

QUEENSLAND AUDIT OFFICE

Annual report 2021–22

Better public services

About this report

This report covers the activities of the Queensland Audit Office for 1 July 2021 to 30 June 2022. It provides a comprehensive view of how we operate to create value, reports against our published strategy and performance measures.

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

The report is available online at: www.qao.qld.gov.au/about-us/our-annual-report-transparency-report

Accessibility



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

3 August 2022

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

Dear Premier

Queensland Audit Office Annual report 2021–22

I am pleased to present the *Annual report 2021–22* for the Queensland Audit Office. I submitted this report to the Department of the Premier and Cabinet on 3 August 2022.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

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

Yours sincerely,

Karen Johnson
Acting Auditor-General

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Contents

Auditor-General's foreword	1
What we do at QAO	2
Our strategy	3
Highlights of our implementation of the 2017 strategic review recommendations	4
Celebrating our diverse and high-performing team	5
Our organisation, leadership, and governance	12
Delivering valued services and growing the influence of our work	17
Summary of our financial performance	33
Financial statements, independent auditor's report, and performance statement	34
Appendices	61

Auditor-General's foreword

This year we made good progress in delivering our assurance services and insights and building trust with our clients. We used our funds cost-effectively to deliver value-for-money services by focusing our audit work on the right matters at the right time and by capitalising on the expertise of our people.

Our ongoing effectiveness and sustainability resulted from a multitude of factors. But without a doubt, our people remained our most important asset. They consistently went the extra mile and demonstrated their commitment to delivering value for our clients and our vision of better public services. Feedback from our clients highlighted the professionalism of our workforce. Teamwork – and the relationships that underpin great teams – continued as a strong characteristic of working at the Queensland Audit Office (QAO).

External events continued to challenge Queensland, such as flooding in early 2022 and the ongoing impacts of COVID-19; however, we adapted and provided uninterrupted services. We recognised the challenges our clients were facing and, in response, revised our audit timelines where appropriate. We also proactively shared specialist advice related to new and emerging risks. We ensured that we worked with our clients in-person whenever we could. This year, I held 110 meetings with public sector entities and local governments across Queensland to better understand the environments they operate in.

We delivered 19 reports to parliament, with 77 recommendations on performance improvement. Included in this was our inaugural report on the status of Auditor-General's recommendations. We know we must communicate our information clearly and concisely for our diverse range of readers, and one of our new approaches was to develop interactive data dashboards for some of our reports.

We helped parliament understand the deeper issues facing public sector performance and financial reporting and supported it in holding entities to account. Our engagement included our first event at QAO for the chairs, deputy chairs, and secretariat of all parliamentary committees.

The need for a strong integrity framework in Queensland remains crucial. Scrutiny of the system over the past year has raised numerous concerns around the independence or function of core integrity bodies. The position of Auditor-General allows us to independently hold entities to account and to foster potential improvements to the delivery of public services. However, while my mandate is robust, opportunities exist for the executive government to exert influence over my financial and human resources.

Since the 1989 Fitzgerald Report, various inquiries and strategic reviews of QAO have recommended strengthening the Auditor-General's independence. I continued my engagement with the Economics and Governance Committee and the Department of the Premier and Cabinet regarding implementation of the 2017 strategic review recommendations.

I provided a submission to Professor Coaldrake's *Review of culture and accountability in the Queensland public sector*, reflecting information previously published in the public domain via strategic reviews of QAO and parliamentary committee briefings. The final Coaldrake report, published in June 2022, also recommended strengthening the independence of the Auditor-General, including making the position an independent Officer of Parliament, and acting on the results of prior reviews. I welcome these changes and look forward to working with government on their timely implementation.

In my engagement with key stakeholders and via my reports to parliament, I again this year advocated for the earlier release of audited financial statements. There is a need for more timely public sector financial reporting to ensure this important point-in-time information is relevant and useful to the public.

In the coming year, we will make better use of our accumulated knowledge, leverage our high-value data assets, and respond to internal and external feedback. As we hold ourselves to a high standard and develop our organisation in several important areas, we will tackle the barriers to recruitment due to a competitive market. I am confident our priorities will build on QAO's strengths, while challenging us to improve. I want to thank those who have worked with us. Because of you, our work continued to matter.

Brendan Worrall
Auditor-General



What we do at QAO

Our role	<p>The Auditor-General, supported by the Queensland Audit Office (QAO), is parliament's independent auditor of Queensland's state and local government public sector entities, as established under the <i>Auditor-General Act 2009</i>.</p> <p>The Auditor-General is independent, appointed by the Queensland Governor-in-Council for a 7-year term. The parliamentary Economics and Governance Committee provides oversight of the Auditor-General and the office.</p>
Our work	<p>Our vision is for better public services. To achieve this, we:</p> <ul style="list-style-type: none"> • provide professional audit services, which include our audit opinions on the accuracy and reliability of the financial statements of public sector entities, including local governments • provide entities with insights on their financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery • produce reports to parliament on the results of our audit work, our insights and advice, and recommendations for improvement • support our reports with graphics, tables, and other visualisations, which connect our insights to regions and communities • conduct investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public • share wider learnings and best practice from our work with state and local government entities, our professional networks, industry, and peers.
Outcomes from our work	<p>The outcomes from our work include:</p> <ul style="list-style-type: none"> • improving 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 public services • giving parliament independent assurance over the performance of the public sector.

Our clients

Our clients are the Queensland state and local government entities we audit and provide insights for, and the Queensland Parliament as we provide it with independent assurance.

Our legislative framework

The *Auditor-General Act 2009* (the Act) governs the powers and functions of the Auditor-General. It provides the legal basis for QAO's access to information, and the freedom to report the findings from our audits. The Act promotes the independence of the Auditor-General and our auditors.

The Act also requires us to table in parliament the standards by which we perform our audits – the *Auditor-General Auditing Standards* – which require us to adopt the standards issued by the Australian Auditing and Assurance Standards Board (AUASB). These standards ensure audits are planned and performed in a manner that will support the opinion or conclusion expressed by the auditor and comply with ethical standards.

Our strategy

Our strategic plan outlines our objectives, risks, organisational strategies, and indicators of achievement. It aligns our services and how we work together as a team towards our vision and purpose.

We revise our 4-year strategic plan each year to ensure we are on the right path and are achieving our objectives. Over the past few years, our strategic approach has not significantly changed as we maintained a steady and effective course, while reflecting change and new opportunities.

QAO’s strategy is ambitious for the positive effect we may be able to have on the delivery of public services for Queensland. Our leadership group guides us on this journey, with every staff member playing a crucial role in our success.

Strategic plan 2021–2025

Vision: Better public services

Purpose: Independent, valued assurance and insights

Who we serve: Queenslanders, through parliament, public sector entities, and local governments

Approach

Objectives	Strategic risks	Strategies	Indicators of achievement
We support and inspire our people, including our audit service providers, to best serve parliament and our clients.	We do not attract and retain the right people to uphold our values and ethical and quality standards.	Attract and retain our people to meet parliament and our clients’ assurance needs.	Our people are capable, engaged and valued.
Those we serve trust and value our services and insights.	We do not maintain valued relationships nor adapt our services to meet changing needs.	We build trust in our relationships through listening and tailoring our response.	Our relationships are valued.
We use contemporary auditing practices to deliver services that are used to improve accountability and performance.	We do not sufficiently use our technology to better understand our clients and deliver services that are valued.	Using data driven solutions to enhance our assurance and insights to provide greater value.	Parliament and our clients benefit from our independent assurance services and the insights we provide.



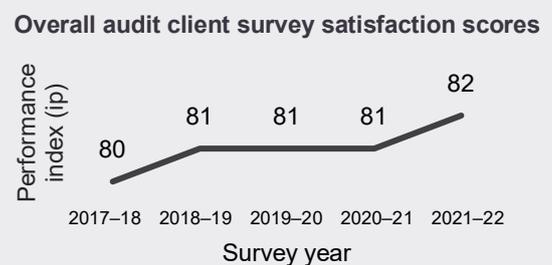
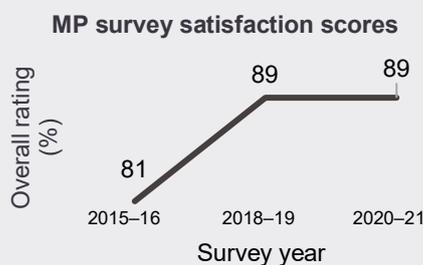
Highlights of our implementation of the 2017 strategic review recommendations

At QAO, we strive to strengthen how we deliver services and provide value to clients. We continuously seek out and embrace improvement opportunities.

One of the key accountability measures in the *Auditor-General Act 2009* is an independent review of our organisation at least every 5 years. The last *Strategic Review of the Queensland Audit Office* was in 2017. Since that time, we have implemented 28 of the 32 recommendations, with the remaining 4 reliant on action by external stakeholders – 3 of which require legislative change.

Below, we share some overall performance improvements since 2017. Throughout this annual report, we reflect on our progress on some of the recommendations (referenced in brackets after each mention).

Our **client satisfaction levels** for our audit clients, audit committees, and members of parliament (MPs) have consistently trended upwards.



The Auditor-General attended 365 engagements with our audit clients, and a further 74 meetings with parliamentary committees, members of parliament, and ministers, to share our insights and receive feedback on our services. Assistant Auditors-General became the leads for client services and audit quality (4.3 (iv), 5.5 (ii)).

We improved the efficiency and quality of our planning processes for selecting audit topics that reflect the critical and strategic risks our clients are facing. We engaged early and well on the commencement of our assurance audits (5.7 (i), (ii)).

The number of reports we tabled in parliament remained steady each year, despite external events such as election periods or the impacts of COVID-19.

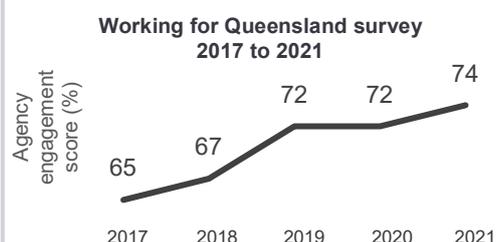


We:

- grew our audit analytics work to provide even richer insights for our audit clients and initiated an external review including a cost-benefit analysis (4.8 (i), (iii))
- developed better practice guidance for our clients, for example on regulatory practices, assessments of internal controls, delivering successful technology projects, key elements of an effective audit committee, and assessing the risk of fraud (4.3 (ii))
- evolved our audit methodologies to ensure they are current and to support high-quality, timely audits (5.4 (ii))
- updated our auditing standards to incorporate improvements and allow for regular review (4.10 (i), (ii), 5.4 (i))
- implemented electronic signing of financial statements, greatly benefiting our remotely located clients (4.3 (iii)).

We implemented initiatives which aim to improve the workload and health of our staff, including a new resourcing approach (6.3 (i)).

The scores our staff give us in the annual Working for Queensland survey on agency engagement (a measure of overall employee sentiment) have steadily climbed:



Celebrating our diverse and high-performing team

We are committed to creating a values-driven, high-performing culture where everyone is encouraged to thrive. Our workforce is our most valuable resource, and we must ensure they have the right skills and knowledge to deliver services that meet our clients' current and future needs.

The people of QAO

Our people are proud to be part of our diverse, inclusive, and healthy workplace. We recognise that diversity in the workplace promotes improved decision-making, creativity, and innovation, and leads to overall better performance. We attract talented professionals – supporting them to become even better at what they do and enhancing their careers.

Our workforce comprises 180 full-time employees, with 19 per cent who speak a language at home other than English, and 11 per cent who were born overseas in a mainly non-English speaking country. Fifty-one per cent are women – 33 per cent of whom are in leadership roles and above. Three per cent of our people identify as having a disability. We represent a wide range of age demographics, and our staff bring broad experiences to our team.

Our contracted audit service providers are a key part of our team – helping us efficiently deliver our audit services across Queensland. This year, 17 audit service providers supported us in delivering 42 per cent of our audits.

Our workforce planning and performance data are available at Appendix B.

On International Women's Day, 8 March 2022, Julie O'Brien, Senior Manager, shared with us:

'Breaking the bias starts and ends with each of us. It's a way of working and living that is inclusive, where we're always learning. Don't underestimate the difference you can have on your teams and workplace. Be the one that demonstrates that being open to change, and aware of your own biases, are the foundation of strong leadership. You might surprise yourself.'

'By making small flexible changes, you can create a place where you're empowered by empowering others. Your staff thrive, and collectively you contribute to a more inclusive society.'

Human Rights Act 2019

We fully support the rights of people to be treated with dignity and respect and are committed to providing a work environment that values the diversity of all people. We reflect this in our organisational values, which we assess staff on as part of their performance reviews. We adhere to all the requirements of the *Human Rights Act 2019* and have received no human rights complaints.

Our values: Engage, respect, inspire, and deliver

Our organisational values lay the foundation for what we most care about and provide a common way of working with our clients and each other. We believe our values capture the characteristics of an integrity agency and an effective audit organisation. We aim to ensure our staff understand why our values are important and how to embody them.



Engage

- Collaborating to achieve shared outcomes
- Listening to understand, and communicating clearly and openly
- Being balanced, objective, and purposeful



Inspire

- Seeking and sharing better ways of doing things
- Embracing innovation and being progressive
- Encouraging and motivating others



Respect

- Appreciating and caring for others
- Sharing our knowledge and skills
- Recognising achievement



Deliver

- Taking responsibility and being accountable
- Ensuring our work is quality driven and acting with integrity
- Being action oriented and achieving results

Recognising staff with our OneQAO award

Our pinnacle OneQAO award recognises staff who demonstrate our values and embrace our OneQAO approach by working across teams to contribute to better public services for Queensland. We welcome nominations from all our staff regardless of their level or role. This year's awards for our values went to:

- Rachel Stevens, Assistant Manager, for engage and inspire. Rachel went above and beyond in assisting a team on a complex assurance audit. She showed an eagerness to learn and contribute, and ensured she had a thorough understanding of the related methodology. Rachel clearly embraced the challenge of learning new audit techniques. She also facilitated effective communication between audit teams across QAO, and shared her technical skills, subject matter expertise, and client knowledge with others. Her work supported an insightful and valuable report to parliament.
- Megan Manuel, Senior Manager, for respect and inspire. Megan consistently delivered high-quality audits and led her teams to deliver a high standard of timely work for a wide range of clients. She proactively adopted better ways of working, and leveraged the efficiencies our technology and systems provide, in particular our new audit software. Megan also demonstrated care and consideration for her team members, making them feel motivated and appreciated. She gave them continuous advice and supported their professional development.

This year, we also presented our first OneQAO award for innovation. It was presented jointly to Josh Evans, Audit Manager, and Will Cunningham, Senior Manager, for showing exceptional innovation in the use of substantive analytical procedures and dashboarding for our clients. The initiative required foresight to engage the client on data sources and to encourage continued support. Will and Josh demonstrated audit efficiency and effectiveness through automation, inspiring all staff to embrace new and better ways of performing our audit procedures.



Public Service Ethics Act 1994

QAO operates as an integrity agency and routinely discusses issues of ethics with our people. We are a signatory of the whole-of-government code of conduct established under the *Public Sector Ethics Act 1994*. We adhere to the Public Service Code of Conduct 2011 and a code of ethics for professional accountants. To proactively ensure and promote ethical conduct, we:

- undertake pre-employment screening on all employees
- require our employees to complete a comprehensive annual independence declaration
- train new staff in public sector ethics and the Public Service Code of Conduct 2011
- provide refresher training on ethical decision-making.

Our internal policies, procedures, and practices align with ethical principles and values. Our auditors also apply APES 110 *Code of Ethics for Professional Accountants*, as issued by the Accounting Professional and Ethical Standards Board.

Improving how we engage with our audit service providers

Our OneQAO approach means we view our workforce as one team – we deliver our client services seamlessly and consistently, support each other, and share expertise.

This year we continued to improve how we share information with our audit service providers (ASPs) and among our own engagement leaders and contract signing officers who lead our ASPs.

We created a new portal on our intranet – SharePoint Online – for our partner firms. It enables us to curate information for each firm based on the clients they are servicing. It is a fast and easy way for us to update ASPs on technical advice, the release of new documents, or on changes in how we are operating due to events such as the Queensland floods. As we developed the portal, we tested the idea and its progress with ASPs to ensure it would meet their needs. We also enabled our ASPs to access our SharePoint Online ‘client hubs’ that we use to exchange documents with our clients.

We included ASPs in more of our training activities, meaning they received the same knowledge as our staff. This also allowed us to receive their input and challenge our own approaches. We shared the recordings of our training sessions and our training materials with them on the partner portal. Importantly, our ASPs participated in our quality reviews of our audits, and we shared the results of all reviews with them.

We took immediate steps to address the feedback we received from our ASPs via a 2020–21 independent survey, including the developments in knowledge exchange and the training mentioned above. However, there is more to do, including improving the templates we use for our audit documents.

We also continued to improve our own internal processes and systems for enhanced communication with and across our ASPs, for example, by providing detailed information and education on our increasing use of audit analytics.

The 2017 strategic review of QAO recommended: ‘Actions continue to be taken to ensure that contract auditor firms will be able to integrate audit analytics into their audit methodology in providing audit services for the QAO’ (4.8 (iii)).

Since then, and over many years, QAO has presented forums and worked individually with our ASPs on our audit analytics capability and the functionality of our dashboards. We demonstrated the increasing value of these contemporary approaches to our audits. Many of our training resources include the effective use of data, and we provide ongoing support to ASPs when they use any of our tools.

Each year, we hold discussion-based workshops for our ASPs in Brisbane and Cairns. We cover the results of client surveys, insights from our reports to parliament, the outcomes from our quality assurance program, and updates on QAO projects and initiatives.

Following this year’s event, one ASP told us: *‘We really appreciate the visits to Cairns, the interaction with the high level QAO staff is a huge benefit to us.’* – Partner audit firm, ASP workshop post-event survey, November 2021.

Another commented: *‘All presenters were great. Really love how engaging they were. QAO is lucky to have such passionate staff.’* – Partner audit firm, ASP workshop post-event survey, November 2021.

A hybrid way of working

Technological opportunities and COVID-19 have without a doubt reshaped how organisations and even entire industries work. In early 2022, Queensland also experienced major flooding, which closed some areas including the Brisbane CBD. Despite these events, QAO was well positioned to keep delivering its services. We used our technology to collaborate, share information, and communicate quickly and securely.

We endeavoured to pass on these strengths to our clients and stakeholders by leveraging our systems such as SharePoint Online. Our online ‘hubs’ for each client provide the means to securely share relevant documents and a place where they can upload their financial statements for electronic signing. This approach is particularly valuable for our more remotely located clients.

While QAO has embraced modern technology, we maintained the right balance with how we engage to ensure we see our clients in-person, including conducting our audits at their worksites. This has proven crucial for fostering enduring relationships and for getting a sounder understanding of the environments that public sector entities and local governments operate in across Queensland. All our auditors continued to prioritise face-to-face communication whenever possible.

Overall, our success in uninterrupted service delivery this year is due to the resilience and adaptability of our clients and workforce.

In our independent client survey, a client told us: *‘We really appreciated the way the QAO Audit Team planned and executed the interim and final audits, especially at times with compromised working conditions due to lock-downs and building entry restrictions. The QAO Team were very professional during the audit, and the QAO SharePoint facility was particularly useful for sending, recording, tracking and updating information in an accessible and secure manner.’* – Audit client, ORIMA survey, December 2021.



Launching great careers and investing in our collective capability

Our learning and development program is designed to grow a modern workforce comprised of staff who are purposeful, curious, adaptable, and empowered to take charge of their careers.

We have been looking for efficiencies in how we deliver our training – ensuring it occurs at the right time, while tailoring it to different learning styles and platforms. We also simplified our induction process for new starters so they get the right information quickly in a range of formats.

On an ongoing basis, we use the findings from our quality assurance program to inform our training and development program for both our staff and our audit service providers.

This year, our staff had the option to participate in individual training opportunities, and our auditors completed their annual technical training in November 2021 and June 2022. These training periods covered subjects such as auditing financial information, financial reporting foundations, information and communication technology (ICT) applications, and data analysis.

In addition to professional audit training or technical training, we offered lessons for all staff on:

- our new audit toolkit, called CaseWare Quest
- improving quality within audit files
- communicating clearly and using plain language
- the insights and knowledge from recent assurance and performance audits.

And we offered sessions on ‘soft skills’, including:

- critical thinking and problem solving for our auditors
- leadership for our audit seniors, and holding performance conversations and leading teams for our assistant audit managers
- delivering professional presentations for our audit managers.

Short, focused training sessions, which we call ‘lunchbox sessions’, were an effective way for us to share knowledge and ideas across our organisation and with our peers. QAO held over 20 lunchbox sessions for our staff, including 2 for our colleagues at other audit offices via the Australasian Council of Auditors-General (ACAG). QAO presented at ACAG training events on applying materiality principles to performance audits, and on our new report to parliament on the status of Auditor-General’s recommendations.

QAO greatly values professional audit qualifications, and they are a requirement for our staff as they progress their careers. QAO supports and funds staff to obtain their Chartered Accountant (CA) or Certified Practising Accountant (CPA) designations. These programs entail a gruelling body of work, and this year we are pleased to report that 18 QAO team members were awarded theirs.

One of our recent awardees said: *‘I’m grateful to be working at QAO which encourages, and financially supports, the professional development of its staff. It has been a seamless journey to becoming designated as a Chartered Accountant, all thanks to QAO’s flexible working arrangements and supportive seniors mentoring me for the past 3 years.’* – Khendie Masiwel, Audit Senior, May 2022.

In 2021, QAO engaged an external organisation to review our learning and development framework and make recommendations for a refreshed approach. Via our new approach, we aim to shift from a predominantly classroom-based learning experience to greater on-the-job coaching and mentoring that is focused on individuals’ development needs.

The review made recommendations on the format and structure of our training, our people management system, alignment of learning approaches across QAO’s business areas, our coaching program, and training on non-technical topics as well as technical.

In 2022, we launched our learning and development project, starting by recruiting a specialist to implement the review recommendations and other improvement opportunities we identified.

Welcoming the newest members of our team

We recruit talented people through our successful graduate and undergraduate programs. This year, we welcomed 7 graduates and 4 undergraduates to our team. Their first 12 months entailed formal and on-the-job training, regular professional development sessions, and ongoing mentoring. They work across all aspects of our audit services, and we pair them up with a ‘buddy’ who guides them as they start working with clients.

Some of our graduates commented on how they have found their experience: *‘Starting at QAO as a graduate is like riding a bike, and the support system you receive is your training wheels. The more time you put into it, the smoother it gets, and the support around you will always get you through bumpy patches.’* – Dima D’Yab, Graduate Auditor, April 2022.

‘The QAO Graduate Program has been absolutely amazing. I was apprehensive about the change from university to full-time work, but everyone is really friendly and more than happy to help and answer any questions, which makes the transition seamless.’ – Thomas Orr, Graduate Auditor, April 2022.

For the first time, this year we implemented our undergraduate recruitment program, welcoming 4 undergrads to our team. The positions offer university students who are studying relevant degrees with an opportunity to start their professional services career early. They can work part-time while gaining valuable experience within a supportive group.

Our undergraduates found themselves working on financial and assurance audits, information systems audits, and the implementation of data analytics solutions.

One of our undergrads shared: *‘As an undergrad at QAO I have had the opportunity to work with many different teams and clients. I am constantly learning new things and growing with the support of everyone in the office. It’s been an amazing experience so far and I’m excited for the rest of my time with QAO’s program.’* – Max Hau, Undergraduate Auditor, May 2022.

Caring for our people

It is crucial that we prioritise the health and wellbeing of our staff. This year, we continued to encourage everyone to take their well-earned leave. All staff were enrolled in a course on supporting mental health in the workplace via specialist provider LifeWorks, and all staff completed mandatory online training on domestic and family violence. We again offered flu vaccinations either in the office or via a voucher.

This year, we repurposed a room at our office to turn it into a reflection room, which staff can use for religious purposes or meditation. Staff were invited to share photographs of their travels throughout Queensland to hang on the walls.

In corresponding with staff during times such as COVID-19 or the 2022 floods, the leadership team shared resources from the Queensland Government’s employee assistance program, covering topics such as workload and health, stress, resilience, and healthy lifestyles.

This year, our workplace health and safety committee managed the implementation of ergonomic set-ups at client work locations, developed more comprehensive working from home checklists and tips, and updated our safe driving guidelines. The committee also worked across the business on work–life balance initiatives, and liaised with staff on useful topics.

Overall, we aimed to proactively develop and share the resources staff need to do their work and feel confident and secure in their roles. Our internal communications strategy aligned our engagement channels to support staff in understanding of our strategic direction, and enabled them to hear the latest feedback from clients, insights from our work, and project updates.

Supporting people during the Queensland floods

In early 2022, South East Queensland was hit with major flooding, impacting some staff and their communities. Many of our people participated in local clean-up efforts as part of Queensland’s ‘mud army’. Our leaders checked in with staff to ensure they were okay. One of our graduates told us:

‘QAO is a great place to work at, everyone is so welcoming and inclusive. There’s diversity in the workforce and you can really sense the care from the top-down. I was contacted the weekend of the floods when I was driving up from Melbourne just to check in and make sure I was safe. What more can you ask for right!’ – Rossalean To, March 2022.

Checking in with our people and listening to their feedback

We value the opinions of our staff and encourage them to provide feedback directly to their managers and colleagues, via our own organisational-wide pulse surveys and through the formal opinion survey called the annual Working for Queensland survey.

The 2021 Working for Queensland survey

The annual Working for Queensland survey tells us how engaged our employees feel, what their thoughts are on public service leadership, and how satisfied they are with their jobs. The last survey ran in September 2021, with results available after last year's *Annual report 2020–21*.

We had a good rate of participation in the survey, with 75 per cent of staff responding. However, this was down from the previous year's participation rate of 83 per cent. We attribute this to staff leave, which they were encouraged to take following what is known as the audit 'busy period' after the end of the financial year.

Overall, we scored a good result of 74 per cent for agency engagement, which is a measure of overall employee sentiment. This measure shows us that a lot of our staff would recommend QAO to others, are proud to say they work here, and feel attached and inspired to do their jobs. We were pleased to see this was up from 72 per cent in 2020, even if only slightly. And this year's score was 17 points above the Queensland public sector average.

This year, 97 per cent of our staff said they understand how their work contributes to our organisation's objectives, and 95 per cent said they have the tools they need to do their job effectively. Ninety three per cent said the people in their workgroup treat each other with respect; similarly, 92 per cent said people in their workgroup treat customers with respect.

We would like to increase our scores for all aspects of the survey in the coming years. A particular area for improvement is workload and health for our staff, with 34 per cent seeking improvements. We have made a start, with 80 per cent of staff saying QAO's senior leaders clearly consider the wellbeing of employees to be important, up 15 points from the previous year. We also need to improve our performance assessment process, with 22 per cent seeking clearer criteria for how they are assessed.

QAO's leadership group discussed the results of the survey in-depth with staff at our annual team building workshop, and everyone was encouraged to review and understand the results. Next steps include developing action plans for the improvement opportunities, and securing more staff input.

Pulse survey with our staff

In addition to the Working for Queensland survey, in May 2022, we sent our staff a 'pulse survey' to understand more about some specific aspects of working at QAO. Seventy-six staff responded, and QAO will use the feedback to inform decision-making to ensure QAO remains a great place to work.

Most respondents indicated they enjoy QAO's SharePoint Online intranet site where we celebrate our successes and share news about our people and our work, with 48 per cent making great suggestions for what else we can do.

Seventy per cent said our current performance management framework provides them with a good understanding of their performance, and 47 per cent said it enables them to develop a clear pathway to promotion. To improve these results, QAO will work with all staff on better linking individual development plans to the skills and experiences required for promotion.

When asked about how we discuss and promote our values as a business, 56 per cent said we do so frequently enough. We look forward to implementing a range of initiatives to increase how we demonstrate and recognise our values.

The survey showed us there are refinements we can make to our shared resourcing approach. Our new resourcing model, implemented in 2019–20, aims for better alignment of resources across QAO and better utilisation of our people’s diverse skills by working across a range of audits. Along with our health and wellbeing initiatives, this model was one of the actions QAO took following the 2017 strategic review. The review considered the 2016 annual Working for Queensland survey results, which indicated a high number of staff considered their workload was having a negative effect on their health. The reviewers recommended ‘that QAO review its fee budget for financial audit services to determine if it is realistic while ensuring audit quality is maintained, and considering optimal sourcing mixes’ (6.3 (i)).

To deliver maximum value from our resourcing model, we will explore reducing the number of managers each person reports to, while still benefiting from agile and efficient resourcing that grows the skills of our staff. We remain committed to achieving the right balance for our staff and clients.

Internal audit on work intensity

In 2021–22, QAO conducted an internal audit on work intensity – that is, the overall hours worked by employees with respect to their capacity.

The audit identified some areas QAO is performing well in, and some improvement areas for us to examine regarding workloads. It found that staff were over-utilised during peak periods (such as financial year end); however, their work was focused on client service delivery and not internal projects, which indicates QAO endeavours to prioritise the work that is most important during these periods.

The review recommended that QAO continues with sourcing contractors to assist staff during busy periods, and that managers continue to build in proactive leave plans for their teams. It also recommended that QAO monitors the composition of audit teams, and, overall, ensures QAO’s workforce strategy meets its resourcing needs. QAO is actioning all of these recommendations.

Looking ahead

Our priorities for next year for our people

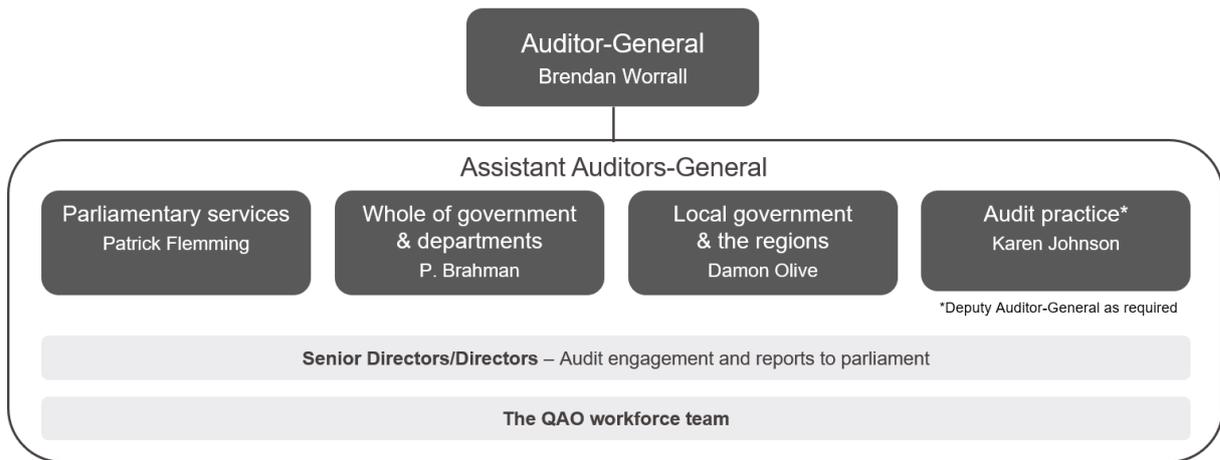
- Continue to innovate and challenge how we engage and empower our staff, including via our hybrid way of working and use of technologies.
- Leverage the results of our internal audit on work intensity by utilising our data analytics strategy and tools so we work smarter not harder and enable further efficiencies and productivity for our staff.
- Streamline our reporting arrangements for staff to better manage workloads, performance development, and leave balances, and continue to improve our resourcing approaches overall.
- Review and implement improvements on how we capture and share feedback on staff performance and hold our performance development discussions.
- Implement our learning and development project to evolve our training offerings from classroom-style to online platforms. Provide training that is tailored to individuals’ needs and ensure more structured on-the-job coaching.
- Increase how frequently we communicate the role our values have in our work and culture, explore further ways to regularly recognise those who demonstrate the values, and celebrate our successes across the organisation.
- Celebrate our history with our staff in May 2023 for the 30-year anniversary of the establishment of QAO.



Our organisation, leadership, and governance

Our operating model enables us to deliver our services as one team, with our Assistant Auditors-General overseeing our client services, quality, and people. Our governance framework aids us in achieving our objectives and monitoring risk, and helps us optimise our performance.

QAO’s organisational structure at 30 June 2022



Executive Management Group

The Executive Management Group (EMG) has shared responsibility for operational performance.

Brendan Worrall Auditor-General	Brendan has extensive experience in senior executive roles in public practice and the public sector. Prior to QAO, Brendan was the Crowe Horwath Managing Partner for Audit and Assurance across Australia and New Zealand. Brendan’s previous roles include Assistant Auditor-General at the Queensland Audit Office and Chief Financial Officer for Queensland Treasury. He is the chief executive and accountable officer for the Queensland Audit Office. Brendan is the 23 rd Auditor-General.
Karen Johnson Assistant Auditor-General	Karen has extensive experience in private and public sector auditing, governance, and risk. She leads QAO’s audit practice areas including our methodologies, quality framework, audit technical support, accounting and reporting, ICT, finance, and human resources. Karen is the Deputy Auditor-General when required.
Patrick Flemming Assistant Auditor-General	Patrick’s broad experience includes QAO client services for local government, audit policy, and quality, and a range of senior financial accounting and treasury positions with multinational organisations. Pat leads QAO’s parliamentary services including engagement, reporting, audit program planning, communications, and requests for audits.
Damon Olive Assistant Auditor-General	Damon’s experience spans audits across the public sector. He has held key roles in quality assurance and developing audit software for QAO. He is usually QAO’s professional lead for our local government clients and the regions, and since February 2022 has been the strategic lead for QAO’s data project.
P. Brahman Assistant Auditor-General	Brahman has substantial experience in public sector auditing across a wide range of entities and portfolios. He is QAO’s professional lead for our departmental clients and whole of government, responsible for service delivery and engagement quality.



Senior leadership

Our client and audit engagement is led by our Senior Directors, who provide a wealth of audit expertise and experiences across a broad range of portfolios.

- Bhavik Deoji
- Brydie Morris
- Charles Strickland
- Darren Brown
- David Adams
- David Toma
- Irshaad Asim
- Melissa Fletcher
- Michelle Reardon
- Paul Christensen
- Robert Kilbride
- Sri Narasimhan
- Sumi Kusumo
- Vaughan Stemmett

A number of our other directors and managers also take on leadership roles for major support areas, projects, and initiatives throughout the year.

Our governance framework

Our governance framework ensures we promote efficiency, effectiveness, accountability, integrity, and transparency in all we do.

Executive Management Group (EMG)

This group includes all executive leaders. It determines strategy and budget, and regularly reviews QAO’s strategic and operating risks.

Quality Management Group (QMG)

This group supports the Auditor-General in complying with professional and ethical requirements, and is chaired by a member of the EMG. The QMG members monitor all aspects of QAO’s quality assurance framework. The group met 3 times in 2021–22.

Finance Management Group (FMG)

This group supports the Auditor-General in complying with the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019. The FMG also reviews QAO budgets, service delivery statement measures and reporting, budget updates, and annual financial statements. The committee is chaired by a member of the EMG. The FMG met 3 times in 2021–22.

Information and Cyber Governance Committee

This year, QAO set up a committee called the Information and Cyber Governance Committee. The committee will guide the governance of matters relating to information, data, and cyber security. It will also focus on compliance with legislation and government policy, and on uplifting data governance awareness and capability within the organisation. The committee is chaired by a member of the EMG and will first meet in July 2022.



People Committee

This year, we set up an oversight group called the People Committee to guide how we manage our strategic risk of recruiting and retaining the right people to uphold our values and ethical and quality standards. The committee is chaired by a member of the EMG. It met once in June 2022, with the terms of reference in development.

Audit and Risk Management Committee (ARMC)

The ARMC is an independent advisory committee to the Auditor-General, comprised of 3 external members who bring in expertise from other industry environments. Membership details are included in Appendix B.

This year, the ARMC provided oversight of QAO's risk, control, and compliance frameworks, and fiscal responsibilities underpinning our corporate governance. It met 4 times in 2021–22.

Audit Quality Sub-Committee

QAO's Audit Quality Sub-Committee is a sub-committee of the ARMC. It has 3 independent members and monitors if QAO's audit activities comply with quality requirements.

This year, the sub-committee looked at QAO's quality program, the results of our quality assurance reviews, and QAO's transparency report. It also reviewed QAO's engagement risk model and changes in the regulatory environment. The committee met 2 times in 2021–22.

Internal audit

Internal audit conducts independent and risk-based assurance activities over our operations, aiming to improve QAO's operations. It works in accordance with an annual plan and its charter aligns with the *International Standards for the Professional Practice of Internal Auditing*.

QAO engaged Protiviti to deliver its internal audit program. This year's internal audit program focused on QAO's payroll processes, financial and human resource delegations, and workforce intensity. We finalised 3 internal audits in 2021–22. A further audit on the annual assessment of QAO's Information Security Management System (ISMS) also commenced this financial year, with completion due in September 2022.

External audit

Sections 71 and 72 of our legislation, the *Auditor-General Act 2009*, detail the requirements for an independent audit of QAO. An auditor is selected through a procurement process undertaken by the Department of the Premier and Cabinet and then appointed by the Governor-in-Council.

Like QAO's audits do for public sector and local government entities, our external auditors provide assurance that the information in our financial statements can be relied upon, and that the statements are free from material misstatement and comply with relevant legislation.

Progress on implementing 2017 strategic review recommendations

Approximately every 5 years, an independent strategic review of QAO is conducted by an independent reviewer, appointed by the Governor-in-Council. The reviewers engage with us and our clients to understand how well we are operating and fulfilling our mandate.

The last strategic review of QAO was in 2017, with the report tabled in parliament on 23 March 2017. The reviewers concluded that QAO is fundamentally sound and a valuable part of the Queensland public sector. They made 32 recommendations about our audit services and corporate management and, as of 30 June 2022, QAO has completed 28 of the recommendations.

The outstanding recommendation for QAO’s action relates to our development of a better practice resource for valuing public infrastructure. The resource is pending progression of a draft guide on the same subject by the Australian Accounting Standards Board (AASB). We have delayed issuing our better practice material until the AASB releases its guide.

Recommendations to strengthen the independence of the Auditor-General

Three of the outstanding recommendations made in the 2017 strategic review of QAO require legislative changes, and are thus outside of our control. Specifically, those recommendations relate to our independence.

The 2017 review recommended that the Auditor-General become an independent Officer of Parliament and have more independence around the setting of client rates and fees for our services. It recommended that the *Auditor-General Act 2009* is examined to identify any outdated provisions impacting on the efficiency and effectiveness of QAO, and that regular reviews are conducted to ensure it stays in line with developments in public sector auditing.

These recommendations are for consideration by the parliamentary Economics and Governance Committee, QAO’s oversight committee, and further action by the government. QAO last briefed the committee in March 2022, where the Auditor-General made it clear that he wishes to engage on the progress of these recommendations to protect and improve the independence of the role. In December 2021, QAO provided a written update to the committee on the progress of each outstanding strategic review recommendation.

In March 2022, QAO made a submission to Professor Coaldrake’s *Review of culture and accountability in the Queensland public sector*. The submission focused on the opportunities to strengthen the Auditor-General’s independence through the *Auditor-General Act 2009*, and opportunities to enhance interactions between integrity bodies. To ensure transparency, we provided a copy of the submission to the Economics and Governance Committee, the Premier of Queensland, the Speaker of the Legislative Assembly, and Director-General of the Department of the Premier and Cabinet. QAO shared the submission on its website following the conclusion of the review in early July 2022.

The reviewers for the next strategic review of QAO are due to be appointed before April 2023. QAO looks forward to this review and the resulting report to parliament, in particular, the attention given to opportunities to improve and protect the office’s independence.

Our strategic planning framework

We revise our strategic plan annually, or as required, to ensure we address emerging risks and new opportunities. The plan is informed by our operational and workforce planning, our risk management framework, and our forward work plan.

The service delivery statement provides budgeted financial and non-financial information for the financial year, and establishes our performance targets.

We share the plan with the Economics and Governance Committee. We also share it with our clients and stakeholders via our website, and discuss it with our staff.



How we manage risk and uncertainty

QAO’s strategic risks are outlined in its strategic plan. These risks encompass attracting and retaining the right people, maintaining valued relationships, and sufficiently using our technology.



Increasing cyber security risks

A risk for QAO and many organisations is newly emergent and highly sophisticated cyber risks, such as supply chain compromise and advanced social engineering techniques. This year, QAO continued its risk-based approach to cyber security, with a focus on our most sensitive information and assets. We sought and were independently audited on our ISO 27001-based Information Security Management System (ISMS), which will continue as an annual process going forward. We also deployed our Managed Detection and Response and Digital Forensics and Incident Response services, which help us rapidly find and respond to threats.

QAO also worked closely with Queensland government partners, such as the Cyber Security Unit and CITEC, to reduce our cyber risk and exchange knowledge and intelligence.

Recruitment and retention risk

This year, overall, we appointed 46 new permanent employees. We promoted the unique benefits of working with us, including meaningful work, professional development, and a supportive culture.

QAO must remain competitive in attracting and retaining the best candidates to fulfill its mandate and provide valued client services. However, we face a competitive recruitment market for audit professionals and some specialists. Across the professional services industry, there is a substantial shortage of people with external audit skills and qualifications, and vacancies for these roles are likely to increase.

Our recruitment and retention challenges are compounded by the fact that QAO must employ staff under the *Public Service Act 2008* instead of our own *Auditor-General Act 2009*, meaning we cannot determine remuneration or the terms and conditions of employment. The 1997, 2004, 2010, and 2017 strategic reviews of QAO all made recommendations around providing the Auditor-General with more flexibility for the recruitment and retention of staff. Specifically, the 2017 strategic review of QAO stated that the *Auditor-General Act 2009* 'be amended to provide for the Auditor-General's employment of staff' (6.3(ii)). The 2022 Coaldrake Review also made the same recommendation. Progression of this recommendation requires legislative changes by the government.

Looking ahead

Looking ahead, we will:

- continue engaging with stakeholders on the opportunities to strengthen and protect the independence of the Auditor-General per the 2017 strategic review of QAO recommendations, and outcomes of the Coaldrake *Review of culture and accountability in the Queensland public sector*
- implement the remaining recommendation from the 2017 strategic review of QAO regarding the guide on valuing public infrastructure once the AASB has completed its material
- continue to gain and apply benefits from our governance bodies so we deliver on our objectives, model behaviours, and drive improvement
- persist with improving our management of cyber security risk, including working towards achieving independent ISO 27001 certification for our ISMS, adopting wider sensitivity labelling across our organisation, and effectively managing our automation processes and digital workflows
- keep pace with the fast-moving world of work to cater for our future workforce needs and enrich our collective capability while tackling a competitive recruitment market.

Delivering valued services and growing the influence of our work

This year QAO met its strategic objectives. Our performance was strong as we delivered independent and valued assurance services while striving to improve our clients' experiences and sharing our insights widely. We ensured we remained focused on achieving positive and enduring outcomes from our work in all aspects of our service delivery.

We implemented a number of performance improvement activities, and used feedback from our clients to adjust and refine our approaches.



This year's audit opinions and reports to parliament

This year, we formed 397 audit opinions about the reliability of public sector and local government entities' financial statements. Contracted audit service providers (ASPs) are an important part of our team. They allow us to efficiently supplement our service delivery and provide crucial support given the skills shortage for audit professionals. Working alongside each other also allows us to share our respective expertise and knowledge on an ongoing basis. This year, our ASPs supported us in delivering 42 per cent of our audit opinions.

We continued to identify the risks that our audit clients were facing, design our audit work to respond to those risks, and report on matters of significance both directly to our clients and to parliament.

Via our audit and assurance services, we gave our audit clients advice and guidance on their performance and financial management, and supported parliament in holding them to account for their use of public resources.

Fostering and strengthening our client relationships

Effective relationships with our audit clients, parliament, peers, industry, and the wider Queensland community are crucial to the achievement of our strategy. We believe that maintaining our reputation for independence and reliable expertise, and building rapport and trust, are central to our operations.

The 2017 strategic review of QAO recommended: 'that because client engagement should be led by the Auditor-General and Deputy Auditor-General, the QAO institute an annual program of visits so that either the Auditor-General or the Deputy Auditor-General meets the Director-General or chief executive of each major client each year' (4.3 (iv)).

This year, the Auditor-General held 110 meetings with audit clients across Queensland. He also offered to meet with ministers when our draft reports to parliament were sent out for comment, or to meet generally to discuss our services. Since 2017, the Auditor-General has met with the leadership for 365 audit clients, many of them yearly, and he consistently offers to meet with any new appointees.



Our Assistant Auditors-General, who lead our client engagement and audit quality, frequently met with all the clients they looked after throughout the year – both during our audits and on our draft reports to parliament. Our OneQAO organisational structure and operating rhythm, implemented in 2019–20, was geared to enable this close oversight of our client engagement.

Some examples of supportive feedback from our clients in our independent satisfaction survey about our engagement include: *‘Well established, respectful and professional relationships have been developed between our agency and QAO.’* – Audit client, ORIMA survey, October 2021.

Another said: *‘QAO staff worked very collaboratively and professionally with council officers throughout the planning and audit with open communication and consideration of council position on accounting matters arising as part of statement preparation. QAO provided timely responses to accounting matters including broader experiences across the local government industry. All planned milestones within the audit plan were met and QAO staff worked diligently to meet council and committee deadlines.’* – Audit client, ORIMA survey, December 2021.

This year, we prepared a stakeholder engagement strategy for our staff – to guide them on our engagement goals and to remind them why we engage and how to engage well. The goals for our stakeholder engagement include ensuring a sound understanding of our clients’ needs, improving clients’ trust in us so they are more likely to act on our advice, maintaining a demand for our insights, communicating clearly, and overall fostering a QAO culture of value creation.

Supporting our regionally located clients

QAO has the privilege of auditing all Queensland public sector entities and local governments, meaning our work extends throughout our large and diverse state. Many of our audit clients work and live outside South East Queensland and our auditors consistently travel to conduct our audits at their clients’ workplaces. This also gives our staff a better understanding of the unique environments our clients operate in. We continually seek ways to engage with our clients to deliver the smoothest possible audit services and build strong relationships with them.

A key part of working efficiently has been the technologies that allow us to connect and collaborate flexibly, and to implement opportunities such as electronic signing of financial statements.

Guidance on machinery of government changes

While the state election was in October 2020, some entities are still adapting to resultant machinery of government changes. We continued to work closely with them on matters such as changes to accounting requirements and implications, budgetary reporting requirements, and audit considerations.

In our independent client satisfaction survey, one client told us: *‘This year was incredibly complex due to the impact of the MoG arrangements. QAO coordinated with the various, different agencies that were involved, streamlining the process where it could.’* – Audit client, ORIMA survey, October 2021.

Encouraging and supporting audit committees

When audit committees are effective, they can catalyse better governance in public sector and local government entities. While we did not table a report to parliament specifically about audit committees this year, we continued to work closely with them. We aim to ensure they understand our insights and are inspired act on and emphasise our recommendations with their entities.

Regional client engagement

Auditor-General, Brendan Worrall, and Assistant Auditor-General, Damon Olive, travelled around 6,592 kilometres this year to meet with our regionally located clients, with most of the travel by road.

- Wide Bay Hospital and Health Service
- Bundaberg Regional Council
- Banana Shire Council
- Northern Peninsula Regional Council
- Torres Shire Council
- Cairns Regional Council
- Douglas Shire Council
- Sunshine Coast Regional Council
- Sunshine Coast Hospital and Health Service
- Noosa Shire Council
- Gympie Regional Council
- South Burnett Regional Council
- Cherbourg Aboriginal Shire Council
- North Burnett Regional Council
- Fraser Coast Regional Council.

We engage with audit committees on an ongoing basis as part of our audits, and via dedicated deliverables that we develop specifically for them – such as briefing notes where we curate the information pertinent to the specific committee’s entity. Our attendance at audit committee meetings ensures we alert them to potential or emerging risks and allows us to share the insights we glean from working across all Queensland state and local government entities. Our staff can draw on years of knowledge and expertise.

Twice a year, we host an in-person and live-streamed event for our audit committee chairs where we discuss learnings from our audits as we approach year end, and the systemic issues we are seeing across government. We often provide presentations on specific topics; for example in May 2022 we shared advice on handling and recovering from cyber attacks.

We survey audit committees’ satisfaction with our services every 2 years, with our next survey due in 2023.

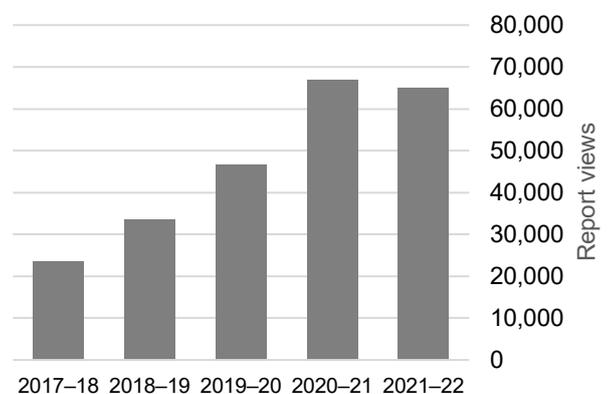
Tabling insightful and valued reports to parliament

In 2021–22, we tabled 19 reports to parliament covering a range of topics and government service areas. They are available on our website at: www.qao.qld.gov.au/reports-resources/reports-parliament.

Overall, our reports to parliament were read 64,973 times on our website this year. Our most read 2021–22 report to parliament was *Measuring emergency department patient wait time* (Report 2: 2021–22) at 2,794, followed closely by *Enabling digital learning* (Report 1: 2021–22) at 2,448.

Across this year’s reports, we made 77 recommendations on how public sector entities and local governments can improve their performance and achieve the positive, intended outcomes in public service delivery. This does not include the recommendations we make to our clients directly during the course of our audits throughout the year.

Website views of QAO reports to parliament



In our reports, overall, most of our recommendations covered:

- governance of government, including improving regulation or oversight of regulatory functions and strengthening whole-of-government frameworks, policies, and procedures
- understanding, complying with, and reviewing legislation
- better monitoring performance, including setting performance measures and more regular reporting on projects and programs
- improving procurement and contract management processes
- developing mature risk-management practices
- more transparent, accurate, and timely public reporting of financial statements
- maturing the preparation processes for financial statements
- improving internal control environments, particularly around information systems and cyber risk
- ensuring accurate and reliable data to support informed decision-making
- improving information sharing and coordination between public sector entities.

Timeliness and cost of reports to parliament

We track the full life cycle cost of each of our reports to parliament and the time we take to produce them as a measure of efficiency of our work. We do not deliver our audits and reports as separate services; however, our final deliverables vary in nature, so we report on cost and timeliness accordingly.



This year, we delivered our reports on the results of our financial audits at an average of \$102,636 per report, which was \$37,364 below our target of \$140,000, and only \$306 above last year's average cost of \$102,300.

The average cost of our reports on the results of our assurance and performance audits (which includes the audit work and the report) was \$262,751, \$132,249 under our target of \$395,000, and \$20,851 above last year's average cost of \$241,900.

These favourable cost results reflect the efficiencies we have gained following our new OneQAO operating model, and our initiatives to ensure succinct reports that meet the needs of our readers.

We measure the timeliness of our financial audit reports from our clients' year-end dates to the tabling date of the report in parliament. This year, the average time to deliver the reports was 6.7 months – slightly longer than our target of 6 months, but below last year's average of 7.4 months.

We measure the timeliness of the reports on our assurance and performance audits from formal initiation of the audit to the tabling date. We delivered our performance audit reports on average in 11.2 months – longer than our target of 9 months and last year's result of 10.6 months. This is a result of COVID-19 as we provided additional time to some of our clients on their provision of information and review of the proposed (draft) reports.

We must ensure our insights are timely, and are thus more immediately available to our audit clients and parliament – enabling action on improvement opportunities as soon as possible. We also try to remain efficient and keep our reporting costs down – to reduce the impact the audit may have on the involved clients.

This year, our process improvements streamlined how we manage our reports to parliament so we could closely monitor timeliness, cost, quality, and potential outcomes from our work. Our Microsoft PowerBI dashboard tracked report progress, ensuring all staff had the latest status information for their clients when going about their day-to-day audit engagements.

Some of the delays to our reports to parliament can be attributed to the time it takes for QAO to receive information, particularly cabinet documents. Under our legislation, the Auditor-General and authorised auditors can gather the evidence needed to form an audit opinion, reach a conclusion, or make recommendations. However, we have experienced delays and, in a few cases, reluctance from entities in providing what we need. One example is a department's business case, which it took 6 months to provide to QAO, despite numerous follow-ups and formal correspondence to the Director-General.

To address this issue, we communicate early with our audit clients, respective minister(s), and the Department of the Premier and Cabinet on upcoming audits via our forward work plan. When we start an audit, our strategies include sections on how we will engage with the client, and both our and the client's written commitments to meeting timelines. These audit strategies explain our approach to obtaining and managing data.

During the audit, we communicate frequently about what information we may need. We have also prepared fact sheets for all our clients and stakeholders explaining our legislation, including our access to information, the role of audit evidence, and confidentiality provisions over the information we obtain.

Providing independent assurance to parliament

As parliament's independent auditor of all Queensland public sector entities, we continued to improve how we engage with members of parliament (MPs) and parliamentary committees in helping them provide robust scrutiny and oversight of entities' performance. Via our reports, briefings, and resources, we identified learnings that entities could implement immediately and that, in the longer term, could lead to improved public service delivery. We focused on delivering a timely and pertinent audit program, communicating regularly and clearly, and finding new ways to explain our insights.

We gave 4 private and 5 public briefings to parliamentary committees, covering 11 reports to parliament. We also responded to various requests for advice from parliamentary committees about our work, in addition to our briefings on each report. In March 2022, via a public briefing, the Auditor-General presented to the Economics and Governance Committee on our performance and activities. The Auditor-General attended the Queensland Parliament estimates hearings in July 2021.

During an Auditor-General briefing to the parliamentary Transport and Resources Committee in March 2022, one of the committee members shared this feedback regarding QAO: *'I want to thank you for what you do. I think your office plays a very important role in Queensland.'* The committee chair followed with: *'The whole committee echoes that.'*

This year, we convened meetings with the secretaries of parliamentary committees and invested in our good working relationships to better understand committee members' needs.

We were transparent about our work – ensuring we engaged early with the respective parliamentary committee and minister when we commenced an audit or made major changes to its scope. The Auditor-General offered to meet with the respective minister for each report to parliament once drafted. This ongoing engagement aimed to ensure ministers were familiar with our role, increase the visibility of our audit findings and recommendations, and encourage formal response to our reports.

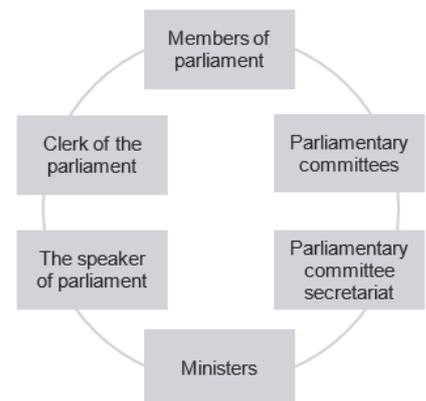
We have been using the data we have from our independent surveys with MPs over the years to improve our engagement. We held our first forum at QAO for all parliamentary committee chairs and deputy chairs in November 2021, where we provided insights from across our reports – covering the most systemic issues or challenges entities are facing.

We liaised closely with the Table Office and Speaker's Office on tabling requirements, ensuring our reports met requirements and were accessible.

The 2017 strategic review of QAO recommended: *'The QAO continue to work with the Finance and Administration Committee and the Parliament to improve its communication and engagement with MPs on its performance audit reports'* (5.5 (ii)).

Since 2017, numerous initiatives – and an overall transformed approach – to how we communicate and engage with parliament has addressed this recommendation. Feedback in our surveys with MPs (held every 2 years) and via parliamentary committee briefings over the years, has told us that our support for parliament is effective, high quality, and valued. Our OneQAO organisational structure and operating rhythm have facilitated a more strategic and consistent engagement approach.

Our primary parliamentary clients and stakeholders



Auditing the right matters at the right time

We carefully plan our work so it meets the needs of parliament and our audit clients, and so we draw out the insights most likely to influence positive change.

Our governing legislation, the *Auditor-General Act 2009*, requires us to publish a 3-year plan of the performance audits that we intend to carry out. Over the past 2 years, we have greatly improved our plan and how it communicates our projected audit work.



Our new plan not only specifies our expected audits and reports to parliament, but shares the critical or strategic risks to public service delivery that QAO has identified. This provides important context for our clients and the stakeholders reading our plan or for those who are involved in an upcoming audit. We also consider government objectives for the community when selecting our audit topics.

Our plan includes key focus areas for all our audit work, drawn from the intelligence we gather in deciding our audit topics. These focus areas guide our performance and financial audits, which work together to provide a full picture of state and local government performance and accountability. The focus areas also guide how and where we share the insights from our work via our other engagement activities.

In presenting the plan, we kept our diverse range of readers in mind. We aligned the audit topics and resultant reports to parliament with our focus areas, and outlined our program by year and by parliamentary committee. We communicated widely on the draft plan with parliamentary committees, ministers, departments, local governments, statutory bodies, universities and government owned corporations, and we shared it with the Premier of Queensland and the Leader of the Opposition.

We published the final plan on our website on 23 May 2022, informing our clients and stakeholders (including those who provided input into the draft plan), subscribers to our website, and social media followers. We informed our staff about the new plan, ensuring they could talk to their audit clients about upcoming topics and understand QAO's risk assessments and focus areas.

Over time, we ensure we are agile in responding to changing circumstances, priorities, issues, or parliamentary or public concern. In each of the coming 3 years, we will supplement our forward work plan with any new or updated audits that respond to new risks that entities must manage. Some examples of external factors that may warrant changes to our plan include increased cyber security incidents, the COVID-19 pandemic, or the flooding events in Queensland in early 2022. Within the plan, we present an acquittal of any changes we have made and immediately communicate variations directly with the related clients.

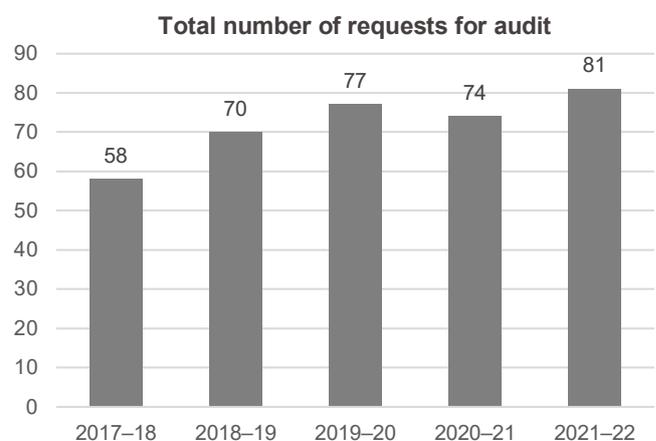
The 2017 strategic review of QAO recommended: 'In its refinement of its criteria for selecting performance audit topics, the QAO consider whether there is adequate emphasis on improving public sector performance' (5.8 (i)).

We have a thorough process for identifying, assessing, and selecting our potential audit topics based on a range of inputs and intelligence sources. In prioritising the value of an audit topic, we consider its impact, its importance, and the opportunity it provides for QAO to influence the delivery of public services. Details of our planning process are on our website: www.qao.qld.gov.au/reports-resources/fact-sheets

Requests for audits from our clients and stakeholders

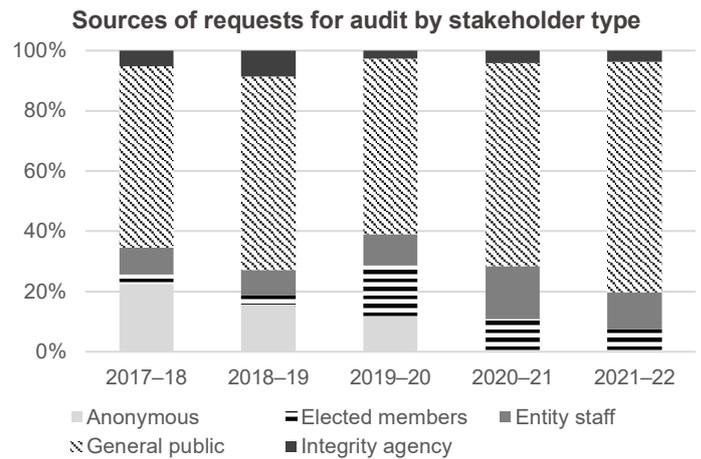
Our clients and stakeholders can raise concerns they have over the misuse of public money or behaviour in the entities we audit, and can submit what we call requests for audit.

It is important that members of parliament, councillors, entity staff, members of the public, and other integrity bodies can contribute to our work. The information in these requests is also a valuable input into our processes for identifying emerging risk or trends in performance across public sector entities and local governments.



This year, we received 81 requests for audits (7 more compared to last year) relating to 43 different state or local government entities. Forty-one of the requests related primarily to departments, 13 to other agencies (such as government owned corporations and statutory bodies), and 25 to local governments.

Sixty-two (77 per cent) of the requests came from members of the public, and the rest were from elected members (members of parliament and councillors), entity staff, and other integrity agencies. Some requests were also made anonymously. Who we received requests from has remained relatively consistent since 2017–18, with an increase from elected members in 2019–20, likely due to the state election and the local government elections in 2020.



This year, we raised 11 issues with our clients following our investigations of requests for audits, 2 of which were significant. The issues related mostly to internal controls for procurement and conflicts of interest. In the prior financial year, 2020–21, we raised 7 issues, 3 of which were significant, which also related to internal control activities. This year’s number of issues is higher due to the complexity of some of the matters we finalised, and due to some longer-running investigations that we resolved within this year relating to our audits in previous years.

We raise issues directly with the relevant entities so they can immediately take corrective action. We further track their responsive actions as part of the annual audit of the entity, along with any additional or new issues we identify and raise.

This year, we actioned 2 previous requests for audit within reports to parliament. Our report on *Regulating animal welfare services* (Report 6: 2021–22) followed a request from the then Natural Resources, Agricultural Industry Development and Environment Committee. In our report *Health 2021* (Report 12: 2021–22), we included a chapter on ambulance services following a request from a member of parliament.

Via our website, we received 7 suggestions for new audit topics for our forward work plan and 12 contributions to either audits in progress or already on our forward work plan.

To ensure transparency, we publish on our website summaries of the requests for audits we receive from members of parliament and councillors. We share information on who submitted the request, when we received it, and if/why we are conducting an audit in response: www.qao.qld.gov.au/audit-program/requests-audits. Some further information on how we examine and respond to requests for audit is available in our fact sheet: www.qao.qld.gov.au/reports-resources/fact-sheets.

Inaugural report to parliament on the status of Auditor-General’s recommendations

This year, QAO tabled its first report to parliament on the status of Auditor-General’s recommendations following the implementation of our new online system for entities to self-assess their progress.

Our new self-assessment system gives entities a record of all the performance audit recommendations we have made to them (including those redirected from machinery of government changes) and makes it easier for them to report their progress. Importantly, it enables audit committees to better monitor progress over time. And it identifies the recommendations we made more broadly across government.

On 17 November 2021, we tabled *2021 status of Auditor-General’s recommendations* (Report 4: 2021–22). For this first report, we asked 50 entities to self-assess their progress in implementing 447 performance audit recommendations from 32 reports tabled between 2015–16 and 2017–18. We started with earlier reports to allow a reasonable time for implementation. Our new approach showed us which types of recommendations are not being implemented as quickly or thoroughly as others, indicating which areas of service delivery entities are finding most challenging.

The report was accompanied by an interactive data visualisation that allows users to explore entities' self-assessed progress in a way that suits their information needs – they can tailor their search by year, report, entity, parliamentary committee, or implementation status. They can explore status updates in-depth, a summary of entity responses, or simply glean a snapshot of implementation status.

No one else had previously provided this 'bird's-eye view'. Our new approach gives parliamentary committees insights they did not have access to – they often ask QAO for status updates at our briefings. They are now better informed and able to hold entities to account, even following committee changes after an election. Our insights are not only innovative, but enduring. As a direct result of our report, in February 2022, one parliamentary committee wrote to the departments it oversees asking for an update on the recommendations reported as not being implemented.

We designed the system so that, in the future, we can ask for self-assessments against the recommendations made broadly across government, and our financial audits. Internally, we are using the insights we obtained, in conjunction with our other monitoring processes, to determine our follow-up audits. Over time, this yearly report will provide insights on trends and challenges, enabling entities to better respond to existing issues and take advantage of improvement opportunities.

Listening to feedback from our clients

By listening to and understanding our clients' needs, we are involving them in how we deliver our services and potentially inspiring greater interest in, or commitment to, the potential outcomes from our work. Feedback from our clients throughout the year helps us determine what is important to them, where we may be able to find efficiencies, and how we can build a picture of why they may (or may not) act on our advice or recommendations.

Each year, we engage an independent research provider to survey our clients on their satisfaction with our services. We ask our clients for feedback on our audit processes, our audit documents and reports to parliament, and the value of our services. They are also invited to provide free text comments.

For 2021–22, we surveyed 279 audit clients, receiving a 72 per cent response rate, which was the same as last year. We completed 3 rounds of surveys with our financial audit clients, and 3 rounds of surveys with our performance audit clients on 9 reports to parliament.

Our overall result across our audit and assurance services was 82 index points (ip), over our target of 80 ip and one point up from last year's result of 81. We received 81 ip for our audit process – up from last year's 79 ip, and we received 81 ip for our reporting, the same as last year. We were pleased to receive 86 ip for our value, up from last year's 85 ip. (IP is the average of the aggregate indices for each area of performance the survey explores.)

In the general comments we received, clients continued to recognise the effectiveness of our auditors' communication and consultation and their professionalism. Some clients also mentioned our auditors' ability to challenge approaches and ways of thinking. Many clients appreciated our support and expertise in working through the impact of machinery of government changes. Our areas to improve include the timeliness of our audit work and for some, ongoing improvements to how we communicate.

In our survey, a client told us: *'I do wish to acknowledge and thank the QAO staff for all their very hard work right at the end of October with many councils being signed off at that time, especially with the Brisbane public holiday. They went above and beyond.'* – Audit client, ORIMA survey, December 2021.

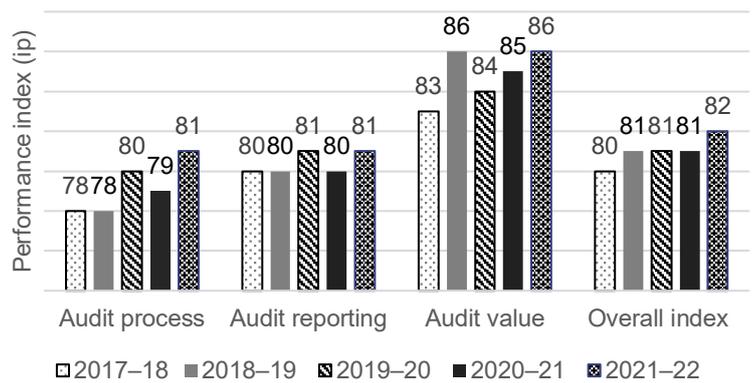
As for areas for improvement, our clients appreciated the consistency of our senior audit team members for their entity's audits, but would like us to ensure more seamless services when the junior members of teams change. Some of our clients would also like us to provide our management letters and responses to their position papers earlier. To address this, via our audit strategy for each entity, both QAO and the client agree on all key dates and deliverables as the audit commences.

In this year's independent satisfaction survey, one client told us: *'Over the past two financial years I have noted an increased level of awareness regarding the challenges our organisation faces and a more pragmatic/open minded approach taken when we discuss such challenges or differences of opinion. Our QAO audit team has built strong relationships within our finance function.'* – Audit client, ORIMA survey, December 2021.

Analysing our client survey results

We analyse client survey results for trends across all participant types – audit clients, audit committees, and audit service providers. We share predominant or systemic trends with our staff. We also use the data to highlight the combinations of audit teams that clients prefer, thus supporting resourcing. Over the past 5 years, our survey results have steadily improved in most areas, reaching or exceeding our annual targets. We continue to work on improving our results and understanding our clients’ needs.

Overall client satisfaction rates 2017–18 to 2021–22



Modernising our audit methods

Better using our information and intelligence for insights

QAO collects and holds a wealth of information and intelligence that spans an extensive period of time. It includes:

- the requests for audits we receive from elected members, entity staff, members of the public, and other integrity bodies
- the issues we have raised during our audits across our client base, including common internal control weaknesses
- our assessments of the impacts from our work after a report to parliament is tabled
- the information we gather through our strategic stakeholder engagement
- the results of our independent client surveys.

In 2020–21, we commenced a project to unlock the value of this information to better inform our work at both the strategic and operational levels. We identified how we can better connect our information and identify synergies or trends.

We also examined the functionalities and information that our existing systems can provide, such as our audit software, to ensure we are using these platforms as well as we can and for the right purpose.

This project aligns with our OneQAO way of working where we operate wholistically, strategically, and efficiently. Our roadmap for the ‘better use of information’ outlines all of QAO’s information assets and the priority areas where we can take full advantage of our insights over the coming years.

Using data for insights and efficiency

Technology and data have a vital role in delivering our work, and this is reflected in our organisation’s strategic plan. The effective use of data supports audit quality and clearer communication, and facilitates new and rich insights. Importantly, it allows our people to focus on areas of greater complexity and where technical expertise and professional judgement are most needed. By automating some of our processes, we can free up our time to conduct greater analysis.

This year, our growing use of data analysis helped us manage audit costs, which benefits both our clients and QAO. We continued to mature the processes we have in place for collecting, protecting, and using our clients’ data – reflecting their understanding of, and comfort with, our approach and requirements.



We successfully transitioned more of our clients to our data dashboard for our 2022 audits, enabling easier access to client financial data and greater analysis of transactions and balances. This facilitated a better client experience by reducing the burden on clients to provide us with data via manual reports and emails.

We shifted to using Microsoft PowerBI as our lead platform to develop more targeted solutions for our auditors who respond to a specific audit area or matter. The first solution was for clients' property, plant, and equipment data, including what the asset is, where it is, and its value. This solution effectively linked our audit methodology with data and gave auditors an easier and faster way to find information.

Dedicated project on advancing our use of data

QAO has been on its data journey for some time. This year, we initiated an external review into how we collect, secure, analyse, and use data in our financial and assurance audits. Soon after the review, we commenced a dedicated project to respond to the key opportunities highlighted in the review's report.

Our data analytics project presents opportunities for advancing and transforming the way we go about our audit work, both now and into the future. It will enable us to 'work smarter not harder', with our workforce playing a key role in determining which data approaches and tools we can apply to make our work easier and more efficient, while delivering better insights for our clients. Importantly, this project applies our OneQAO approach by touching on all parts of the business – from the strategy set at the executive level, to our governance principles, to the deployment of our audit tools. It also reflects the training and support we provide our workforce to create an analysis-driven culture that focuses on user-centric solutions.

The delivery focus for this first year of the project was to draw on the intellectual capability of our staff. We engaged audit staff and other experts from across the business to understand any problems they encountered and where opportunities existed to better leverage and enhance our use of data. From a long list of thought-provoking ideas, we developed and launched our *QAO data and analytic strategic plan 2022–25*, which provides our roadmap for what we want to achieve. We communicated regularly with staff about the project and the new plan to ensure they were informed on how they could contribute to its success. We also targeted several initiatives to deliver some 'quick wins' for auditors to use on their jobs in the 2021–22 financial year audit cycle.

The 2017 strategic review included recommendations for QAO's audit analytic capability, all of which we have actioned, including:

'The QAO monitor the results of the implementation of audit analytics taking place within the QAO to identify the costs and benefits of audit analytics in the delivery of audit services both for financial audits and performance audits' (4.8 (i)).

'Formal reviews of the audit analytics programme be undertaken by the QAO following the audits for each of the next three financial years to assess the benefits arising from the use of audit analytics compared to the cost of the same, including costs directly incurred by audit clients' (4.8 (ii)).

New ways for assessing our clients' internal controls

As part of our audits, we assess whether entities have designed effective internal controls – the people, systems, and processes that ensure an entity can achieve its objectives, prepare reliable financial reports, and comply with applicable laws. Our reports to parliament covering the results of our financial audits include these assessments and highlight the areas needing entities' significant attention.

Over the past 2 years, we have been implementing a new tool for our assessments of internal controls. This tool helps our clients determine how strong their controls are and where they need to (and are able to) mature. In developing the tool, we captured the common issues and trends QAO has frequently raised across its audits over the past 10 years. This strategic approach demonstrates our focus on helping our clients improve their financial reporting and performance.

In 2021–22, we released an annual assessment tool to all entities, and used it to conduct our audit assessments across departments and some statutory bodies, government owned corporations, and local governments. Feedback on the new approach has been positive. One council asked QAO to give a presentation on the new tool as part of its program to improve its governance mechanisms, and advised that the tool has already created significant cost savings.

In our independent client satisfaction survey, another client told us: *‘The services QAO provide allows us each year to grow and mature how we manage our financial information. These services are very welcome, and we enjoy working with the QAO to improve our financial controls.’* – Audit client, ORIMA survey, October 2021.

Update to our new audit toolkit

We invest in our audit software and methodologies to ensure our work is carried out efficiently and meets professional quality standards.

This year, we continued to roll out and improve our new audit software by improving integration across the office and the templates we and our audit service providers use. Working closely with QAO’s data specialists, we developed integrated templates that streamline, and provide greater consistency over, the audit testing methods we use.

We transitioned our assurance and performance audit products and the last of our financial audits from our previous system. We also streamlined our audit templates to accommodate smaller audits. We have been exploring how the data within CaseWare Quest can contribute to QAO’s use-of-data project. We continued to receive positive feedback from our users on the tool’s functionalities and interface.

Collaborating with our peers and professional networks

Exchanging expertise with our peers, professional networks, and other stakeholders is a valuable and effective way for us to increase the influence from our work, identify risks and opportunities facing public sector entities and local governments, and leverage opportunities for collaborative learning.

This year, QAO’s work continued with the Auditing and Assurance Standards Board (AUASB), Australian Accounting Standards Board, and professional accounting bodies, covering proposed amendments to various accounting and auditing standards. We provided comprehensive feedback to the AUASB on its new Guidance Statement 023, which deals with public sector-related issues including engagement letters and auditing going concern.

We were invited to present on our insights and experiences at a range of industry events including those held by CPA, the Local Government Finance Professionals (LGFP), the Interdepartmental Accounting Group (IAG), the Institute of Public Works Engineering Australasia (IPWEA), and the Risk Management Community of Practice and Strategic Management Network. We also co-hosted financial reporting workshops for local governments with the Department of State Development, Infrastructure, Local Government and Planning on our processes and timing for reviewing model financial statements.

A key relationship for QAO is with the audit offices in other jurisdictions via the Australasian Council of Auditors-General (ACAG). Audit offices in Australia, New Zealand, Papua New Guinea, and Fiji shared knowledge on financial and performance audits; discussed the various processes, methods and tools each office uses; and discussed challenges each faces in applying accounting and auditing standards.

This year, ACAG held a number of meetings, including 3 business meetings, 2 of the auditing standards committee, 2 of the audit analytics committee, 4 of the financial reporting and accounting committee, 4 for corporate services leads, and 3 with the heads of financial audit and heads of performance audit respectively.



QAO contributed 2 newsletter articles for the Pacific Association of Supreme Audit Institutions (PASAI) – one on our new report on the status of Auditor-General's recommendations, and one on our *Forward work plan 2022–25*. Many of our staff also reached out to their counterparts at other Australian and some international audit offices to share ideas.

We also continued to work with other core integrity bodies as enabled by our respective legislation.

Examples of impact from our work

We aim to motivate our audit clients to drive improvements in how public services are delivered and positively impact the lives of Queenslanders. Our audit services, reports to parliament, and other resources foster transparency, empower those charged with governance to change, and enable more accountability over entity performance. We aim to support and encourage entities to act by optimising and proactively sharing the deep and broad insights we gather from our audit work.

Below are examples of early impacts from some of our reports to parliament tabled in 2021–22. These early impacts are likely to extend further: many of our audits and reports have positive impacts over a period of some years as entities act on our recommendations. We capture this extended impact as entities conduct annual self-assessments on the implementation of our performance audit recommendations and report a summary of the results to parliament in our new status of Auditor-General recommendations report. www.qao.qld.gov.au/reports-resources/status-auditor-generals-recommendations.

Better connectivity for school children and teachers

On 20 July 2021, we tabled our report *Enabling digital learning* (Report 1: 2021–22). It presented key facts about how the Department of Education was reliably connecting learners and staff of state schools to digital resources and online content.

The COVID-19 pandemic highlighted the crucial need for workforce proficiency in digital technology. In our report, we made 7 recommendations around improving student access to high-quality internet and a range of devices, updating and maintaining technology infrastructure, and planning for the future of digital learning. Our first recommendation stated the Department of Education should review its targets for internet speed and actively explore new types of services to increase internet speeds in schools to support equitable access to digital learning. This was based on the fact that the department's benchmark for internet speed was 25 kilobits per second (kbps) per student – well below other states and 200 times lower than the New South Wales benchmark.

On 31 March 2022, the Queensland Government announced a \$190 million upgrade to school internet access for 1,258 state schools, including 40 regional schools. The upgrade is expected to increase internet speeds per student from 25 kbps to 5 megabits per second (mbps), giving students and teachers access to high-speed connectivity for the first time, and overall providing more equitable access to digital technologies.

Improving regulatory performance and oversight across government

Over time, a number of QAO audits covering a wide variety of government services have found that good regulatory performance is absent. Regulation is a key function of government, and due to the need for improvement across many – if not all – public sector entities and local governments, QAO implemented a campaign to increase awareness and influence action.

One of our reports on regulation, *Regulating animal welfare services* (Report 6: 2021–22), assessed the effectiveness of the Department of Agriculture and Fisheries' engagement with RSPCA Queensland and whether the department was using the mechanisms available to it to provide oversight. We conducted this audit in response to a request from a parliamentary committee.

We knew we needed to develop and share insights on good regulatory practices beyond the individual organisations involved in our audits. For the first time, via this report we prepared a chapter containing insights for all entities and a principles-based good practice model for entities to self-assess against. The report included a recommendation for all entities on applying this model, which we will follow up to check implementation progress in due course.

On tabling, the Auditor-General wrote to all entity chief executive officers highlighting the recommendation and inviting them to a special ‘insights session’ QAO hosted in May 2022. The event was attended by 166 staff from entities in Queensland (via live stream and in-person). It gave us the chance to discuss our good practice principles and promote the need for change. The event included a guest presenter from one of our clients involved in regulation, who shared their perspectives and experiences.

Feedback from the event was positive. In the post-event survey, one attendee said: ‘*This was a very useful format for the session, in particular, the real-life examples.*’ – Insights session event attendee, May 2022.

In campaigning on the insights from this report, we also discussed it at our events for audit committee chairs, informed staff and our audit service providers, published a blog post 2 weeks after the report tabled in parliament, and shared the good practice as a guide on our website.

Our recommendation for all entities on self-assessing against our good practice principles should now have been included in the audit issues register for public sector entities, allowing audit committees to better monitor implementation progress.

The audit itself was complex, given how the regulation of and relationship between the department and RSPCA occurs. Our strategic engagement approach not only allowed a timely and valuable audit, but generated some immediate positive impacts while the audit was underway. The department started taking action as soon we discussed our findings with it, working to improve its regulatory oversight and the services it is responsible for. Some actions it took included restructuring its programs, appointing staff to key roles, providing new learning programs, and increasing leadership meetings and ongoing dialogue.

As a result of our audit, in May 2022 the Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities announced he was introducing legislation to update the *Animal Care and Protection Act 2001*. One of the changes is clarifying the powers inspectors have, which was our first report recommendation.

ACAG excellence award winner – our report on regulating dam safety

Our other audit report related to regulation for this year was *Regulating dam safety* (Report 9: 2021–22), where we examined how the Department of Regional Development, Manufacturing and Water collects and uses information from dam owners to manage risks to dam safety. Dams are significant pieces of infrastructure that provide safe drinking water, irrigation, flood mitigation, energy, and support the extraction of minerals. In Queensland, there are 107 referable (regulated) dams, with state and local government owning 92. An estimated 790,000 people live downstream and would be at risk if these dams were to fail.

This audit resulted in some immediate impacts as the department started acting on our findings and recommendations during the conduct phase. Some of these changes included improving follow-ups of delayed reports from dam owners, reviewing key deadlines, developing a risk prioritisation process, and reviewing guidelines for consistent and reasonable compliance-related activity. It also engaged specialists to review flood capacities and the number of annual audits it should undertake, and reviewed its resourcing approach and team structures.

In June 2022, the Minister for Regional Development and Manufacturing and Minister for Water announced funding in the 2022–23 Queensland Government Budget to address our report recommendations. \$3.4 million over 4 years will be invested to recruit specialist regulation, compliance, and engineering staff, and to further develop information technology capability.



We submitted this report to the yearly performance audit awards conducted by the Australasian Council of Auditors-General (ACAG), and it won the 'excellence' category – competing against 6 other high-quality submissions from Australian and New Zealand audit offices. The excellence award recognised the performance audit that demonstrated the most exceptional audit methods, impeccable standards of evidence, effective presentation of findings and conclusions, value for money, and positive and sustained impacts.

Our audit approaches, such as using advanced data analytics and testing, interviewing dam owners, conducting site visits, working at the client's main office, and conducting jurisdiction comparisons (as a few examples), ensured we could identify the underlying cause of issues and give the entity practical recommendations.

Our interactive data dashboard provided data on dam ownership, planned upgrades, structure, capacity, and age. The department advised it would like to take the dashboard on in the future.

The Senior Manager for this audit, John Hanwright, said: *'It feels great to get recognition from my peers for the important work we do improving public services.'*

Further sharing our insights and learnings

QAO has a system-wide perspective that allows us to look across entity boundaries to identify cross-government issues and share learnings and good practice between our clients. To influence better public services, people need to know about, care about, and understand our work and recommendations for performance improvement. We endeavour to synthesise and clearly explain what we find, and proactively share our insights with our clients and stakeholders via a range of mechanisms.

This year, QAO's blog continued to be a key channel for us to engage our diverse range of readers with fast, easy-to-understand information. We had total of 28,001 views of our blog posts – and a total of 113,890 views since we launched the platform in November 2018. Our blog topics for the year covered a wide range of subjects, including accounting issues, governance matters, cyber risk, and ICT project management, to name a few. Our most read post was *Configuration or customisation costs in a cloud computing arrangement* with 2,658 views, followed by *Reflecting change—40 years at QAO* with 1,520 views.

Our new fact sheets for the year covered financial reporting considerations in uncertain times, our new internal controls assessments, and confidentiality of reports to parliament. We also prepared a fact sheet on our record keeping requirements for our audit service providers.

Our events continued to serve as an ideal way to engage closely with specific client groups or types in a discussion-based manner. Our main events included our technical update in February 2022 – attended by over 500 public sector and local government finance managers – and our biannual briefing for audit committee chairs – attended by more than 50 people for each event. We again held our forum for our clients from energy entities and our audit service providers who partner with us to deliver some audit services for them, attended by 47 people.

Using interactive data dashboards to curate and illustrate our insights

To help our clients, parliament, and our other stakeholders understand how public sector entities are operating and performing, we illustrate the results of our audit work and our insights via interactive data dashboards and graphical data presentations within our reports. Our data dashboards help demystify financial information and provide a curated user-focused approach where people can view data based on their area of interest.

In November 2021, we launched our centrepiece QAO Queensland dashboard, which brings together our insights from all our report-specific dashboards. Readers can search their address to view important financial information about public sector and local government entities, and locate interesting demographical information such as population growth rates, unemployment rates, or median incomes. This year so far, the QAO Queensland dashboard has been viewed 1,988 times.

We updated the data in the dashboards accompanying our water, energy, health, education, and local government reports to parliament. Readers can explore financial audit data in an easy-to-digest manner based on where they live or the services they receive.

Our interactive dashboard for the *2021 status of Auditor-General's recommendations* report to parliament was our second-most popular dashboard for the year, with 1,446 views. This was followed by our local government dashboard with 627 views.

Continuing our focus on audit quality

In demonstrating our commitment to audit quality, each year QAO voluntarily publishes a transparency report covering the way we audit and apply our internal practices. We choose to do this to openly share the practices and governance mechanisms we have in place, and to be consistent with our professional peers. The report provides confidence to parliament, our public sector clients, and the public that we do quality audits. It includes the results of the internal and external reviews we conduct on our audit work. The latest report is available on our website: www.qao.qld.gov.au/about-us/our-annual-report-transparency-report.

The *Auditor-General Auditing Standards* provide the way in which we perform our audits and require the adoption of standards issued by the Australian Auditing and Assurance Standards Board (AUASB). These standards ensure audits are planned and performed in a manner that will support the opinion or conclusion expressed by the auditor and comply with ethical standards.

The 2017 strategic review recommended: 'The QAO Auditing Standards be revised to incorporate a section setting out the criteria on which the Auditor-General may determine which Queensland public sector entities will be subject to Australian Auditing Standard ASA701 *Communicating Key Audit Matters*' (4.10 (i)). It also recommended: 'The Auditor-General amend the *Auditor-General of Queensland Auditing Standards* to incorporate guidance on the requirement that the Auditor-General refrain from commenting on the merits of government policy' (5.4 (ii)).

In 2019, QAO updated its auditing standards, incorporated this recommendation, and tabled the standards in parliament.

QAO also makes it clear in our fact sheets on our role and services that we do not comment on government policy.

Meeting our information systems and record keeping requirements

Effective record keeping gives us confidence that we have the evidence we need to support our decisions and the results of our audit work. During 2021–22, we continued to improve by:

- establishing an Information and Cyber Governance Committee to monitor compliance against our information policies
- strengthening our records governance policy, particularly as to how it applies to born-digital records
- communicating roles and responsibilities for creating, managing, and disposing of public records in our internal policies and procedures
- furthering our use of, and reliance on, born-digital and digitised records
- continuing our use of electronic signatures and document approvals
- providing mandatory training to all new staff and mandatory refresher courses to existing staff
- implementing the revised Queensland Audit Office retention and disposal schedule
- continuing to develop an information security management system to preserve the confidentiality, integrity, and availability of our information assets.



QAO has a strong history in record keeping, having maintained copies of the office's reports to parliament since the establishment of the position of Auditor-General in 1860. Due to the historical significance of these documents, we commenced liaising with Queensland State Archives on transferring some of these reports to it. The first transfer occurred between September and December 2021, starting with QAO's oldest and largest report series, and we will continue to liaise with the archives on the remaining documents.

Looking ahead

Looking ahead, we will:

- meet and exceed parliament's expectations on the value of our audit work, reports to parliament, and ongoing support
- improve how we use the wealth of information available to us to inform our forward work planning, and focus on the audit topics that can provide the most benefit to our clients
- deliver a new approach to our reports to parliament by shifting our water and transport reports into a new yearly report on Queensland's regions, incorporating transport information into our major projects report, shifting state finances into state entities, and broadening our report on the Queensland Future Fund
- continue to improve our business intelligence reporting to provide greater oversight and visibility of audit status and timeliness, and align our resourcing requirements
- table our second report to parliament on the status of Auditor-General's recommendations, which will summarise entities' self-assessments on our 2018–19 and 2019–20 performance audit recommendations and share insights on our analysis of the status updates
- implement our data and analytic strategic plan and continue using our data innovatively to provide richer insights for our clients, ensure our underlying infrastructure is fit for purpose, and adhere to robust governance processes
- as our datasets continue to grow, enhance our audit methodologies and audit software to build in analytics developments and quantify potential future savings
- continue to roll out our model for assessing internal controls to more entities to include record keeping at departments; risks management at universities; asset management at health entities; information systems, and cyber security at local governments; and governance for water and ports entities
- implement ways to observe and measure potential impacts from our work, including capturing any immediate positive changes that entities make in acting on our findings and recommendations while an audit is underway.

Summary of our financial performance

We aim to lead by example in holding ourselves to the high standards we expect from the public sector entities and local governments we audit. We remain efficient, provide value for money, and focus on long-term sustainability.

Overall, our revenue and operational expenses tracked well against our budget for 2021–22. We delivered most of our audit work as planned, with little impact on our overall position.

Our funding from parliament for 2021–22, received under the *Appropriation Bill 2021* was \$7.003 million. This appropriation is allocated to reporting and advice or assistance to parliament, delivering performance audit and assurance activities, preparing our forward work plan, investigating requests for audits, and remunerating the Auditor-General.

QAO recognises the revenue from the audit fees we need to charge our clients for our financial audit services on a full cost recovery basis. The revenue from these fees was \$39.770 million, slightly over our budget of \$38.659 million. This is due to some additional work we were required to do for our clients following machinery of government changes.

Our overall total income from our continuing operations was \$47.036 million, slightly over our budget of \$45.880 million.

QAO's total expenses from our continuing operations was \$45.179 million, marginally over our original budget of \$44.930 million. Over half of our expenses were employee costs at \$25.345 million, close to our budget of \$25.396 million. This expense reflects 2 offsetting events – salary and wage increases (per public sector increases), and the incentives we need to pay to retain some staff. This was offset by significant reductions in our number of full-time employees due to skills shortages and a competitive market for audit professionals.

Our next largest cost was our supplies and services at \$19.276 million, over our budget of \$18.868 million as we spent more on expert advice for our data analytics project. We commenced this project following the 2021–22 external review we initiated on the use and value of data analytics, and per recommendations made in the 2017 strategic review of QAO.

To assist in delivering our audit services per our mandate, QAO engages private sector audit firms to support us in our work. Our cost for our audit service providers was \$12.017 million, consistent with the historical amount of work performed by our partner firms. Our other expenses were conservative, covering some specialist consultants, rent and office services, information technology or minor office equipment, and staff development.

QAO's financial statements and independent auditor's report are on pages 34–56 of this annual report.



Financial statements, independent auditor’s report, and performance statement

We continue to operate as a sustainable and contemporary audit practice. The following pages of this report contain the:

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



Financial statements

Queensland Audit Office Financial Statements For the year ended 30 June 2022

Contents

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Certificate of the Queensland Audit Office

Independent Auditor's Report

General Information

These financial statements cover the Queensland Audit Office (QAO) for the 2021-22 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@gao.qld.gov.au
- or visit the QAO's internet site www.gao.qld.gov.au.



Queensland Audit Office
Statement of Comprehensive Income
For the year ended 30 June 2022

	Notes	2022 Actual \$'000	2022 Original Budget \$'000	Budget Variance* \$'000	2021 Actual \$'000
Income from Continuing Operations					
Audit fees	2(i)	39,770	38,659	1,111	38,952
Appropriation revenue for services	2(ii)	7,003	7,014	(11)	6,588
Other revenue	2(iii)	263	207	56	212
Total Income from Continuing Operations		47,036	45,880	1,156	45,752
Expenses from Continuing Operations					
Employee expenses	3	25,345	25,396	(51)	23,807
Supplies and services	4	19,276	18,868	408	19,511
Depreciation and amortisation	8 (b)	88	64	24	408
Other expenses	5	470	602	(132)	444
Total Expenses from Continuing Operations		45,179	44,930	249	44,170
Total Operating Result from Continuing Operations/Comprehensive Income		1,857	950	907	1,582

**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 2022

	Notes	2022 Actual \$'000	2022 Original Budget \$'000	2022 Budget Variance \$'000	2021 Actual \$'000
Current Assets					
Cash and cash equivalents	1(d)	9,079	8,687	392	6,939
Work in progress	6	2,838	4,043	(1,205)	5,946
Receivables	7	5,421	4,741	680	2,768
Other current assets		882	433	449	662
Total Current Assets		18,220	17,904	316	16,315
Non-Current Assets					
Plant and equipment	8(c)(i)	52	..	52	138
Intangible assets	8(c)(ii)	2
Total Non-Current Assets		52	..	52	140
Total Assets		18,272	17,904	368	16,455
Current Liabilities - Payables and accruals					
	9	1,307	1,751	(444)	1,347
Total Liabilities		1,307	1,751	(444)	1,347
Net Assets		16,965	16,153	812	15,108
Equity					
Contributed equity		5,183	5,183	..	5,183
Accumulated surplus		11,782	10,970	812	9,925
Total Equity		16,965	16,153	812	15,108

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Changes in Equity
For the year ended 30 June 2022

	Notes	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
Balance as at 1 July 2021		9,925	5,183	15,108
Operating result from continuing operations		1,857		1,857
Balance as at 30 June 2022		11,782	5,183	16,965
Balance as at 1 July 2020		8,343	5,183	13,526
Operating result from continuing operations		1,582	..	1,582
Balance as at 30 June 2021		9,925	5,183	15,108

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Cash Flows
For the year ended 30 June 2022

Notes	2022 Actual \$'000	2022 Original Budget \$'000	2022 Budget Variance \$'000	2021 Actual \$'000
Cash Flows from Operating Activities				
<i>Inflows:</i>				
Audit fees	37,326	38,775	(1,449)	39,538
Appropriation revenue for services	6,993	7,014	(21)	6,598
GST input tax credits from ATO	2,078	1,707	371	1,870
GST collected from customers	4,316	3,514	802	3,695
Other revenue	57	..	57	28
<i>Outflows:</i>				
Employee expenses	(25,583)	(25,318)	(265)	(23,484)
Supplies and services	(16,711)	(18,868)	2,157	(22,422)
GST paid to suppliers	(1,974)	(1,696)	(278)	(1,998)
GST remitted to ATO	(4,097)	(3,523)	(574)	(3,720)
Other expenses	(265)	(395)	130	(236)
Net Cash Provided by / (Used in) Operating Activities	13	2,140	1,210	930
Net Cash used in Investing Activities				
Payments for plant and equipment and intangibles		(77)
Net increase / (decrease) in cash and cash equivalents	2,140	1,210	930	(208)
Cash and cash equivalents at beginning of financial year	6,939	7,477	(538)	7,147
Cash and Cash Equivalents at End of Financial Year		9,079	8,687	392
		6,939		

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2022

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 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 30 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.

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 2021.

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 2022

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 Acting Auditor-General of Queensland and the Acting 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 2022

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 2021*.

	2022 \$'000	2021 \$'000
Revenue		
Budgeted appropriation	7,014	6,598
Queensland Treasury adjustments	(11)	(10)
Total	7,003	6,588

The 2021 and 2022 Budgeted appropriation included reductions reflecting decisions made in the Queensland Government Debt and Savings Plan. These totalled \$0.453 million in 2021 and \$0.131 million in 2022

The adjustments to appropriation from the amount set out in the *Appropriation (2021-2022) Bill 2021* and *Appropriation (2020-2021) Bill 2020* were for Microsoft Core Client Access License (CAL).

(iii) Other Revenue

	2022 \$'000	2021 \$'000
Other revenue		
Storage services received free of charge	205	199
Miscellaneous receipts	58	13
Total	263	212

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 2022

3. Employee Expenses

	Note	2022 \$'000	2021 \$'000
Employee Benefits			
Wages, salaries and sick leave	3(i)	19,876	18,783
Annual leave levy	3(ii)	2,070	1,805
Long service leave levy	3(ii)	500	469
Employer superannuation contributions		2,679	2,560
Fringe benefits tax		84	70
Voluntary early retirements		..	17
Total Employee Benefits		25,209	23,704
Employee Related Expenses			
WorkCover Queensland premium		38	42
Employee expenses – other		98	61
Total Employee Related Expenses		136	103
Total		25,345	23,807

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

	2022	2021
Number of employees as at 30 June (based upon the fortnight ending 1 July 2022)	179	182

(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 any liability 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 2022

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 2021–22.

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 2022

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			
1 July 2021 – 30 June 2022						
Auditor-General	B Worrall	467	13	11	55	546
Deputy Auditor-General (when required) & Assistant Auditor-General	K Johnson	283	13	6	29	331
Assistant Auditor-General	P Brahman	280	13	6	31	330
Assistant Auditor-General	P Flemming	246	13	5	25	289
Assistant Auditor-General	D Olive	236	13	5	23	277
Assistant Auditor-General* (1/7/21 – 31/05/22)	R Vagg	258	11	4	22	295*
Total 2022						2,068
1 July 2020 – 30 June 2021						
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
Total 2021						2,049

2021-2022: *Total remuneration includes annual and long service leave entitlements payout of \$30,184

(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 2022

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

	2022	2021
	\$'000	\$'000
Payment to audit service providers	12,017	11,818
Consultants and expert advice	2,176	1,267
Payments to employment agencies for contractor personnel	594	1,194
Rent and office services	1,698	2,158
Information technology and minor office equipment	1,536	1,751
Staff development	163	220
Travel costs	300	354
Bureau charges	288	328
Other administrative costs	504	421
Total	19,276	19,511

5. Other Expenses

	2022	2021
	\$'000	\$'000
Internal audit fees	154	144
External audit fees*	33	33
Insurance premiums – QGIF	63	60
Storage services received free of charge	205	199
Other expenses	15	8
Total	470	444

* Total audit fees due to Hall Chadwick QLD relating to the 2021-22 financial year are \$33,150 (2020-21: \$32,500).

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2022

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 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 billed.

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 work in progress exists
- no amounts are outstanding for entities that no longer exist, and
- good quality credit history, with our clients being state and Local Government entities.

7. Receivables

	2022 \$'000	2021 \$'000
Audit fees receivable	4,757	2,279
Annual leave reimbursement	487	440
Long service leave reimbursement	177	14
Other receivables	..	35
Total	5,421	2,768

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 2022

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:

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

	2022	2021
	\$'000	\$'000
Depreciation and Amortisation		
Plant and equipment	86	92
Intangibles	2	316
Total	88	408

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2022

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.

	2022	2021
	\$'000	\$'000
(i) Plant and Equipment		
Plant and equipment		
At cost	997	997
Accumulated depreciation	(945)	(859)
Total	52	138
 <i>Plant and Equipment Reconciliation</i>		
Carrying amount at 1 July	138	153
Acquisitions	..	77
Disposals	..	(51)
Depreciation	(86)	(92)
Accumulated depreciation on disposal	..	51
Carrying amount at 30 June	52	138
	2022	2021
	\$'000	\$'000
(ii) Intangible Assets		
Software purchased		
At cost	331	331
Accumulated amortisation	(331)	(331)
Total
Software internally generated		
At cost	1,968	1,968
Accumulated amortisation	(1,968)	(1,966)
Total	..	2
Intangible Asset Total	..	2
 <i>Intangible Assets Reconciliation</i>		
Carrying amount at 1 July	2	318
Amortisation	(2)	(316)
Carrying amount at 30 June	..	2

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2022

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.

	2022	2021
	\$'000	\$'000
(a) Payables		
Creditors	258	510
GST payable	470	251
GST input tax receivable	(214)	(316)
Net GST payable	256	(65)
Total	514	445
(b) Accrued Employee Benefits		
Annual leave levy payable	612	586
Long service leave levy payable	151	129
Other employee benefits	30	187
Total	793	902
Total	1,307	1,347

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 (DEPW). This arrangement is outside the scope of *AASB 16 Leases* as DEPW has substantive substitution rights over the non-specialised, commercial office accommodation we use. There is no lease remediation requirement under this sub-lease.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2022

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 fees were \$1.111 million above budget. We were required to do additional audit work during the financial year because of the impact of the 2021 Machinery of Government changes.
<i>Supplies and services</i>	Supplies and Services were \$0.408 million above budget. We spent more on expert advice and consultants because we commenced our Data Analytics Project during the financial year. This is a multi-year project that aims to enhance staff data literacy, improve audit efficiency and streamline data extraction processes.
<i>Employee Expenses</i>	Employee expenses were not over budget. This reflects two offsetting events – salaries and wages increased in line with Public Sector increases and the retention incentives that we had to pay to retain staff, offset by significant reductions in FTE through the year due to market conditions.

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

<i>Cash and Cash Equivalents</i>	Cash was \$0.392 million above budget. This was due to additional audit work being performed and the timing of when that is billed and paid.
<i>Work in Progress</i>	Work in Progress was \$1.205 million less than budget. Our June 2022 revenue was less than expected because of unplanned leave from COVID and Influenza.
<i>Receivables</i>	Receivables was \$0.680 million above budget. This is a timing difference and most of this balance was received in July 2022.

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

<i>Audit Fees</i>	Audit fees received were \$1.449 million less than expected. The conversion of Work in Progress to receivables occurred right at the end of the financial year in 2022 resulting in a higher than expected receivables.
<i>Supplies and Services</i>	Supplies and services paid were \$2.157 million below budget. This reflects Work in Progress being less than expected and timing differences when invoices from our Audit Service Providers were paid.



Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2022

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

Financial Assets	Notes	2022 \$'000	2021 \$'000
Cash and cash equivalents (fair value through profit or loss)	1 (d)	9,079	6,939
Work in progress (amortised cost)	6	2,838	5,946
Receivables (amortised cost)	7	5,421	2,768
Total		17,338	15,653
Financial Liabilities - Payables and accrued employee benefits (amortised cost)	9	1,307	1,347

(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 \$300 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 2022

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
	Less than 30 days	30-60 days	Overdue	
	\$'000	\$'000	\$'000	\$'000
2022	5,380	..	41	5,421
2021	2,542	202	24	2,768

(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, \$171,000 (2021: \$194,748) was available in this facility.

As at 30 June 2022, 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.

13. Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2022 \$'000	2021 \$'000
Operating Surplus	1,857	1,582
Non-cash items included in operating result:		
Depreciation and amortisation expense	88	408
Change in assets and liabilities:		
(Increase) / decrease in work in progress	3,108	(2,203)
(Increase) / decrease in receivables	(2,652)	683
(Increase) / decrease in other current assets	(220)	(98)
Increase / (decrease) in payables and accruals	(252)	(537)
Increase / (decrease) in accrued employee benefits	(110)	187
Increase / (decrease) in GST payable	321	(153)
Net Cash provided / (used) by Operating Activities	2,140	(131)

Certificate of the Queensland Audit Office

CERTIFICATE OF THE QUEENSLAND AUDIT OFFICE

These general-purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), s.42 of the *Financial and Performance Management Standard 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 2022 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.



Sandi Faddy, CPA
Acting Chief Financial Officer
28 July 2022



Karen Johnson, FCA
Acting Auditor-General
28 July 2022

Independent auditor's report

HALL CHADWICK 
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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 2022, 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 2022 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 2022, 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.

Report on other legal and regulatory requirements

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2022:

- (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. B. Taylor

Mark Taylor
Director
Hall Chadwick QLD

Dated at Brisbane this 28th day of July, 2022.



Performance statement

Queensland Audit Office Performance statement Year ended 30 June 2022

Performance comparison – actual to target

Service Standards	Notes	Target	Actual	Variance	
Effectiveness measures					
Parliament's overall satisfaction with services (%)	1	80	N/A*		
Audit clients' overall satisfaction (index points)	1, 2	80	82	2.0	favourable
Average time to produce reports – financial audits (months)	3, 5	6	6.7	0.7	unfavourable
Average time to produce reports – performance audits (months)	3, 5	9	11.2	2.2	unfavourable
Efficiency measures					
Average life-cycle cost of reports tabled – financial audits (\$'000)	4, 5	\$140.0	\$102.7	\$37.3	favourable
Average life-cycle cost of reports tabled – performance audits (\$'000)	4, 5	\$395.0	\$262.8	\$132.2	favourable
Average cost of financial audits – State entities (\$'000)	6	80–90	93.8	3.8	unfavourable
Average cost of financial audits – Local government entities (\$'000)	6	70–75	79.5	4.5	unfavourable

* We typically survey members of parliament twice during the parliamentary term (not annually). We last surveyed members of parliament in 2020–21. Parliament's overall satisfaction with services in 2020–21 was 89%.

These measures are in the 2022–23 Queensland State budget papers.

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 our audit clients value our independent audits and advice. We report on the results of our audits and share our insights and advice to parliament and the entities we audit. We value all feedback we receive. It identifies opportunities for QAO to enhance our relationships with members of parliament and audit clients.
2. QAO surveys its public sector and local government audit clients each year. Our audit clients' overall satisfaction is a blended average from surveys of financial audit and performance and assurance audit clients. The actual result for 2021–22 is slightly higher than the target and reflects our focus on providing our clients with a consistent and seamless QAO experience. We received positive feedback about the professionalism of our auditors and their knowledge and skills. Clients rated our reporting highly, and agreed they had adequate opportunity to comment on audit findings. Based on the survey results, key improvement opportunities include the timeliness of our audit program and management letters; and how we communicate with some clients.
3. The Auditor-General must report to parliament annually on each audit performed. We track the time it takes to produce each report to parliament, and how we contribute positively to prompt action towards the delivery of better public services. Our audits include:

Financial audits. The measure is the average time of all financial audit reports tabled. It calculates the average time taken 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 we initiate the audit to the tabling date of the report.
4. We also track the life cycle cost of each report to parliament. The measure is the cost of QAO's reporting to parliament. Costs include internal staff costs and overheads, contractor costs and other direct costs to produce the report.

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 we table the report.

Performance audits. The measure is the average cost of all performance audit reports tabled within the financial year. We measure the life cycle cost of a report from when we initiate the audit to the tabling date of the report.
5. This year we tabled our audit reports later than expected but under budget. Delays in tabling were due to the impact of the COVID-19 pandemic resulting in us giving extensions to planned reporting timeframes to some clients. The favourable cost result demonstrates our improved operating rhythm and organisational structure, and more succinct reports to parliament that meet our clients' needs.



We have listed the actual duration and cost for each report below.

Financial audit report title	Life cycle cost	Duration (months)
Water 2021	\$69,253	4.3
Energy 2021	\$71,908	5.1
Transport 2021	\$70,087	5.3
Health 2021	\$121,836	5.5
State finances 2021	\$56,645	8.2
State entities 2021	\$141,472	9.3
Local Government 2021	\$177,993	10.3
Education 2021	\$111,896	5.5
Total	\$821,090	53.5
Average	\$102,636	6.7
Target	\$140,000	6.0

Performance and assurance audit report title	Life cycle cost	Duration (months)
Enabling digital learning	\$156,645	6.4
Measuring emergency department patient wait time	\$379,707	25.3*
2021 status of Auditor-General's recommendations	\$157,319	8.6
Managing Queensland's transition to renewable energy	\$312,467	9.8
Regulating animal welfare services	\$166,010	9.3
Improving access to specialist outpatient services	\$260,593	7.7
Regulating dam safety	\$385,527	12.2
Establishing the Queensland Future Fund	\$48,609	6.3
Contract management for new infrastructure	\$326,395	13.0
Appointing and renewing government boards	\$302,835	14.7
Enhancing government procurement	\$394,156	10.1
Total	\$2,980,262	123.4
Average	\$262,751	11.2
Target	\$395,000	9.0

* COVID-19 impacted both QAO and our client's resources during the audit of measuring emergency department patient wait time.

- We track the cost to perform each financial audit for state and local government entities completed within the financial year. 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 we sign 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, impacting these results. We issued 412 opinions for the year ended 30 June 2022.

Appendices

A.	Reports tabled in parliament	62
B.	Additional information	63
C.	Fees for audit service providers	65
D.	Glossary	66
E.	Annual report compliance checklist	68



A. Reports tabled in parliament

No.	Title	Tabled in Legislative Assembly	Total views
1	<i>Enabling digital learning</i>	20 Jul 2021	2,448
2	<i>Measuring emergency department patient wait time</i>	14 Sep 2021	2,794
3	<i>Water 2021</i> Data visualisation dashboard	10 Nov 2021	1,250 235
4	<i>2021 status of Auditor-General's recommendations</i> Data visualisation dashboard	17 Nov 2021	2,216 1,446
5	<i>Managing Queensland's transition to renewable energy</i>	25 Nov 2021	1,825
6	<i>Regulating animal welfare services</i>	30 Nov 2021	2,162
7	<i>Energy 2021</i> Data visualisation dashboard	2 Dec 2021	433 158
8	<i>Improving access to specialist outpatient services</i>	6 Dec 2021	1,253
9	<i>Regulating dam safety</i> Data visualisation dashboard	8 Dec 2021	979 284
10	<i>Transport 2021</i>	10 Dec 2021	625
11	<i>Establishing the Queensland Future Fund</i>	13 Dec 2021	1,834
12	<i>Health 2021</i> Data visualisation dashboard	16 Dec 2021	1,734 296
13	<i>State finances 2021</i>	8 Mar 2022	859
14	<i>State entities 2021</i> QAO Queensland dashboard (from 2021–22)	11 Apr 2022	1,325 1,988
15	<i>Local government 2021</i> Data visualisation dashboard	11 May 2022	1,944 627
16	<i>Contract management for new infrastructure</i>	17 May 2022	1,622
17	<i>Appointing and renewing government boards</i>	19 May 2022	1,159
18	<i>Enhancing government procurement</i>	14 June 2022	867
19	<i>Education 2021</i> Data visualisation dashboard	16 June 2022	461 113

B. Additional information

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

- workforce planning and performance data
- details of the Queensland Audit Office's Audit and Risk Management Committee.

Workforce planning and performance data

The Queensland Audit Office takes a strategic planning approach to workforce management, in which we focus on capability and capacity. Each year, we review our workforce needs during our business planning process. This section provides data on our workforce.

Workforce numbers at 30 June 2022

Measure	FTE
Total FTE – effective full-time equivalents	179.76

Note: MOHRI measures are for public service reporting purposes.

During 2021–22, our separation rate for permanent employees was 14 per cent, which compares to 2020–21's rate of 13 per cent. No redundancy, early retirement, or retrenchment packages were paid during the period.

The below table provides the Queensland Audit Office's data on our workforce inclusion and diversity.

Workforce inclusion and diversity at 30 June 2022

EEO groups	Number (Headcount)	Percentage of workforce (Calculated on headcount)
Women	99	51%
Women in leadership roles	10	33%
Aboriginal Peoples and Torres Strait Islander peoples	0	0%
People with disability	6	3%
Culturally and Linguistically Diverse – Born overseas in a mainly non-English speaking country	22	11%
Culturally and Linguistically Diverse – Speak a language at home other than English including ATSI/ASSI languages	38	19%
	Number (Headcount)	Percentage of workforce (Calculated on headcount)
Man	96	49%
Woman	99	51%
Non-Binary	0	0%

Further information on how we manage, develop, and support our people is on page 8–9 of this report.

Audit and Risk Management Committee

The below table provides the membership details of the Queensland Audit Office's Audit and Risk Management Committee.

Audit and Risk Management Committee 2021–22

Member	Term	Meetings attended	Remuneration as per appointment letter pa*	Remuneration paid 2021–22 including indexed inflation*
Ian Rodin (Chair)	Nov 2020– Oct 2023	4	\$14,000	\$15,664
Russell Banham	Nov 2020– Oct 2023	4	\$8,000	\$8,160
Jeff Duthie	Sep 2021– Aug 2022	4	\$8,000	\$8,160

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

Further information on the functions of the Audit and Risk Management Committee is on page 14 of this report.

QAO Audit Quality Sub-Committee

Member	Meetings attended	Remuneration as per appointment letter pa*
Russell Banham (Chair)	2	\$5,000
Ian Rodin	2	\$4,000
Rajnish Padarath	2	\$0

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

C. Fees for audit service providers

QAO contracts audit service providers to assist in the delivery of its audit services.

Firms providing financial audit services	2021–22*	2020–21
Grant Thornton Audit Pty Ltd	2,184,236	2,309,182
KPMG	1,985,997	2,143,575
Deloitte Touche Tohmatsu	1,609,182	1,333,760
Crowe Horwath	1,244,875	1,146,782
Pitcher Partners	955,634	896,202
BDO Audit (Nth Qld) Pty Ltd	854,262	734,524
BDO Audit (Qld) Pty Ltd	742,362	853,405
Thomas Noble & Russell	722,805	650,008
Ernst & Young	715,872	670,109
PricewaterhouseCoopers	490,756	570,836
William Buck (QLD)	473,660	504,477
PKF Hacketts Audit	436,134	396,340
Bentleys Brisbane (Audit) Pty Ltd	313,373	319,822
UHY Haines Norton	255,187	233,478
Priestleys Chartered Accountants	158,632	190,596
Bennett Partners Pty Ltd	154,770	179,850
Prosperity Advisers Audit Services	133,108	157,304
RSM Australia Partners	22,853	..
MGI Assurance (South Qld) Pty Ltd	..	56,095
Vincents Audit & Assurances	..	12,628
Total	\$13,433,698	\$13,358,973

Note: * All amounts represent payments made during the financial year 2021–22

Firms providing performance audit services	2021–22*	2020–21
Risk Insights Pty Ltd	301,920	..
Arc Consultancy	178,328	175,533
Wilson, David Clive	95,920	18,040
Aginic	..	55,440
Workplace Edge Pty Ltd	..	2,805
Total	\$575,538	\$220,138

Note: *All amounts represent payments made during the financial year 2021–22.

D. Glossary

Term	Meaning
Audit	This is an official examination and verification of accounts and records, especially of financial accounts.
Audit, financial	Depending on the audit subject (consolidated fund, public sector entity, ministerial expenditure, and whole-of-government financial statements), the Auditor-General must give an opinion as to whether public money was recorded, managed, and protected properly. Usually this involves auditing the financial statements and preparing an audit opinion.
Audit, performance	A performance audit may consider all or any particular activities of a public sector entity and may be conducted as a separate audit or as part of another audit, including an audit of another public sector entity. The audit's objective includes deciding whether the objectives of the public sector entity are being achieved economically, efficiently, effectively, and in compliance with all relevant laws.
Audit opinion	An audit opinion will generally address whether the Auditor-General has received all the information and explanations the role requires. It will also generally address whether the Auditor-General considers the financial statements have been properly drawn up and are accurate and compliant with prescribed requirements to give a true and fair view of an entity's financial operations and position.
<i>Auditor-General Act 2009</i>	This is the Queensland law that establishes the position of the Queensland Auditor-General and the Queensland Audit Office, confers the functions and powers necessary to carry out independent audits of the Queensland public sector and related entities, provides for the strategic review of the Queensland Audit Office, and provides for the independent audit of the Queensland Audit Office.
Full-time equivalents (FTE)	This is the total headcount adjusted for the impact of part-time working arrangements.
Minimum Obligatory Human Resource Information (MOHRI) FTE	This is the total number of permanent employees and temporary employees who are either full-time or part-time. It excludes employment agency or contracted-in resources, and employees seconded-out or on leave without pay for longer than 8 weeks.
Parliamentary committees	The <i>Parliament of Queensland (Reform and Modernisation) Amendment Act 2011</i> established portfolio committees to cover all areas of government activity and examine appropriation bills, other legislation, public accounts, and public works. Parliament generally refers the Auditor-General's reports to a relevant parliamentary committee for review and response.
Public sector entity	The <i>Auditor-General Act 2009</i> defines a public sector entity as a department, a local government, a statutory body, a government owned corporation, or a controlled entity.

Term	Meaning
<p>Reports to parliament</p>	<p>Under s. 54 of the <i>Auditor-General Act 2009</i> (the Act), the Auditor-General may prepare a report on any audit conducted under the Act. The Act requires the Auditor-General to report to the Legislative Assembly on auditing standards, audits of the consolidated fund accounts or public sector entities, audits requested by the Legislative Assembly, and audits of matters relating to property held by a public sector entity. These reports are published at www.gao.qld.gov.au upon tabling in parliament.</p>



E. Annual report compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7	Inside cover
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	Contents page Page 59
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	Inside cover
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Inside cover
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	Back cover
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Back cover
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10	Pages 1–2
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community and whole-of-government plans/specific initiatives 	ARRs – section 11.1	N/A
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.2	Page 3
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.3	Pages 3, 15–32
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	Page 33
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	Pages 12–13
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	Pages 12–13
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	N/A
	<ul style="list-style-type: none"> Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 6
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 5
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.6	Page 5
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	Page 14
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	Pages 14, 57
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	Page 14
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4	Pages 4, 14–15
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5	Page 31

Summary of requirement		Basis for requirement	Annual report reference
	<ul style="list-style-type: none"> • Information Security attestation 	ARRs – section 14.6	N/A
Governance – human resources	<ul style="list-style-type: none"> • Strategic workforce planning and performance 	ARRs – section 15.1	Pages 5, 58
	<ul style="list-style-type: none"> • Early retirement, redundancy and retrenchment 	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Page 58
Open Data	<ul style="list-style-type: none"> • Statement advising publication of information 	ARRs – section 16	Back cover
	<ul style="list-style-type: none"> • Consultancies 	ARRs – section 31.1	Back cover https://data.qld.gov.au
	<ul style="list-style-type: none"> • Overseas travel 	ARRs – section 31.2	Back cover https://data.qld.gov.au
	<ul style="list-style-type: none"> • Queensland Language Services Policy 	ARRs – section 31.3	Back cover https://data.qld.gov.au
Financial statements	<ul style="list-style-type: none"> • Certification of financial statements 	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 53
	<ul style="list-style-type: none"> • Independent Auditor's Report 	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Pages 54 – 56

FAA

Financial Accountability Act 2009

FPMS

Financial and Performance Management Standard 2019

ARRs

Annual report requirements for Queensland Government agencies



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Further information

As required by the *Annual report requirements for Queensland Government agencies*, further information is published online through the government open data website <https://data.qld.gov.au> related to the following:

- consultancies
- overseas travel
- Queensland Language Services Policy
- government bodies.



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