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# Briefing for audit committee chairs

19 May 2026

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# Auditor-General's welcome

**Rachel Vagg, Auditor-General**

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# Agenda

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10:30 am–10:50 am

**Auditor-General's welcome and address**

Rachel Vagg, Auditor-General

10:50 am–11:00 am

**Risk management governance and tools**

Darren Brown, Assistant Auditor-General

11:00 am–11:20 am

**Cyber, information systems, and fraud risks**

Georgia Crundell, Assistant Auditor-General

11:20 am–11:35 am

**Risk and the oversight of major projects**

Jacques Coetzee, Senior Director

11:35 am–11:50 am

**Financial reporting and compliance risks**

Damon Olive, Assistant Auditor-General

11:50 am–12:00 pm

**Questions**



## Acknowledgement of country

I begin today by respectfully acknowledging the Yugara and Turrbal People who are the Traditional Owners of the land on which this event is taking place, and Elders past and present.

I also recognise those whose ongoing effort to protect and promote Aboriginal and Torres Strait Islander cultures will leave a lasting legacy for future Elders and leaders.

Welcome

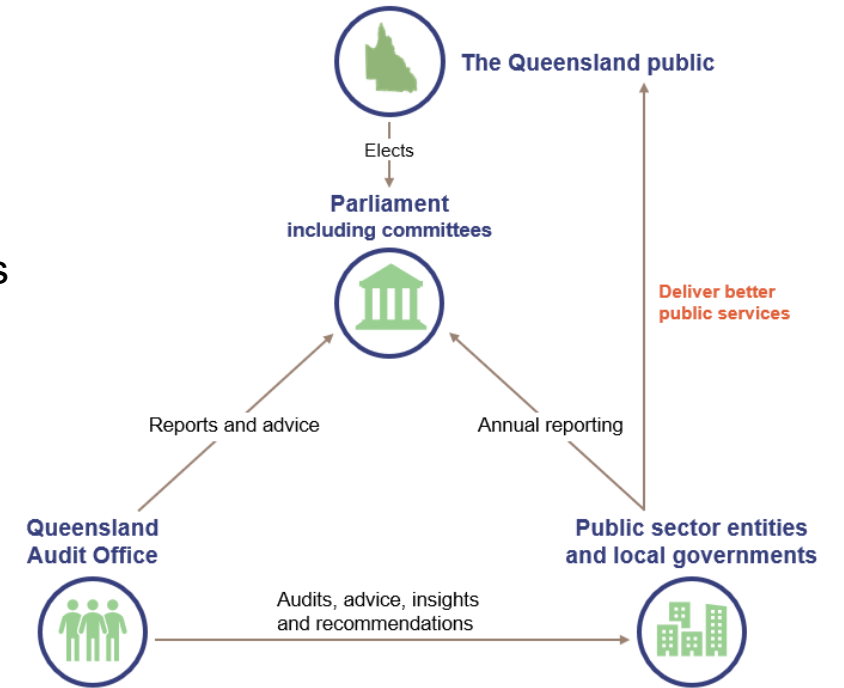


# Helping parliament hold public sector entities accountable

## ~ 400 financial audits

We audit public sector entities' financial statements to:

- assess information used to prepare the accounts for its accuracy, completeness and appropriateness
- assess broader public sector objectives of probity, propriety and compliance
- provide opinions on their accuracy and reliability
- provide insights on their financial performance, risk, and internal controls.



## About QAO

## 10–12 performance audits

We examine government programs to consider if public money is being used well and if entities are achieving their objectives for public service delivery.

We focus on the strategic risks facing entities, and where we can provide the most value to influence change.

## Sharing our insights

Reports to parliament

Better practice guides

Blog posts

Facts sheets

Podcasts



# Our team



**Rachel Vagg**  
Auditor-General



**Patrick Flemming**  
Deputy Auditor-General



**Damon Olive**  
Assistant Auditor-General  
Financial Audit



**Darren Brown**  
Assistant Auditor-General  
Performance Audit



**Georgina Crundell**  
Assistant Auditor-General  
Technology Audit

## Industry-led senior directors

**Bhavik Deoji** – education

**Brydie Morris** – public finance

**David Adams** – general government

**David Toma** – health

**Irshaad Asim** – energy

**Sri Narasimhan** – local government

**Vaughan Stemmett** – water and infrastructure

**Jacques Coetzee** – transport

**Sumi Kusumo** – information systems

**Joel Godwin** – performance audit

## We focus on

- ✓ public sector risk and response
- ✓ technology risk
- ✓ client experience

- ✓ transparency of decisions
- ✓ value for money & waste or misuse
- ✓ systems of internal control
- ✓ compliance with prescribed requirements



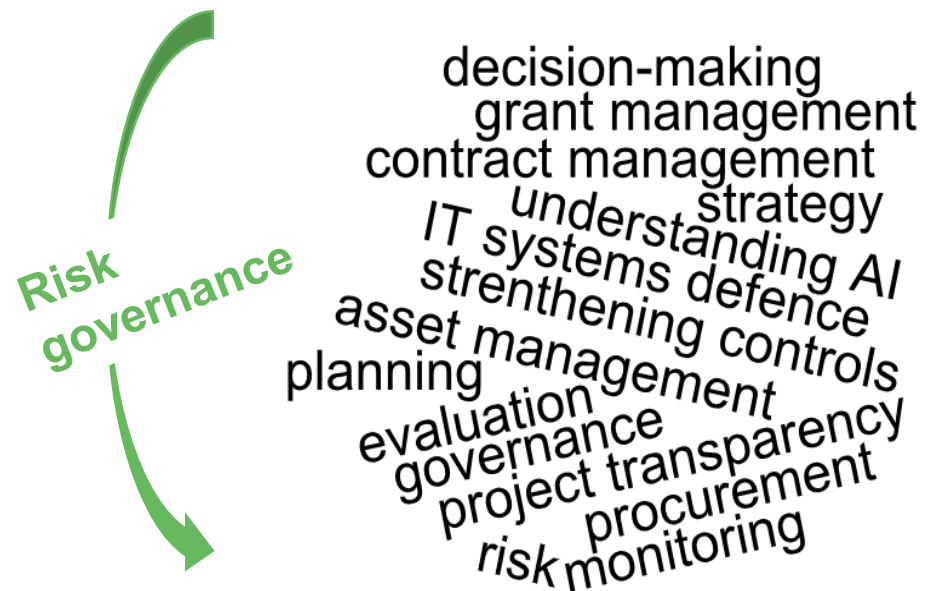
## Tabled reports

### Tabled this FY

1. 2025 status of Auditor-General's recommendations
2. Managing the ethical risks of artificial intelligence
3. Reducing organic household waste sent to landfill
4. Supporting industry development
5. Attracting and retaining teachers in regional and remote Queensland
6. Information systems 2025
7. Energy 2025
8. Major projects 2025
9. Health 2025
10. Managing Queensland's finances 2025

11. State entities 2025
12. Local government 2025
13. Managing third-party cyber security risks

### Themes from our wider learnings

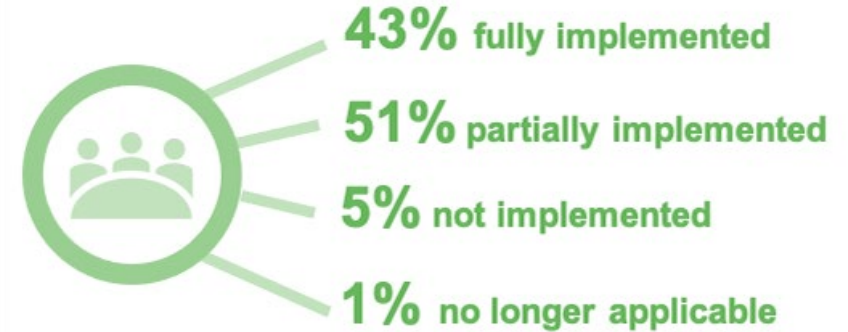


# 2025 status of Auditor-General's recommendations report



## Status of AG's recommendations

Progress reported by entities on implementing our recommendations between 2016–17 and 2023–24



Most common recommendations

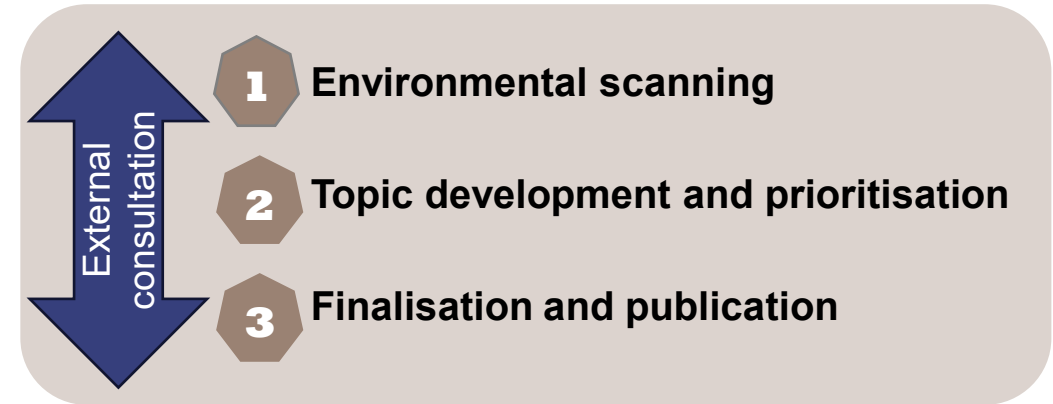
1. Governance arrangements and oversight
2. Information systems and data management
3. Performance monitoring and reporting

Our Forward work plan provides transparency to parliament on the work we intend to perform and explains why we consider it important

## Focus areas

-  Services
-  Communities
-  Infrastructure and transport
-  Environment and resources
-  Digital
-  Public services
-  Brisbane 2032 Olympic and Paralympic Games report series

## Planning process



## 2026—29 plan

Draft plan sent for comment: 17 April

Feedback due: 5 June

Publish: Late June

## Suggest a topic

[www.qao.qld.gov.au/contribute-audits-queensland](http://www.qao.qld.gov.au/contribute-audits-queensland)

## To come – before 30 June 2026

- **May** – Managing funding from the mental health levy
- **June** – Education 2025
- **June** – Follow-up audit: Delivering social housing services
- **June** – Accessing legal representation services
- **June/July** – Rehabilitating and reintegrating prisoners



We now have a dedicated webpage on reports and resources for audit committees

[www.qao.qld.gov.au/audits/resources-audit-committees](http://www.qao.qld.gov.au/audits/resources-audit-committees)

**Subscribe for tabling notifications**



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Reports

# Discussion

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# Risk management governance and tools

**Darren Brown, Assistant Auditor–General  
Performance Audit**

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## Changing risk environment



Increasing **service delivery complexity**



Growing **cyber, data, and technology risks**



Ongoing **fiscal constraints** and value-for-money expectations



Heightened **accountability, transparency, and integrity demands**



Ongoing **systemic risks** (climate, workforce, supply chains)

**Governance needs to keep pace and support entities in managing risks and capitalising on opportunities**

## Common gaps in governance we see

- Gaps in oversight
- Proactive monitoring against targets and goals
- Having the risk skills, experience, and capabilities in membership
- Constructive challenge vs passive committees
- Integration of risk management into decision making



**Governance and oversight is the most common recommendation we made**

# Available QAO tools and resources

**Queensland Audit Office**  
Better public services

[About us](#) [Audits in Queensland](#) [Audit program](#) [Reports and resources](#) [Careers](#) [Blog](#) [Contact us](#) [Search](#)

## Reports and resources

Home » Reports and resources

Reports to parliament  
Status of recommendations  
Better practice  
Events  
Fact sheets  
Interactive dashboards  
QAO Queensland dashboard  
Podcasts

We produce reports to parliament, better practice guides, and fact sheets, and host events to share our insights and help improve public sector performance.

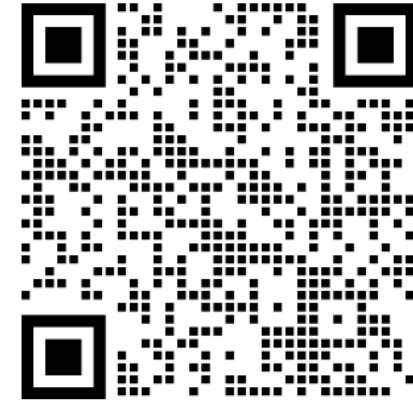
- Reports to parliament
- Status of Auditor-General's recommendations
- Blog
- Better practice guides
- Events
- Fact sheets
- Interactive dashboards
- QAO Queensland dashboard
- Podcasts

[www.qao.qld.gov.au/reports-resources](http://www.qao.qld.gov.au/reports-resources)

# Status of Auditor-General's recommendations



Our [interactive dashboard](#) allows you explore entities' self-assessed progress in implementing the recommendations

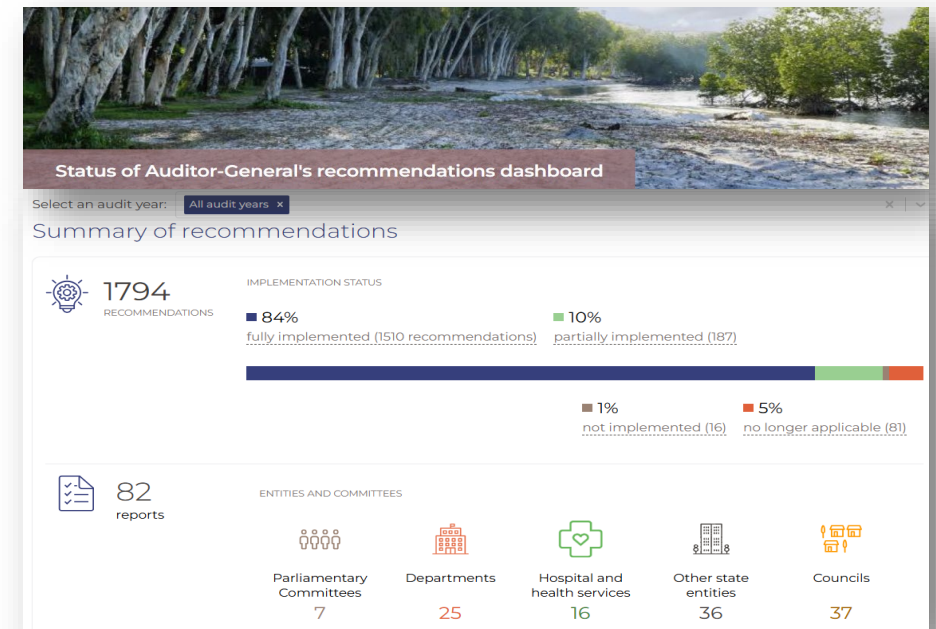


Status of  
AG recs  
dashboard



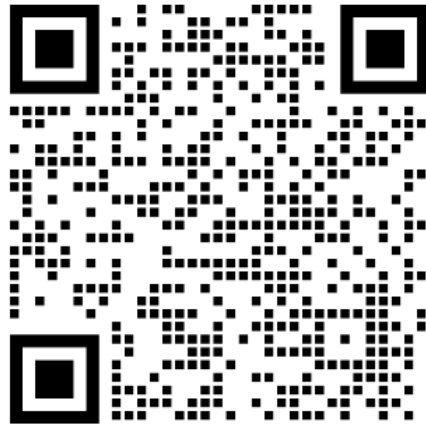
Tailor your search by:

- Parliamentary committee
- Entity or entity type
- Specific report
- Year
- Implementation status.



# Queensland dashboard

## QAO Qld dashboard



Our interactive dashboard allows you to explore by region:

- Health
- Education
- Councils
- Energy
- Water
- Grants

The screenshot shows the QAO Queensland dashboard interface. At the top, there is a navigation bar with the title "QAO Queensland dashboard" and a breadcrumb trail: "Home > Reports and resources > QAO Queensland dashboard". Below this is a search bar labeled "Search by address" containing the text "Townsville Hospital, 100 Angus Smith Dr., Townsville, Queensland 4814, Australia". A search button is visible on the right. Below the search bar, there is a suggestion: "Try 53 Albert St, Brisbane City QLD 4000 or Townsville or 4730".

The main content area is divided into two sections:

### Regions

Based on your address, you belong to:

Region	Description
Townsville	Hospital and health service area
Townsville	ABS Queensland regions
Townsville	Council/local government area

### About Townsville City Council

201K PEOPLE <sup>1</sup>	36.1 AVERAGE AGE <sup>2</sup>	17.9% PERCENTAGE POPULATION 65+ IN 2041 <sup>3</sup>	47.0% POPULATION GROWTH TO 2041 <sup>3</sup>
8.2% FIRST NATIONS AUSTRALIANS <sup>4</sup>	\$59.5K MEDIAN INCOME <sup>5</sup>	8.9% UNEMPLOYMENT <sup>6</sup>	
CONSTRUCTION, RENTAL, HIRING AND REAL ESTATE SERVICES; PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES PRIMARY INDUSTRIES <sup>7</sup>			

This demographic data was sourced from the <sup>1</sup>ABS ERP by LGA (ASGS 2020), 2001 to 2020 <sup>2</sup>QCISO Projected population, by five-year age group and sex 2016 to 2041 <sup>3</sup>QCISO Projected population 2016 to 2041 <sup>4</sup>ABS Estimates of Aboriginal and Torres Strait Islander Australians 2016 Census <sup>5</sup>ABS Census 2016, Total Personal Income <sup>6</sup>ABS LGA (UI) by LFSP Labour Force Status 2016 Census <sup>7</sup>Data by region, Australian Bureau of Statistics

At the bottom of the dashboard, there is a navigation bar with six categories: Health, Education, Councils, Energy, Water, and Grants. Each category has a dropdown arrow, and the Energy category is currently selected and highlighted in green.

# Four levels of maturity used across QAO tools

Developing

Established

Integrated

Optimised

## Some of the models in place

### Maturity models



Financial statement preparation



Change management checklist



Annual internal control assessment



Grant management



Risk management maturity model

- Encourages entities to self assess to understand what they are doing well and where they need to improve.

# Discussion

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# Information Systems, cyber, new systems and fraud risks

**Georgina Crundell, Assistant Auditor–General  
Technology Audit**

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## Greater attention is needed to strengthen IT systems defence

**System access**



**Password authentication**



**Security configuration**



**Detective controls**



**Third-party security**



## Half of finance systems are at end of life or beyond

**High prevalence of legacy systems**




**Incomplete understanding of extent**



**Systems past useful life**



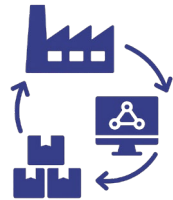
**\$1 bil. digital fund**



# The entities did not know how vulnerable they are to third-party cyber security threats

## Third-party cyber risks

Understand your supply chain



Manage cyber security through life of a contract



Implement strong IT security controls



Checklist for managing third-party cyber risks

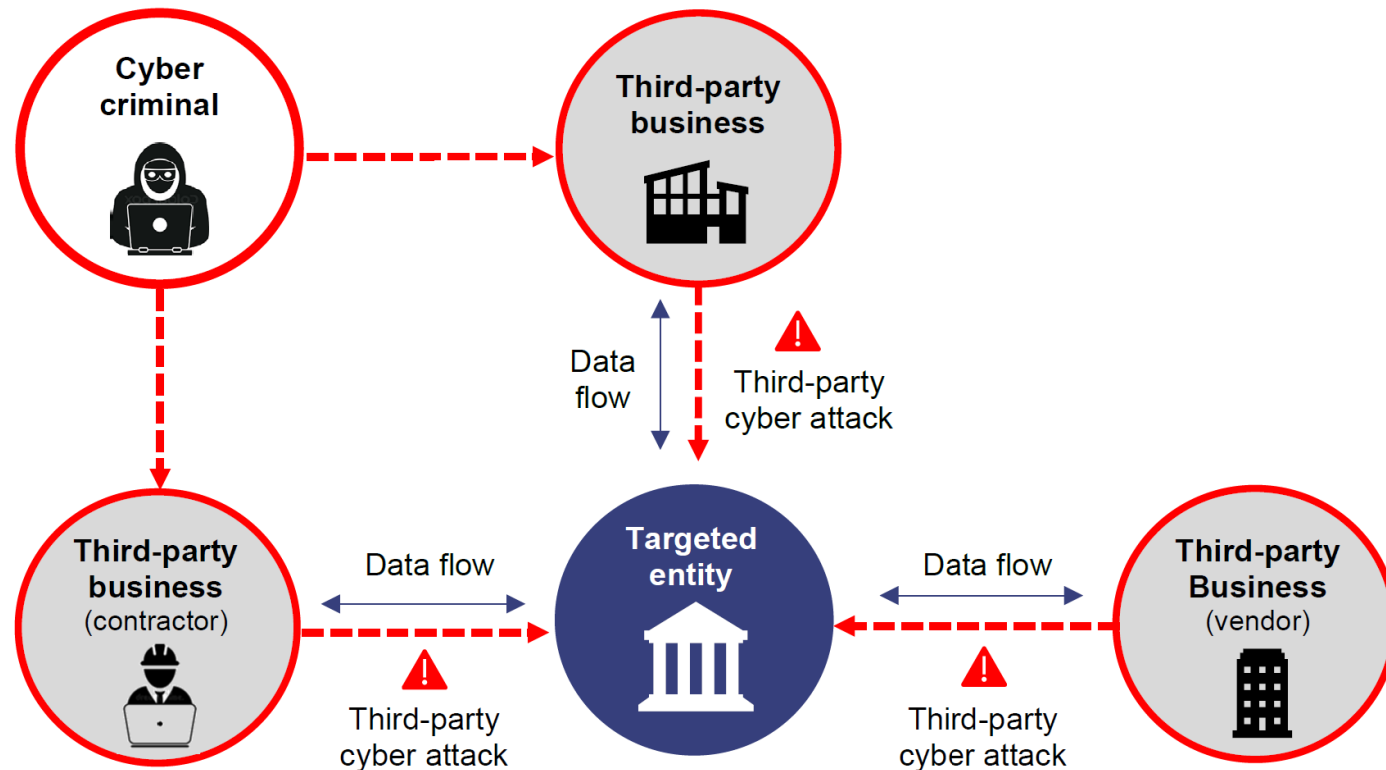


# Recent report: Managing third-party cyber security risks



Examines how effectively selected public sector entities identify and manage cyber security risks posed by third-party vendors

## Common attack pathways for third-party cyber security incidents



Third-party  
cyber risks



## System replacement

# Key risks when replacing systems

We continue to find that major system replacement is expensive, overdue, takes longer, delivers less, and costs more



Senior leaders actively lead and challenge



Align to business outcomes



Internal and external teams work towards same goals



Team has skills and capacity to match the challenge



Learnings are identified and acted on

We continue to find in our audit work that fraud is due to poor controls over employee and supplier information

## Losses are due to fraudulent changes to bank account details or user error in inputting and approving transactions

Fraud continues to plague entities

### Entities must:



Implement controls where a person independent of processing changes to employee and supplier bank account details verifies the request 'out of band'



Have an appropriate policy or procedure in place that outlines the required process. Flag emails initiated from outside your organisation



Improvements in format and spelling mean you can't rely on '*If it does not look right then it probably isn't*'



Don't get complacent. Just because your entity has not had a fraud, does not mean it never will

## Fraud risk assessment and planning tool

### Risk assessment and planning model

- ✓ Helps entities document their assessments of fraud risk, and how they will control, monitor and report
- ✓ Provides a methodology for assessments, helping to examine business environments and develop overarching risks management plans

Example: 5 x 5 risk matrix

INHERENT RISK RATING		LIKELIHOOD				
		Rare 1	Unlikely 2	Possible 3	Likely 4	Almost certain 5
CONSEQUENCE	5 Catastrophic	High	High	High	Extreme	Extreme
	4 Major	Medium	Medium	High	High	Extreme
	3 Moderate	Medium	Medium	Medium	High	High
	2 Minor	Low	Low	Medium	Medium	High
	1 Insignificant	Low	Low	Low	Medium	Medium

Agency function or activity	Risk reference	Fraud risk description—residual	Inherent consequence	Residual likelihood	Residual rating	Planned risk treatment	Treatment owner	Implementation date	Review date	Treatment review conclusion
procurement	1 Procurement	Residual risk that employees: <ul style="list-style-type: none"> <li>• split purchases to levels below delegation to avoid the procurement team's oversight</li> <li>• seek inappropriate exemptions to the tendering processes for purchases.</li> </ul>	4. Major	2. Unlikely	2. Medium	Fortnightly data analysis of AP transactions to: <ul style="list-style-type: none"> <li>• detect split purchases</li> <li>• detect delegation exceptions (for example, lack of segregation of duties)</li> <li>• detect significant invoices not linked to purchase orders</li> </ul>	AO6 Data analyst – Jane Smith	1/01/2018	31/03/2018	If effective, include as an ongoing control in step 4.  If not effective, review the need for a new or revised treatment.



We have a collection of blog posts that provide practical insights to help entities strengthen fraud controls and manage information security risks



**Blogs on fraud and cyber security risk**



### **Blogs – be fraud aware**

- Strengthening your internal controls against emerging fraud risks
- How understanding the ‘fraud risk triangle’ can reduce employee fraud risk
- Why is it important to report material losses to QAO?
- Keep fraud risks front and centre in 2024
- Are your ‘everyday’ internal controls strong enough to prevent a fraud attempt?

### **Blogs – cyber security and information systems**

- Do you understand your third-party cyber security risks?
- Are you managing your legacy system risks?
- Managing risks associated with third-party providers
- Increasing concerns around cyber security risks
- The role of governance committees in managing cyber security risks

# Discussion

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# Risk and the oversight of major projects

**Jacques Coetzee, Senior Director**

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## Scale of capital projects



### **Scale and cost of capital projects**

Queensland is delivering the largest infrastructure program in its history



### **Long-term financial exposure**

A large component of costs will be beyond 12 months



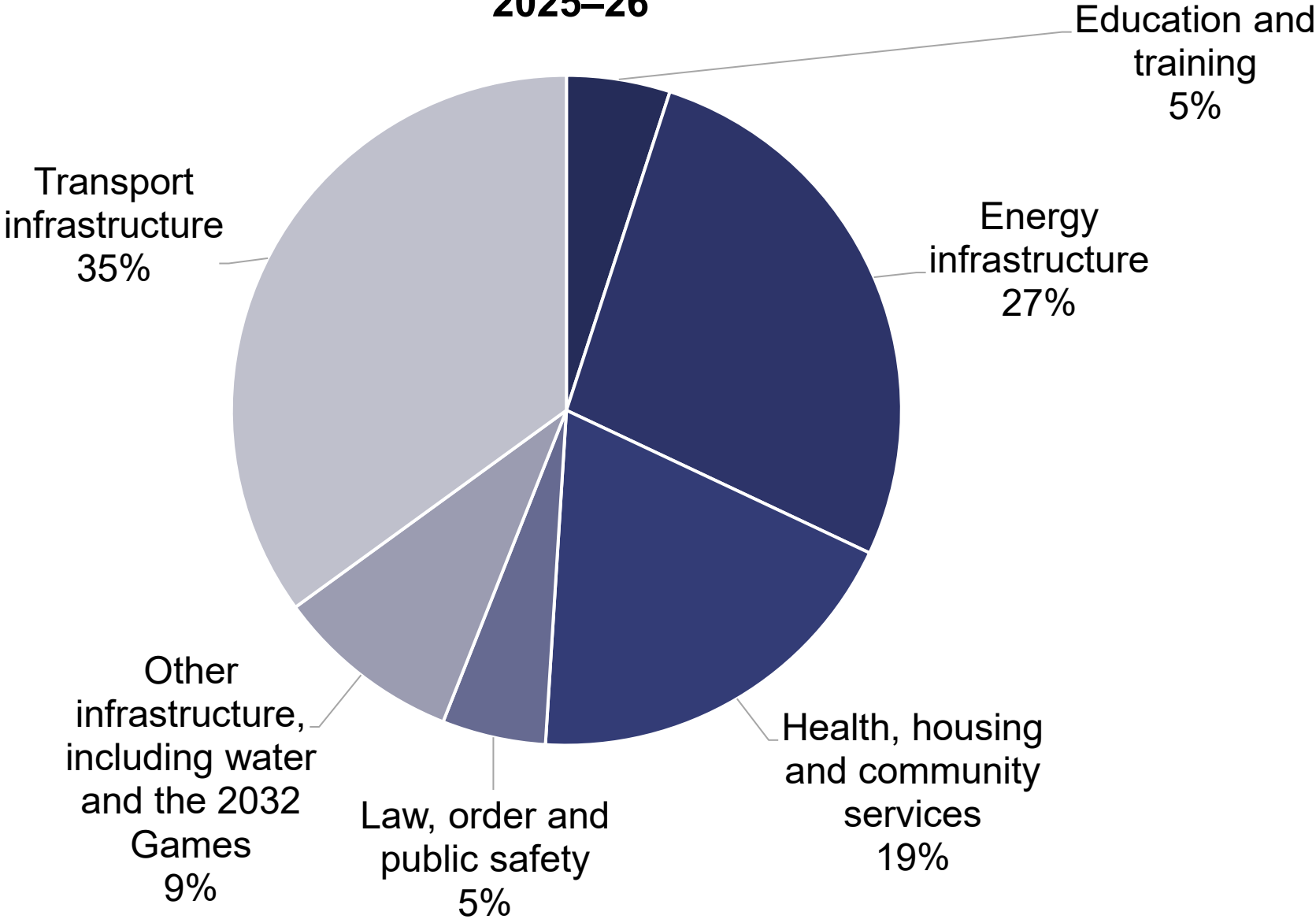
### **Governance and risk management**

Clear oversight to manage affordability, sustainability, and risk



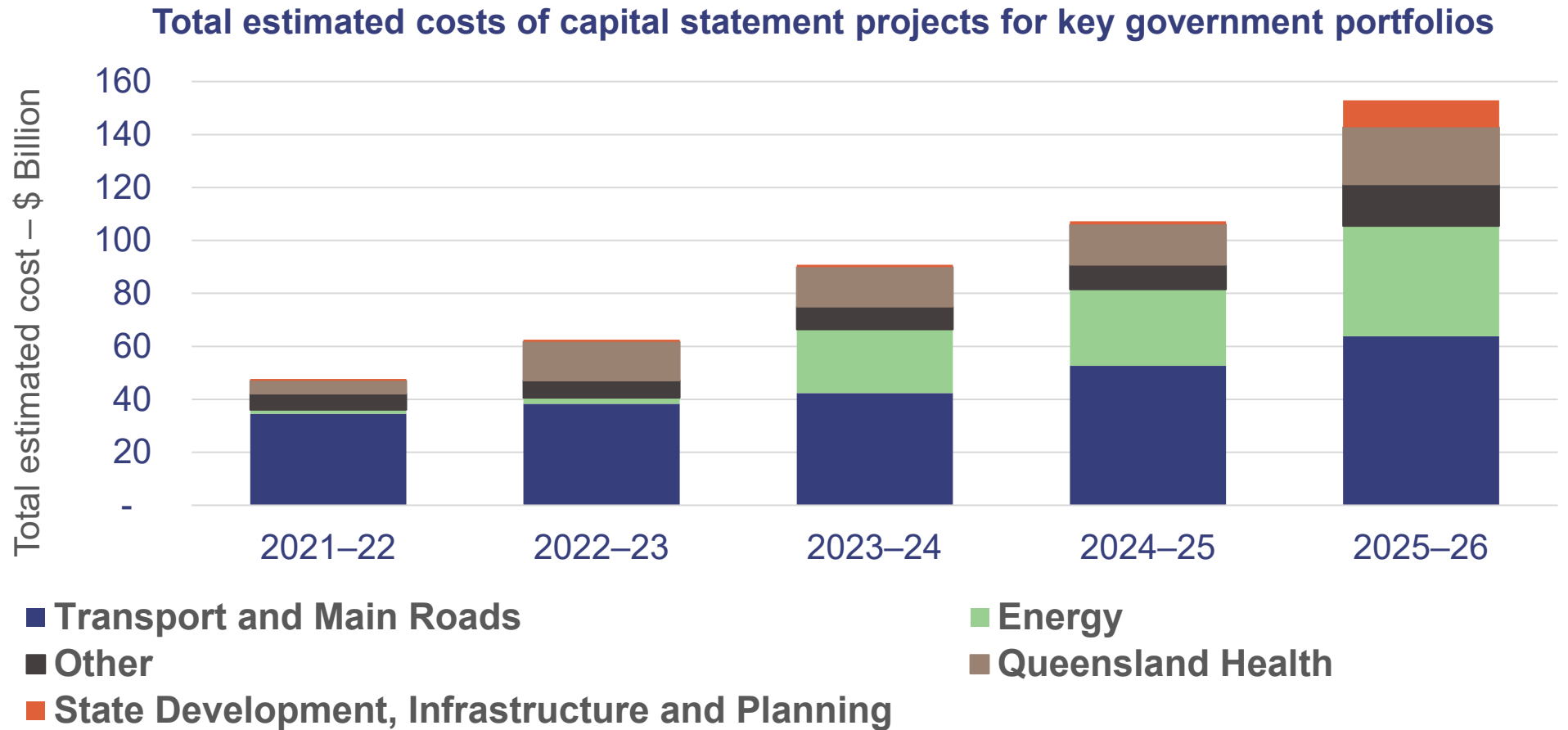
**Queensland  
Government  
Capital  
purchases**

**Proportion of spending by sector  
2025–26**



Source: 2025–26 Capital Statement, Budget Paper No. 3

## A growing portfolio



**Underlying causes:** Inflation, labour shortage, supply disruption, industrial action, increase in capital projects.

**Coordinated governance is key**

**Knock-on effects:** Delays and cost increases.



## 2032 Olympic and Paralympic Games

Risk dimension	Description	Primary impact	Key control response
Fixed delivery	2032 Games milestone	Schedule, cost pressure	Realistic baselines, early intervention
Early planning risks	Major venues - planning and design stages	Schedule compression, workforce strain	Early planning, market engagement
Risk management Constraints	Limited flexibility	Bigger impacts from delays	Proactive risk identification and ownership
Governance and oversight	Strong decision-making and assurance	Value for money, public confidence	Independent oversight, and assurance, including independent audit

Audit and Risk Committees provide independent oversight and strengthen risk management



## Procurement and controls



## Opportunities for entities – strengthen procurement and contract management controls

### Entities should

- ✓ strengthen practices so decisions are well supported and in the public interest
- ✓ identify and manage conflicts of interest at all stages of the procurement process
- ✓ carry out value-for-money assessments to support transparent and accountable decisions
- ✓ keep clear and complete documentation to support procurement and contracting decisions



## Are you acting on risk continuously?



### Do management have the fundamentals in place?

Develop robust business cases with realistic scope, whole of life costs, and clear value for money arguments



### Are contracts aligned to cost and risk?

Clearly define scope, deliverables, pricing, and variation controls before contract is awarded



### Is the right governance and project controls in place?

Put in place fit for purpose controls to detect emerging variances early



### Are established assurance frameworks used?

Apply whole of government frameworks to support consistent decision making

Strategies to prevent cost overruns





## An audit and risk lens

### Audit and risk committee focus

- Risk visibility
- Effective controls and constructive challenge
- Management's project discipline

#### Major capital program

- Focus beyond individual projects
- Identify systemic risk
- Test control effectiveness

#### Portfolio level risk management

- Financial sustainability
- Early intervention

**Strong project discipline enables early risk visibility and timely intervention across the portfolio**

# Discussion

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# Financial reporting and compliance risks

**Damon Olive, Assistant Auditor–General  
Financial Audit**

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## Prescribed requirements

**Prescribed requirements:** legislation, standards, and policies that govern agencies financial management and preparation of reporting

We provide an opinion on compliance with these requirements for many government agencies in our financial audit report

### Key requirements for most agencies:

- *Financial Accountability Act 2009*
- *Statutory Bodies Financial Arrangements Act 1982*
- Financial and Performance Management Standard 2019, including policies prescribed under it



Application of the requirements doesn't happen through meeting the minimum requirements. Agencies need to manage risk through effective governance structures, supported by oversight and challenge from committees

**Further guidance can be found at:** [www.qao.qld.gov.au/reports-resources/better-practice/leading-accountability-governance](http://www.qao.qld.gov.au/reports-resources/better-practice/leading-accountability-governance)



**Critical  
prescribed  
requirements**



## One-off events

- ➔ Not just accounting assessment, compliance with regulations is key
- ➔ What is the transaction? (project, lease, borrowing)
- ➔ What if the transaction changes?
- ➔ How does management document, assess, and inform others about transactions?
- ➔ When do you need to comply? Often before the accounting impact hits the financials




**Critical  
prescribed  
requirements**



**Ongoing compliance**

- ➔ Consider how relevant requirements are assessed, mapped, and reviewed
- ➔ How are transactions and events captured and disclosed – not just in financial reporting
- ➔ What role do teams outside of finance play and how do you monitor this?
- ➔ How do you assess when your agency changes, or the regulations change? (for example, MoG – how do you keep track of previous events?)





Climate change is not a future risk. It is a **current fiscal, operational, and service delivery issue**

World Economic Forum's global risk report 2026 → extreme weather events top 10 risk

– more frequent and intense weather events are also impacting critical infrastructure.

## Climate risks that impact most entities

### Physical risks

- storm surges – cyclones, flooding
- wildfires
- sea levels
- heatwaves

### Transitional risks

- emission controls
- carbon pricing
- debt / equity investor demands
- customer preferences

### Reputational risks

- failure to disclose risks
- lawsuits / litigation

### Impacts on public services

- service continuity
- public safety
- budget stability
- insurance costs / availability
- asset integrity

## Climate risks are not confined to a single sector or function – no portfolio is unaffected

**All portfolios  
are affected**

Portfolios	Examples of climate risks
Qld Treasury	Escalation of disaster recovery costs
Transport & Main Roads & councils	Road and rail washouts
Qld Health	Heatwave surge events and increased diseases
Education	School closures and asset damage (heat and flood)
Qld Corrective Services	Prisoner heat stress and asset damage
Housing & Public Works	Flood and storm damage to social housing
Sport, Racing & Olympic and Paralympic Games	Stadiums inundation, racetrack closures, and event cancellations
Qld Fire Department	Longer and more intense fire seasons



## Current non-reporters' snapshot

### Departments & statutory bodies

No mandatory reporting – QT has developed a framework for calculating GHG emissions, with a trial run performed over 2024–25 data

### Not-for-profits (ACNC)

Currently not mandated – could voluntarily adopt but must consult with QAO

### Voluntary reporting

If an entity includes climate or sustainability disclosures within its annual report or financial reporting package, this may trigger assurance requirements by the Auditor-General

### Universities

Currently not mandated – could voluntarily adopt but must consult with QTC, QAO and comply with QTC/QT directions or guidelines

### Local government

Currently not mandated – could voluntarily adopt but must consult with QTC, QAO and the department of local government, and comply with QTC directions or guidelines



**Are you confident that climate risks are identified, assessed and managed with the same rigour as other key financial and operational risks?**

**For climate-related risks and opportunities →**

- ▶ Which individual, body, or committee will be responsible for oversight?
- ▶ How will oversight be embedded in board charters and committee meetings?
- ▶ How will the board or committee be informed at the local level and how frequently?
- ▶ Does your board or committee have the appropriate skills and competencies?
- ▶ How can you formalise and document responsibilities for climate risk response?

**Climate risk oversight**



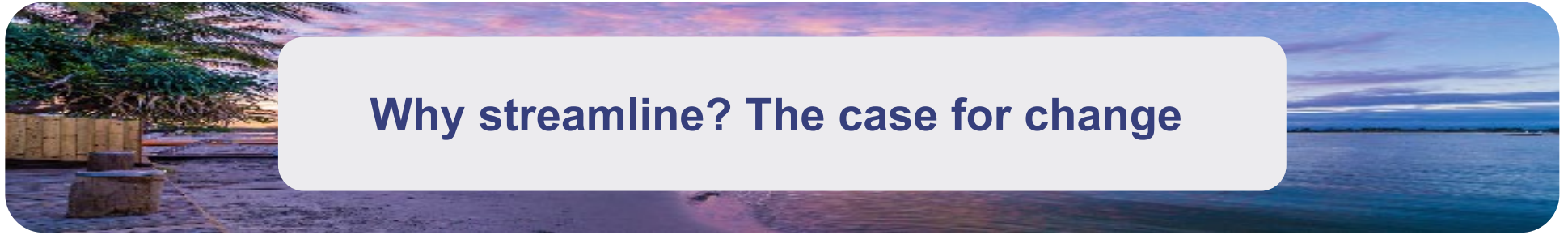


**Questions for  
oversight  
boards /  
committees**

- ▶ Do we have a climate policy, and have we embedded risks into enterprise risk management?
- ▶ Do we understand climate risks and consider them in decision making?
- ▶ Do we have the expertise, and do we understand our obligations for reporting material risks?
- ▶ Do we understand the physical and transitional risks and financial impacts?
- ▶ Will disclosures meet stakeholder needs and avoid misleading users?
- ▶ How do disclosure practices compare to peers and industry standards?
- ▶ Do we have systems to assure accuracy and completeness of disclosures?
- ▶ Have we reviewed and approved key metrics for managing risks?
- ▶ Does our risk assessment include quantitative, qualitative and forward-looking perspectives?



## Streamlining statements



## Why streamline? The case for change

### Streamlining annual financial statements: Queensland public sector entities

#### Why it matters

- Financial statements are longer
- Users need clarity, not volume
- Standards now emphasise *materiality*
- Queensland Treasury guidance supports focused reporting

## AASB 2021-2 A shift to materiality

 **Key change:** material accounting policy information

- Replaces '**significant**' with '**material**' accounting policy information
- Disclose only policy information that influences users' decisions

**Effective:** 1 January 2023

**Guidance:** AASB Practice Statement 2



## Where can we reduce length?

### Accounting policy notes

- ✓ Remove generic wording
- ✓ Focus on entity-specific application

### Judgement and estimates

- ✓ Highlight what truly matters
- ✓ Avoid over-disclosure

### Immaterial notes

- ✓ Eliminate zero-balance disclosures
- ✓ Remove repetitive narrative

### Cross-referencing and structure

- ✓ Group related notes
- ✓ Use clearer headings

## Are financial statements shorter following the move to 'material' accounting policies?

Change in length of statements since 2022 (sample basis)

Type	2025 Average pages	% change from 2022
Departments	37	-4%
Statutory bodies	52	7%
GOCs	49	7%
Local Government	37	-5%
<b>Overall</b>	<b>39</b>	<b>1%</b>



## **AASB 18** **Presentation and disclosure in financial statements**

- ➔ Operating, investing, and financing categories
- ➔ New sub-totals – linked to operating, investing, and financing categories
  - operating profit or loss
  - profit or loss before financing and income taxes
- ➔ Related changes to *AASB 107 Statement of Cash Flows*

### **Application dates:**

**For-profit – 1 Jan 2027**

**Not-For-Profit – 1 Jan 2028 (AASB consulting)**

## Recap on resources



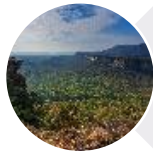
### Reports to parliament

[www.qao.qld.gov.au/reports-resources/reports-parliament](http://www.qao.qld.gov.au/reports-resources/reports-parliament)



### Blog

[www.qao.qld.gov.au/blog](http://www.qao.qld.gov.au/blog)



### Fact sheets

[www.qao.qld.gov.au/reports-resources/fact-sheets](http://www.qao.qld.gov.au/reports-resources/fact-sheets)



### Better practice guides

[www.qao.qld.gov.au/reports-resources/better-practice](http://www.qao.qld.gov.au/reports-resources/better-practice)



### Interactive dashboards

[www.qao.qld.gov.au/reports-resources/interactive-dashboards](http://www.qao.qld.gov.au/reports-resources/interactive-dashboards)



### Audit program

[www.qao.qld.gov.au/audit-program](http://www.qao.qld.gov.au/audit-program)



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# Questions and closing remarks

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## Discussion

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Presentation slides will be emailed to you and made available on our website

[www.qao.qld.gov.au/reports-resources/events](http://www.qao.qld.gov.au/reports-resources/events)

We also welcome your feedback via a short survey: [www.surveymonkey.com/r/ACCBMay26](http://www.surveymonkey.com/r/ACCBMay26)





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