

# Water: 2018–19 results of financial audits

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(Report 4: 2019–20).  
Tabled 24 October 2019.

## Welcome

Welcome to our presentation on the results of our 2018–19 financial audits of water sector entities.

## Audit results

This report includes the results of our financial audits of five water entities: Seqwater, Sunwater, Queensland Urban Utilities, Unitywater, and Mount Isa Water Board.

Their financial reports are reliable and comply with relevant laws and standards. The financial statements for all but one entity were prepared in a timely manner and were of good quality.

## Financial performance

The overall sustainability of the entities remains stable. There is regulation and oversight to ensure they can charge their customers appropriate prices to earn sufficient revenue over time and meet their costs. Seqwater's financial performance continues to improve as urban bulk water prices move closer to cost recovery levels.

Continuing drought conditions and asset improvement programs that involve significant infrastructure investment may impact on the sustainability and funding of the entities in the longer term.

## Internal controls

Controls and processes are in place to enable entities to prepare reliable financial statements. We made 22 recommendations to support further improvement. These included strengthening controls on information systems, and reporting revenue and assets received from developers in a timely manner.

Targeted fraud attempts continue across all public sector entities. There was a successful fraud in a water entity where employee bank account details were changed as a result of phishing. Management has now strengthened controls over changes to employee bank accounts.

The sector is continuing its efforts to ensure asset valuations are accurate and timely, and we encourage these processes to continue.

## Future challenges and emerging risks

Sustainable water supply continues to be a challenge for the sector, with the majority of Queensland in drought—particularly in south west Queensland.

Extreme weather conditions increase the need to prioritise water security projects, which will require investment from the state and the water entities in the near future.

Seqwater's drought response includes the possible use of the Western Corridor Recycled Water Scheme and the Gold Coast Desalination Plant when specific drought triggers are reached. There will be additional costs to use these assets, which may impact on financial sustainability.

Sunwater's dam improvement program is likely to impact its financial performance, cash flows and returns to the state government.

## For more information

For more information on the results, financial performance, future challenges and emerging risks highlighted in this summary presentation, please see the full report on our website.

Thank you.