

K. Glossary

Term	Definition
Accountability	The responsibility of public sector entities to achieve their objectives of delivering reliable financial reporting, effective and efficient operations, compliance with applicable laws, and reports to interested parties.
Asset valuation	The process of determining the fair value of an asset.
Acquisition	Establishing control of an asset, undertaking the risks, and receiving the rights to future benefits as would be conferred with ownership, in exchange for the cost of acquisition.
Audit committee	A committee intended to provide assistance to the accountable officer or statutory body in discharging their obligations. Duties and responsibilities can involve oversight of all or a combination of the following: <ul style="list-style-type: none"> effectiveness and reliability of internal controls quality and integrity of accounting and reporting practices effectiveness of performance management legal and regulatory compliance auditors' qualifications and independence performance of the internal audit function and external auditors.
Audit by arrangement	An audit by the Auditor-General of an entity that is not a public sector entity, conducted at the request of a minister or a public sector entity and with the consent of the entity.
<i>Auditor-General Act 2009</i>	An Act of the State of Queensland that establishes the responsibilities of the Auditor-General, the operation of the Queensland Audit Office, the nature and scope of audits to be conducted, and the relationship of the Auditor-General with parliament.
Australian accounting standards	The rules by which financial statements are prepared in Australia. These standards ensure consistency in measuring and reporting on similar transactions.
Australian Accounting Standards Board (AASB)	An Australian Government agency that develops and maintains accounting standards applicable to entities in the private and public sectors of the Australian economy.
Capital expenditure	Expenditure to acquire assets or improve the service potential of existing assets that are capitalised to the balance sheet (which means that the cost of the assets is allocated over the years for which the asset will be in use).
Control (of an entity)	The capacity of an entity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of another entity to enable that other entity to operate with it in achieving the objectives of the controlling entity.



Term	Definition
Controlled entity	An entity owned by one or more public sector entities.
Deficiency	When internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.
Depreciation	The systematic allocation of a fixed asset's value as an expense over its expected useful life, to take account of normal usage, obsolescence, or the passage of time.
Emphasis of matter	A paragraph included with an audit opinion to highlight an issue of which the auditor believes the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not modify the audit opinion.
Environmental authorities	Licences (environmental authorities) issued for resource activities (mining and petroleum and gas) and prescribed activities issued under the <i>Environmental Protection Act 1994</i> . The environmental authorities include conditions requiring the developers to conduct these activities in an environmentally responsible manner.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.
Financial sustainability	The ability to meet current and future expenses as they arise and capacity to absorb foreseeable changes and emerging risks.
Found assets	Physical assets that an entity was unaware of and has not included in its asset register in the past, but over which it has control.
Fraud	Any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
Going concern	An entity that is a going concern is expected to be able to pay its debts as and when they fall due, and to continue to operate without any intention or necessity to liquidate or wind up its operations.
Governance	The arrangements in place at an entity to plan, direct, and control its activities to achieve its strategic and operational goals.
Internal audit	An appraisal activity established or provided as a service to an entity. Its functions include examining, evaluating, and monitoring the adequacy and effectiveness of internal controls, and reporting deficiencies to management.
Legislative time frame	The date that is prescribed by legislation or date granted by the Minister for Local Government for a council to finalise its financial statements or annual report.
Management	Those with the executive responsibility for conducting an entity's operations.
Misstatement	A difference between the amount, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.

Term	Definition
Modified audit opinion	A modified opinion is expressed when financial statements do not comply with the relevant legislative requirements and Australian accounting standards, and as a result are not accurate and reliable.
Net assets	Total assets less total liabilities.
Net result	Calculated by subtracting an entity's total expenses from its total revenue. The net result is designed to show what the entity has earned or lost in a given period of time.
Non-current asset	Non-current assets are an entity's long-term investments, where the full value will not be realised within the year. These assets are capitalised rather than expensed, meaning that the cost of the asset can be allocated over the number of years for which the asset will be in use, instead of allocating the entire cost to the year in which the asset was purchased.
Operating result	Calculated by subtracting continuing operations expenses from continuing operations revenue to show what the entity has earned or lost in a given period of time.
Own-source revenue	These are revenue sources that local governments have the power to collect on their own account. They can include revenue from property rates, sales of goods and services (such as user fees), interest income, and other income (such as developer contributions and fines). They exclude grants.
Phishing	A fraudulent scamming attempt to obtain sensitive information from an end user (for example, username, passwords, and credit card information), for example, asking a user to click on a link that results in malicious software being installed.
Prior period error	Omissions from, and misstatements in, an entity's financial statements caused by not using or misusing information that was available or could have been obtained and taken into account in preparing the financial statements.
Procurement	The acquisition of goods, services, or works from an external source.
Public sector entity	A department, statutory body, government owned corporation, local government, or a controlled entity.
Qualified audit opinion	An opinion issued when financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion. These exceptions could be the effect of a disagreement with those charged with governance, a conflict between applicable financial reporting frameworks, or a limitation on scope that is considered material to an element of the financial report.
Related entity	An entity that is controlled or jointly controlled by one or more councils. Also referred to as a local government-related entity.
Risk management	The systematic identification, analysis, treatment, and allocation of risks. The extent of risk management required will vary depending on the potential effect of the risks.



Term	Definition
Significant deficiency	A deficiency, or combination of deficiencies, in an internal control that requires immediate remedial action.
Special purpose financial statements	Financial statements that are designed to meet the financial information needs of a specific group of users.
Unmodified audit opinion	An unmodified opinion is expressed when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.
Useful life	The number of years an entity expects to use an asset (not the maximum period possible for the asset to exist).

