



Queensland state government entities: 2018–19 results of financial audits

Report 8: 2019–20



Your ref:
Our ref: PRJ02095

27 November 2019

The Honourable C Pitt MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Speaker

Report to parliament

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled Queensland state government entities: 2018–19 results of financial audits (Report 8: 2019–20).

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Brendan Worrall".

Brendan Worrall
Auditor-General

Contents

Report on a page	1
Actions for entities	2
1. Entities in this report	4
2. Results of our audits	6
3. Internal controls	13
4. Initiatives of Queensland Government entities	19
Appendices	23
A. Full responses from agencies	24
B. Legislative context	27
C. Audit opinions for entities preparing financial reports	28
D. Entities exempted from audit by the Auditor-General	42
E. Our assessment of financial statement preparation	43
F. Financial statement preparation maturity model 2019	47
G. Entities not preparing financial statements	48
H. Audits not finished	56
I. Glossary	57

Report on a page

Results of our audits

This report summarises the results of audits of Queensland state government entities for 2018–19, including the 21 government departments.

The financial statements of all departments and government owned corporations, and most statutory bodies and controlled entities, are reliable and comply with relevant laws and standards.

Most government departments have robust financial reporting processes and systems, allowing them to produce their financial statements in a timely manner. There is room to improve quality assurance processes, with six departments making changes to their final draft financial statements. They should only make changes if they will influence a reader's understanding.

The state government entities' controls for financial systems and processes are generally effective, which means management can rely on them when preparing financial statements. We also rely on the controls for our audits.

We raised several matters with entities relating to controls over information systems, financial delegations and conflicts of interest for procurement processes, asset valuations and payroll monitoring.

Departments are prepared for new accounting standards

Departments have prepared well for implementing the new accounting standards for revenue and leases that took effect on 1 July 2019.

Assets and liabilities are both expected to increase by around \$2 billion following the introduction of the new lease standard. The Department of Housing and Public Works manages office accommodation for the state and will record most of the changes from the new standard.

Fraud attempts are increasing

There was an increase in fraud attempts this year, mostly relating to requests to change employee and supplier bank account details. Entities must ensure they check all change requests with an independent source. Where frauds occurred, the requests had not been checked effectively.

Strong information systems controls are critical

Information systems continues to be the area in which we identify most issues, particularly in relation to user access to systems and governance over the transfer of information to new systems. For user access we commonly find that:

- employees have been given system access beyond what is required to perform their job, including activities that should be performed by two different people
- there should be more monitoring of an employee's access and activities within a system, to ensure they are consistent with their job responsibilities and appropriately approved.



Actions for entities

From our analysis of the sector, we identified the following actions for all entities to consider.

Decrease risk of fraud by checking requests to change employee and supplier details

Entities should treat all employee and supplier change requests cautiously, especially requests to change bank account details, as they increase the risk of fraud. When a request is received from a supplier, entities should:

- phone the supplier using a contact number obtained from an independent source, such as the supplier's website or the White Pages directory
- check the letter that initiated the change for likely errors in details, such as supplier's name, address, phone number, website, email contact details; financial controller's or chief financial officer's name; and remittance email address.

Secure information systems

Entities should secure information systems to prevent unauthorised user access that could result in fraud or error. They should consider:

- assigning employees the minimum access required to perform their job, ensuring that important stages of processes are not performed by the same person
- reviewing user access regularly to ensure it remains appropriate
- monitoring activities performed by employees with privileged access (which is held by users who can access sensitive data and create and configure within the system) to ensure they have been appropriately approved.

Control the transfer of information to new systems

To ensure there are no errors when moving information to a new system, entities must ensure they establish a robust governance process to oversee the project, with:

- an approved governance framework
- a project committee, with enough time and appropriate skills and experience to oversee the project
- a project plan that is supported by detailed risk assessments and task plans and includes assurance processes
- regular reporting to facilitate timely decision-making.



Strengthen procurement processes

Entities should ensure all procurement is appropriately approved and any conflicts of interest are declared and managed. To strengthen procurement practices, entities should:

- regularly review the appropriateness of financial delegations, ensuring controls adequately detect and prevent delegates exceeding their approved delegation limit
- educate employees on the importance of declaring conflicts of interest and how to recognise them, providing an appropriate means to report and record these.

Review payroll reports and reconciliations in a timely manner

Payroll reports and reconciliations should be regularly reviewed to ensure payments made to employees are correct, and any fraud or error is promptly detected.

Improve financial statements

We encourage all entities to bring forward audit committee endorsement and management approval of proformas (early draft financial statements). This will assist in ensuring potential issues are effectively resolved in a timely manner by year end.

We also encourage entities to only alter their draft financial statements if the change will improve a reader's understanding of their financial operations.

Monitor audit recommendations for implementation by the agreed date

We encourage audit committees to monitor whether management undertakes corrective action in a timely manner to resolve all reported issues and meet agreed milestones.

Use data analysis to prevent and detect fraud in grant programs

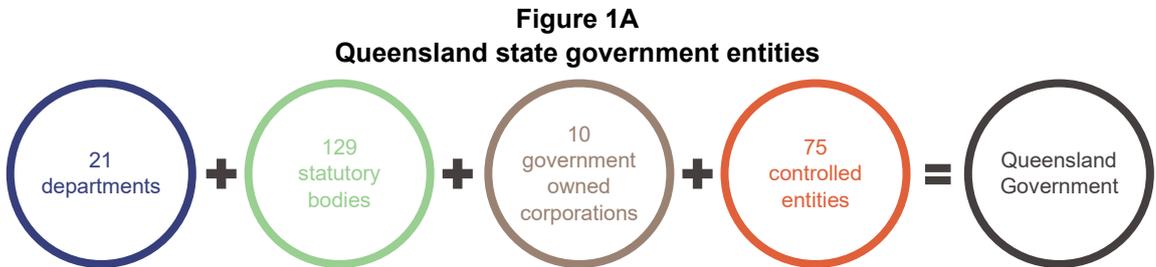
We encourage all entities to explore the use of data analysis to:

- better understand the nature of their grant programs and associated risks
- develop expected patterns for grant applications
- identify grant applications that may indicate fraud and warrant further investigation
- continuously learn from confirmed fraudulent applications.



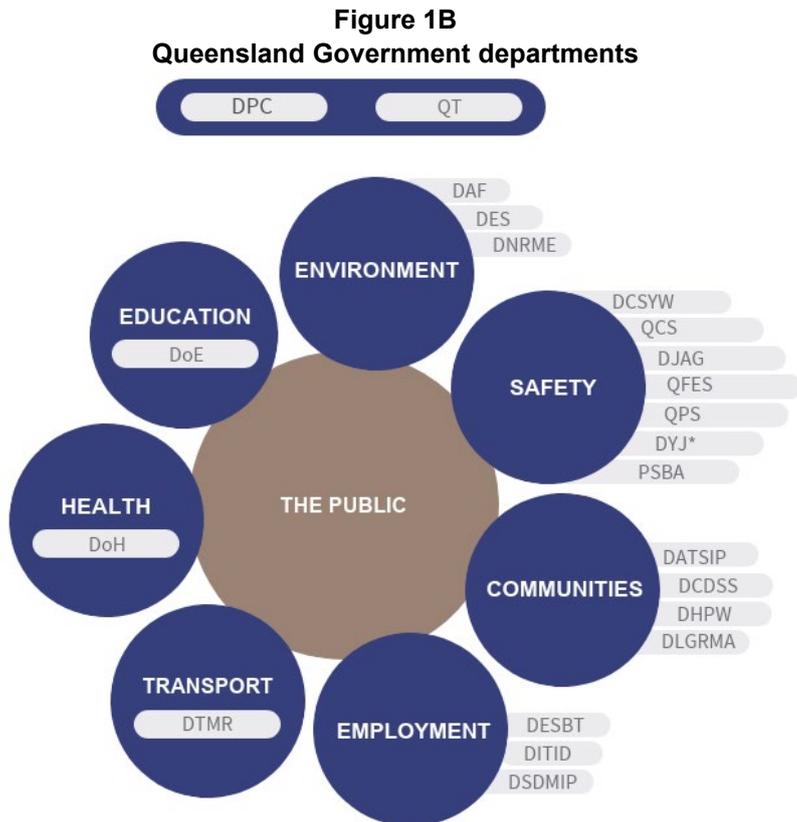
1. Entities in this report

This report includes the results for all Queensland state government entities. These entities are listed in appendices C and H.



Source: Queensland Audit Office.

The report also evaluates the quality and timeliness of financial reporting for departments. Our assessment of controls over financial systems and processes (internal controls) focuses on departments. We also comment on high-risk issues identified at statutory bodies and controlled entities.



Note: DAF—Department of Agriculture and Fisheries; DES—Department of Environment and Science; DNRME—Department of Natural Resources, Mines and Energy; DCSYW—Department of Child Safety, Youth and Women; QCS—Queensland Corrective Services; DJAG—Department of Justice and Attorney-General; QFES—Queensland Fire and Emergency Services; QPS—Queensland Police Service; DYJ—Department of Youth Justice; PSBA—Public Safety Business Agency; DATSIP—Department of Aboriginal and Torres Strait Islander Partnerships; DCDSS—Department of Communities, Disability Services and Seniors; DHPW—Department of Housing and Public Works; DLGRMA—Department of Local Government, Racing and Multicultural Affairs; DESBT—Department of Employment, Small Business and Training; DITID—Department of Innovation and Tourism Industry Development; DSDMIP—Department of State Development, Manufacturing, Infrastructure and Planning; QT—Queensland Treasury; DPC—Department of the Premier and Cabinet; DTMR—Department of Transport and Main Roads; DoH—Department of Health; DoE—Department of Education.

* DYJ established on 31 May 2019 and has not been assessed in this report.

Source: Queensland Audit Office.



Our assessment of the quality and timeliness of financial reporting and internal controls of government owned corporations, Seqwater, Queensland Rail, and hospital and health services are included in our sector reports on our website at www.qao.qld.gov.au/reports-resources/reports-parliament.

In this report, we also assess some significant initiatives of departments that are designed to deliver on the government's priorities, including:

- supporting employment through the Back to Work program
- making the transition to the National Disability Insurance Scheme
- transitioning privately operated prisons to the public model
- dispersing the waste disposal levy
- facilitating the National Redress Scheme.

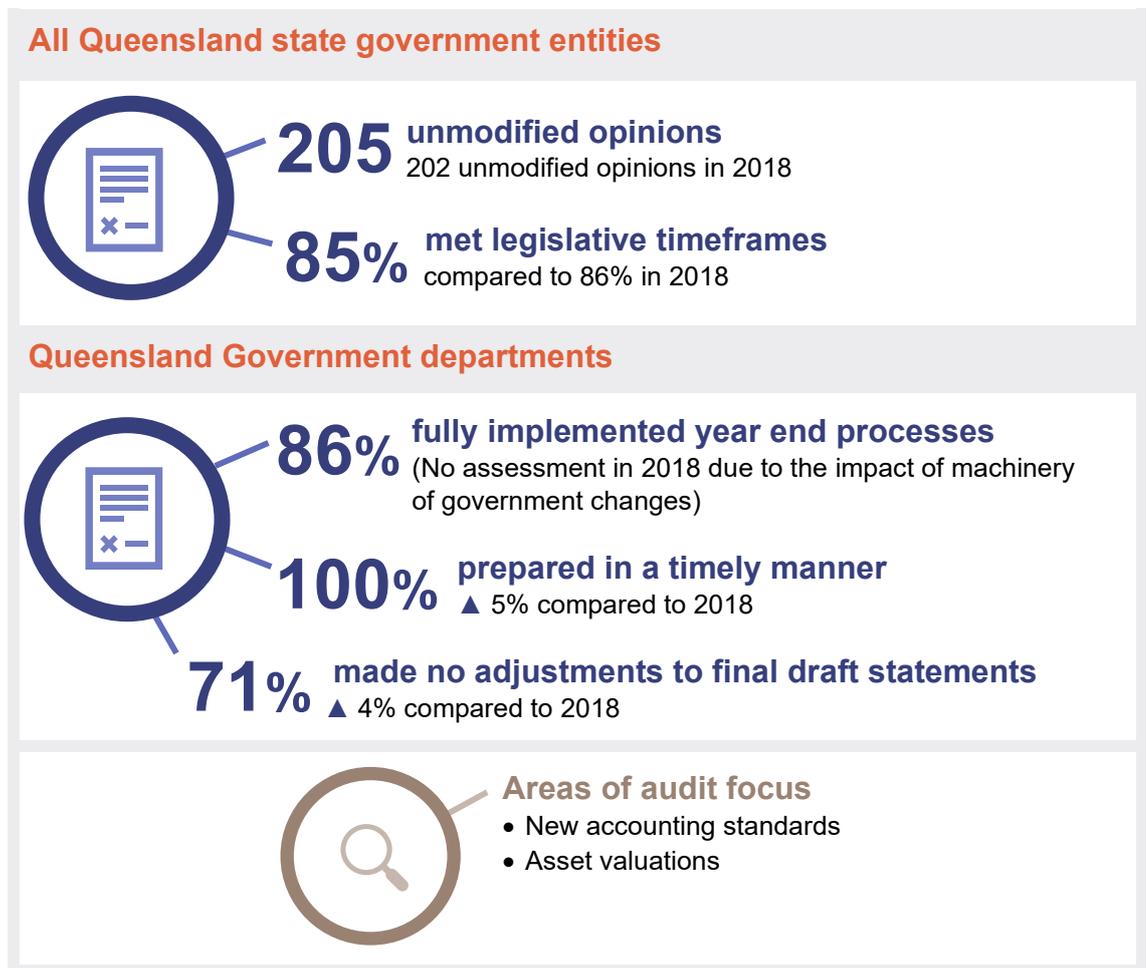


2. Results of our audits

This chapter provides an overview of the audit opinions we issued for each Queensland state government entity. It includes a separate assessment for departments, reporting on the timeliness and quality of their financial reporting and the implementation of their year end processes.

This chapter also highlights our areas of audit focus for 2018–19—the implementation of the new accounting standards, and asset valuations.

Chapter snapshot



Chapter summary

All departments and government owned corporations, and most statutory bodies and controlled entities, received unmodified audit opinions, meaning their financial statements can be relied on by readers. They provided their draft financial statements to us in a timely manner. This is reflective of the robust financial reporting processes and systems in place across the sector. All departments prepared well for the implementation of new accounting standards this year.



There are still areas for improvement, including refining quality assurance processes to reduce the number of changes to financial statements, and the early involvement of audit committees in the review of financial statements.

While all major public sector entities continued to meet their legislative timeframes for financial reporting, opportunities still exist to prepare their financial statements earlier. We encourage all entities to continue to adopt and refine strategies that enhance their year end financial reporting processes.

Ways of improving year end processes include:

- implementing robust month end processes for internal reporting
- bringing forward key audit milestones
- ensuring timely audit committee review of financial statements
- performing earlier asset valuations and providing prompt feedback to valuers.

These processes will support a more streamlined year end financial statement preparation process and enable relevant and reliable information to be available to the community as soon as possible after 30 June each year.

Audit opinion results for all state entities

We issued unmodified opinions on 96 per cent of the 2018–19 financial statements audited at 31 October 2019. All the major entities of the state received unmodified audit opinions.

DEFINITION

We express an **unmodified opinion** when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

We express a **modified opinion** when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and, as a result, are not accurate and reliable.

Figure 2A
Audit opinions issued for Queensland state public sector entities in 2018–19

Entity type	Unmodified opinions	Modified opinions	Opinions not yet issued
Departments and entities they control (controlled entities)	31	0	2
Government owned corporations and controlled entities	16	0	0
Statutory bodies and controlled entities	116	8	16
Jointly controlled entities	3	0	2
Entities audited by arrangement	39	0	2
Total	205	8	22

Source: Queensland Audit Office.

Appendix C lists Queensland state public sector entities and the opinions we issued on their financial statements.



Modified audit opinions

We issued eight modified opinions in 2018–19, including three disclaimers and five qualified opinions.

The disclaimers relate to three small water boards and highlight the lack of appropriate evidence for the auditor to form an opinion on the financial statements. The three water boards also failed to meet the minimum reporting requirements published by Queensland Treasury.

The five qualified opinions relate to two hospital foundations, two water boards, and a training college. Qualifications relate to:

- property, plant, and equipment balances not being reported in accordance with the Australian Accounting Standards Board (AASB) standard 13 on *Fair Value Measurement*
- incorrect carrying amounts reported for property, plant, and equipment in accordance with AASB 116 *Property, Plant and Equipment*
- a lack of control over the receipt of monies limiting our ability to confirm the accuracy and completeness of revenue.

Emphasis of matter

We included an emphasis of matter in our audit reports on 40 financial statements (2017–18: 47). An emphasis of matter highlights areas we believe users need to be aware of, but it does not modify the audit opinion. We highlighted that:

- only certain accounting standards were used in the preparation of the reports, and the reports were not intended for other users (referred to as 'special purpose financial statements')
- uncertainty exists over whether an entity is going to be able to pay its debts as and when they fall due
- the entity has been deregistered, dissolved, or ceased.

The AASB is considering whether to remove the ability to prepare special purpose financial statements. Public sector entities currently preparing them should monitor this and consider the impact of any proposed changes.

Opinions not yet issued

Appendix H lists those entities whose audits are not yet complete. Most of these entities are small and are not consolidated in the Queensland whole-of-government's financial statements.

Finalisation of overdue financial statements

We also issued seven of the 18 audit opinions for financial statements from prior years that were outstanding as at 31 October 2018. The remaining 11 financial statements continued to be outstanding as at 31 October 2019. The seven audit opinions issued included one qualified opinion on a small water board, relating to the valuation of property, plant, and equipment assets.

Entities exempted from audit by the Auditor-General

A Queensland public sector entity may be exempted from audit by the Auditor-General for a financial year. This occurs where the Auditor-General deems an entity to be small and of low risk to the Queensland Government as a whole. Exempt entities are still required to engage an appropriately qualified person to audit their financial statements.

This year, 12 Queensland state public sector entities were exempted from audit by the Auditor-General (2017–18: 23). We have listed them in Appendix D.



Entities not preparing financial statements

Not all Queensland public sector entities produce financial statements. This year, 184 entities were not required, either by legislation or the accounting standards, to prepare financial statements (2017–18: 125). We have identified them in Appendix G.

Machinery of government changes in 2018–19

Transfers of functions between departments are referred to as machinery of government changes. On 20 May 2019, the Department of Youth Justice was established under a machinery of government change. Its core service is to deliver the whole-of-government youth justice strategy.

Core youth justice operations, and supporting assets of \$336 million, were transferred to the new department from the Department of Child Safety, Youth and Women on 31 May 2019.

The Department of Youth Justice has an approved extended accounting period of 13 months for 2019–20. As a result, the department did not prepare 2018–19 financial statements.

Legislative timeframes for all entities

All departments, government owned corporations, and large statutory bodies met their legislative timeframes for certification of their financial statements. (We have listed these deadlines in Appendix C.)

The 30 entities that did not meet their legislative timeframes were small statutory bodies, controlled entities, and entities audited by arrangement.

Figure 2B
Entities that met and missed the legislative timeframes to complete audits for the 2018–19 financial year

Entity type	Met the timeframe	Missed the timeframe	No legislative timeframes	Not yet due
Departments and controlled entities	29	1	2	1
Government owned corporations and controlled entities	13	1	2	0
Statutory bodies and controlled entities	112	28	0	0
Jointly controlled entities	0	0	5	0
Entities audited by arrangement	15	0	25	1
Total	169	30	34	2

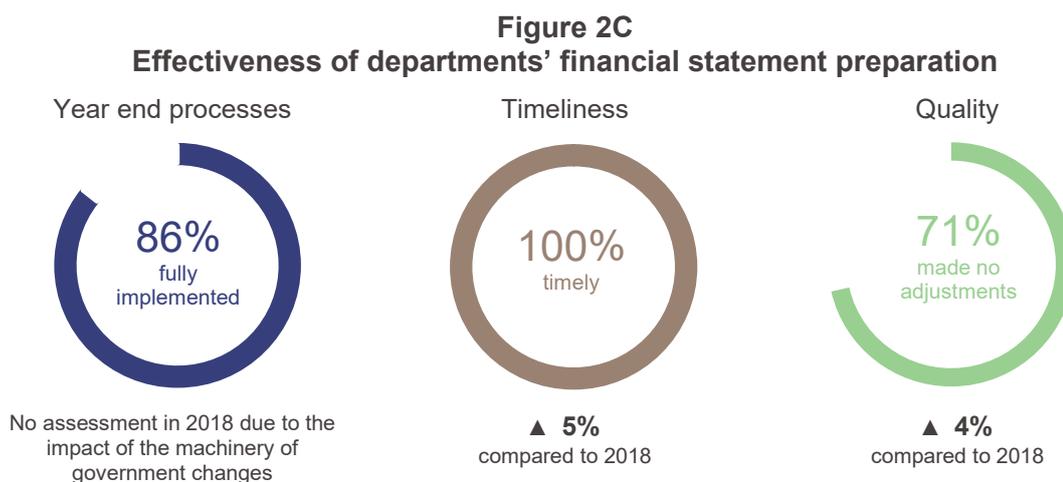
Source: Queensland Audit Office.

Effectiveness of departments' financial statement preparation

All departments implemented year end processes that resulted in the timely delivery of draft financial statements.

The quality of financial statements improved this year. Last year, machinery of government changes affected financial statement processes and the timeliness and quality of draft financial statements. We continue to discuss areas for improvement with departments.

Figure 2C summarises our assessment of the financial statement preparation processes for Queensland Government departments.



Source: Queensland Audit Office.

Our assessment of year end processes, timeliness, and quality for departments is outlined in Appendix E.

Most departments fully implemented year end processes by the target date. Three departments experienced delays in finalising their asset valuations and resolving accounting issues.

All departments prepared draft financial statements in a timely manner, achieving timeframes set by management and delivering the first complete draft of the financial statements to auditors by the agreed date.

One department required a significant adjustment to tax balances in their final draft financial statements (2017–18: no significant adjustments).

We encourage departments not to amend their financial statements for immaterial adjustments. This year, departments made changes to various aspects of their financial statements that had no impact on a reader's understanding of the statements. Making unnecessary changes may impact on the overall timeliness and cost of the financial statement finalisation process and increase the risk of preparation errors.

Action for all entities

Improve financial statements



We encourage all entities to bring forward audit committee endorsement and management approval of proforma (early draft financial statements). This will assist in ensuring potential issues are effectively resolved in a timely manner by year end.

We also encourage entities to only alter their draft financial statements if the change will improve a reader's understanding of their financial operations.

Financial statement preparation maturity model

We have developed a new model for assessing the maturity of financial statement preparation, which we will introduce from 2019–20 (see Appendix F). The financial statement preparation maturity model will replace our traffic light method of assessing the effectiveness of financial statement preparation processes and reviewing year end processes and the timeliness and quality of financial statements. The new model focuses on four components:

- quality month end processes and reporting
- early financial statement close processes
- skilled financial statement preparation processes and use of appropriate technology
- timely identification and resolution of financial reporting matters.

The model assesses components by assigning a level of maturity, which ranges from 'developing' to 'optimised'. We will encourage entities to use the model to evaluate their expected level of maturity and benchmark their actual level of maturity. The model will highlight improvement opportunities for entities.

Areas of audit focus

Our audits focus on areas that present a higher risk of fraud or error in the financial statements. The risk of fraud or error increases with increased complexity or subjectivity in decisions, or when the sector experiences significant changes. In departments, we focused on the implementation of new revenue and lease accounting standards and on the valuation of assets.

New revenue accounting standards

Overall, departments have taken appropriate action to understand the new accounting requirements and analyse their revenue sources to determine their impact.

The AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* standards take effect from 1 July 2019 for not-for-profit entities. These standards will apply to departments preparing financial statements for 2019–20. Queensland Treasury's policy does not allow for early adoption of these standards.

The new standards are more complex than the previous equivalent standards. Their main impact is to change the timing of when revenue is recognised to when services are delivered. Certain complex criteria must be met to allow revenue to be deferred, and entities must review all their revenue contracts and arrangements to determine if the requirements have been met.

Revenue sources for departments mainly include appropriations (allocated by government), grants and contributions (received for specific purposes), user charges, royalties, and licence fees.

Most departments have assessed that the new standards will not significantly change the timing of their revenue recognition.



New lease accounting standard

All leased assets and liabilities will be reported on the balance sheet following the introduction of this new standard.

From 1 July 2019, the new accounting standard AASB 16 *Leases* requires all leases to be recognised on the balance sheet as right-of-use assets and lease liabilities. This changes the timing for recognising the expenses for the leased assets, and they are expected to be higher at the start of the lease period, reducing over time.

Queensland Government departments obtain access to office accommodation through the Department of Housing and Public Works (DHPW), which has the right to relocate entities at any time (if there is a whole-of-government benefit). As a result, it will recognise these leases in its financial statements on behalf of the other state government entities. This will have a significant impact on its financial position and result from 2019–20 onwards, as shown in Figure 2D.

Figure 2D
Expected impact of AASB 16 for DHPW

Estimated impact on transition at 1 July 2019	
↑ \$2.1 billion in liabilities	↑ \$1.94 billion in assets
Estimated impact on expenses in 2019–20	
↑ \$390 million in depreciation expense	↑ \$59 million in finance and borrowing costs
↓ \$381 million in supplies and services expenses	

Source: Queensland Audit Office.

Valuation of assets

For most entities, land, buildings and infrastructure are the largest asset classes on the balance sheet and are reported at fair value in compliance with AASB 13 *Fair Value Measurement*.

Complex valuation methodologies are applied to government assets, including infrastructure assets, and some asset classes are difficult to value due to their nature, for example, land under roads. The inputs to valuation models are subjective and are reliant on significant estimates and management judgements. As a result, the risk of error in the calculations or estimates is higher.

We focus our audit attention on these transactions, assessing valuation methodology (including key assumptions), the number of years an entity expects to use an asset, and the cost to replace it.

This year, we did not identify any significant (high-risk) issues. However, we did identify deficiencies relating to asset valuations, including incorrect and incomplete data in asset registers, no monitoring of the useful lives of assets, and a lack of formal approval prior to starting a valuation.

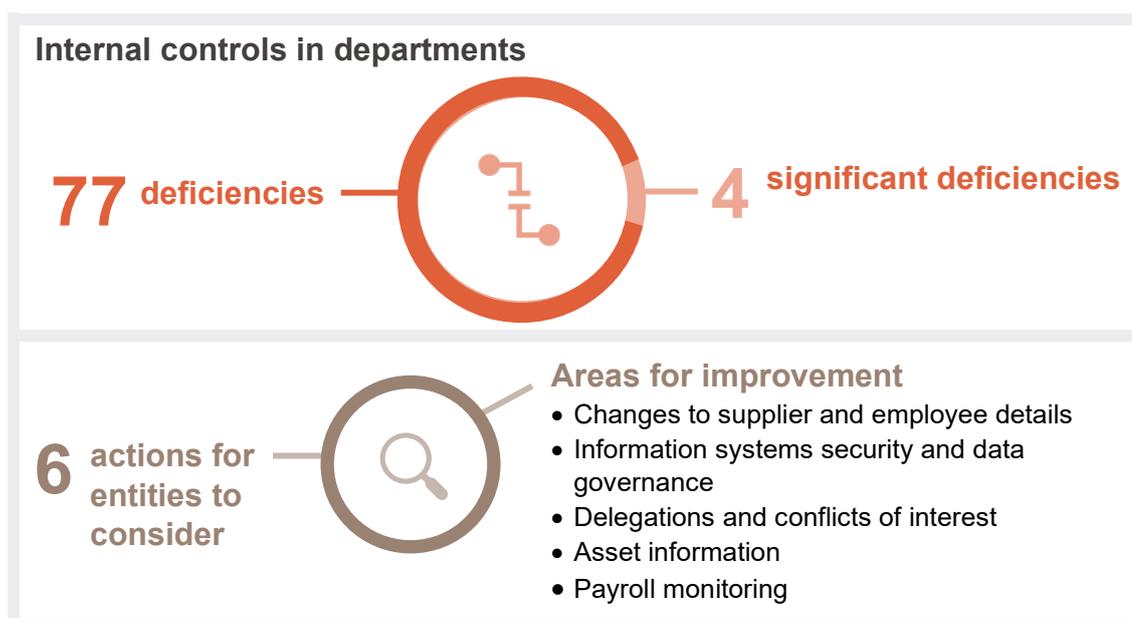
3. Internal controls

Internal controls are the people, systems, and processes that ensure an entity can achieve its objectives, prepare reliable financial reports, and comply with applicable laws. Features of an effective internal control environment include:

- secure information systems that maintain data integrity
- a strong governance framework that promotes accountability and supports strategic and operational objectives
- robust policies and procedures, including appropriate financial delegations
- regular management monitoring and internal audit reviews.

This chapter reports on the effectiveness of internal controls, primarily focusing on departments. We also comment on high-risk issues identified at statutory bodies and controlled entities. We provide areas of focus for entities to improve their internal controls.

Chapter snapshot



Chapter summary

Internal controls in departments are generally effective and support reliable financial reporting. However, we identified the following issues where entities need to strengthen internal controls:

- a lack of independent checking of changes to supplier and employee details
- weaknesses in user access controls, data integrity, and data governance
- instances where financial delegations were exceeded and conflicts of interest were not declared
- inaccurate or incomplete asset valuations
- a lack of review of payroll monitoring reports.

Entities have accepted our recommendations and have either resolved or are currently addressing any deficiencies identified.

Areas of focus for improvement of internal controls

Checking requests to change supplier and employee details

There was an increase in fraud attempts this year. To help prevent fraud, agencies must ensure they check requests to change supplier and employee bank account details.

We identified significant deficiencies in checking changes to supplier information at Trade and Investment Queensland (TIQ), Screen Queensland Pty Ltd, and TAFE Queensland, with a further four deficiencies identified across all departments.

TIQ did not maintain a record of supplier details for its overseas offices or have processes in place to independently verify requests to change these details. As a result, unauthorised changes were made to supplier details, resulting in a loss of \$350,000. It continues to be under investigation. Since this incident, TIQ has introduced processes to ensure that all change requests are independently validated with the supplier, and a record of supplier details is maintained.

A fraud of \$51,480 occurred at Screen Queensland Pty Ltd (SQ) as a fraudulent request to change a new supplier's bank account details was not independently verified with the supplier. Following this incident SQ implemented additional processes to verify bank account details for all suppliers to prevent future frauds. SQ also commissioned an independent investigation into the incident and a review into the organisation's accounts payable processes.

Action for all entities

Decrease risk of fraud by checking requests to change employee and supplier details



Entities should treat all employee and supplier change requests cautiously, especially requests to change bank account details, as they increase the risk of fraud. When a request is received for suppliers, entities should:

- phone the supplier using a contact number obtained from an independent source, such as the supplier's website or the White Pages directory
- check the letter that initiated the change for likely errors in details, such as supplier's name, address, phone number, website, email contact details; financial controller's or chief financial officer's name; and remittance email address.

Strengthening information systems security and data governance

With increasing reliance on technology, entities must secure their information systems to protect against external cyber attacks, or the inadvertent or malicious actions of employees. This protects the quality and integrity of information, providing for complete and accurate management reporting. Reference can be made to my recent report number 3 for 2019–20 on managing cyber security risks to assist in this information security space.

Information systems security and data governance can be improved in several departments, and in the following paragraphs, we have identified areas in which all entities should assess their internal controls.

Limiting employee access to systems

The ability to access all functions within the system should only be assigned to employees when appropriate for their position. In addition, employees should not have more than one active user account, because this could allow them to perform different stages of a process that should be performed by two independent people in the system. We identified two significant deficiencies at the Department of Justice and Attorney-General and one at TAFE Queensland in relation to user access. Both entities advised that action has been taken to address the matters reported.

Monitoring system access

Activities performed by employees with privileged access (which is held by users who can access sensitive data and create and configure within the system) must be monitored. User access security reports should be reviewed on a consistent and timely basis to ensure data has not been corrupted and unauthorised transactions have not been processed.

Ensuring effective data governance

Governance processes for moving information to new systems must be strong to ensure data is accurate and complete and the resulting financial reporting is reliable.

We identified one significant deficiency at the Department of Employment, Small Business and Training in relation to the lack of effective governance processes over the migration of financial records from three existing finance systems to a new finance system. This resulted in delays in the accurate and complete transfer of the financial records. The department has reconciled the information for the financial statements.

Action for all entities

Secure information systems



Entities should secure information systems to prevent unauthorised access that could result in fraud or error. They should consider:

- assigning employees the minimum access required to perform their job, ensuring that important stages of processes are not performed by the same person
- reviewing user access regularly to ensure it remains appropriate
- monitoring activities performed by employees with privileged access (which is held by users who can access sensitive data and create and configure within the system) to ensure they have been appropriately approved.



Control the transfer of information to new systems

To ensure there are no errors when moving information to a new system, entities must ensure they establish a robust governance process to oversee the project, with:

- an approved governance framework
- a project committee, with enough time and appropriate skills and experience to oversee the project
- a project plan that is supported by detailed risk assessments and task plans and includes assurance processes
- regular reporting to facilitate timely decision-making.



Managing financial delegations and conflicts of interest

Entities should ensure that financial delegations are set at appropriate levels, clearly documented and used appropriately. This is critical to ensuring that decisions and approvals are made by appropriate officers. Entities need to make sure all procurement decisions are fully justified and appropriately documented, and that all conflicts of interest have been declared.

Appropriate use of delegations

Levels of financial delegation assigned to officers should be appropriate for their position and functional role. Delegations are critical for ensuring that only appropriately skilled officers are authorised to make decisions or approve transactions. Entities should have processes in place to monitor the use of financial delegations.

A significant deficiency was identified at the Department of Child Safety, Youth and Women, as an employee approved contracts above their financial delegation. The department has since implemented new review processes to prevent this from occurring again.

Management of conflicts of interest

Entities should implement policies and procedures that require employees to assess and report any conflicts of interest that might influence their decision-making. Procurement decisions should be fully defensible and appropriately documented, taking into consideration any identified conflicts.

We identified one significant deficiency at the Gasfields Commission Queensland in relation to a related party transaction that was not initially declared. The interest has since been declared, and the commission is reviewing its procurement practices.

We identified deficiencies across departments where staff had not complied with departmental procurement policies. This included a failure to complete a conflict of interest declaration or to declare an identified conflict. There was no evidence of related party transactions or undue influence in the procurement decision process in these instances.

Procurement practices in a decentralised environment

Trade and Investment Queensland (TIQ) operates a global decentralised model, which includes multiple offices located within Queensland and overseas. It had not established a procurement policy and processes for its overseas branches, which could result in inconsistent procurement practices. TIQ advised that it has since introduced an international procurement process including policies, procedures and training for all staff.

Action for all entities

Strengthen procurement processes



Entities should ensure all procurement is appropriately approved and any conflicts of interest are declared and managed. To strengthen procurement practices, entities should:

- regularly review the appropriateness of financial delegations, ensuring controls adequately detect and prevent delegates exceeding their approved delegation limit
- educate employees on the importance of declaring conflicts of interest and how to recognise them, providing an appropriate means to report and record these.

Regular monitoring of payroll expenses

Payroll reports and reconciliations (between the finance and payroll system) should be consistently reviewed to ensure payments made to employees are correct, and any fraud or error is promptly detected. All departments should work to improve current practices and ensure payroll reports are reviewed in a timely manner.

Action for all entities

Review payroll reports and reconciliations in a timely manner



Payroll reports and reconciliations should be consistently reviewed to ensure payments made to employees are correct, and any fraud or error is promptly detected.

Improving asset information

Entities must ensure they acquire, maintain, and replace their physical assets to meet community needs. To do this, they need to keep complete and accurate asset records, understand the nature and condition of their assets, and adopt an appropriate valuation approach. We identified several departments that can improve their processes so that:

- their valuation methodology is approved prior to the valuation being performed
- asset information is complete and accurate
- asset condition is regularly assessed and used to inform the expected period they will use the asset.

Status of reported internal control deficiencies

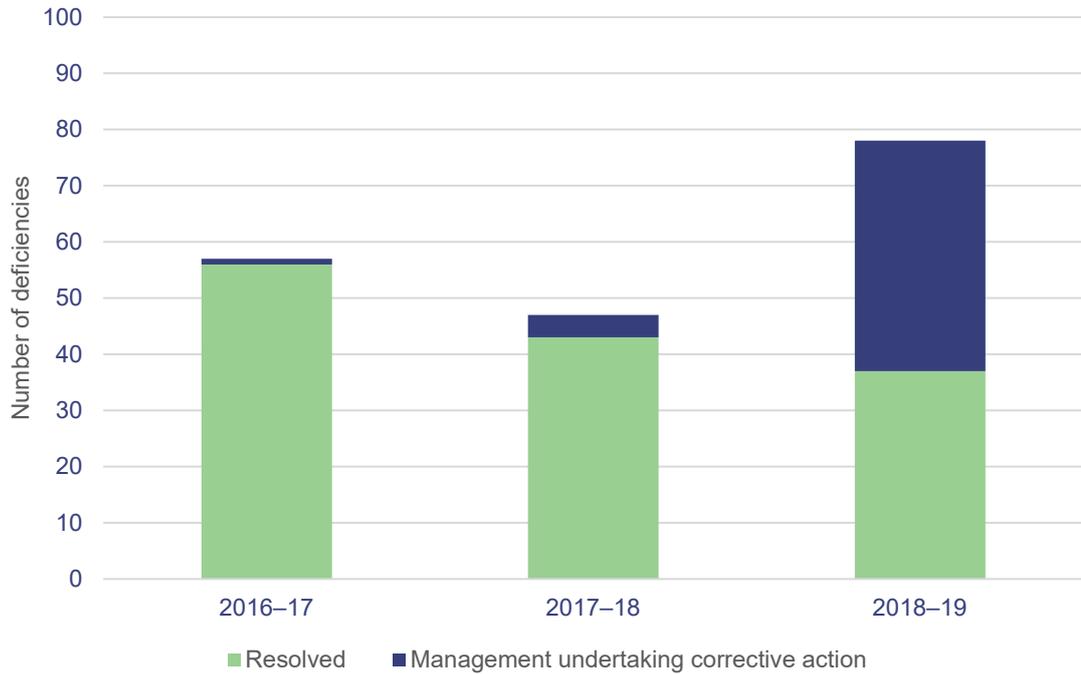
Management and those charged with governance are responsible for the efficient and effective operation of internal controls. An audit committee may be established to assist them to obtain assurance over internal control systems.

An audit committee is responsible for considering audit findings, management responses to those findings, and the status of audit recommendations.

We analysed the appropriateness and timeliness of remedial action undertaken by departments to resolve any internal control deficiencies we identified. All departments have resolved or are currently addressing these deficiencies. Figure 3A outlines the status, as at the time of issuing this report, of control issues we reported over the last three years.



Figure 3A
Status of control deficiencies reported to management over the last three years



Source: Queensland Audit Office.

Across the departments, there are 46 deficiencies on which management is continuing to undertake corrective action. They include some deficiencies that were reported to management in 2016–17 and 2017–18.

Proactive and timely resolution of reported deficiencies indicates a strong control environment. Significant control deficiencies and high-risk financial reporting issues should be addressed as a matter of priority.

Action for all entities

Monitor audit recommendations for implementation by the agreed date

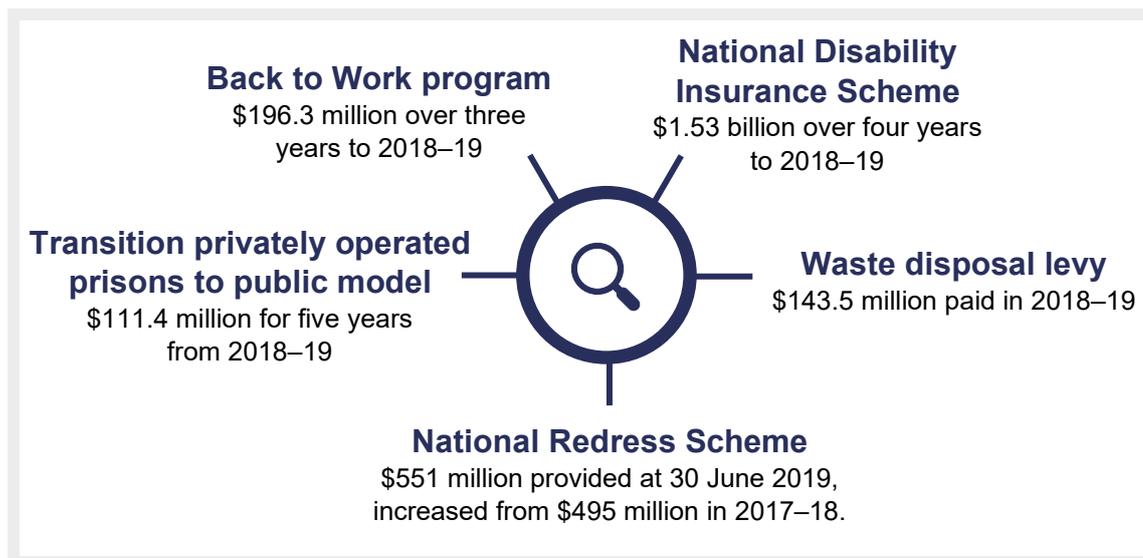


We encourage audit committees to monitor whether management undertakes corrective action in a timely manner to resolve all reported issues and meet agreed milestones.



4. Initiatives of Queensland Government entities

Chapter snapshot



Source: Queensland Audit Office.

Chapter summary

The Queensland Government identified critical priorities within its budget for 2018–19 and outlined initiatives to advance the state. Priorities relate to areas of health, energy, water, education, employment and business, environment, transport and infrastructure, and community safety.

We have examined most initiatives in our separate sector reports and have reported on them to parliament. In this report, we summarise five significant transactions not captured within our other reports. These include:

- supporting employment through the Back to Work program
- making the transition to the National Disability Insurance Scheme
- transitioning privately operated prisons to the public model
- dispersing the waste disposal levy
- facilitating the National Redress Scheme.

Supporting employment through the Back to Work program

The Back to Work program, managed by the Department of Employment, Small Business and Training, aims to assist unemployed jobseekers to join the workforce, and to support the growth of Queensland businesses. The program commenced in 2016 and has currently been extended to 30 June 2020.



Over the three years to 30 June 2019, the department provided \$196.3 million in grants to 9,427 employers. Employers can claim between \$10,000 and \$20,000 per employee, depending on the employee's age and length of unemployment. Payments are made to employers in three instalments over a year, as eligible employees complete minimum periods of continuous paid employment.

The program is currently available throughout regional Queensland and selected local government areas in South East Queensland (Ipswich, Lockyer Valley, Logan, Moreton Bay, Scenic Rim, and Somerset). The program targets areas experiencing higher unemployment.

The department continues to tighten its controls over the program to manage the risk of fraudulent applications. This includes strengthening documentation requirements from employers and validating information against external sources. It is also investing in data analysis, with all applications checked for unusual characteristics and exceptions investigated prior to approval and payment.

Action for all entities

Consider use of data analysis to help prevent and detect fraud in grant programs



We encourage all entities to explore the use of data analysis to:

- better understand the nature of their grant programs and associated risks
- develop expected patterns for grant applications
- identify grant applications that may indicate fraud and warrant further investigation
- continuously learn from confirmed fraudulent applications.

Transition to the National Disability Insurance Scheme (NDIS)

The National Disability Insurance Scheme (NDIS) is a major national reform, governed and funded under agreements between the federal, state, and territory governments. The NDIS intends to provide greater choice, control, and economic and social participation for people with disability. The scheme is administered by the National Disability Insurance Agency (NDIA), a separate agency established by the Australian Government.

Queensland's Department of Communities, Disability Services and Seniors (DCDSS) is the lead agency coordinating the whole-of-government transition to NDIS for the state. The *Bilateral Agreement between the Commonwealth and Queensland: Transition to the National Disability Insurance Scheme* sets out the roles and responsibilities for the transition and includes the transition schedules and funding contributions.

Queensland's transition to the scheme began in 2015–16 and has progressively rolled out, with a plan to reach full transition by June 2019. The NDIS is now available across Queensland. However, due to slower than anticipated rates of access by new participants, the transition has been extended to allow the federal government more time to support more Queenslanders to enter the scheme.

As eligible clients transitioned, DCDSS gradually ceased funding to existing specialist disability services providers. Under the transition bi-lateral agreement, the state government continues to make contributions to the NDIS. Total payments from the department to the NDIA between 2015–16 and 2018–19 were approximately \$1.46 billion.

DCDSS has experienced a reduction in its workforce as a result of the transition. To 30 June 2019, 664 employees took voluntary redundancy (at a cost of \$44.738 million). In addition, 122 employees transferred to the NDIA under the first offer of an employment arrangement covered by the NDIS Incentive Scheme (at a total cost of \$2.576 million).

Transitioning privately operated prisons to the public model

Taskforce Flaxton was announced by the Crime and Corruption Commission (CCC) on 22 March 2018. In December 2018, following a nine-month inquiry, the CCC released its report on corruption risks and corruption in Queensland prisons. The report made 33 recommendations to reform the Queensland Corrective Services' anti-corruption framework, improve external oversight mechanisms and safety for staff and prisoners, increase accountability and transparency, and raise performance standards.

In July 2018, the government announced it had suspended the tender processes for the two privately operated prisons, pending its consideration of the Taskforce Flaxton's final report and citing concerns over the number of assaults on staff occurring in privately operated prisons.

Following the outcomes of the Taskforce Flaxton report, the Queensland Government announced Operation Certitude on 29 March 2019. This involved the transition of Queensland's two remaining privately operated correctional centres—Arthur Gorrie and Southern Queensland—to public operation. Arthur Gorrie will transition from the GEO Group Australia Pty Ltd on 1 July 2020, and Southern Queensland will transition from Serco Group Pty Limited on 1 July 2021.

Under the public operating model, more prison staff will be allocated to these two correctional facilities. The department will receive \$111.4 million in funding over five years from 2018–19.

Waste disposal levy

As part of the state's overall waste management strategy, a waste disposal levy was introduced from 1 July 2019 to encourage business and industry to reduce, reuse, recycle, and only send waste to landfill if it cannot be recovered. The total revenue the state government budgeted from the Queensland Waste Levy in 2019–20 was \$432.6 million.

All waste going to landfill in Queensland will incur the relevant levy unless the waste is both generated and disposed of in a non-levy zone. There are exemptions for some specific types of waste, such as waste that results from a declared disaster.

The levy zone includes 39 of the 77 local government areas. This covers around 90 per cent of Queensland's population and is where most waste is generated and disposed of.

To ensure the waste levy has no direct impact on households, the Queensland Government will fund councils that dispose of household waste in the levy zone. Councils will also be provided with a payment to offset the cost of the levy for households with a commercial waste collection service not covered by this arrangement. These include caravan parks, manufactured home parks, retirement villages, boarding houses, gated communities, and rural residents with commercial bulk-waste arrangements.

Councils received an advance payment (\$143.5 million) in June 2019 to assist them in implementing the waste levy in 2019–20. A total of 43 councils received this advance payment—39 located inside the levy zone and four (Cook, Wujal Wujal, Yarrabah, and Palm Island councils) located outside of the levy zone, but which dispose of their waste in the levy zone.

The annual payment for 2020–21 and subsequent years will be made to councils in quarterly instalments.



National Redress Scheme

The Australian Government established the National Redress Scheme for Survivors of Institutional Child Sexual Abuse (the National Redress Scheme) in response to the recommendation of the Royal Commission into Institutional Responses to Child Sexual Abuse. The Scheme is intended to support people who experienced institutional child sexual abuse before 1 July 2018.

It began on 1 July 2018 and will run for 10 years. It will support eligible applicants through a monetary payment, access to counselling and psychological care, and the option to receive a direct personal response from the institution responsible.

The Queensland Department of Child Safety, Youth and Women is the lead agency coordinating the Queensland Government's participation in the National Redress Scheme.

In 2017–18, the department recognised a liability of \$495 million for the introduction of the National Redress Scheme. The liability recorded by the department increased to \$551 million in 2018–19 as a result of additional information. Scheme payments will be based on the number and timing of claims.

At 30 June 2019, approximately \$3 million of the \$551 million was due and payable, following notification from the Australian Government of the offers that had been accepted by claimants.



Appendices

A.	Full responses from agencies	24
B.	Legislative context	27
C.	Audit opinions for entities preparing financial reports	28
D.	Entities exempted from audit by the Auditor-General	42
E.	Our assessment of financial statement preparation	43
F.	Financial statement preparation maturity model 2019	47
G.	Entities not preparing financial statements	48
H.	Audits not finished	56
I.	Glossary	57



A. Full responses from agencies

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Premier and Minister for Trade; the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships; the Under Treasurer; directors-general of the 21 government departments; and the accountable officers for Trade and Investment Queensland, Screen Queensland Pty Ltd, Gasfields Commission Queensland and TAFE Queensland.

This appendix contains their detailed responses where provided to our audit recommendations.

The heads of these agencies are responsible for the accuracy, fairness and balance of their comments.



Comments received from Director-General, Department of Communities, Disability Services and Seniors



Office of the
Director-General

Department of
**Communities,
Disability Services
and Seniors**

Our reference: COM 07385-2019

13 NOV 2019

Mr Poopalasingam Brahman
Assistant Auditor-General
Queensland Audit Office
QAO.Mail@qao.qld.gov.au

Dear Mr Brahman

Thank you for providing me with a copy of your report to parliament regarding the 2018–19 results of financial audits for Queensland State Government entities.

The Department of Communities, Disability Services and Seniors remains committed to achieving best practice in its annual financial reporting as evidenced by the department receiving all green lights in its financial statement preparation process and an unqualified audit result.

I note that the report also highlights the progress made by the department in transitioning clients to the National Disability Insurance Scheme, which had been identified as a critical priority of the Queensland Government in its budget for the 2018–19 financial year.

With regard to procurement controls, my department has proactively implemented additional controls to ensure the appropriate application of financial delegation to procurement and contract management.

If you require any further information or assistance in relation to this matter, please contact Mr Narinder Singh, Chief Finance Officer, Department of Communities, Disability Services and Seniors

Yours sincerely

A handwritten signature in blue ink, appearing to be "Clare O'Connor".

Clare O'Connor
Director-General

1 William Street
Brisbane Queensland 4000
GPO Box 806 Brisbane
Queensland 4001 Australia



Comments received from Commissioner, Queensland Police Service



QUEENSLAND POLICE SERVICE

COMMISSIONER'S OFFICE
200 ROMA STREET BRISBANE QLD 4000 AUSTRALIA
GPO BOX 1440 BRISBANE QLD 4001 AUSTRALIA

Email: commissioner@police.qld.gov.au



Our Ref: *Doc 19/1811105*

Your Ref:

11 November 2019

Queensland Audit Office
PO Box 15396
City East QLD 4002]

Dear Mr Welsh

Thank you for your correspondence of 24 October 2019 together with the extract of the draft report on the Queensland State Government Entities 2018-19 - Results of Financial Audits.

The draft report has been reviewed with respect to matters that have a direct or indirect application to the Queensland Police Service.

We have no questions or concerns with the report as drafted and we will continue to implement the agreed actions arising from the 2018-19 external audit.

I thank you for the opportunity to provide comments on the draft report.

Should you require any further information, please contact Mr. Nick Viles, Director Financial Accounting Services, Public Safety Business Agency, on

Yours sincerely

KATARINA CARROLL APM
COMMISSIONER

QUEENSLAND POLICE SERVICE



B. Legislative context

Frameworks

Queensland state public sector entities prepare their financial statements in accordance with the following legislative frameworks and reporting deadlines.

These frameworks identify the minimum requirements applying to key elements of financial accountability, including:

- governance
- financial management and performance
- financial reporting.

Figure B1
Legislative frameworks for Queensland state public sector entities

Entity type	Legislative framework	Legislated deadline
Departments and statutory bodies	<ul style="list-style-type: none"> • <i>Financial Accountability Act 2009</i> • Financial and Performance Management Standard 2009 	31 August 2019
Government owned corporations	<ul style="list-style-type: none"> • <i>Government Owned Corporations Act 1993</i> • Government Owned Corporations Regulations 2014 • <i>Corporations Act 2001</i> • Corporations Regulations 2001 	31 August 2019
Controlled entities that are companies	<ul style="list-style-type: none"> • <i>Corporations Act 2001</i> • Corporations Regulations 2001 	31 October 2019
Controlled entities that are charities and not-for-profits	<ul style="list-style-type: none"> • <i>Charities Act 2013</i> 	31 December 2019

Source: Queensland Audit Office.

Queensland state government financial statements

Each year, Queensland state public sector entities must table their audited financial statements in parliament.

These financial statements are used by a broad range of parties including parliamentarians, taxpayers, employees, and users of government services. For these statements to be useful, the information reported must be relevant, accurate and timely.

The Auditor-General's audit opinion on these entities' financial statements assures users that the statements are accurate and in accordance with relevant legislative requirements.



C. Audit opinions for entities preparing financial reports

The following table details the types of audit opinions we issued for the 2018–19 financial year, in accordance with Australian auditing standards.

Where a legislative deadline is indicated with a dash, no deadline applies for that specific entity. A 'yes' response to key audit matters indicates those entities that had items of significance highlighted in the audit opinion.

Premier and Minister for Trade

Responsibilities include the overall management of Queensland, Cabinet, coordination of government communication, policy development, parliamentary counsel, protocol, intergovernmental relations, screen industry development, veterans' affairs, investment facilitation, trade development, and overall public service management.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Department of the Premier and Cabinet	31.08.2019	22.08.2019	–	Unmodified
Legislative Assembly and Parliamentary Service	31.08.2019	27.08.2019	–	Unmodified
Office of the Governor	31.08.2019	27.08.2019	–	Unmodified
Public Service Commission	31.08.2019	21.08.2019	–	Unmodified
Screen Queensland Pty Ltd	31.08.2019	15.08.2019	–	Unmodified
Trade and Investment Queensland	31.08.2019	30.08.2019	–	Unmodified

Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships

Responsibilities include the state budget; taxation; economic policy; government owned enterprises; insurance; capital works monitoring; mineral and petroleum royalties; and Aboriginal and Torres Strait Islander cultural heritage, policy, and rights and culture.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Brisbane Port Holdings Pty Ltd	–	15.08.2019	–	Unmodified
Community Enterprise Queensland	31.08.2019	26.08.2019	–	Unmodified
Cross River Rail Delivery Authority*	31.08.2019	21.08.2019	–	Unmodified
DBCT Holdings Pty Ltd	–	15.08.2019	–	Unmodified

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Department of Aboriginal and Torres Strait Islander Partnerships	31.08.2019	29.08.2019	Yes	Unmodified
Family Responsibilities Commission	31.08.2019	15.08.2019	–	Unmodified
Motor Accident Insurance Commission	31.08.2019	27.08.2019	–	Unmodified
Nominal Defendant	31.08.2019	27.08.2019	–	Unmodified
QGOF 63G Trust	–	28.08.2019	–	Unmodified
QIC Alternative Beta Fund	–	27.09.2019	–	Unmodified
QIC Alternative Investment Trust	–	27.09.2019	–	Unmodified
QIC Australian Fixed Interest Fund	–	28.08.2019	–	Unmodified
QIC Australian Venture Capital Fund	–	26.09.2019	–	Unmodified
QIC Bond Plus Fund	–	27.09.2019	–	Unmodified
QIC Cash Enhanced Fund	–	28.08.2019	–	Unmodified
QIC Cash Fund	–	28.08.2019	–	Unmodified
QIC Direct Opportunities Fund	–	27.09.2019	–	Unmodified
QIC Diversified Australian Equities Fund	–	26.09.2019	–	Unmodified
QIC Diversified Fixed Interest Fund	–	26.09.2019	–	Unmodified
QIC Diversified Infrastructure Fund No. 2	–	27.09.2019	–	Unmodified
QIC GFI Alpha Fund	–	26.09.2019	–	Unmodified
QIC GFI Inflation Plus Fund	–	26.09.2019	–	Unmodified
QIC Global Credit Fund	–	26.09.2019	–	Unmodified
QIC Global Credit Income Fund	–	26.09.2019	–	Unmodified
QIC Global Credit Opportunities Fund	–	27.09.2019	–	Unmodified
QIC Global Strategy Trust No. 2A	–	28.08.2019	–	Unmodified
QIC Government Office Fund No. 1	–	28.08.2019	–	Unmodified
QIC Growth Fund	–	27.09.2019	–	Unmodified
QIC Infrastructure Mandate No. 1 Trust	–	28.08.2019	–	Unmodified
QIC Infrastructure Mandate Trust No. 1A	–	28.08.2019	–	Unmodified
QIC Infrastructure Portfolio No. 1 Trust	–	11.10.2019	–	Unmodified



Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
QIC Infrastructure Portfolio No. 2 Trust	–	11.10.2019	–	Unmodified
QIC International Equities Fund	–	27.09.2019	–	Unmodified
QIC Limited	31.08.2019	29.08.2019	Yes	Unmodified
QIC Liquid Alternatives Fund	–	27.09.2019	–	Unmodified
QIC Private Capital Pty Ltd	31.10.2019	29.08.2019	–	Unmodified
QIC Private Equity Fund (W)	–	27.09.2019	–	Unmodified
QIC Private Equity Fund No. 1	–	27.09.2019	–	Unmodified
QIC Private Equity Fund No. 2	–	27.09.2019	–	Unmodified
QIC Private Equity Fund No. 3	–	27.09.2019	–	Unmodified
QIC Private Equity Fund No. 5	–	27.09.2019	–	Unmodified
QIC Strategy Fund No. 2	–	28.08.2019	–	Unmodified
QICP Pty Ltd (previously QIC Properties Pty Ltd)	31.10.2019	29.08.2019	–	Unmodified
QLQ Real Property Holding Trust	–	27.09.2019	–	Unmodified
Queensland Competition Authority	31.08.2019	20.08.2019	–	Unmodified
Queensland Investment Trust No. 2	–	27.09.2019	–	Unmodified
Queensland Lottery Corporation Pty Ltd	–	15.08.2019	–	Unmodified
Queensland Productivity Commission	31.08.2019	29.08.2019	–	Unmodified
Queensland Treasury	31.08.2019	28.08.2019	Yes	Unmodified
Queensland Treasury Corporation	31.08.2019	23.08.2019	Yes	Unmodified
Queensland Treasury Holdings Pty Ltd	31.10.2019	15.08.2019	–	Unmodified
The National Injury Insurance Agency Queensland	31.08.2019	28.08.2019	–	Unmodified

* New minister appointed to oversee completion of Cross River Rail from 20 September 2019. Entity transferred to Minister for Innovation and Tourism Industry Development and Minister for Cross River Rail.



Minister for State Development, Manufacturing, Infrastructure and Planning

Responsibilities include state development, manufacturing, economic development, urban growth, land-use planning, major project impact assessment, programs for priority industry sectors, and the recovery and reconstruction of Queensland following natural disaster events.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Building Queensland	31.08.2019	23.08.2019	–	Unmodified
Department of State Development, Manufacturing, Infrastructure and Planning	31.08.2019	28.08.2019	Yes	Unmodified
Gasfields Commission Queensland	31.08.2019	30.08.2019	–	Unmodified
Queensland Reconstruction Authority	31.08.2019	20.08.2019	–	Unmodified
South Bank Corporation	31.08.2019	23.08.2019	–	Unmodified
South Bank Employing Office	31.08.2019	23.08.2019	–	Unmodified

Minister for Innovation and Tourism Industry Development and Minister for Commonwealth Games*

Responsibilities include the Commonwealth Games; integrated resort developments and global tourism hubs; major events; tourism development and promotion; tourism investment attraction; innovation policy, strategy, and programs; international education; research and development coordination and planning; and the digital economy.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Department of Innovation, Tourism Industry Development and the Commonwealth Games**	31.08.2019	27.08.2019	–	Unmodified
Gold Coast 2018 Commonwealth Games Corporation	–	30.07.2019	–	Unmodified
Gold Coast Events Management Ltd (trading as Queensland Events Gold Coast)	31.08.2019	21.08.2019	–	Unmodified
Tourism and Events Queensland	31.08.2019	29.08.2019	–	Unmodified
Tourism and Events Queensland Employing Office	31.08.2019	29.08.2019	–	Unmodified

* From 20 September 2019, the Minister was appointed to oversee completion of Cross River Rail, changing the Minister's title to Minister for Innovation and Tourism Industry Development and Minister for Cross River Rail.

**The 2018–19 audit certified financial statements referred to the former Department of Innovation, Tourism Industry Development and the Commonwealth Games. The entity has since been renamed to the Department of Innovation and Tourism Industry Development.

Attorney-General and Minister for Justice

Responsibilities include justice administration; courts; registration of births, deaths, and marriages; legal aid; fair trading and consumer protection; incorporation of associations; lotteries, keno, and wagering; occupational licensing; registration of charitable and community purpose organisations; and the Public Trustee.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Anti-Discrimination Commission	31.08.2019	22.08.2019	–	Unmodified
Crime and Corruption Commission	31.08.2019	21.08.2019	–	Unmodified
Department of Justice and Attorney-General	31.08.2019	29.08.2019	Yes	Unmodified
Electoral Commission of Queensland	31.08.2019	23.08.2019	–	Unmodified
Forde Foundation Trust Fund	30.09.2019	27.09.2019	–	Unmodified
Gladstone Foundation	30.09.2019	27.09.2019	–	Unmodified
Lady Bowen Trust	30.09.2019	27.09.2019	–	Unmodified
Law Claims Levy Fund	31.08.2019	30.08.2019	–	Unmodified
Legal Aid Queensland	31.08.2019	23.08.2019	–	Unmodified
Legal Practitioners Admissions Board	31.08.2019	30.08.2019	–	Unmodified
Legal Practitioners' Fidelity Guarantee Fund	31.08.2019	30.08.2019	–	Unmodified
Office of the Information Commissioner	31.08.2019	30.08.2019	–	Unmodified
Office of the Ombudsman	31.08.2019	15.08.2019	–	Unmodified
Professional Standards Council	31.08.2019	28.08.2019	–	Unmodified
Public Trustee of Queensland Growth Trust	31.08.2019	28.08.2019	–	Unmodified
QCF Management Co. Ltd	30.09.2019	27.09.2019	–	Unmodified
Queensland Aboriginal and Torres Strait Islander Foundation	30.09.2019	27.09.2019	–	Unmodified
Queensland Community Foundation	30.09.2019	27.09.2019	–	Unmodified
Queensland Family and Child Commission	31.08.2019	26.08.2019	–	Unmodified
Queensland Law Society Incorporated	31.08.2019	30.08.2019	–	Unmodified
The Public Trustee of Queensland	31.08.2019	28.08.2019	–	Unmodified

Minister for Health and Minister for Ambulance Services

Responsibilities include hospitals, public health, oral health, nursing homes and hostels, Aboriginal and Torres Strait Islander health, community health services, alcohol and drug services, disease surveillance, health rights and promotion, registration of health professionals, and the ambulance service.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Bundaberg Health Services Foundation	31.08.2019	27.08.2019	–	Unmodified
Cairns and Hinterland Hospital and Health Service	31.08.2019	30.08.2019	Yes	Unmodified
Central Queensland Hospital and Health Service	31.08.2019	30.08.2019	Yes	Unmodified
Central West Hospital and Health Service	31.08.2019	29.08.2019	Yes	Unmodified
Children's Health Queensland Hospital and Health Service	31.08.2019	29.08.2019	Yes	Unmodified
Children's Hospital Foundation Queensland	31.08.2019	30.08.2019	–	Unmodified
Darling Downs Hospital and Health Service	31.08.2019	29.08.2019	Yes	Unmodified
Department of Health	31.08.2019	27.08.2019	–	Unmodified
Far North Queensland Hospital Foundation	31.08.2019	29.08.2019	–	Unmodified
Gold Coast Hospital Foundation	31.08.2019	25.09.2019	–	Qualified
Gold Coast Hospital and Health Service	31.08.2019	23.08.2019	Yes	Unmodified
Ipswich Hospital Foundation	31.08.2019	09.08.2019	–	Unmodified
Mackay Hospital Foundation	31.08.2019	12.09.2019	–	Unmodified
Mackay Hospital and Health Service	31.08.2019	30.08.2019	Yes	Unmodified
Metro North Hospital and Health Service	31.08.2019	29.08.2019	Yes	Unmodified
Metro South Hospital and Health Service	31.08.2019	22.08.2019	Yes	Unmodified
North West Hospital and Health Service	31.08.2019	30.08.2019	Yes	Unmodified
Office of the Health Ombudsman	31.08.2019	13.08.2019	–	Unmodified
PA Research Foundation	31.08.2019	30.08.2019	–	Unmodified
Queensland Mental Health Commission	31.08.2019	15.08.2019	–	Unmodified
Royal Brisbane and Women's Hospital Foundation	31.08.2019	29.08.2019	–	Unmodified

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
South West Hospital and Health Service	31.08.2019	30.08.2019	Yes	Unmodified
Sunshine Coast Health Foundation	31.08.2019	30.08.2019	–	Unmodified
Sunshine Coast Hospital and Health Service	31.08.2019	31.08.2019	Yes	Unmodified
The Council of the Queensland Institute of Medical Research	31.08.2019	29.08.2019	–	Unmodified
The Prince Charles Hospital Foundation	31.08.2019	26.08.2019	–	Unmodified
Toowoomba Hospital Foundation	31.08.2019	22.08.2019	–	Unmodified
Torres and Cape Hospital and Health Service	31.08.2019	29.08.2019	Yes	Unmodified
Townsville Hospital Foundation	31.08.2019	23.09.2019	–	Qualified
Townsville Hospital and Health Service	31.08.2019	28.08.2019	Yes	Unmodified
West Moreton Hospital and Health Service	31.08.2019	09.08.2019	Yes	Unmodified
Wide Bay Hospital and Health Service	31.08.2019	23.08.2019	Yes	Unmodified

Minister for Education and Minister for Industrial Relations

Responsibilities include state schooling, early childhood education and care, higher education, non-state school funding, industrial relations, employment policies and programs, workers' compensation, and workplace health and safety.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Anzac Day Trust	31.08.2019	01.08.2019	–	Unmodified
Aviation Australia Pty Ltd	31.08.2019	21.08.2019	–	Unmodified
Building and Construction Industry (Portable Long Service Leave) Authority (trading as QLEAVE)	31.08.2019	17.09.2019	–	Unmodified
Contract Cleaning Industry (Portable Long Service Leave) Authority	31.08.2019	26.08.2019	–	Unmodified
Department of Education	31.08.2019	28.08.2019	Yes	Unmodified
Non-State Schools Accreditation Board	31.08.2019	05.08.2019	–	Unmodified
Queensland Curriculum and Assessment Authority	31.08.2019	29.08.2019	–	Unmodified
WorkCover Employing Office	31.08.2019	22.08.2019	–	Unmodified

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
WorkCover Queensland	31.08.2019	22.08.2019	–	Unmodified

Minister for Transport and Main Roads

Responsibilities include land transport and safety, main roads, marine infrastructure, passenger and personalised transport, ports, railways, and transport infrastructure.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Department of Transport and Main Roads	31.08.2019	26.08.2019	Yes	Unmodified
Far North Queensland Ports Corporation Limited (Ports North)	31.08.2019	27.08.2019	Yes	Unmodified
Gladstone Ports Corporation Limited	31.08.2019	29.08.2019	Yes	Unmodified
Gold Coast Waterways Authority	31.08.2019	22.08.2019	–	Unmodified
North Queensland Bulk Ports Corporation Limited	31.08.2019	27.08.2019	Yes	Unmodified
Port of Townsville Limited	31.08.2019	21.08.2019	Yes	Unmodified
Queensland Rail	31.08.2019	29.08.2019	Yes	Unmodified
Queensland Rail Limited	31.10.2019	29.08.2019	Yes	Unmodified
Transmax Pty Ltd	31.10.2019	31.10.2019	–	Unmodified

Minister for Natural Resources, Mines and Energy

Responsibilities include mining and petroleum, mine safety and health, Aboriginal and Torres Strait Islander land interests, land and natural resource management, native title, energy and water utilities, bulk water supply, distribution and retail arrangements, management of water supply emergencies, and regulation of water quality and supply continuity.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Avondale Water Board	31.08.2019	16.08.2019	–	Unmodified
Bollon West Water Authority	31.08.2019	12.08.2019	–	Disclaimed
Bones Knob Water Board	31.08.2019	03.10.2019	–	Qualified
Callandoon Water Supply Board	31.08.2019	23.10.2019	–	Unmodified
Cassowary Coast River Improvement Trust	31.08.2019	03.10.2019	–	Unmodified

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Central SEQ Distributor-Retailer Authority (Queensland Urban Utilities)	31.08.2019	19.08.2019	–	Unmodified
CleanCo Queensland Limited	31.08.2019	23.08.2019	–	Unmodified
CS Energy Limited	31.08.2019	23.08.2019	Yes	Unmodified
Department of Natural Resources, Mines and Energy	31.08.2019	15.08.2019	Yes	Unmodified
Dumaresq-Barwon Borders Rivers Commission	31.08.2019	30.08.2019	–	Unmodified
Energy and Water Ombudsman Queensland	31.08.2019	19.08.2019	–	Unmodified
Energy Queensland Limited	31.08.2019	21.08.2019	Yes	Unmodified
Ergon Energy Queensland Pty Ltd	31.10.2019	19.08.2019	Yes	Unmodified
Fernlee Water Authority	31.08.2019	03.10.2019	–	Disclaimed
Glamorgan Vale Water Board	31.08.2019	30.09.2019	–	Unmodified
Gladstone Area Water Board	31.08.2019	13.11.2019*	–	Unmodified
Ipswich Rivers Improvement Trust	31.08.2019	24.09.2019	–	Unmodified
Kaywana Bore Water Board	31.08.2019	27.08.2019	–	Qualified
LMA Support Services Pty Ltd	31.08.2019	28.08.2019	–	Unmodified
Lower Burdekin Water	31.08.2019	28.08.2019	–	Unmodified
Lower Herbert Water Management Authority	31.08.2019	21.08.2019	–	Unmodified
Matthews Road Drainage Board	31.08.2019	30.08.2019	–	Disclaimed
Mount Isa Water Board	31.08.2019	26.08.2019	–	Unmodified
Northern SEQ Distributor-Retailer Authority (Unitywater)	31.08.2019	29.08.2019	–	Unmodified
Queensland Electricity Transmission Corp Limited (trading as Powerlink Queensland)	31.08.2019	28.08.2019	Yes	Unmodified
Queensland Bulk Water Supply Authority (trading as Seqwater)	31.08.2019	29.08.2019	Yes	Unmodified
Roadvale Water Board	31.08.2019	30.08.2019	–	Unmodified
Stanthorpe Shire River Improvement Trust	31.08.2019	28.08.2019	–	Unmodified
Stanwell Corporation Limited	31.08.2019	29.08.2019	Yes	Unmodified



Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
State Council of River Trusts, Queensland Inc.	–	18.10.2019	–	Unmodified
Sunwater Limited	31.08.2019	13.08.2019	Yes	Unmodified
Valuers Registration Board of Queensland	31.08.2019	30.08.2019	–	Unmodified
Warwick Shire River Improvement Trust	31.08.2019	07.08.2019	–	Unmodified
Yambocully Water Board	31.08.2019	26.08.2019	–	Unmodified

Note: *Three new directors (including a new chair) were appointed on 22 August 2019, immediately prior to the planned financial statement approval. We issued an unmodified opinion on 13 November 2019.

Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport

Responsibilities include building and plumbing standards, government buildings, homelessness, housing services, licensing and regulation of the Queensland building industry, One-Stop Shop strategy, open data, government information and communication technology policy and planning, shared services system, archives, and sport and recreation.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Board of Architects of Queensland	31.08.2019	30.08.2019	–	Unmodified
Board of Professional Engineers of Queensland	31.08.2019	30.08.2019	–	Unmodified
Cairns Convention Centre	–	27.08.2019	–	Unmodified
Department of Housing and Public Works	31.08.2019	30.08.2019	Yes	Unmodified
Gold Coast Convention and Exhibition Centre	–	24.09.2019	–	Unmodified
Queensland Building and Construction Commission	31.08.2019	30.08.2019	–	Unmodified
Queensland Building and Construction Employing Office	31.08.2019	30.08.2019	–	Unmodified
Residential Tenancies Authority	31.08.2019	30.08.2019	–	Unmodified
Residential Tenancies Employing Office	31.08.2019	30.08.2019	–	Unmodified
Stadiums Queensland	31.08.2019	29.08.2019	–	Unmodified



Minister for Employment and Small Business and Minister for Training and Skills Development

Responsibilities include employment, vocational education and training, skills and workforce development, small business advocacy, and resilience.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
BCITF (Qld) Limited (trading as Construction Skills Queensland)	31.10.2019	03.09.2019	–	Unmodified
Building and Construction Industry Training Fund (Qld)	–	03.09.2019	–	Unmodified
Department of Employment, Small Business and Training	31.08.2019	30.08.2019	Yes	Unmodified
TAFE Queensland	31.08.2019	26.08.2019	–	Unmodified

Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts

Responsibilities include climate change policy, environmental planning and protection policy, the Great Barrier Reef, pollution and waste management, marine and national parks management, science strategy, and the arts.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Board of the Queensland Museum	31.08.2019	26.08.2019	–	Unmodified
Department of Environment and Science	31.08.2019	28.08.2019	Yes	Unmodified
Library Board of Queensland	31.08.2019	23.08.2019	–	Unmodified
Queensland Art Gallery Board of Trustees	31.08.2019	26.08.2019	–	Unmodified
Queensland Library Foundation	31.08.2019	29.08.2019	–	Unmodified
Queensland Museum Foundation Trust	31.08.2019	30.08.2019	–	Unmodified
Queensland Performing Arts Trust	31.08.2019	21.08.2019	–	Unmodified

Minister for Police and Minister for Corrective Services

Responsibilities include the police service, adult corrective services, and Queensland Government Air Services.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Prostitution Licensing Authority	31.08.2019	19.08.2019	–	Unmodified
Public Safety Business Agency	31.08.2019	29.08.2019	Yes	Unmodified
Queensland Corrective Services	31.08.2019	29.08.2019	Yes	Unmodified
Queensland Police Service	31.08.2019	27.08.2019	–	Unmodified

Minister for Communities and Minister for Disability Services and Seniors

Responsibilities include community care, community recovery, community services, disability services, seniors, and social inclusion.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Department of Communities, Disability Services and Seniors	31.08.2019	30.08.2019	Yes	Unmodified

Minister for Agricultural Industry Development and Fisheries

Responsibilities include biosecurity, agriculture, animal welfare, food and fibre industry development, rural economic development, and racing integrity.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Darling Downs–Moreton Rabbit Board	31.08.2019	30.08.2019	–	Unmodified
Department of Agriculture and Fisheries	31.08.2019	23.08.2019	Yes	Unmodified
Queensland Agricultural Training Colleges	31.08.2019	26.09.2019	–	Qualified*
Queensland Racing Integrity Commission	31.08.2019	27.08.2019	–	Unmodified

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Queensland Rural and Industry Development Authority (QRIDA)	31.08.2019	23.08.2019	–	Unmodified
Safe Food Production Queensland	31.08.2019	30.08.2019	–	Unmodified

*Included an emphasis of matter.

Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs

Responsibilities include local government, multicultural affairs, and racing.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Department of Local Government, Racing and Multicultural Affairs	31.08.2019	19.08.2019	–	Unmodified
Racing Queensland Board	31.08.2019	30.08.2019	–	Unmodified
Rockhampton Racing Pty Ltd	31.08.2019	30.08.2019	–	Unmodified
Sunshine Coast Racing Pty Ltd	31.08.2019	30.08.2019	–	Unmodified

Minister for Child Safety, Youth and Women and Minister for the Prevention of Domestic and Family Violence

Responsibilities include adoption, child protective services, Working With Children check, women's policy, youth affairs and justice, and the prevention of domestic and family violence.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Department of Child Safety, Youth and Women	31.08.2019	30.08.2019	Yes	Unmodified

Minister for Fire and Emergency Services

Responsibilities include fire and rescue service, state emergency service, rural fire service, and disaster management.

Entity	Legislative deadline	Audit certification date	Key audit matter	Audit opinion type
Office of the Inspector-General of Emergency Management	31.08.2019	30.08.2019	–	Unmodified
Queensland Fire and Emergency Services	31.08.2019	28.08.2019	–	Unmodified

Source: Queensland Audit Office.



D. Entities exempted from audit by the Auditor-General

The Auditor-General approved exemptions for the following audits.

Figure D1
Entities exempt from audit by the Auditor-General

Entity	Audit firm	Audit certification date	Audit opinion type
Small in size and low-risk entities under section 30A of the <i>Auditor-General Act 2009</i>			
Mt Gravatt Showgrounds Trust	Ross Spranklin & Co	07.06.2019	Unmodified
Queensland Education Leadership Institute Limited	Grant Thornton	10.10.2019	Unmodified
Queensland Music Festival Pty Ltd	Integrated Audit Services	17.04.2019	Unmodified
Queensland Tertiary Admissions Centre Limited	PKF Hacketts	20.08.2019	Unmodified
Queensland Theatre Company	EY	27.02.2019	Unmodified
Supreme Court Library Committee	BDO	29.08.2019	Unmodified
Surveyors Board of Queensland	PKF Hacketts	25.07.2019	Unmodified
The Board of Trustees of Newstead House	C & N Audit Services	30.08.2019	Unmodified
Foreign-based controlled entities exempt under section 32 of the <i>Auditor-General Act 2009</i>			
Lexon Insurance Pte Ltd	PWC Singapore	28.08.2019	Unmodified
QIC European Investment Services	KPMG	27.08.2019	Unmodified
QIC US Investment Services Inc	KPMG	27.08.2019	Unmodified
QIC US Management Incorporated	KPMG	27.08.2019	Unmodified

Source: Queensland Audit Office.



E. Our assessment of financial statement preparation

In assessing the effectiveness of financial statement preparation processes, we consider three components—the year end close process, the timeliness of financial statements, and the quality of financial statements.

Year end close process

State public sector entities should have a robust year end close process to enhance the quality and timeliness of their financial reporting. This year, we assessed processes for year-end financial statement preparation against the following target dates, unless different dates were negotiated with the entity.

Figure E1
Year end financial statement preparation target dates

Process	Target date
Completing non-current asset valuations	30.04.2019
Preparing complete proforma financial statements	30.04.2019
Resolving known accounting issues	30.04.2019
Completing early close processes and agreed procedures	As agreed
Concluding all asset stocktakes	30.06.2019

Note: non-current assets are long-term investments whose full value will not be realised within a year.

Source: Queensland Audit Office.

These targets were developed based on advice previously issued by the Queensland Under Treasurer in 2014 (re-confirmed in 2018) and on better practice identified in other jurisdictions.

Rating scale	Assessment criteria—year end close process
● Fully implemented	All key processes completed by the target date
● Partially implemented	Three key processes completed within two weeks of the target date
● Not implemented	Fewer than two key processes completed within two weeks of the target date



Timeliness of draft financial statements

We assessed the timeliness of draft financial statements by considering whether entities prepared the statements according to the timetables set by management—including providing auditors with the first complete draft of the financial statements by the agreed date. A complete draft is one that management is ready to sign and where no material errors or adjustments are expected. (An error is material if it has the potential to influence the decisions made by users of the financial statements.)

Rating scale	Assessment criteria—timeliness of draft financial statements
● Timely	Acceptable draft financial statements received on or prior to the planned date
● Generally timely	Acceptable draft financial statements received within two days after the planned date
● Not timely	Acceptable draft financial statements received more than two days after the planned date

Quality of draft financial statements

We assess the quality of financial statements in terms of adjustments made between the first draft of the financial statements and the final version we receive—including adjustments to current year, prior year, and other disclosures. It indicates how effective each entity's review of the financial statements is at identifying and correcting errors.

Rating scale	Assessment criteria—quality of draft financial statements
● No adjustments	No adjustments required
● No significant adjustments	Immaterial adjustments made to financial statements
● Significant adjustments	Material adjustments made to financial statements



Results summary

The following figure summarises our assessment of the financial statement preparation processes for the 21 departments.

Figure E2
Assessment of departments' financial statement preparation processes

Entity	Financial statement preparation		
	Year end close process	Timeliness of draft financial statements	Quality of draft financial statements
Department of Aboriginal and Torres Strait Islander Partnerships	●	●	●
Department of Agriculture and Fisheries	●	●	●
Department of Child Safety, Youth and Women	●	●	●
Department of Communities, Disability Services and Seniors	●	●	●
Department of Corrective Services	●	●	●
Department of Education	●	●	●
Department of Employment, Small Business and Training	●	●	●
Department of Environment and Science	●	●	●
Department of Health	●	●	●
Department of Housing and Public Works	●	●	●
Department of Innovation, Tourism Industry Development and the Commonwealth Games*	●	●	●
Department of Justice and Attorney-General	●	●	●
Department of Local Government, Racing and Multicultural Affairs	●	●	●



Entity	Financial statement preparation		
Department of Natural Resources, Mines and Energy	●	●	●
Department of State Development, Manufacturing, Infrastructure and Planning	●	●	● #
Department of the Premier and Cabinet	●	●	●
Department of Transport and Main Roads	●	●	●
Public Safety Business Agency	●	●	●
Queensland Fire and Emergency Services	●	●	●
Queensland Police Service	●	●	●
Queensland Treasury	●	●	●

* The 2018–19 audit certified financial statements referred to the former Department of Innovation, Tourism Industry Development and the Commonwealth Games. The entity has since been renamed to the Department of Innovation and Tourism Industry Development.

Mainly relates to the department's commercialised business unit, Economic Development Queensland's reclassification of land inventories from current to non-current; and also that entity's tax adjustments affecting income tax equivalent expense and deferred tax equivalent assets. Economic Development Queensland is consolidated into the department's financial statements.

Source: Queensland Audit Office.



F. Financial statement preparation maturity model 2019

The Queensland Audit Office has developed a financial statement preparation maturity model, which will replace our previous assessment processes from 2019–20 on. The model can be adapted for entities of different sizes and circumstances, and it responds to client-specific factors that influence reporting practices across the public sector.

The model enables entities to set their target maturity level and focus on key areas for development. It also facilitates the sharing of better practices across the public sector.

The model builds on our previous financial reporting assessment processes, fact sheets, and reports to entities and parliament. It outlines the components that result in high-quality and timely financial reports and provides a maturity assessment for each component.

		Level of maturity			
		←	→		
		Developing	Established	Integrated	Optimised
Component	Quality month end processes and reporting				
	Early financial statement close processes				
	Skilled financial statement preparation processes and use of appropriate technology				
	Timely identification and resolution of financial reporting matters				

Entities should set the level of maturity that reflects their size, complexity, age, and structure.

QAO does not expect that all entities will sit in the integrated and optimised categories or always aim to be in those categories. The cost of moving categories should always be considered in the context of the benefits provided.

Entities should establish an expectation of maturity that is appropriate for their business. The desired positioning of maturity will differ depending on the size, complexity, and available resources of each entity.

We encourage entities to perform a self-assessment to determine their expected level of maturity and benchmark their actual level of maturity against that.

Our reporting on the results

A model that involves principle-based assessment involves a level of judgement. We recognise that we will need to discuss our judgements with entities and consider entities' self-assessments.

The outcomes of assessments will be reported to those charged with governance in our management letters and closing report. We will continue to report deficiencies and significant deficiencies in internal controls and financial reporting processes. We will choose where we report these matters, depending on their magnitude and potential impact.

Any themes emerging across the public sector, including better practices, may also be included in reports to parliament.



G. Entities not preparing financial statements

For each state public sector company other than government-owned corporations, the board of directors considers the requirements of the *Corporations Act 2001* to determine whether financial statements need to be prepared. The board must revisit the assessment every three years or whenever a significant change occurs.

When entities are part of a larger group and are secured by a deed of cross guarantee (with other entities in that group agreeing to cover debts), they are not required to prepare financial statements. Small companies that meet specific criteria under the *Corporations Act 2001* also do not have to prepare financial statements.

Accordingly, the Auditor-General will not issue audit opinions for the following controlled public sector entities for 2018–19, as they have not produced a financial report.

Figure G1
Entities not producing financial statements

Public sector entity	Reason for not preparing financial statements
Controlled entities of CS Energy Limited	
Aberdare Collieries Pty Ltd	Deed of cross guarantee ASIC order
Callide Energy Pty Ltd	Deed of cross guarantee ASIC order
CS Energy Group Holdings Pty Ltd	Dormant
CS Energy Group Operations Holdings Pty Ltd	Dormant
CS Energy Kogan Creek Pty Ltd	Deed of cross guarantee ASIC order
CS Energy Oxyfuel Pty Ltd	Deed of cross guarantee ASIC order
CS Kogan (Australia) Pty Ltd	Deed of cross guarantee ASIC order
Kogan Creek Power Pty Ltd	Deed of cross guarantee ASIC order
Kogan Creek Power Station Pty Ltd	Deed of cross guarantee ASIC order
Controlled entities of Energy Queensland Limited	
Energex Limited	Deed of cross guarantee ASIC order
Ergon Energy Corporation Limited	Deed of cross guarantee ASIC order
Ergon Energy Telecommunications Pty Ltd	Non-reporting
Metering Dynamics Pty Ltd (previously Metering Dynamics Business Support Pty Ltd)	Deed of cross guarantee ASIC order
SPARQ Solutions Pty Ltd	Deed of cross guarantee ASIC order

Public sector entity	Reason for not preparing financial statements
Varnsdorf Pty Ltd	Dormant
VH Operations Pty Ltd	Dormant
Yurika Pty Ltd (previously Energy Impact Pty Ltd)	Deed of cross guarantee ASIC order
Controlled entities of Gladstone Ports Corporation Limited	
Gladstone Marine Pilot Services Pty Ltd	Board of directors' determination
Gladstone WICET Operations Pty Ltd	Dormant
Controlled entities of Powerlink	
FibreCo Queensland Pty Ltd	Non-reporting
Harold Street Holdings Pty Ltd	Non-reporting
Powerlink Transmission Services Pty Ltd	Non-reporting
Controlled entities of QIC Limited	
Canberra Centre Investment Trust	Non-reporting
Canberra Centre Investments Pty Ltd	Dormant
Capital Parking Pty Ltd	Non-reporting
Claremont Retail Company Pty Ltd	Non-reporting
Eastland Property Holdings Pty Ltd	Dormant
General Fund No. 2	Dormant
Golden Reef Infrastructure LLC	Non-reporting
Innovis Investments Australia Fund	Dormant
Innovis Investments Pty Ltd	Dormant
Martin Place Management Limited	Non-reporting
Noosa Civic Trust	Non-reporting
Pacific Echo Pty Limited	Non-reporting
QACPF 555 Lonsdale Pty Ltd	Non-reporting
QACPF Big Top Pty Ltd	Non-reporting
QACPF Nerang Mall Pty Ltd	Non-reporting
QACPF No. 7 Pty Ltd	Non-reporting
QACPF Pakenham Place Pty Ltd	Non-reporting



Public sector entity	Reason for not preparing financial statements
QACPF Pittwater Place Pty Ltd	Non-reporting
QACPF The Village Mt Gravatt Pty Ltd	Non-reporting
QBDF Pty Ltd	Non-reporting
QBF No. 1 Pty Ltd	Non-reporting
QBF No. 2 Pty Ltd	Non-reporting
QGIF Carry Rebate Trust	Non-reporting
QGIF Co No. 1 Pty Ltd	Non-reporting
QGIF Co No. 1A Pty Ltd	Non-reporting
QGIF Co No. 2 Pty Ltd	Non-reporting
QGIF Co No. 2A Pty Ltd	Non-reporting
QGIF Euro Limited	Non-reporting
QGIF Felicity Holding Trust	Non-reporting
QGIF Finance Co (Australia) Pty Ltd	Non-reporting
QGIF GP Co No. 1 Inc	Non-reporting
QGIF GP Co No. 2 LLC	Non-reporting
QGIF GP Co No. 3 LLC	Non-reporting
QGIF Horizon HoldCo Limited	Non-reporting
QGIF Jar Aggregator Limited	Non-reporting
QGIF Jar Aggregator Trust	Non-reporting
QGIF Obligor No. 5A Ltd	Non-reporting
QGIF Obligor No. 5B Ltd	Non-reporting
QGIF Security No. 1 Trust	Non-reporting
QGIF Security No. 2 Trust	Non-reporting
QGIF Security No. 3 Trust	Non-reporting
QGIF Security No. 4 Trust	Non-reporting
QGIF Security No. 5A Trust	Non-reporting
QGIF Security No. 5B Trust	Non-reporting
QIC (UK) Management Limited	Dormant

Public sector entity	Reason for not preparing financial statements
QIC Active Currency Trust (party to Lehman's claims)	Non-reporting
QIC Asia Diversified Property Fund	Non-reporting
QIC Asia Real Estate Investments Pty Ltd	Non-reporting
QIC Brisbane Airport Infrastructure Trust	Non-reporting
QIC Brisbane Airport Queensland Government Clients Trust	Non-reporting
QIC Business Development Fund	Non-reporting
QIC CM Pty Ltd	Non-reporting
QIC Coomera Pty Ltd	Non-reporting
QIC Corporate Management, Inc	Non-reporting
QIC CRCHUM Trust	Non-reporting
QIC Developments Pty Ltd	Non-reporting
QIC Epping Pty Ltd	Non-reporting
QIC Epping Trust	Non-reporting
QIC Europe Retail fund	Non-reporting
QIC Finance (Property Fund) Pty Ltd	Non-reporting
QIC Global Infrastructure (US), Inc	Non-reporting
QIC Global Infrastructure Fund Europe AIV A Ltd	Non-reporting
QIC Global Infrastructure Fund Europe AIV B Ltd	Non-reporting
QIC Global Infrastructure Fund Feeder GP Limited	Non-reporting
QIC Global Strategy Trust No. 2	Non-reporting
QIC Global Strategy Trust No. 2B	Non-reporting
QIC GP Holding Trust	Dormant
QIC GRE Management (US) Inc	Dormant
QIC Helensvale Pty Ltd	Non-reporting
QIC Helensvale Trust	Non-reporting
QIC Hi Yield Pty Ltd	Dormant
QIC Infrastructure Management No. 2 Pty Ltd	Non-reporting



Public sector entity	Reason for not preparing financial statements
QIC Infrastructure Management No. 3 Pty Ltd	Non-reporting
QIC Infrastructure Management No. 4 Pty Ltd	Non-reporting
QIC Infrastructure Management Pty Ltd	Non-reporting
QIC Initial Unitholder Pty Ltd	Non-reporting
QIC International Equities Absolute Return Fund	Non-reporting
QIC International Equities Trust	Non-reporting
QIC International Real Estate Investments Pty Ltd	Non-reporting
QIC Investments No. 1 Pty Ltd	Non-reporting
QIC Investments No. 2 Pty Ltd	Non-reporting
QIC Investments No. 3 Pty Ltd	Non-reporting
QIC Liquid Alternatives Fund H	Non-reporting
QIC Logan Hyperdome (No. 2) Pty Ltd	Non-reporting
QIC Logan Hyperdome Pty Ltd	Non-reporting
QIC Merrifield Pty Ltd	Non-reporting
QIC Merry Hill Pty Ltd	Non-reporting
QIC Non-Member Manager LLC	Non-reporting
QIC Noosa Civic Pty Ltd	Non-reporting
QIC North America Investments Pty Ltd	Non-reporting
QIC North Asia Real Estate Investment Pty Ltd	Non-reporting
QIC NZ Power Trust No. 3	Non-reporting
QIC NZ Power Trust No. 4	Non-reporting
QIC Parking and Mobility LP	Non-reporting
QIC PPP Trust	Non-reporting
QIC Private Equity Fund (DF)	Non-reporting
QIC Properties US, Inc	Non-reporting
QIC Property Management Pty Ltd	Non-reporting
QIC Real Estate Pty Ltd	Dormant
QIC Retail (No. 2) Pty Ltd	Non-reporting



Public sector entity	Reason for not preparing financial statements
QIC Retail Pty Ltd	Non-reporting
QIC Ringwood Pty Ltd	Non-reporting
QIC Robina Pty Ltd	Non-reporting
QIC Strategy Fund No. 3	Non-reporting
QIC Tollroad Investment Fund No. 1	Non-reporting
QIC Tollroads Fund No. 1	Non-reporting
QIC Toowoomba Pty Ltd	Non-reporting
QIC UK No. 1 Holding Limited	Non-reporting
QIC UK Retail Fund	Dormant
QIC US Infrastructure Fund No. 1	Non-reporting
QIC US Infrastructure Fund No. 2	Non-reporting
QIC US Power Trust No. 1	Non-reporting
QIC US Power Trust No. 2	Non-reporting
QIC US Private Equity LLC	Non-reporting
QIC US Private Equity No. 2 LLC	Non-reporting
QIC US Regional Shopping Centre Fund LP	Non-reporting
QIC US Shopping Center Fund No. 1 GP LLC	Non-reporting
QIC Werribee Pty Ltd	Non-reporting
QIC Werribee Trust	Non-reporting
QIC Westpoint Pty Ltd	Non-reporting
QICP Properties US Inc.	Non-reporting
QLQ Trust No. 2	Non-reporting
QLQ Trust No. 3	Non-reporting
QPC Investments No. 1 Pty Ltd	Non-reporting
Queensland BioCapital Fund No. 1	Non-reporting
Queensland BioCapital Fund No. 2	Non-reporting
Queensland BioCapital Funds Pty Ltd	Non-reporting



Public sector entity	Reason for not preparing financial statements
Queensland Motorways Properties Pty Ltd (warranty purposes)	Non-reporting
Rancho Mall, NE, LLC	Non-reporting
South Bay Managing Member LLC	Non-reporting
TIF3 Pty Ltd	Non-reporting
Watergardens Pty Limited	Non-reporting
Controlled entities of North Queensland Bulk Ports Limited	
Mackay Ports Limited	Dormant
Ports Corporation of Queensland Limited	Dormant
Controlled entities of Queensland Rail Limited	
On Track Insurance Pty Ltd	Non-reporting
Controlled entities of Stanwell Corporation Limited	
Energy Portfolio 1 Pty Ltd	Dormant
Glen Wilga Coal Pty Ltd	Dormant
Goondi Energy Pty Ltd	Non-reporting
Mica Creek Pty Ltd	Deed of cross guarantee ASIC order
SCL North West Pty Ltd	Deed of cross guarantee ASIC order
Tarong Energy Corporation Pty Ltd	Dormant
Tarong Fuel Pty Ltd	Deed of cross guarantee ASIC order
Tarong North Pty Ltd	Non-reporting
TEC Coal Pty Ltd	Deed of cross guarantee ASIC order
TN Power Pty Ltd	Deed of cross guarantee ASIC order
Controlled entities of Sunwater Limited	
Burnett Water Pty Ltd	Non-reporting
Eungella Water Pipeline Pty Ltd	Non-reporting
North West Queensland Water Pipeline Pty Ltd	Non-reporting
Other	
Asia Pacific Screen Awards Ltd	Non-reporting

Public sector entity	Reason for not preparing financial statements
City North Infrastructure Pty Ltd	Dormant
Department of Youth Justice	Non-reporting
Disaster Appeals Trust Fund	Dormant
Endpoint IQ Pty Ltd	Dormant
genomiQa Pty Ltd	Non-reporting
Network Infrastructure Company Pty Ltd	Dormant
Q-Gen Pty Limited	Dormant
Queensland Airport Holdings (Cairns) Pty Ltd	Dormant
Queensland Airport Holdings (Mackay) Pty Ltd	Dormant
Queensland Trade and Investment Office Pty Ltd	Dormant
Sunshine Locos Pty Limited	Dormant
Tropical Australian Academic Health Centre Limited	Non-reporting
Vaccine Solutions Pty Ltd	Non-reporting

Source: Queensland Audit Office.



H. Audits not finished

The following financial statement audits were not finished as at time of tabling of the report.

Entity	Financial year
Aboriginal Centre for the Performing Arts Pty Ltd*	2018–19
Babinda Swamp Drainage Board	
Bollon South Water Authority	
Brigooda Water Board	
Burdekin Shire River Improvement Trust	
Cairns River Improvement Trust	
Don River Improvement Trust	
East Deeral Drainage Board	
Eugun Bore Water Authority	
Herbert River Improvement Trust	
Ingie Water Authority	
Orchard Creek and East Euramo Drainage Board	
Premier's Disaster Relief Appeal Fund*	
QIC US Regional Mall Fund No. 1*	
QIC US Regional Mall Fund No. 2*	
Queensland Trust for Nature Fund	
Scenic Rim Rivers Improvement Trust	
Silkwood Drainage Board	
South Maroochy Drainage Board	
Sunshine Coast Health Institute*	
Wambo Shire River Improvement Trust	
Whitsunday Rivers Improvement Trust	
Bollon South Water Authority	2017–18
Burdekin Shire Rivers Improvement Trust	
Eugun Bore Water Authority	
Herbert River Improvement Trust	
Whitsunday Rivers Improvement Trust	
Bollon South Water Authority	2016–17
Eugun Bore Water Authority	
Herbert River Improvement Trust	
Bollon South Water Authority	2015–16
Eugun Bore Water Authority	
Herbert River Improvement Trust	

* these entities either have a legislative deadline of 31 Dec or have no legislative deadlines

I. Glossary

Term	Definition
Accountability	The responsibility of public sector entities to achieve their objectives of delivering reliable financial reporting, effective and efficient operations, compliance with applicable laws, and reports to interested parties.
Accrual basis of accounting	The effects of transactions and other events are recognised when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.
<i>Auditor-General Act 2009</i>	An Act of the State of Queensland that establishes the responsibilities of the Auditor-General, the operation of the Queensland Audit Office, the nature and scope of audits to be conducted, and the relationship of the Auditor-General with parliament.
Australian accounting standards	The rules by which financial statements are prepared in Australia. These standards ensure consistency in measuring and reporting on similar transactions.
Australian Accounting Standards Board (AASB)	An Australian Government agency that develops and maintains accounting standards applicable to entities in the private and public sectors of the Australian economy.
Capital expenditure	Expenditure to acquire assets or improve the service potential of existing assets that are capitalised to the balance sheet (which means that the cost of the assets can be allocated over the years for which the asset will be in use).
Controlled entities	The capacity of an entity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of another entity to enable that other entity to operate with it in achieving the objectives of the controlling entity.
Deficiency	When internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.
Depreciation	The systematic allocation of a fixed asset's value as an expense over its expected useful life, to take account of normal usage, obsolescence, or the passage of time.
Emphasis of matter	A paragraph included with an audit opinion to highlight an issue of which the auditor believes the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not modify the audit opinion.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.
Going concern	An entity that is a going concern is expected to be able to pay its debts as and when they fall due, and to continue to operate without any intention or necessity to liquidate or wind up its operations.



Term	Definition
Key audit matter	Those matters that, in the auditor’s professional judgement, were of most significance in the audit of the financial report of the current period. Key audit matters are selected from matters communicated with those charged with governance.
Misstatement	A difference between the amount, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.
Modified audit opinion	A modified opinion is expressed when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and, as a result, are not accurate and reliable.
Net assets	Total assets less total liabilities.
Net debt	Total borrowings less cash.
Non-current asset	Non-current assets are an entity’s long-term investments, where the full value will not be realised within the year. These assets are capitalised rather than expensed, meaning that the cost of the asset can be allocated over the number of years for which the asset will be in use, instead of allocating the entire cost to the year in which the asset was purchased.
Qualified audit opinion	<p>An opinion issued when the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion.</p> <p>These exceptions could be the effect of a disagreement with those charged with governance, a conflict between applicable financial reporting frameworks, or a limitation on scope that is considered material to an element of the financial report.</p>
Related party	A related party is a person or an entity that is related to the entity that is preparing its financial statements, or a member of its key management personnel.
Significant deficiency	A deficiency, or combination of deficiencies, in an internal control, that requires immediate remedial action.
Unmodified audit opinion	An unmodified opinion is expressed when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.
Useful life	The number of years an entity expects to use an asset (not the maximum period possible for the asset to exist).



Report cost

This report cost \$120,000 to produce.

Copyright



© The State of Queensland (Queensland Audit Office) 2019.

The Queensland Government supports and encourages the dissemination of its information. The copyright in this publication is licensed under a Creative Commons Attribution-Non-Commercial-No Derivatives (CC BY-NC-ND) 3.0 Australia licence.



To view this licence visit <https://creativecommons.org/licenses/by-nc-nd/3.0/au/>

Under this licence you are free, without having to seek permission from QAO, to use this publication in accordance with the licence terms. For permissions beyond the scope of this licence contact copyright@qao.qld.gov.au

Content from this work should be attributed as: The State of Queensland (Queensland Audit Office) Report 8: 2019–20 Queensland state government entities: 2018–19 results of financial audits, available under [CC BY-NC-ND 3.0 Australia](https://creativecommons.org/licenses/by-nc-nd/3.0/au/)

Front cover image is stock photograph purchased by QAO.

ISSN 1834-1128.



qao.qld.gov.au/reports-resources/parliament



- Suggest a performance audit topic
- Contribute to a performance audit in progress
- Subscribe to news and QAO's blog
- Connect with QAO on LinkedIn

T: (07) 3149 6000
M: qao@qao.qld.gov.au
W: qao.qld.gov.au
53 Albert Street, Brisbane Qld 4000
PO Box 15396, City East Qld 4002

