



 Engage

 Respect

 Inspire

 Deliver

Queensland Audit Office

Live stream for audit committee chairs

16 June 2020

Presenters

Brendan Worrall, Auditor-General

Pat Flemming, Assistant Auditor-General

Rachel Vagg, Assistant Auditor-General

COVID-19 response and support

- Of utmost importance has been maintaining our relationships and continuing our audit services with quality engagement.
- Endeavoured to understand the challenges our clients were or are facing to adapt our work.
- Supported government on its program responses to COVID-19.
- Planning an overview of government's response including a summary of funding and key initiatives.
- Timely advice via our blog and fact sheets.
- Participated in an integrity agencies joint advisory group.

Would like to hear your feedback on the support or insights you need from us for the next period

www.qao.qld.gov.au/blog



Operational controls & new work arrangements



Controls during a global pandemic



Valuation considerations



Managing investments in times of volatility



Cyber security risks

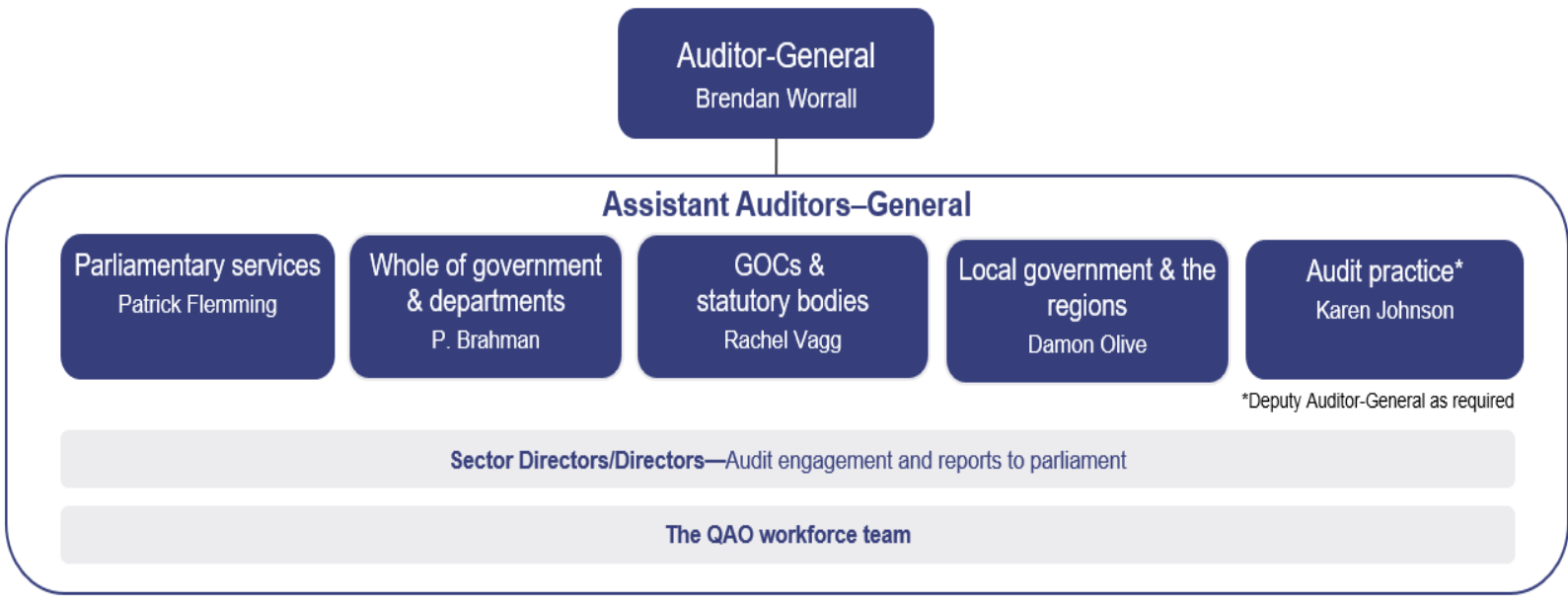


Cash flow management



How we are working with you

Our new leadership team



*Deputy Auditor-General as required



Executive management group



Strategic audit planning

Revisiting our audit program to ensure we look at the right aspects of government service delivery at the right time.

Changes will be published via our website.

Strategic Audit Plan 2021-24 early next year.

New types of reports to parliament

Continue to evolve to meet client needs:

- flexibility for timely deliverables
- varying needs public knowledge and accountability.



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Key focus areas relating to COVID-19




On-track for 31 August and 31 October audits.

Public sector entities have mostly continued according to their timetables and communication continues to be strong.



Emerging areas of risk:

- Going concern
- ‘Everyday’ internal controls
- Information technology and cyber security
- Valuation of property, plant and equipment
- Accounting for lease
- Impairment of receivables
- Fair value of financial assets and financial liabilities
- Financial statement disclosure.



Fact sheet

What to do when government restrictions prevent site access by external valuers

The challenge

The restrictions recently implemented to prevent the spread of the coronavirus may affect asset valuation work scheduled for the year ending 30 June 2020. This is particularly a risk for remote communities that are in lockdown.

This fact sheet outlines both challenges and opportunities for entities and their auditors where physical inspections by expert valuers are restricted from fair valuing physical assets using current replacement cost.

AASB 116 *Property, Plant and Equipment* requires entities to undertake revaluations with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. The standard indicates a maximum period between revaluations of five years. It has been our long-standing opinion that indexations are insufficient on their own once the entity has used them for a period exceeding five years (and sometimes for shorter periods as well). The indices used are regional averages for broad asset classes, rather than asset specific, and fail to address other factors that impact fair value such as changes in asset condition that depreciation expense has not adequately measured.

In the next section we supply a potential alternative to site visits by external valuers that, if properly implemented, could provide sufficient support for valuations. We are also open to considering any other solutions. Please continue to discuss asset valuation options with your engagement leader.

Queensland
Audit Office
Better public services

www.qao.qld.gov.au/reports-resources/fact-sheets



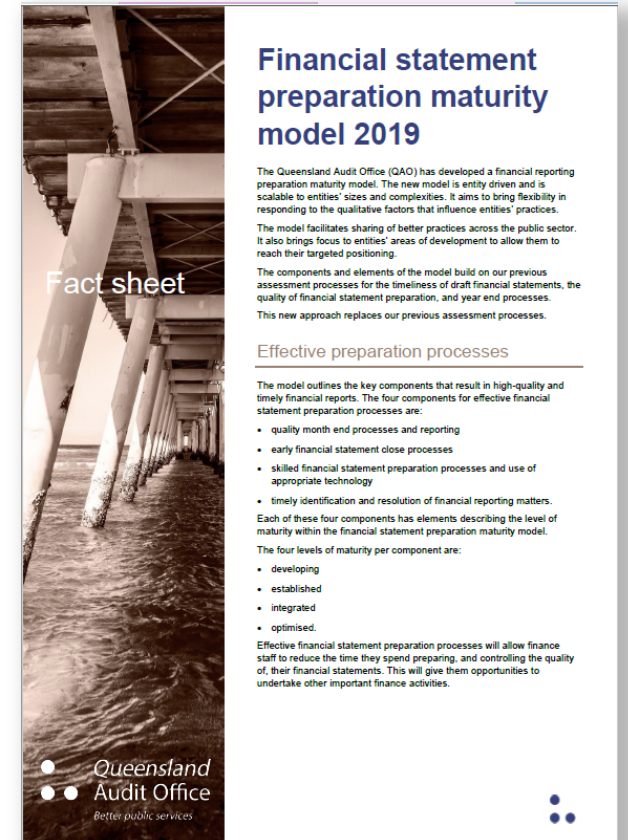
Our reports

Our reporting program:

- Performance audits
- Topic overviews
- Information briefs
- Auditor-General's insights
- Sector reports.

Key areas of focus:

- Financial statement maturity model
- Liabilities from legislative changes
- Climate change
- Grant management
- COVID-19.



Financial statement preparation maturity model 2019

The Queensland Audit Office (QAO) has developed a financial reporting preparation maturity model. The new model is entity driven and is scalable to entities' sizes and complexities. It aims to bring flexibility in responding to the qualitative factors that influence entities' practices.

The model facilitates sharing of better practices across the public sector. It also brings focus to entities' areas of development to allow them to reach their targeted positioning.

The components and elements of the model build on our previous assessment processes for the timeliness of draft financial statements, the quality of financial statement preparation, and year end processes. This new approach replaces our previous assessment processes.

Effective preparation processes

The model outlines the key components that result in high-quality and timely financial reports. The four components for effective financial statement preparation processes are:

- 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.

Each of these four components has elements describing the level of maturity within the financial statement preparation maturity model.

The four levels of maturity per component are:

- developing
- established
- integrated
- optimised.

Effective financial statement preparation processes will allow finance staff to reduce the time they spend preparing, and controlling the quality of, their financial statements. This will give them opportunities to undertake other important finance activities.

Queensland Audit Office
Better public services

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Effectiveness of audit committees

Upcoming report on effectiveness of audit committees in state entities—departments and statutory bodies.

Effective audit committees provide insights from their experience, promote accountability, integrity and transparency.

Actions for:

- Audit committees
- Audit committee chairs
- Chief executives
- Central government.



State entities: July 2020



Local government: 2021 or 2022



Report style and data presentations

Education financial information for 2019	+
Local government financial information for 2019 and 2018	+
Hospital and health service financial information for 2019	+

Search the map

Search by address

Universities

- » Central Queensland University
- » Griffith University
- » James Cook University
- » Queensland University of Technology
- » The University of Queensland
- » University of Southern Queensland
- » University of the Sunshine Coast

Grammar Schools

- » Brisbane Girls Grammar School
- » Brisbane Grammar School
- » Ipswich Girls Grammar School
- » Ipswich Grammar School
- » Rockhampton Girls Grammar School
- » Rockhampton Grammar School
- » Toowoomba Grammar School
- » Townsville Grammar School

Organisations

- » Department of Education
- » Department of Employment, Small Business and Training
- » TAFE Queensland

Select education regions from list

Central Queensland	Metropolitan	North Queensland
Darling Downs South West	North Coast	South East
Far North Queensland		



Central Queensland

321K PEOPLE
 46.7K AVERAGE INCOME
 38.9 AVERAGE AGE

This demographic data was sourced from the [Australian Bureau of Statistics](#) and represents the average of median statistics for the local government areas that make up this region

In this region

Click on an organisation for more details about its finances

		6 CAMPUSES**	190 SCHOOLS	54.6K STUDENTS	7.2K STAFF (FTE)
Universities	Central Queensland University	5		5,348.5	1,186.3
	James Cook University	1		78	35
Schools	Rockhampton Grammar School		1	1,336	277.4
	Rockhampton Girls Grammar School		1	286	54.1
Other Institutions	Department of Education		188	47,554.1	5,659.1
	Department of Employment, Small Business and Training	0		-	-
	TAFE Queensland	0		0	0

** Includes locations where education is delivered by third party providers



www.qao.qld.gov.au/reports-resources/interactive-dashboards

**Live Q&A and closing
remarks**



● *Queensland*

● ● **Audit Office**

Better public services