QUEENSLAND AUDIT OFFICE

Annual report 2025–26

Better public services

Queensland Audit Office

Better public services

About this report

This report covers the activities of the Queensland Audit Office for 1 July 2025 to 30 June 2026. It provides a comprehensive view of how we operate to create value, and 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*. An accessible HTML version of the report is available on our website. The financial statements and appendices are available in an accessible PDF format.

Accessibility

Interpreter

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.

13 August 2026

Mr Michael Crandon, MP
Chair
Governance, Energy and Finance Committee
Parliament House, George Street
BRISBANE QLD 4000

Dear Mr Crandon

Queensland Audit Office Annual report 2025–26

I am pleased to submit the *Annual report 2025–26* for the Queensland Audit Office to the Governance, Energy and Finance Committee.

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 F of the report.

Yours sincerely,

Rachel Vagg
Auditor-General

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Queensland Audit Office
Better public services

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Acknowledgement

The Queensland Audit Office acknowledges the Traditional Owners and Cultural Custodians of the lands, waters, and seas of Queensland. We pay our respects to Elders past and present.

We use the term 'First Nations people' in this report. We respect First Nations peoples' choices to describe their cultural identity using other terms, such as Aboriginal and Torres Strait Islander peoples, particular peoples, or by using traditional place names.

Auditor-General’s message

This year has reinforced for me the vital role that independent assurance has in contributing to government performance and maintaining public trust. At the Queensland Audit Office (QAO), our work helps parliament and the community have confidence that public funds are being managed appropriately and that public sector entities remain accountable for the services they deliver.

The significance of our role continues to attract talented, valued professionals and audit service providers who share our commitment to better public services. This year, we launched a refreshed employee value proposition that clearly articulates what we stand for as an employer and what our people can expect in return for their contribution. It reflects our purpose, values, and strategic objectives, while recognising the diverse needs and aspirations of a high-performing workforce.

Our Executive Leadership Team has remained focused on developing our people and capability. We strengthened initiatives to build public sector expertise, expand pathways for female leadership, and advance our commitment to inclusion through a neurodiversity strategy. These investments help us attract, develop, and retain the talent needed to deliver high-quality audit and assurance services.

I remain impressed by our people’s commitment to audit quality, learning, and public sector outcomes. Every day, they bring integrity, professionalism, and curiosity to their work. Their dedication is the foundation of our success. I am also grateful for the strong partnerships we maintain with private sector audit firms that support the delivery of our financial statement audit program under our direction.

Just as importantly, QAO remains a rewarding place to work. Our employee surveys reflect our positive culture, supported by strong connections across the organisation. Our social club has been in existence since the early days of QAO and more than half of our staff celebrated at our recent 50th annual gala event. Our social events are a reminder of the enduring spirit of the QAO community.

Over the past 2 years, we have renewed our focus on what it means to be a public sector auditor and strengthened our engagement with the public sector to understand the emerging challenges and risks entities face. The insights we gain from these conversations help shape our forward work plan, ensure our services remain relevant, and inform the supporting resources and events we provide.

We are proud of the strong relationships we have built, but we are not complacent. We continue to seek feedback and act on it. I thank our clients, stakeholders, and parliamentarians for their openness and engagement. This year, we received positive results from our independent surveys with our audit clients, exceeding our benchmarked targets and improving on last year.

Trust is central to everything we do. Maintaining our independence and objectivity is critical, as is protecting the information entrusted to us. As new technologies, including artificial intelligence, continue to reshape the public sector, we are ensuring our practices and governance arrangements keep pace.

This report outlines how we achieved our objectives and fulfilled our mandate this year. Challenges and opportunities face us as they do the entities we audit. We set ourselves ambitious bodies of work, fuelled by our motivation to deliver value-for-money services. We hold ourselves to the same high standards we ask from the public sector.

I look forward to the year ahead as we continue to deliver independent assurance, trusted insights, and positive outcomes for Queenslanders.

Rachel Vagg

Auditor-General

1. About QAO

Our role

The Auditor-General is Queensland Parliament's independent auditor of state and local government public sector entities.

The Queensland Audit Office (QAO) supports the Auditor-General under the *Auditor-General Act 2009* (the Act). The Act identifies our responsibilities and provides the legal basis for QAO's powers, such as access to information.

Our work provides independent assurance to the Queensland Parliament that there is appropriate stewardship over public sector entities and how they manage public resources. The Queensland Parliament provides our office with appropriation to report our findings and recommendations.

QAO promotes transparency and accountability, acting as a safeguard for the Queensland community by asking if public sector entities are managing risks to service delivery and if services are meeting or improving outcomes for Queenslanders.

Our clients

The large number and wide range of entities we audit include state government departments, government owned corporations, statutory bodies, controlled entities, and Queensland's 77 councils.

What we do

- Through financial audits, provide an independent opinion on whether public sector entities have prepared their financial statements accurately and reliably.
- Through performance audits, examine if government programs and services are achieving value for money, including if they are effective – meeting objectives and efficient – using resources well, and economical – avoiding unnecessary costs.
- Produce publicly available reports to parliament on the results and conclusions of our audits which highlight issues, risks, good practices, and opportunities for improvement, along with industry-wide insights.
- Provide recommendations during our audits and within our reports and resources on how entities can improve their performance and financial management.
- Share our observations and learnings with our clients, professional networks, industry, and peers.
- Conduct investigations into claims of financial waste and mismanagement.

Our work supports public trust in the system of government by:

- helping entities to improve their performance
- providing assurance to parliament that there is appropriate stewardship over public sector decision making
- informing Queenslanders about the public services they receive
- providing scrutiny over entities' use of public money.

Our history

The role of Auditor-General has been part of Queensland's parliamentary framework for over 165 years. The first Auditor-General was appointed in 1860, one year after Queensland became its own independent colony. In 1993, the Queensland Audit Office was born, following and preceding other legislative changes that protect the independence of our unique position and enable us to service parliament and our audit clients. We continue to evolve and modernise, while reflecting on our proud history and what it means for Queensland.

Our vision and values

Our vision – Better public services **Our purpose** – Independent valued assurance and insights

Our values

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.

Strategic plan 2025–2029

Our strategic plan outlines our objectives, risks, organisational strategies, and indicators of achievement, aligned to our vision and purpose.

The plan is founded on our understanding of the needs and expectations of our clients, our stakeholders, and the broader community. It provides an overarching framework and sets the strategic direction for our operational and workforce planning, forward work plan, and service delivery statement. It guides how we prioritise resources, deliver valued services, and measure our performance.

	Trusted, impactful work **Foster trust through products, advice and engagements that add value.**	**Contemporary, quality audits** **Embrace innovation and evolve our systems, tools and ways of working.**	**Capable, empowered people** **Invest in our people and culture to maintain a workforce that meets our needs.**
STRATEGIES	• Deliver the right products and advice at the right times. • Leverage our expertise and enhance our credibility. • Invest in stakeholder engagement and nurture client relationships.	• Use contemporary auditing practices to deliver effective, high-quality services that provide value to clients. • Leverage and invest in technology to enhance our digital capability and improve our systems. • Create opportunities to innovate and use data and technology in meaningful ways.	• Deliver impactful talent attraction and retention initiatives. • Develop the skills and capabilities of our workforce. • Embed a culture of continuous improvement that reflects our values. • Enhance our systems and processes to enable and drive performance.
PERFORMANCE INDICATORS	• Our reputation and independence are maintained. • Our stakeholders have confidence in us and the work we deliver. • Our work is clear, easy to understand and inspires action.	• Our audit services are contemporary, high-quality and reflect best practice. • Our work is protected by a robust information and cyber security posture. • Our work is innovative, data-driven and focused in the right areas.	• Our workforce is supported to grow and develop. • Our people are capable, share our values and feel valued. • Our operating model empowers our people to deliver.
RISKS	• Advice and insights are not fit-for-purpose. • Parliament's needs are not adequately met. • Relationships are not developed and maintained.	• Audit methodology does not reflect emerging requirements and expectations. • Increasing cyber security, information security and systems access risks. • Ability to adapt to change and harness emerging technology.	• Changing nature of the workforce. • Talent shortages that impact our ability to meet evolving operational needs. • Training and development is not effective.

2. The year in review

Our performance highlights

414 audit opinions on financial statements issued and 17 reports tabled in parliament	
9 parliamentary committee briefings, and QAO's work was referenced 46 times by members during parliamentary discussions and hearings	Reported on 79 entities' self-assessed progress on 362 recommendations in the *2025 status of Auditor-General's recommendations* report
Average time to produce audit reports: Performance – 8.5 months (target 12) Financial – 6.4 months (target 9)	Average cost of audit reports: Performance audit – $534,736 (target $500,000) Financial audit – $241,159 (target $190,000)
49 recommendations in our reports to parliament	Finalised 156 requests for audit
Audit client satisfaction: overall – 83 index points (target 80)	76 per cent member of parliament satisfaction with our services
Client satisfaction with our financial audits remained steady at 83 points, and significantly increased for performance audits – up from 72 to 83 points	160 total number of engagements by the Auditor-General with audit clients, parliamentarians, and peers
103,525 web views of reports to parliament	23 blogs, fact sheets, and better practice guides (target 20), seeing 6,998 views

'*QAO plays an important role in overseeing how public sector entities, such as government departments, manage public funds and deliver programs. The committee, in turn, oversees the work of QAO.' 'I thank the Auditor-General, Rachel Vagg, and her team at the Queensland Audit Office for the crucial insights, independent advice and assessment they always provide.'* – Governance, Energy and Finance Committee, Report No. 18, February 2026.

Our workforce

218 full-time equivalent employees	
33 per cent of our employees were born overseas	65 per cent overall engagement from the Working for Queensland survey
9 per cent of our employees identify as neurodivergent. We launched our first neurodiversity strategy and resource group	51 per cent of our workforce are women. We launched our women in leadership employee resource group in March 2026
90 per cent of our financial audit staff have professional qualifications or are studying towards one, with the remaining including graduates and undergraduates, preparing to start their studies	66 training and development hours per auditor 9 staff received CPA or CA qualifications

Our finances

We continue to be financially sustainable through appropriate spending and investment	
Total income from continuing operations: $61.4 million	Total expenses from continuing operations: $60.3 million

3. Our performance

During 2025–26, QAO delivered strong performance across its services, achieving positive results against timeliness and stakeholder satisfaction measures.

We operated productively and efficiently while delivering trusted audit services and we performed strongly compared to peer audit offices nationally.

We exceeded our service delivery statement (SDS) targets and improved on last financial year results for client satisfaction; demonstrating continued and improving confidence in the quality, value, and impact of our work.

We improved how quickly we delivered our financial and performance audits and reports, providing timely assurance for parliament, our audit clients, and the Queensland community. The average cost of our audits increased due to parliament-approved increases to charge-out rates, the growing complexity of audit work, and our commitment to better stakeholder engagement.

Our performance framework

Our performance framework enables us to monitor and measure what we have delivered against our targets and the priorities in our strategic plan.

This includes our outputs, how efficiently and effectively we operated, the outcomes or impact from our services, and how our workforce functions.

We assess our performance against:

- the benchmarked averages of other Australian audit offices, where available, via the Australasian Council of Auditors-General (ACAG)
- our strategic and operational objectives, using a range of measures developed through corporate planning and budgeting processes.

Our performance targets are outlined in our SDS.

Comparison to our peer audit offices

Comparing our performance to organisations that see similar challenges and opportunities helps us understand our results and progress.

We assess our results against data available from other audit offices via ACAG. This year, QAO performed well nationally compared to our peer audit offices.

QAO performance against peer audit offices
We charged a higher percentage of total (whole of office) paid hours to audit work – 54.7 per cent compared to the ACAG average of 46 per cent.
Our average cost for each hour charged to audits was $191.9 compared to the ACAG average of $204.63.
Our average time to produce reports for performance audits was 8.5 months in 2025–26 compared to the ACAG average of 11.1 months.
Our average life cycle cost of reports on performance audits was $534,736 in 2025–26 compared to the ACAG average of $502,318.

Cost and timeliness of audits and reports

We aim to use our resources efficiently and effectively to deliver our client services.

Timely delivery of our audits and reports to parliament remains a focus for us, so we can facilitate responsive action by entities and give parliament and the Queensland community well-timed assurance. While we aim to improve each year, the average time for us to deliver this year's reports was significantly faster than last financial year.

We measure the timeliness of our financial audit reports from the end of our clients' financial year to the tabling date of the report in parliament. We measure the timeliness of our performance audit reports from the start of the audit to the tabling date. We compare results to the targets in our SDS.

Financial audit results	
Average cost of financial audits – state entities	$123,056 in 2025–26 compared to $108,000 in 2024–25 *SDS target: $115,000–140,000*
Average cost of financial audits – local government entities	$109,146 in 2025–26 compared to $102,000 in 2024–25 *SDS target: $99,000–105,000*
Average time to produce financial audit reports	6.4 months in 2025–26 compared to 8.4 months in 2024–25 *SDS target: < 8 months*

Like many professional organisations, we have experienced increases in the cost of delivering our financial audit services, including the need to provide competitive wages and invest in fit-for-purpose technology. Over the past 2 years, we have progressively implemented an increase in the base charge out rate for our financial audits. This rate was approved by parliament and reflects the cumulative impact of increased costs, which we manage within our productive and efficient operating environment.

The complexity of some of our audits has also increased, resulting in more audit activity, engagement, and reporting. We also have fewer smaller entities to audit because of the reduction in the number of council-controlled entities. These aspects are reflected in the average cost of our audits.

Performance audit results	
Average life cycle cost of performance audits	$534,736 in 2025–26 compared to $461,000 in 2024–25 *SDS target: $500,000; ACAG average*: *$502,318*
Average time to produce performance audit reports	8.5 months in 2025–26 compared to 12.2 months in 2024–25 *SDS target: < 12 months*

The increase in costs of our tabled performance audit reports is due to several reasons, including:

- 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
- an increase in regional travel and engagement of 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
- increased charge out rates for our services approved by parliament.

Client satisfaction with our services and products

We focus on enduring relationships with our audit clients, underpinned by objectivity, integrity, and independence, to ensure our services are high quality and responsive.

Via annual, independent surveys, we ask departments, government owned corporations, statutory bodies, and local governments for feedback on our processes and reports, and the value of our services. We use the results to identify trends and address issues, and how we can strengthen our client relationships. We also consider feedback from our clients when we meet with them or visit their work sites.

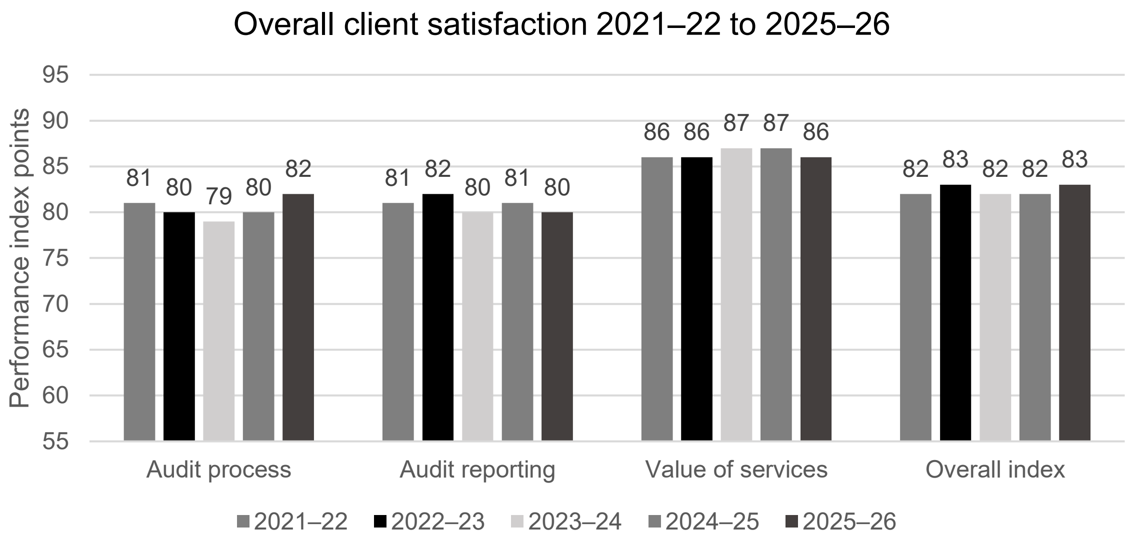
Through this year's surveys, our clients are telling us they are satisfied with our work. We exceeded our benchmark scores for both our financial audits and performance audits, achieving an overall result of 83 out of a possible result of 100, using an index points system. Our target for both service areas was 80. Compared to last financial year, our overall financial audit client satisfaction results remained steady at 83, and our overall performance audit results increased significantly from 72 to 83.

Many of our clients noted the professionalism and conduct of our auditors – both QAO and audit service providers. Some clients thanked us for addressing their feedback in our previous year's survey. And some noted an increased responsiveness from senior audit staff.

The survey results highlighted areas for improvement, including better knowledge-sharing when a client's audit team changes, earlier communication from our audit teams, and consideration of the impact that late changes to the audit timeline or process can have on the entity or individual.

In the survey, one client shared: '*The relationship is one of collaboration, and respect for each party's views even though at times we may not agree. I am also impressed with the openness of the QAO engagement team to work through any challenges, to land on the best outcome for both parties*.' – Client satisfaction survey, September 2025.

Another shared: '*The Queensland Audit Office is professional, well-informed about our business, and pragmatic in its approach, with a clear understanding of sector challenges and a focus on constructive recommendations.*' – Client satisfaction survey, March 2026.



Results for our financial audits

This year's results remained consistent with last financial year, with minor shifts in individual survey categories across our financial audit services.

Key highlights – financial audit	
Our overall result of 83 index points, the same as last year (83) and exceeding our overall target of 80	We received: 82 for our audit process (2024–25: 81) 80 for reporting (2024–25: 81) 87 for the value of our services (2024–25: 88)

A client shared: *'QAO takes a detailed, comprehensive yet pragmatic and efficient approach in getting across any significant accounting matters. QAO's transparent and collaborative approach to addressing any accounting and audit matters during the audit is very much appreciated!'* – Client satisfaction survey, September 2025.

Results for our performance audits

We saw a significant increase in overall scores this year from our performance audit clients, recognising our concerted efforts to improve our engagement during our performance audits, and improvements to our audit processes and the report to parliament.

Key highlights – performance audit	
Our overall result of 83 index points was higher than last year (72) and over our target of 80	We received: 85 for our audit process (2024–25: 70) 83 for reporting (2024–25: 75) 81 for the value of our services (2024–25: 71)

Feedback from a surveyed performance audit client on one of this year's reports to parliament: *'The Audit was professionally conducted, the auditors were highly engaged and communicated well throughout the audit. The audit report was comprehensive, accurate and fair.'* – Client satisfaction survey, November 2025.

Parliamentary stakeholder engagement

We aim to help parliament understand public sector entities' financial management and performance, to support its accountability role.

Our main parliamentary stakeholders include Queensland's parliamentary committees – members of parliament (MPs) and secretariat; other MPs; portfolio ministers; and the Office of the Speaker and Table Office regarding the tabling of reports.

Our reports to parliament are each referred to the respective committee that will be responsible for reviewing it. This year, 17 reports were referred to committees – 16 reports to parliament and our annual report. One report from 2025–26 will be referred in 2026–27 following its June 2026 tabling. We provided 9 briefings to committees on our reports where we highlighted our findings, insights, and recommendations, and we attended an oversight hearing by the Governance, Energy and Finance Committee (GEFC) on our *Annual report 2024–25*.

Parliamentary committees finalised 13 inquiries, including 10 reports referred in previous years; 2 referred in 2025–26; and our *Annual report 2024–25*.

We advise the GEFC and the other relevant committee/s of our upcoming reports prior to tabling day.

Regarding our reports *State entities 2024* (Report 11: 2024–25) and *Managing Queensland's debt and investments 2024* (Report 12: 2024–25) – a member of the Governance, Energy and Finance Committee said in August 2025 in its inquiry:

'*The work of the Auditor-General is obviously very important to the operation of government here in Queensland.'*

'I think one of the most valuable contributions the Queensland Audit Office has made over recent years is to draw our attention to potential deficiencies in control systems.' – August 2025.

> Throughout the year, the Auditor-General, QAO, and 14 of our reports were referenced on 46 occasions by members of parliament during parliamentary discussions and estimates hearings.

Each year, we host a forum for parliamentary committee members and secretariat staff. This year, we discussed our forward work plan, the status of Auditor-General's recommendations report, and themes emerging from QAO's work, such as technology and cyber security risks. The event provides an opportunity for questions from chairs and staff on our work, and for us to receive feedback.

We remained responsive to parliamentarians' requests for audits by carefully and objectively examining the information that they sent to us, per our mandate. We publish all requests from elected members on our website to ensure transparency: www.qao.qld.gov.au/audit-program/requests-audits.

During and following our audits, we engage directly with the ministers whose entities are involved in an audit. We offer to meet with ministers throughout the year to ensure they understand our aims, to raise awareness of our recommendations, and to receive feedback.

Per section 64(3) of the *Auditor-General Act 2009*, we give ministers the opportunity to provide written comments on our draft reports, within 21 days. If we receive a response, we include it, or a fair summary, in the tabled report.

This year, we wrote to the MPs newly elected in by-elections to inform them about our services and provide an overview of our recent and upcoming work, as related to the entities they oversee.

We consulted early with committees and ministers as we developed our new forward work plan for their feedback on our audit topics and timings, and to calibrate our analysis of the key risks facing public sector operations.

Members of parliament satisfaction with our services

Via an independent researcher, we survey MPs twice during each parliamentary term and use the results to understand how our services, reports, and engagement can provide value. We ask members for feedback on our work, how they see our role, and how they use and perceive our reports and resources.

This year, overall satisfaction was 76 per cent, down from 97 per cent in our last 2022–23 survey.

Twenty-five of 93 surveyed MPs responded to our survey, and this response rate can impact the level of insight this mechanism provides. Results tended to be lower due to more respondents selecting a response category of *neither agree or disagree.* This year also saw an increased proportion of new MPs – 36 per cent had been MPs for less than one term – and they may have had less familiarity with QAO's role and services at this point in time. Satisfaction levels were less among new members at 69 per cent compared to those who had been an MP for more than one term at 81 per cent.

Eighty-five per cent of MPs said they think QAO's reports improve public sector administration, with 84 per cent saying the reports informed them about public sector performance and 81 per cent saying the reports were easy to understand. Most respondents – 93 per cent – said the responsiveness of the Auditor-General was good or very good.

No respondents marked they were dissatisfied or very dissatisfied with our services.

Our results indicate that we need to increase parliamentarians' understanding of QAO's role and the value our reports and products can give them.

4. Our services

Delivery of audit services

Our audit approach is risk-based, meaning we focus on the key challenges we see our clients and the public sector facing.

We communicate matters identified directly to our clients during our audits and the significant matters to parliament through our reports.

Experienced and qualified audit professionals deliver our audit services. We use public sector-specific methodologies for financial statement audits and performance audits. We also use methodologies for sustainability assurance engagements that align with applicable professional standards.

A strong quality framework underpins our performance, which supports contemporary service delivery that meets regulatory requirements and client expectations.

Financial audit

Our financial audits provide an objective and independent opinion on state and local government entities' financial statements.

Each year, we deliver more than 400 audit opinions for our clients across Queensland, giving us valuable insights from a range of entity types and sectors. We engage contracted audit service providers (ASPs) to support our financial audit delivery, and they are a critical part of our workforce. In 2025–26, ASPs delivered 31 per cent of our audit work (by revenue).

We tabled 8 reports to parliament summarising the results of our audits, highlighting key insights, and challenges and opportunities for the sector.

New report to parliament – *Information systems 2025* (Report 6: 2025–26)
We tabled our first report to parliament on information systems controls, designed to recognise the collective need across government for more focus on the risk of information technology (IT) systems and data. In our report, we summarise the results of our audits, assess the quality and effectiveness of related internal controls, and highlight key insights and opportunities from across our work. The report includes a chapter specifically on legacy systems and the risks they bring. We made recommendations to remedy control deficiencies directly to the entities we audited. We also drew attention to the recommendations in our *State entities 2024* (Report 11: 2024–25) report to parliament that require further action by entities. We further shared our findings at our client and industry events and via our blog. As of 30 June 2026, it had been viewed 2,539 times on our website.

We deliver our financial audit program through an industry-based leadership model, enabling us to build deeper expertise on our audit clients and the sectors in which they operate. Ahead of the financial year, we conducted detailed planning for each industry. This includes outlining our engagement approach for key clients and stakeholders, sector-specific risks and developments, our audit focus areas, the strategy for the report to parliament, and our collaboration with our ASPs.

Engagement highlight – Local government sector

Our local government audit services and engagement form a large and important part of our work, given councils' presence across Queensland and role in delivering critical services for the community.

We aim to maintain and strengthen our relationships with the many stakeholders who support councils, including the Local Government Association of Queensland, the Local Government Finance Professionals, Queensland Treasury Corporation, and accounting and auditing standards boards.

In 2025–26, we worked with councils on several initiatives. We:

- tabled our *Local government 2025* (Report 12: 2025–26) report to parliament, which included a range of better practice information for councils on how to improve their processes
- shared insights at Department of Local Government, Water and Volunteers workshops, and Local Government Finance Professionals events, on various issues impacting the sector
- published blogs to support councils on accounting and other matters
- collaborated with the Queensland Government's depreciation task force on delivering its report to the Minister for Local Government on challenges councils face in effectively managing growing their assets and the related depreciation charges
- provided training sessions focused on specific local government matters, such as asset valuation, for the ASPs who service these clients under our direction.

One of our local government audit clients shared in our annual satisfaction surveys: '*We value the assurance that the QAO audit process brings. We value QAO's professionalism, their pragmatic and collaborative approach.*' – Client satisfaction survey, December 2025.

Another commented: '*We have received a lot of value from the audit process this year – the approach was extremely collaborative, with a view to improvement, not punitive. We've been given advice on how we can improve our processes to make things easier for us next time, and the audit issues raised were fair and reasonable – our organisation will be better off for implementing these changes.'* – Client satisfaction survey, December 2025.

In prioritising our relationships with our clients, our audit teams travel across Queensland to deliver our services on the ground where possible to better understand the unique environments our clients operate in. Ongoing dialogue with our clients helps us better anticipate emerging issues, tailor our audit approach, and focus our efforts on areas where independent assurance and insights could deliver the greatest impact and public value.

In our client satisfaction survey, an audit client shared: *'The audit was well conducted, and I appreciated regular engagement and updates from QAO occurring throughout the audit. This provided the department with opportunity to clarify each issue, sometimes with additional information to support the audit process and sometimes to assist with the auditor's understanding of the situation*.' – Client satisfaction survey, December 2025.

Engagement highlight – Health sector
We continued to highlight significant risks affecting the delivery of health services across Queensland, particularly relating to ageing infrastructure and governance arrangements. A key challenge is that many health assets – including hospital buildings and supporting infrastructure – are ageing and maintenance is being deferred. This can affect the efficiency of operations, and the safety and quality of care. Our *Health 2025* (Report 9: 2025–26) report built on our prior year findings, noting ongoing challenges in maintaining and renewing assets. For the first time, we gave our clients new, valuable data on the relationship between their asset maintenance backlog and their funding sources. Throughout the year, we discussed risks and issues with a range of stakeholders across the sector including our clients, their audit committees and boards, and at industry forums. We identified emerging risks associated with recent legislative changes and shared our advice on how entities can strengthen their governance arrangements directly with our clients, via our report to parliament and a blog article. The parliamentary committee responsible for our *Health 2025* (Report 9: 2025–26) report said in its review: *'The Queensland Audit Office once again demonstrates its ongoing commitment to providing Parliament with fearless, frank and independent assessments of government performance. The Auditor-General's work plays a vital role in promoting accountability, transparency and continuous improvement across the public sector. This report provides valuable insights into both the challenges confronting Queensland Health and the opportunities available to strengthen service delivery for Queenslanders.'* – Health, Environment, and Innovation Committee, Report No. 26, June 2026. *Health 2025* (Report 9: 2025–26) has been viewed 3,161 times by external users as at 30 June 2026 since it tabled in January 2026.

In our financial audit reports to parliament, refreshed chapter snapshots and callout boxes more clearly highlight sector-wide messages, emerging trends, key issues, and opportunities identified across the public sector and local government sectors. These highlights make it easier for readers to quickly understand the most significant findings and their implications, supporting informed decision-making and action.

Engagement highlight – Energy sector
QAO's *Energy 2025* (Report 7: 2025–26) report highlights risks and insights for the sector. These include controls for information systems, financial pressures from volatile energy prices, rising costs, and ageing assets. The sector is also dealing with changes in government policies, transition risks, and new climate reporting requirements. To support our clients, via our audits and engagement, we focused on these risk areas to provide advice and recommendations around improving controls, governance of major projects, and financial performance, while drawing attention to new or emerging risks. Our engagement included dedicated, discussion-based forums for our energy, ports and water, sector clients, and ASPs. We held discussions with audit committees and key government departments, including Queensland Treasury. We also supported some clients in this sector in their preparation of climate reporting for the first time. Our work helped entities mature their internal controls over their information systems, resulting in a 50 per cent reduction in deficiencies, and we saw entities address the majority of the recommendations we made to them in the prior year. *Energy 2025* (Report 7: 2025–26) has been viewed 1,491 times by external users as at 30 June 2026, since it tabled in December 2025.

In our 2025 independent satisfaction survey with Members of Parliament, 91 per cent of respondents who shared their feedback said QAO's reports and services provide valuable information on public sector performance, and 81 per cent said our reports communicate issues clearly.

Sustainability assurance

This year, large government companies commenced their mandated climate-related financial disclosures; preparing reports under the Australian Sustainability Reporting Standards issued by the Australian Accounting Standards Board. We are providing limited assurance on these 9 sustainability reports. The scope and extent of these audits will increase over future years.

By the end of 2027–28, we expect to grow our sustainability audits to 18 entities in line with legislative requirements. To support the new disclosures and reports, QAO developed methodology, training, and workpaper templates to guide our staff.

The approach allows our audit professionals to identify and respond to sustainability reporting risks in a consistent manner that still encourages them to exercise professional judgement.

We engaged assurance practitioners who specialise in sustainability assurance engagements to support our new approach, developed an internal working group to share knowledge between our teams, and reviewed our engagements while they were underway to assess for quality.

We also shared advice and updates on our approach at QAO events and via a number of blog articles.

Performance audit

We provide independent assurance on the efficiency, effectiveness, and economy of government entities to parliament and public sector entities through our performance audits.

This year, we conducted 8 performance audits, tabling the resultant reports with our findings, conclusions, and recommendations. Our audits examined a range of topics of interest to parliament and the public, from managing the ethical risks of artificial intelligence, to supporting industry development, and attracting and retaining teachers in regional and remote Queensland. We also tabled one report on the status of Auditor-General's recommendations.

Of the 46 recommendations we made to 19 entities in our performance audit reports, 100 per cent were agreed to by entities; meeting our target. Some of the recommendations we made were directed to all public sector and local government entities, increasing the reach and value of our work.

We write our performance audit reports to be factual, objective, and easily understood by a wide range of stakeholders. We expanded our plain language approach to include more context in the report to allow readers to better understand our findings and recommendations.

Our conclusion chapter now more clearly answers the report objective. We shortened and refreshed our report summary to include headings for the reader such as 'what is important to know about this audit', which provides subject matter context, and we added a section called 'what entities need to do'. This also assists parliament in understanding our recommendations.

Impactful report – *Managing third-party cyber security risks* (Report 13: 2025–26)
Cyber security risks associated with third parties are a growing challenge for the public sector. While the use of third parties by entities can enable innovation and efficiency, they can bring additional cyber threats. Incidents can have significant consequences, including loss of privacy, financial loss, reputational damage, and disruption to critical services. For this performance audit, we combined traditional assurance techniques with hands-on testing. Using technical specialists, we simulated real-world attack scenarios to strengthen our findings. We addressed the complexity of this topic by implementing a structured methodology aligned to recognised better practice frameworks, international standards, and relevant benchmarks. Entities were receptive and engaged throughout our audit, with some taking immediate action to address issues we identified during our fieldwork. They reported strong value from the technical testing, which identified vulnerabilities, validated controls, and raised awareness of cyber risks. To accompany our report to parliament we developed a checklist of key questions all entities can consider when managing their third-party cyber security risks. We further shared our insights through targeted engagement, including presentations to the Digital Leaders Group, entity audit and risk committees, cyber security forums, and QAO events, helping to strengthen the management of third-party cyber risks across government. We also highlighted lessons in our blog. As of 30 June 2026, the report had been viewed 3,161 times.

We invested in our engagement with the entities we audit, aiming to be transparent and open in validating our findings with them. This gave entities the opportunity to provide timely feedback and supporting evidence to our teams.

We continued to test our findings by providing a draft of our reports to audited entities, ahead of sending them the proposed report for formal response. Overall, we progressed how we capture, assess, and respond to entity feedback throughout the audit and reporting phase. We engaged entity senior leadership throughout the audit.

Regarding one of our performance audits, in our client surveys, one client shared:

‘The audit team was very professional and communicated really well during the audit process so there were no surprises. For a performance audit, it was quite constructive and helpful, rather than a 'gotcha' piece which they can sometimes feel like. That came down to the QAO staff that really tried to understand the issues and think about how QAO could value add in improving outcomes into the future.’ – Client satisfaction survey, November 2025.

Another shared regarding a performance audit report to parliament:

'Audits can often feel aggressive. For this audit, the auditor's appreciative inquiry approach, strong listening skills, regular and clear communication, reporting back at key milestones and effective consultation on preliminary findings and draft recommendations, meant that my experience of this audit felt highly collaborative. Moreover, the auditors showed respect for the department’s operating environment and demonstrated a practical understanding of our delivery pressures and resource constraints, leading to meaningful findings and achievable recommendations being contained in the report. I commend the auditors on this collaborative engagement approach.' – Client satisfaction survey, June 2026.

In addition to reports to parliament, the performance audit team contributed to the development of our *Forward work plan 2026–29* and *2025 status of Auditor-General’s recommendations* (Report 3: 2025–26).

We are strengthening capability and expertise within our performance audit team to support delivery on our forward work program. Through identifying the critical skills and knowledge necessary for future audits, we are growing our team, increasing access to specialist expertise, and implementing a tailored professional development program.

We built a specialised team to deliver our upcoming Brisbane 2032 Olympic and Paralympic Games audit series.

Data and analytics

Our data and analytics program supports our cost-effective financial products by allowing us to embrace innovation and use more refined tools. These tools are designed to increase our efficiency by reducing the time our audit teams spend on manual data analysis and administrative tasks. Our overall approach contributes to a culture that challenges our people to seek ways to better serve our clients.

This year, we:

- introduced new data solutions for larger audit clients to support efficient and consistent risk response processes
- confirmed new data agreements with all clients regarding our data supply to strengthen data governance and ensure transparency on what we collect and how we use it in our audits
- started a major initiative to further optimise our data pipelines using the latest in cloud-based data engineering services
- launched a new search solution that streamlines and automates aspects of how we identify key client management personnel conflicts.

Future priorities include exploring how artificial intelligence-based functionality can add value to our business outcomes, clients, and our people.

We also continue to focus on attracting talent to support our growing work in data and analytics, including targeted graduate recruitment.

How data and analytics solutions support our audits
Several new audit-driven analytics solutions continued to reduce the hours our people spend on manual audit calculations and analysis. We designed our work with the premise of streamlining data exploration and diagnostics to give our audit professionals more time on audit strategy and insight.
We used data analysis to better understand the composition of teachers across Queensland by experience and level of remoteness for our report to parliament *Attracting and retaining teachers in regional and remote Queensland* (Report 5: 2025–26). Our analysis identified a higher proportion of unqualified teachers and graduate teachers in remote areas compared to inner regional areas, outer regional areas, and large cities. This type of evidence-based support informs QAO's development of targeted recommendations for entities.

Readership of our reports to parliament

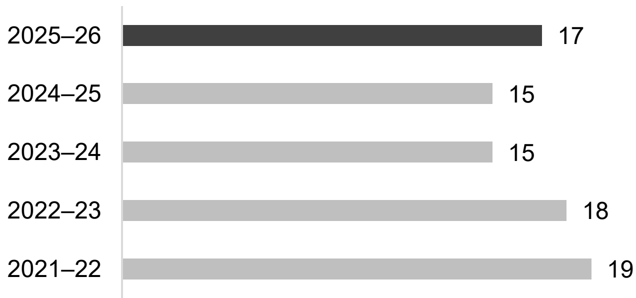
We tabled 17 reports to parliament on the results of our audits, our insights, key facts, and our recommendations – 2 more than in 2024–25.

Our reports included 49 recommendations to public sector entities about how they can improve their performance and service delivery.

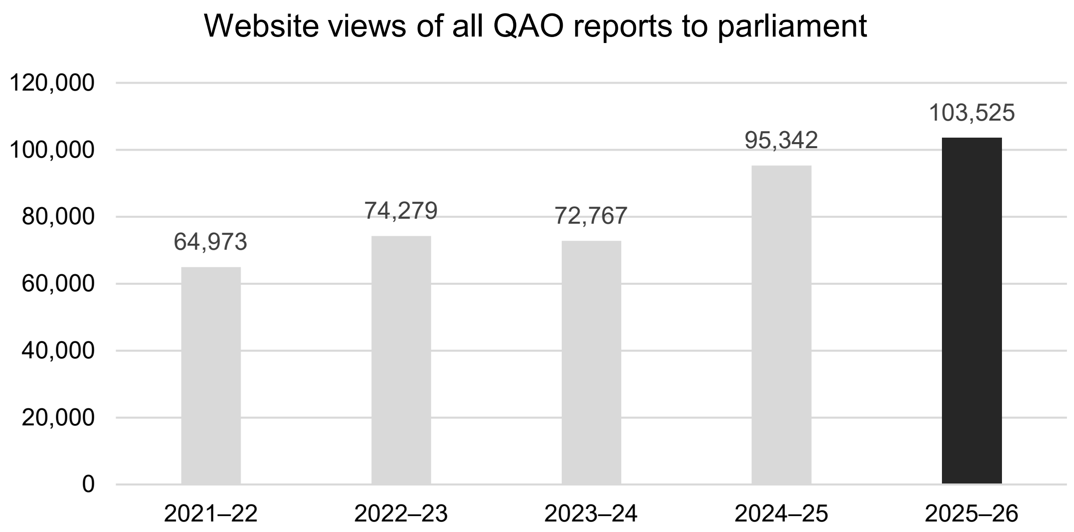
Readership of our reports and resources shows us whether we are increasing exposure to our insights. It also helps us understand which audit topics are of most interest.

This year, our reports were viewed 103,525 times (compared to 95,342 times in 2024–25) on our website. The 3 highest-viewed reports tabled in this financial year were:

Reports to parliament tabled



- *Managing the ethical risks of artificial intelligence* (Report 2: 2025–26)
- *Major projects 2025* (Report 8: 2025–26)
- *Health 2025* (Report 9: 2025–26)



Supporting outcomes from our reporting

Many of the learnings from our audits and in our reports to parliament are relevant to entities beyond those to which we make direct recommendations. We support the improvement of public sector entities by sharing our insights broadly. Wider learnings from each report are included in our audit committee briefing papers, event presentations, and thought leadership.

QAO-hosted events enable the connection of public sector finance professionals and leaders with each other, our staff, and our wider areas of focus. The events provide an avenue for sharing information, generating discussion, and building on our relationships. This year we covered topical matters ranging from the common challenges entities are facing, advice on information systems and cyber security, technical and accounting updates, and our upcoming work.

Our valued relationship and collaborative work on whole-of-government accounting and financial reporting matters with Queensland Treasury continued to help us promote our advice.

In March 2026, Queensland Treasury presented at our client technical update event for public sector finance officers. The presentation covered developments in accounting and financial reporting, and updates on emissions reporting.

The event attracted 577 attendees, up from 525 in 2024–25. In the post-event survey, one respondent said: '*A great event as always, with an excellent leading speech from the Auditor-General [AG]. The event covered all of the important areas that matter for good public sector stewardship.'* – client technical update survey, March 2026.

We also engaged closely with the chief finance officers of departments throughout the year, including through a tailored forum we hosted at QAO in March 2026.

We continued our active engagement with industry and professional forums and we invest in our staff attending and presenting at events. The Auditor-General presented at a range of industry conferences throughout the year to share the insights and recommendations from our work and discuss topical issues, including for the Interdepartmental Accounting Group, Local Government Finance Professionals, the Government Innovation Showcase, Australasian Council of Public Accounts Committee, and the Accounting and Finance Association of Australia and New Zealand.

Sharing insights with audit committees
Audit committees support accountable officers, chief executives, and boards by providing oversight of and insights into financial reporting and internal controls. They also play a key role in monitoring entities' progress in implementing our recommendations. Our attendance at audit committee meetings enabled us to share learnings and insights, and ensured committees had visibility of emerging risks. We continued to share learnings in our briefing papers for audit committees for all our audit clients, and at a range of QAO-hosted and external event presentations. Our engagement activities included 2 dedicated briefings to audit committee chairs in December 2025 and May 2026, attended by approximately 80 chairs each. We shared key learnings from our work, and updates on recent and upcoming reports to parliament. Discussions centred on risk management, particularly across areas such as cyber security, information systems, governance, and compliance. A surveyed attendee shared: '*I very much appreciated the insightful presentations and found the online format worked well. Thank you for offering this option.'* Another shared feedback on our Status of Auditor-General's recommendations interactive dashboard: '*Just how much available information there exists on the QAO site for us - templates etc - unquestionably helpful. The online tool is a great initiative.'.* We developed a new section on our website to curate reports and resources that are of particular value for audit committee members, providing one website location for faster access to information.

Resources for our clients

QAO has developed significant resources to support the improvement of the public sector. The resources – including models, guides, and fact sheets – are available for free on our website. We encourage parliamentarians, public sector entities, and the public to access, discuss, and use the resources.

Our supporting resources, mapped against audit areas of focus in our forward work plan, provide practical ways for entities to action our recommendations, assess their approaches, and support their governance decisions. Collectively, our better practice guides were viewed 7,099 times – compared to 7,176 views in 2024–25.

We illustrate some of our audit results via interactive data dashboards to help users understand financial performance results for entities based on where they live, and share other interesting information such as demographic data.

QAO's blog is a key thought leadership channel, where we share our informed perspectives and points of view, along with practical advice drawn from our audit work and the expertise of our people. It plays an important role in translating complex issues into accessible, timely content for our clients and stakeholders; explaining why our insights and guidance matters. In 2025–26, we published 19 blogs, attracting a total of 6,323 views, compared to 7,083 in 2024–25 across 21 blogs. On blog pages, we ask readers 'Was this blog post valuable?' – with 99 per cent of respondents indicating yes.

We also produce fact sheets that explain our role, services, processes, and specific topics in more depth. Total views of our fact sheets were 2,461, up from 1,233 last year. This year, we refreshed our fact sheet on financial reporting in uncertain times to support our clients in the wake of global events.

Our forward work plan

Each year, we publish a 3-year plan that describes our planned performance and financial audits, with an overview of each by parliamentary committee and audit focus area.

Our plan supports our delivery of insightful and timely reports to parliament and helps ensure we are auditing the right matters at the right time. It increases transparency around our work for parliament, our clients, and the public. It also helps our clients anticipate and prepare for our audits.

This year, we published our *Forward work plan 2026–29* on 29 June 2026. Users can read about the individual topics across the 7 audit focus areas guiding our work:

- Services – delivering essential services for Queenslanders
- Communities – long-term planning and economic outcomes for thriving communities
- Infrastructure and transport – delivering and maintaining fit for purpose and cost-effective infrastructure and transport
- Environment and resources – managing our natural resources to support current and future generations
- Digital – safely leveraging data and technology
- Public service – ensuring the accountability, transparency, and sustainability of government
- Brisbane 2032 Olympic and Paralympic Games – effectively and efficiently preparing for the games and securing lasting benefits for Queensland.

A summary of the plan is available at Appendix B.

In developing the plan, we considered the range of strategic risks facing public sector entities and local governments. We have a robust methodology for prioritising potential topics based on their impact and importance, and the influence we can have over improvements to entity performance.

We prioritise the topics that can provide the greatest coverage and value to the Queensland Parliament and governments. We include a topic in the 3-year plan or on our list of alternate potential topics, because we have identified it as an area of significant risk or one where we can have a positive impact.

A key part of developing our plan is engaging proactively with clients and stakeholders throughout the process. We consulted with parliamentary committees, ministers, and the leaders of departments, local governments, statutory bodies, government owned corporations, hospital and health services, and universities. We seek their input or feedback on the key risks they see facing their public service delivery, our proposed topics, focus areas, and audit timing.

We report to parliament throughout the year on the results of the audits, our recommendations to entities on how they can improve performance, and on industry-wide insights.

Over the next 3 years, we will include new or updated audits that respond to emerging risks, and any changes to government priorities and strategies.

Monitoring the implementation of our recommendations

Each year, we monitor the progress entities are making on implementing our recommendations by asking them to self-assess their progress.

This enables us to gather key information for parliament, our clients, and the community on the public sector’s commitment to performance improvement. In particular, it is a useful departmental engagement tool for parliamentary committees.

Our report to parliament brings together entities' self-reported status results, and highlights the most common types of recommendations we make and those that entities are finding more challenging to implement. This provides insights on enduring or common challenges across government that entities need to focus on or need support on. The insights we glean also help inform the follow-up audits and resultant reports to parliament we undertake each year as set out in our forward work plan.

We tabled our report *2025 status of Auditor-General's recommendations* (Report 3: 2025–26) in parliament on 8 October 2025, which included gathering information from 79 entities' self-assessments of their progress in implementing 362 recommendations from 36 reports to parliament.

Our report includes an accompanying data dashboard that allows users to explore entities self-assessments and search by entity, year, report name, parliamentary committee, and implementation status. It is also a useful tool for entities that have undergone machinery of government changes, as they can see the latest progress their entity has made.

This year, we conducted some deeper analysis of the timeliness of entities' implementation of our recommendations to give parliament greater insights on the longer-standing recommendations that have not yet been fully implemented. This responded to some specific queries from parliamentary committees at our report briefings.

***2025 status of Auditor-General's recommendations* (Report 3: 2025–26)**	
We followed up entities we made recommendations to in 36 reports to parliament tabled between 2016–17 and 2023–24.	
79 entities reported fully implementing 43 per cent of the total outstanding recommendations.	31 of the 40 reports to parliament have outstanding recommendations.
Entities reported fully implementing 45 per cent of the 270 outstanding recommendations from the 2024–25 report.	15 of the 79 entities reported fully implementing our recommendations.

In our status of Auditor-General's recommendations report for 2026, we intend to validate and provide further, deeper insights on entities' progress on 2 of our reports to parliament.

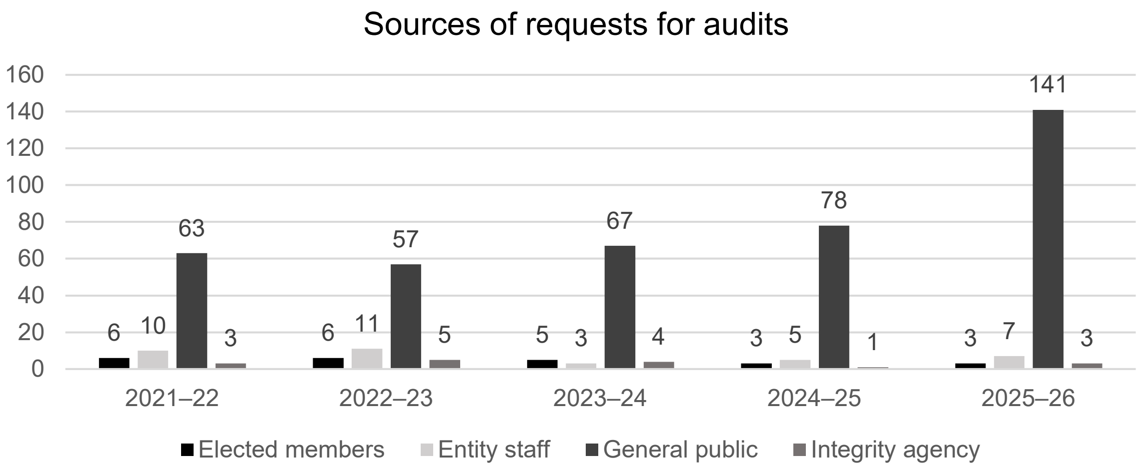
Managing requests for audits

QAO welcomes information on public sector performance and requests for audits from members of the public, elected representatives, public sector and local government employees, and other integrity bodies.

We received 154 requests this year and finalised 156 requests. This is a significant increase to the number of new requests of 87 in 2024–25, and 79 the year before in 2023–24. The most common topics or themes for the requests related to procurement, project management, and conflicts of interest.

Requests for audits
154 new requests for audits, including 3 requests from elected members. 12 requests were assessed as high priority, meaning the topic may have a significant impact, reflect a widespread issue across public sector service delivery, or relate to significant financial waste and mismanagement.

Thirty-seven of the requests we received led to us conducting investigations. We finalised 29 investigations, and via 10 of these, made 22 recommendations directly to the related entities' management on strengthening their internal controls. Two of this year's requests related to audit topics on our prior *Forward work plan 2025–28*, and will result in a report to parliament. Currently underway is our audit on implementing the new child safety and youth justice case management system (Unify), and planned for 2027–28 is our audit on delivering victim support services.



We improved the timeliness of our approvals of our preliminary assessments of the requests and of our detailed responses to referrers, and our internal collaboration and documentation to support responsiveness. The average duration for finalising requests was 14 weeks, compared to 16 weeks in 2024–25.

To be transparent, we publish requests from members of state parliament and local government councillors on our website: www.qao.qld.gov.au/audit-program/requests-audits.

Peer and industry collaboration

We value our professional relationships with peers and our exchange of information and insights.

Australasian Council of Auditors-General (ACAG)

The Auditor-General is a member of ACAG, alongside other offices in Australia, New Zealand, Papua New Guinea, and Fiji. ACAG's objective is to strengthen public sector auditing in Australasia through leadership, collaboration, and advocacy. We work closely with it through committee meetings, discussion papers, and by contributing to standard-setting boards.

This year, the Auditor-General and members of the Executive Leadership Team attended and hosted various ACAG committees and meetings. The Auditor-General is the chair of ACAG's Financial Reporting and Accounting Committee (FRAC), and QAO's Assistant Auditor-General – Financial Audit is the chair of ACAG's Heads of Financial Audit Committee. We also held industry-specific ACAG forums to discuss common issues from across Australia and the region.

Integrity bodies

We engage with other Queensland integrity bodies, as permissible under legislation, and have regular discussions on public sector risks. While we operate with independence, we value our relationships with other integrity bodies. Throughout the year, the Auditor-General meets with leadership of integrity bodies regarding our work.

A QAO representative worked alongside integrity agencies and the Department of Local Government, Water and Volunteers regarding local government related integrity matters.

We referred any suspicion of corrupt conduct matters to the Crime and Corruption Commission Queensland and provided it with audit information to assist with its investigations.

Professional bodies

We contribute to work programs or sit on project advisory boards for the Australian Accounting Standards Board and Auditing and Assurance Standards Board. We focus our liaison on public sector financial reporting-specific matters and applicability to help guide standard setting as well as our own application of the existing standards.

We are actively involved in the work of professional accounting bodies, Certified Practising Accountant (CPA) Australia and Chartered Accountants Australia and New Zealand.

Our audit staff obtain professional qualifications and attend or present at events hosted by these bodies. In 2025–26, this included the:

- CPA Australia International Women's Day Breakfast panel on 11 March 2026
- CPA Congress on 14–16 October 2025, with a presentation by the Auditor-General.

Celebrating our connection with professional bodies
David Hardidge, Technical Director, was appointed Queensland Divisional Council President for CPA Australia in November 2025. **Damon Olive**, Assistant Auditor-General, was recognised for his 30-year CPA membership. **Darren Brown**, Assistant Auditor-General, was admitted to the Australian Institute of Company Directors. **Jackie Thornley**, Director, is a Committee Member of the CPA Queensland Public Sector Committee.

5. Our corporate governance

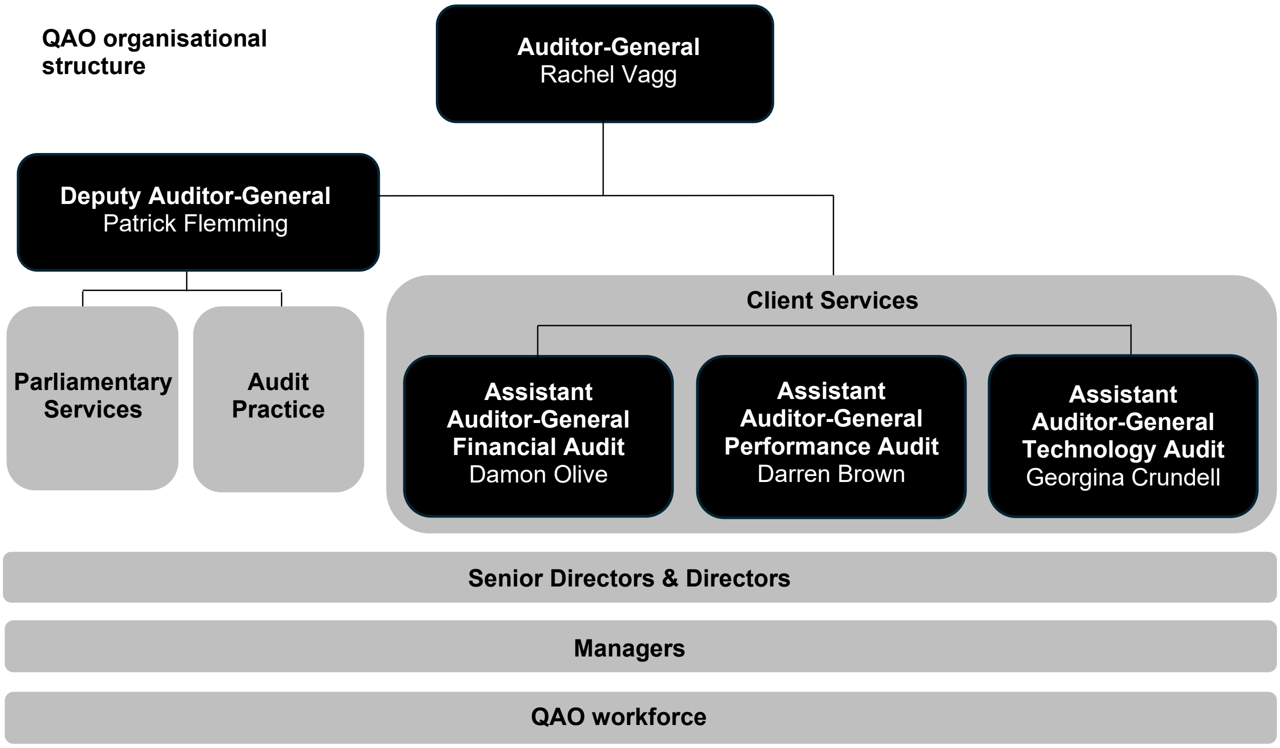
Leadership

Our structure promotes strategic and accountable oversight of our operations. The Executive Leadership Team (ELT) supports the Auditor-General in meeting QAO's responsibilities under the *Auditor-General Act 2009* and governs QAO's strategic direction.

ELT membership and activities

The ELT is led by the Auditor-General and has shared responsibility for audit excellence, innovation, and operational performance. The Deputy Auditor-General and each of the Assistant Auditors-General are also members of the ELT.

The ELT determines QAO's strategy and budget; leads us in achieving our objectives; and helps to optimise, monitor, and report on our performance and risks. The group meets twice per month, with QAO's Chief Financial Officer also attending relevant sections of the meetings.



Rachel Vagg – Auditor-General

Rachel is Queensland's 24th Auditor-General and leads QAO as its chief executive and accountable officer. She brings broad and extensive experience as an Assistant Auditor-General and in other key leadership roles within QAO across our client services, technical advice, and treasury product areas. This is combined with private sector expertise in risk, governance, and compliance. The Auditor-General is an independent officer of Queensland's parliament.

Patrick Flemming – Deputy Auditor-General and Chief Operating Officer

Patrick is an experienced audit and finance executive, having held leadership roles in QAO financial audit and a range of senior accounting and treasury positions with multinational organisations. He leads QAO's parliamentary services and audit practice, overseeing strategic relationship management, parliamentary engagement, communications, governance and risk, people and culture, information technology, finance, audit quality and methodology, and requests for audit.

Damon Olive – Assistant Auditor-General, Financial Audit

Damon is an experienced public sector audit leader, having held key leadership roles in financial audit, quality assurance, industry engagement, and in developing audit software for QAO. As QAO's professional lead for financial audits, he is responsible for the delivery and quality of financial audit services and reports, client engagement, and oversight of QAO's audit service providers.

Darren Brown – Assistant Auditor-General, Performance Audit

Darren has extensive experience in performance and assurance auditing, management, and investigations, with prior experience in the justice system. He leads QAO's performance audit program, overseeing service delivery, engagement quality, and reports to parliament, as well as QAO's annual forward work plan.

Georgina Crundell – Assistant Auditor-General, Technology Audit

Georgina is a technology strategist and leader with more than 2 decades of experience in cyber security, emerging technologies, and risk management, including as a partner at a global assurance firm. She leads QAO's core and rapidly advancing technology audit function and continues to share expertise with a range of organisations as a committee advisor.

Governance framework

Our governance arrangements promote effective and accountable management.

Our governance committees monitor our risks and actions, and endeavour to model best practice in oversight and compliance.

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) is an advisory committee to the Auditor-General. It is comprised of 3 independent members who bring expertise from other industry environments.

The ARMC provides oversight of QAO's risk, control, and fiscal responsibilities underpinning our corporate governance. It met 4 times in 2025–26. Details of committee membership are included in Appendix C. Our charter details the committee's responsibilities and appropriateness of the members' skills, and includes that the committee must assess and report to the Auditor-General on its performance.

Sub-committees of the ELT

Sub-committees of the ELT monitor and make recommendations about QAO's primary risks.

Business activity	
Information and Cyber Governance Committee	• Guides matters relating to information, data, and cyber security. • Oversees the management of our Information Security Management System. • Focuses on compliance with legislation and prescribed requirements, and on increasing data governance awareness and capability within our organisation. This includes compliance per section 53 of the *Auditor-General Act 2009* and the *Information Privacy Act 2009*, *Public Records Act 2023*, and the Information and cyber security policy (IS18). • Membership: Deputy Auditor-General (Chair); Assistant Auditor-General – Technology Audit; Assistant Auditor-General – Performance Audit; and Chief Information and Technology Officer. • Activity: 3 meetings.
QAO Initiatives Program Board	• Monitors and oversees QAO's initiatives in response to the risks and opportunities the business faces. • Oversees QAO's major technology investments, including an Enterprise Resource Planning system replacement project, and QAO's data and analytics program. • Membership: Assistant Auditor-General – Financial Audit (Chair); Deputy Auditor-General; Assistant Auditor-General – Technology Audit; and a Senior Director. • Activity: 10 meetings.
Workplace Health and Safety Committee	• Facilitates collaboration and communication between QAO leadership and staff about workplace health and safety matters. • Membership: currently 7 employees; Deputy Auditor-General (ELT representative); and Director, Human Resources (Chair). • Activity: 4 meetings.

Audit quality and performance	
Quality Management Committee	• Supports QAO in achieving quality audits and assurance outcomes and meets to discuss proposed unsatisfactory review findings and compliance with ASQM1. • Membership: Deputy Auditor-General (Chair) and Assistant Auditor-General – Financial Audit. • Activity: 2 meetings.
Technical Issues and Major Transactions Committee	• Provides oversight of technical accounting and audit matters to support the consistent application of accounting and auditing standards. • Monitors QAO's audit response to identified material transactions of state and local government entities. • Membership: Head of Quality (Chair); Auditor-General; Deputy Auditor-General; and Assistant Auditor-General – Financial Audit. • Activity: 30 meetings.
Modified opinions panel	• Oversees proposals and documentation of QAO's issue or withdrawal of a modified opinion. A modified opinion is where an entity's financial statements do not comply with relevant accounting standards and legislative requirements. • Membership: Deputy Auditor-General and Assistant Auditor-General – Financial Audit. • Activity: meetings as required.

Update on the 2023 strategic review of our office

In 2023, a strategic review of QAO was conducted by an independent reviewer, appointed by the Governor in Council, with the final report tabled in parliament on 15 February 2024. This review provided insights into how well we are operating and fulfilling our mandate. The 2023 strategic review report and QAO's response is available on our website.

Overall, the report concluded that:

- the preceding 5 years have been a tumultuous period, domestically and internationally, and that QAO has navigated these challenges and served the state well
- Queensland gets good value from its investment in QAO
- QAO performs its functions economically, effectively, and efficiently.

We report our implementation progress to QAO's ELT and ARMC, and the parliamentary Governance, Energy and Finance Committee. We are also keeping our staff informed of our actions and updating our clients and stakeholders at events and meetings, as relevant.

Overview of QAO's implementation of 2023 strategic review recommendations

Recommendation type	In progress	Not started	Closed	Total
Made to QAO	18	-	29	47
Made to external parties	-	8	1	9
No further follow-up required	-	-	2	2
Subtotal	18	8	32	58

External audit of QAO

QAO's financial statements are independently audited. 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.

Internal audit

Internal audit conducts independent and risk-based assurance activities aimed at improving QAO's operations.

Internal audit works in line with a strategic and annual audit plan, and its charter aligns with the Institute of Internal Auditors' International Professional Practice Framework, including the Global Internal Audit Standards and other professional standards. The internal audit function also validates the actions we have taken to address strategic review recommendations before we close them.

QAO engaged Bellchambers Barrett to deliver its internal audit program.

The results and recommendations of the internal audits and QAO's subsequent actions are monitored and followed up by the Head of Internal Audit and reported to the Auditor-General, ELT, and ARMC.

The internal audit assessments for QAO in 2025–26 covered our:

- data and records management
- audit quality, specifically our client engagement strategy
- risk management framework and approaches
- workplace health and safety approach
- Information Security Management System (ISMS) maturity, including the 'Essential Eight'.

Legislative environment

Public Sector Ethics Act 1994

QAO is an integrity body and ethics are a deeply ingrained focus in all that we do. Our internal policies, procedures, and practices align with our ethical principles and values. Our auditors also apply the *Code of Ethics for Professional Accountants*, as issued by the Accounting Professional and Ethical Standards Board.

QAO also adheres to the whole-of-government public service Code of Conduct, established under the *Public Sector Ethics Act 1994.*

Human Rights Act 2019

Under the *Human Rights Act 2019,* we fully support the rights of people to be treated with dignity and respect. We reflect this in our values and throughout our internal communications.

We adhere to all requirements of the *Human Rights Act 2019* and have received no complaints.

Recordkeeping

Following the introduction of the *Public Records Act 2023*, QAO continued preparing for new recordkeeping standards expected in 2026, including aligning our security incident and data breach processes with emerging requirements. We addressed recommendations from a 2024–25 internal audit and continued work to improve electronic recordkeeping maturity.

We maintain a controlled disposal program and transfer permanent records to Queensland State Archives. No records were damaged or lost in 2025–26. All employees complete mandatory recordkeeping training and acknowledge QAO's policy requirements.

Information privacy

Significant privacy reforms announced in 2024–25 came into effect from 1 July 2025.

We continued to act on the new requirements, which include the mandatory notification of data breach scheme. Our actions included aligning our security incident, event, and data breach management plan to the 5 incident response stages provided via the requirements, and setting key performance indicators to help us meet the new time frames.

We refreshed our data sharing agreements so we only source specific, personal information necessary for the respective audits. As part of this, we also reviewed our internal collection and access to QAO personal information.

Complaints

As an integrity agency, QAO takes complaints from our clients and stakeholders about us as an entity or our workforce seriously. We are committed to handling all complaints confidentially, fairly, ethically, and objectively. Complaints can be made directly to QAO via the contact information on our website. Further information is availed in our supporting fact sheet on our website.

In terms of complaints against other organisations, individuals have the right to make complaints to QAO under the *Public Interest Disclosure Act 2010* (PID Act), where we are a proper authority to receive them. QAO is a proper authority under the PID Act to receive complaints about:

- the conduct of QAO staff and our contractors (complaints can be made by anyone external to or within QAO)
- the substantial misuse of public resources by a public sector entity (complaints can be made by a public officer).

Our key risks and responses

QAO’s integrated risk management approach encompasses our culture, processes, and structures for identifying, responding to, and controlling existing and emerging risks.

Our risk focus areas include our mandate, the quality of our audit services, security, people, finance, and technology.

Our risk management framework, updated annually, informs our strategic and business planning, and we apply it to our operations, projects, and business decisions. It provides a clear representation of our accountabilities and responsibilities for managing our strategic and operational risks.

Our risk policy covers how we identify our risks and actively manage them to acceptable levels.

Our risk register records our strategic and operational risks, along with causations, controls, risk ratings, and any additional treatments. It highlights any key dependencies, risks on our watchlist, and actions to bring risks within appetite. We regularly source information from leaders across the business to capture or review operational risks and confirm mitigating actions and controls.

We also assess our risk maturity using QAO’s risk management maturity model – available externally to all entities – focusing on the efficiency and effectiveness of our risk management internal controls.

We continue to monitor our operational risks in line with business, environmental, technical, and legislative changes. We made changes to QAO’s forthcoming strategic plan for the next financial year, including reflecting new operational risks that are also in our risk register.

An internal audit of risk management was performed in 2025–26. Overall, the internal audit found QAO’s risk management framework is designed and operating effectively and is aligned with better practice risk management principles. Minor areas for improvement included further enhancing the clarity, transparency, and usefulness of risk management documentation. To address these recommendations, QAO updated its risk documents and provided them to its ARMC and ELT. We report quarterly to the ARMC and ELT on our risks and responses.

Confidentiality and protecting information

Protecting confidential information remains a core responsibility for QAO and we are committed to continually improving our governance arrangements and practices to maintain the integrity, confidentiality, and security of information entrusted to us. We regularly review and strengthen our internal policies, procedures, and controls to support the secure management of sensitive information.

Section 53 of the *Auditor-General Act 2009* imposes significant penalties for the inappropriate disclosure of protected information and applies to both QAO employees and our audit service providers (ASPs).

Due to previous external concerns relating to the unauthorised disclosure of confidential information within the consulting sector, we strengthened our contractual requirements for all our ASPs. This included implementing an initial acknowledgement of their legislative and contractual obligations for confidentiality, as well as an annual confirmation.

We are actively managing the contractual arrangements for an external firm undergoing investigation regarding its inappropriate sharing of their client’s information. QAO has obtained written assurance from the firm that the incident does not relate to QAO clients or operations, and the firm has confirmed its compliance with our obligations for protecting confidential information on the audits its conducts on our behalf.

The independence and integrity of ASPs and their personnel are key considerations in our selection processes. We review their independence before contracting them to undertake audits on our behalf and review their independence yearly.

We do not engage ASPs to undertake financial audits of Queensland government departments, integrity agencies, or performance audits. We also do not allow our ASPs to provide non-assurance services to their QAO clients without prior written approval from the Auditor-General.

We ensure our staff and ASPs are aware of our requirements and their responsibilities per the Code of Conduct and on our mandate. QAO staff undertake further annual training on ethical decision making.

Audit quality

Maintaining audit quality is a priority for QAO. We aim to perform our audits consistently to a high standard to meet the expectations of our clients and regulatory requirements.

We have well-established controls, processes, and governance in place for all our audits, including those delivered by ASPs, to ensure we meet audit responsibilities and emerging risks by:

- focusing on key public sector-specific risks
- identifying changes in entities' control environments and methods for preparing financial statements, including the use of artificial intelligence. We are specifically identifying its use and the extent of human review
- using risk-based audit methodologies that meet the requirements issued by the Australian Auditing and Assurance Standards Board. This year, we also implemented our methodology for sustainability assurance audits
- using engagement quality officers on high-risk financial and performance audits, to provide an objective evaluation of the significant judgements made by the engagement team
- deploying an annual quality assurance program that targets higher-risk audit jobs, including for new sustainability assurance engagements. This year, we reviewed areas of significant judgement to ensure our conclusions were supported by audit evidence
- developing our refreshed competency framework that helps guide our recruitment and performance management, along with targeted training programs for all staff
- reviewing our ASP's performance and their systems of quality management
- implementing more effective resource allocation, ensuring we align our people's competencies and experience with our clients' needs.

The *Auditor-General Auditing Standards* describe how we perform our audits and underpin our quality focus. The standards outline our public sector-specific auditing objectives and adopt the auditing standards issued by the Auditing and Assurance Standards Board.

Each year, as at 30 June, we undertake an evaluation of our system of quality management, as required by the Australian auditing standards. We include the results in our yearly transparency report. This report:

- highlights whether our system of quality management is effective
- explains our quality program and results
- outlines how we seek to improve our audit practices
- describes our systems of quality management.

We published our *Transparency report 2024–25* on our website on 25 September 2025: www.qao.qld.gov.au/reports-resources/reports-parliament/transparency-report-2024-25.

Complaints management

QAO takes all complaints seriously and manages them in line with our policies and best practice from the Queensland Ombudsman.

We actively monitor our client relationships and prepare action plans to ensure that we address any issues.

This year, QAO received 5 complaints, compared to 4 in 2024–25, with 4 finalised and one in progress. These complaints related to our audit processes and recruitment processes.

Cyber and information security

Cyber security is a risk for all organisations globally, and at QAO we continued to address any emerging risks and threats. Our controls help us monitor and act on risks before they become an issue and will support our response and recovery from an incident.

This year, we continued to strengthen our security posture by improving our controls, staff awareness and governance. We maintain a comprehensive framework of policies and procedures to protect the confidentiality, integrity, and availability of our information. We applied our risk-based approach to new technologies, including artificial intelligence, ensuring we have appropriate controls in place before commencing use.

We also enhanced our information security management system in line with ISO 27001 and progressed our implementation of the 'Essential Eight'. We achieved our target maturity level in 6 of the 8 strategies, with the remaining 2 at our achievable level due to our risk-based approach to these strategies.

Our expanded training program for staff and ASPs reinforces their responsibilities under the *Auditor-General Act 2009*. This includes clear expectations around handling protected information, maintaining proper records, and promptly reporting any breaches or concerns.

Our AI Journey

We adopted artificial intelligence (AI) tool Copilot Chat to enhance our work within a secure environment, and within the parameters of our legislative obligations. We commenced our AI journey by analysing our business needs and updating our policy which governs our approach. All staff undertook mandatory training before we delivered the tool, and users can access resources and ongoing training on how to leverage the benefits the tool can bring to our business.

Some examples of how our people are using AI include analysing publicly available information, summarising content, writing more clearly, and designing graphics and visuals. We are not using these tools on protected information or personal information per related legislation and QAO policies.

We continue to update our AI strategy to identify and capture opportunities for innovative and appropriate AI use across QAO, to inform our solutions-oriented framework for the future.

Workforce capacity and capability

Professional auditors are in demand for their highly sought after skills and experience. The skills required from auditors are also changing, with organisations competing for employees with new proficiencies.

Our strategic plan articulates that we will invest in our people and culture to maintain a workforce that meets our needs. To address these risks, we:

- continued strategic workforce planning to understand our current and future needs and develop our talent pipeline
- positioned our organisation as an employer of choice, including by formalising our employee value proposition with the themes of leadership, meaningful work, workplace culture, professional growth, and wellbeing as its mainstays
- expanded our learning and development programs to address emerging risks, technologies, and stakeholder expectations – exceeding mandatory training requirements for professional qualifications
- collaborated with our peers and wider industry on specialist matters, such as sustainability assurance
- managed peak audit periods by prioritising forward planning and resourcing support to help reduce pressure on our teams.

Our talent capability and capacity
We have focused on maintaining an appropriate talent capability mix with a balance of core audit professionals, technical specialists, and subject matter experts, supported by strong foundational roles. Since 2022, we have successfully maintained a stable financial audit workforce, which is the largest part of our business representing 60 per cent of our full-time equivalent positions. Experienced managers can be the most difficult to attract from the external market. Our long-term strategy to strengthen the sustainability of our workforce has included increasing our graduate intake numbers and developing our own future managers. Growing our staff from entry level supports a strong internal pipeline and reduces reliance on external recruitment. It helps preserve organisational knowledge, as employees who progress within our organisation build deep knowledge of our unique role, and support the continuity of client service delivery. Investing in our staff allows us to deliberately shape the technical and professional capabilities we need in our leaders, and supports better retention through clear career pathways. During this time, we successfully recruited additional, skilled resources in information systems audit to meet the Australian Auditing and Assurance Standards Board (AUASB) requirements for high-quality IS audits. This also supports our response to the growing cyber and information technology (IT) risks our clients are facing. In response to recommendations in the *2023 Strategic Review of the Queensland Audit Office*, we have strengthened capacity, and built specialist capability, within our performance audit team. We also recognised the need for increased performance audit services as Brisbane prepares to host the 2032 Olympic and Paralympic Games. Additionally, our investment in our audit quality teams is helping us prepare for the increasing requirements related to sustainability reporting, and replacement staff in our IT team is strengthening QAO’s information and cyber security posture.

6. Our people

Our workforce

We recognise that our people are our greatest asset and we value their diverse perspectives and experiences.

We aim to reflect the community we serve to strengthen our delivery of innovative and effective services and solutions.

Highlights	
Maintained a similar score for employee engagement in the 2025 Working for Queensland survey:	65 per cent in 2025–26 compared to 68 per cent in 2024–25
Delivered focused and contemporary training our people, outside of on-the-job training:	66 hours per auditor compared to 71 hours per auditor in 2024–25
Supported our people's achievement of their professional audit qualifications:	9 staff received CPA or CA qualifications in 2025–26 compared to 6 staff in 2024–25
Acted on workforce capacity risks:	10 graduates hired compared to 8 in 2024–25 11 per cent separation rate compared to 13 per cent in 2024–25

Diversity and inclusion

Under our Diversity, equity and inclusion action plan 2024–26, we are committed to creating and sustaining a culture of respect and belonging.

Our leadership remains steadfast in its commitment to improving representation and fostering a culture of inclusion. This enables us to harness the benefits of a diverse workforce, ensuring we are well-positioned to meet the evolving needs of our organisation and the broader community.

Who we are	
218 full-time equivalent employees	90 per cent of our financial audit staff have professional qualifications or are studying towards one, with the remaining including graduates and undergraduates preparing to start their studies
The average age of our multi-generational workforce is 39 years	33 per cent of our employees were born overseas, and 27 per cent speak a language other than English at home
51 per cent of our staff are women	0.4 per cent of our staff identify as non-binary
4 per cent of our people identify as having a disability	41 per cent of our leadership positions are held by women

To measure our performance in equity and diversity, QAO uses a combination of internal workforce targets, Queensland public sector diversity targets, and external benchmarking sources.

We comply with the *Public Sector Act 2022,* which establishes obligations for chief executives to actively promote equity, diversity, respect, and inclusion within their entities. This year, QAO conducted an equity and diversity audit for a more complete view of our workforce composition, trends, and progress towards QAO's diversity, equity, and inclusion goals.

Over 33 per cent of our employees were born overseas, with 20 per cent from non-English speaking countries, and 27 per cent speak a language other than English at home, exceeding the public sector CALD benchmark of 12 per cent.

We currently have no employees who identify as Aboriginal and Torres Strait Islander, falling short of the Queensland Government target of 4 per cent. QAO is committed to providing client services in a way that shows cultural awareness, inclusivity, and respect towards First Nations people. In 2025, we established our First Nations awareness project to establish the behaviours and workplace practices in support of this commitment and delivered training for all our staff on First Nations cultural awareness and education.

Some of our employees, 4 per cent, disclosed living with disability in our human resources employee management system, and 12 per cent indicated they live with a disability in the 2025 Working for Queensland survey. The Queensland Government target is 12 per cent.

In the 2025 Working for Queensland survey, 53 per cent of neurodiverse employees said they feel included and 40 per cent responded neutrally. This year, QAO launched its first neurodiversity strategy, which outlines guiding principles to strengthen inclusion for neurodiverse employees. In phase 1 of the strategy's delivery, we established a resource group, including members with lived experience. We commenced preparation of our first QAO neurodiversity guide, offering practical advice for neurodivergent employees, their colleagues, and managers, and provided awareness training for all staff.

Our workforce gender balance is 51 per cent women, compared to 53 per cent in 2024–25. Female representation at both our director level and in overall leadership roles increased from 40 per cent to 41 per cent. We continue to work on improving gender parity in our Senior Director roles, for which female representation is 27 per cent. Forty per cent of our Executive Leadership Team are women.

This year, QAO established its Women in Leadership Employee Resource Group, as part of its strategy for creating an inclusive and supportive workplace for all women, leaders, and emerging leaders.

QAO's gender pay gap of 6 per cent is outside of the Australian Government's Workforce Gender Equality Agency's range of -5 per cent to +5 per cent. We continue to work towards equitable remuneration.

'*Working for Queensland's first female Auditor-General in an organisation that champions equal opportunities for women makes me proud to be a part of QAO.*' Shannyn Baty, Assistant Manager, March 2026.

Employee value proposition

This year, QAO formalised its employee value proposition (EVP) to capture the compelling set of benefits, experiences, and values our organisation offers employees. The EVP is structured around pillars that reflect the values, expectations, and aspirations of current and prospective employees. The pillars of the EVP include:

- **leadership** – our strong, strategic, and visible leadership, which models our values, supports our peoples' wellbeing, and drives performance
- **meaningful work** – our shared understanding of why our organisation exists and why our people's work matters
- **workplace culture** – our determination to create an inclusive, respectful, and collaborative culture anchored by our values

- **professional growth** – our commitment to providing learning opportunities, career progression, and recognising success
- **work–life balance** – our efforts to support the diverse needs of our workforce, and harness flexibility to promote productivity and wellbeing.

Leadership and meaningful work for our people

Our organisation prioritises values-based leadership, clear communication, and teamwork.

This pillar of our EVP supports a workplace where employees feel empowered to contribute to our vison and mission. It reinforces our unique value as an employer where we offer work that is intellectually engaging, socially impactful, and aligned with a broader public purpose.

We introduced new leadership coaching to help build confident, capable, and people-focused leaders, and enhance team engagement and performance. Individual and group coaching equips our managers and leaders to better manage workloads, support their team's development, model our values, and deliver outcomes from their work.

At the core of QAO's purpose is our contribution to public accountability, transparency, and the responsible use of public resources. Employees derive a strong sense of professional pride from the knowledge that their work can support community outcomes.

Three staff seminar events and regular leadership updates reinforced our organisational priorities and helped employees understand how their work contributes to our organisation's broader objectives.

> In our April 2026 staff pulse survey, 80 per cent of our people strongly agreed our leaders communicate a clear direction with clear priorities. Ninety per cent agreed or strongly agreed they understand their work contributes to strengthening public sector accountability. And 83 per cent agree or strongly agree the work they do is meaningful.

Workplace culture

By cultivating a positive culture, we ensure our people – both employees and contracted ASPs – are equipped to deliver high-quality outcomes for parliament and our clients.

Our culture is underpinned by our 4 core values, which inform how we work with our clients and each other.

Our shared objectives, behaviours, and practices help our employees feel respected, empowered, and motivated to do their best work.

In line with this pillar of the EVP, a whole-of-office team building event in June and our 3 seminars fostered stronger collaboration and cross-team communication.

In our April 2026 staff pulse survey, 74 per cent of our people agreed or strongly agreed that our organisation has a positive culture, and 73 per cent agreed or strongly agreed that they would recommend our organisation as a great place to work.

Celebrating our staff
Each year, our QAO Award recognises employees who bring our values to life by going above and beyond in the pursuit of excellence at QAO, and in supporting better public services for Queensland. In 2025, the QAO Award was presented to Audit Manager, Nicholas Dow. Nick was recognised for his leadership, professionalism, and strong support of his teams. He consistently provides guidance and shares knowledge with a calm, positive demeanour, creating an environment where team members feel supported to grow and succeed. Nick maintains integrity in decision-making, encourages collaboration, and strives towards high-quality outcomes for his clients. His dedication to fostering a positive and accountable culture made him a deserving recipient of this year's award.

Professional growth

Continuous learning is central to our performance, to modernising our audit approaches, and to ensuring we can deliver valued services.

This pillar of our EVP means we enable our employees to build deeper professional knowledge, access targeted development opportunities, and strengthen capability in responding to emerging public-sector risks, trends, and stakeholder needs.

This year, we provided 66 training and development hours per auditor.

We developed refreshed competency frameworks to provide greater clarity, consistency, and support for career development across QAO. Our technical frameworks for financial audit, performance audit, and technology audit are tailored to the specific requirements of an audit role, and our core competency framework applies to all employees. Together, these frameworks establish clear expectations for performance and professional growth at each career stage and strengthen alignment between individual capability, organisational priorities, and future workforce needs.

Our ASPs are a key part of our workforce, so it is important we offer them the same learning opportunities and share expertise. This year we offered our ASPs tailored training on asset valuation and local government audits, and a range of auditing and accounting matters via our annual workshops.

We ask ASPs for feedback on these sessions. One shared: '*Additional training in recent years in relation to Local Government and specific issues has been greatly appreciated and beneficial.'*

Professional qualifications

Professional audit qualifications are a requirement for our financial audit staff as they progress their careers. Ninety per cent currently hold these qualifications or are studying towards one, and our graduates and undergraduates are preparing to commence theirs in their second year with QAO.

Professional qualifications and other credentials are important across our organisation. For example, our information systems staff seek specialised qualifications such as Certified Information Systems Auditor (CISA) or Certified Information Security Manager (CISM), and our performance audit staff hold a range of qualifications, reflecting diverse backgrounds and expertise.

QAO funds our employees to obtain their CPA or CA designations, and this year 9 achieved these qualifications. QAO also funds related staff to obtain their Certified Information Systems Auditor and Certified Information Systems Security Professional designations. We reimburse the cost of professional memberships, including CPA Australia memberships for audit staff and Chartered Accountants Australia and New Zealand.

We again supported our people to attend key industry conferences, such as those hosted by CPA Australia, Chartered Accountants Australia and New Zealand, and the Committee for Economic Development of Australia. These opportunities help our staff to maintain a contemporary view of the sectors and environments our clients operate in.

International experiences for our people

Our relationships with audit offices in other jurisdictions support the transfer of expertise, and strengthen our global perspectives on audit challenges, methods, and opportunities. The opportunity further reinforces our commitment to professional career growth for our people by broadening their practical experience.

This year, our people participated in international secondments. In September 2025, 3 staff went to The Audit Office in New Zealand for a 6-week secondment, and in April 2026, 2 staff travelled to the Office of the Auditor-General of British Columbia (OABC) for 6 weeks.

As a reciprocal arrangement, we were delighted to welcome 2 people to the QAO team from OABC, and 4 from The Audit Office in New Zealand for 6 weeks.

> *'My time in British Columbia was a unique and highly rewarding experience that strengthened my skills, exposed me to different audit methodologies and allowed me to build meaningful relationships with auditors across the Pacific.'* – Sam Kelly, Assistant Manager, QAO.

> *'The international secondment I had at QAO was invaluable. Spending 6 weeks working at a public sector audit institution within Australia was a great opportunity to broaden my knowledge and continue to foster the strong relationship between The Audit Office in New Zealand and QAO. Some of the benefits of working at the QAO for this short time was seeing their extensive use of Power BI and how they have worked with audited entities to achieve very tight audit timeframes'.* – Sabel Wiliam, Audit Senior, The Audit Office (New Zealand).

Our graduate program

Our graduate program remains a key source of talent for our future workforce, as we offered placements to 10 graduates and 3 undergraduates from across Australia to our team. We received 286 graduate and 100 undergraduate applicants for our program.

To broaden the talent pool this year we included candidates with working rights visas, enabling us to attract a more diverse range of emerging professionals and respond to a competitive labour market. We increased our graduate intake within information systems audit, recognising a key capability we need to support the evolving technology and digital risk environments across the public sector.

> *'My favourite thing about my role is getting to see how a variety of different clients manage their IS environments. IT is a huge and constantly evolving area with many challenges, so seeing where they prioritise their efforts and why is very interesting'.* – Jacob Sutton, Graduate Auditor.

> '*It's a truly fulfilling job. The work you do has genuine impacts that help to make a difference by improving valuable services for the public.'* – Sarah Natera, Graduate Auditor.

Visibility of our graduate program and recognition of QAO as a preferred employer is key to attracting the right candidates. We built on past success and promoted our program with engaging content across digital channels and graduate recruitment platforms. We increased sponsorship and connections with local university groups.

Key features of our graduate program include comprehensive on-the-job coaching, a dedicated buddy system to support integration and wellbeing, tailored learning pathways, and monthly graduate forums that encourage peer connection. Graduates are also exposed to a range of audit work areas.

Consistent with leading graduate programs across the public and private sectors, QAO's program emphasises practical learning, continuous feedback, and career advancement. We appoint our graduates to permanent roles – giving them stability and long-term capability building.

Work-life balance

Recognising the importance of our people's wellbeing, we support work-life balance through flexible work arrangements.

Reflecting this pillar of our EVP, we allow hybrid work principles where our people work from client sites, our head office, and home where appropriate. This approach acknowledges the diverse needs of our workforce, supports focused work, and reflects our commitment to being a responsive employer.

The auditing profession operates within strict legislative deadlines for delivering audit services, which can result in periods of increased workload and additional hours for staff at certain times of the year. To support employee wellbeing, we actively monitor leave balances and accrued time, and we encourage all staff to take appropriate breaks. Throughout this financial year, all employees successfully used their accrued time, reflecting our efforts to maintain a sustainable and balanced work environment.

While flexibility is embedded in how we work, we recognise the importance of in-person engagement with our clients, maintaining connection across dispersed teams. By fostering knowledge-sharing and a strong sense of belonging, we ensure our people remain engaged.

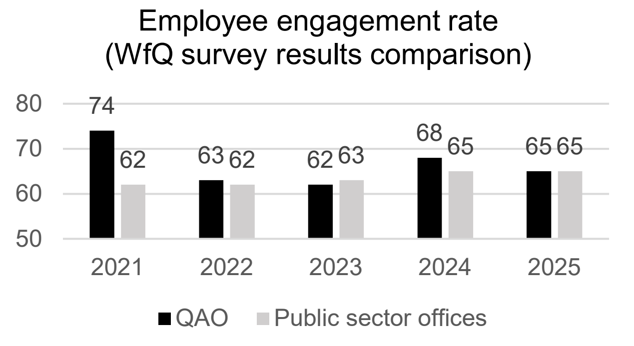
For each work area across QAO, our Workplace Health and Safety (WHS) Committee introduced wellbeing contact officers to share important WHS information directly with their teams.

Feedback from our employees

It is important we track how engaged our people feel, how they view our leadership group, and how satisfied they are with their jobs.

Every year, we participate in the annual Queensland Government Working for Queensland (WfQ) survey.

Whilst we are not a government entity, we compare our results to benchmarked data of smaller public sector offices (less than 500 staff).



Areas where we are performing well
89 per cent of staff agree they have the flexibility they need to manage work and life demands, similar to 90 per cent in 2024–25.
89 per cent of our people understand the value QAO delivers to clients and external stakeholders and 87 per cent understand how their work contributes to QAO's objectives, slightly down from 94 per cent, and in line with 88 per cent in 2024–25 respectively.
87 per cent of staff agree their job gives them the opportunity to utilise their skills and knowledge, in line with 85 per cent 2024–25.
82 per cent of our people feel respected at work, compared to 79 per cent who felt included in 2024–25.

Areas where we need to improve
27 per cent of our people reported experiencing the need to work long hours, increasing from 24 per cent in 2024–25.
19 per cent of our people reported being overloaded with work *always* or *often*, similar to 18 per cent in 2024–25.
35 per cent of our people discuss ways to promote wellbeing within their team, improving from 31 per cent in 2024-25.

We will continue to build and implement activities to address areas for improvement and share progress with our people and governance committees. Targeted actions are underway to strengthen manager support, fill resourcing gaps, and address workload allocation within our communities.

Feedback from our audit service providers

Our contracted ASPs are an important part of our delivery, and the way we work with them helps ensure we are delivering more consistent client services.

For the past 6 years, we have captured ASP feedback via a survey conducted by an independent researcher.

This year, ASPs gave us an overall satisfaction score of 79 index points, remaining the same as 2024–25. We asked them how well they understand our expectations, if we provide useful and timely performance feedback, whether we work collaboratively to present a united audit team, and about the conduct of our auditors.

We received positive results regarding our provision of information and guidance, and for our professionalism, communication, collaboration, and adding value to their work. They also appreciated and are interested in our sector-specific training. Our areas for improvement relate to our templates and some audit processes. Overall, ASPs reported largely positive experiences working with QAO.

Feedback from our ASPs
‘It is a privilege to work with the QAO and I enjoy working with the QAO directors and managers that I've worked with in the past and at present. They are always willing to collaborate and improve the work that we do to service the clients better.’
‘I’m grateful to be working with awesome people at QAO. I appreciate the feedback from the ASP manager and signing director. In my experience, all of them are genuinely collaborative and easy to work with. That is why I wanted to specialise in doing public sector work; mainly because of the people I work with at QAO, and also the clients.’
‘The relationship between our firm and QAO is strong and I appreciate and value the collaboration we have.’
‘Generally, I have very positive praise for the QAO team I have worked with recently. They have all been very pleasant to work with and always very helpful when needed, or if unsure of something, they have queried internally and come back with a timely response.’

7. Overview of our financial position

QAO remained financially sustainable in 2025–26, generating sufficient income to meet operating costs while continuing to invest in capability, systems, and future service delivery. Our financial performance reflects a productive workforce, effective management of resources, and cost recovery.

The majority of our revenue is generated through fees charged for financial audit services; provided on a full cost-recovery basis. These fees represented 86 per cent of QAO's total revenue. Revenue from audit fees totalled $52.8 million, exceeding the budget of $49.8 million by $3 million.

Our audit fees are directly linked to the scope and complexity of our work. While we continue to deliver audits efficiently and in accordance with standards, fee revenue can increase when clients undertake significant transactions, implement major reforms, experience growth, or when additional entities become subject to audit.

In addition to audit fee revenue, QAO received parliamentary appropriation funding of $8.3 million under the *Appropriation Act 2024*. This supports the functions we undertake on behalf of parliament, including reporting and advice to parliament, performance audits and assurance activities, development of our forward work plan, assessment of requests for audits, and remuneration of the Auditor-General.

Total expenses from continuing operations were $60.3 million – $2.3 million above the budget of $58 million. Employee expenses remained our largest cost, at $34.1 million.

QAO achieved a positive operating result through efficient and effective financial management and audit program delivery. Improved planning and scheduling of audit work, particularly for large and resource-intensive engagements, enabled us to increase workforce utilisation and reduce reliance on external contractors outside peak audit periods.

We continued to invest in our future capability and capacity. We expanded our performance audit team to increase the number of performance audit reports we can deliver and strengthen expertise. This will support QAO to meet its legislative mandate and respond to increasing expectations from parliament, including additional scrutiny associated with the Brisbane 2032 Olympic and Paralympic Games.

QAO's employees are supported by audit service providers to deliver the audit program. Expenditure on these services was approximately $17 million. We maintain a balanced delivery model that combines internal capability with external support to ensure we meet client needs while appropriately managing audit quality and risk. Appendix D provides details of providers paid during 2025–26.

Other operating expenses primarily related to accommodation and office services, information technology and systems, minor office equipment, and employee learning and development programs. During the year, QAO also continued planning and investing in essential system upgrades to support future service delivery and organisational sustainability.

The Governance, Energy and Finance Committee approved an increase to QAO's basic rates of fees and charges, effective from 1 October 2026. The approved increase, which is below the consumer price index, was incorporated into QAO's 2026–27 budget and will help support the long-term financial sustainability of the office.

QAO's financial statements and the independent auditor's report are presented from page 41 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 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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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.

MOORE

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.

Appendices

A. Reports tabled in parliament

No.	Title	Data visualisation dashboard	Tabled in Legislative Assembly
1	*Reducing organic household waste sent to landfill*		28 August 2025
2	*Managing the ethical risks of artificial intelligence*		24 September 2025
3	*2025 status of Auditor-General's recommendations*	Yes	8 October 2025
4	*Supporting industry development*		28 October 2025
5	*Attracting and retaining teachers in regional and remote Queensland*		6 November 2025
6	*Information systems 2025*		3 December 2025
7	*Energy 2025*	Yes	11 December 2025
8	*Major projects 2025*		17 December 2025
9	*Health 2025*	Yes	20 January 2026
10	*Managing Queensland's finances 2025*		5 March 2026
11	*State entities 2025*	Yes	13 March 2026
12	*Local government 2025*	Yes	19 March 2026
13	*Managing third-party cyber security risks*		26 March 2026
14	*Managing funding from the mental health levy*		22 May 2026
15	*Education 2025*	Yes	18 June 2026
16	*Follow-up audit: Delivering social housing services*		19 June 2026
17	*Accessing Legal Aid Queensland's representation services*		30 June 2026

B. Overview of *Forward work plan 2026–29*

We prepare a 3-year forward work plan of the financial and performance audit reports we plan to table in parliament over the next 3 years. Each year, we update the plan to acquit the audits that we have completed, detail any changes to planned audits, and identify new topics for inclusion.

We aim to examine and share insights on the matters that are important to Queensland, where we can add value, and what is appropriate under our mandate. We update our plan each year to ensure we focus on the right topics at the right time, and to reflect evolving risks or changes to government priorities.

Below is a summary from our *Forward work plan 2026–29*. Our full plan is on our website: www.qao.qld.gov.au/audit-program

Summary of our focus areas for QAO's audits

These focus areas guide our work in financial audits, performance audits, and other assurance activities:

1. Services – delivering essential services for Queenslanders

Governments play a critical role in supporting their citizens to live safe, productive, and healthy lives. This is achieved through providing all Queenslanders with access to high-quality services, such as healthcare, education, housing, and other supports that help individuals reach their potential.

Population growth, cost of living pressures, and changing socio-economic conditions are increasing demand for government services across the state. Public sector entities are needing to adapt to meet this demand within tight and competing resource constraints. In response, many government entities are increasing the use of the private sector to support service delivery.

Public sector entities continue to place emphasis on customer-centred service delivery, which involves understanding individual needs and responding in a coordinated way. Maximising outcomes for individuals often requires public sector entities to work together, share information, and innovate. To be effective, services need to be accessible and responsive to the diverse needs of Queenslanders. This includes meeting the needs of people in rural and remote locations, those facing social or economic disadvantage, and individuals who require tailored or specialised support to ensure fair access to opportunities.

We will focus on how services are funded and delivered, including through non-government organisations, the access to services across the state, and how entities assess their effectiveness to inform future service design and delivery.

2. Communities – long-term planning and economic outcomes for thriving communities

Queensland is large and diverse, with the most decentralised population of all the mainland states. Ensuring all communities across Queensland can thrive is a key responsibility of governments. They are responsible for meeting basic community needs, such as access to energy, water, and waste management. They also play an important role through stimulating investment and job creation, and enabling sport, arts, and recreation.

Queensland, like other jurisdictions across Australia, continues to face significant challenges related to housing supply and affordability, and in securing long-term energy reliability. In addition, demographic change across the state – including growing, declining, and/or ageing populations – continues to place pressure on service delivery, workforce capacity and skills, and economic opportunity.

State and local governments, in collaboration with the private sector and local communities, need to work together to mitigate these challenges.

We will focus on workforce planning and skills development, effective engagement of private sector delivery partners, and supporting economic and social outcomes in communities.

3. Infrastructure and transport – delivering and maintaining fit-for-purpose and cost-effective infrastructure and transport

Effective infrastructure is vital to support the economy, competitiveness, and liveability of Queensland. To ensure infrastructure meets the current and future needs of Queenslanders, planning must account for changes in technology, population growth, lifestyle expectations, and climate conditions. For example, technology developments and climate change may lead planners to prioritise more disaster-resilient infrastructure.

The Queensland Government's 2025 budget estimates the capital infrastructure investment program will cost $116.8 billion over the next 4 years. To ensure this investment achieves its desired outcomes, strategic prioritisation, robust and realistic planning, and effective project and cost management are critical. Given its large and complex pipeline of infrastructure projects, it needs to prioritise the right projects at the right time to avoid market congestion and bottlenecks. Effective maintenance of existing assets also remains necessary to ensure long-term reliability and support public outcomes into the future.

The Queensland Government faces significant challenges in delivering its program, including workforce and skills shortages, supply chain impacts, resource scarcity, and rising costs. It is increasingly partnering with the private sector to support delivery of key infrastructure projects. While this presents opportunities, it also creates risks, and choosing the right arrangements and delivery model is critical to managing these risks and achieving value for money. There is no single model that suits all projects and the government needs to choose the arrangement that best fits project complexity, risk profile, and market conditions.

There is also increasing need to have appropriate governance structures and processes to maintain accountability throughout the project life cycle and reduce the risk of cost overruns and delays.

We will focus on governance over key infrastructure projects, procurement processes, project risk management, and strategic asset management, including maintenance.

4. Environment and resources – managing our natural resources to support current and future generations

Queensland has rich biodiversity, productive agricultural land, and world-class natural environments. The state is also home to substantial mineral, energy, and resource reserves that underpin a significant mining and resources sector. These natural assets support regional communities, jobs, and the economy, but also require careful and ongoing management to ensure they remain healthy, safe, and productive.

The liveability of Queensland and our tourism sector depend on a healthy environment. The use of our unique natural assets, such as the Great Barrier Reef, the Daintree Rainforest, and national parks, needs to be sustainable.

Primary industries remain vital to Queensland's economy and food security. In 2024–25, the value of Queensland's primary industries supply chain – including agriculture, fisheries, forestry, and food – exceeded $34 billion. These industries face growing risks from pests, diseases, climate change, and natural land use management.

Queensland is also the most disaster-prone state in Australia. Natural disasters such as bushfires, floods, and cyclones threaten homes, businesses, landscapes, and lives every year. There is an increasing need to actively mitigate disasters and improve our preparedness and resilience.

State and local governments play a key role in regulating land use and managing our natural resources and environment so they continue to support the community, the economy, and future generations. Effective regulation and stewardship are essential to balance productivity with environmental protection.

We will focus on state and local governments' disaster and incident planning and management coordination, mining approvals and environment monitoring, and agricultural growth across Queensland. We will also introduce a dedicated yearly financial report for the water sector.

5. Digital – safely leveraging data and technology

Digital technologies continue to change how governments deliver services and manage information. Emerging technologies, such as artificial intelligence, can improve efficiency and innovation, but they also introduce risks that need to be actively managed. Entities need to stay informed about technology developments and invest in upskilling their workforce to effectively manage the opportunities and risks they present.

Community expectations for digital services are increasing. People expect online services to be secure, reliable, and easy to use. At the same time, entities are holding more data than ever before. Weak information management and data governance can reduce service quality and increase the risk of data loss and breaches. Technology failures, resulting from system outages, skills and capability gaps, and cyber attacks, can have widespread impacts. Many entities continue to rely on ageing or unsupported systems, increasing operational risk and cost and making it harder to integrate new technologies. How state and local governments manage digital transformation will become critical over the short to medium term.

Cyber security remains one of the most significant risks facing the public sector. Cyber threats, such as ransomware, phishing, malware, and supply chain attacks, are becoming more frequent and sophisticated. Entities must not only protect the information they hold but also ensure they can maintain continuity of the services they deliver to the public.

We will focus on information management; digital system design, implementation, and retirement; risk management; and management of legacy system risk.

6. Public service – ensuring the accountability, transparency, and sustainability of government

Our audits examine how effectively public sector entities manage public resources, maintain financial accountability, and achieve intended outcomes. Effective administration relies on strong governance, good decision making, capable workforces, and fit-for-purpose systems and processes. Weaknesses in any of these areas can reduce transparency, delay service delivery, and increase the risk of poor outcomes for Queenslanders.

Public sector entities and local governments must remain financially sustainable and deliver value for money through their spending and services. This requires managing fiscal pressures, workforce capability challenges, and growing service demand, while supporting innovation and productivity.

Trust in governments continues to be a risk both globally and across Australia. Public sector entities play a key stewardship role in maintaining trust in government and driving continuous improvement across the public service. Transparency and accountability remain critically important to the public as governments respond to long-term challenges such as population growth, infrastructure planning, digital transformation, and climate risks. Clear reporting, effective performance measures, and robust assurance processes help decision makers and the public understand how entities are using resources and whether they are achieving intended outcomes.

We will focus on the stewardship and transparency of government decisions, how public sector entities are held to account for their performance, and how the government is driving productivity gains while maintaining service delivery.

7. Brisbane 2032 Olympic and Paralympic Games

The Brisbane 2032 Olympic and Paralympic Games is a significant event for all of Queensland. With it comes a unique set of challenges and opportunities. Delivery of a successful games will bring economic opportunity to Queensland, and lasting legacy benefits to the community and across our transport, infrastructure, and sporting facilities.

Delivering a megaevent such as the Olympic and Paralympic Games is highly complex. It involves many stakeholders, spanning multiple layers of government as well as the private sector. Successful delivery will require strong planning, coordination, and risk management.

To give parliament and the public visibility and assurance over this key event, we will deliver a series of audits that will span this forward work plan and will continue through to delivery of the games and beyond.

C. Additional information

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

Workforce planning and performance data

QAO takes a strategic planning approach to workforce management, in which we focus on capability and capacity. This section provides data on our workforce.

Workforce numbers as at 27 June 2026

Measure	Number (Headcount)	FTE – effective full-time equivalents
Total staff	237	218.23

Appointment type	FTE – effective full-time equivalents
Permanent	204.33
Temporary	12.53
Casual	1.37

Employment status	Number (Headcount)
Full-time	191
Part-time	44
Casual	2

- Effective full-time equivalents (FTE) is calculated based on Minimum Obligatory Human Resource Information (MOHRI).
- All FTE are categorised as corporate services function.

During 2025–26, our separation rate for permanent employees was 11 per cent (2024–25: 13 per cent). No redundancy, early retirement, or retrenchment packages were paid during the period.

Workforce inclusion and diversity as at 27 June 2026

Gender

Gender	Number (Headcount)	Percentage of workforce (Calculated on headcount)
Woman	121	51%
Man	115	49%
Non-binary	<5	0.4%

Diversity and target group data

Diversity groups	Number (Headcount)	Percentage of workforce (Calculated on headcount)
Women	121	51%
Aboriginal Peoples and Torres Strait Islander Peoples	<5	0%
People with disability	9	4%
Culturally and Linguistically Diverse – Speak a language at home other than English	64	27%

Target group for women in leadership roles

	Women (Headcount)	Women as a percentage of total leadership cohort (Calculated on headcount)
Leaders and Senior Leaders	14*	41%
Executives and Chief Executive	2	40%

Notes: *includes staff on paid leave.

Further information on how we manage, develop, and support our people is from page 32 of this report.

Audit and Risk Management Committee (ARMC) membership

Audit and Risk Management Committee 2025–26

Member	Term	Meetings attended	Remuneration paid 2025–26
Ian Rodin (Chair)	November 2017–October 2026	4	$18,851
Jenny Parker	November 2025 – October 2028	3	$9,483
Anne-Maree Keane	March 2026 – February 2029	2	$6,322
Russell Banham	November 2017 – 11 August 2025	1	$3,084
Jeff Duthie	6 July 2015 – 11 August 2025	1	$3,084

Note: Remuneration amounts include indexed inflation, exclude GST, and do not include reimbursement of out-of-pocket expenses.

Further information on the functions of the ARMC is on page 24 of this report.

D. Fees paid to audit firms

As stated in Chapter 4, we outsource the operational delivery of approximately 31 per cent of our financial audit work to audit service providers. We may also use audit firms as subject matter experts on audits we deliver or to audit components on our behalf.

The firms we used and the total fees we incurred in each financial year are outlined in the table below.

Firms providing financial audit services	2025–26*	2024–25*
Grant Thornton Audit Pty Ltd**	3,211,734	2,465,768
KPMG	2,490,146	2,866,914
Crowe Horwath Audit Australia	1,893,231	1,670,534
BDO Audit	1,684,109	2,484,823
Deloitte Touche Tohmatsu	1,403,219	1,266,636
RSM Australia Partners	1,106,176	715,733
Ernst & Young	1,102,704	985,408
Pitcher Partners	999,684	931,436
HLB Mann Judd Assurance GCNC Pty Ltd***	904,632	873,582
William Buck (QLD)	745,250	606,377
UHY Haines Norton	467,792	436,544
PKF Brisbane Audit	445,101	474,532
Bentleys Brisbane (Audit) Pty Ltd	296,208	321,019
Insights 2 Action	90,805	88,946
Protiviti Pty Ltd	80,960	-
Priestley's Chartered Accountants	47,025	39,120
Division 5 Pty Ltd	28,800	28,800
Total	**16,997,576**	**16,256,172**

Note: * All amounts represent fees incurred (excluding GST) during the respective financial year. Differences between years for individual firms represents the transition of audits between firms and QAO, and the timing of when work is completed.

** Grant Thornton completed 2 audits for one client during the 2025–26 year.

*** Formerly Thomas Noble & Russell.

We do not outsource the delivery of our performance audits. However, the technical aspects of some audits may require specialised skills or subject matter expertise. Where we do not have these skills in-house, or capacity to provide these skills, we acquire them from suitably qualified individuals or firms.

The firms we used for specialised services on our performance audits and the total fees we incurred in each financial year are outlined in the table below.

Suppliers contributing to performance audits	2025–26*	2024–25*
Division 5 Pty Ltd	78,000	-
Outcome	31,300	-
Synergies Consulting	18,000	-
The University of Sydney	10,640	-
The University of Melbourne	9,450	-
Talis Consultants	1,375	1,938
Arc Consulting Pty Ltd	-	73,610
Griffith University**	-	-
Sunshine Coast University**	-	-
Queensland University of Technology**	-	-
Total	**148,765**	**75,548**

Note: * All amounts represent expenses (excluding GST) incurred during the respective financial year.

** Provided professional services on a pro bono basis.

E. Glossary

We provide a page on our website which explains and provides definitions of audit-related terminology: www.qao.qld.gov.au/audits/understanding-audit.

Term	Meaning
Auditor-General Act 2009	The Queensland law that establishes the position of the Queensland Auditor-General and the Queensland Audit Office (QAO). It confers the functions and powers necessary to carry out independent audits of Queensland's public sector entities, including local governments. It provides for the strategic review of QAO and the annual independent audit of QAO's financial statements.
Financial audit	Examines the financial transactions of a public sector entity each year. This usually involves the Auditor-General auditing a public sector entity's financial statements and preparing an audit opinion.
Performance audit	Examines government programs or services to consider if public money is being used well and whether the government is meeting its objectives economically, efficiently, effectively, and in compliance with all relevant laws.
Report to parliament	Report prepared by the Auditor-General, in accordance with the *Auditor-General Act 2009*, and tabled in the Legislative Assembly.
Public sector entity	The *Auditor-General Act 2009* defines a public sector entity as a department, a local government, a statutory body, a government owned corporation, or a controlled entity.
Parliamentary committee	Portfolio committees of the Legislative Assembly established under the *Parliament of Queensland (Reform and Modernisation) Amendment Act 2011* to cover all areas of government activity and examine appropriation bills, other legislation, public accounts, and public works.

F. Annual report compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	**A letter of compliance from the accountable officer or statutory body to the relevant Minister/s**	ARRs – section 7	Inside cover
Accessibility	**Table of contents** **Glossary**	ARRs – section 9.1	Inside cover – second page Page 76
	Public availability	ARRs – section 9.2	Inside cover
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 9.3	Inside cover
	Copyright notice	*Copyright Act 1968* ARRs – section 9.4	Inside back cover
	Information Licensing	*QGEA – Information Licensing* ARRs – section 9.5	Inside back cover
General information	**Introductory Information**	ARRs – section 10	Page 3
Non-financial performance	**Government's objectives for the community and whole-of-government plans/specific initiatives**	ARRs – section 11.1	Page 4
	Agency objectives and performance indicators	ARRs – section 11.2	Pages 4–10
	Agency service areas and service standards	ARRs – section 11.3	Pages 11–22
Financial performance	**Summary of financial performance**	ARRs – section 12.1	Page 39
Governance – management and structure	**Organisational structure**	ARRs – section 13.1	Page 23
	Executive management	ARRs – section 13.2	Page 23–24
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	N/A
	Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs – section 13.4	Page 27
	Human Rights	*Human Rights Act 2019* ARRs – section 13.5	Page 27
	Queensland public service values	ARRs – section 13.6	Page 4

Governance – risk management and accountability	**Risk management**	ARRs – section 14.1	Pages 28–31
	Audit committee	ARRs – section 14.2	Page 24
	Internal audit	ARRs – section 14.3	Page 26
	External scrutiny	ARRs – section 14.4	Page 26
	Information systems and recordkeeping	ARRs – section 14.5	Pages 27
	Information Security attestation	ARRs – section 14.6	Page 30
Governance – human resources	**Strategic workforce planning and performance**	ARRs – section 15.1	Pages 32–38
	Early retirement, redundancy and retrenchment	Directive No.04/18 *Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	Page 72
Open Data	**Statement advising publication of information**	ARRs – section 16	Inside cover
	Consultancies	ARRs – section 31.1	*https://data.qld.gov.au*
	Overseas travel	ARRs – section 31.2	*https://data.qld.gov.au*
	Queensland Language Services Policy	ARRs – section 31.3	*https://data.qld.gov.au*
	Charter of Victims' Rights	*VCSVRB Act 2024* ARRs – section 31.4	*https://data.qld.gov.au*
Financial statements	**Certification of financial statements**	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 59
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 60–61

FAA	*Financial Accountability Act 2009*
FPMS	Financial and Performance Management Standard 2019
ARRs	Annual report requirements for Queensland Government agencies
QGEA	*Queensland Government Enterprise Architecture*
VCSVRB	*Victims' Commissioner and Sexual Violence Review Board Act 2024*

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.

www.qao.qld.gov.au

www.qao.qld.gov.au/careers

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