

# Financial statements, independent auditor's report, and performance statement

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We continue to operate as a sustainable and contemporary public sector audit practice.

The following pages of this report contain the:

- Queensland Audit Office's financial statements
- Independent auditor's report from Hall Chadwick Queensland
- Queensland Audit Office's performance statement.



# Financial statements and independent auditor's report

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## Queensland Audit Office Financial Statements For the year ended 30 June 2021

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### General Information

These financial statements cover the Queensland Audit Office (QAO) for the 2020-21 financial year. QAO is established under the *Auditor-General Act 2009* to provide independent, valued assurance and insights.

QAO is a not-for-profit entity with the objective to strengthen public sector accountability by providing independent audit services, including reporting to Parliament. QAO is a department for financial reporting purposes (as described in the *Financial Accountability Act 2009*) and is consolidated into the Report on State Finances of the Queensland Government.

The principal place of business is:

Level 13, 53 Albert Street  
BRISBANE QLD 4000

For information relating to QAO's financial report please:

- call (07) 3149 6000,
- email [enquiries@qao.qld.gov.au](mailto:enquiries@qao.qld.gov.au)
- or visit the QAO's internet site [www.qao.qld.gov.au](http://www.qao.qld.gov.au).



**Queensland Audit Office**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2021**

	Notes	2021 Actual \$'000	2021 Original Budget \$'000	Budget Variance* \$'000	2020 Actual \$'000
<b>Income from Continuing Operations</b>					
Audit fees	2(i)	38,952	39,130	(178)	36,965
Appropriation revenue for services	2(ii)	6,588	6,598	(10)	7,143
Other revenue	2(iii)	212	207	5	365
<b>Total Income from Continuing Operations</b>		<b>45,752</b>	<b>45,935</b>	<b>(183)</b>	<b>44,473</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	3	23,807	24,890	(1,083)	23,858
Supplies and services	4	19,511	19,155	356	19,039
Depreciation and amortisation	8 (b)	408	408	..	405
Other expenses	5	444	504	(60)	448
<b>Total Expenses from Continuing Operations</b>		<b>44,170</b>	<b>44,957</b>	<b>(787)</b>	<b>43,750</b>
<b>Total Operating Result from Continuing Operations/Comprehensive Income</b>		<b>1,582</b>	<b>978</b>	<b>604</b>	<b>723</b>

*\*An explanation of major variances is included at Note 11*

*The accompanying notes form part of these statements.*

**Queensland Audit Office**  
**Statement of Financial Position**  
**As at 30 June 2021**

	Notes	2021 Actual \$'000	2020 Actual \$'000
<b>Current Assets</b>			
Cash and cash equivalents	1(d)	6,939	7,147
Work in progress	6	5,946	3,743
Receivables	7	2,768	3,451
Other current assets		662	565
<b>Total Current Assets</b>		<b>16,315</b>	<b>14,906</b>
<b>Non-Current Assets</b>			
Plant and equipment	8(c)(i)	138	153
Intangible assets	8(c)(ii)	2	318
<b>Total Non-Current Assets</b>		<b>140</b>	<b>471</b>
<b>Total Assets</b>		<b>16,455</b>	<b>15,377</b>
<b>Current Liabilities - Payables and accruals</b>	9	1,347	1,851
<b>Total Liabilities</b>		<b>1,347</b>	<b>1,851</b>
<b>Net Assets</b>		<b>15,108</b>	<b>13,526</b>
<b>Equity</b>			
Contributed equity		5,183	5,183
Accumulated surplus		9,925	8,343
<b>Total Equity</b>		<b>15,108</b>	<b>13,526</b>

*The accompanying notes form part of these statements.*



**Queensland Audit Office**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

	Notes	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
<b>Balance as at 1 July 2020</b>		8,343	5,183	13,526
Operating result from continuing operations		1,582	..	1,582
<b>Balance as at 30 June 2021</b>		<b>9,925</b>	<b>5,183</b>	<b>15,108</b>
<b>Balance as at 1 July 2019</b>		7,603	5,183	12,786
Effect of changes in accounting policy AASB 16		17	..	17
<b>Restated Balance as at 1 July 2019</b>		<b>7,620</b>	<b>5,183</b>	<b>12,803</b>
Operating result from continuing operations		723		723
<b>Balance as at 30 June 2020</b>		<b>8,343</b>	<b>5,183</b>	<b>13,526</b>

*The accompanying notes form part of these statements.*



**Queensland Audit Office**  
**Statement of Cash Flows**  
**For the year ended 30 June 2021**

	Notes	2021 Actual \$'000	2020 Actual \$'000
<b>Cash Flows from Operating Activities</b>			
<i>Inflows:</i>			
Audit fees		39,538	36,499
Appropriation revenue for services		6,598	7,143
GST input tax credits from ATO		1,870	2,026
GST collected from customers		3,695	3,701
Other revenue		28	152
<i>Outflows:</i>			
Employee expenses		(23,484)	(24,210)
Supplies and services		(22,422)	(19,375)
GST paid to suppliers		(1,998)	(1,924)
GST remitted to ATO		(3,720)	(3,803)
Other expenses		(236)	(225)
<b>Net Cash Provided by / (Used in) Operating Activities</b>	14	<b>(131)</b>	<b>(16)</b>
<b>Net Cash used in Investing Activities –</b>			
Payments for plant and equipment and intangibles		(77)	(26)
Net increase / (decrease) in cash and cash equivalents		(208)	(42)
Cash and cash equivalents at beginning of financial year		7,147	7,189
<b>Cash and Cash Equivalents at End of Financial Year</b>		<b>6,939</b>	<b>7,147</b>

*The accompanying notes form part of these statements.*



**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

QAO supports the statutory role and functions of the Auditor-General, who is parliament’s auditor for all state and local government entities. The Auditor-General is fully independent, appointed by the Queensland Governor in Council for a seven-year term. Our work is governed by the *Auditor-General Act 2009* and guided by Australian auditing and accounting standards.

The Auditor-General’s mandate includes annual financial audits and performance audits. We also conduct investigations about financial waste and mismanagement, and report on “better practice” ways that many entities or local governments can improve performance and service delivery. The outcomes from our work include:

- Improved public sector and local government financial management and reporting
- Maintaining confidence in financial accountability transparency, and reporting
- Supporting Queenslanders by providing recommendations to our clients on how they can improve their delivery of better public services
- Providing parliament with independent assurance over the performance of the public sector.

Financial audits are performed on a fee for service basis and account for approximately 85 per cent of QAO’s revenue. To assist in executing our mandate, QAO engages private sector audit firms to undertake around 33 per cent of our work. These contracted firms are agents of the Auditor-General and their services are led and overseen by QAO.

The balance of QAO’s revenue comes from parliamentary appropriation which is for remuneration of the Auditor-General, reports to parliament, performance audits and investigation of matters referred to us. Apart from the Auditor-General, all of QAO’s staff are employed under the *Public Service Act 2008*. The parliamentary Economics and Governance Committee provides oversight of the Auditor-General and QAO.

## 1. Summary of Significant Accounting Policies

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

### (a) Statement of compliance

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

- section 38 of the *Financial and Performance Management Standard 2019*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury’s Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020.

The historical cost convention is used unless otherwise stated. Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

### (b) Currency and Rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is less than \$500, to zero unless disclosure of the full amount is specifically required.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

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

**(c) Taxation**

QAO is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses, and assets are recognised exclusive of GST, except:

- receivables and payables, which include input tax credits and GST payable, and the net amount due to or receivable from the Australian Tax Office (ATO)
- where the amount incurred is not recoverable from the ATO.

The GST components of cash flows arising from investing activities which are recoverable from, or payable to the ATO are included as operating cash flows.

**(d) Cash and cash equivalents**

Cash assets comprise funds at call with the Commonwealth Bank of Australia.

**(e) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(e) Issuance of financial statements**

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



**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

## 2. Revenue

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

QAO also receives parliamentary appropriation for:

- the position of the Auditor-General
- the conduct of performance audits
- reporting to Parliament on the results of financial and performance audits
- providing advice and assistance to the Parliament and central agencies
- preparation of the Forward Work Plan
- investigating matters referred in relation to financial waste and mismanagement.

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

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

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

QAO recognises appropriation revenue in the year when the services are performed, which matches the timing of cash transfers made by Queensland Treasury under the *Appropriation (Parliament) Bill 2020*.

	2021 \$'000	2020 \$'000
Revenue		
Budgeted appropriation	6,598	6,922
Queensland Treasury adjustments	(10)	221
<b>Total</b>	<b>6,588</b>	<b>7,143</b>

The reduction in budgeted appropriation from 2020 to 2021 reflects decisions made in the Queensland Government Debt and Savings Plan.

The adjustment to appropriation from the amount set out in the *Appropriation (2020-2021) Bill 2020* was for a Microsoft Core Client Access License (CAL).

### (iii) Other Revenue

	2021 \$'000	2020 \$'000
Other revenue		
Storage services received free of charge	199	198
Miscellaneous receipts	13	167
<b>Total</b>	<b>212</b>	<b>365</b>

Miscellaneous receipts consist of amounts recovered from other audit offices for their share of services including –audit software support.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

**3. Employee Expenses**

	Note	2021 \$'000	2020 \$'000
<b>Employee Benefits</b>			
Wages, salaries and sick leave		18,783	18,690
Annual leave levy	3(ii)	1,805	1,908
Long service leave levy	3(ii)	469	449
Employer superannuation contributions		2,560	2,507
Fringe benefits tax		70	70
Voluntary early retirements		17	145
<b>Total Employee Benefits</b>		<b>23,704</b>	<b>23,769</b>
<b>Employee Related Expenses</b>			
WorkCover Queensland premium		42	36
Employee expenses – other		61	53
<b>Total Employee Related Expenses</b>		<b>103</b>	<b>89</b>
<b>Total</b>		<b>23,807</b>	<b>23,858</b>

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

	2021	2020
Number of employees as at 30 June (based upon the fortnight ending 2 July 2021)	182	190

**(a) Employee benefits**

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

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

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

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

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

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

QAO does not recognise a provision for annual leave or long service leave as these liabilities are held and disclosed in the Report on State Finances of the Queensland Government pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

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### 3. Employee Expenses (continued)

#### (iii) Superannuation

Superannuation is provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

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

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

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

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

Details of key executive management personnel are disclosed in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies. Key executive management personnel encompass positions which form part of the Executive Management Group. This group had the authority and responsibility for planning, directing and controlling the activities of the QAO during 2020–21.

**Auditor-General** – undertakes financial and performance audits of Queensland state and local government entities and provides Parliament with independent assurance of public sector accountability and performance as defined in the *Auditor-General Act 2009*.

**Deputy Auditor-General** – the statutory role of Deputy Auditor-General is only filled when the Auditor-General is unavailable – the Deputy Auditor-General then acts as Auditor-General.

**Assistant Auditors-General** – lead and set the strategic direction of client services, parliamentary services and audit practice.

Further information on these positions is in the QAO Annual Report under the Leadership and Governance section.

##### (ii) Remuneration

The remuneration policy for QAO's key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008* and the *Auditor-General Act 2009*.

Individual remuneration and other terms of employment are specified in employment contracts.

Remuneration packages comprise the following components:

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

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

### 3. Employee Expenses (continued)

#### (ii) Remuneration (continued)

- long term employee benefits include long service leave accrued
- post-employment benefits include superannuation contributions
- redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payments in lieu of notice on termination regardless of the reason for termination
- performance bonuses are not paid under the current contracts.

Total fixed remuneration is calculated on a total 'cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits.

Position	Name	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Total Remuneration
		Base	Non-Monetary			
		\$'000	\$'000			
<b>1 July 2020 – 30 June 2021</b>						
Auditor-General	B Worrall	482	12	11	57	562
Deputy Auditor-General (when required) & Assistant Auditor-General	K Johnson	282	12	6	29	329
Assistant Auditor-General	P Brahman	274	12	6	32	324
Assistant Auditor-General	P Flemming	239	12	4	26	281
Assistant Auditor-General	D Olive	228	12	4	23	267
Assistant Auditor-General	R Vagg	245	12	4	25	286
<b>Total 2021</b>						<b>2,049</b>
<b>1 July 2019 – 30 June 2020</b>						
Auditor-General	B Worrall	468	12	11	55	546
Deputy Auditor-General * (1/7/19 – 13/12/19)	D Bird	227	11	4	16	258
Deputy Auditor-General (commencing 14/12/19) & Assistant Auditor-General	K Johnson	273	12	6	29	320
Assistant Auditor-General	P Brahman	273	12	6	31	322
Assistant Auditor-General (commencing 01/01/20)	P Flemming	112	6	3	10	131
Assistant Auditor-General (commencing 01/01/20)	D Olive	109	6	3	10	128
Assistant Auditor-General (commencing 01/01/20)	R Vagg	112	6	3	11	132
<b>Total 2020</b>						<b>1,837</b>

2019-2020: \*Total remuneration includes annual and long service leave entitlements payout of \$71,131

#### (iii) Performance payments

No KMP remuneration packages provide for performance or bonus payments.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

### 3. Employee Expenses (continued)

#### (iv) Related Party Transactions

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

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

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

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

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

QAO pays work cover premium to WorkCover Queensland as per Note 3.

QAO pays rent and office services to Department of Energy and Public Works as per Note 4.

QAO pays insurance to Queensland Government Insurance Fund (QGIF) as per Note 5.

### 4. Supplies and Services

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Payment to audit service providers	11,818	12,544
Consultants and expert advice	1,267	1,084
Payments to employment agencies for contractor personnel	1,194	1,231
Rent and office services	2,158	1,825
Information technology and minor office equipment	1,751	1,019
Staff development	220	226
Travel costs	354	495
Bureau charges	328	188
Other administrative costs	421	427
<b>Total</b>	<b>19,511</b>	<b>19,039</b>

### 5. Other Expenses

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Internal audit fees	144	147
External audit fees*	33	29
Insurance premiums – QGIF	60	50
Storage services received free of charge	199	198
Other expenses	8	24
<b>Total</b>	<b>444</b>	<b>448</b>

\* Total audit fees due to Hall Chadwick QLD relating to the 2020-21 financial year are \$32,500 (2019-20: \$32,500).

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

## 6. Work in Progress

Work in progress represents services performed but not yet invoiced and is based on:

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

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

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

- no work is disputed by clients
- no unexplained aged WIP exists
- no amounts are outstanding for entities that no longer exist, and
- good quality credit history, with our clients being Government entities.

## 7. Receivables

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees receivable	2,279	2,900
Annual leave reimbursement	440	487
Long service leave reimbursement	14	49
Other receivables	35	15
Total	<b>2,768</b>	<b>3,451</b>

Receivables are recognised when an invoice is issued and work in progress is reduced accordingly. Invoices are issued periodically, based on milestones or completion of the work. The total estimated cost of audit engagements is communicated in advance of the work commencing but may be subject to variations as the work proceeds. Invoices are due for settlement within 14 days of invoice date.

All receivables are current and expected to be fully collectible based on good credit quality and recent collection history.



**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

## 8. Plant and Equipment and Intangible Assets

### (a) Acquisition

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

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

### (b) Measurement

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

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

The depreciation and amortisation rates are:

<b>Asset class</b>	<b>Depreciation rate</b>	<b>Basis</b>	<b>Useful life</b>
Plant and equipment	12.5% to 33.3%	Straight line	3 to 8 years
<b>Intangible assets</b>	<b>Amortisation rate</b>	<b>Basis</b>	<b>Useful life</b>
Software purchased	20% to 33.3%	Straight line	3 to 5 years
Software internally generated	20% to 33.3%	Straight line	3 to 5 years

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation and Amortisation</b>		
Plant and equipment	92	82
Intangibles	316	323
<b>Total</b>	<b>408</b>	<b>405</b>

**Queensland Audit Office**  
**Notes to the Financial Statements**  
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**8. Plant and Equipment and Intangible Assets (continued)**

**(c) Impairment**

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(i) Plant and Equipment</b>		
Plant and equipment		
At cost	997	971
Accumulated depreciation	(859)	(818)
<b>Total</b>	<b>138</b>	<b>153</b>
<b><i>Plant and Equipment Reconciliation</i></b>		
Carrying amount at 1 July	153	209
Acquisitions	77	26
Disposals	(51)	..
Depreciation	(92)	(82)
Accumulated depreciation on disposal	51	..
<b>Carrying amount at 30 June</b>	<b>138</b>	<b>153</b>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(ii) Intangible Assets</b>		
Software purchased		
At cost	331	331
Accumulated amortisation	(331)	(272)
<b>Total</b>	<b>..</b>	<b>59</b>
Software internally generated		
At cost	1,968	1,968
Accumulated amortisation	(1,966)	(1,709)
<b>Total</b>	<b>2</b>	<b>259</b>
<b>Intangible Asset Total</b>	<b>2</b>	<b>318</b>
<b><i>Intangible Assets Reconciliation</i></b>		
Carrying amount at 1 July	318	641
Amortisation	(316)	(323)
<b>Carrying amount at 30 June</b>	<b>2</b>	<b>318</b>

**Queensland Audit Office**  
**Notes to the Financial Statements**  
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## 9. Payables and Accruals

Creditors are recognised on receipt of goods or services ordered and are measured at the agreed purchase or contract price including any applicable trade and other discounts when goods and services ordered are received. Amounts owing are unsecured and are generally settled on 20-day terms.

	2021 \$'000	2020 \$'000
<b>(a) Payables</b>		
Creditors	510	1,047
GST payable	251	277
GST input tax receivable	(316)	(188)
Net GST payable	(65)	89
<b>Total</b>	<b>445</b>	<b>1,136</b>
<b>(b) Accrued Employee Benefits</b>		
Annual leave levy payable	586	552
Long service leave levy payable	129	127
Other employee benefits	187	36
<b>Total</b>	<b>902</b>	<b>715</b>
<b>Total</b>	<b>1,347</b>	<b>1,851</b>

Other employee benefits include accrued salaries and wages, superannuation, paid parental leave and time in lieu.

## 10. Commitments for Expenditure

At reporting date QAO had no capital expenditure or operating lease commitments. QAO sub-leases our accommodation through an arrangement with the Department of Energy and Public Works.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

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## 11. Budgetary Reporting Disclosures

The QAO's assessment of major budget variances is in accordance with FRR 5C Budgetary Reporting Disclosures.

### (i) Explanation of Major Variances – Statement of Comprehensive Income

<i>Audit fees</i>	Audit fee revenue was \$178,000 under budget due to delays in the timing of year end work as a result of the 2021 Machinery of Government changes.
<i>Appropriation revenue</i>	Appropriation was \$10,000 under budget due to a year end Treasury adjustment.
<i>Employee Expenses</i>	Employee expenses were under budget \$1.083 million due to staff attrition and the market restraints encountered in finding suitable replacements.
<i>Supplies and services</i>	Supplies and services were over budget \$356,000 because a technology refresh was brought forward to 2021. This was partially offset by timing differences in Audit Service provider fees and lower travel costs.
<i>Other expenses</i>	Our budget included a provision for legal expenses which was not fully used.



**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

**12. Financial Instruments**

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

**(a) Classification**

<b>Financial Assets</b>	<b>Notes</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Cash and cash equivalents (fair value through profit or loss)	1 (d)	6,939	7,147
Work in progress (amortised cost)	6	5,946	3,743
Receivables (amortised cost)	7	2,768	3,451
<b>Total</b>		<b>15,653</b>	<b>14,341</b>
<b>Financial Liabilities</b> - Payables and accrued employee benefits (amortised cost)	9	<b>1,347</b>	<b>1,851</b>

**(b) Financial Risk Management**

QAO's activities expose it to credit risk and liquidity risk. Financial risk management is implemented pursuant to state government and QAO policies. These policies focus on the financial performance of QAO over the medium term. QAO is predominantly self-funded and sufficient surplus cashflow is required to reinvest in the technology required to deliver our services. QAO aims to record modest surpluses over a 2 to 3 year period to allow for this reinvestment. Primary responsibility for the management of financial risk rests with the Executive Management Group, with oversight and monitoring by the Audit and Risk Management Committee.

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

**(c) Credit Risk Exposure**

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

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

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

In the current financial and prior financial years there has been nil trade receivable write offs and therefore no financial impact of credit risk.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2021**

**12. Financial Instruments (continued)****(c) Credit Risk Exposure (continued)**

No financial assets had their terms renegotiated to prevent them from being past due or impaired and are stated at the carrying amounts as indicated. There were no individually impaired financial assets in the current or previous period.

Receivables	Ageing of Receivables (not impaired)			Total \$'000
	Less than 30 days \$'000	30-60 days \$'000	Overdue	
			61-90 days \$'000	
2021	2,542	202	24	2,768
2020	3,289	15	68	3,451

**(d) Liquidity Risk**

Liquidity risk refers to the situation where QAO may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

QAO ensures it has sufficient funds available to meet financial obligations when they fall due by maximising its bank account balance and through an approved corporate card facility with a \$200,000 limit. At year end, \$194,748 (2020: \$194,407) was available in this facility.

As at 30 June 2021, QAO's financial liabilities are all payables and accruals that fall due within 12 months.

**(e) Fair Value**

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

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

	2021 \$'000	2020 \$'000
<b>Operating Surplus</b>	<b>1,582</b>	<b>723</b>
Non-cash items included in operating result:		
Depreciation and amortisation expense	408	405
Change in assets and liabilities:		
(Increase) / decrease in work in progress	(2,203)	(169)
(Increase) / decrease in receivables	683	(396)
(Increase) / decrease in other current assets	(98)	(216)
Increase / (decrease) in payables and accruals	(537)	(94)
Increase in accrued employee benefits	187	(269)
Increase / (decrease) in GST payable	(153)	..
<b>Net Cash used in Operating Activities</b>	<b>(131)</b>	<b>(16)</b>

## Certificate of the Queensland Audit Office

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### CERTIFICATE OF THE QUEENSLAND AUDIT OFFICE

These general-purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), s.42 of the *Financial and Performance Management Standard 2019* and other prescribed requirements.

In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Audit Office for the financial year ended 30 June 2021 and of its financial position as at the end of that year
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects for financial reporting throughout the reporting period.



Karen Johnson, FCA  
Assistant Auditor-General and Chief Financial Officer  
28 July 2021



Brendan Worrall  
Auditor-General  
28 July 2021



# Independent auditor's report

**HALL CHADWICK**   
 CHARTERED ACCOUNTANTS & BUSINESS ADVISORS | QLD

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

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Queensland Audit Office, which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certificates given by the Auditor-General of Queensland and the Chief Financial Officer of Queensland Audit Office.

In our opinion, the accompanying financial report:

- (a) gives a true and fair view of the financial position as at 30 June 2021 of the Queensland Audit Office and of its financial performance and cash flows for the year then ended; and
- (b) complies with the Financial Accountability Act 2009, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

#### Basis for Opinion

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

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

#### Information Other than the Financial Report and Auditor's Report Thereon

The Accountable Officer is responsible for the other information. The other information comprises the information included in Queensland Audit Office's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Accountable Officer of the Queensland Audit Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and is appropriate to meet the requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2019. This responsibility includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Queensland Audit Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Officer.
- Conclude on the appropriateness of the Accountable Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Queensland Audit Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Queensland Audit Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Report on other legal and regulatory requirements**

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2021:

- (a) We have received all the information and explanations which we have required; and
- (b) In our opinion, the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

*Hall Chadwick*  
*M. S. Taylor*

Mark Taylor  
Director  
Hall Chadwick QLD

Dated at Brisbane this 28<sup>th</sup> day of July, 2021.

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# Performance statement

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**Queensland Audit Office  
Performance statement  
For the year ended 30 June 2021**

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## Contents

**Performance comparison—target to actual**

**Notes to and forming part of the performance statement**

### General information

This performance statement covers the Queensland Audit Office (QAO) for the 2020–21 financial year.

QAO is an office established under the *Auditor-General Act 2009* to support the Auditor-General in providing independent public sector auditing services and reporting.

The head office and principal place of business is:

Level 13, 53 Albert Street  
BRISBANE QLD 4000

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



**Queensland Audit Office**  
**Performance statement**  
**Year ended 30 June 2021**

**Performance comparison—actual to target.**

Independent public sector auditing	Notes	Target	Actual	Variance
<b>Service: Reports and advice to the parliament</b>				
<i>Effectiveness measures</i>				
Parliament's overall satisfaction with services (%)	1, 2	80	89	9 favourable
Average time taken to produce reports—results of financial audits—from applicable balance dates (months)	4, 6	6	7.4	1.4 unfavourable
Average time taken to produce reports—results of performance audits—from initiation of audits (months)	4, 6	9	10.6	1.6 unfavourable
<i>Efficiency measures</i>				
Average cost of reports tabled—results of financial audits (\$'000)	5, 6	\$140.0	\$102.3	\$37.7 favourable
Average cost of reports tabled—results of performance audits (\$'000)	5, 6	\$395.0	\$241.9	\$153.1 favourable
<b>Service: Reports and advice to the public sector</b>				
<i>Effectiveness measures</i>				
Audit entities' overall satisfaction with audit services (index points)	1, 3	80	81	favourable
<i>Efficiency measures</i>				
Average cost of financial audits—State entities (\$'000)	7	80–90	95.4	5.4 unfavourable
Average cost of financial audits—Local government entities (\$'000)	7	70–75	73.4	1.6 favourable

These measures are based on the measures in the 2020–21 Queensland State budget papers. They have been reworded for the 2021–22 Queensland State budget.

*The accompanying notes form part of these statements.*



## Notes to and forming part of the performance statement.

### Including the explanation of major variances

1. QAO's performance is effective when members of parliament and the entities we audit value our independent audits and advice. We report the results of our audits and share our insights and advice to parliament and the entities we audit. Our clients provide feedback on the perceived effectiveness and quality of the Auditor-General and QAO's reports and services. This identifies opportunities for QAO to enhance our relationships with members of parliament and audit clients.
2. We typically survey members of parliament twice during the parliamentary term (not annually). This survey was conducted in 2020–21, and previously in 2018–19. The favourable result reflects the positive feedback we received about the value of our audit topics and the impact our reports have upon keeping members of parliament informed about public sector performance. Preparing clear, succinct, well-messaged and timely reports continues to be a focus for us, and we will continue to explore ways to improve our reports.
3. We survey our audit clients within the Queensland public sector each year. Audit client satisfaction is a blended average from surveys of financial audit and performance audit clients. The actual for 2020–21 is slightly higher than the target and reflects our focus on providing our clients with a consistent and seamless QAO experience. Responses from our clients were favourable toward our ability to respond to the COVID-19 pandemic allowing them to meet their reporting deadlines. We received positive feedback about the professionalism of our auditors and their knowledge and skills. Also, more clients felt they were given adequate opportunity to comment on audit findings and issues before our final reports were published. Clients would like to see us improve the timeliness of our financial audit program and further our understanding of our clients' organisations.
4. The Auditor-General must report to parliament on each audit performed. We track the time it takes to produce each report to parliament. The measure demonstrates the timeliness of QAO's reporting to parliament and how it contributes positively to prompt action being taken and the achievement of better public services. Financial audits—The measure is the average time of all financial audit reports tabled. It calculates the average time from our clients' financial year-end date to the tabling date of the report. Performance audits—The measure is the average time of all performance audit reports tabled. It calculates the average time from when the audit was initiated to the tabling date of the report.
5. We also track the life cycle cost of each report tabled. The measure demonstrates the cost of QAO's reporting to parliament and how this contributes to actions taken to achieve better public services. Financial audits—The measure is the average cost of all financial audit reports tabled within the financial year. The life cycle cost of a report includes the costs to develop the report through to when it is tabled. This includes internal staff costs and overheads, contractor costs, and other direct costs to produce the report. Performance audits—The measure is the average cost of all performance audit reports tabled within the financial year. The life cycle cost of a report is measured from when the audit is initiated to the date the report is tabled. This includes internal staff costs and overheads, contractor costs, and other direct costs.
6. Overall, our audit reports have been delivered later than expected and under budget. The unfavourable timeliness result is due to the impact of COVID-19 and the timing of the 2020 state election and estimates hearings. Under QAO's tabling protocols in the *Auditor-General Auditing Standards*, we generally do not send reports out for comment or table during caretaker or estimates periods. The favourable cost result demonstrates the efficiencies achieved from introducing initiatives focusing on reports being concise to better meet the needs of our stakeholders.

The actual duration and cost for each report are listed below.

Financial audit report title	Life cycle cost	Duration (months)
Water 2020	\$77,455	6.9
Transport 2020	\$71,024	7.1
Energy 2020	\$89,108	7.2
Health 2020	\$118,743	7.3
State entities 2020	\$88,074	7.4
State finances 2020	\$58,724	8.8
Local government 2020	\$225,477	9.6
Education 2020	\$89,528	4.8
<b>Total</b>	<b>\$818,133</b>	<b>59.1</b>
<b>Average</b>	<b>\$102,267</b>	<b>7.4</b>
<b>Target</b>	<b>\$140,000</b>	<b>6.0</b>

Performance audit report title	Life cycle cost	Duration (months)
Family support and child protection system (refer to note 8)	\$506,196	20.0
Effectiveness of audit committees in state government entities	\$150,755	9.6
Queensland Government response to COVID-19	\$55,960	3.9
Queensland Health's new finance and supply chain management system	\$133,455	5.8
Responding to complaints from people with impaired capacity—Part 1: The Public Trustee of Queensland	\$175,091	8.6
Awarding of sports grants	\$143,470	6.9
Delivering successful technology projects	\$210,677	7.0
Regulating firearms	\$386,694	10.7
Responding to complaints from people with impaired capacity—Part 2: The Office of the Public Guardian	\$175,091	13.4
Planning for sustainable health services (refer to note 8)	\$481,703	20.0
<b>Total</b>	<b>\$2,419,092</b>	<b>105.9</b>
<b>Average</b>	<b>\$241,909</b>	<b>10.6</b>
<b>Target</b>	<b>\$395,000</b>	<b>9.0</b>

7. We track the cost of each financial audit for state and local government entities completed within the financial year. The measure demonstrates the cost to perform a financial audit. The cost of our audits includes internal staff costs and overheads, contractor costs, and other direct costs. The scope of the audit and the number of opinions signed each year impacts this measure. Expressing the target as a range better reflects the nature of audit services and provides better information for understanding QAO's performance. It is normal for the total number of opinions to change marginally each year, which will impact these results.
8. The duration of *Family support and child protection system* (Report 1: 2020–21) was impacted by the complexity of the audit topic, and extended feedback periods for the clients. The duration of *Planning for sustainable health services* (Report 16: 2020–21) was impacted as we paused this audit while the entity responded to COVID-19.