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 Moore Australia Audit (QLD) Pty Ltd
- Queensland Audit Office’s performance statement.

Queensland Audit Office
Financial Statements
For the year ended 30 June 2026

Contents

General Information

These financial statements cover the Queensland Audit Office (QAO) for the 2025-2026 financial year. QAO is established under the *Auditor-General Act 2009* to provide independent, valued assurance and insights.

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

The principal place of business is:

Level 13, 53 Albert Street
BRISBANE QLD 4000

For information relating to QAO's financial report please:

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

Queensland Audit Office
Statement of Comprehensive Income
For the year ended 30 June 2026

	Notes	2026 Actual $'000	2026 Original Budget $'000	2026 Budget Variance* $'000	2025 Actual $'000
Income from Continuing Operations					
Audit fees	2(i)	52,843	49,786	3,057	50,517
Appropriation revenue for services	2(ii)	8,300	8,216	84	8,090
Other revenue	2(iii)	294	210	84	315
Total Income from Continuing Operations		**61,437**	**58,212**	**3,225**	**58,922**
Expenses from Continuing Operations					
Employee expenses	3	34,142	33,479	662	31,746
Supplies and services	4	25,690	23,786	1,904	24,403
Depreciation and amortisation	8 (b)	120	162	(42)	123
Other expenses	5	384	567	(183)	560
Total Expenses from Continuing Operations		**60,336**	**57,994**	**2,342**	**56,832**
Total Operating Result from Continuing Operations		**1,101**	**218**	**883**	**2,090**

**An explanation of major variances is included at Note 12*

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Financial Position
As at 30 June 2026

	Notes	2026 Actual $'000	2026 Original Budget $'000	2026 Budget Variance* $'000	2025 Actual $'000
Current Assets					
Cash and cash equivalents		11,822	10,981	841	11,143
Work in progress	6	2,327	3,396	(1,069)	3,804
Receivables	7	8,652	6,895	1,757	7,936
Other current assets		858	589	269	420
Total Current Assets		**23,659**	**21,861**	**1,798**	**23,303**
Non-Current Assets					
Plant and equipment	8(c)(i)	30	250	(220)	134
Total Non-Current Assets		**30**	**250**	**(220)**	**134**
Total Assets		**23,689**	**22,111**	**1,578**	**23,437**
Current Liabilities					
Payables and accruals	9	**2,220**	**2,804**	**(584)**	**3,069**
Total Liabilities		**2,220**	**2,804**	**(584)**	**3,069**
Net Assets		**21,469**	19,307	**2,162**	**20,368**
Equity					
Contributed equity		5,183			5,183
Accumulated surplus		16,286			15,185
Total Equity		**21,469**	**19,307**	**2,162**	**20,368**

**An explanation of major variances is included at Note 12*

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Changes in Equity
For the year ended 30 June 2026

	Notes	Accumulated Surplus $'000	Contributed Equity $'000	Total $'000
Balance as at 1 July 2025		15,185	5,183	20,368
Operating result from continuing operations		1,101	-	1,101
Balance as at 30 June 2026		**16,286**	**5,183**	**21,469**
Balance as at 1 July 2024		13,095	5,183	18,278
Operating result from continuing operations		2,090	-	2,090
Balance as at 30 June 2025		**15,185**	**5,183**	**20,368**

The accompanying notes form part of these statements.

Queensland Audit Office
Statement of Cash Flows
For the year ended 30 June 2026

	Notes	2026 Actual $'000	2026 Original Budget $'000	2026 Budget Variance* $'000	2025 Actual $'000
Cash Flows from Operating Activities					
Inflows:					
Audit fees		53,380	49,730	3,650	48,787
Appropriation revenue for services		8,300	8,216	84	8,090
GST input tax credits from ATO		2,554	1,846	708	2,373
GST collected from customers		5,465	3,989	1,476	5,033
Other revenue		213	-	213	63
Outflows:					
Employee expenses		(33,888)	(33,474)	(414)	(31,874)
Supplies and services		(26,940)	(23,888)	(3,052)	(23,896)
GST paid to suppliers		(2,675)	(1,830)	(845)	(2,369)
GST remitted to ATO		(5,434)	(3,954)	(1,480)	(4,937)
Other expenses		(280)	(357)	77	(296)
Net Cash Provided by / (Used in) Operating Activities	14	**695**	**278**	**417**	**974**
Cash Flows from Investing Activities					
Payments for plant and equipment		(16)	(160)	144	-
Net Cash used in Investing Activities		**(16)**	**(160)**	**144**	**-**
Net increase / (decrease) in cash and cash equivalents		679	118	561	974
Cash and cash equivalents at beginning of financial year		11,143	10,863	280	10,169
Cash and Cash Equivalents at End of Financial Year		**11,822**	**10,981**	**841**	**11,143**

**An explanation of major variances is included at Note 12*

The accompanying notes form part of these statements.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

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 an independent officer of parliament, appointed by the Queensland Governor in Council for a seven-year term. The *Auditor-General Act 2009* (the Auditor-General Act) outlines the mandate, establishes independence, and sets out the powers and responsibilities of the Auditor-General and the QAO.

The Auditor-General's mandate includes annual financial audits and performance audits, as well as other assurance activities. We also conduct investigations about financial waste and mismanagement, and report on better practice that can improve performance and service delivery. The outcomes from our work include:

- Providing parliament with independent assurance over the performance of the public sector
- 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 public services.

Financial audits are performed on a fee for service basis and account for approximately 86 per cent of QAO's revenue. To assist in executing our mandate, QAO engages private sector audit firms to undertake around 31 per cent of our work based on fees. 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.

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 be reinvested in the technology required to deliver our services. QAO aims to record sufficient 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 Leadership Team, 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. QAO 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.

The parliamentary Governance, Energy and Finance Committee provides oversight of the Auditor-General and QAO.

1. Summary of Material Accounting Policies

Material 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
- *Financial Accountability Act 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2025.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

1. Summary of Material Accounting Policies (continued)

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) 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.

(c) Issuance of financial statements

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

(d) Comparative figures

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

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

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 to us in relation to financial waste and mismanagement.

(i) Audit fees for services to the public sector

QAO recognises revenue from audit fees when the audit work is undertaken.

(ii) Appropriation revenue for services to the parliament

QAO recognises appropriation revenue in the year which matches the timing of cash transfers made by Queensland Treasury under the *Appropriation Act 2025* as it is not subject to specific performance or contractual obligations.

	2026 $'000	2025 $'000
Revenue		
Budgeted appropriation	8,216	8,090
Unforeseen expenditure	84	-
Total	**8,300**	**8,090**

In the current year, the adjustment to appropriation was for additional employee expenses (from October 2025) resulting from collective bargaining outcomes.

(iii) Other Revenue

	2026 $'000	2025 $'000
Other revenue		
Storage services received free of charge	88	245
Miscellaneous receipts	206	70
Total	**294**	**315**

Miscellaneous receipts primarily consist of amounts recovered from other jurisdictional audit offices for their share of services the QAO provides to the Australian Council of Auditors-General, and contributions to developing a methodology to audit climate-related financial disclosures by government companies.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

3. Employee Expenses

	Note	2026 $'000	2025 $'000
Employee Benefits			
Wages, salaries and sick leave	3(i)	26,667	24,786
Annual leave levy	3(ii)	2,698	2,505
Long service leave levy	3(ii)	712	659
Employer superannuation contributions	3(iii)	3,794	3,537
Fringe benefits tax		108	95
Total Employee Benefits		**33,979**	**31,582**
Employee Related Expenses			
WorkCover Queensland premium		30	33
Employee expenses – other		133	131
Total Employee Related Expenses		**163**	**164**
Total		**34,142**	**31,746**

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

	2026	2025
Number of employees as at 30 June (based upon the fortnight ending 26 June 2026)	218.2	210.5

(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 as incurred and accruals 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 2026

3. Employee Expenses (continued)

(iii) Superannuation

Superannuation is provided through defined contribution (accumulation) plans or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) 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 management personnel and remuneration

(i) Key management personnel

Details of key management personnel are disclosed in accordance with section 3C of the *Financial Reporting Requirements for Queensland Government Agencies*. Key management personnel encompass positions which form part of the Executive Leadership Team. This group had the authority and responsibility for planning, directing and controlling the activities of the QAO during 2025–2026.

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*. The Auditor-General is the Chief Executive Officer and responsible for the efficient and effective operation of QAO.

Deputy Auditor-General – supports the Auditor-General to deliver their duties, and when the Auditor-General is unavailable, or overseas acts as Auditor-General. The Deputy Auditor-General is QAO's Chief Operating Officer and has responsibility for the audit quality assurance program, parliamentary engagement, and governance functions.

Assistant Auditor-General, Financial Audit – leads financial statement audit and assurance activities and informs parliament on the results of our risk based focussed areas of attention.

Assistant Auditor-General, Performance Audit – prepares the forward work plan and leads performance audit activities including reports to parliament on the results of the audits.

Assistant Auditor-General, Technology Audit – leads data and analytics and information systems audit activities, which includes informing parliament on the results of our risk based focussed areas of attention.

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

(ii) Remuneration

The Auditor-General's remuneration is approved by the Governor-in-Council and is within the Queensland Public Sector Chief Executive Framework. Terms, conditions and benefits are provided for under the *Auditor-General Act 2009* and those pertaining to officers classified at Chief Executive Service level appointed under the *Public Sector Act 2022*.

The remuneration framework for the other members of QAO's executive leadership team is set by the Auditor-General under the *Auditor-General Act 2009*. Individual remuneration and other terms of employment are specified in employment 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. Remuneration packages comprise the following components:

- short term employee benefits which include:
  - base — salary, 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
- long term employee benefits include long service leave accrued
- post-employment benefits include superannuation contributions
- termination benefits include payments under contractual terms and conditions (excluding annual and long service leave entitlements)
  - 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.

Position	Name	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Termination benefits	Total Remuneration
		Base	Non-Monetary				
		$'000	$'000	$'000	$'000	$'000	$'000
1 July 2025 – 30 June 2026							
Auditor-General	R Vagg	509	15	12	59	-	**595**
Deputy Auditor-General	P Flemming	379	15	8	44	-	**446**
Assistant Auditor-General Financial Audit	D Olive	369	15	8	43	-	**435**
Assistant Auditor-General Performance Audit	D Brown	339	15	8	39	-	**401**
Assistant Auditor-General Technology Audit (from 15/9/2025)	G Crundell	182	10	6	20	-	**218**
Total 2026							**2,095**
1 July 2024 – 30 June 2025							
Auditor-General (from 12/8/2024)	R Vagg	440	11	12	50	-	**513**
Auditor-General (until 10/7/2024)	B Worrall	15	2	-	1	-	**18**
Acting Auditor General (11/7/24- 11/8/2024) Assistant Auditor-General (12/8/2024- 27/6/2025)	K Johnson*	381	14	8	45	-	**448**
Assistant Auditor-General (1/7/24–8/9/24), and Deputy Auditor-General (from 9/9/2024)	P Flemming	366	14	8	43	-	**431**
Assistant Auditor-General	D Olive	350	14	8	41	-	**413**
Assistant Auditor-General	D Brown	320	14	7	37	-	**378**
Total 2025							**2,201**

* Also fulfilled the statutory role of Deputy Auditor–General as required until 7 September 2024.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

3. Employee Expenses (continued)

(iii) Performance payments

No KMP remuneration packages provide for performance or bonus payments.

(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 via Queensland Treasury.
- provides audit and assurance services which are paid for directly by public sector entities.
- pays work cover premium to WorkCover Queensland as per Note 3.
- pays rent and office services to Department of Housing and Public Works as per Note 4.
- pays data centre services to CITEC as per Note 4.
- pays insurance to Queensland Government Insurance Fund (QGIF)
- receives storage fees free of charge from Department of Justiceas per Note 5.

4. Supplies and Services

	2026 $'000	2025 $'000
Payments to audit service providers	16,998	16,256
Contractors - Professional and expert advice	1,809	1,686
Payments to employment agencies for contractor personnel	831	935
Rent and office services	1,567	1,498
Information technology and minor office equipment	2,506	2,329
Staff development*	364	293
Travel costs	508	516
Data centre charges	166	93
Other administrative costs	942	797
Total	**25,690**	**24,403**

*Staff development costs include all payments to external service providers for educational courses and course facilitation. Internal staff development costs include only employee expenses and are included in the employee expenses disclosed in Note 3.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

5. Other Expenses

	2026 $'000	2025 $'000
Internal audit fees	178	189
External audit fees	34	38
Insurance premiums – QGIF	69	70
Storage services received free of charge	88	245
Other expenses	15	18
Total	**384**	**560**

Moore Australia (Brisbane) continue as auditors of QAO's financial statements. Moore Australia's audit fee for the 2025-26 financial audit is $37,250. (2024-25: $36,000)

6. Work in Progress

Work in progress, which is a contract asset, represents services performed but not yet invoiced and is based on:

- weekly timesheets and hourly rates for each level of staff. The rates are calculated by the Auditor-General to provide for cost recovery and approved by the Governance, Energy and Finance Parliamentary Committee
- invoices received from contracted audit firms for approved work undertaken on our behalf
- 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 an allowance of $298,000 has been provided for.

The basis of assessment considers:

- whether work is disputed by clients
- whether unexplained aged work in progress exists
- whether amounts are outstanding for entities that no longer exist, and
- good quality credit history, with our clients being state and local government entities.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

7. Receivables

	2026 $'000	2025 $'000
Audit fees receivable	8,114	7,160
Annual leave reimbursement	441	590
Long service leave reimbursement	97	162
Other receivables	-	24
Total	**8,652**	**7,936**

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.

(a) 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. All trade receivables are with public sector entities.

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.

Ageing of Receivables (not impaired)

		Overdue			
Receivables	**Less than 30 days $'000**	**30-60 days $'000**	**61-90 days $'000**	**More than 90 days $'000**	**Total $'000**
2026	8,450	47	98	57	**8,652**
2025	7,810	92	25	9	**7,936**

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

8. Plant and Equipment

(a) Acquisition

All plant and equipment assets are initially recognised, and subsequently measured, at cost.

Plant and equipment is only recognised in the Statement of Financial Position if initial acquisition costs exceed $5,000. 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.

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

	2026 $'000	2025 $'000
Depreciation and Amortisation		
Plant and equipment	120	123
Total	**120**	**123**

(c) Impairment

All plant and equipment 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.

	2026 $'000	2025 $'000
(i) Plant and Equipment		
Plant and equipment		
At cost	1,004	988
Accumulated depreciation	(974)	(854)
Total	**30**	**134**
Plant and Equipment Reconciliation		
Carrying amount at 1 July	134	257
Acquisitions	16	-
Disposals		-
Depreciation	(120)	(123)
Carrying amount at 30 June	**30**	**134**

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

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.

		2026 $'000	2025 $'000
(a)	**Payables**		
	Creditors	652	1,451
	GST payable	726	695
	GST input tax receivable	(365)	(245)
	Net GST payable	361	450
	Total	**1,013**	**1,901**
(b)	**Accrued Employee Benefits**		
	Annual leave levy payable	731	774
	Long service leave levy payable	177	192
	Other employee benefits	299	202
	Total	**1,207**	**1,168**
	Total	**2,220**	**3,069**

Other employee benefits include accrued salaries and wages, accrued termination payments, 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 Housing and Public Works (DHPW). This arrangement is outside the scope of *AASB 16 Leases* as DHPW has substantive substitution rights over the non-specialised, commercial office accommodation we use. There is no lease remediation requirement under this sub-lease.

11. Events occurring after the balance date

No events have occurred subsequent to the reporting date, that would require adjustment to, or disclosure in, these financial statements.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

12. 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

Audit fees	Audit fees were $3.057 million above budget. This is primarily due to better understanding of the costs to deliver new audit work for sustainability assurance engagements, higher utilisation of audit staff from bringing work forward, and additional audit work to address complex client risks, transactions and systems.
Supplies and Services	Supplies and Services were $1.904 million above budget. Payments to audit service providers and contractors were higher due to increased costs of the contractual work being performed and timing of that work. Telecommunication and data related costs also increased in line with increased FTEs and larger client data sets.

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

Receivables	Receivables are $1.757 million above budget. The reflects a timing difference with client billings run in late June with most of this balance received in July 2026.
Work in progress	Work in progress was $1.069 million below budget. This is primarily a timing difference with when we invoice our audit clients. We invoice clients on completion of audit work completed.
Payables and accruals	Payables and accruals were $0.584 million below budget. This is primarily a timing difference with paying audit service providers for completed financial audit work.
Other current assets	Other current assets are prepayments of supplies and services. The variance of $0.269 million above budget primarily reflects our prepayment for our audit software being made in June, instead of the following financial year.

(iii) Explanation of Major Variances – Statement of Cashflows

Supplies and Services	Supplies and Services are $3.052m above budget. This primarily reflects a timing difference with paying audit services providers and prepayments compared to the prior year. In addition, payments to audit service providers and contractors were higher due to increased costs of the contractual work being performed and timing of that work. Telecommunication and data related costs also increased in line with increased FTEs and larger client data sets.

Queensland Audit Office
Notes to the Financial Statements
For the year ended 30 June 2026

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

	2026 $'000	2025 $'000
Operating Surplus	**1,101**	**2,090**
Non-cash items included in operating result:		
Depreciation and amortisation expense	120	123
Change in assets and liabilities:		
(Increase) / decrease in work in progress	1,477	(408)
(Increase) / decrease in receivables	(716)	(1,345)
(Increase) / decrease in other current assets	(438)	169
Increase / (decrease) in creditors	(799)	359
Increase / (decrease) in accrued employee benefits	39	(113)
Increase / (decrease) in GST payable	(89)	99
Net Cash provided / (used) by Operating Activities	**695**	**974**

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.38 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 2026 and of its financial position as at the end of that year

The Auditor-General, as the Accountable Officer of the QAO, acknowledges responsibility under s.7 and s.11 of the Financial and Performance Management Standard 2019 for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Charles Strickland, FCA, CPA, GAICD Chief Financial Officer 7 August 2026	Rachel Vagg, FCPA, CA, GAICD Auditor-General 7 August 2026

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MOORE

Moore Australia
Level 6, 10 Eagle Street
Brisbane QLD 4000
GPO Box 475
Brisbane QLD 4001

T +61 7 3340 3800
E brisbane@moore-australia.com.au
www.moore-australia.com.au

Independent Audit 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 2026, the statement of comprehensive income, the statement of changes in equity and the 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 Queensland Audit Office's financial position as at 30 June 2026, 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 2009 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 (including Independence Standards)* (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.

Other Information

The Accountable Officer is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Queensland Audit Office's annual report for the year ended 30 June 2026, (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 on the other information obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Accountable Officer and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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Responsibilities of the Accountable Officer for the Financial Report

The Accountable Officer of 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 2009*. 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.

In preparing the financial report, the Accountable Officer is responsible for assessing Queensland Audit Offices' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Accountable Officer either intends to liquidate the entity 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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In our opinion, the accompanying financial report is in accordance with s.40 of *the Auditor-General Act 2009*, for the year ended 30 June 2026:

(c) We have received all the information and explanations which we have required; and

(d) in our opinion, the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

Moore Australia Audit (QLD) Pty Ltd.

Gavin Ruddell
Partner

Moore Australia Audit (QLD) Pty Ltd
Chartered Accountants

Brisbane

Date: 7 August 2026

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Queensland Audit Office
Performance Statement
For the year ended 30 June 2026

Basis of preparation

This performance statement reports QAO's 2025–26 performance against its target service standards and highlights key achievements and areas for improvement.

The service standards and targets are those publicly reported in QAO's Service Delivery Statement in the 2025–26 Queensland Budget papers.

This statement includes 2 new measures on the implementation of significant deficiencies and recommendations from financial and performance audits.

Variances are categorised as follows.

- Target achieved
- Target not met.

Explanations are provided where targets are not met by 10 per cent or more.

Client satisfaction

QAO's performance is effective when members of parliament and our audit clients value our independent audits, advice and insights. We measure client satisfaction through surveys conducted of members of parliament and our financial and performance audit clients.

QAO aims to survey members of parliament twice within a parliamentary cycle and surveys its public sector and local government audit clients each year.

Client satisfaction is expressed as a performance index based on responses to questions in the surveys transformed into a 0 to 100 point scale. MP satisfaction is expressed as a percentage of respondents who rated their overall satisfaction with QAO's performance as satisfied or very satisfied.

Service standard	Notes	Target	Actual	Variance	
Effectiveness measures					
Parliament's overall satisfaction with services (per cent)	1	80	76	(4)	**Target not met**
Audit clients' overall satisfaction (index points)		80	83	3	**Target achieved**
Financial audit clients' overall satisfaction (index points)		80	83	3	**Target achieved**
Performance audit clients' overall satisfaction (index points)		80	83	3	**Target achieved**

1. A 2025–26 survey of Members of Parliament (MPs) received 25 responses out of 93 MPs, a response rate of 27 per cent. This was below the Auditor-General's minimum response rate of 40 per cent, or 37 responses, so the results may not represent all MPs' views.

Audit recommendations

Our financial and performance audits identify improvement opportunities for public sector clients. In financial audits, we report to management any significant deficiencies we identify—internal control issues requiring immediate remedial action. In performance audits, we make recommendations to improve the delivery of public sector services. Entities are invited to comment on our findings and whether they agree with the recommendations.

For financial audits, we measure the percentage of recommendations agreed by clients for significant deficiencies identified in audits finalised during 2025–26.

In 2025–26, we are also reporting for the first time on the percentage of significant deficiencies addressed by significant clients—our largest clients—within 24 months of QAO raising them. This measure is based on whether clients have fully implemented QAO's recommendations to address significant deficiencies raised in our 2022–23 financial audits.

For performance audits, we measure the percentage of recommendations agreed by entities for reports tabled in parliament during 2025–26.

Each year, entities self-assess their progress in implementing recommendations from our performance audit reports to parliament. In 2025–26, we are reporting the percentage of audit recommendations implemented by significant clients—our largest clients—within 24 months of QAO raising them. This measure reflects the proportion of previously raised recommendations clients assess as fully implemented, limited to recommendations made in reports to parliament tabled between 1 July 2022 and 30 June 2024.

For these measures we identified 66 significant clients.

Service Standard	Notes	Target	Actual	Variance	
Effectiveness measures					
Significant deficiencies from financial audit recommendations agreed to by our audit clients (per cent)		90	99	9	**Target achieved**
Significant deficiencies addressed by significant clients within 24 months (per cent)		90	93	3	**Target achieved**
Performance audit recommendations agreed to by our audit clients (per cent)		90	100	10	**Target achieved**
Performance audit recommendations implemented by significant clients within 24 months (per cent)		70	89	19	**Target achieved.**

Time and cost of audit services

The Auditor-General reports annually to parliament on each audit. We aim to table reports promptly so public sector entities can address our findings and recommendations in a timely way.

We measure the timeliness of financial audit reports as the average time from our clients' financial year-end to the report tabling date. For performance audits, we measure the average time from audit initiation to report tabling.

We also monitor the lifecycle cost of each report to parliament. These costs include internal staff costs and overheads, contractor costs and other direct costs. For performance audits, this covers costs from audit initiation to report tabling. For financial audits, it includes only the direct costs of preparing the report to parliament.

We track the cost of each financial audit for state and local government entities completed during the financial year. These costs include internal staff costs and overheads, contractor costs and other direct costs. We set target costs as a range, which better reflects the nature of audit services and supports clearer performance reporting.

Service Standard	Notes	Target	Actual	Variance	
Effectiveness measures					
Average time to produce financial audit reports tabled (months)		8	6	2	**Target achieved**
Average time to complete performance audits (months)		12	9	3	**Target achieved**
Efficiency measures					
Average life-cycle costs of financial audit reports tabled ($'000)	2	190	241	51	**Target not met**
Average life-cycle costs to complete performance audits ($'000)	3	500	535	35	**Target not met**
Average cost of financial audits – state entities ($'000)		115–140	123	17	**Target achieved**
Average cost of financial audits – local government entities ($'000)		99–105	110	5	**Target not met**

Financial audit services

2. Time and cost of financial audit reports

Eight financial audit reports were tabled in 2025–26. The duration and cost of each financial report is below.

Financial audit report title	Lifecycle cost ($)	Duration (months)
Information systems 2025	166,799	5.10
Energy 2025	205,991	5.36
Major projects 2025	210,060	5.56
Health 2025	188,861	6.15
Managing Queensland's finances 2025	226,874	7.59
State entities 2025	461,462	7.86
Local government 2025	289,535	8.05
Education 2025	179,693	5.46
Total	**1,929,274**	**51.12**
Average (rounded)	**241,159**	**6.39**
Target	**190,000**	**8**

The increased cost of tabled financial audit reporting reflects:

- a new chapter in the State Entities report providing an industry focus on ports and water
- an increased focus on significant transactions and complex matters across all our reports
- updating the presentation of summary information across all reports to better meet the needs of users.

Performance audit services

3. Time and costs of performance audits

Eight performance audits were conducted in 2025-26 along with the Status of Auditor-General recommendations report. The duration and cost of each performance audit is below.

Performance and assurance audit report title	Lifecycle cost ($)	Duration (months)
Reducing organic household waste sent to landfill	612,279	7.99
Managing the ethical risks of artificial intelligence	528,680	8.45
2025 status of Auditor-General's recommendations	291,315	7.33
Supporting industry development	461,102	8.02
Attracting and retaining teachers in regional and remote Queensland	790,169	11.64
Managing third-party cyber security risks	575,164	7.59
Managing funding from the mental health levy	547,347	8.45
Delivering social housing services (follow-up audit)	487,079	8.94
Accessing legal representation services	519,487	8.38
Total	**4,812,623**	**76.80**
Average	**534,736**	**8.53**
Target	**500,000**	**12**

The increased cost to complete performance audits reflects:

- additional effort necessary for providing parliament with reasonable assurance in all tabled reports
- the increasing complexity of audit topics, including our first audit on public sector use of artificial intelligence
- increased audit activity in regional Queensland resulting in higher travel costs
- engaging more subject matter experts
- our improved engagement during the audit and report preparation process, including earlier and more frequent briefings on audit findings and draft reports.