporting directly to the auditor-general. The charter aligns with *International Standards for the Professional Practice of Internal Auditing* developed by the Institute of Internal Auditors. The primary role of internal audit is to conduct independent, objective, and risk-based assurance activities. This function complies with Treasury's Audit Committee Guidelines.

Mr Brad Wilson, Executive Officer, is the head of internal audit, and develops an internal audit program each year and submits it to the ARMC for approval. During 2016–17, six internal audits were finalised in accordance with our plan.

## Information systems and record keeping

Effective recordkeeping helps us to make well-informed decisions and be confident that we have the evidence to support those decisions and the results of our audit work.

During 2016–17, we improved our recordkeeping practices by:

- reinforcing key principles of information management from our policies with staff including the digitisation of paper-based records
- introducing a more efficient archival solution for paper-based records
- developing a collaboration platform to support central collection, storage and retention of audit information
- conducting regular quality assurance activities, including reviewing the integrity of metadata relevant to electronic records and the availability of physical records
- disposing of almost 2 500 physical records under the General Retention and Disposal Schedule and Queensland Audit Office Retention and Disposal Schedule.

## Workforce planning and performance

Our strategic workforce plan is focused on our capability and capacity, and our performance and professionalism. Each year, we review our workforce needs during our corporate planning process. This section includes additional information about our workforce.

### Workforce numbers at 30 June 2017

Measure	Value
QAO effective headcount (full-time employees, part time employees, and contractors)	200
QAO effective full-time equivalents (expresses headcount as full-time employees only)	186.2
Minimum Obligatory Human Resource Information*—effective headcount	186
Minimum Obligatory Human Resource Information*—effective full-time equivalents	176.14

\* MOHRI measures are for public service reporting purposes.

During 2016–17, our separation rate for permanent employees was 15 per cent. No redundancy, early retirement, or retrenchment packages were paid.

Over the last few years, we have experienced difficulty in securing the numbers of experienced auditors we need to deliver our services. In response, we have continued to focus on developing our employees, increased our graduate recruitment intake, and supplemented our workforce with contractors.

Continuing to develop our employees has included improving the way we manage performance, investing in our audit and leadership capabilities, better identifying and managing our high potential employees, and ensuring succession plans are in place and clearly communicated to those impacted.

During 2016–17, our employees received, on average, 51 hours per person of professional development including workshop attendance, industry presentations, online learning, in-house training, and induction activities for new starters.

We advocate for a diverse and inclusive workforce and we support the *Queensland public sector inclusion and diversity strategy 2015–2020*. We are pleased with the representation of women in our workforce; however, these results are not as strong in senior roles.

### Workforce inclusion and diversity at 30 June 2016

Measure	Value
Employees who are women	48.92%
Employees from non-English speaking backgrounds	20.43%
Employees with a disability	1.61%
Employees who identify as Aboriginal or Torres Strait Islander	0.54%

We provide flexible working arrangements to support our employees to balance work and home commitments. In the public service *Working for Queensland* survey for 2016 (last year's survey), 59 per cent of respondents indicated that they use flexible working arrangements. We look forward to receiving the detailed results of the 2017 survey.

To promote a healthy workforce, we also encourage participation in our health and wellbeing program, which includes flu vaccinations, health checks, health and fitness education, resilience training, and training about managing mental health. We also promote our confidential Employee Assistance Program to all employees.

## Appendix D—Audit professional service fees

Firms providing financial audit services	Location	2016–17*	2015–16*
Deloitte Touche Tohmatsu	Brisbane	2 500 329	3 336 494
Crowe Horwath	Brisbane	1 511 164	1 639 432
	Townsville	259 115	273 631
KPMG	Brisbane	1 745 328	1 430 070
Grant Thornton Audit Pty Ltd	Cairns/Brisbane	1 335 876	1 136 265
William Buck (QLD)	Brisbane	826 955	751 069
Pitcher Partners	Brisbane	761 529	574 667
PricewaterhouseCoopers	Brisbane	596 914	679 559
	Townsville	139 069	130 530
Thomas Noble & Russell	Lismore	687 013	626 310
BDO Audit Pty Ltd	Cairns	289 205	284 569
	Sunshine Coast	284 455	287 560
	Brisbane	83 450	352 115
Bentleys Brisbane (Audit) Pty Ltd	Brisbane	498 550	337 055
Ernst & Young	Brisbane	379 396	435 772
Altius Accountants and Advisors Pty Ltd	Cairns	347 336	395 528
Moore Stephens (Queensland) Audit Pty Ltd	Townsville	175 819	451 397
	Brisbane	86 031	141 068
Bennett Partners Pty Ltd	Mackay	215 670	255 001
UHY Haines Norton	Brisbane	208 144	93 448
Prosperity Audit Services/Prosperity Advisers Audit Services	Brisbane	165 130	241 038
PKF Hacketts Audit	Brisbane	116 137	109 138
Priestleys Chartered Accountants	Brisbane	67 770	36 589
HLB Mann Judd (SE Qld Partnership)	Brisbane	59 310	68 840
MGI Assurance (South Qld) Pty Ltd	Brisbane	59 023	36 678
Vincent's Audit & Assurances	Brisbane	57 961	21 810
Walsh Accounting	Barcaldine		1 000
<b>Total</b>		<b>13 456 679</b>	<b>14 126 633</b>

\* All amounts represent payments made during the financial year.

\*\* Crowe Horwath and Moore Stephens (Queensland) Audit Pty Ltd merged in July 2017.

Firms providing performance audit services	Location	2016–17*	2015–16*
Ernst & Young	Brisbane	165 509	
Louise Elisabeth Alexander	Brisbane	131 760	48 000
WSP Australia Pty Ltd	Brisbane	104 089	
Arc Consultancy	Brisbane	63 900	136 300
Alcorn Security Group Pty Ltd	Brisbane	47 000	
Bentleys Brisbane (Audit) Pty Ltd	Brisbane	30 000	52 210
AGINIC	Brisbane	29 800	65 300
Queensland University of Technology	Brisbane	3 300	
Writebusiness	Brisbane	2 280	6 300
BDO Audit (Qld) Pty Ltd	Terrigal	1 200	
Chappell Dean Pty Ltd	Terrigal	910	72 000
KPMG	Brisbane		71 376
Sustainability Queensland Pty Ltd	Brisbane		61 500
Arabon Audit & Assurance	Brisbane		57 500
PricewaterhouseCoopers	Sydney		54 965
Word Map Pty Ltd	Melbourne		52 722
Resolutions (Int) Pty Ltd	Brisbane		34 303
Syntura Pty Ltd	Brisbane		12 000
Credence Consulting	Brisbane		7 392
Vilridge Pty Ltd	Sydney		5 983
Eva Abal	Brisbane		1 383
Roger Jack Shaw	Brisbane		922
<b>Total</b>		<b>579 748</b>	<b>740 156</b>

\* All amounts represent payments made during the financial year.

## Appendix E—Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs—section 8	First page in
Accessibility	Table of contents Glossary	ARRs—section 10.1	Third page in p.58–459
	Public availability	ARRs—section 10.2	Inside front cover
	Interpreter service statement	Queensland Government Language Services Policy ARRs—section 10.3	Inside front cover
	Copyright notice	<i>Copyright Act 1968</i> ARRs—section 10.4	Inside front cover
	Information licensing	QGEA—Information Licensing ARRs—section 10.5	Inside front cover
General information	Introductory information	ARRs—section 11.1	Second page in p.2–3
	Agency role and main functions	ARRs—section 11.2	p.4 p.6–7
	Operating environment	ARRs—section 11.3	p.4 p.11 p.14–15
Non-financial performance	Government’s objectives for the community	ARRs—section 12.1	n/a
	Other whole-of-government plans/specific initiatives	ARRs—section 12.2	n/a
	Agency objectives and performance indicators	ARRs—section 12.3	p.7 p.12–13 p.16
	Agency service areas, and service standards	ARRs—section 12.4	p.12–15
Financial performance	Summary of financial performance	ARRs—section 13.1	p.17–35

Summary of requirement		Basis for requirement	Annual report reference
Governance—management and structure	Organisational structure	ARRs—section 14.1	p.11 p.51
	Executive management	ARRs—section 14.2	p.11
	Governance bodies	ARRs—section 14.3	p.11 p.51
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs—section 14.4	p.51
	Queensland public sector values	ARRs—section 14.5	n/a
Governance—risk management and accountability	Risk management	ARRs—section 15.1	p.11 p. 16 p.52
	Audit committee	ARRs—section 15.2	p.11 p.52
	Internal audit	ARRs—section 15.3	p.52
	External scrutiny	ARRs—section 15.4	p.4-5 p.11 p.52
	Information systems and record keeping	ARRs—section 15.5	p.52
Governance—human resources	Workforce planning and performance	ARRs—section 16.1	p.53
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs—section 16.2	p.53
Open data	Consultancies	ARRs—section 17 ARRs—section 34.1	p.54–55
	Overseas travel	ARRs—section 17 AARs—section 34.2	p.60
	Queensland Language Services Policy	ARRs—section 17 ARRs—34.3	p.60
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 18.1	p.36
	Independent auditors report	FAA—section 62 FPMS—section 50 ARRs—section 18.2	p.37–38

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

## Appendix F—Glossary

Term	Meaning
Audit	This is an official examination and verification of accounts and records, especially of financial accounts.
Audit, financial	Depending on the audit subject (consolidated fund, public sector agency, ministerial expenditure, and whole-of-government financial statements), the auditor-general must give an opinion as to whether public money was recorded, managed, and protected properly. Usually this involves auditing the <i>financial statements</i> and preparing an <i>audit opinion</i> .
Audit, performance	A performance audit may consider all or any particular activities of a public sector entity and may be conducted as a separate audit or as part of another audit, including an audit of another public sector entity. The audit's object includes deciding whether the objectives of the public sector entity are being achieved economically, efficiently, and effectively, and in compliance with all relevant laws.
Audit mandate	This is the scope of the Queensland Auditor-General's authority and powers in terms of the types of audits that may be carried out, the entities subject to audit, and the access to personnel, property, and information. Part 3 of the <i>Auditor-General Act 2009</i> defines the audit mandate.
Audit opinion	An audit opinion will generally address whether the auditor-general has received all the information and explanations the role requires. It will also generally address whether the auditor-general considers the financial statements have been properly drawn up and are accurate and compliant with prescribed requirements to give a true and fair view of an entity's financial operations and position.
Auditor-General	In Queensland, the Auditor-General is appointed by the Governor in Council for a fixed, non-renewable term of seven years.
<i>Auditor-General Act 2009</i>	This is the Queensland law that establishes the position of the Queensland Auditor-General and the Queensland Audit Office, confers the functions and powers necessary to carry out independent audits of the Queensland public sector and related entities, provides for the strategic review of the Queensland Audit Office, and provides for the independent audit of the Queensland Audit Office (published at <a href="http://www.legislation.qld.gov.au">www.legislation.qld.gov.au</a> ).
Certification	Certifications complement a financial audit. Some certifications (such as acquittal of minor grant expenditure) are incidental to the financial audit. Other certifications require significantly more resources to be applied and may stand apart from the financial audit process.
<i>Financial Accountability Act 2009</i>	This is the Queensland law that provides for accountability in the administration of the state's finances and financial administration of departments and statutory bodies.

Term	Meaning
Financial statements	The Australian Accounting Standards Board defines financial statements as comprising: <ul style="list-style-type: none"> <li>▪ a statement of financial position as at the end of the period</li> <li>▪ a statement of profit or loss and other comprehensive income for the period</li> <li>▪ a statement of changes in equity for the period</li> <li>▪ a statement of cash flows for the period</li> <li>▪ notes, comprising a summary of significant accounting policies and other explanatory information</li> <li>▪ comparative information in respect of the preceding period.</li> </ul>
Full-time equivalents (FTE)	This is the total headcount adjusted for the impact of part-time working arrangements.
Headcount	This is the total number of permanent employees, temporary employees, contracted-in and seconded-in resources. It excludes employees seconded-out and on leave without pay.
Minimum Obligatory Human Resource Information (MOHRI) FTE	This is the total number of permanent employees and temporary employees who are either full time or part time. It excludes employment agency or contracted-in resources, and employees seconded-out or on leave without pay for longer than eight weeks.
Parliamentary committees	The <i>Parliament of Queensland (Reform and Modernisation) Amendment Act 2011</i> established portfolio committees to cover all areas of government activity, and examine appropriation bills, other legislation, and public accounts and public works. Parliament generally refers the auditor-general's reports to a relevant parliamentary committee for review and response.
Public sector entity	The <i>Auditor-General Act 2009</i> defines a public sector entity as a department, a local government, a statutory body, a government-owned corporation or a controlled entity.
Queensland Audit Office (QAO)	The Queensland Audit Office supports the role of the Queensland Auditor-General in providing parliament with an independent assessment of the financial management activities of public sector entities.
Referrals	Anyone with information or concerns about financial mismanagement in public sector entities in Queensland can refer the matter for consideration, review, and possible investigation by the Auditor-General.
Reports to parliament	Under section 54 of the <i>Auditor-General Act 2009</i> , the auditor-general may prepare a report on any audit conducted under the Act. The act requires the auditor-general to report to the Legislative Assembly on auditing standards, and on audits of the consolidated fund accounts or public sector entities, those requested by the Legislative Assembly, and audits of matters relating to property held by a public sector entity. These reports are published at <a href="http://www.qao.qld.gov.au">www.qao.qld.gov.au</a> upon tabling in parliament.
Strategic audit plan	Section 38A of the <i>Auditor-General Act 2009</i> requires the publication of a strategic audit plan of proposed audits over a three-year period, reviewed and updated annually and published at <a href="http://www.qao.qld.gov.au">www.qao.qld.gov.au</a> .

## 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.



**Linked **

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