



Annual Report 2014–15



About this report

This annual report summarises the activities and performance of the Queensland Audit Office for 2014–15 against the objectives, strategies and indicators in our strategic plan. As well as reporting on the corporate performance for the past year, the report looks to the year ahead. The cost of preparing this report was \$60 000. This and earlier annual reports are available on our website at www.qao.qld.gov.au and printed copies are available on request.

Queensland Audit Office
Level 14, 53 Albert St, Brisbane Q 4000
PO Box 15396, City East Qld 4002
Tel (07) 3149 6000
Email qao@qao.qld.gov.au

Follow us on LinkedIn “Queensland Audit Office”



Accessibility



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

Licence

This annual report is licensed by the State of Queensland, Queensland Audit Office under a Creative Commons Attribution (CC BY) 3.0 Australia licence.

CC BY Licence Summary Statement

Attribution

Copyright protects this publication except for purposes permitted by the *Copyright Act 1968*. Reproduction by whatever means is prohibited without the prior written permission of the Auditor-General of Queensland. Reference to this document is permitted only with appropriate acknowledgement.

© Queensland Audit Office 2015

ISSN 1329-4008





11 September 2015

The Honourable A Palaszczuk MP
Premier and Minister for the Arts
Level 15, Executive Building
100 George Street
BRISBANE QLD 4000

Dear Premier

I am pleased to present the Annual Report 2014-15 and financial statements for the Queensland Audit Office.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at Appendix B of this annual report or accessed at www.qao.qld.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Greaves', is written over a faint, light-colored signature line.

Andrew Greaves
Auditor-General

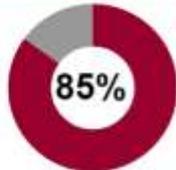
Contents

Report highlights	5
Auditor-General’s overview	7
Queensland Audit Office	8
About us.....	8
Governance and control.....	12
Parliamentary services	17
Outputs at a glance	18
Parliamentary service output performance.....	19
Outcomes from parliamentary service.....	26
Key challenges and priorities for 2015–16	29
Public sector services	31
Outputs at a glance	32
Public sector service output performance	33
Public sector service outcomes.....	37
Key challenges and priorities for 2015–16	38
Support services	40
Support services performance	41
Key challenges and priorities for 2015–16	45
Capacity and capability	47
Our culture and values	48
Workforce capacity.....	48
Workforce capability.....	50
Key challenges and priorities for 2015–16	54
Our financial performance	56
Summary.....	56
Operating result	57
Financial position	58
Financial sustainability	59
Efficiency of operations	59
Financial statements	62
Independent Audit Report	80
Performance statement	82
Independent Audit Report	84
Appendix A— Audit professional service fees	87
Appendix B— Compliance checklist	90
Appendix C— Glossary	92
Appendix D— Index	95

Report highlights

Parliament

Members of Parliament
satisfaction rating



A new record

The value of our reports



4 in 5 held favourable views

Average time to complete
performance audits



Faster than the average of our
ACAG peers

Reports to parliament tabled



A new record and 18% lower cost
than our target

Public sector

Value score for financial audits
as rated by our clients



A new record

We continue to be as productive
as our ACAG peers



Of total available hours spent on
audits

Audit opinions issued on
financial statements



Providing independent assurance

Audit opinions issued on time



Meeting our commitments

Business

Refreshed organisational values



Supporting our professional services culture

Fees remained stable



And we reinvested in our business

Positioned ICT for future



Relocation of data centre and major infrastructure refresh

1st or 2nd for around half of our benchmarks



Compared to our ACAG peers

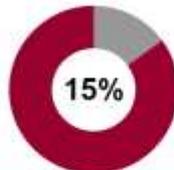
Workforce

Average hours per person spent on continuing professional development



Transforming auditing approaches

Employee separation



Remained stable

Staff engagement increased 15 percentage points



8 points higher than the Queensland Public sector average

7.7 days sick/ carers leave per employee



Down from 9.8 days

Auditor-General's overview

This year was another of significant achievements for Queensland Audit Office (QAO). It was a year in which we built upon last year's successes and tackled other challenges.

While QAO is in its 155th year, our performance audit mandate is only three years old. Yet we have made great strides over the last three years in adapting our organisational methods, systems and processes to be able to routinely produce high quality reports for the Parliament on matters of moment to Queenslanders and the public sector.

Our report on the Great Barrier Reef typifies how, for a comparatively modest investment, we are a catalyst for improvements that have far reaching economic, social and environmental consequences.

We refined our strategic audit planning processes during the year to reinforce this 'triple bottom line' view of our work program. This added to our traditional focus on financial efficiency and economy so that we continue to select audit topics with the potential for greatest impact.

I am pleased also that we have continued to pursue greater value in our financial and performance audits through the application of more sophisticated analysis of the rapidly growing volumes of data being generated. The era of big data is transforming the way we work, and I am confident we are well placed to respond to this challenge.

Our audit of fraud risk management in local government exemplified how, by matching data sets from the three tiers of government, we were able to uncover a series of highly suspect transactions, which we referred to the Crime and Corruption Commission for their investigation.

That audit also signalled that fraud is prevalent, but that fraud risk is relatively poorly managed by local government. Much more needs to be done to prevent and detect fraud. We also found other common threads running through many of our reports including:

- little or no program rigour especially in analysing options and developing business cases for major investments and new policy proposals
- lack of candour in advice from the public sector to Ministers about the effects of their decisions
- serial failure to establish realistic benefits and to follow through their management to make sure they are realised.

I represented these issues, amongst others, to the incoming government and am pleased so far with their level of interest and the concern shown in understanding how these matters can be addressed.

Looking within, my professional workforce is the foundation of our success. We were concerned last year about staff engagement and attitude in particular the impact of workloads and the effectiveness of our leadership on this. We tackled this head on, starting with a fresh look at our organisation's values. Our new values—engage, challenge, deliver and care—were driven by our workforce and have been widely embraced.

Workload remains a concern, with my audit staff delivering more of themselves than expected. Their discretionary effort is itself a signal of their commitment to the office. Their positive attitude was confirmed by the significant improvement in the results of the latest staff engagement survey. Our other measures of worker 'health' including the declining rate of unplanned absences, the low levels of workplace health and safety incidents, and the increasing levels of investment in their professional development; all also point to an engaged, committed and competent workforce.

But I remain concerned about workload and we will continue to pursue strategies to smooth out our annual peaks and troughs and to get the balance right between our permanent workforce, contracting in staff, and strategic outsourcing of audits. I propose also to continue to pursue opportunities to safeguard my independence through strengthening my managerial and administrative autonomy from the government of the day.

Andrew Greaves
Auditor-General

Queensland Audit Office

About us

Our role

The Queensland Audit Office (QAO) is the external auditor of the Queensland public sector. We provide independent audit opinions about the reliability of financial statements produced by state and local government entities. We also form conclusions about public sector performance and make recommendations for improvement.

All Queenslanders benefit from the work we do. Our services provide independent assurance directly to parliament about the state of public sector finances and performance. We help the public sector meet their accountability obligations and provide advice, assistance and unique insights to help improve public sector performance.

Our vision and purpose



Our legislation

The *Auditor-General Act 2009* (the Act) establishes the positions of the Auditor-General and the Deputy Auditor-General, and the QAO. QAO staff are employed under the *Public Service Act 2008*.

The Auditor-General is appointed by the Governor in Council as an independent officer. The Auditor-General is not subject to direction by any person in the exercise of audit powers or the priority given to audit matters.

The Act appoints the Auditor-General as the external auditor of all Queensland public sector entities. These include departments, local governments, statutory bodies, government owned corporations, and the entities that any of these control. In addition, the Auditor-General can audit entities outside the public sector that receive public funds or assets.

The Act also requires QAO's financial statements to be externally audited each year and an independent strategic review to be conducted of the office every five years.

Our history

The QAO is one of the state's oldest organisations and an integral part of Queensland's system of government.

Highlights

1859 – Queensland becomes an independent colony.

1860 – The first Auditor-General, Henry Buckley, is appointed.

1861 – The first report to parliament is tabled. It includes details of some of Queensland's earliest projects such as the dredging of the Brisbane River.

1861 – The colony's first Audit Act is passed. It establishes principles and responsibilities of public sector auditing and the terms of appointment of the Auditor-General.

1874 – The *1861 Act* is replaced by the *Audit Act 1874*. It defines the role and functions of the Auditor-General.

1977 – The *1874 Act* is replaced by the *Financial Administration and Audit Act 1977*. It combined the responsibilities for financial administration and the Auditor-General into one act.

1993 – The *Audit Legislation Amendment Act 1993* is passed and changes the Auditor-General's Department to the Queensland Audit Office, officially launched on 1 May.



2009 – Legislation is updated with the introduction of the *Auditor-General Act 2009* and the *Financial Accountability Act 2009*. The Auditor-General's independence is enhanced by separating audit provisions from financial accountability requirements.

2011 – Legislation is updated to expand the Auditor-General's mandate to include performance audits. Queensland's 22nd Auditor-General, Andrew Greaves, is appointed.

Our office today

In 2015, we employ around 200 staff in Brisbane and utilise external specialists and audit service providers throughout Queensland to deliver our services. Each year we issue more than 500 financial statement audit opinions and table around 20 reports to Parliament.

We are focused on our vision and continually challenge ourselves to improve the way we operate to deliver more value to our clients and all Queenslanders.

Lest we forget



This year, as Australia commemorates the centenary of ANZAC, we reflect on stories of veterans from the audit office who served their nation.

In particular, three men from this office who during the First World War exchanged pen for sword. Namely, audit clerks Edward David 'Ted' Smout, Francis Edric 'Ric' Huntington and Fredrick Arthur James Carter.

Ted was the first to enlist from the audit office, joining in September 1915. He served as a Corporal on the Western Front and returned to the audit office in September 1919. Ted was awarded the Medal of the Order of Australia in 1978 and was Australia's longest surviving World War I veteran.

Ric enlisted in April 1916. Within a few weeks of being promoted to Corporal, he was tragically killed in action in the Field of Flanders, France on 31 July 1917. He is commemorated on the Menin Gate Memorial, Belgium.

Frederick enlisted in January 1918 as a Gunner, served on the Western Front and returned to Australia in July 1919. He worked with the audit office until December 1920.

57 705 Queenslanders served their country from 1914 to 1918 during the First World War. We will remember them.

Our clients

Parliament

Parliament is our primary client and we strive to provide its members with confidence about the performance and accountability of the public sector.

We achieve this through reports on our audits which we table in parliament. We also provide direct advice and assistance to parliamentary committees and individual Members of Parliament.

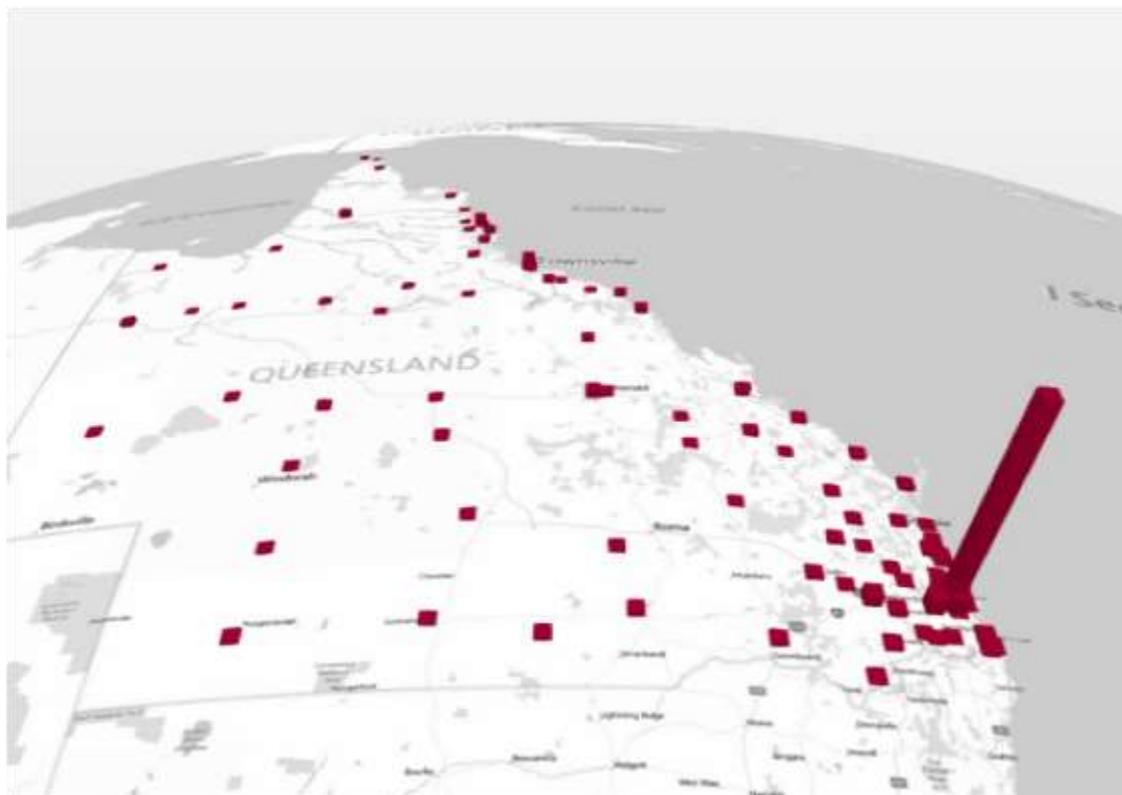
Public sector

Our audit mandate includes 520 state and local government public sector entities across Queensland. They transact around \$125 billion annually and our financial audit services enable them to meet their own annual reporting obligations and improve their performance.

We seek to enhance the services we provide to our public sector clients by making sound recommendations to them based on our audit work. These recommendations focus on how our clients can make their activities more efficient, economic and effective while maintaining the required standards of accountability and transparency.

We also provide unique insights into how to improve public sector performance. We develop these insights from the extensive information and the people we have access to through our audit mandate across the entire Queensland public sector.

Public sector client locations at 30 June 2015



Key executive management personnel

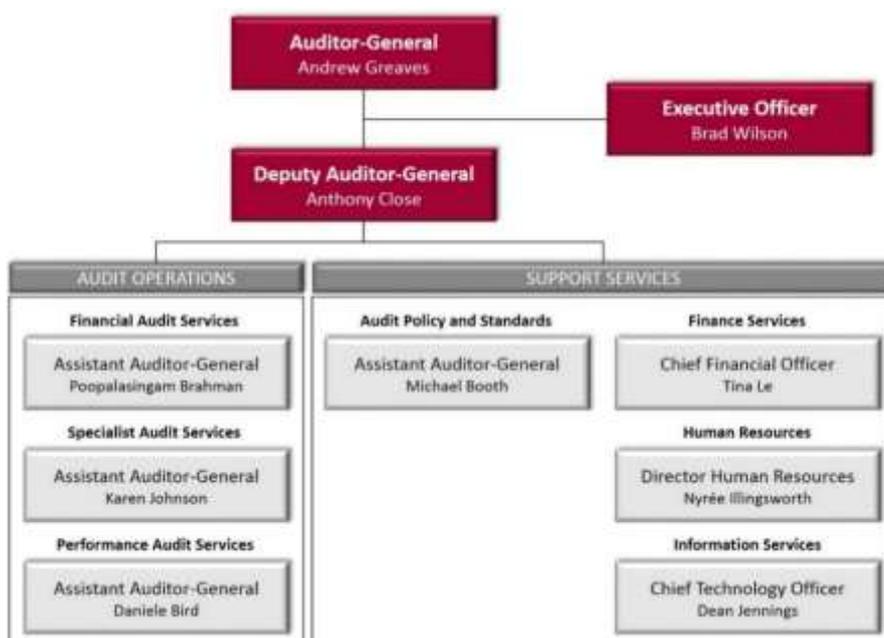
There were six members of the Executive Management Group (EMG) at 30 June 2015.

Andrew Greaves BEc FCA FCPA Auditor-General	Andrew has over 30 years' experience in public sector external and internal audit at the federal, state and local government levels. He is the chief executive and the accountable officer for QAO.
Anthony Close BBusMgt (Acc) CPA Deputy Auditor-General and Chief Operating Officer	Anthony has over 20 years' experience in public and private sector strategy execution, leading business operations in government service delivery and professional services contexts. He is responsible for the audit operations and support services of QAO on behalf of the Auditor-General.
Poopalasingam Brahman BBus CPA Assistant Auditor-General	Brahman has over 25 years' experience in public sector auditing. He is responsible for the delivery of the annual program of financial audits and related sector reports to parliament.
Karen Johnson BCom FCA Assistant Auditor-General	Karen has over 20 years' experience in private sector auditing and governance. She is responsible for the delivery of specialist audit services, financial services sector audits and reports to parliament across multiple sectors.
Daniele Bird BBus (Acc) CA Assistant Auditor-General	Daniele has over 20 years' professional services experience in Australia and overseas with a focus on improving public and private sector financial sustainability and performance. She is responsible for the delivery of the performance audit program and development of the three-year strategic audit plan.
Michael Booth BBus(Acc) GradCertMgt FCPA Assistant Auditor-General	Michael has over 30 years' experience in public sector auditing. He leads the Audit Policy and Standards division with responsibility for quality audits and stakeholder engagement.

Organisation structure

Our structure is designed to support the execution of our strategy and provide quality services to our clients. The audit operation divisions are client-facing and deliver our financial and performance audit services. Our support services divisions enable audit operations by providing methodology, finance, people, technology and information related services.

Organisation structure at 30 June 2015



Governance and control

The QAO is an integrity agency which provides advice and guidance to public sector entities about integrity and accountability matters. We recognise that effective governance is essential and we ensure it is active in our business.

Integrity culture

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

To proactively safeguard and promote ethical conduct we:

- undertake pre-employment screening on all contractors and employees, including criminal history and reference checks
- require the completion of 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
- incorporate ethics and integrity into our performance and development plans which are routinely discussed and reported on.

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

Governing bodies

Under the Act, the Auditor-General is the accountable officer for QAO, supported by the Deputy Auditor-General, the Executive Management Group (EMG), the Operational Management Group (OMG), the Information Steering Committee (ISC) and the Audit and Risk Management Committee (ARMC).



All governing bodies operate under charters which are reviewed regularly and available on request.

The Executive Management Group

The EMG meets monthly to ensure we remain focused on our clients and lead us in achieving strategic objectives. The EMG supports the Auditor-General to meet his statutory responsibilities. During 2014–15, the EMG met 11 times and also conducted a separate two day strategic planning session.

The Operational Management Group

The OMG was created in July 2014 and meets monthly to lead us in achieving operational objectives. During 2014–15, the OMG met 11 times and also conducted separate operational planning sessions.

Audit and Risk Management Committee

The 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 2014–15, the ARMC reviewed 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 ARMC activities and makes recommendations to improve ARMC performance.

Audit and Risk Management Committee 2014-15

Member	Term	Meetings attended	Remuneration
Mr Bob Grice AO (Chair) FCA HonDPhil	Jun 2012–Aug 2017	4 of 4	\$6320
Ms Christine Flynn BA DipEd FAICD	Nov 2011–Aug 2015	4 of 4	\$2560
Professor Kerry Jacobs BCom MCom PhD FCA FCPA	May 2013–Aug 2016	4 of 4	\$2560

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

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 newly appointed external auditor, Ms Ann-Maree Robertson of Hayes Knight Audit (Qld) Pty Ltd.

Information Steering Committee

The ISC meets quarterly to direct, evaluate and monitor progress against our information and communication technology (ICT) strategy. During 2014–15, the ISC focused on our enterprise architecture, identifying and prioritising strategic ICT investments, and organisational change matters.

Audit quality

Audit quality is critical to us. Our audit practices are designed to provide reasonable assurance that our work complies with Australian Auditing and Assurance Standards, relevant ethical requirements, and applicable legal and regulatory requirements and that the reports we issue are appropriate in the circumstances. Quality in our audit practices is embedded through our:

- audit policies and methodology
- audit professional competency frameworks and training
- quality assurance roles and reviews
- professional standards.

The QAO also contributes to audit quality improvements in other jurisdictions through our active participation as members of the Australasian Council of Auditors-General (ACAG). ACAG is an association established by Auditors-General for mutual support and collaboration between audit offices, and provides opportunities to improve efficiency and effectiveness. During 2014–15, ACAG agreed to report on a new range of audit quality indicators.

Internal assurance mechanisms

In addition to the monitoring activities performed by our governing bodies, the QAO has internal mechanisms that provide further assurance. These include the internal audit function; audit quality assurance reviews and operational performance reviews (OPR).



Internal audit

Internal audit operates under its own charter within QAO, 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 2014–15, we finalised eight internal audits. As at 30 June 2015, another two were being finalised and one was in progress.

Audit quality assurance reviews

QAO conducts audit quality assurance reviews on a representative selection of our audits. This provides evidence of compliance with our audit practices and identifies areas for improvement. Reviews are classified as either 'hot' reviews, which are conducted on active audits, or 'cold' reviews, which are conducted on completed audits.

During 2014–15, we conducted 30 audit quality assurance reviews of our audits. This included 10 hot reviews and 20 cold reviews.

Of the represented selection of reviewed audits, 90 per cent of audit files met minimum requirements. Through the reviews we identified an area for improvement around the completeness of audit files. The quality assurance review program for 2014–15 enabled us to conclude that our systems of quality control are operating effectively.

Operational performance reviews

OPRs are held with the Auditor-General and Deputy Auditor-General. At each review, operational performance is examined with divisional leaders against service targets to identify improvement opportunities and corrective actions. Two cycles of OPRs were conducted as planned during 2014–15.

External assurance mechanisms

In addition to internal monitoring activities and assurance mechanisms, we use the following external mechanisms to provide further assurance on our performance, controls and compliance.



External audit

The Act requires the QAO's financial statements to be independently audited each financial year. The Governor in Council appoints an external auditor to conduct this audit.

The external auditor for 2014–15 was Ms Ann-Maree Robertson of Hayes Knight Audit (Qld) Pty Ltd. The audit of our financial statements was finalised in July 2015. Their final report identified several low risk areas for improvement with all items raised in 2014–15 being resolved with recommendations fully implemented.

The audit of our performance statement was also finalised in July 2015. It provides assurance to the users of our annual report, that our financial and non-financial performance information is reliable and fairly represented.

ACAG macro benchmarking

Each year ACAG facilitates a benchmarking activity which enables audit offices to compare operational performance information across jurisdictions. It allows offices to identify superior performance in other jurisdictions and provides a basis to investigate and identify opportunities to improve its own performance.

Our performance against ACAG benchmarks is included in this annual report.

Audit practice review

QAO periodically engages external independent reviewers to examine our organisation and challenge the way we operate and perform. In March 2015, we initiated an independent review of our audit practice to assess our compliance with audit quality standards, namely:

- Accounting Professional and Ethical Standards Board's APES 320 Quality Control for Firms
- Auditing and Assurance Standards Board's ASQC1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements.

From this review, we gained valuable insights into our current practices and identified opportunities to improve our business. We are formulating our response to this review for implementation during 2015–16.

Five-yearly strategic review

The Act requires an independent strategic review of the QAO to be conducted at least every five years, which includes an appraisal of the Auditor-General's functions and performance. The Governor in Council appoints the reviewer with the next to be appointed by June 2016.

Our last strategic review was tabled in parliament in March 2010. This review made 44 recommendations and, in last year's annual report, we confirmed that 43 of the 44 recommendations had been finalised. During 2014–15, we undertook a significant body of work on our outstanding recommendation—to review our remuneration and reward structure. We expect to complete this work in 2015–16.

Road to stronger independence

This year we continued our work on potential amendments to the *Auditor-General Act 2009* that, if supported, would serve to strengthen our relationship with the Parliament and improve our administrative and financial autonomy. Some proposed general amendments would also resolve minor deficiencies in the legislation.

We are now considering the next steps to be taking to progress the proposed amendments.



Parliament

Objective

Provide independent assurance and advice about the accountability and performance of the public sector

Strategies

- Strengthen our engagement with parliament
- Achieve greater clarity and purpose in our reporting
- Identify and address expectation gaps

Outputs

Reports to parliament on the results of our financial and performance audits and advice and assistance to Members of Parliament and parliamentary committees

Outcomes

Growth in parliament's use of, and reliance on, audit reports and services

Parliamentary services

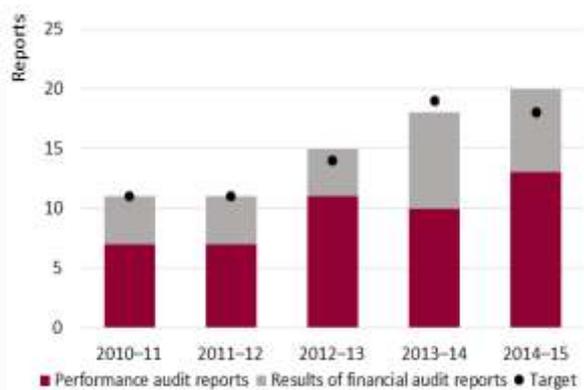
Parliament is our primary client and we strive to provide it with confidence about the performance and accountability of the public sector. We deliver this service through reports on our audits which we table in parliament. We also provide direct advice and assistance to parliamentary committees and to individual Members of Parliament (MPs).

Dimension	Measure	2013-14		2014-15	
		Actual	Actual	Actual	Target
Quantity	Reports tabled (number)	18	20	20	18
Cost	Annual spend (\$ million)	6.38	5.71	5.71	5.71
Timeliness	On schedule (%)	56	41	41	100
Quality	Parliamentary satisfaction (%)	n/a	85	85	80
Impact	Recommendations accepted (%)	98	95	95	95

- Parliamentary satisfaction with our role and the services we provide exceeded our target and is our best result to date.
- We set very high expectations of our report tabling program and exceeded them within our parliamentary funding limits.
- We did not meet our scheduled delivery dates during the year for more than half of our reports. This was mainly due to the prioritisation of new audits not in the original plan.
- We met our target for our report recommendations being accepted and we follow up these recommendations to confirm that they have been implemented as planned.
- Ministers and MPs referred to the Auditor-General and 19 different Queensland Audit Office (QAO) reports during debates, ministerial statements, motions and questions without notice.
- Portfolio committees tabled reports in parliament on their reviews of 13 Auditor-General reports, including one report tabled in 2014-15 and 12 reports from earlier years.
- Committees are currently considering 18 reports referred to them in 2014-15 with one report still to be referred.
- Inquiries into reports lapsed with the calling of the election in January 2015. However, 12 reports were again referred to committees in May 2015—six for 2014-15, four for 2013-14 and two for 2012-13.

Our indicator of success
Parliament uses our audit reports to improve public sector performance

Outputs at a glance

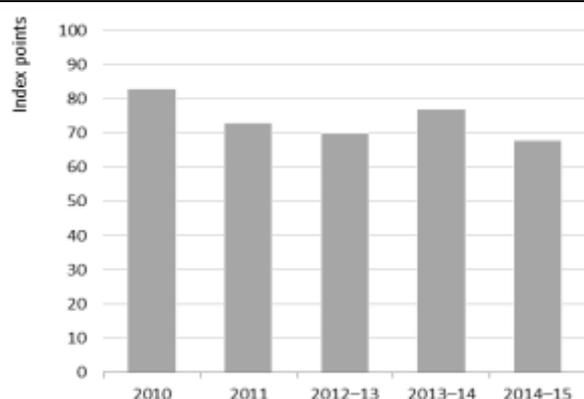


Quantity

We delivered more reports to parliament this year than in any other, comprising:

- 13 performance audit reports
- 7 results of financial audit reports.

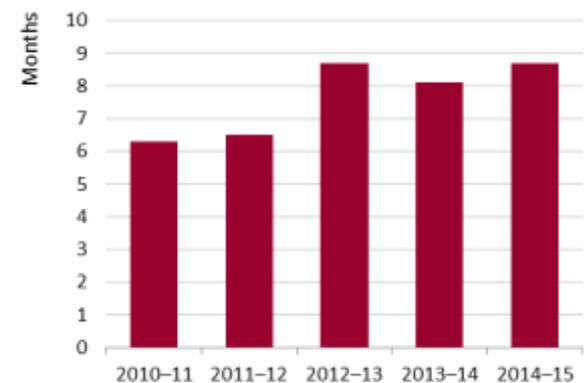
This exceeded our target of 18 as we delivered two unscheduled reports based on significant matters identified in our audit program.



Quality

The level of overall client satisfaction (public sector) decreased compared to 2013-14.

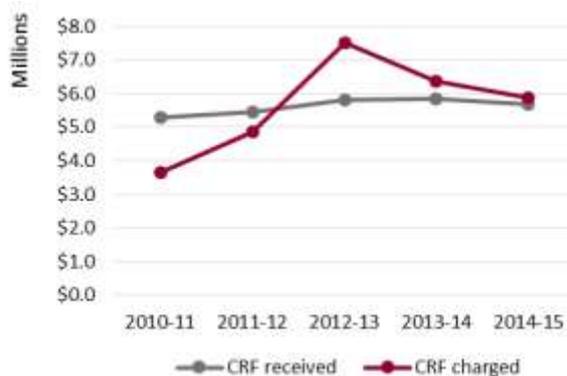
Parliament, our primary client, provided our strongest results yet with an overall satisfaction rating of 85% (up from 74% in 2012-13) with all first-term MPs agreeing that they understand the role of the Auditor-General.



Timeliness

The average duration for completing a performance audit increased to 8.7 months which still remains below the average of our peers (8.9 months).

Less than half of our reports were tabled as planned due to the two unscheduled reports we delivered on the *Travel train renewal: Sunlander 14* (Report 8: 2014-15) and on the *Procurement of youth boot camps* (Report 13: 2014-15).



Cost

We have improved the use of our annual appropriation to deliver our reporting services from parliament.

Prior year under and over costing of appropriations have now balanced out.

Parliamentary service output performance

We are well placed to provide unique insights to parliament due to our broad powers to access information and people across the entire Queensland public sector. As the independent auditor, we provide trusted and timely perspectives on the economy, efficiency and effectiveness across the wide range of sectors and services.

Parliament directly funds:

- the position of the Auditor-General
- the development of a three-year strategic audit plan that informs our stakeholders of upcoming audits
- our performance audit program tabled as reports to parliament
- reports on the annual results of financial audits of public sector entities
- the handling of referrals and any subsequent investigations within the Auditor-General’s mandate
- other direct advice and assistance to parliament, its committees and individual members.

Reports on performance audits

Performance audits provide parliament and the community with independent assurance that public money has been used well and that actual results meet parliament’s expectations. Performance audits are funded through annual appropriation and they are governed by Section 37A of the *Auditor-General Act 2009* (the Act).

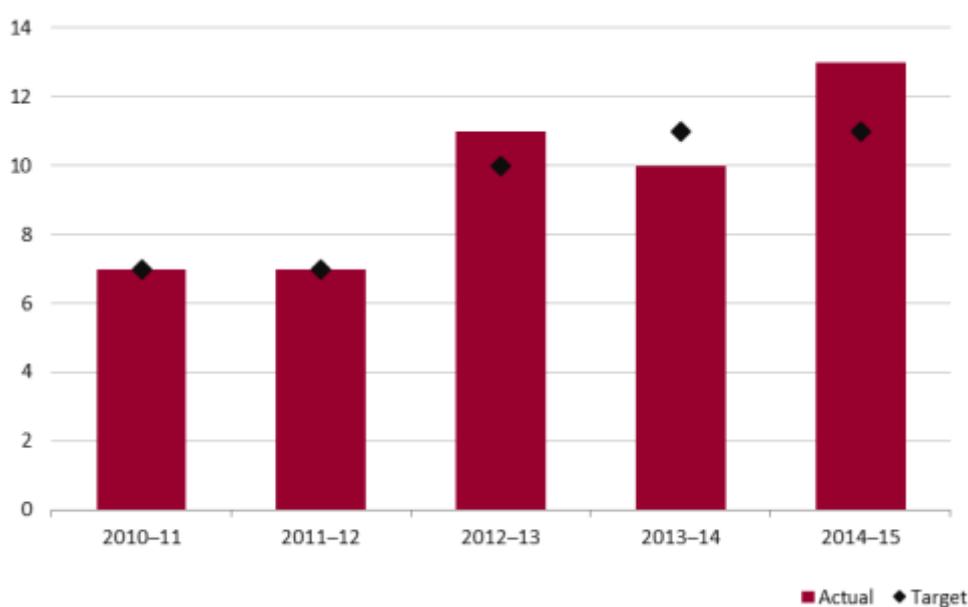
The number and the cost of performance audits vary between years, according to the nature and complexity of the selected topics and the resources available. Typically, we plan to deliver between eight to 10 major new performance audit reports each year and to follow up on one or two audit reports from previous years.

We balance our performance audit program to cover a wide range of public sector accountabilities—from financial regularity, probity, propriety and compliance through to economy, efficiency and effectiveness.

Measuring quantity

We tabled 13 performance audit reports in 2014–15, more than any other year, and two more than we originally planned to deliver.

Number of performance audit reports tabled 2010–11 to 2014–15



Of the 13 reports tabled, eight were in our strategic audit plan, two were from audits carried forward from 2013–14, and three were new topics identified and prioritised for delivery during 2014–15.

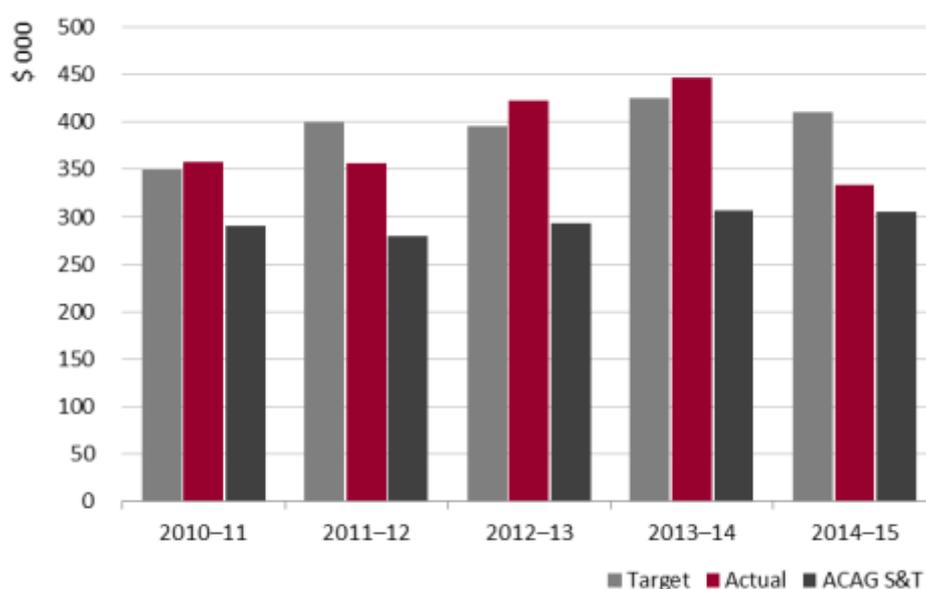
We stopped the audit into *Vocational training and education (VET) outcomes* as our preliminary planning identified that the timing was not right as this sector was going through significant reform. We will consider this topic for inclusion in a future audit program.

We cancelled the audit following-up on *Improving student attendance* as a related parliamentary committee inquiry commenced and we were able to achieve better value by contributing directly to the inquiry.

Measuring cost

We tabled more performance audit reports than in any other year and for less cost. The total annual cost for our performance audits was \$3.9 million, which was less than our budget of \$4.24 million, and slightly less than the cost in 2013–14 (\$3.97 million).

Average life cycle cost of performance audit reports 2010–11 to 2014–15



We also benchmark the total cost of each report we produce, as many reports which are started in one year are completed in the next. The 13 reports we tabled in 2014–15 cost an average of \$334 132, which was 18 per cent lower than our target average cost of \$410 000, and lower than our average cost in 2013–14 (\$363 095).

Measuring timeliness

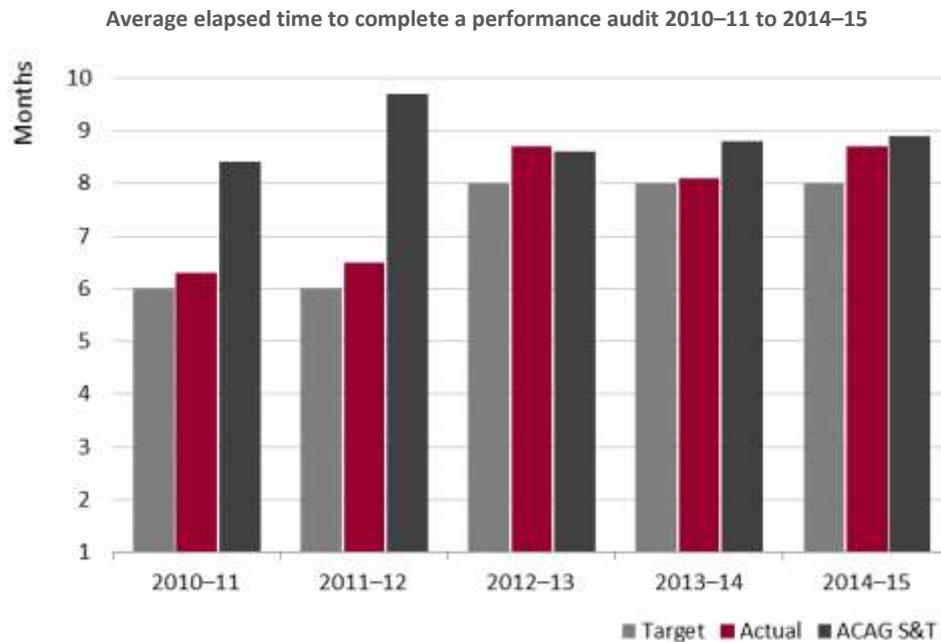
We aim to conduct timely performance audits and try to spread the tabling of our reports across the year to smooth the impact on parliamentary committees and MPs.

In our *Strategic Audit Plan 2013–2016*, we set out when we expected to table 10 performance audit reports during 2014–15. We intended to table one in the first quarter of the year, one in the second quarter, four in the third quarter and four in the last quarter. We also expected to table the two follow-up audits on *Improving student attendance* (Report 1: 2011–12) and *Tourism industry growth and development* (Report 3: 2012–13) during the year.

Less than half of our reports were tabled as planned this year. The dynamic nature of the audit program contributed to this result as we made the decision to include unplanned audits into the program based on significant matters that emerged during the year.

We also measure the duration of our performance audits against a target ‘elapsed time’ of eight months. While the duration of each audit depends on its scope, scale and complexity, we are aware that the sooner a quality report is delivered the more useful it is to our clients.

The average time to complete our performance audits increased to 8.7 months (8.1 months in 2013–14) but remained favourably below the average of Australian state and territory audit offices of 8.9 months (8.8 months in 2013–14).



Measuring quality

We want to ensure our clients recognise the high quality of our work, balanced against the need to ensure our service objectives are achieved. We measure the perspective of each of the entities' that participate in our performance audits, as a proxy indicator for this purpose. An independent expert review panel also assess a selection of our reports for quality.

Entity perspective

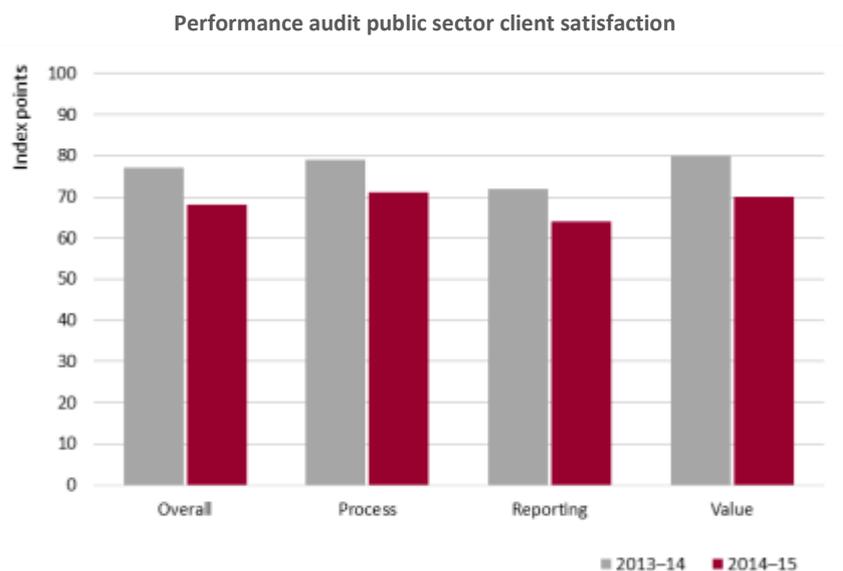
Each year we survey the entities who participate in our performance audits through an independent, specialist firm. The survey is administered on our public sector clients and measures the three dimensions: audit process, reporting and value. It uses a core set of common questions agreed between Australian Auditors-General, which allows us to compare performance across jurisdictions. An overall performance index (OPI) is calculated by aggregating the results for the three dimensions. For the first time, non-government organisations were also invited to complete the survey.

In 2014–15, 20 of 25 performance audit clients responded to the survey on nine performance audits. We achieved an OPI of 68 index points (ip). Clients generally held favourable views toward QAO's performance, although these results have decreased compared to 2013–14.

Most clients (70%–95%) provided positive ratings in relation to the audit process. In particular, significant improvement was recorded for ratings on the timeliness of individual audits – 70% (up from 63% in 2013–14). A large proportion of clients also agreed that they had adequate opportunities to comment on the audit findings and issues before the final report was tabled (88%, unchanged from 2013–14).

In terms of value, four in five clients held favourable views about the audit in helping them improve performance (80%, which is broadly consistent with 81% in 2013–14).

Our reports remain accurate and transparent, but are often critical of management and recommend corrective action. This is particularly the case when a report based on a referral is included in the survey



Report quality reviews

Our report: *Hospital infrastructure projects* (Report 2: 2014–15) was assessed using ACAG independent expert reviewers to provide a benchmark of our report quality.

This report achieved an average overall score of 8.38, consistent with last year (8.4 in 2013–14). Feedback from the expert panel was that the report was well written and easy to understand.

Measuring impact

We made 44 recommendations in our 2014–15 performance audit reports to parliament, of which 42 (95.4% per cent) were accepted. This matched our target of 95 per cent and many of the actioned recommendations are already yielding positive impacts to public sector performance.

Our report on *Managing water quality in Great Barrier Reef catchments* (Report 20: 2014–15) prompted immediate action from the newly elected Queensland Government. Treasurer The Hon. Curtis Pitt, MP, Minister for Employment and Industrial Relations and Aboriginal and Torres Strait Islander Partnerships said in his 14 July 2015 speech on the *Queensland Budget 2015–16*:

‘We will provide an additional \$100 million over five years to protect the iconic Great Barrier Reef. This funding will enable investment in water quality initiatives and scientific research, together with helping businesses to transition to better environmental practices. We will also improve coordination of existing Reef water quality spending through annual investment plans and reports. This addresses the deficiencies recently highlighted by the Auditor-General.’

(Budget speech, budget paper 1, Queensland Budget 2015–16, Appropriation Bill 2015)

As we finalised Report 20, The Hon. Steven Miles, MP, Minister for the Great Barrier Reef announced the creation of the Office of the Great Barrier Reef and a Great Barrier Reef Water Science Taskforce to oversee the implementation of the government’s reef protection initiatives and provide advice on how to achieve the water quality improvement targets.

Our *Maintenance of public schools* (Report: 11: 2014–15) was referenced in a media release from The Hon. Annastacia Palaszczuk, MP, Premier of Queensland and Minister for the Arts on 15 July 2015:

‘This is a major investment in our schools that delivers on our commitment to ensure every child, regardless of where they live, has access to quality education facilities. It will also address the historical underfunding of school maintenance, as identified by the Auditor-General in the *Maintenance of public schools* report earlier this year.’

(Palaszczuk, A (Premier and Minister for the Arts) 2015, Budget delivers maintenance funding for Queensland Schools, media release, Brisbane, 15 July)

In our *Follow-up audit: Tourism industry growth and development* (Report 14: 2014–15) we assessed the progress and effectiveness of implementing the recommendations made in our 2012 report on *Tourism industry growth and development* (Report 3: 2012–13). We found the agencies involved had fully implemented 10 of the 12 recommendations and partially implemented the remaining two, enhancing their strategic direction, campaign and events management, and performance management and reporting.

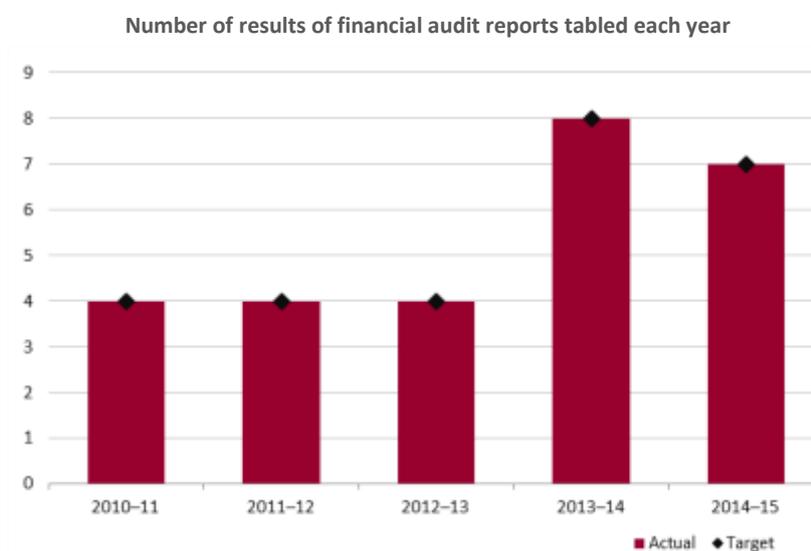
Reports on results of annual financial audits

Section 60 of the Act requires that we report to parliament at least once each year on the results of the financial audits we undertake for Queensland’s public sector entities.

In 2014–15, the most common issue we raised to parliament on the results of financial audits was the need to improve the quality of financial statement preparation processes.

Measuring quantity

We tabled seven reports as planned on the results of our financial audits, one less report than in the previous financial year. We combined reporting on public non-financial corporations into a single sector report, mirroring Chapter 7 of *Budget Paper No. 2*. This enables our clients to compare the two documents directly.



Measuring cost

The full year cost of our reports to parliament on the results of our financial audit activity was \$1.32 million, (\$1.43 million in 2013–14). Our internal budget was \$1.04 million. While we exceeded our budget by \$280 000, this included around \$339 000 worth of work brought forward for reports that we will table during 2015–16. We also undertook additional development work consolidating our reporting into a single sector report for public non-financial corporations.

In addition to measuring annual cost, we measure the life cycle cost of each tabled report, as reports are typically prepared across two financial years. The total life cycle cost of the seven reports we tabled during the year was \$1.29 million (\$1.27 million in 2013–14)—an average of \$185 000 (\$159 000 per report in 2013–14). This was more than our target average cost of \$175 000. This was due to additional work undertaken to complete the *Results of audit: Internal control systems 2013–14* (Report 1: 2013:14).

Measuring timeliness

We aim to table reports on financial audit results within five months of year-end balance dates. For entities:

- with 30 June balance dates, we plan to table in parliament no later than the end of November
- with 31 December balance dates (universities and grammar schools), we plan to table in parliament by the following May.

The average elapsed time to table was 5.3 months after the balance date, the same as in 2013–14. Five reports were tabled within five months. The one report tabled in December 2014 was within two weeks of this target.

We were not able to table the *Results of audit: Local government entities* (Report 16: 2014–15) until May 2015, 10 months after balance date. This was due largely to the timing of the 2015 state election, with parliament first sitting in February.

We waited until most local government entities' statements were finalised, so parliament and the public would obtain a more complete view of that sector's performance. We continue to work closely with local governments to assist them to improve the timeliness of their financial statements.

Measuring quality

Our report *Results of audit: Public non-financial corporations* (Report 6: 2014–15) was assessed using an ACAG independent expert reviewer to provide a benchmark of our report quality.

This report achieved an average overall score of 8.67 which is an increase from 8.33 in 2013–14. Feedback from the ACAG independent panel was that the report was generally well written and easy to understand.

Measuring impact

Our reports assist parliamentary committees with their understanding of, and decisions around, issues in public sector financial reporting. We strive to make recommendations that both help improve performance across whole-of-government and assist specific sectors or entities through tailored advice.

In August 2014, the former Education and Innovation Committee reviewed our report *Results of audit: Education sector entities 2013* (Report 16: 2013–14). The committee recommended that the then Minister for Education, Training and Employment (The Hon. John Paul Langbroek, MP) request all statutory bodies in the education sector to consider and adopt QAO's Better Practice Guidelines on delegations, supplier engagement and the preparation of financial statements. This was supported by government who notified the committee that the then Minister had taken this action.

Strategic audit plan

We develop and publish a three-year strategic audit plan by 30 June each year on our website. The plan sets out proposed performance audits and the areas of control focus we will pursue in our financial audits. Our strategic audit plan for 2014–17 outlined our performance audits for this year and our strategic audit plan for 2015–18 was published on 23 June 2015.

We measure the quality of the strategic audit plan by the number of topics retained from the prior year's plan. The decision to retain a topic is primarily based on its likelihood to add value to parliament and the public sector. This is determined by our assessment of key issues and sector challenges, the proximity of other reviews, together with feedback from the parliamentary committees and executive management of key government agencies during the consultation period.

To date, of 37 topics outlined in the *strategic audit plan 2014–17*, 30 have been retained as they were initially titled, three have remained but have been renamed to sharpen their focus and only three (8%) were not retained.

The annual cost of developing the *strategic audit plan 2015–18*, including supporting sector-based planning, was \$203 165 (\$473 000 in 2013–14). This was \$44 837 less than our internal budget allocation of \$248 000 (\$309 000 in 2013–14).

Parliamentary advice and assistance

We provided direct assistance to parliamentary committees, individual MPs and local government councillors. This included briefings on our reports, advising more broadly on public sector accountability and providing submissions to assist committees with their inquiries where relevant.

The QAO gave a total of nine public and private briefings to portfolio committees and six briefings to MPs. The briefings provided an overview of 11 reports to parliament and provided the MPs with the opportunity to ask specific questions. We also held two workshops for parliamentary committee staff to provide assistance in supporting MPs.

The first workshop in July 2014 increased committee staff knowledge on how to interpret financial statements and also increased awareness of QAO's strategic audit plan. The second workshop, held in August 2014, improved committee staff knowledge of monitoring and reporting performance related to their understanding of our report to parliament *Monitoring and reporting performance* (Report 18: 2013–14). This included the importance of identifying the right metrics to give clear insights into public sector performance.

We provided direct assistance to the Education and Innovation Parliamentary Committee with data analysis and improvement opportunities. In relation to its November 2014 Report No. 42 *Review of school attendance rates* the committee chair Mrs Rosemary Menkens, MP, said:

'I particularly thank and acknowledge the assistance of the Auditor-General's office, whose staff worked with the committee, assisting with the provision of much of the solid data and analysis of the statistics that the report was built around.'

(Queensland, Legislative Assembly 2014, Debates, Menkens R, p.4080)

In March 2015, following the State election, the Auditor-General provided an overview of his role as part of an induction program run by the Queensland Parliamentary Service for new MPs.

We invested around 580 hours at a cost of \$46 000 to provide direct support to parliament; \$126 000 less than our internal budget allocation of \$172 000. The time spent on support to committees was less this year due to the state election period.

Investigating referrals

We ensure Queenslanders can raise their concerns regarding the financial management and accountability of Queensland's public sector. We are referred information and allegations from a range of stakeholders including the general public, MPs, councillors, entity management and other integrity offices.

Once the information is received, we assess it to determine whether it is a matter that can be investigated by QAO. Factors considered in this assessment include:

- whether the matter is within the Auditor-General's mandate or would be more appropriately investigated by another agency
- the significance of the matters raised, including the level of public interest
- the level of supporting information provided
- the spirit of the information; whether in good faith or potentially vexatious.

Where a matter is assessed as a referral for QAO, an action plan is developed and the referral is investigated. The confidentiality provisions of the Act means we cannot report back directly to the referrer about results. Where the findings of referral investigations are considered significant they are reported to parliament.

In 2014–15, we received 53 new referrals (39 in 2013–14). Around half of the referrals were from the public and most related to the local government and health sectors. Matters concerning contract management and procurement practices continued to be the most common referred to QAO. They also represent the most significant areas in terms of the size and complexity of investigations conducted.

Referrals finalised in 2014–15 took 3.9 months to complete on average, compared to 3.6 months in 2013–14.

Number of external referrals received and finalised

Source of referral	Not within mandate	In progress 1/7/14	Received	Finalised	In progress at 30/6/15
Anonymous		2	6	8	0
Crime and Corruption Commission (previously CMC)		3	5	7	1
Elected members		3	9	8	4
Entity management		0	4	4	0
General public		9	23	30	2
Media		0	1	1	0
Public interest disclosure (external to QAO)		0	5	5	0
Total	13	17	53	63	7

Enquiries not progressed due to insufficient evidence, having been audited previously or not being within the QAO mandate.

In 2014–15 the results of two matters investigated as referrals were reported to parliament. These were the *Procurement of youth boot camps* (Report 13: 2014–15) and procurement practices in *Results of audit: local government entities 2013–14* (Report 16: 2014–15).

We spent approximately 1900 hours managing the referrals program in 2014–15 at a cost of \$321 000, compared to our budget of \$131 000 (850 hours in 2013–14 at a cost of \$148 000).

Outcomes from parliamentary service

Our reports aim to be objective, non-partisan and reliable. They are evidence-based and provide information that parliament needs to fulfil one of its most important roles: holding government accountable for its stewardship of public funds. Our reports also provide valuable commentary, findings and recommendations on how to improve accountability and performance in the public sector.

Increased reliance and use of our reporting

Every year we endeavour to increase the use of our reports and provide advice which enables parliament to debate performance of the public sector and new legislation. This contributes to strengthening public accountability and transparency, which is a key strategy for addressing governance deficits, mitigating fraud and improving service delivery.

On 15 July 2014 during the 2014 estimates process for Environment and Heritage, the Hon. Mr Powell, Minister for Environment and Heritage Protection said:

‘ I again reflect this is a system that has been in place long before we came to government, and he is suggesting, quite rightly, that where we previously measured inputs we need to be measuring outputs and outcomes. As I said, I had frustration as a former public servant, it is something that I have drilled into my team each and every year. We are on the path to try and improve those. If anything the Auditor-General has given us a very clear path on how we can achieve that in a very short period of time based on some of the criteria he said. I know we will be working with DPC and Treasury to achieve that.’

(Queensland, Legislative Assembly 2014, Debates, Powell A, p.31)

In December 2014 we tabled *2018 Commonwealth Games progress* (Report 9: 2014–15). This report raised concerns about the absence of a single source of accountability and authority for whole-of-Games management as well as risks to the realisation of legacy benefits. Acting on our recommendations, The Hon. Mrs Jones, the Minister for Education and Minister for Tourism, Major Events, Small Business and the Commonwealth Games released a media statement on 31 March 2015 announcing the establishment of the Tourism and Commonwealth Games Cabinet Committee and the creation of a Deputy Director-General position within the Office of Commonwealth Games Delivery. In the statement, Mrs Jones said:

‘Addressing issues raised in the Auditor-General’s report has been a priority — that’s why I urgently met with the Gold Coast 2018 Commonwealth Games Corporation (GOLDOC), the Australian Commonwealth Games Association, and City of Gold Coast Mayor Tom Tate.

...Today’s announcement brings a new level of leadership to Games delivery with the establishment of the Tourism and Commonwealth Games Cabinet Committee, The Cabinet Committee will provide strategic direction for the delivery of GC2018 and the Embracing 2018 legacy program to ensure Queensland benefits from the Games.’

(Jones, K (Minister for Education and Minister for Tourism, Major Events, Small Business and the Commonwealth Games) 2015, New governance for the Commonwealth Games, Media statement, Brisbane, 31 March)

Our June 2015 *Fraud management in local government* (Report 19: 2014–15) found that most Queensland councils are not effective in managing their fraud risks. In response to our report recommendations, the Department of Infrastructure, Local Government and Planning stated that it will seek a report from each local government on their progress in implementing QAO’s recommendations within the following 12 months. The Hon. Ms Trad, Local Government Minister was quoted in the media stating:

‘Swift action to address the lack of central monitoring of fraud losses and to strengthen internal fraud management systems in local government is required.’

(The Australian, ‘Councils must act on fraud: Qld govt’, 2 June 2015)

In the Finance and Administration Committee’s Report No. 48 *Inquiry into the Auditor-General’s Fraud Risk Management and Executive Services* (Report 9: 2012–13) the Assistant Director-General Corporate and Executive Services for the Department of Housing and Public Work, Ms Robyn Turbit said:

‘Since that time we have taken action to obviously improve and enhance the fraud and corruption framework within the organisation, specifically looking at the 15 better practice fraud control attributes identified by the QAO.

Considerable work has already happened within the organisation in respect of the fraud awareness campaign; this was obviously raised as a concern by QAO.’

(Transcript of Proceeding Wednesday, 2 April 2014, P3)

On tabling the Finance and Administration Committee Report 48, *Inquiry into Auditor-General’s Report 9: 2012–13 on internal control systems and fraud risk management*, The Hon. Steve Davis, MP, Chair Finance and Administration Committee stated:

‘On behalf of the committee, I would like to thank the Auditor-General and his staff and the departmental officers for meeting with the committee and for their cooperation in providing information to the committee. As a state, we are well served by the Queensland Audit Office and particularly by our Auditor-General.’

(Queensland, Legislative Assembly 2014, Debates, Davis S, p. 3217)

This was supported by The Hon. Reg Gulley, MP, member, Finance and Administration Committee who stated:

‘I wish to commend the Auditor-General for undertaking reviews of government internal control systems and fraud risk management. I wish to confirm at the outset my support for all of the recommendations held within this report.

Reading the work of the Auditor-General took me back to my prior life in corporate accounting and being a commercial manager in the not-for-profit sector. It was refreshing to see an Auditor-General who understands best practice — which I applied and was trained under during my career— and I compliment him for his approach on guiding the Queensland public sector to best practice.’

(Queensland, Legislative Assembly 2014, Debates, Gulley R p. 3217 and 3218)

When the *Safe Night Out* Legislation Amendment Bill was being debated as part of the second reading in August 2014, our report *Drink safe precincts trial* (Report 13: 2012–13) was debated in parliament.

The Hon. Jarrod Bleijie, MP, Attorney-General and Minister for Justice said:

‘Following the review in 2009 and onwards, we had the drink-safe precinct trial. It is no secret to the members of this House that the Auditor-General produced a report that said the precincts cost too much money, were hard to implement, that the implementation did not go according to the plan of the Labor Party and there were issues with it. However, this government indicated that we liked aspects of the drink-safe present trial. We continued the trial and extended it on numerous occasions to ensure that we could get to where we are tonight, that is debating the Safe Night Out strategy.’

(Queensland, Legislative Assembly 2015, Debates, Bleijie J p. 2733)

The Hon. Ian Berry, MP, Temporary Chair of Committees also referred to the QAO briefing which was given to the Legal Affairs and Community Safety Committee on safe drink precincts, paraphrasing components of the briefing during the debate (Source Hansard 26 August 2014, Page 2675).

When debating the *Environmental Protection and Other Legislation Amendment Bill*, The Hon. Jackie Trad, MP, Shadow Minister for Transport and Main Roads; Environment and Heritage Protection; Small Business and Consumer Affairs and The Arts, referred to our report *Environmental regulation of the resources and waste industries* (Report 15 : 2013–14):

‘Earlier this year, the Auditor-General released *Environmental regulation of the resources and waste industries* (Report 15: 2013–14). One of the conclusions the Office of the Auditor-General made was that the environment and heritage protection department is not fully effective in its supervision, monitoring and enforcement of environmental conditions and is exposing the state to liability and environmental harm unnecessarily.’

(Queensland, Legislative Assembly 2014, Debates, Trad J p. 3633)

In the October 2014 parliamentary debate on the Appropriation Bill (No.2) 2014, which appropriates money out of the Consolidated Revenue Fund for certain expenditure, The Hon. Mark Stewart, MP, member, Finance and Administration Committee stated:

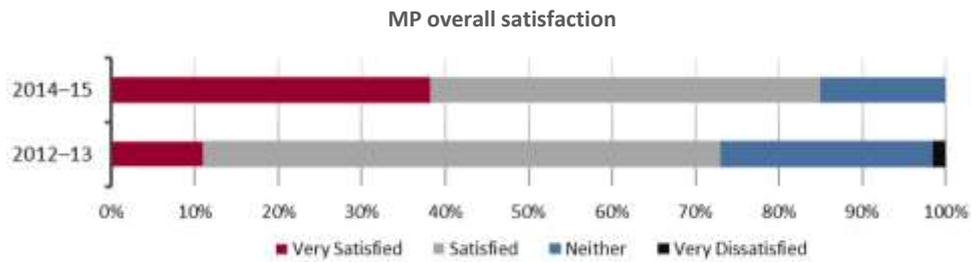
‘Treasurer’s Consolidated Fund Financial Report has been provided to the Auditor-General for independent assessment and verification. Independent review is, of course, a cornerstone of fair and accountable government. This review is no more important than when the review relates to government finances and government expenditure. The Auditor-General has given his approval to the Treasurer’s report.’

(Queensland, Legislative Assembly 2014, Debates, Stewart M p. 3418)

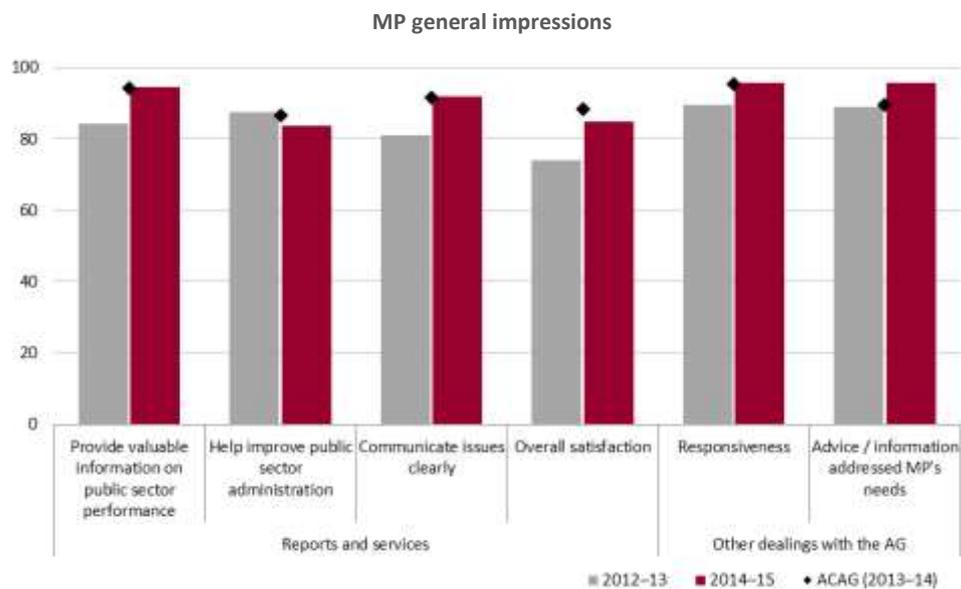
Satisfaction with our independent perspective

We survey MPs to measure their understanding of our role and their satisfaction with the services we provide. This provides an indicator of the effectiveness of the strategies we implement to address a key strategic risk— that parliament’s expectations and understanding of our role may change, which could lead to a perception that our reports lack relevance. We aim to conduct the survey twice within an election year.

We surveyed MPs in 2014–15 to determine whether we had improved since our inaugural survey in 2012–13, and identify where we can further enhance our services to MPs and the parliament. The results of the 2014–15 survey show that MPs’ overall satisfaction with the Auditor-General’s reports and services has improved to 85%, up from 74%. A greater proportion of MPs were very satisfied this year, with a lower proportion of neutral responses and no negative responses.



While almost two-thirds of responses were from MPs still in their first term of parliament (63%, compared to 68% in 2012–13), all first-term MPs agreed that they understood the role of the Auditor-General and QAO (compared to 75% in 2012–13). This is a positive reflection of the effort we have made over the past two years to inform and engage with parliament about the value and unique insights we provide. MPs' general impressions about our reports and services and their other dealings with us improved in the 2014–15 survey.



Key challenges and priorities for 2015–16

We will:

- continue to strengthen our relationship with parliament by improving the quality of our briefings for members of parliament and parliamentary committees
- continue to invest in better targeting of our performance audit program on the most important matters within our funding constraints to realise our vision of facilitating better public services
- enhance the reports we table to parliament to better communicate important matters
- host an inaugural Australian conference on the future of performance auditing including opportunities and challenges in the global context
- provide more information and clarity to the entities we audit about our requirements before we commence work.

Public sector

Objective

Provide authoritative reporting that is used by the public sector to fulfil its accountability obligations and improve its performance

Strategies

- Focus on the things that matter and that will make a difference
- Provide timely and open engagement with the public sector
- Better leverage our public sector expertise
- Promulgate and promote better practice

Outputs

Reports to public sector entities on their financial statements and advice and assistance on ways to strengthen their internal control and better manage their financial and operating risks

Outcomes

Demonstrable improvements in the public sector resulting from our activities

Public sector services

We help our clients advance their systems of financial control so they can produce reliable financial reports, improve their financial and operational performance, increase the value of their financial statements for end users and comply with regulatory requirements and standards.

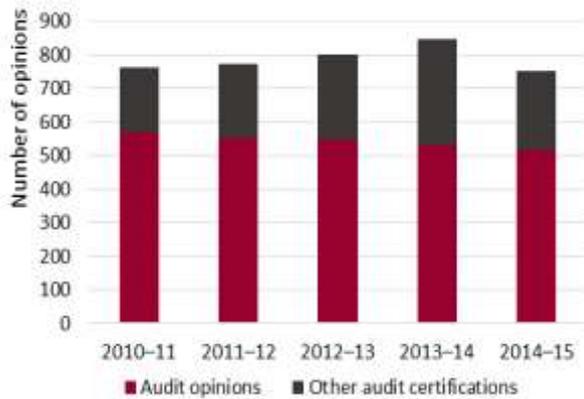
Dimension	Measure	2013–14		2014–15	
		Actual	Actual	Actual	Target
Financial statement audit opinions					
Quantity	Audit opinions (number)	530	515	515	538
Cost	Annual fees charged (\$ million)	37.50	34.88	34.88	29.20
Timeliness	Opinions issued on time (when clients met statutory deadlines) (%)	99	99	99	95
Quality	Client rating (index points)	76	77	77	80
Impact	Recommendations accepted (%)	89	94	94	95
Other audit certifications					
Quantity	Other certifications (number)	318	238	238	241
Cost	Annual fees charged (\$ million)	2.10	2.69	2.69	2.10

Note: Cost for certifications reflects only major certifications that required significant additional audit effort.

- We served a client base of around 520 state and local government entities, most of which have 30 June balance dates.
- We managed significant growth in the number of complex audit certifications and additional unplanned effort without sacrificing quality.
- We followed up the progress public sector entities have made in implementing our recommendations in 2013–14 to improve their internal systems of controls—94% of the recommendations we made were implemented by 30 June 2015.
- We issued fewer qualified audit opinions, which demonstrates improvements in the reliability of public sector financial reporting.
- We reported improvements in systems of financial control in our *Results of audit: Internal control systems 2013–14* (Report 1: 2014–15), *Results of audit: Hospital and Health Service entities 2013–14* (Report 5: 2014–15) and *Results of audit: Education sector entities 2014* (Report 15: 2014–15).

Our indicator of success
Acceptance of our recommendations and demonstrable improvements in the
public sector resulting from our audit activity

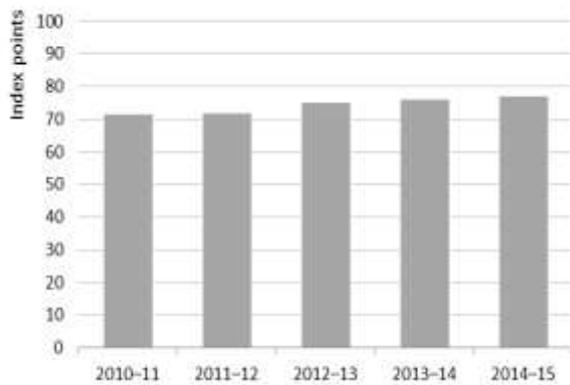
Outputs at a glance



Quantity

The number of financial audit opinions we issued has remained fairly stable over the past three years.

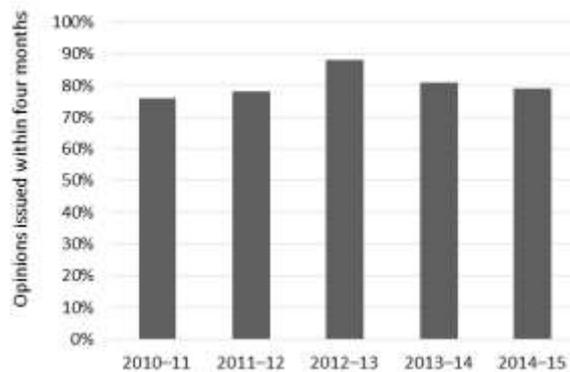
The number of other audit certifications we issued declined this year, mainly because fewer acquittals were required to be certified for minor grant expenditure by local governments.



Quality

Our overall satisfaction ratings from our financial audit clients marginally improved this year to 77 ip overall.

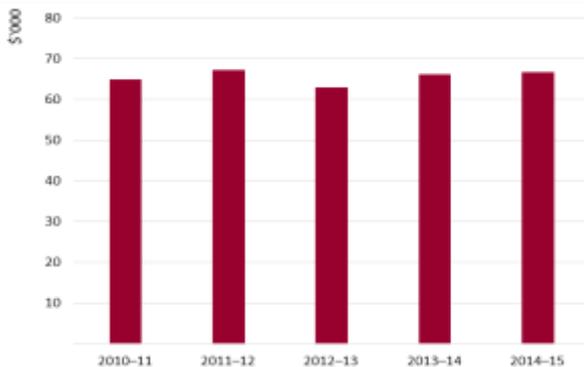
For the first time we exceeded our target with our clients rating us 81 ip in audit value.



Timeliness

When clients met their statutory deadlines, we issued 99% of our audit opinions on time.

Across all QAO clients we issued 79 per cent of our financial statement audit opinions within four months of the end of the financial year.



Cost

The average cost of our financial audits reduced slightly, against a background of rising labour rates and general price increases.

Public sector service output performance

The financial audit services we provide to public sector entities allow them to fulfil their own accountability obligations. They report annually on their operations and on their financial performance to parliament through their respective Ministers.

The key products and services to the public sector, which we provide on a fee-for-service basis, are:

- financial statement audit opinions and associated reports to governing bodies and management
- other audit certifications for grant acquittals, regulatory notices and controls assurance.

Financial statement audits

Audit opinions provide independent assurance to users of public sector financial statements that those statements are presented fairly and in accordance with Australian Accounting Standards and applicable legislation. Financial audits are funded by a fee-for-service we charge to the audited entity.

Financial audits produce two major outputs:

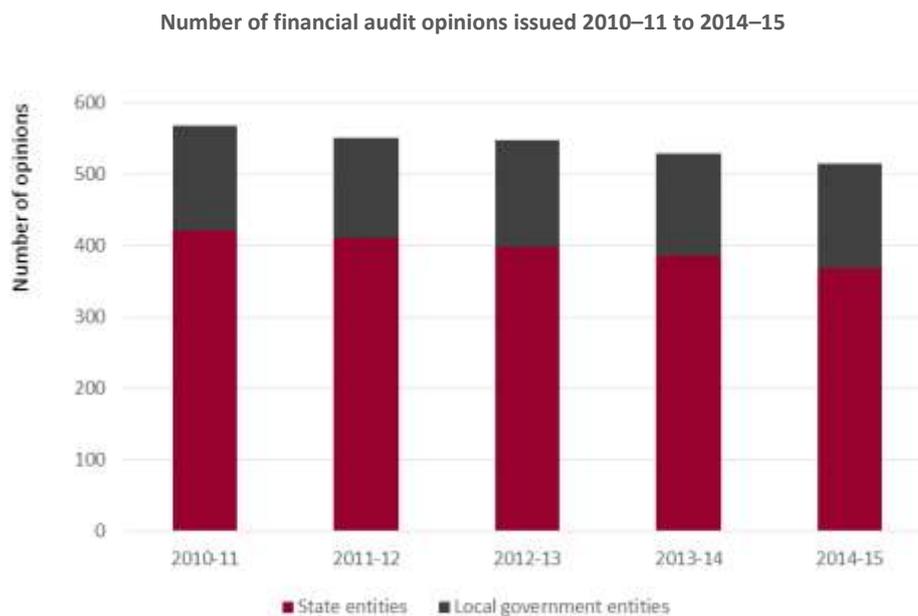
- an audit opinion on the financial statements
- a report to the governing body of each audited entity on matters arising from the audit.

Our financial audit opinion is attached to the financial statements. Together, these documents are included in each entity's annual report, which is required each year under the *Financial Accountability Act 2009* for most state entities, and the *Local Government Act 2009* for most local government entities.

Our reports to each entity's governing body may include observations and recommendations about the quality of financial reporting processes, strength of internal controls, information technology project management, accounting issues and matters relating to compliance with applicable laws.

Measuring quantity

The number of audit opinions we issue is determined by our audit mandate. We expect this to vary by a relatively small number each year. This is based on whether and to what extent new entities are created by government, or existing entities are merged or discontinued.



Measuring cost

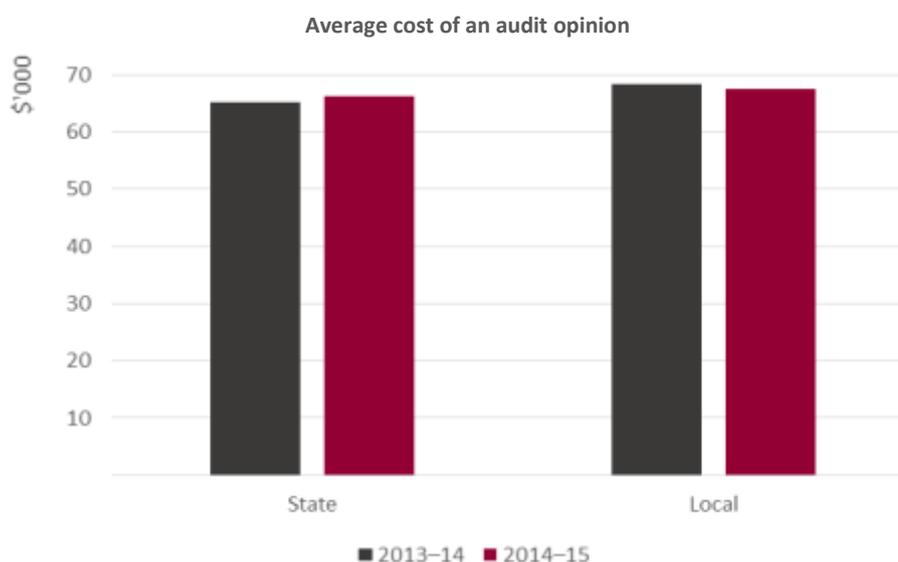
QAO and its clients agree on the fee for the financial audit before we start work and we increase our fee only if we identify new risks or other issues that we agree change the audit scope or planned approach.

This year, we earned \$34.88 million from our audit fees, which was \$2.62 million lower than in 2013–14 (\$37.5 million).

Our annual fees were \$5.67 million above our budget estimate of \$29.21 million. This original budget did not include \$4.17 million worth of contracted-out audit work which was out for tender at the time the budget was developed. The other \$1.5 million is for audit work we expected to complete in 2013–14 when we set the budget, but which we carried over into 2014–15.

Our total annual fee revenue for any one financial year varies due to shifts in workload across financial years. As such, a better measure of the cost effectiveness of our financial audits is each audit's life cycle cost, typically spanning two financial years. This metric reflects what our clients each pay for their annual financial audit.

We track the average cost of financial audits of state and local government entities separately. This is due to the wide geographic dispersion of our local government clients and different financial reporting risk profiles, which require different audit responses.



Average costs include recovery of our direct out-of-pocket expenses such as travel costs.

Measuring timeliness

We measure the timeliness of our audit opinions based primarily on whether we issue them within the statutory time frames set by legislation for our clients.

We set a target to issue 95 per cent of opinions within statutory deadlines, where the clients also met their statutory requirements. This year, we achieved 99 per cent, as we did in 2013–14. Our performance helps our clients meet their statutory deadlines.

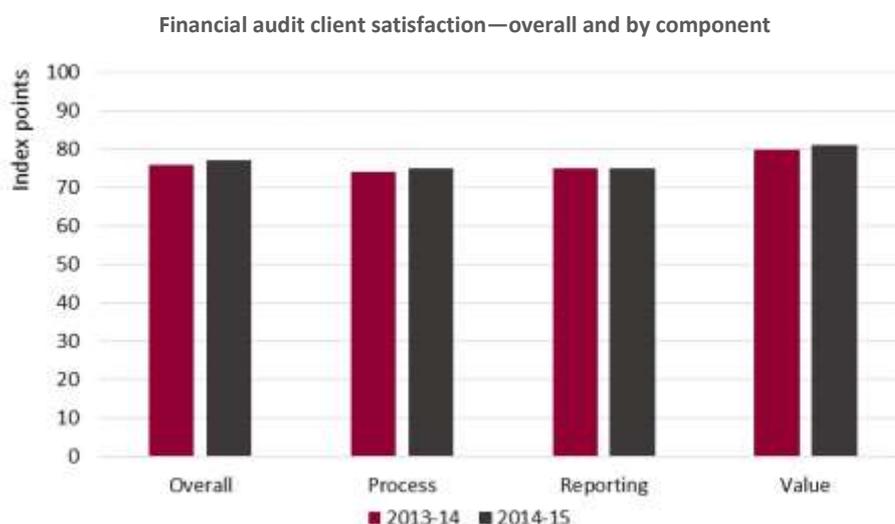
Measuring quality

One measure of the quality and effectiveness of our financial audits is feedback from our financial audit clients via an annual client survey. While this measure provides useful information about the perceived quality of our services to clients, it does not directly demonstrate that the service objective has been achieved. As such we use this as part of a balanced suite of performance measures. Measuring quality is also useful in identifying opportunities where we can improve QAO's relationship with our financial audit clients.

Client surveys are conducted on our behalf by an independent research company to ensure objectivity and transparency of the results. The key areas of focus for the survey are the quality of the audit process, quality of the audit reporting, and the overall value of the audit.

In 2014–15, we received feedback from 196 clients, which is a response rate of 76 per cent (compared to 73 per cent in 2013–14). The feedback related to 2013–14 or 2014 financial year audits. State government entities, including departments, government owned corporations and statutory bodies, accounted for 68 per cent of respondents (75 per cent in 2013–14), with the balance being local government entities.

An overall performance index (OPI) is determined by measuring client satisfaction and aggregating the results. Our OPI score for 2014–15 was 77 index points (ip), compared to 76 ip in 2013–14, meaning respondents generally remain positive about their experiences with our service. We also received our highest result for value at 81 ip (80 ip in 2013–14), exceeding our target of 80 ip for the first time. While the improvements are incremental, they reflect our financial audit staff’s commitment to improving their own performance.



The open ended comments clients provided in this survey were generally positive. Most respondents stated that our audit fees are reasonable.

“I compliment QAO on the highly professional manner in which staff undertook audit work and provided feedback and advice as requested. Thank you.”

(Source: Queensland Police Service)

Our strategies to provide more value for money and engage better with our clients are having a positive effect and we continue to strive to achieve our OPI target of 80 ip across all facets of client satisfaction.

Measuring impact

In our financial audits, we assess and test aspects of our clients’ systems of internal control. Where we identify control weaknesses or breakdowns, we raise these with entity management so that timely corrective action can be undertaken. We measure impact through the number of audit issues raised, with less issues speaking to the financial maturity of our clients; and the level of acceptance of recommendations we make.

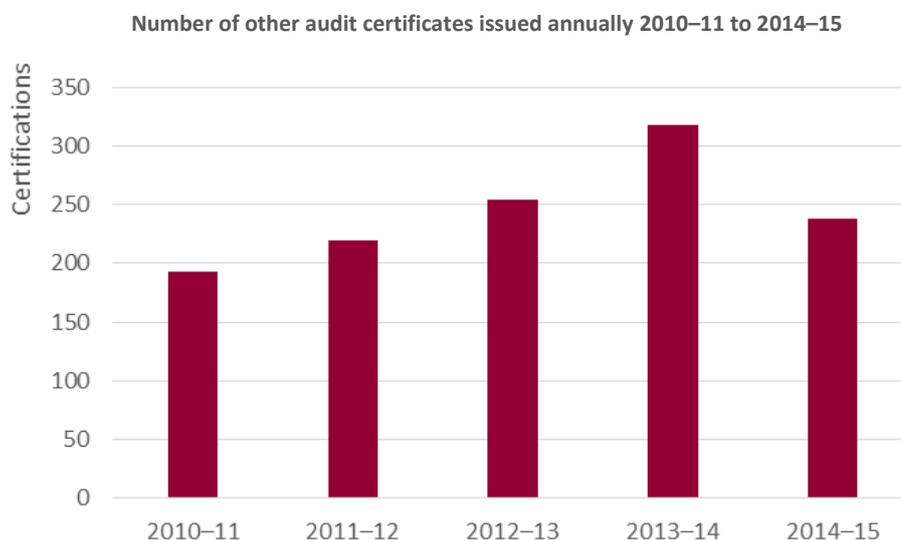
We raised 735 significant audit issues (1026 during 2013–14) in our management letters to executive management of our clients. We also made 431 recommendations for improvement (657 in 2013–14). These recommendations were primarily around expenditure, property, plant and equipment and financial reporting.

Of the audit issues and recommendations made and responded to by clients, 94 per cent were accepted (an increase from 89 per cent in 2013–14). This reflects our focus on better explaining audit issues to our clients.

We followed up significant audit issues from 2013–14 and found 113 recommendations (six per cent) were unresolved at 30 June 2015 (compared to nine per cent for 2012–13). These issues related mainly to property, plant and equipment and expenditure/payables; and did not materially affect financial statement balances.

Certifications

Certifications typically complement the work performed during the financial audit and therefore are done most efficiently by us as the external auditor. In many cases, it is a requirement by the funding agency that the external auditor provides such certification. These are generally requested by our clients during the course of the financial audit and are charged in addition to the agreed financial audit fee unless incidental in nature.



We issued 238 other audit certifications this year—80 fewer than the 318 we issued during 2013–14. The decrease in the number of other audit certifications issued was mainly due to significantly fewer acquittals required to be certified for minor grant expenditure by local governments.

In contrast, the cost of audit certifications was \$590 000 higher than our budget at \$2.69 million (compared to \$2.1 million 2013–14). This reflected significant growth in complex audit certifications requested by our clients.

We continued our ongoing acquittal of the state’s Natural Disaster Relief and Recovery Arrangements (NDRRA) expenditure to the Australian Government.

On 31 March 2015, we certified without qualification claims relating to Total State Expenditure of \$5.7 billion acquitted in the 2013–14 financial year.

We had previously needed to qualify the state’s acquittal of NDRRA expenditure to the Australian Government for the 2010–2012 financial years. This is because incomplete records and weak expenditure controls at councils meant the risk that ineligible expenditure was being claimed was unacceptably high. To reduce this risk we established the ‘725 Project.’ In consultation with the Queensland Reconstruction Authority, we developed innovative ways of determining the pre-existing conditions of restored or repaired assets that could not be determined by traditional means.

On 11 June 2015, we certified without qualification revised claims for Total State Expenditure of \$813 million relating to the 2010–2012 financial years.

In an email to the Auditor-General, the Chief Executive Officer of the Queensland Reconstruction Authority, acknowledged and thanked the QAO team’s efforts and perseverance in undertaking the 725 project:

‘...the project was without a doubt a difficult, laborious and frequently frustrating one. However, through the hard work and dedication of our respective teams the project has been delivered in a methodical and robust manner and I consider the outcomes appropriate.’

Frankie Carroll, Chief Executive Officer, Queensland Reconstruction Authority, 14 June 2015.

We provided six separate assurance reports on the systems of internal control implemented by the shared service providers we audit, reporting under ASAE 3402: *Assurance Reports on Controls at a Service Organisation*.

We also provided complex audit certifications on Regulated Information Notices (RIN), required by the Australian Energy Regulator, for our clients in the energy sector. We audited or reviewed six RIN templates issued to our clients by the Australian Energy Regulator that covered historical financial and non-financial regulatory information. We also issued 12 audit opinions for Australian financial services licences (AFSLs) in the financial services and energy sectors.

Public sector service outcomes

Our financial audit services aim to:

- improve the reliability of publicly reported financial and non-financial information, providing the public with greater confidence in the system of government
- strengthen entities' systems of financial control, reducing the risk of error and fraud.

Improved reliability of public reporting

We work closely with our audit clients to avoid, where possible, the need to modify our audit opinion. A modified opinion can mean a qualified opinion, an adverse opinion or a disclaimer of opinion.

This year, we issued 35 modified opinions (seven per cent of total issued opinions), compared to 42 modified opinions in 2013–14 (eight per cent). The overall reduction in modified opinions demonstrates the further maturing of public sector financial reporting.

Of the 35 modified opinions, 29 (32 in 2013–14) related to 'category 2' water boards. For these, we issued 23 (20 in 2013–14) disclaimers of opinion and six (12 in 2013–14) qualified opinions. These were generally because the values of property, plant and equipment are not being appropriately measured.

The remaining six (10 in 2013–14) modified opinions this year were all qualified opinions for local governments and their controlled entities.

We noted that the timeliness and quality of financial reporting has improved throughout state public sector entities in our report *Results of audit: State public sector entities for 2013–14* (Report 4: 2014–15)

This year, we collaborated with universities to improve the quality and readability of their financial information. In our *Results of audit: Education sectors* (Report 15: 2014–15) a recommendation was made on the need for an agreed framework to calculate the 'underlying result' that most universities use to assess their own financial performance, and that some also publicly report. The current way of calculating this in universities does not conform to Australian Accounting Standards for not-for-profit entities. The education sector's agreement with our recommendation around this complex issue is a major achievement. The sector and QAO are now working closely together to improve the relevance and reliability of this calculation for all relevant stakeholders.

Strengthened systems of internal control

The *Financial and Accountability Act 2009* requires accountable officers to establish and maintain appropriate risk management systems so that the entity's risks are managed to the level the accountable officer believes is acceptable.

Our report *Results of audit: Internal control systems 2013–14* (Report 1: 2014–15) included an in-depth review of departments' approaches to risk management. We identified that risks were not reviewed regularly and governance committees were receiving limited information on risk treatments to mitigate identified risks. We made recommendations for improvement which were accepted by departments.

Since conducting our review, departments have implemented risk management improvements including:

- more discussion of risk management on agendas at senior management committee meetings
- assigning responsibility for ownership of risks and associated risk status updates

- scheduling more regular reviews of risk registers by audit and risk committees, risk sub-committees and senior management.

This should help departments better manage risks so that they remain at or below established risk tolerances.

In our reports, *Results of audit: Internal control systems 2013–14* (Report 1: 2014–15) and *Results of audit: Hospital and Health Services entities 2013–14* (Report 8: 2013–14), we identified that delegations frameworks were typically well established. In practice, however, there were a small number of breaches that were often attributed to a lack of understanding when applying delegations. Following our review, a number of agencies have now redesigned their financial delegations to improve the clarity and to increase compliance.

Our report *Results of audit: Education sector entities 2013* (Report 16: 2014–15) found universities and grammar schools produce reliable and timely financial statements. Internal controls over most aspects of financial reporting are sound; however, we are working with universities to improve their internal financial management and financial reporting practices.

Further, within the education sector, a newly formed entity used our better practices for procurement and delegations in setting up its financial operations. This ensures it has a strong accountability framework.

Key challenges and priorities for 2015–16

We will:

- continue to strengthen our relationship with public sector entities, improving the reports we provide and the way we engage with them
- further improve our audit approaches by continuing to innovate in the use of data analytics in our audits to improve efficiency, effectiveness and quality
- increase the sophistication in the way we assess specific areas of control and better support entities to understand better practice and improve their own control environments
- invest more in developing the capabilities of our audit professionals.

Business

Objective

Deliver efficient and effective support services

Strategies

- Optimise the support services required by the business
- Renew and better integrate our technology and systems
- Implement a program of systematic organisational performance reviews

Enabling outputs

The practice management, corporate, and other support services that maintain our operations

Outcomes

We match or exceed our top two ACAG peers on support services benchmarks

Support services

Support services enable our auditors to deliver audit services to our clients. They also enable us to deliver our corporate responsibilities and make business improvements to the way we work. We strive to deliver sustainable support services that improve the economy, efficiency and effectiveness of our operations by:

- maintaining audit standards and methodologies
- providing expert technical advice on audit policy and the interpretation of accounting standards
- leadership and corporate support for finance, people, technology and information.

Dimension	Measure	2013–14*	2014–15	
		Actual	Actual	Budget
Cost	Support services (\$ million)	8.571	8.600	9.107
	–Continuing operations	8.227	7.357	7.732
	–Business improvement projects	0.344	1.243	1.375
Quantity	Non-audit staff ratio (%)	25	22	25
	Non-audit cost ratio (%)	18	16	18

* Due to changes in the methodology for ACAG benchmarking, 2013–14 data will not align with previously published information.

- We continue to manage the delivery of support services through proactive definition of our service design, clear accountabilities for service ownership, aligned management metrics and operational performance reviews.
- We continue to invest in efficient, effective and value for money business improvements. This is achieved through a disciplined approach to projects focused on modernisation, best practice and alignment with our business strategies.
- We strengthened our approach to customer service by including it as a focus in our staff performance targets, raising staff awareness and through a dedicated corporate services planning day.
- A dedicated team reviewed all support services for alignment with best practice and identified opportunities for new technology. This was as part of a feasibility project for replacing legacy systems.
- An independent assessor reviewed technology operations for contestability. We implemented an insourced organisation structure to better position us to leverage a data rich future.
- We successfully implemented significant business transformation of technology operations. This refreshed our Information communications and technology (ICT) infrastructure, established a platform for data analytics and strengthened our disaster recovery capabilities.
- Provision of our services is more efficient with a reduction in our non-audit to audit staff from 25 per cent last year to 22 per cent in 2014–15.
- We reinvested savings from prior years into business improvement projects. These projects will deliver increased value and further efficiencies in the coming years, whilst reducing non-audit cost ratios.

Our indicator of success
We rank 1st or 2nd for around half of our benchmarks

Support services performance

Measuring cost

Improving our support services improves our audit delivery, and ultimately, reduces audit costs. This year we began realising the cost savings from significant organisational changes made in 2013–14 and further organisational refinements in 2014–15. Support costs for continuing operations were around five per cent less than budget and 11 per cent less than the previous year.

We invested \$1.243 million in six major business improvement projects as well as a number of major operating actions and smaller initiatives aligned to our strategy.

Our total cost of support services remained stable for 2014–15 at \$8.6 million, representing 19.7 per cent of our total expenditure (19.5 per cent in 2013–14).

Measuring success

We achieved significant cost savings in the delivery of our support services, and also improved the efficiency, effectiveness and the value for money that they provide.

Clarity of purpose

Customers first

We improved the measurement, targets and operational reviews of the support services we deliver. We implemented better measurement of customer satisfaction with our ICT services and will extend this to other support areas.

We refocused our staff performance goals to better emphasise delivery, customer satisfaction, service quality and professional development for staff. These are now central to performance review discussions.

During the year, all support services teams — Audit Policy and Standards, Human Resources, Information Services and Finance — participated in a dedicated one day session focused on promoting:

- organisational alignment – engaging in discussions about vision, purpose, culture and values
- customer service – challenging teams to better understand their internal customers' needs and the value they provide.

Refining our service design

We maintain information about our enterprise architecture which includes details about the services we deliver – audit services to our clients and internal support services. Taking a service-oriented approach to our support services provides clearer direction for staff, more disciplined service delivery, measurement, and alignment of technologies. This ultimately leads to efficient and effective service delivery over time.

We reviewed our catalogue of services and combined and rationalised the number of support services based on customer need. The result was that our operating environment was further simplified and we are focusing where our clients' needs are. We also enhanced the measurement of support services delivery to provide better insights for our operational performance reviews and benchmarking.

During 2015–16, we anticipate there will be significant organisational change through the modernisation of a number of support services, dependent on the completion of a feasibility project relating to the replacement of our legacy systems. In 2014–15 we reviewed each support service to identify those that may be delivered more efficiently and effectively using new technologies.

Better positioning ICT for the future

With a business change agenda that positions QAO to realise its strategy of world-class audit it was necessary to review ICT services from the bottom up. This recognised the importance of the data and applications QAO needs to achieve the strategic vision.

During 2014–15 an independent review of ICT service delivery was undertaken to ensure alignment between our technology, our technical capabilities and future business needs. Within this review, the independent assessor tested 16 key ICT work packages for contestability. The review identified that a fully insourced approach for ICT service delivery continues to provide the most cost effective approach for QAO, but that the structure, skills and focus of this division required change.

The new ICT structure was approved in January 2015 and implemented by April 2015. Early benefits have been realised through an architectural approach to service design, the implementation of application development and the introduction of industry standard approaches to service transition.

Enhancing audit service delivery

Integrating data analysis into auditing

We launched a pilot project in the first half of 2014–15 to enhance the use of data analytics in our audits. This pilot focused on innovation in data collection and analysis for the delivery of our financial audits. ICT Services collaborated with audit divisions to establish data storage and the infrastructure needed to support the pilot.

The pilot project identified significant value in terms of audit efficiency and quality. It gave us new insights into improving audit planning by visualising already available client data to assess audit risk. It also gave us the ability to collect and aggregate data for multiple clients through single collection points. Further, it provided insights into new audit approaches which assess all data, rather than relying on sampling techniques.

Following the pilot, work was undertaken to address the limitations of the current ICT infrastructure to enable these new capabilities to be leveraged. We expanded our data storage capacity and made it production strength. We also purchased additional data analytics software licences and trained more of our auditors to use data analysis in their audits. We also developed automated testing procedures.

In the second half of 2014–15, a unit of specialist audit staff was established. The team now supports audit staff to use data analysis in their financial audits and complex analysis for our performance audit program.

This new capability in QAO is forming, but already transforming our approach towards world-class audits

Innovating our approach to selecting our performance audits

This year we improved the discipline we apply in identifying and selecting performance audits by using industry best practice portfolio management in our strategic audit planning. We also refined the content of our strategic audit plan to include insights into the issues and challenges across sectors for our clients.

Supported by new systems and processes, our approach now:

- utilises broader intelligence to understand trends and risks impacting on the delivery of public services
- force ranks each potential performance audit topic against agreed business drivers and critical reviews them
- better selects topics that strengthen accountability and facilitate better public services
- shares insights we have gained into government service delivery in Queensland.

Handling referrals

Our operational scorecard identified the process for handling referrals was not meeting our internal targets. It was taking longer than expected to evaluate referrals and to initiate and close investigations.

During 2014–15, this process was redesigned so that all referrals are now evaluated and acknowledged within seven days. The ownership, funding source and plan for completion of any investigation arising from a referral is agreed within this timeframe enabling us to set more appropriate targets. The investigation is also monitored during its execution and quality steps are embedded into the finalisation stage. Existing applications were assessed for suitability to support the new way of working and our project management system was selected.

Building organisational capability

Competency framework for auditors

To improve the quality of our services, we invest in aligning our people's skills to business outputs. During 2014–15, we established a competency framework for our financial auditors that clarifies career progression and capability expectations.

This framework aligns with International Education Standards issued by the International Accounting Education Standards Board and provides a professional development pathway from graduate to specialist, focusing on high standards of professionalism. It also sets the context for developing of specific training and competency assessments, and reviewing the skills and capabilities of our financial auditors.

Enhancing our impact through clear messaging

We launched a "plain language" initiative to improve the quality of our client and internal communication. It included an in-depth assessment of employee communication styles and abilities and implementing tactics to address key issues and barriers to improvement.

So far, foundation training covering the fundamentals of style, grammar and communications planning has commenced for all employees. This in-depth, workshop style training will be followed by micro lessons on a range of communications skills.

To support the initiative, we created an interactive digital application in SharePoint to make our style guide information more accessible to all staff. The application reflects Commonwealth style standards, is easy to use and embeds an agreed approach to QAO style across the organisation. We also started work on revising our document templates for better targeting, branding and clarity ultimately making them easier for clients to read on tablets or smart phones.

Transition to online learning

During 2014–15 we invested in an online learning platform (QAO Learning), a course library and course building capability. This enables the flexible, cost effective delivery of training to all staff on essential topics such as work health and safety, ethics, information security and information privacy.

QAO Learning has enabled us to save money on classroom-based training and provided our workforce with greater flexibility to complete courses at a time that is convenient to them.

Through QAO learning, we can ensure 100 per cent completion of mandated courses and that associated records are maintained and readily accessible. This level of compliance was difficult to achieve and maintain with classroom-based learning.

We have already started to realise the productivity benefits of this investment with the transition of an ethical decision making course from a three-and-a-half hour classroom session to a comprehensive, one hour online training module.

QAO's Learning platform will be further utilised in the delivery of core compliance subjects for all staff, self-development courses, and suitable technical content which is aligned to our financial and performance auditor competency frameworks.

Managing our risks and compliance

Risk management approach

Our risk management framework supports us to identify and actively manage risks to an acceptable level.

During 2014–15, we implemented changes to increase our risk awareness and focus on the most relevant risks. We reviewed and updated our strategic and operational risks through our annual corporate planning process. It also provided an opportunity to present risk information sessions to our workforce at planning events.

Risk discussions are a key feature of our governance group meetings. The Executive Management Group focus on strategic risks. The Operational Management Group focus on operational risks. The Information Steering Committee focus on technology risks, and the Audit and Risk Management Committee provides oversight of the overall risk management approach.

Our ongoing focus on risk is evidenced by an active internal audit for fraud and corruption control and a proposed audit of risk management in 2015–16.

Work health and safety

QAO is committed to promoting and maintaining the health and safety of its workforce.

During 2013–14, we initiated an independent audit of our work health and safety performance and have since implemented changes to strengthen our policies, procedures and practices. These changes included the development of online learning modules for use by new and existing staff and contractors.

During 2014–15, a follow-up audit was initiated to evaluate our progress in implementing the recommendations from the initial audit. The result was positive and recognised the commitment of the organisation to address work health and safety issues.

Transformation of ICT infrastructure

This year we mitigated a specific risk related to a significant proportion of our ICT infrastructure reaching the end of its useful life. We reviewed and refreshed the ICT assets that host our key software platforms with the latest hardware technologies. This was a significant transformation of our ICT infrastructure to:

- support further innovation of auditing through data analysis
- achieve operational efficiencies through innovative service design
- further strengthen our ICT security and disaster recovery capabilities
- position us for better supporting our mobile workforce in the future
- provide scalability to our ICT services for individual projects and data analysis requirements.

Our assessment of options identified that by leveraging an existing arrangement for the procurement of ICT infrastructure and hosting with the Department of the Premier and Cabinet, we were able to accelerate delivery of this transformation. This also reduced cost of acquisition and achieved economies of scale.

We also relocated our production data centre from our premises to a third-party provider and moved our external facing infrastructure to the Queensland Government's information and ICT service provider, CITEC.

Record keeping

Effective recordkeeping is paramount to the successful operation of our business. Through comprehensive recordkeeping we are able to make well-informed decisions and have the confidence to know that our audit evidence supports our decisions.

To improve the effectiveness and security of our recordkeeping practices we conducted:

- a thorough assessment of our practices against the requirements of the *Public Records Act 2002* and information standards 18, 31 and 40
- regular quality assurance activities, including the integrity of metadata relevant to electronic records and the availability and accuracy of physical records
- a review of our record disposal process, which resulted in the implementation of a monthly disposal schedule and the authorised disposal of 1,834 QAO files
- major reviews of information management policies, including intellectual property and information security, with plans for a review of the records management policy.

The information we obtained from a compliance assessment will be used to shape recordkeeping activities for the coming year. It should see us:

- review our Core Retention and Disposal Schedule
- investigate opportunities to mature our management of electronic documents and records.

We also continued to educate our workforce about QAO's recordkeeping protocols. We do this through the staff induction program, regular communications, the release of mandatory eLearning modules and the creation of support guides. These guides target information security, copyright and intellectual property.

Key challenges and priorities for 2015–16

We will:

- continue to refresh, rationalise and align the technologies we use to support the way we work for audit operations and support services
- collaborate with ACAG members to increase synergies across audit jurisdictions, modernise audit systems and tools, and establish a national competency framework for audit professionals
- commence an investigation into better leveraging technology to support recordkeeping and information management.

Workforce

Objective

Maintain a highly motivated, committed and competent workforce

Strategies

- Engage more with our staff, renewing the values and the desired organisational culture
- Focus on training, development and performance management
- Strengthen our workforce management practices to foster the required skills
- Manage the audit service provider relationship, performance and congruence of technical approaches

Enabling inputs

Professional audit and support staff who work together to deliver our services

Outcomes

Increased staff qualifications, relevant experience and improved staff satisfaction

Capacity and capability

Our success as a professional services organisation relies on the ability of our people to deliver valuable audit services to our clients efficiently and by meeting or exceeding their expectations.

Dimension	Measure	2013–14	2014–15	
		Actual	Actual	Target
Capacity	Effective headcount (number)	215	200	190
	Value of audits outsourced (%)	35	33	28.1
Competence	Postgraduate qualification (%)	64.3	60.2	80.0
	Development (hours)	50.5	72.2	40.0
Engagement	Satisfaction (%)	52	67	>50
	Separation (%)	15.1	15.3	<15
Wellbeing	Unplanned absences (days)	9.8	7.7	<9
	Injuries (days lost)	0.2	9	0

- Our workforce average headcount was 200 staff, including temporary staff employed to meet peak demand. Our staff separation rate has remained constant.
- Almost two-thirds of our audit staff are professionally qualified accountants and more are studying a postgraduate qualification.
- We are on target to deliver comprehensive training and development programs for our financial auditors from graduate level through to engagement leader by the end of 2015–16.
- Our investment in professional development is now more targeted due to improvements in how we understand our staff training needs.
- Employees actively participated in a dedicated program to refresh our corporate values.
- Our employees are more engaged and more satisfied with the QAO compared to last year.
- Unplanned absences reduced during 2014–15 resulting in more available hours for productive work.
- Our approach to people management supports better goal setting, competency assessment and performance reviews based on outcomes.

Our indicator of success
Increased staff qualifications, relevant experience and improved staff satisfaction

Our culture and values

During 2014–15, we developed a new suite of values to underpin the technical competencies of our workforce and drive better performance. The new values aim to improve service assurance and client satisfaction, and increase staff recruitment and retention.



Workforce capacity

Our workforce needs to match the service needs of our clients. Their demands translate into:

- an increasing number of reports to parliament delivered throughout the year
- a consistently high number of audit opinions for around 520 state and local government entities, with peak demand between July and August due to statutory reporting requirements.

Establishment management

Establishment management is focused on the efficient and effective management of our internal resources. We determine our workforce requirements during corporate planning and then manage in terms of:

- effective headcount (total number of people)—including full time staff, part time staff and contractors which is important when allocating people in terms of managerial span of control
- effective FTE (total full-time equivalents)—important when allocating our workload
- the accountabilities of our staff aligned to our strategies.

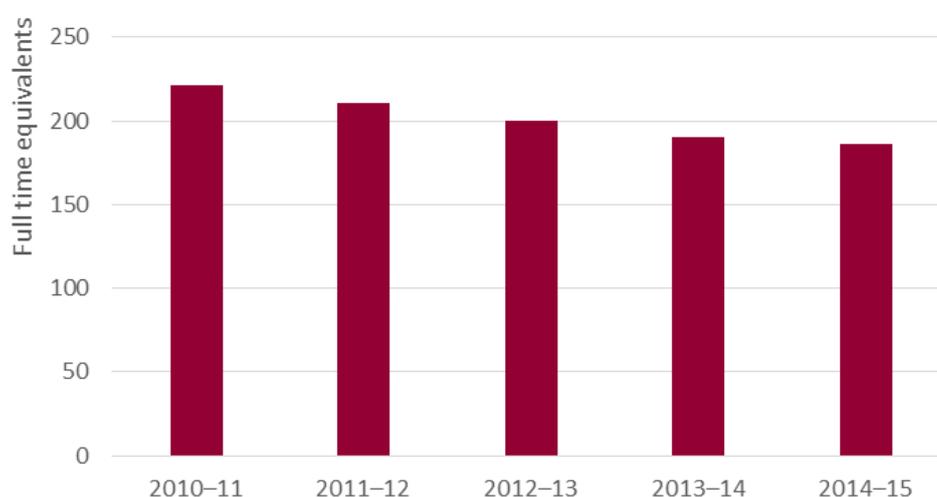
A further workforce measure required for public sector reporting is Minimum Obligatory Human Resource Information (MOHRI) FTE, which excludes contractors and staff on long term leave.

Workforce numbers at 30 June 2015

Measure	2013-14	2014-2015
Effective headcount	215.0	200.0
Effective FTE	209.0	193.7
MOHRI FTE	181.9	188.8

Over the past five years, we have reduced and refocused our workforce by reducing the effort required in our financial audit program, streamlining our support areas and optimising our management structure. Our staff numbers continued to trend downwards while employee engagement and satisfaction have started to move upwards.

Average effective FTE 2010-11 to 2014-15



Equity and diversity

We support the Queensland Government's commitment to promote and deliver equity and diversity programs for target groups as well as equal opportunities through the *Queensland Multicultural Action Plan: 2011-2014* and Queensland Government Reconciliation.

Target groups at 30 June 2015

Target group	2013-14	2014-15
Women (%)	48.7	52.0
Non-English speaking background (%)	31.2	31.6
People with a disability (%)	5.8	5.6
Aboriginal and Torres Strait Islanders (%)	0.5	0.5

Our workforce includes people from culturally and linguistically diverse background. As of 30 June 2015, 31.6 per cent of staff identify themselves as coming from a non-English speaking background. All of our equity and diversity measures have remained fairly stable over the last five years.

Resourcing our audits

QAO maintains accountability for the audits we deliver to our clients. To meet the demands of peak periods, each year we conduct a strategic sourcing activity to determine the optimal mix for audits to be delivered fully internally, and those that can be sub-contracted using audit service providers.

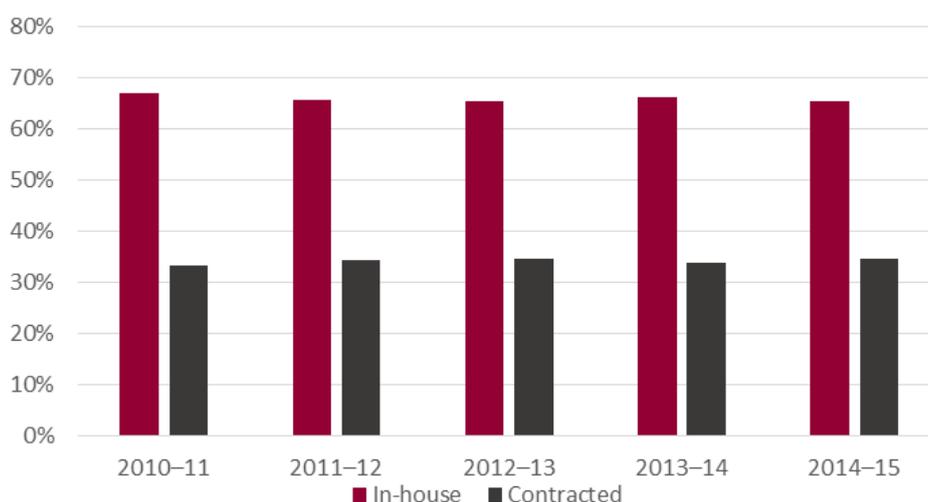
In-house audits are carried out directly by full time and part time employees. They are supplemented with contractors in peak demand periods, while contract-out audits are carried out by professional audit services firms, but managed, monitored and reviewed for quality by QAO staff.

Our sourcing strategy aims to produce cost effective outcomes for our clients by balancing our need to achieve internal economies of scale and retain in-house expertise with the benefits of a competitive tender process for contract-out work.

Financial audits

For 2014–15, we used our own staff fully on 53 per cent of financial audits, which accounted for 60 per cent of audit fees. This ratio has remained reasonably stable over the past five years, with a slight increase in the use of external services providers.

Sourcing mix as proportion of financial audit fees 2010–11 to 2014–15



Performance audits

During 2014–15, we improved the capacity of our performance audit workforce by using a panel of suitably qualified and experienced contractors. Services procured included data analysis, project evaluation, benefits realisation, performance measurement, specialist sector knowledge and audit topic planning.

Workforce capability

We consider our workforce capability in terms of our employees' competence, commitment and wellbeing. By carefully monitoring our capability, we position our workforce with the talent, drive and support that is needed to deliver to our fullest potential.

Competence

Our ability to deliver our mandate depends on the knowledge and skills of our employees. We invest in our employees by providing:

- study assistance to support ongoing learning
- targeted technical and non-technical development programs for personal and professional growth
- technical competency frameworks that clarify career progression and capability expectations

- clear and continuous feedback to help people perform their work and continue to improve
- development of coaching skills among managers and leaders to support the development of their staff
- secondments between government departments for job variety and skills development.

The QAO *Strategic Workforce Plan for 2015–2020* is under development and will define the current and projected future state of our workforce, and the strategies we need to deliver the QAO *strategic plan 2015–19*.

Professional qualifications

We are committed to developing both technical and other essential, non-technical skills in our people. We require our financial audit workforce to hold a professional accreditation and we encourage other qualifications as a career investment. Employees who are studying for a qualification can attend a regular monthly QAO study group to share their knowledge and coach one another.

Staff qualifications

Postgraduate qualifications	2013–14	2014–15
All staff (%)	64.3	60.2
Audit staff (%)	74.3	69.2

This year, the percentage of staff with postgraduate qualifications decreased slightly due to staff movements. Among our financial auditors, 83 per cent of staff are either fully qualified or working towards professional qualification as Chartered Accountants or Certified Practising Accountants.

Investment in professional development

We conducted two categories of staff training this year:

- technical training focused on accounting and auditing standards, audit tools, methodologies and development opportunities identified through quality assurance reviews
- non-technical training including essential skills such as communication, management and leadership.

Our targets for professional development are based on training needs analysis. Our target for financial auditors is to average more than 50 hours each year. This includes more than 100 hours invested in our graduates.

In 2014–15, we exceeded our target for financial auditors, averaging 78.9 hours of professional development including workshop attendance, online learning and presentations from industry specialists.

Our investment in professional development also includes financial support for employees who are studying and the offer to pay professional membership fees for all employees.

Commitment

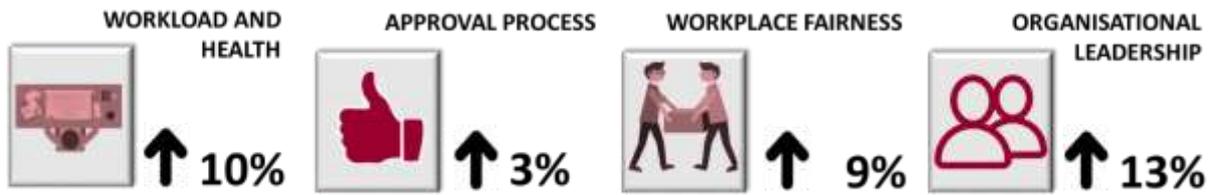
Employee opinion survey

We participate in the annual *Whole of Government Employee Opinion Survey* coordinated by the Public Service Commission. Following the actions we took based on the 2014 results, the results for 2014–15 were very positive. Our employees told us we had improved in 14 of the 16 workplace factors assessed in the survey.

Most notable was the improvement in agency engagement—a key measure for any workforce. This increased by 15 percentage points to 67 points (eight points higher than the public sector average). This improvement was underpinned by significant improvements in organisational leadership and trust.

For agency engagement, QAO is in the second quintile of the 54 Queensland Public Sector agencies that participate in the survey, this meets the target objective we set for this year.

We recognise that workforce matters require an ongoing focus and we will continue to focus on employee engagement as a key indicator of success.



Flexible working arrangements

We respect our employees' need to balance work and home commitments. Our employees have access to a range of flexible work arrangements. These include reduced or compressed hours, accumulated time (banked time), leave at half pay and purchased leave. This is along with other arrangements such as telecommuting and part time work. As at 30 June 2015, 12.1 per cent of our permanent employees have formal part time arrangements in place.

Separation rates

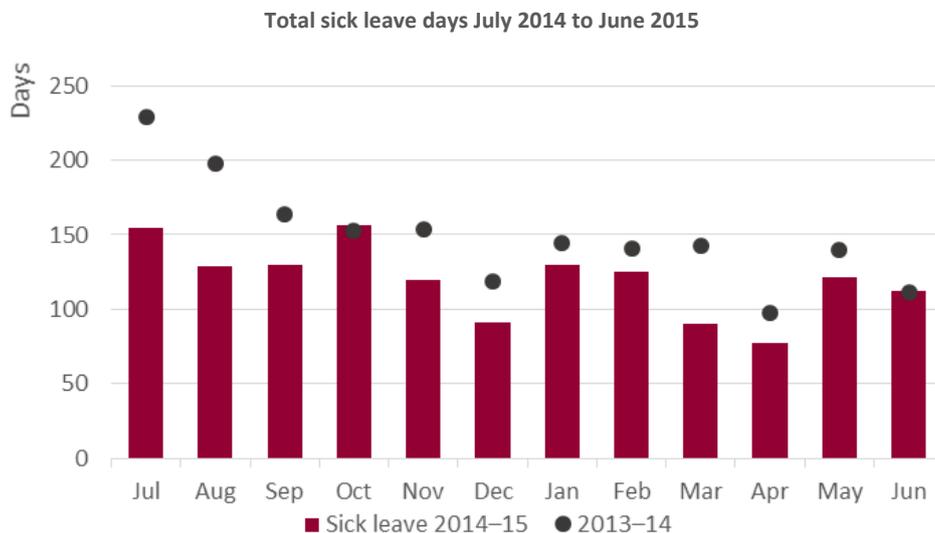
During 2014–15, the overall turnover rate for permanent employees was 15.3 per cent. This level of turnover is within acceptable limits and allows QAO to retain the required level of in-house knowledge and expertise.

This year, we initiated six redundancies at a total cost of \$444 000. In each case the employee elected to accept the offer of voluntary redundancy rather than be transferred or redeployed.

Health and wellbeing

Unplanned absences

Sick and carer's paid leave in 2014–15 averaged 7.7 days per employee compared to 9.8 days in 2013–14. This equates to a gain of 1.7 FTE in productivity. Our proactive management of unplanned absences combined with our improved employee engagement and satisfaction have contributed to this outcome.



Planned absences

Recreation leave balances typically increase in May to September each year as a result of the seasonal audit work cycle and the legislative time frames for audits. We monitor recreation leave closely to ensure employees have achievable plans in place to reduce their balances before the start of the next audit cycle.

Excess recreation leave July 2014 to June 2015



Workplace incidents and injuries

During 2014–15, we made significant improvements to the Work Health and Safety (WHS) system including leadership engagement, employee consultation, staff training, and risk and incident management.

Increased WHS awareness and focus has contributed to more workplace incidents being reported—19 in 2014–15 (nine in 2013–14). Half of all incidents occurred during an employee’s journey to or from work and three WorkCover claims were lodged by employees for this period.

We work closely with WorkCover and QSuper to provide employees with assistance and early intervention strategies which support them to return to work. We also engage proactively with employees, medical practitioners, managers and teams when managing an employee’s return to the workplace.

Health and wellbeing program

To help our employees develop and maintain healthier lifestyles, we encourage participation in our health and wellbeing program. During 2014–15, 93 employees received flu vaccinations and seasonal education initiatives promoted fitness, hygiene to avoid the spread of colds and flu, and hydration. All staff have been offered resilience training and managers have been offered training in how to manage mental health.

Employee assistance program

We provide an employee assistance program for all employees. The program includes access to qualified counsellors 24 hours a day, seven days a week. Employees can utilise this service on a confidential basis for any personal or work related reason.

Staff have access to monthly newsletters and *Livewell*, an online wellbeing resource which offers a comprehensive suite of self-help tools and an extensive eLibrary on managing personal, work and health related issues.

We facilitated resilience and managing mental health workshop sessions for staff and an “R U OK” day employee morning tea.

Key challenges and priorities for 2015–16

We will:

- continue to focus on attracting and retaining the skills and experience we need as professionals to deliver our services
- strengthen our professional services culture and engage with our staff to embed our corporate values into the ways we work
- enhance our work health and safety approach to better support our mobile workforce
- invest more in developing the capabilities of our audit professionals, including capabilities to support the development and application of data analytics to our audits
- invest more in developing effective management and leadership capabilities

Performance

Objective

Recover costs over the medium term through the efficient discharge of our mandate, while maintaining funding separation between our two sources of revenue

Strategies

- Set competitive client fees
- Manage our work-in-progress within reasonable levels
- Collect debts and pay our creditors promptly
- Continue efficiency improvements across our business

Outcomes

Financial sustainability

Our financial performance

Summary

Our financial objective is to recover the full cost of our services over the medium term. We also need to maintain funding separation between two sources of revenue; appropriation from parliament and fees-for-service from our public sector clients.

Our financial control framework focuses on managing billable work, setting competitive fee rates, dealing efficiently with debtors and creditors, and continuing to improve our audit and support service delivery.

Financial summary for 2014-15

Item	2013-14		2014-15	
	Actual	Actual	Plan	Variance
Audit fees	39.596	37.575	31.315	6.260
Appropriation revenue for services	6.430	6.343	6.486	(0.143)
Other revenue	0.398	0.756	0.554	0.202
Other income – gain on lease	..	0.743	..	0.743
Total income	46.424	45.417	38.355	7.062
Employee expenses	21.476	20.474	22.178	1,704
Contract audits	14.057	13.547	8.814	(4.733)
Rent and office services	2.485	2.215	2.494	0.279
Other supplies and services	5.358	6.668	4.607	(2.061)
Other expenses	0.438	0.516	0.166	(0.350)
Depreciation and amortisation	0.133	0.150	0.113	(0.037)
Total expenditure	43.947	43.570	38.372	(5.198)
Operating surplus (deficit)	2.477	1.847	(0.017)	1.864
Total assets	11.699	12.209	11.021	1.188
Total liabilities	3.227	1.890	3.293	1.403
Net assets	8.472	10.319	7.728	2.591

Operating result

We achieved a net operating surplus of \$1.847 million (\$2.477 million in 2013–14), compared to a budgeted deficit of \$17 000.

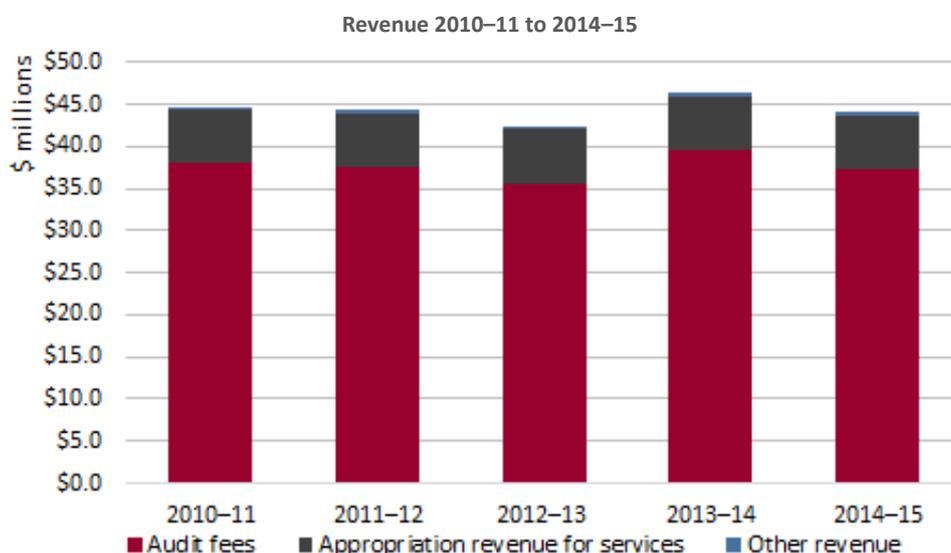
Most of this year's surplus is again attributed to unplanned additional financial audit work delivered during the year, achieved through higher productivity of existing audit staff, rather than hiring more staff.

Neither the extra fee revenue nor the higher staff productivity is sustainable in the longer term. We already have plans in place to use most of our retained surpluses to fund necessary investments.

Revenue analysis

Total income fell by \$1.007 million (2.2 per cent) this year to \$45.417 million from \$46.424 million for the prior year. This was mainly because we earned less fee-for-service revenue this year from our acquittals of National Disaster Relief and Recovery Arrangements (NDRRA) expenditure and other audit certifications

Because we knew that the significant additional NDRRA revenues we earned over the past two years would not be ongoing, we did not gear up our permanent workforce to meet this demand. This means that the loss of this additional revenue stream in future years presents no financial risks.

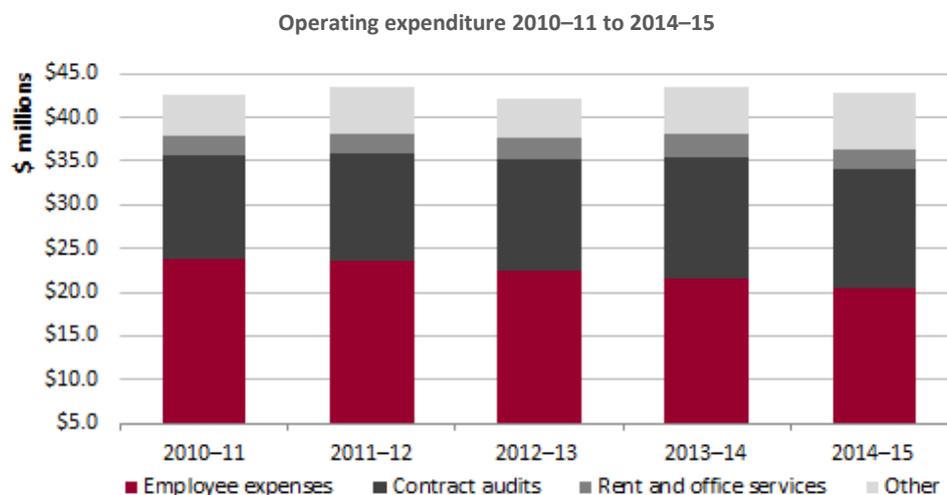


Appropriation revenue was \$6.343 million (under budget by \$143 000). It supported the operations of the Statutory Office of the Auditor-General, the conduct of performance audits and other services to parliament, including reports, advice and assistance.

Other revenue included services received below fair value from the Queensland State Archives and Integrated Public Sector Audit Methodology (IPSAM) licence fees. Other income arose from an amount provided for Queensland Audit Office's (QAO's) office accommodation lease, which was no longer required when the lease was replaced.

Expenditure analysis

Total operating expenses of \$43.570 million decreased by \$0.377 million (0.9 per cent) compared with \$43.947 million in 2013–14.



Our expenditure is largely labour related, being employee expenses and payments to audit service providers. Together, these represent 78.1 per cent (80.9 per cent in 2013–14) of total expenditure.

This year, the decrease in employee expenses of \$1.002 million (4.7 per cent) was achieved by a payroll tax exemption effective from 1 July 2014. This was partly offset by enterprise bargaining increases for both senior and general staff.

Contract audit costs decreased by \$510 000 or 3.6 per cent. This is consistent with the peak in the acquittal of National Disaster Relief and Recovery Arrangements (NDRRA) expenditure and other non-incidentals certifications in late 2013–14 and early 2014–15 revenue as noted previously.

Rent and office services expense also decreased in 2014–15 by \$270 000 (10.9 per cent). This was due to a new office accommodation lease with reduced rent payments for our existing premises.

Other supplies and services included the purchase of software and licences as well as portable and attractive items such as smart phones, tablets, laptops and other information technology equipment. There was also an additional investment in internal audit in the areas of legislative compliance, strategic planning and payroll.

Financial position

Assets and liabilities

Our financial position is sound.

Our assets are largely represented by our bank account balance and accounts receivable for services performed, including our work in progress.

At the end of the financial year, our total assets were valued at \$12.209 million, an increase of \$0.510 million from the previous year. This was primarily because our cash held at year end increased by \$2.061 million, offset by falls in work in progress and receivables balances of \$1.873 million achieved by billing earlier.

Our total liabilities at 30 June 2015 were valued at \$1.890 million, which was \$1.337 million less than the previous year at \$3.227 million. This was largely a timing difference but also resulted from the removal of an amount previously provided for QAO's accommodation lease which was no longer required when the lease was replaced during the year.

Financial sustainability

Our financial sustainability ratios demonstrate that we are managing our financial risks.

Net income ratio

The net income ratio measures our ability to meet operating expenses through operating revenue (net operating result to total revenue percentage).

Measure	2010-11	2011-12	2012-13	2013-14	2014-15		Five year
	Actual	Actual	Actual	Actual	Actual	Plan	Average
Net income ratio (%)	3.3	0.3	(0.9)	5.3	4.1	0.0	2.42

A positive ratio indicates a surplus for the year, while a persistent negative ratio (indicating a deficit) can be concerning.

As a not-for-profit entity, our long term average target is zero (that is, break-even). Periodically, we need small surpluses to set aside funds to invest in our people and for future asset replacement.

Current ratio

The current ratio measures our ability to pay our short term liabilities using short term assets (current assets to current liabilities percentage).

Measure	2010-11	2011-12	2012-13	2013-14	2014-15		Five year
	Actual	Actual	Actual	Actual	Actual	Plan	Average
Current ratio (%)	3.89	4.04	3.54	4.70	6.38	3.96	4.51

A current ratio of two or more is desirable, making it less likely that we will experience short term cash flow problems so our business will remain financially sustainable.

Our current ratio for 2014-15 and the five year average show that we have a very strong ability to repay our short term debt with our available short term funds.

Own-source revenue ratio

The own-source revenue ratio measures the proportional reliance on revenue from financial auditing fees (audit fees to total revenue percentage).

Measure	2010-11	2011-12	2012-13	2013-14	2014-15		Five year
	Actual	Actual	Actual	Actual	Actual	Plan	Average
Own-source revenue ratio (%)	88	85	84	85	83	82	85

Our financial audit services must be self-reliant through charging fees to the entities to which we provide our audit opinions. This ratio shows that we have an enhanced capacity to directly manage our own financial sustainability.

Efficiency of operations

Fee rates

The fees we charge for our financial audit services and the cost of our parliamentary services take account of the full costs of our operations. This includes both the direct costs of audit staff and audit contractors, and indirect costs including support staff, office accommodation and systems.

We use the full cost of our operations to establish an hourly charge out rate for our auditors. In turn, this rate is applied to the expected level of audit effort to arrive at our audit fee and cost estimates.

Tracking our hourly charge out rate over time indicates how well we control the cost of our inputs and is a measure of the economy of our operations.

We have not increased our scheduled hourly rates since 1 October 2011. Our actual average hourly charge out rate has decreased significantly from \$145.97 in 2013–14 to \$140.10 (four per cent) in 2014–15, also significantly below our average Treasurer-approved fee rate of \$147.

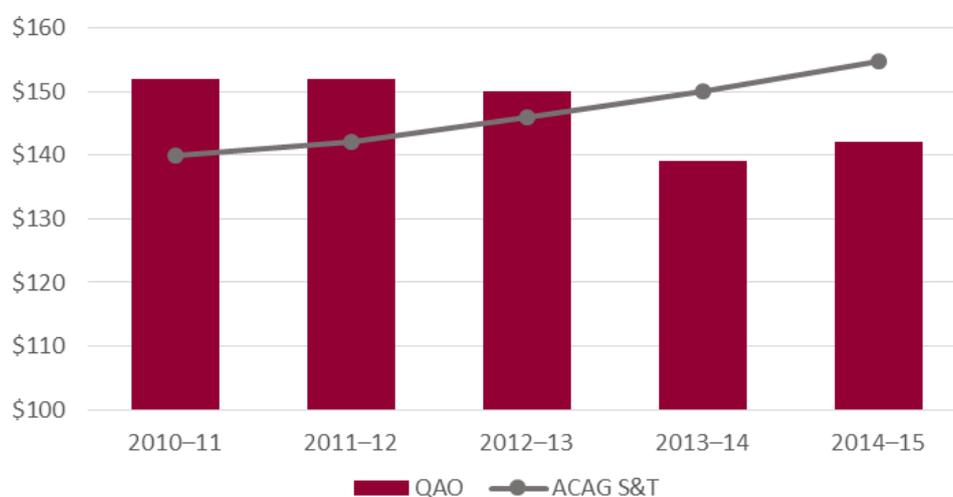
Comparison of charge out rates

Measure	2013–14		2014–15	
	Actual	Actual	Actual	Plan
Average charge out rate (\$/hr)	145.97	140.10	140.10	149.20

These weighted average fee rates reflect our efforts to reduce our total costs, while maintaining the professional audit workforce we require to deliver our mandated services. The actual average fee rate we achieved compared to the prior year demonstrates that our efforts to constrain costs have had a real and positive effect on our operational efficiency.

Our fee benchmarking with the private sector, through our tendering for outsourced financial audit services, informs us that our hourly rates are very competitive. We also benchmark with other state and territory audit offices (through the Australasian Council of Auditors-General) and we compare favourably.

Average hourly fee rates 2010–11 to 2014–15



The average fee rate used for ACAG benchmarking is different to our calculation, to allow for better 'like for like' comparison between jurisdictions.

Staff productivity

While cost control is a factor in maintaining our lower fee rates, the productivity of our workforce also plays a major part. We measure this by determining the rate at which we convert our inputs into outputs—primarily the proportion of paid staff hours that are directly charged to providing our audit services.

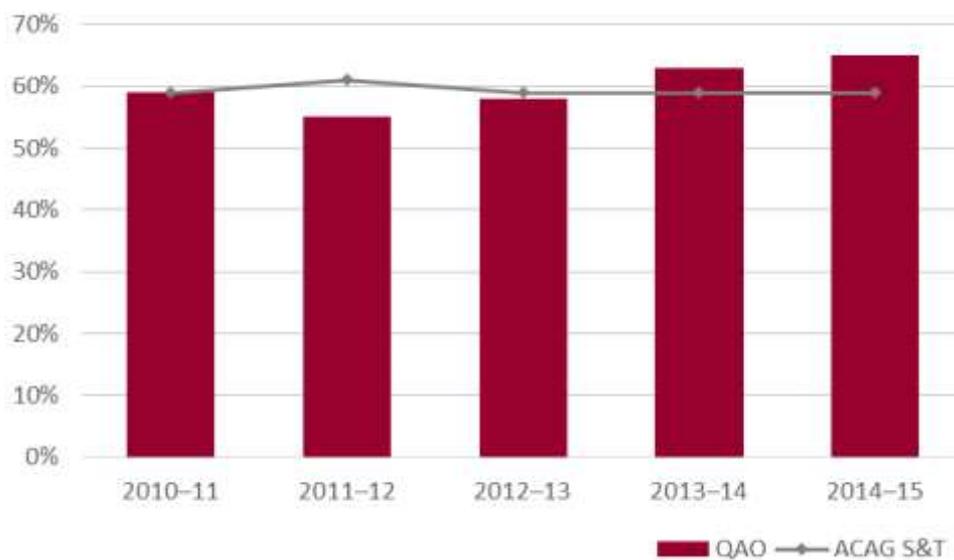
The proportion of staff hours charged to audit services across QAO increased by 0.7 per cent to 54.4 per cent in 2014–15 (4.6 per cent to 54.0 per cent in 2013–14). This means our staff members were more productive as they spent more of their paid time auditing and less on administration and other non-chargeable activities.

Proportion of all QAO staff hours charged to audit activities

Measure	2013-14	2014-15	
	Actual	Actual	Plan
Total paid staff hours charged to audit activities (%)	54.0	54.4	50.9
Available staff hours (excluding leave) charged to audit activities (%)	65.4	66.8	61.7

We also benchmark our staff productivity against the other Australian state and territory audit offices. The most relevant measure is based on how productive staff are when paid to be at work—during their available hours, after excluding leave.

Average available staff productivity rates 2010-11 to 2014-15



Our productivity remains higher than our ACAG peers.

Financial statements

QAO FINANCIAL REPORT

Contents

Statement of Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Notes to and forming part of the Financial Statements
Certificate of the Queensland Audit Office
Independent Audit Report

General Information

These financial statements cover the Queensland Audit Office (QAO) for the 2014-15 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.

For financial reporting purposes, QAO is a department in terms of the *Financial Accountability Act 2009* and is subsequently consolidated into the Report on State Finances of the Queensland Government.

The head office and principal place of business is:

Level 14, 53 Albert Street
BRISBANE QLD 4000

A description of the nature of QAO's operations and its principal activities is included in the notes to the financial statements.

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

Queensland Audit Office		Notes	2015	2015	2014
Statement of Comprehensive Income			Actual	Budget	Actual
for the year ended 30 June 2015			\$'000	\$'000	\$'000
Income from Continuing Operations					
Revenue					
Audit fees	2(i)		37 575	31 315	39 596
Appropriation revenue for services	2(ii)		6 343	6 486	6 430
Other revenue	2(iii)		756	554	398
Total Revenue			44 674	38 355	46 424
Other Income – Gain on Lease	11		743
Total Income from Continuing Operations			45 417	38 355	46 424
Expenses from Continuing Operations					
Employee expenses	3		20 474	22 178	21 476
Supplies and services	4		22 430	15 915	21 900
Depreciation and amortisation			150	113	133
Other expenses	5		516	166	438
Total Expenses from Continuing Operations			43 570	38 372	43 947
Operating Result from Continuing Operations			1 847	(17)	2 477
Total Comprehensive Income			1 847	(17)	2 477

The accompanying notes form part of these statements.

Queensland Audit Office		Notes	2015	2015	2014
Statement of Financial Position			Actual	Budget	Actual
as at 30 June 2015			\$'000	\$'000	\$'000
Current Assets					
Cash and cash equivalents	6		4 608	3 560	2 547
Work in Progress	7		2 030	2 500	3 265
Receivables	8		4 616	3 721	5 254
Other current assets			390	430	336
Total Current Assets			11 644	10 211	11 402
Non-Current Assets					
Plant and equipment	9		505	150	197
Intangible assets	9		50	650	90
Other financial assets			10	10	10
Total Non-Current Assets			565	810	297
Total Assets			12 209	11 021	11 699
Current Liabilities					
Payables and accruals	10		1 824	2 579	2 427
Total Current Liabilities			1 824	2 579	2 427
Non-Current Liabilities					
Provision for lease	11		66	714	800
Total Non-Current Liabilities			66	714	800
Total Liabilities			1 890	3 293	3 227
Net Assets			10 319	7 728	8 472
Equity					
Contributed equity			5 183	5 183	5 183
Accumulated surplus			5 136	2 545	3 289
Total Equity			10 319	7 728	8 472

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Changes in Equity
for the year ended 30 June 2015

	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
Balance as at 1 July 2014	3 289	5 183	8 472
Operating Result from Continuing Operations	1 847	..	1 847
Balance as at 30 June 2015	5 136	5 183	10 319

	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
Balance as at 1 July 2013	812	5 183	5 995
Operating Result from Continuing Operations	2 477	..	2 477
Balance as at 30 June 2014	3 289	5 183	8 472

The accompanying notes form part of these statements.

Queensland Audit Office		Notes	2015	2015	2014
Statement of Cash Flows			Actual	Budget	Actual
for the year ended 30 June 2015			\$'000	\$'000	\$'000
Cash flows from operating activities					
<i>Inflows:</i>					
Audit fees	2		43 216	34 532	41 744
Appropriation revenue for services receipts			6 343	6 486	6 430
Other revenue			366	354	123
GST input tax credits from ATO			47	-	2
<i>Outflows:</i>					
Employee expenses	3		(20 613)	(22 103)	(21 624)
Supplies and services	4		(25 056)	(17 690)	(24 501)
Other expenses			(162)	(1,812)	(161)
GST remitted to ATO			(1 661)		(1 584)
Net cash provided by operating activities	14		2 480	(233)	429
Cash flows from investing activities					
<i>Outflows:</i>					
Payments for plant and equipment and intangibles			(419)	(700)	(149)
Net cash used in investing activities			(419)	(700)	(149)
Net increase in cash and cash equivalents					
			2 061	(933)	280
Cash and cash equivalents at beginning of financial year			2 547	4 493	2 267
Cash and cash equivalents at end of financial year			4 608	3 560	2 547

The accompanying notes form part of these statements.

Queensland Audit Office
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

1. Summary of significant accounting policies

QAO is a not-for-profit entity with the objective to strengthen public sector accountability by providing independent audit services including reporting to Parliament.

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

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared on an accrual basis 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 the year ended 30 June 2015.

The historical cost convention is used, unless otherwise stated. This means that assets are recorded at their initial cost and are not subsequently revalued, and liabilities are valued at the amount initially received in exchange for the obligation.

(b) 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 \$500 or less, 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 resulting 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) New and revised accounting standards

New or amended accounting standards are adopted when effective. AASB 1055 *Budgetary Reporting*, which became effective in the 2014-15 financial year, requires disclosure of the original published budget figures for 2014-15 with explanations of major variances against actual results. The budget figures have been included in the Statements of Comprehensive Income, Financial Position and Cash Flows, with explanations of major variances in the applicable notes.

At the date of authorisation of the financial report, all Australian Accounting Standards and Interpretations with future commencement dates are either not applicable or have no material impact.

(f) Issuance of financial statements

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

Queensland Audit Office
*Notes to and forming part of the Financial Statements
for the year ended 30 June 2015*

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 fee revenue for services to the public sector

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

Actual audit fee revenue was \$6 260 000 (20.0%) higher than budget and cash inflows from audit fees \$8 684 000 (25.1%) higher than budget mainly due to additional revenue relating to the National Disaster Relief and Recovery Arrangement (NDRRA) acquittal to the Commonwealth Government.

(ii) Appropriation revenue for services to the Parliament

QAO recognises appropriation revenue in the year when the services were performed, which matches the timing of cash transfers made by Queensland Treasury under the *Appropriation (Parliament) Bill 2014*.

	2015 Actual \$'000	2014 Actual \$'000
Revenue		
Budgeted departmental services appropriation	6 486	6 558
Queensland Treasury adjustments	(143)	(128)
Total	6 343	6 430

(iii) Other Revenue

	2015 Actual \$'000	2014 Actual \$'000
Licence Fees	487	123
Storage services received free of charge	269	275
Total	756	398

Queensland Audit Office
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

3. Employee Expenses

	2015 Actual \$'000	2014 Actual \$'000
Employee Benefits		
Wages, salaries and sick leave	15 510	15 304
Annual leave levy	1 894	1 953
Long Service leave levy	368	360
Employer superannuation contributions	2 137	2 109
Fringe benefits tax	71	71
Other employee benefits – voluntary early retirement	449	470
Service payment – non-renewal of contract	–	156
Employee Related Expenses		
Payroll tax	–	1 021
WorkCover Queensland premium	45	32
Total	20 474	21 476

From 1 July 2014, QAO is exempt from payroll tax.

Actual cash outflows from employee expenses were \$1 490 000 (6.7%) lower than budget mainly due to the use of contracted out audit services for work relating to the National Disaster Relief and Recovery Arrangement (NDRRA) acquittal to the Commonwealth Government (given the one off nature of this work).

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

	2015	2014
Number of employees as at 30 June	189	182

(a) Employee benefits

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

Payroll tax and workers' compensation insurance are not included in an employee's total remuneration package, and are 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. A levy is payable to these schemes to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. These levies are expensed in the period in which they are payable. Amounts paid to employees for leave taken are claimed from the schemes quarterly in arrears.

No provision for annual leave or long service leave is recognised as these liabilities are held and disclosed in the Report on State Finances of the Queensland Government pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Queensland Audit Office
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

(iii) **Superannuation**

QSuper is the superannuation scheme for Queensland Government employees. Employer superannuation contributions are paid at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. QAO's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is 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*.

(b) **Key Executive Management Personnel and Remuneration**

(i) **Key Executive Management Personnel**

Details of key executive management personnel are disclosed in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies Issued by Queensland Treasury. Key executive management personnel encompasses those positions which form part of the Executive Management Group. This group has the authority and responsibility for planning, directing and controlling the activities of QAO during 2014-15.

Auditor-General - A Greaves (CEO) – under the *Auditor-General Act 2009* provides Parliament with independent assurance of public sector accountability and performance as defined in the *Auditor-General Act 2009*.

Deputy Auditor-General - A Close SE53 (s.122) – under the *Public Service Act 2008* manages the financial and performance audit functions of QAO as well as the non-audit responsibilities as Chief Operating Officer.

Assistant Auditors-General – appointed under the *Public Service Act 2008* lead and set the strategic direction for the delivery of audit services to enhance effective public sector accountability.

Further information on these positions is in the Annual Report Executive Management 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*. The remuneration and other terms of employment for key executive management personnel are specified in individual employment contracts. For the 2014-15 financial year, the base salaries of key executive management personnel increased by 2.2% (2013-14: 2.2%) in accordance with Government policy.

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
- 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 contracts in place

Queensland Audit Office

*Notes to and forming part of the Financial Statements
for the year ended 30 June 2015*

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 have acted in higher positions during the year to cover leave.

Position (date resigned if applicable)	Name	Short Term Employee Benefits		Long Term Employee Benefits \$'000	Post-Employment Benefits \$'000	Total Remuneration \$'000
		Base \$'000	Non-Monetary \$'000			
1 July 2014 – 30 June 2015						
Auditor-General (Appointed 17/12/13)	A Greaves	385	13	9	61	476
Deputy Auditor-General (Appointed 25/3/13)	A Close	262	13	5	37	317
Assistant Auditor-General (Appointed 16/8/01)	P Brahman	202	13	4	28	247
Assistant Auditor-General (Appointed 30/01/12)	K Johnson	200	13	4	29	246
Assistant Auditor-General (Resigned 02.10.14)	T Campbell*	117	4	1	8	130
Assistant Auditor-General (Appointed 3/2/15)	D. Bird	99	4	2	15	120
Assistant Auditor-General (Appointed 15/10/11)	M Booth	196	13	4	28	241
Total 2015						1 777
1 July 2013 – 30 June 2014						
Auditor-General	A Greaves	385	15	8	60	468
Deputy Auditor-General	A Close	247	12	5	36	300
Deputy Auditor-General (18.10.13)	V Manera**	71	..	2	11	84
General Manager – Corporate Services (02.05.14)	D Mills **	190	10	3	25	420
Assistant Auditor-General (08.12.13)	P Shipperley**	102	6	2	13	279
Assistant Auditor-General	P Brahman	191	12	4	27	234
Assistant Auditor-General	K Johnson	192	12	4	28	236
Assistant Auditor-General	T Campbell	189	12	4	29	234
Assistant Auditor-General	M Booth	183	12	4	27	226
Total 2014						2 481

2014-15

* In addition to the total remuneration, this employee received annual leave and long service leave entitlements of \$50 000.

2013-14

** For these employees total remuneration includes termination benefits of \$348 000. In addition to the total remuneration these employees received annual and long service leave entitlements of \$284 000.

Queensland Audit Office
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

4. Supplies and Services	2015 Actual \$'000	2014 Actual \$'000
Bureau charges	223	274
Information technology and minor office equipment	803	525
Consultants and expert advice	2 627	1 379
Payments to contract auditors	13 547	14 057
Payments to employment agency personnel	1 508	1 732
Rent and office services	2 215	2 485
Staff development	346	235
Travel costs	536	666
Other administrative costs	625	547
Total	22 430	21 900

Actual supplies and services expenses were \$6 515 000 (40.9%) higher than budget and actual cash outflows from supplies and services \$7 366 000 (41.6%) higher than budget mainly due to the use of contracted out audit services for work relating to the NDRRA acquittal to the Commonwealth Government (given its one-off nature).

5. Other Expenses	2015 Actual \$'000	2014 Actual \$'000
Internal audit fees	137	32
External audit fees *	52	43
Insurance premiums – QGIF	58	87
Storage services received free of charge	269	275
Loss on disposal of plant and equipment	-	1
Total	516	438

* Total audit fees due to Hayes Knight Audit (Old) Pty. Ltd. relating to the 2014-15 financial year are \$31 500 (2013-14: \$37 000). Further assurance services in relation to an audit of the Service Delivery Statement - Key Performance Indicators are valued at a cost of \$7 000 (2013-14: \$7 500).

6. Cash and Cash Equivalents

Cash assets comprise funds at call with the Commonwealth Bank of Australia as well as cash on hand and amounts received but not banked at year end.

The actual cash and cash equivalents balance at year end was \$1 048 000 (29.4%) higher than budget mainly due to the collection of additional revenue earned in the prior year relating to the National Disaster Relief and Recovery Arrangement (NDRRA) acquittal to the Commonwealth Government.

Queensland Audit Office
*Notes to and forming part of the Financial Statements
for the year ended 30 June 2015*

7. 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
- cost of work undertaken on behalf of QAO by contracted audit firms. The total estimated cost of outsourced 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.

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.

The actual work in progress balance at year end was \$470 000 (18.8%) lower than budget mainly due to an increase in billing at year end, as reflected in the increase in the receivables balance.

8. Receivables	2015 Actual \$'000	2014 Actual \$'000
Audit fee receivables	4 048	4 538
Annual leave reimbursement	216	405
Long service leave reimbursement	351	292
Other receivables	1	19
Total	4 616	5 254

Receivables represent amounts owed to QAO at year end where an invoice has been issued.

Receivables are recognised as work in progress is invoiced, which may be periodically, based on milestones or final completion of the work. The total estimated cost of engagements is agreed 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.

The recoverability of receivables is regularly reviewed and an allowance for impairment is provided if there is evidence that they are not fully recoverable.

The actual receivables balance at year end was \$895 000 (24.1%) higher than budget mainly due to an increase in billing at year end, as reflected in the decrease in the work in progress balance.

9. Plant and Equipment and Intangible Assets

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.

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.

Queensland Audit Office
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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/amortisation rates are:

Asset class	Depreciation rate	Basis	Useful life
Plant and equipment	17% to 33.3%	Straight line	3 to 6 years
Intangible assets	Amortisation rate		
Software purchased	20%	Straight line	5 years
Software internally generated	33.3%	Straight line	3 years

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.

	2015 Actual \$'000	2014 Actual \$'000
(a). Plant and Equipment		
Plant and equipment		
At cost	884	777
Accumulated depreciation	(536)	(580)
	<u>348</u>	<u>197</u>
Work in progress		
At cost	157	-
	<u>505</u>	<u>197</u>
Plant and Equipment Reconciliation		
Carrying amount at 1 July 2014	197	151
Acquisitions	261	149
Depreciation	(110)	(103)
Work in Progress	157	-
Carrying amount at 30 June 2015	<u>505</u>	<u>197</u>

The actual plant and equipment balance at year end was \$355 000 (236.7%) higher than budget mainly due to the earlier than anticipated replacement of QAO's Data Centre.

Queensland Audit Office
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

(b). Intangible Assets	2015 Actual \$'000	2014 Actual \$'000
Software internally generated		
At cost	790	790
Accumulated amortisation	(740)	(700)
	50	90

The actual intangible assets balance at year end was \$600 000 (92.3%) lower than budget mainly due to later than anticipated progress of information technology feasibility and improvement projects.

10. 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.

(a). Payables	2015 Actual \$'000	2014 Actual \$'000
Creditors	793	1 438
GST payable	514	522
GST input tax receivable	(287)	(260)
Net GST payable	227	262
	1 020	1 700
(b). Accrued Employee Benefits		
Annual leave levy payable	530	520
Long service leave levy payable	102	96
Other employee benefits	172	111
	804	727
Total	1 824	2 427

The payables and accruals balance at year end was \$755 000 (29.3%) lower than budget mainly due to timing.

Queensland Audit Office
*Notes to and forming part of the Financial Statements
for the year ended 30 June 2015*

11. Provision for Lease	2015	2014
	Actual	Actual
	\$'000	\$'000
Non-cancellable operating lease	<u>66</u>	<u>800</u>

QAO has a sub-lease for office accommodation. The head lease is with the Department of Housing and Public Works (DHPW). 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.

During the year, DHPW renewed the head lease for a term of seven years to 2022 with rental rates indexed at 4.5% annually. QAO's sub-lease has been amended by DHPW to reflect the same arrangement.

The superseded arrangement would have expired in 2018. The residual provision of \$743 000, arising from the difference between future increases and the amounts due under the previous lease, was no longer needed and subsequently included in Other Income when the new lease arrangement came into effect.

The changed arrangement resulted in an actual increase in Other Income of \$743 000 and an actual decrease in the Provision for Lease of \$644 000 (90.8%) compared to budget.

Non-cancellable lease commitments are disclosed in Note 12(a).

12 Commitments for Expenditure	2015	2014
	Actual	Actual
	\$'000	\$'000
(a) Non-cancellable operating lease (refer Note 11)		
Commitments under operating lease at year end are inclusive of GST and are payable as follows:		
Not later than one year	1 537	2 383
Later than one year and not later than five years	8 790	6 689
More than five years	1 174	-
	<u>11 501</u>	<u>9 072</u>
(b) Contract Audits		
Commitments for the payment of future auditing services under contracts in existence at reporting date are inclusive of GST and are payable as follows:		
Not later than one year	15 663	13 438
Later than one year and not later than five years	6 156	12 401
	<u>21 819</u>	<u>25 839</u>
Total	<u>33 320</u>	<u>34 911</u>

These commitments have not been recognised as liabilities in the financial statements (except for the provision included in note 11) as services are yet to be performed under these contracts. Audit contracts commencing 2016 are not included above since the tender process for those contracts is not yet finalised.

Queensland Audit Office
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

(a) Classification

Financial assets	2015	2014
	Actual \$'000	Actual \$'000
Cash and cash equivalents (fair value through profit or loss)	4 608	2 547
Work in progress (amortised cost)	2 030	3 265
Receivables (amortised cost)	4 616	5 254
Other financial assets (fair value through profit or loss)	10	10
	<u>11 264</u>	<u>11 076</u>
Financial liabilities		
Payables and accrued employee benefits (amortised cost)	<u>1 824</u>	<u>2 427</u>

(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/charged on the aggregate set-off arrangement accrues to the Consolidated Fund of the State.

(c) Credit Risk Exposure

QAO may incur financial loss as a result 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 have had their terms renegotiated so as 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	Less than 30 days	30-60 days	Overdue 61-90 days	More than 90 days	Total Financial Assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2015	4 197	226	47	146	4 616
2014	5 066	188	--	--	5 254

Queensland Audit Office
*Notes to and forming part of the Financial Statements
for the year ended 30 June 2015*

(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 business card facility with a \$200,000 limit. At year end, \$153 000 (\$2014: \$155 000) was available.

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

Liquidity risk of Financial Liabilities	Payable			Total \$'000
	<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Payables and accrued employee benefits				
2015	1 824	--	--	1 824
2014	2 427	--	--	2 427

(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	2015 Actual \$'000	2014 Actual \$'000
Operating Surplus	1 847	2 477
Depreciation and amortisation expense	150	133
Gain on Lease	(743)	--
Services performed for other State Audit Offices	19	--
Loss on disposal plant and equipment	--	1
Change in assets and liabilities:		
(Increase)/decrease in receivables	1873	(2 078)
Decrease in other current assets	(54)	23
Increase/(decrease) in payables	(645)	(431)
Increase/(decrease) in accrued employee benefits	77	71
Increase/(decrease) in GST payable	(35)	225
Increase in provision	(9)	8
Net cash from operating activities	2 480	429

Queensland Audit Office
*Notes to and forming part of the Financial Statements
for the year ended 30 June 2015*

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 2015 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.


E INGLEY CA
Acting Chief Financial Officer
21 July 2015


A CLOSE CPA
Acting Auditor-General of Queensland
21 July 2015

Independent Audit Report



Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289

Level 26, 10 Eagle Street, Brisbane Qld 4000
GPO Box 1189, Brisbane Qld 4001
T: +61 7 3229 2022 F: +61 7 3229 5277
E: email@hayesknightrd.com.au

Independent Assurance Report To the Accountable Officer of the Queensland Audit Office

We have audited the accompanying financial report of the Queensland Audit Office, which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Acting Auditor-General of Queensland and the Acting Chief Financial Officer of the Queensland Audit Office.

Responsibility of the Accountable Officer for the financial report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies used and described in Note 1 to the financial report, which form part of the financial report, 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 controls as the Accountable Officer determines are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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, other than in expressing on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

An independent Member of the Hayes Knight Group and Morrison International.
Liability limited by a scheme approved under Professional Standards Legislation.
Associated Offices: Sydney | Melbourne | Adelaide | Perth | Darwin | Auckland

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

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 accordance with the *Auditor-General Act 2009*:

- a. We have received all the information and explanation 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 2014 to 30 June 2015 and of the financial position as at the end of that year.

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Ltd

Robertson.

A M Robertson
Director

Level 23, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 21 July 2015

Performance statement

PERFORMANCE STATEMENT

Year Ended 30 June 2015 Service Delivery Statement

Item	Service standards	2014-15 Actual	2014-15 Target / Estimate
Service Area: Independent public sector auditing services and reporting			
Direct reporting services to the Parliament			
1	Level of Parliamentary satisfaction (index points) ¹	85	80
2	Audit client satisfaction with performance audit services (index points) ²	68	80
3	Percentage of performance report recommendations agreed to by audited entities ³	95	95
Average costs of reports tabled:			
4	<ul style="list-style-type: none"> Results of financial audits (\$'000)⁴ Results of performance audits (\$'000)⁵ 	185	175
Average time taken to produce reports:			
5	<ul style="list-style-type: none"> Results of financial audits – from applicable balance dates (months)⁶ Results of performance audits from initiation of audits (months)⁷ 	5.3	5
Financial Audit services to the public sector			
6	Audit entity satisfaction with financial audit services (index points) ⁸	77	80
7	Percentage of financial audit recommendations agreed to by audited entities ⁹	94	95
Average cost of financial audits:			
8	<ul style="list-style-type: none"> State entities (\$'000)¹⁰ Local government entities (\$'000)¹⁰ 	67	60
9	Percentage of quality assurance reviews that substantively comply with auditing standards ¹¹	90	100

Notes:

- Figure is the overall satisfaction from the survey of MPs conducted in August-September 2014.
- Average satisfaction from performance audit clients surveyed about reports finalised in 2014-15.
- Based on the acceptance of QAO recommendations in performance audit reports tabled in 2014-15.
- QAO delivered 7 reports on the results of financial audits during 2014-15.
- QAO delivered 13 reports on performance audits during 2014-15.
- Based on the elapsed time between the audit clients' year-end balance date and the report's tabling date. Based on reports tabled in 2014-15.
- Based on the elapsed time between an initiation letter being sent to the client and the date the performance audit report is tabled, less any time the audit was on hold (clock-stop). Based on reports tabled in 2014-15.
- Average satisfaction from financial audit clients surveyed about their financial audits conducted during 2014-15.
- Measures the client acceptance of financial audit issues raised in management reports during 2014-15, excluding issues which the clients have not yet responded to.
- Based on the average lifetime cost for all audit opinions issued during 2014-15 (not including the cost of major grant certifications, assurance engagements and regulatory information notices invoiced separately).
- In 2014-15, 20 audit files were assessed and 18 (90%) were identified as substantively complying with auditing standards.

Certification of Performance Statement

For the year ended 30 June 2015

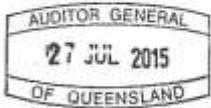
I hereby certify that the performance indicators in this statement are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Queensland Audit Office, and fairly represent the performance of the office for the financial year ended 30 June 2015.



B J Wilson CPA
Executive Officer
27 July 2015



A Greaves FCA, FCPA
Auditor-General of Queensland
27 July 2015



Independent Audit Report



Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 399289

Level 20, 10 Eagle Street, Brisbane Qld 4000
GPO Box 1189, Brisbane Qld 4001

T +61 7 3229 3022 F +61 7 3229 5177
E email@hayesknightrd.com.au

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 2015.

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 2014-15 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.

An independent Member of the Hayes Knight Group and Monson International.
Liability limited by a scheme approved under Professional Standards Legislation.
Associated Offices: Sydney | Melbourne | Adelaide | Perth | Darwin | Auckland

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 2015 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 2014-15 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 2015.

Hayes Knight Audit (Qld) Pty. Ltd.

Hayes Knight Audit (Qld) Pty Ltd

A M Robertson

A M Robertson
Director

Level 23, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 27 July 2015

Appendices

Appendix A— Audit professional service fees	87
Appendix B— Compliance checklist	90
Appendix C— Glossary	92
Appendix D— Index	95

Appendix A—Audit professional service fees

Firms providing financial audit professional services	Location	2013–14*	2014–15*
Deloitte Touche Tohmatsu	Brisbane	2 941 513	3 235 777
	Sydney	60 000	—
Crowe Horwath	Brisbane	1 555 037	1 396 793
	Townsville	875 592	293 574
KPMG	Brisbane	1 618 586	1 550 604
	Sunshine Coast	28 425	—
	Cairns	766 377	—
Grant Thornton Audit Pty Ltd	Cairns	231 044	1 192 874
Ernst & Young	Brisbane	1 456 656	772 728
PricewaterhouseCoopers	Brisbane	508 827	590 441
	Cairns	237 966	178 925
	Townsville	41 675	—
Thomas Noble & Russell	Lismore	531 915	704 987
William Buck (QLD)	Brisbane	597 735	686 873
BDO Audit Pty Ltd	Brisbane	450 644	313 947
	Sunshine Coast	12 200	220 425
	Cairns	—	14 508
Moore Stephens (Queensland) Audit Pty Ltd	Townsville	355 105	336 023
	Brisbane	123 404	141 750
Pitcher Partners	Brisbane	447 622	464 026
Prosperity Audit Services	Newcastle	39 544	324 048
	Brisbane	340 180	—

Firms providing financial audit professional services	Location	2013–14*	2014–15*
Bentleys Brisbane (Audit) Pty Ltd	Brisbane	199 050	282 535
Altius Accountants and Advisors Pty Ltd	Cairns	223 268	263 981
Bennett Partners Pty Ltd	Mackay	217 540	193 945
UHY Haines Norton	Brisbane	107 000	102 567
Lawler Hacketts Audit	Brisbane	6 240	93 163
Priestleys Chartered Accountants	Brisbane	28 350	64 018
HLB Mann Judd (SE Qld Partnership)	Brisbane	51 515	61 180
MGI Assurance (South Qld) Pty Ltd	Brisbane	—	31 108
BG Thebault & ML Conneely	Brisbane	—	20 400
Vincents Audit & Assurances	Brisbane	—	13 110
GPS Audit Pty Ltd	Brisbane	43 210	—
Walsh Accounting	Barcaldine	27 961	—
MSI Taylor Audit Services Pty Ltd	Brisbane	12 680	—
Total		14 136 861	13 544 310

* All amounts represent the payments made during the year to firms providing financial audit professional services.

Firms providing performance audit professional services	Location	2013-14	2014-15
Vilridge Pty Ltd	Sydney	198 495	297 080
PricewaterhouseCoopers	Sydney	—	148 143
Arc Consultancy	Brisbane	—	71 725
KPMG	Brisbane	97 869	69 256
Synergies Economic Consulting Pty Ltd	Brisbane	—	57 360
Sustainability Queensland Pty Ltd	Brisbane	—	52 950
AGINIC	Brisbane	—	32 700
Orima Research Pty Ltd	Canberra	—	24 200
Marion Norton	Brisbane	33 445	14 560
Word Map Pty Ltd	Melbourne	33 984	13 162
Writebusiness	Brisbane	12 000	9 404
GHD Pty Ltd	Brisbane	—	4 995
Transfield Services (Australia) Pty Ltd	Fremantle	—	3 690
Camcomp Partners Pty Ltd	Melbourne	—	2 100
Rocknotes Consulting	Canberra	—	1 590
Credence Consulting	Brisbane	—	1 255
Ashgrove Environmental	Brisbane	7 900	—
Audit and Assurance Consulting Services Pty Ltd	Sunshine Coast	13 075	—
Australian Council for Educational Research	Melbourne	34 405	—
Avaelis Pty Ltd	Brisbane	24 345	—
Brendan Lee Consulting	Brisbane	6 525	—
Ernst & Young	Brisbane	57 758	—
NCC Group Pty Ltd	Brisbane	27 500	—
Northern Nursing & Employment Agency	Brisbane	5 283	—
Ross Garland and Associates	Brisbane	29 848	—
Wallis	Melbourne	45 000	—
Total		627 432	804 170

* All amounts represent payments made during the year to firms providing performance audit professional services.

Appendix B—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 internal page
Accessibility	Table of contents	ARRs—section 10.1	p.5
	Glossary		p.93
	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	p.8-12
	Agency role and main functions	ARRs—section 11.2	p.9-16
	Operating environment	ARRs—section 11.3	p.8-62
	Machinery of government changes	ARRs—section 11.4	n/a
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.17-19, 31-33, 40-41, 47-48, 83
	Agency service areas, and service standards	ARRs—section 12.4	p.17-55
Financial performance	Summary of financial performance	ARRs—section 13.1	p.56-62

	Summary of requirement	Basis for requirement	Annual report reference
Governance— management and structure	Organisational structure	ARRs—section 14.1	p.12
	Executive management	ARRs—section 14.2	p.12
	Government bodies	ARRs—section 14.3	p.13-14
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs—section 14.4	p.13
Governance—risk management and accountability	Risk management	ARRs—section 15.1	p.13-16, 44-45
	External scrutiny	ARRs—section 15.2	p.15-16
	Audit committee	ARRs—section 15.3	p.13-14
	Internal audit	ARRs—section 15.4	p.14-15
	Information systems and record keeping	ARRs—section 15.5	p.45-46
Governance— human resources	Workforce planning and performance	ARRs—section 16.1	p.47-55
	Early retirement, redundancy and retrenchment	Directive No.11/12 Early Retirement, Redundancy and Retrenchment ARRs—section 16.2	p.53
Open data	Consultancies	ARRs—section 17, 34.1	p.97
	Overseas travel	ARRs—section 17, 34.2	p.97
	Queensland Language Services Policy	ARRs—section 17, 34.3	p.97
	Government bodies	ARRs—section 17, 34.4	p.97
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 18.1	p.80
	Independent auditors report	FAA—section 62 FPMS—section 50 ARRs—section 18.2	p.81-82
	Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs—section 18.3	p.71-72

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2009

ARRs Annual report requirements for Queensland Government agencies

Appendix C—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 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 which establishes the position of the Queensland Auditor-General and the Queensland Audit Office, confers the functions and powers necessary to carry out independent audits of the Queensland public sector and related entities, provides for the strategic review of the Queensland Audit Office, and provides for the independent audit of the Queensland Audit Office (published at www.legislation.qld.gov.au).
Australasian Council of Auditors-General (ACAG)	Established in 1993, ACAG enables the sharing of information between members, supports the development of effective and efficient auditing methods and practices by members and represents externally, where appropriate, the collective opinion of the Auditors-General on financial accounting and auditing standards and related issues. Membership of ACAG is open to the Auditors-General of all audit jurisdictions within Australia, New Zealand, Fiji and Papua New Guinea (see www.acag.org.au).

Term	Meaning
Australian Accounting Standards Board (AASB)	The Australian Accounting Standards Board, an independent, statutory agency established by the Australian Government, develops standards and guidance for preparers of financial statements (see www.aasb.gov.au).
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.
Entity, public sector	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.
<i>Financial Accountability Act 2009</i>	This is the Queensland law which provides for accountability in the administration of the state's finances and financial administration of departments and statutory bodies.
Financial Performance and Management Standard 2009	This is subordinate Queensland legislation which provides a framework for an accountable officer of a department, or a statutory body, to develop and implement systems, practices and controls for the efficient, effective and economic financial and performance management of the department or statutory body.
Financial statements	<p>The Australian Accounting Standards Board defines financial statements as comprising:</p> <ul style="list-style-type: none"> • a statement of financial position as at the end of the period • a statement of profit or loss and other comprehensive income for the period • a statement of changes in equity for the period • a statement of cash flows for the period • notes, comprising a summary of significant accounting policies and other explanatory information • comparative information in respect of the preceding period.
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.

Term	Meaning
Index points (ip)	<p>The Client Survey questionnaire of Australian audit offices contained three main groups of questions covering different areas of an audit office's performance: audit process quality; audit reporting quality; and the value of the audit office's financial audit services.</p> <p>For each area, an aggregate performance index has been constructed, averaging individual question indices for questions that address the area. The index for a question is the mean (average) response for the question across respondents (using a five point response scale) transformed into a 0 to 100 point scale.</p> <p>The higher the index score, the more positive is the average respondent's perception of the audit office's performance. Index scores of 51–100 indicate that, on average, respondents have provided a favourable assessment of the audit office's performance. An overall performance index has also been calculated. This index is the average of the aggregate indices for each area of performance.</p>
Minimum Obligatory Human Resource Information (MOHRI) FTE	<p>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.</p>
Parliamentary committees	<p>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. The portfolios of parliamentary committees are: Agriculture, Resources and Environment; the Legislative Assembly; Education and Innovation; Ethics (and a Select Committee on Ethics); Finance and Administration; Health and Community Services; Legal Affairs and Community Safety; Parliamentary Crime and Corruption; State Development, Infrastructure and Industry; and Transport, Housing and Local Government.</p>
Queensland Audit Office (QAO)	<p>The Queensland Audit Office supports the role of the Auditor-General of Queensland in providing parliament with an independent assessment of the financial management activities of public sector entities.</p>
Referrals	<p>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.</p>
Reports to parliament	<p>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.</p> <p>The Act requires the Auditor-General to report to the Legislative Assembly on auditing standards, and on audits of the consolidated fund accounts or public sector entities, those requested by the Legislative Assembly and audits of matters relating to property held by a public sector entity. These reports are published at www.qao.qld.gov.au upon tabling in parliament.</p>
Strategic audit plan	<p>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 www.qao.qld.gov.au.</p>

Appendix D—Index

A		O	
Audit mandate	11, 34, 93	Organisational structure	92
Australasian Council of Auditors-General	16, 61, 93		
F		P	
Financial statements ..	13, 15, 20, 26, 31, 34, 38, 63, 92, 93, 94	Parliamentary committees	11, 17, 18, 21, 25, 26, 95
G		Q	
Governance.....	12, 13, 14, 15, 16, 37, 92, 93	QAO divisions.....	12
Audit and Risk Management Committee ..	13, 14		
Executive Management Group	13	R	
Information Steering Committee	13, 14	Referrals.....	26, 27, 95
L		Reports to Parliament	12, 19, 21, 23, 24, 25, 26, 34, 35, 36, 38, 49, 95
Legislation	9, 20, 34, 92, 93, 94, 95	S	
		Strategic Audit Plan	21, 25, 95
		Strategic Plan	ii, 13, 14, 17

Further information

As required by annual reporting guidelines, 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.

Queensland Audit Office
Level 14, 53 Albert Street, Brisbane QLD 4000, Australia
PO Box 15396, City East Qld 4002

Phone: (07) 3149 6000
Email: qao@qao.qld.gov.au