

State public sector entities: 2014–15 financial statements

Report 6: 2015–16



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December 2015

The Honourable P Wellington MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Mr Speaker

Report to Parliament

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled
State public sector entities: 2014–15 financial statements.

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in
the Legislative Assembly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Greaves', is positioned above the typed name.

Andrew Greaves
Auditor-General

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Summary

In 2014–15, Queensland's general government public sector (GGS) and public financial corporations sector (PFC) entities delivered services and goods to benefit the public. These included schools, hospitals, roads and parks. They also included initiatives to improve community health, increase employment, expand investment and explore innovation.

All state public sector entities must report on their finances and have them audited. This is to demonstrate their accountability in managing public money on behalf of the Queensland community.

The Auditor-General of Queensland, supported by the Queensland Audit Office, is responsible for providing parliament with an independent assessment of the financial management of public sector agencies.

We aim to strengthen the accountability of the public sector and to help it improve performance. This report contributes to delivering on this aim. In it, we discuss the status and nature of the audit opinions we issue, comment on the timeliness and quality of financial reporting, and explain how we assessed the significant financial transactions and estimates disclosed by state public sector entities.

This report is one of a number we will present to parliament this financial year, reporting the results of audits of 2014–15 state public sector entities' financial statements. In this report, we focus on those entities within the GGS and PFC sectors (including state government departments, statutory bodies, government owned corporations and the entities they control) with 30 June 2015 balance dates.

Other reports to parliament deal with public non-financial corporations, hospitals and health services, local governments—also with 30 June balance dates—and with universities and grammar schools which have 31 December balance dates.

We also report annually on our assessment of the effectiveness of internal controls operating across government bodies and separately on the results of our audit of the whole of government annual financial statements.

Results of our audits

The financial statements of most entities were timely, of good quality and reliable except for some of the water boards, which continue to struggle to meet legislative requirements.

The Public Safety Business Agency (PSBA), Queensland Police Services (QPS) and Queensland Fire and Emergency Service (QFES) were the only departments of the 21 portfolio departments that did not meet the legislative requirement to have their financial statements certified by 31 August. PSBA and QFES did not meet the deadline in 2013–14 either.

While all departments continue to implement the Under Treasurer's strategies to improve annual financial statement preparation, improvement is still required around the early completion of the valuation of land, buildings and other property plant and equipment and the use of internal audit as part of the quality assurance process.

The Department of Health's Finance and Materials Management Information System (FAMMIS) finance system and the LATTICE payroll system used by QFES, Queensland Corrective Services (QCS) and the Queensland Ambulance Service (QAS) have been out of vendor support for a number of years. This means there is no support and no upgrades or fixes available for the systems.

In the event of a major system failure, one of the many risks would be the lack of access to key financial information. While they have implemented a number of strategies over the years in an attempt to address this issue, structural and machinery of government changes have delayed the mitigation of this risk.

We provided an unmodified audit opinion (which means the financial statements comply with relevant accounting standards and legislative requirements) on Racing Queensland's (RQ) 2014–15 financial statements. We could do this only because of a letter of comfort sent to RQ by the Treasurer approving funding from the Consolidated Fund of up to \$32 million to meet RQ's obligations in 2015–16.

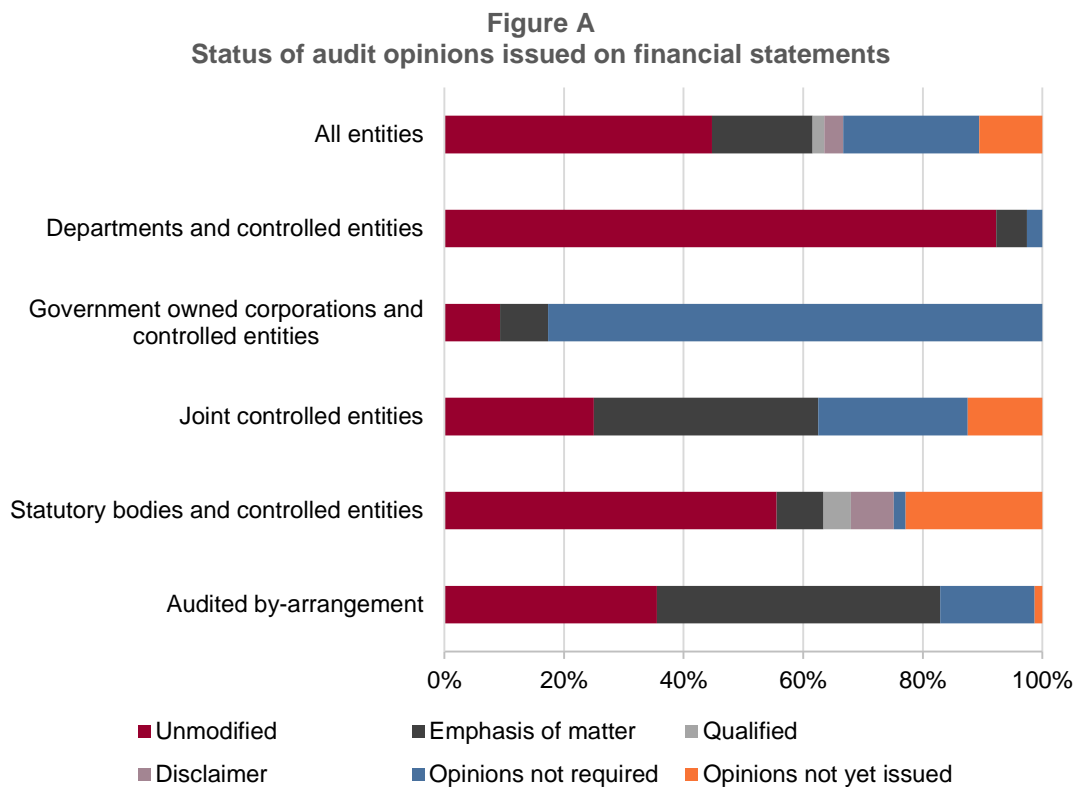
During 2014–15, construction of the Commonwealth Games village progressed in accordance with expected timeframes and expenditure was in accordance with the contract and budget.

In May 2015, the Australian Accounting Standards Board (AASB) made a ruling which clarified the meaning of residual value for infrastructure assets that had an impact on the Department of Transport and Main Roads (DTMR). This led to adjustments to depreciation, property, plant and equipment and equity balances. All entities addressed this issue adequately at 30 June 2015 with some significant adjustments required across the sector.

The AASB issues standards with which entities in the public and private sectors of the Australian economy must comply. They issued AASB 1055 *Budgetary Reporting* in March 2013 and it was applied for the first time in 2014–15. This means that approved budgeted figures from the Service Delivery Statement (delivered by each portfolio minister to parliament) are now included in the financial report. The actual figures for the year are also included and compared to the budget and the entities have explained any significant differences. We found general compliance across the sector and identified some improvement to the budget preparation process.

In 2014–15, we worked with many of our larger clients to try to simplify the financial statements in an effort to reduce the size of the statements and make them easier for the users to understand. We found that all entities have embraced the concept and virtually all have reduced the number of notes and pages in their report.

Status of audit opinions issued



Source: Queensland Audit Office

Audit opinions issued for the 2014–15 year

Section 40 of the *Auditor-General Act 2009* requires the Auditor-General to audit the annual financial statements of all public sector entities and to prepare an auditor's report about the financial statements. The auditor's report, which includes an audit opinion, provides assurance about the reliability of financial statements, including compliance with legislation.

As at 31 October 2015, we had issued 234 opinions out of a total of 271 (86.4 per cent) financial statements requiring an audit opinion. This compares to 261 out of 309 opinions (84.5 per cent) at the same time in 2014. We did not issue audit opinions on 80 entities, for 2014–15 financial statements because they were dormant, foreign based or were included in the financial statements of another entity.

We note 37 audit opinions remain outstanding. These include:

- 32 Category 2 water boards which are not-for-profit entities with legislated deadlines
- three other statutory bodies
- one joint controlled entity
- one opinion for an audit we conduct 'by-arrangement'.

In 2014–15, we issued 216 unmodified opinions of 234 (92.3 per cent), compared to 225 of 261 (86.2 per cent) in 2013–14.

Disclaimers of opinion

We issue disclaimers when we are unable to express an opinion as to whether financial statements comply with relevant accounting standards and legislative requirements. In 2014–15, we issued opinion disclaimers of financial statements for 11 water boards (26 in 2013–14) because they could not provide sufficient, appropriate evidence to support the non-current assets values they reported.

Qualifications

We issue qualified audit opinions when parts of the financial statements do not comply with relevant accounting standards and legislative requirements and we can explain these exceptions and their financial effect in our opinion. Such exceptions arise when we disagree with those authorising the statements about the accounting treatments they adopted, because of conflict between applicable financial reporting frameworks, or from a limitation on our audit scope that we consider is material to the financial report.

In 2014–15, we issued qualified audit opinions on the financial statements for seven water boards (10 in 2013–14) because they lacked evidence to support their non-current asset values.

Emphases of matter paragraphs

We include emphases of matter paragraphs with audit opinions to highlight issues of which users of the financial statements need to be aware. Including an emphasis of matter paragraph does not modify our audit opinion. They are not qualifications, but should draw readers' attention to important context so they understand the financial statements better.

In 2014–15, we included emphases of matter paragraphs in 59 audit opinions of 234 or 25.2 per cent (90 of 261 or 34.5 per cent in 2013–14). We highlighted entities that have been wound up (or may be) and entities that had issues relating to their ability to continue as going concerns.

We also drew attention to the basis of accounting used in the statements of entities. Most of these related to the trust funds of QIC Limited and Category 2 water boards and river improvement trusts.

Quality and timeliness of financial statements

In 2014–15, out of the 167 financial statements certified which had a legislated timeframe, 119 or 71.3 per cent met the requirement.

Of the 21 core departments, three did not meet the 31 August legislated deadline. These were the PSBA, the QPS and the QFES. Machinery of government changes required detailed analysis of the assets of the former Department of Community Safety. The movement of those assets and reconciliations in accounting terms was complex. Most financial transactions were processed and managed through interim arrangements, such as using the former department's SAP finance system.

In 2014–15, 41 financial statements for statutory bodies did not meet the two-month legislated deadline for certification of their financial statements. River improvement trusts and Category 2 water authorities comprised 40 of these 41, or 97.6 per cent (49 of 54 or 92.7 per cent in 2013–14). Of the 150 statutory bodies' financial statements, 115 were certified by 31 October 2015. Financial statements for 35 statutory bodies remain outstanding.

The river improvement trusts and Category 2 water boards have been required to prepare general purpose financial statements for a number of years. These entities were again the worst performing group in terms of the timeliness of their financial statements.

In 2014–15, management and audit certified the financial statements of all three public financial corporations (100 per cent) by the legislated deadline (one was not signed by the legislated timeframe in 2013–14).

Quality of financial reporting processes

Accuracy

We measure the accuracy of draft financial statements and the quality of the processes used to compile them by the frequency and size of the errors we find. We raise errors identified with each entity. Where errors are material, we request adjustments. Entities must correct any material errors before we can issue an unmodified audit opinion.

Financial statement adjustments

There are two types of adjustments:

- financial statement adjustments—changes to the amounts being reported
- disclosure adjustments—changes to the commentary or financial note disclosure within the financial statements.

The nature of adjustments made during 2014–15 related to:

- contributed services not classified as grants and contributions
- reclassification of assets from controlled to administered and recognition of a finance lease relating to the prior year's machinery of government changes
- reduction of residual values in property, plant and equipment
- change in unearned revenue recognition policy.

Before audit review, the entity should check that draft financial statements are materially complete, correlate with management's understanding of operations for the year, comply with accounting requirements and are ready for audit.

Ideally, each entity prepares and provides one set of financial statements for audit, and these should not require adjustment. Details regarding the financial statements, including material adjustments are contained in Appendix B. Adjustments in the collective assets and liabilities of these entities could materially affect the whole of government accounts. In 2014–15, 10 of the entities we assessed required adjustments.

The main adjustments across 2013–14 and 2014–15 continue to be to asset balances. This is due mainly to revaluations and write-offs.

Processes to prepare financial statements

The timeliness and accuracy of an entity's financial statements are measures of the quality of its financial reporting. The entities' processes for preparing financial statements need to be well planned and managed if they are to achieve cost effective financial reporting that is timely and of a high quality.

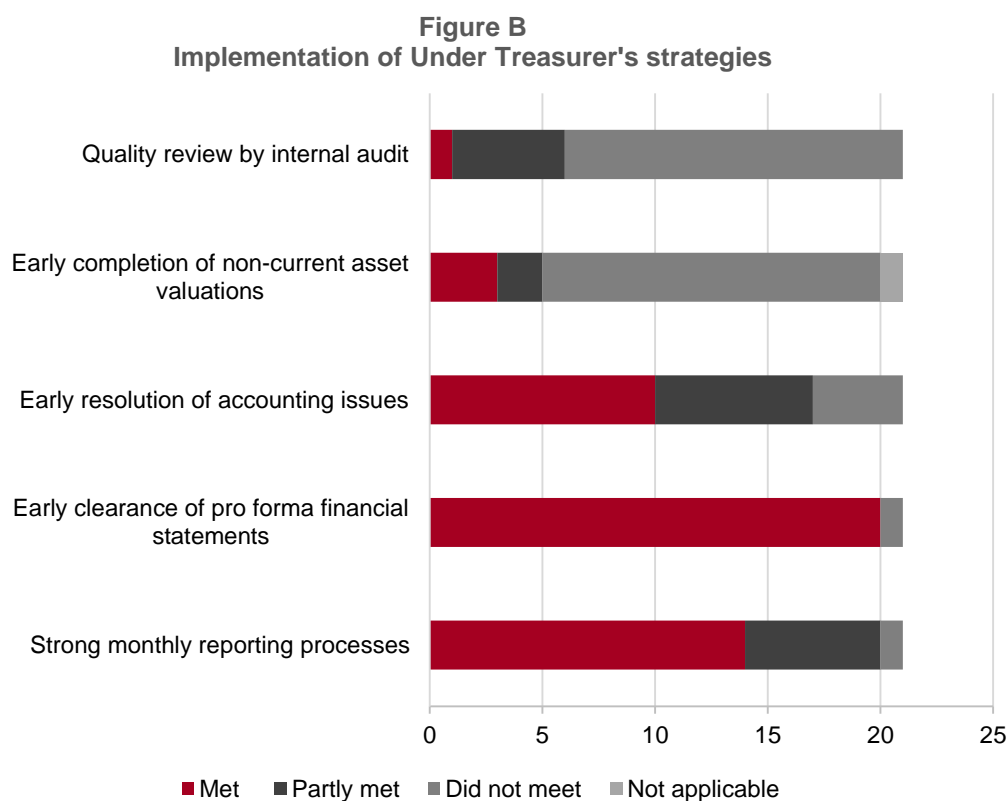
We assessed all entities to determine the alignment of their processes against recognised better practices. Overall, the processes used in preparing financial statements were satisfactory.

Implementation of Under Treasurer's strategies

In January 2014, the Under Treasurer issued strategies to the portfolio departments to help them prepare their annual financial statements earlier and strongly encouraged the departments to implement them. These strategies covered key areas including:

- strengthening monthly reporting routines
- completing non-current asset valuations and stocktakes at interim (earlier) dates
- obtaining early clearance of pro forma financial statements
- identifying and resolving accounting issues (preferably before year end)
- using internal audit to check quality.

Figure B summarises the number of departments currently applying these strategies.



Source: Queensland Audit Office

There has been a decrease in the number of departments implementing all of the strategies recommended by the Under Treasurer, which is concerning.

In 2013–14, five departments adequately addressed all the strategies. In 2014–15, none of the departments adequately addressed all of the strategies. Five departments adequately met all except for the quality review by internal audit. While many of the departments were affected by the February 2015 machinery of government changes, these strategies are intended to assist the departments to produce quality financial statements on a timely basis.

Non-current asset balances represent the most significant financial transactions for the state, yet only three departments had completed their 2014–15 valuations by 31 March 2015.

The majority of departments are not using internal audit as a control mechanism around the quality of their financial statements process, and four departments did not resolve their accounting issues early in the process.

Key audit matters we raised with entities

Replacement of accounting systems

Vendors no longer provide support for a number of Queensland Government finance and payroll systems, including the Department of Health finance system and the LATTICE payroll system used by QFES, QCS and QAS. This increases the risk of systems being susceptible to malware, as fixes to protect against new forms of malicious software are no longer provided. In the event of a major system failure, it may not be possible to recover the system.

The entities involved have started projects to replace these systems. Major organisational restructures and changes in strategic direction have affected the replacement of LATTICE, with the project incurring a cost to date of \$19.8 million over five years. Following the change in government in 2015, a new business case will need to be developed. This will increase costs and further delay replacement of the high risk payroll system.

We assessed other controls the affected agencies implemented to address potential system breakdowns including network firewalls and disaster recovery plans. We concluded that the residual risk of material misstatement in 2014–15 for the affected agencies was low and did not result in a modification to the audit opinions we issued.

Entities subject to changed circumstances

Management must continually monitor developments, internal and external to their organisation, to ensure they respond to emerging risks through appropriate strategic and operational initiatives.

We examined the financial viability of RQ and found that their current financial position arose from unsustainable revenue and expenditure policies together with temporary closures of four major racing facilities and race cancellations due to inclement weather.

We issued an unmodified opinion on the 2014–15 financial statements based on assurances provided by the Treasurer for continuing financial support. We will continue to liaise with senior management regarding their intended restructuring and changes to operations with a view to improved financial sustainability.

The Police, Fire and Emergency Services portfolio has been under constant restructuring since the previous government started its public service renewal initiative. This portfolio has not been able to implement effective responses to these changes in a timely manner. The reconfiguration of financial systems only occurred in March 2015.

This has affected the quality and timeliness of financial statement preparation and the effectiveness of monitoring performed by management. A number of these departmental financial statements have not met the legislated deadline for certification over the past two years.

The implementation of the National Disability Insurance Scheme will commence in specific regions in 2015–16, and will significantly affect the future business operations and expenditure of the Department of Communities, Child Safety and Disability Services. The implementation will be staged, with full implementation from 1 July 2019. The department will need to closely monitor the rollout of this scheme.

Non-current asset values

Non-current assets remain the most significant balances reported which rely on management judgement and estimation. They often require the involvement of experts to determine fair value. As a result, they are inherently more susceptible to error or manipulation.

Clarification of the definition of residual value for infrastructure assets by the AASB resulted in DTMR removing the residual value on road infrastructure assets from affected asset sub-components. This resulted in adjustments to 2013–14 reported balances with additional depreciation expense of \$113.817 million recognised and a restatement of property, plant and equipment (accumulated depreciation) and equity of \$2.116 billion, which decreased the balances.

In recent years, DTMR has recognised significant reductions in asset values largely associated with the difference between cost and fair value for recently completed complex construction projects. In 2014–15, the department analysed seven projects. They identified the current policy of applying greenfield (undeveloped land) scenarios when calculating gross replacement value as a contributing factor. The department will review their valuation methodology in 2015–16.

The contract for the Gold Coast 2018 Commonwealth Games™ village was signed and the accounting treatment agreed during 2014–15. Construction of the venues and village progressed in accordance with expected timeframes and within the approved budget. Venue owners have progressively recorded work undertaken at the venues.

Water boards and river improvement trusts

As at 31 October 2015, we had issued 18 water entities with modified opinions, which means that they have not complied with the relevant accounting standards and legislative requirements. Common areas of concern include completeness, valuation and existence of assets, and use of the appropriate accounting framework in the preparation of their financial statements.

Reference to comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report to a number of entities within the GGS and PFC sectors, with a request for comments.

We provided full copies of the report with request for comment to the Honourable the Premier, the Treasurer, the Director-General of the Premier and Cabinet and the Under Treasurer.

We provided sections of the report with request for comment to the accountable officers of those entities specifically named in Chapters one and three of the report.

The comments received are included in Appendix A of this report.

We have considered their submissions and their comments are represented to the extent relevant and warranted in preparing this report.

1. Context

Sector responsibilities

Scope of report

This report contains the results of our audits of 351 financial statements of entities in the General Government Sector (GGS) and Public Financial Corporations (PFC) sector. This includes departments, statutory bodies, controlled entities and corporations with a 30 June 2015 balance date. It also includes results of the audits of a further 76 entities which are audited by arrangement.

The report excludes the financial statement results of Queensland local governments, universities, grammar schools, hospitals and health services and the Queensland State Government public non-financial corporations' financial statements. We report on these separately to parliament.

Legislative framework

The Auditor-General of Queensland, supported by the Queensland Audit Office, provides parliament with independent assurance of the financial statements of public sector entities to enhance public sector accountability. We deliver this assurance through financial audits of each of these entities, our audit opinions and our reports to parliament on the results of our financial audits.

Public sector entities prepare their financial statements and annual reports under:

- the *Financial and Performance Management Standard 2009*—departments and statutory bodies
- the *Corporations Act 2001* (Cth) (the Corporations Act)—controlled entities which are public companies
- the *Government Owned Corporations Act 1993* (GOC Act) —government owned corporations.

Legislated deadlines

The *Financial and Performance Management Standard 2009* requires departments and statutory bodies to have their financial statements finalised and audited no later than two months after the end of the financial year to which the statements relate—by 31 August 2015.

The appropriate minister must table annual reports of departments and statutory bodies in parliament no later than three months after the end of the financial year. The minister may extend the tabling period for the annual report by notice given to the department or the statutory body.

The Corporations Act requires most controlled entities of departments and statutory bodies and government owned corporations to issue their annual reports no later than four months after the end of financial year.

Queensland Treasury requires annual reports of controlled entities of departments and statutory bodies to be tabled in parliament.

Accountability requirements

The *Financial Accountability Act 2009* requires accountable officers and statutory bodies to:

- Achieve reasonable value for money by ensuring the operations of the department or statutory body are carried out efficiently, effectively and economically.
- Establish and maintain appropriate systems of internal control and risk management.
- Establish and keep funds and accounts that comply with the prescribed requirements.
- Ensure annual financial statements are prepared, certified and tabled in parliament in accordance with the prescribed requirements.
- Undertake planning and budgeting for the accountable officer's department or statutory body that is appropriate to the size of the department or statutory body.
- Perform other functions conferred on the accountable officers or statutory bodies under the *Financial Accountability Act 2009* or the Financial and Performance Management Standard 2009.
- Prepare annual financial statements for the department or statutory body in accordance with prescribed requirements.
- Certify on the statements whether the statements comply in all material respects with the prescribed requirements in relation to the establishment and keeping of accounts.
- Have the statements audited as required under the *Auditor-General Act 2009*.
- Include the statements in the annual report of the department or statutory body.

Audit responsibilities

Section 40 of the *Auditor-General Act 2009* (the Act) requires the Auditor-General to audit the annual financial statements of all public sector entities and to prepare an auditor's report about the financial statements.

The auditor's report, which includes the audit opinion, provides assurance about the reliability of the financial report, including compliance with legislative requirements. In accordance with Australian Auditing Standards, the auditor may issue one or more audit opinion types:

- An *unmodified opinion* is issued when the financial statements comply with relevant accounting standards and prescribed requirements.
- A *qualified opinion* is issued when the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion.
- An *adverse opinion* is issued when the financial statements as a whole do not comply with relevant accounting standards and legislative requirements.
- A *disclaimer of opinion* is issued when the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.
- An *emphasis of matter* paragraph may be included with the audit opinion to highlight an issue of which the auditor believes the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not modify the audit opinion.

The Act requires that a copy of the certified statements and the auditor's report are provided to the appropriate chief executive officer and minister after the audit opinion has been issued.

The Act also requires the Auditor-General to prepare a report to parliament on each audit conducted. The report must state whether or not the audit has been finished and that the financial statements have been audited. It must include details of significant deficiencies where financial management functions were not performed adequately and properly. It must also include details of any actions taken to improve deficiencies reported in previous reports.

This report satisfies these requirements.

Report structure and audit cost

The remainder of this report is structured as follows:

Chapter	Description
Chapter 2	Significant reporting issues
Chapter 3	Quality and timeliness (summary with individual results in appendices)
Appendix A	Contains responses received
Appendix B	Portfolio/individual entity score cards which include financial information, timeliness and quality results, and opinion information
Appendix C	Listing of exempt audits (small size/low risk audits which have appointed their own auditors are also included)
Appendix D	Glossary

The cost of the report preparation is \$120 000.

2. Key audit matters

In brief

The entities that form the General Government Sector (GGS) and the Public Financial Corporations (PFC) sector vary in size, function and type and provide a broad range of services to the public. Before we can issue an audit opinion on financial statements, we must audit the way in which entities account for significant financial reporting transactions and estimates. These transactions and estimates may be common across the sectors.

Conclusions

- A number of finance and payroll systems at risk due to the vendor no longer supporting them.
- A number of agencies in the water sector and the Police, Fire and Emergency Services portfolio need to improve their financial statement preparation processes to ensure they meet legislated deadlines.
- Racing Queensland will continue to operate as a going concern with the financial support of Queensland Treasury.
- All entities have implemented the appropriate use of residual values as clarified by the Australian Accounting Standards Board.
- The Commonwealth Games and Queens Wharf Brisbane projects have been accounted for appropriately.

Findings

- As at 30 June 2015, the Department of Health is investigating an information technology replacement proposal.
- It is unclear when the LATTICE payroll system will be replaced, as it is no longer supported by the software vendor.
- A number of water boards and entities in the Police, Fire and Emergency Services portfolio failed to meet their legislated financial statement certification deadline.
- Queensland Audit Office's interim management letter for Racing Queensland brought to management's attention that current revenue and expenditure policies and practices were not sustainable.
- Changes in residual values of the Department of Transport and Main Road's infrastructure assets resulted in adjustments to depreciation, property, plant and equipment and equity balances.
- The remaining useful life of buildings in the Queen's Wharf development area were reduced to reflect the period until expected demolition.

Introduction

As part of the audit and in forming our audit opinion, we need to consider any significant financial transactions that have occurred and may have an impact on the current year's financial statements. Some matters may have occurred in prior years but their impact affects the financial statements across a number of years.

This chapter details the more significant matters that we have considered in forming our audit opinions.

We have audited the effects of these transactions and concluded they have been correctly brought to account and appropriately disclosed, in the individual financial reports of the entities affected.

Various portfolios

Vendor support for finance systems

A number of finance and payroll systems are out of vendor support. This means the vendor will no longer provide any support packages or make any changes or improvements to system functions. In addition, departments may need to establish major projects and/or spend significant resources implementing system changes in response to new regulations. Two key financial systems with this risk exposure are the Department of Health's (DoH) finance system and the LATTICE payroll system used by Queensland Fire and Emergency Services (QFES), Queensland Corrective Services (QCS) and Queensland Ambulance Service (QAS).

Replacing the Department of Health finance system

DoH provides financial transaction processing services to all sixteen hospital and health services (HHS). As part of this service, the department also provides the underlying finance system (FAMMIS) from which HHSs produce their annual financial statements. The FAMMIS system (an SAP v4.6B application) has been out of extended vendor support since December 2006.

In the event of a major system failure, DoH and the HHSs may not be able to access financial information. In addition, DoH and the HHSs are unable to make changes to FAMMIS to suit their operational needs.

A cancelled attempt at replacing the finance system cost an estimated \$36.25 million.

In September 2015, Queensland Health released the eHealth Investment Strategy, which identified the replacement of the financial system as a key priority. DoH, Metro South Hospital and Health Service and Metro North Hospital and Health Service are leading the Financial System Replacement (FSR) project to replace FAMMIS. Subject to the Investment Review Committee approval of the FSR business case, a pilot project will commence in 2016 with progressive rollouts to the HHS in 2017 and 2018.

Replacing the LATTICE payroll system

Though the risk associated with the ongoing use of LATTICE has been known for a number of years, a solution is yet to be implemented. After initially spending significant funds (\$19.8 million), over a period of five years the Human Resource Information System (HRIS) Program only progressed to a stage where Public Safety Business Agency (PSBA) could sign the contract with a selected vendor as at January 2015. After this date, there was a change in government and PSBA did not sign a contract, awaiting direction from the new government.

The delays are mainly due to major organisational restructures during the life of the program and a major change in the program's strategic direction in 2013. With the change of government in 2015, PSBA is now responding to the new ministerial charter relating to reversing any outsourcing arrangements. PSBA has prepared a new Cabinet submission, which details another change in the program's strategic direction. New program timelines, outcomes and cost assessments will need to be developed and this will result in further delays in replacing the high risk payroll system.

The new direction of the program entails the Department of Science, Information Technology and Innovation (DSITI) continuing to provide payroll services and moving each department from LATTICE to a supported version of Aurion, using a phased approach.

Costs and benefits

The program incurred the bulk of its expense (\$10 million) on contractors in change and transition, data management and solution teams. While the teams produced a number of deliverables, they did not map deliverables to actual costs.

There were legal costs of \$2.4 million, and a leave audit project, including data cleansing of leave records for 5 358 employees' incurred a cost of \$1.6 million.

The leave audit and data cleansing will continue until PSBA replaces the current system, as it does not handle the various ways in which leave is processed. In addition, the departments using this system do not have a policy position and strategy for the leave records that do not have sufficient information to enable auditing. Therefore, PSBA will continue to spend money in undertaking monthly leave audits of the departments that use this system.

The program has not clearly articulated benefits and business requirements for major components of the program deliverables, such as human capital management. Without clear definition of requirements and benefits, it will be difficult to select the technology solutions.

Program schedule

The program has established its direction largely on government's policy positions rather than on the strength of its own business case and benefits analysis.

The program attributes delays to factors such as machinery of government and major departmental re-structures. These include establishing PSBA as the service organisation and the restructure that resulted from the Keelty Review.

Currently, staff appointments are only for critical program roles, while other roles are on hold until PSBA obtains clarity on the future of the program. This creates additional risk relating to the availability of skilled resources for the program and extends its time schedule.

Program scope

The scope of the HRIS program is wide ranging. Its offering includes payroll and human capital management, business intelligence, workplace health and safety, learning and development, and volunteers functionalities for at least three agencies. This has increased the complexity of the program and has contributed to delays in replacing the high risk payroll system.

We noted that there is no coordination from a whole of government perspective to identify similar solutions for the rest of government. While PSBA is undertaking this program of work, other departments are continuing to purchase their own solutions. For example, the Public Service Commission (PSC) has completed a request for quote for performance management as a cloud service capability, with the ability to expand to the broader human capital management functionality.

As the program falls behind schedule and changes direction, the costs are increasing and benefits may decrease. There is duplication of effort in identifying and implementing similar technology solutions across various departments.

Police, Fire and Emergency Services portfolio

Meeting the 31 August legislated timeframes for financial report certification

Four agencies within the Police, Fire and Emergency Services portfolio: the Public Safety Business Agency (PSBA), the Queensland Police Service (QPS), Queensland Fire and Emergency Services (QFES) and the Office of the Inspector-General Emergency Management (IGEM) were certified after the 31 August legislative timeframe, as outlined in the table below.

Figure 2A
Agencies within the Police, Fire and Emergency Services portfolio

Agency	Date of draft financial statements to be provided to audit		Certification date by	
	Planned	Received	Management	Audit
PSBA	12.08.2015	17.09.2015	23.09.2015	30.09.2015
QPS	31.07.2015	03.09.2015	14.09.2015	15.09.2015
QFES	12.08.2015	23.08.2015	31.08.2015	15.09.2015
IGEM	20.07.2015	03.08.2015	28.08.2015	02.09.2015

Source: Queensland Audit Office

There were a number of factors contributing to this outcome, as outlined below:

- Firstly, management needed support in the valuation of services received below fair value. This is significant for the portfolio due to the funding model adopted between the agencies within it. Consideration of this matter affected all four agencies, but was the only matter that held up audit certification for IGEM past 31 August.
- Secondly, the portfolio has been under constant restructuring since the previous government began its public service renewal initiative. As part of this initiative, the September 2013 Keelty Review of Police and Community Safety sought to centralise those non-front line services supporting the uniform operations into the PSBA (previously named the Department of Community Safety (DCS)).

Those uniform operations of the former DCS: the Queensland Ambulance Service, Corrective Services, Emergency Management Queensland and Queensland Fire and Rescue Services, were transferred to other agencies in late 2013. Despite this, PSBA was still required to provide ongoing support to various degrees to these agencies. In addition, there were further machinery of government changes that affected PSBA operations. These included the transfer of some non-uniform functions of QPS to PSBA, effective from 1 July 2014.

- Thirdly, in 2014–15, events like the G20 Summit affected the timing for undertaking key finance activities. Resources from police, fire and emergency services, operational areas and corporate services were required to support this event.

- Fourthly, there was further complexity in preparing the financial statements that stems from the agencies' general ledger environment. Because of the machinery of government changes previously mentioned, the SAP financial system available for the majority of 2014–15 was configured to support the former DCS/portfolio structure. In March 2015, PSBA completed the realignment of its SAP environment to support the current portfolio arrangements. This involved effectively splitting the former DCS SAP environment into four new SAP finance systems for PSBA, QAS, QFES and IGEM.

Following the realignment, associated tasks including the SAP transfer of the corporate functions from QPS, effective 1 July 2014, to PSBA then occurred. Vendor payments were processed during late March/early April 2015. As part of the SAP reconfiguration, vendor payments were put on hold for a three-week period. Consequently, processing of these transactions was a priority once the new SAP systems were operational.

Finally, because of the realignment of general ledgers the complexity of cash flows between QPS and PSBA affected timely certification of their financial statements.

Through PSBA, the portfolio will continue to be encouraged to embrace the recommendations issued by the former Under Treasurer in 2014 to facilitate the timely certification of the financial statements. Given the significant step of realignment of the SAP configuration, this can be achieved as long as PSBA undertakes timely planning and closely monitor the process. Consideration will also need to be given to the PSC review of PSBA currently being conducted.

Disability Services portfolio

National Disability Insurance Scheme

In 2014–15, the Department of Communities, Child Safety and Disability Services (DCCSDS) spent \$1 508 million on disability care and support services, representing 59 per cent of the department's total controlled expenditure. This was in addition to the \$1 352 million spent on disability care and support services in 2013–14, including \$1 016 million in grants and subsidy payments (representing 62 per cent of total grants payments or 43 per cent of total controlled expenditure in 2013–14).

The state and federal governments signed an agreement on 8 May 2013 to implement the National Disability Insurance Scheme (NDIS), jointly funded by both the Australian and Queensland Governments. The federal National Disability Insurance Agency (NDIA) will control access to the NDIS, manage funds and approve payment of individual disability care and support packages.

Eligible Queenslanders with a disability will start entering the NDIS from 1 July 2016, with full implementation by 1 July 2019. In September 2015, the State Government announced that young people with disabilities aged under 18 in Charters Towers and Townsville and all eligible people with a disability on Palm Island would receive early access to the NDIS, prior to the rollout across the state from July 2016.

As this scheme is yet to start, there was no effect on the 2014–15 financial statements. Implementation of the NDIS will significantly affect future business operations and expenditure of DCCSDS as responsibilities for disability services transfer to the NDIA.

Sport and Racing portfolio

Queensland Racing

The Queensland All Codes Racing Industry Board (Racing Queensland (RQ)) is a statutory body which services and regulates the racing industry across all three codes of racing (thoroughbred, harness and greyhound).

In the planning and conduct of our interim audit, we identified the issue of financial viability. In our interim report, we advised management that current revenue and expenditure policies and practices have not been sustainable, and sought advice as to the corrective measures intended.

Concurrent with our interim audit, the final report of the MacSparran Commission of Enquiry was issued, with the Minister for Sport and Racing standing aside the Boards (RQ, and all advisory boards for greyhound, thoroughbred and harness racing), the Chairman and the Chief Executive Officer.

On 4 June 2015, an interim Chair was appointed. He then appointed an Acting Chief Executive Officer. On this date, the Honourable the Premier and Minister for the Arts also referred to the Auditor-General concerns regarding RQ's financial viability and requested consideration of a comprehensive audit.

Our review found that RQ's current financial position is a result of:

- revenue and expenditure policies not being sustainable for a number of years
- ongoing issues principally related to increasing expenditures incurred by RQ for race information fees (RIF) payable to interstate principal racing authorities, and the quantum of prize monies awarded
- specific 2014–15 events, including the closure of four major racing facilities due to infrastructure upgrades, repairs and other planned closures together with a number of racing events being cancelled due to inclement weather. This further reduced planned revenues and increased RQ's RIF expenses.

We provided an unmodified opinion on RQ's 2014–15 financial statements based on a letter of comfort provided to RQ by the Treasurer approving funding from the Consolidated Fund of up to \$32 million to meet RQ's obligations in 2015–16. This financial support was provided with a number of conditions that include the restructure of RQ's business model by 1 July 2016, and the expectation of ongoing financial viability, which includes the repayment of funds provided by government.

The process currently undertaken includes additional scrutiny through regular meetings between RQ officials and representatives from Treasury, the Department of the Premier and Cabinet and the Department of National Parks, Sport and Racing.

The Queensland Audit Office (QAO) will continue to monitor RQ's progress in implementing any business reforms and strategies to contain expenditure to ensure that revenue and expenditure policies are sustainable.

Housing and Public Works portfolio

Queen's Wharf Brisbane

On 20 July 2015, the Premier of Queensland announced the Destination Brisbane Consortium (the Consortium) as the preferred proponent to redevelop Queen's Wharf Brisbane into an Integrated Resort Development (IRD).

The contractual arrangements had not been finalised at the time the 2014–15 Department of Housing and Public Works' (DHPW) financial statements were signed. Contractual close was achieved on 16 November 2015. Once finalised, the contractual arrangements will be subject to a number of conditions that will need to be satisfied before the Consortium is granted access to the IRD precinct. It is expected the Consortium will be granted access to the IRD precinct by January 2017 and the IRD project will be completed in early 2022.

DHPW is the owner of the land and buildings within the IRD precinct. These had a carrying value of \$201 569 million as at 30 June 2015. The value of the contract will not be reflected in the carrying value of the assets until the contractual conditions have been satisfied. DHPW will continue to recognise the assets on their balance sheet until the state loses control. This is expected to be when a long-term lease for 99 years is granted on completion of the IRD project. As at 30 June 2015, the value of land and buildings was assessed on a consistent basis with 2013–14, with reference to the requirements of AASB 13 *Fair Value Measurement*.

During 2014–15, the remaining useful life of the buildings was reduced to reflect the period until expected demolition. This resulted in the recognition of an additional depreciation expense of \$19.388 million.

We issued an unmodified audit opinion on the 2014–15 financial statements of DHPW.

Logan Renewal Initiative

On 29 August 2014, DHPW entered into a project agreement for the Logan Renewal Initiative with Logan City Community Housing Limited (LCCHL). This project aims to address social housing issues in the Logan local government area by transferring tenancy and property management, intake and assessment and property development to the not-for-profit sector. The arrangement was due to commence on 1 June 2015 but has been deferred until later in 2015–16.

LCCHL will manage approximately 4 920 properties valued at \$1.173 billion for 20 years under a service concession arrangement. The department has assessed that it will continue to control and recognise these assets.

As the initiative is yet to start, there was no effect on the balances reported in the 2014–15 financial statements. DHPW will determine the accounting for this arrangement during the 2015–16 financial year.

Tourism, Major Events, Small Business and the Commonwealth Games

Gold Coast 2018 Commonwealth Games™ (GC2018)

GC2018—village

The Commonwealth Games Village – Development Agreement was signed on 18 November 2014 by the Minister for Economic Development Queensland (MEDQ), Grocon Developments (Parklands) Pty Ltd (the developer), UBS Grocon Real Estate Nominees Pty Limited (the investor) and UBS Grocon Real Estate Investment Management Pty Limited.

The developer will construct residential, retail and commercial floor space for use by athletes and officials during GC2018. The investor will finance the developer's obligations. The developer will also undertake various works for the MEDQ at the cost of MEDQ as part of the Commonwealth Games Village Project.

State contributions under the development agreement are budgeted to be \$176.344 million. The state is also contributing the land within the residential precinct, valued at approximately \$18.357 million at 30 June 2015. During 2014–15, construction of the Commonwealth Games village progressed in accordance with expected timeframes and expenditure was in accordance with the contract and budget.

We agreed upon the accounting treatment for the Commonwealth Games Village Project with Economic Development Queensland during 2014–15. Key aspects include:

- Continued recognition of assets and capital expenditure until after the Gold Coast 2018 Commonwealth Games™, when the state will no longer have a future economic benefit and these assets will be derecognised.
- Expenditure after the games being recognised and a liability recorded at 30 June 2018 as the state has received the benefit of exclusive use of the parklands and has a present obligation to the investor. These amounts will be reported as commitments in prior reporting periods.

Public Service Departmental Arrangement Notice (No.1) 2015 on 16 February 2015 transferred Economic Development Queensland (EDQ) from the Department of State Development (DSD) to the Department of Infrastructure, Local Government and Planning (DILGP), effective 1 March 2015. EDQ accurately recorded the transactions arising from the contract during 2014–15 and in the financial statements of DSD and DILGP, resulting in unmodified audit opinions being issued on those financial statements.

Gold Coast 2018 Commonwealth Games™—venues

Sixteen venues are being prepared for the games. This involves expenditure of \$337.137 million over the five-year period to 30 June 2018. In 2014–15, the focus was on construction of the Queensland State Velodrome, and on design and early works for the Carrara Sports Precinct and Coomera Indoor Sports Centre. Venue works are progressing largely in accordance with the expected timeframes and within the approved budget.

The Department of State Development managed venue works and recorded expenditure. Funding was received quarterly in advance from the Department of Tourism, Major Events, Small Business and the Commonwealth Games and acquitted at 30 June 2015. Assets are recognised progressively by the ultimate owners, with work in progress of \$15.346 million for the Queensland State Velodrome recorded by Stadiums Queensland at 30 June 2015. The 2014–15 financial statements for these entities did not require adjustment and we issued unmodified audit opinions on each.

Revised governance structure for the Games

In response to our report to parliament *2018 Commonwealth Games Progress* (Report 9: 2014–15), we have noted a range of improved governance arrangements to ensure the Minister for the Commonwealth Games is the single point of authority and accountability for the delivery of GC2018. Changes to governance arrangements announced on 31 March 2015 include:

- Establishment of the Tourism and Commonwealth Games Cabinet Committee to provide strategic direction over the delivery of GC2018 and the Embracing 2018 legacy program.
- Establishment of the GC2018 Leadership Group as a forum for regular meetings between the Minister, the Mayor of Gold Coast and the Chair of the Gold Coast 2018 Commonwealth Games Corporation (GOLDOC) to facilitate a collaborative approach to planning between Games partners.
- Strengthening the role of and renaming the Office of Commonwealth Games Coordination as the Office of Commonwealth Games Delivery (OCGD) to drive delivery of GC2018 across the Games partnership.
- Establishment of a new Commonwealth Games Portfolio Management Board to oversee the portfolio of activities being undertaken by Queensland Government agencies to plan and prepare for GC2018.

OCGD has continued to refine the Games budget in conjunction with GOLDOC. GOLDOC has developed an integrated planning framework for 2015–16 that includes detailed budget and workforce requirements for the entirety of the program by functional area, to establish a baseline upon which all functional areas will work to detail future years' requirements.

Whole of Games budgeting and reporting

At the conclusion of the 2018 Commonwealth Games, the Department of Tourism, Major Events, Small Business and the Commonwealth Games is to produce a Special Purpose Report. The purpose of the report is to provide accountability and transparency in regards to all expenditure on the Games. The Auditor-General will certify the report.

OCGD has implemented measures to strengthen the current processes and financial models used to consolidate financial information on the GC2018 budget. They have established processes for collecting, collating and verifying expenditure information from involved agencies.

QAO continues to monitor and advise on these processes.

Transport portfolio

Residual value for road infrastructure assets

Historically, the Department of Transport and Main Roads (DTMR) have included the reuse of in-situ (local or on-site) materials in their calculation of the residual value for road infrastructure assets. The Australian Accounting Standards Board (AASB) clarified in May 2015 that the residual value for infrastructure assets 'reflects consideration receivable for an asset at the end of its useful life to the entity, and accordingly would not include cost savings from the re-use of in-situ materials'.

As a result, DTMR's residual value on road infrastructure assets was removed from affected asset sub-components. The change was accounted for retrospectively in accordance with the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. This resulted in adjustments to 2013–14 reported balances with additional depreciation expense of \$113.817 million recognised and a restatement of property, plant and equipment (accumulated depreciation) and equity of \$2.116 billion, which decreased the balances.

We issued an unmodified audit opinion on the 2014–15 financial statements.

Valuation basis for road infrastructure assets

DTMR measure infrastructure assets at depreciated current replacement cost based on a greenfield construction site for the road network, with infrastructure assets revalued on an annual basis. A greenfield construction site is a site that has not had any construction—it is undeveloped land. As roads are constructed, costs are capitalised as work in progress and transferred to the infrastructure asset class on completion and commissioning.

In recent years there have been significant adjustments made to asset values to recognise revaluation decrements, largely associated with the difference between cost and fair value for complex construction projects. In 2014–15, DTMR analysed seven projects that accounted for 72 per cent of the \$2.54 billion revaluation decrement recognised in 2013–14.

A factor identified as contributing to the difference between cost and fair value was the department's current policy for applying greenfield and brownfield (a brownfield site is one which has already been developed) scenarios for the purpose of calculating gross replacement value. DTMR will review the valuation methodology and related policies for road infrastructure assets during 2015–16 to ensure it presents information in a manner that is relevant, reliable, comparable and understandable and is consistent with best practice.

The 2014–15 financial statements did not require adjustment and we issued an unmodified audit opinion.

Related party disclosures

Background

In March 2015, the AASB issued *AASB 2015–6 Amendments to Australian Accounting Standards — Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*. This requires not-for-profit public sector entities to identify and disclose transactions with key management personnel (KMP) and related parties. Entities such as government departments, universities, other statutory bodies and local councils are affected. The requirement is mandatory for reporting periods beginning on or after 1 July 2016, with early application permitted.

This will require entities to make significant disclosures about the remuneration of KMP, transactions with related parties/entities, and relationships between parent and controlled entities. As departments already disclose information about remuneration expenses for KMP, the most significant implications will be the disclosures to be made about transactions with related parties, including transactions with KMP or close members of their families.

Potential challenges for the not-for-profit sector

The challenges for this sector will be in identifying who are related parties and the extent of disclosure required. In identifying these people or entities, the focus should be on the substance of the relationship rather than the legal form. Public sector entities face a challenge on how much detail to disclose, given the quantum of transactions between government entities.

Disclosure is necessary to the extent for users to understand the potential effect of the relationship on the financial statements. Judgements will be needed to determine if related party transactions have occurred during the normal course of the entity's business and with no favourable terms which are not available to the public.

Entities should begin their review of KMP/related party information now to ensure the necessary policies, procedures and systems are in place in order to capture related party information.

3. Quality and timeliness

In brief

The usefulness of the financial reports produced by public sector entities depends on the quality of the information they contain and the time taken to produce them.

Timely and accurate financial reporting is essential for effectiveness in decision-making, management of public funds and public accountability. Hundreds of Queensland Government agencies conduct financial reporting annually, preparing financial information used in the accounts of the general government sector (GGS) and the total state sector. Agencies expend significant effort and resources in discharging their reporting obligations.

Financial reporting is a key aspect of sound financial management.

Conclusions

- The quality and timeliness of financial reporting continues to be appropriate for the majority of the GGS and public financial corporations sector (PFC).
- Water bodies continue to have poor results with both the quality and timeliness of their financial statements.
- Progress was made in improving financial reporting for the benefit of users' decision-making through budgetary reporting and report simplification. We expect to see significant improvements in future years as these financial reporting concepts mature.

Findings

- Entities accurately disclosed actual and budget information and major variances were explained.
- Financial reporting simplification saw an average decrease of 14 per cent in the number of audited pages, despite budgetary reporting adding an average of six pages to the financial report.

Introduction

State public sector entities have legislated periods in which to produce complete, accurate and compliant financial statements for audit certification.

For annual reports to be relevant and useful, entities should make them available to the public as soon as possible after 30 June. This also keeps entities more accountable for their management of public money. Annual reports must include audited financial statements, so effective financial systems need to produce timely and reliable financial statements

The main areas of change in financial reporting faced by the sector in 2014–15 related to the implementation of AASB 1055 *Budgetary Reporting*, financial report simplification and the future extension of related party disclosures to not-for-profit public sector entities. The aim behind the reporting simplification initiative is to improve the relevance of information presented in financial statements, thereby enhancing the decision-making of financial report users

Quality

Figure 3A illustrates the status of audit opinions on the financial statements of state public sector entities in 2014–15.

Figure 3A
Number of audit opinions issued by entity type

Type of entity	Unmodified	Issued with emphasis of matter	Qualified	Disclaimer	Audit opinions not required	Opinion not yet issued	Total
Departments and controlled entities	36	2	0	0	1	0	39
Government owned corporations and controlled entities	7	6	0	0	62	0	75
Joint controlled entities	2	3	0	0	2	1	8
Statutory bodies and controlled entities	85	12	7	11	3	35	153
Audited by-arrangement	27	36	0	0	12	1	76
Total	157	59	7	11	80	37	351

Source: Queensland Audit Office

Of the 271 sets of financial statements requiring an audit opinion (some entities have had financial statements certified for multiple years during the period covered by this report), we issued 234 opinions (86.4 per cent) as at 31 October 2015. This compares to 261 of 309 opinions (84.5 per cent) at the same time last year.

Opinions were not required for 80 of the 351 financial statements because the entities they related to were dormant, non-reporting, reported in parent or related entity financial statements, overseas based, or exempt.

We issued 216 unmodified audit opinions (92.3 per cent) of 234 completed financial statements (225 of 261 or 86.2 per cent in 2013–14), confirming these were prepared according to the requirements of legislation and relevant accounting standards.

Disclaimer of opinions

We issue a disclaimer when we are unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.

Of the 234 financial statements completed in 2014–15, we issued disclaimer of opinions (26 in 2013–14) to 11 entities:

- Bollon West Water Authority
- Brigooda Water Board
- Condamine Plains Water Board (2013–14 financial statements)
- Coreen Water Board (2013–14 financial statements)
- Ingie Water Authority
- Kooingal Water Board (2013–14 financial statements)
- Oaky Creek Water Board (2013–14 financial statements)
- Orchard Creek and East Euroma Drainage Board
- Silkwood Drainage Board
- South Maroochy Drainage Board
- Weengallon Water Board (2013–14 financial statements).

In 2014–15, the main reasons for issuing disclaimer of opinions remain the same as those for 2013–14, which are:

- they had not sought exemption to allow them to prepare special purpose financial statements
- they had not established appropriate asset management systems to support the completeness and existence of assets and their subsequent measurement.

The decrease in the number of disclaimers issued is in part due to the decrease in the number of water boards from 62 in 2013–14 to 40 in 2014–15 and to the fact that 32 sets of financial statements for water boards remained uncertified as at 31 October 2015. This includes two financial statements for periods prior to 2014-15.

Qualifications

We qualify our audit opinion when part or all of the financial statements do not comply with relevant accounting standards and legislative requirements.

Of the 234 financial statements completed in 2014–15, we issued qualified audit opinions (10 in 2013–14) to seven entities:

- Ballon South Water Authority (2012–13 financial statements)
- Ballon South Water Authority (2013–14 financial statements)
- Ballon South Water Authority (2014–15 financial statements)
- Burdekin Shire Rivers Improvement Trust (2013–14 financial statements)
- Cairns River Improvement Trust (2013–14 financial statements)
- Kaywana Bore Water Board (2013–14 financial statements)
- Whitsunday Rivers Improvement Trust (2013–14 financial statements).

The reasons for the qualified audit opinions also remain the same as 2013–14:

- comparative balances for non-current assets and associated balances were not measured in accordance with AASB 116 *Property Plant and Equipment*
- the depreciation expense in prior years was not measured in accordance with AASB 116 *Property Plant and Equipment*.

We have worked with the water boards and river improvement trusts to assist them to recognise their asset-related balances in accordance with the requirements of AASB 116. Due to a number of reasons, including the expense of putting into place an appropriate asset register and recognising the assets in accordance with AASB 116, many have chosen to continue to accept a qualification on their accounts.

Emphasis of matter paragraphs

We included emphasis of matter paragraphs in 59 audit reports or 25.2 per cent (90 or 34.5 per cent in 2013–14) issued for 234 completed financial statements.

The emphasis of matter paragraphs draw attention to the fact that entities have been wound up (or may be) or had issues relating to their ability to operate as a going concern.

We also included emphasis of matter paragraphs in relation to the basis of accounting used by the trust funds of QIC Limited, the Cairns Convention Centre and Category 2 water boards and river improvement trusts. The majority of these paragraphs highlighted the permitted adoption of special purpose financial statements for non-reporting entities.

Audit of consolidated fund accounts

Section 39 of the *Auditor-General Act 2009* requires the Treasurer's consolidated fund accounts to be audited.

The Treasurer signed the 2014–15 accounts on 26 August 2015. We issued an unmodified audit opinion, with an emphasis of matter related to the basis of preparation on 4 September 2015.

Audit of reports on ministerial expenses

Part 2 of the *Financial Accountability Act 2009* sets out the prescribed requirements in relation to the preparation, tabling and audit of the Public Report for Ministerial Expenses. The Opposition Handbook requires that the annual report of expenditure for the Leader of the Opposition's office be audited each financial year.

We issued an unmodified opinion for the Public Report of Ministerial Expenses and for the Public Report of Office Expenses for the Leader of the Opposition, with an emphasis of matter related to the basis of preparation.

The ministerial expenses report was signed by the Honourable the Premier on 21 August 2015 and certified by audit on 28 August 2015. The Leader of the Opposition's expenses reports was signed by the Director General of the Department of the Premier and Cabinet on the 14 August 2015 and was certified by audit on 28 August 2015.

Prior period adjustments

Where entities have made prior period adjustments, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires retrospective adjustment. During the 2014–15 audits, retrospective adjustments were made to balances in revenue, expenditure, other comprehensive income, asset, liability and equity accounts. Details are shown in Figure 3B. In total, prior period adjustments affected the 2013–14 balances of five entities.

Figure 3B
Prior period adjustment by entity

Entity	Prior period adjustment
Non-State Schools Accreditation Board	Revenue and expenditure both increased by \$826 610 because services contributed from the Department of Education and Training had not been brought to account as grants and contributions.
Department of Transport and Main Roads	Residual values in the property, plant and equipment balances were reduced, resulting in a decrease to PPE of \$2.116 bil, with depreciation increasing by \$113.8 mil.
Department of Natural Resources and Mines	A \$208 000 understatement of revenue, \$18 000 understatement of other comprehensive income and an overstatement to both assets and equity of \$26.3 mil resulted from a reclassification of assets from the controlled to administered account, and the recognition of a finance lease which relates to prior year machinery of government arrangements.
Queensland Competition Authority	Resulting from a change in the unearned revenue recognition policy, the 2013–14 figures were impacted by the following amounts: \$2.9 mil revenue, \$2.4 mil asset, \$5 mil liabilities, and \$7.3 mil to equity.

Source: Queensland Audit Office

Material adjustments

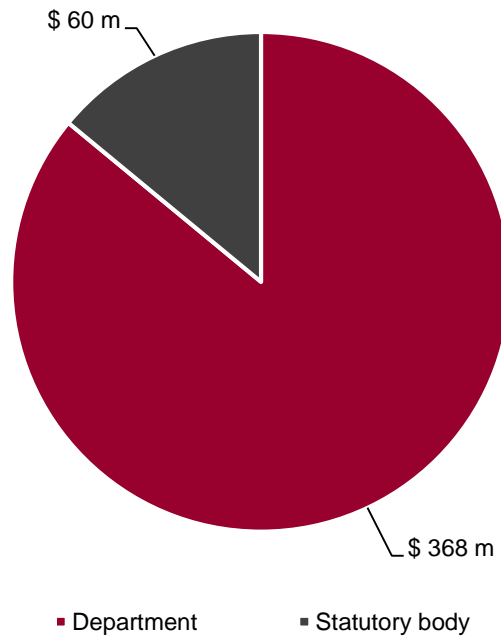
Generally, users of financial statements will trade off some accuracy if financial information is timely. However, the level of any adjustment cannot be so significant that it affects users' ability to make sound decisions based on that information.

Material adjustments are those adjustments to financial statements that if not made, could mislead a reader. Ideally, each entity should only prepare a draft and a final set of financial statements with no adjustments being made or required after the draft set is provided to audit.

Details relating to individual financial statements including material adjustments are listed in Appendix B. Adjustments were made to nine sets of financial statements provided to audit in 2014–15 (nine entities in 2013–14). The absolute value of the adjustments totaled \$428 million.

Figure 3C illustrates the value of adjustments categorised by entity type.

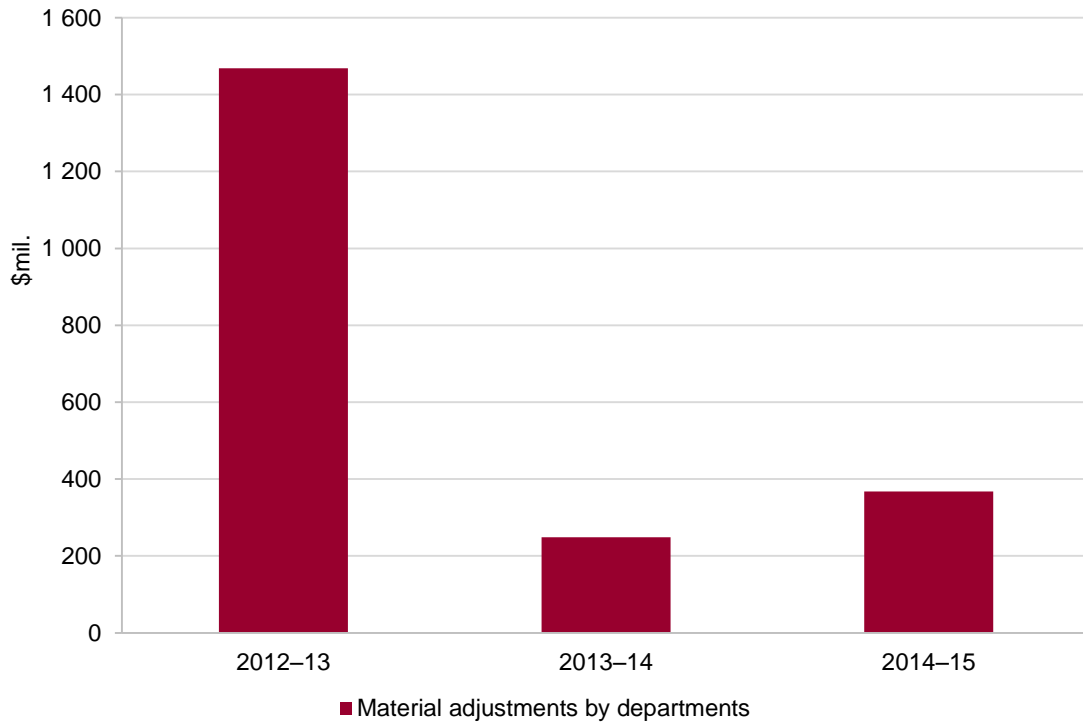
Figure 3C
Material adjustments by sector 2014–15



Source: Queensland Audit Office

Figure 3D shows material adjustments by departments over the last three financial years.

Figure 3D
Material adjustments by departments



Note: Figure 3D is reported at department level as the February 2015 machinery of government changes affected the composition of the departments.

Source: Queensland Audit Office

The asset adjustments in 2014–15 and in 2013–14 comprised mainly asset revaluations and assets written off. Earlier asset revaluations (in accordance with the Under Treasurer's strategies) should reduce the number of adjustments required in this category in future.

Budgetary reporting

Background

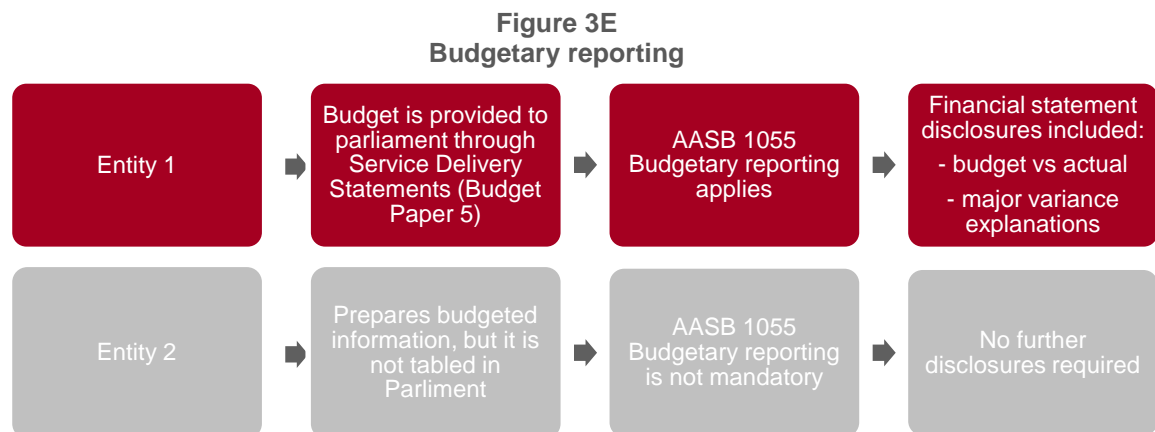
In June 2011, the AASB issued *Exposure Draft 212 Not-for-Profit Entities* which proposed broad-based changes to improve the quality of financial reporting for not-for-profit entities. This includes government departments and statutory bodies, within the general government sector (GGS) of the federal, state and territory governments.

The AASB issued standard 1055 *Budgetary Reporting* in March 2013 with effect for reporting periods on or after 1 July 2014.

Entities within the scope of this standard are required to include in their financial statements the original budgeted figures from the income statement, balance sheet, statement of changes in equity and cash flow statement as published in the Queensland Government's Service Delivery Statements.

Entities are to present the budgeted figures consistently with the corresponding financial statements (actuals), and be accompanied by explanations of major variances between the actual amounts and the original budgeted figures.

Figure 3E shows the different requirements for those public sector entities who have their budgets tabled in Parliament and those public sector entities who do not have their budgets tabled.



Source: Queensland Audit Office

Budgetary reporting requirements are intended to provide decision-useful information for users and to help facilitate fulfilment of the accountability obligation by not-for-profit entities within the GGS.

Results

Across departments, AASB 1055 has resulted in an average of six pages being added or 10 per cent of the financial statements. In a year where we have focused on reporting simplification, this is a significant impact. We saw a number of diverse ways of presenting the information, ranging from recreating the face of the statements in the notes to just providing an explanation of variances.

We identified some improvements to the budget preparation process, including the preparation of budget information on a consistent accounting basis with actual financial information.

Going forward

We will continue to work with our clients to refine the presentation and form of these disclosures, with a focus on ensuring that explanations for variances are meaningful and in line with financial reporting simplification objectives. Improvements to the budget preparation process will not be realised until 2016–17 as 2015–16 budgets have already been published.

Financial reporting simplification

Background

For many years, financial reports in general have focused on compliance and maximum disclosure. This has seen our clients increase the number of notes and pages in the audited financial statements by up to 100 per cent. The volume and complexity that this has created has directly affected the usefulness of the financial reports for the end user.

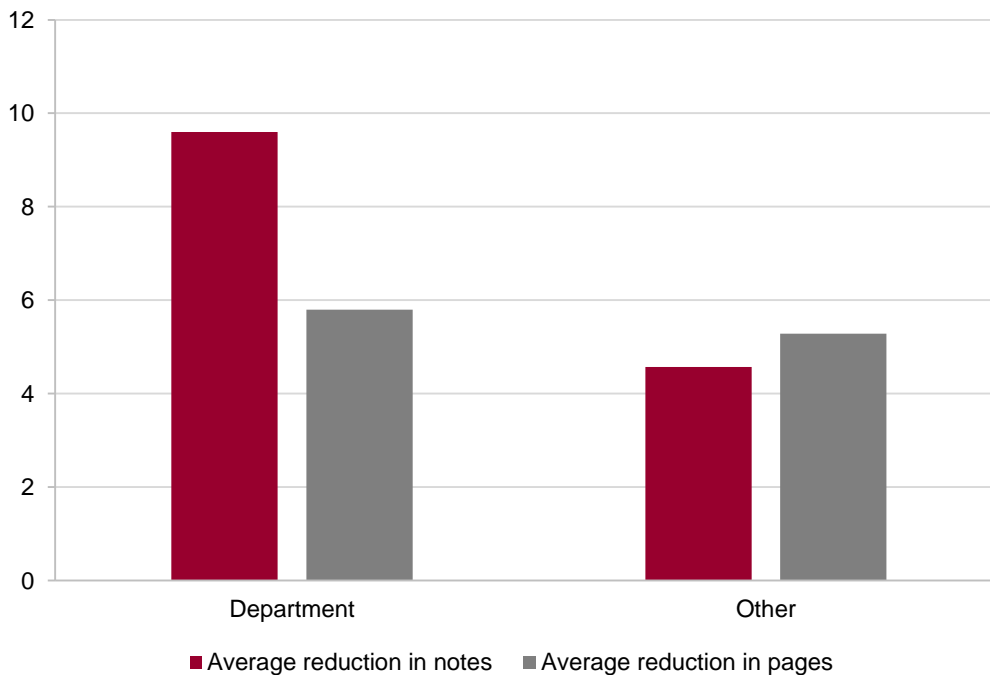
This year we have worked with our clients to simplify their financial statements to make them more meaningful and transparent and to make them cost less. Our primary focus was on removing unnecessary information and obvious areas of duplication including:

- accounting policies that do not apply
- accounting policies which simply restate the accounting standard
- notes about immaterial items
- repeated disclosures, such as the depreciation expense shown in multiple notes.

For our medium to large clients, we observed that simply addressing duplication resulted in, on average, a reduction of 24 per cent in the number of notes and 14 per cent in the number of audited pages. All except two had reduced both the number of pages and notes in comparison to their prior year financial statements.

This is after the impact of AASB 1055, which added notes and pages to all departmental audits and the effects of the machinery of government changes, which affected many of the departmental financial statements. Figure 3F shows the results.

Figure 3F
Average reduction by entity type



Source: Queensland Audit Office

Going forward

Entities are challenged to clearly articulate their key performance measures and disclosures with users demanding more meaningful financial statements. Next year, we will assist our clients to go a step further and challenge the presentation and format of the financial statements.

This may include grouping the notes in the financial statements into specific categories and disclosing specific accounting policies in the note dealing with the related balance. In addition, clients will benefit from the removal of technical jargon and the use of plain English in the statements. We recognise that users of reports want them to be as easy to understand as possible.

Timeliness

Timely reporting is an indicator of the robustness of each individual agency's governance and financial management processes. A measure of this aspect is meeting the statutory financial reporting requirements.

Not all entities have a legislated deadline by which they have to complete their financial statements. Of the 204 that did in 2014–15, 48 or 23.5 per cent did not have their financial statements certified by management and the audit opinion issued by the legislated date. Thirty-seven sets of financial statements have not been certified (18.1 per cent).

As in previous years, the worst performing in terms of financial statement timeliness were the river improvement trusts and Category 2 water boards.

Departments

The *Financial Accountability Act 2009* sets the expectation for the certification by both management and the Auditor-General to occur by 31 August for organisations with a financial year ending of 30 June.

Of 21 core departments, three departments within the Police and Emergency Services portfolio (two in 2013–14) did not meet the 31 August legislated deadline. For both years, the Public Safety Business Agency (PSBA) and Queensland Fire and Emergency Service did not meet the timeframe. The Queensland Police Service did not meet the legislated requirements in 2014–15.

In 2013-14, PSBA made a formal request for an extension of the legislated deadline, which was approved by the then Under Treasurer, due to the impacts of the machinery of government changes.

Another public service office within the Police, Fire and Emergency Services portfolio, the Office of the Inspector-General of Emergency Management (IGEM) also did not meet the 31 August deadline.

Refer to Chapter Two for further discussions in relation to these four agencies.

Statutory bodies

Of the 150 financial statements requiring certification for statutory bodies and their controlled entities, 115 were certified by 31 October 2015. As at 31 October 2015, 35 sets of financial statements for the statutory bodies remain outstanding.

River improvement trusts and Category 2 water boards comprised 32 of these 35, or 91.4 per cent (49 of 54 or 90.7 per cent in 2013–14).

Of the 54 statutory audits that remained outstanding as at 31 October 2014, 52 have now been certified. Two water board audits from prior years remain outstanding. We are working with the entities to complete these as soon as possible.

The audit opinion for the Queensland Agricultural Training College (QATC) was certified after the legislative timeframes. The delays related to asset valuation issues in QATC.

Public financial corporations

Management and audit certified the financial statements of the three PFCs (two in 2013–14) by the legislated timeframe.

Better practices in financial reporting

To enhance the quality and timeliness of their financial reporting, entities should aim to follow better practice in producing complete, accurate and compliant financial statements within the legislative timeframes. Figure 3G outlines better practice to enhance the preparation of financial reports.

Figure 3G
Selected better practice—financial report preparation

Key area	Better practice
Financial report preparation plan	Establish a plan that outlines the processes, resources, milestones, oversight and quality assurance practices required in preparing the financial reports.
Preparation of shell financial statements	Prepare a pro forma financial report before 30 April and provide it to the auditors to enable early identification of amendments, minimising the need for significant disclosure changes at year end.
Materiality assessment	Assess materiality, including quantitative and qualitative thresholds at the planning phase in consultation with the audit committee. This assessment assists preparers in identifying potential errors in the financial report.
Monthly financial reporting	Adopt full accrual monthly reporting to assist in preparing the annual financial report. This allows for the year end process to be an extension of the month end process.
Rigorous quality control and assurance procedures	Require review of the supporting documentation, data and the financial report itself by an appropriately experienced and independent officer prior to providing to the auditors.
Supporting documentation	Prepare high standard documentation to support and validate the financial report and provide a management trail.
Rigorous analytical reviews	Undertake rigorous and objective analytical review during the financial report preparation process to help to improve the accuracy of the report.
Reviews of controls/self-assessment	Establish sufficiently robust quality control and assurance processes to provide assurance to the audit committee on the accuracy and completeness of the financial report.
Competency of staff	Require that preparers of the financial report have a good understanding and experience in applying relevant accounting standards and legislation. Require they have project management and interpersonal skills.
Financial compliance reviews	Undertake periodic compliance reviews to identify areas of noncompliance or changes to legislation that affect the financial report.
Adequate security	Protect and safeguard sensitive information throughout the process to prevent inappropriate public disclosure.

Source: Victorian Auditor-General's Office and Australian National Audit Office Better Practice Guide Preparation of Financial Statements, June 2009.

Of 234 completed financial statements, 53 (22.7 per cent) did not meet the better practice requirements shown in Figure 3G. The majority of these were Category 2 water boards or river improvement trusts.

We have indicated which individual entities have not met these better practice requirements in the scorecards at Appendix B.

Implementation of the Under Treasurer's strategies

In January 2014, the Under Treasurer wrote to the core departments, strongly encouraging them to implement strategies to prepare annual financial statements earlier. At a minimum, all departments were to consider implementing the processes outlined in Figure 3H if they had not already done so.

Figure 3H
Strategies to improve processes in the preparation of annual financial statements

Key areas	Better practice
Monthly reporting processes	Each month: perform variance analysis with meaningful explanations for management review and endorsement, ensure all bank and other key reconciliations are prepared, issues resolved and approved, report on contingent assets and liabilities, with management review and endorsement and identify and outline strategies to address new and emerging financial risks and pressure points, with management review and endorsement.
Completion of non-current asset valuations	Finalise non-current asset valuations with valuers by 31 March.
Content of pro forma financial statements	Prepare pro forma financial statements which include: all comparative information, an updated accounting policy note, application of new/amended accounting standards and Queensland Treasury policies, management review of the statements and work papers and endorsement of the pro forma financial statements.
Resolution of accounting issues	Resolve accounting issues by 30 April for all one-off, complex or significant transactions and changes in accounting policies or estimations, including identification of the issue(s), documenting proposed treatment and basis of the treatment, management's review and endorsement of the treatment, and date forwarded to audit.
Completion of all asset (including inventory) stocktakes	Complete all asset (including inventory) stocktakes, including the investigation of any discrepancies and management endorsement of the final result.
Role of internal audit	Utilise the internal audit function in the annual financial statement preparation process, including one or more of the following: reviewing the entire financial statements, looking at material balances/transactions, reviewing the pro forma financial statements, and overseeing the financial statement preparation process.

Source: Under Treasurer letter to accountable officers, 7 January 2014

Figure 3I illustrates the response of 21 core departments to the Under Treasurer's advice.

Figure 3I
Number of departments implementing the Under Treasurer's strategies

Strategies	Met	Partly met	Did not meet	Not applicable	Total
Monthly reporting processes	14	6	1		21
Content of pro forma financial statements	20		1		21
Resolution of accounting issues	10	7	4		21
Completion of non-current asset valuations	3	2	15	1	21
Role of internal audit	1	8	12		21

Source: Queensland Audit Office

Most departments have adequate monthly reporting processes in place to produce accurate and timely management reports (refer *Results of audit: Internal controls systems 2014–15* (Report 1: 2015–16).)

Improvement opportunities for the current monthly reporting process include:

- comparing year-to-date actuals to prior year-to-date actuals
- reporting on contingent assets and liabilities and emerging risks
- reviewing and certifying of monthly reports by management.

Most departments provided pro forma financial statements for management and audit review before 30 June 2015. They made improvements in updating accounting policy notes and other notes through the financial statement simplification process. This was despite the machinery of government effects from February 2015 and the introduction of AASB 1055.

We noted continued enhancements in the early resolution of accounting issues for one off, complex or significant transactions. This was complicated by the machinery of government changes in February 2015.

Some of the accounting issues addressed prior to issuing pro forma financial statements included:

- non-current asset valuations
- impairment of assets
- budgetary reporting
- grant contributions
- finance leases
- KMP disclosures
- concessional loans
- intangible recognition
- public private partnerships.

Non-current asset financial balances are the most significant for the state, but only three departments had completed their 2014–15 valuations by 31 March 2015 as per the Under Treasurer's strategy. This is down from six in the 2013–14 financial year, and represents the biggest opportunity to advance the financial reporting process. Again, the February 2015 machinery of government changes impacted these.

Early asset valuations allow departments to robustly review them, correct any inaccuracies as they occur, and engage with audit.

All departments have internal audit functions as required under the *Financial Accountability Act 2009*. Only nine departments are using their internal audit function in some capacity to review material balances and transactions, review the pro forma financial statements, and oversight the financial statement preparation process. Other internal audit units may examine the material balances, pro formas and draft financial statements through their involvement in their department's audit committees.

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Attorney-General and Minister for Justice and Minister for Training and Skills	54
Minister for Agriculture and Fisheries and Minister for Sport and Racing	57
Minister for Communities, Women and Youth, Minister for Child Safety and Minister for Multicultural Affairs	58
Minister for Disability Services, Minister for Seniors and Minister Assisting the Premier on North Queensland	59
Minister for Education and Minister for Tourism, Major Events, Small Business and the Commonwealth Games	60
Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef	62
Minister for Health and Minister for Ambulance Services	63
Minister for Housing and Public Works and Minister for Science and Innovation	65
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Appendix A—Comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report or parts of this report to a number of entities and parties with a request for comment; the option of providing comments; and for their information.

We provided a copy of this report to the Honourable the Premier, the Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships, Director-General, Department of the Premier and Cabinet and the Under Treasurer for their information and comment.

We provided sections of the report to the following Ministers:

- Deputy Premier, Minister for Transport, Minister for Infrastructure, Local Government Planning and Minister for Trade
- Attorney-General and Minister for Justice and Minister for Training and Skills
- Minister for Agriculture and Fisheries and Minister for Sport and Racing
- Minister for Communities, Women and Youth and Minister for Child Safety and Minister for Multicultural Affairs
- Minister for Disability, Minister for Seniors and Minister Assisting the Premier on North Queensland
- Minister for Education and Minister for Tourism, Major Events, Small Business and the Commonwealth Games
- Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef
- Minister for Health and Minister for Ambulance Services
- Minister for Housing and Public Works and Minister for Science and Innovation
- Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply
- Minister for Police, Fire and Emergency Service and Minister for Corrective Services
- Minister for State Development and Minister for Natural Resources and Mines

We provided sections of the report, for comment to the following:

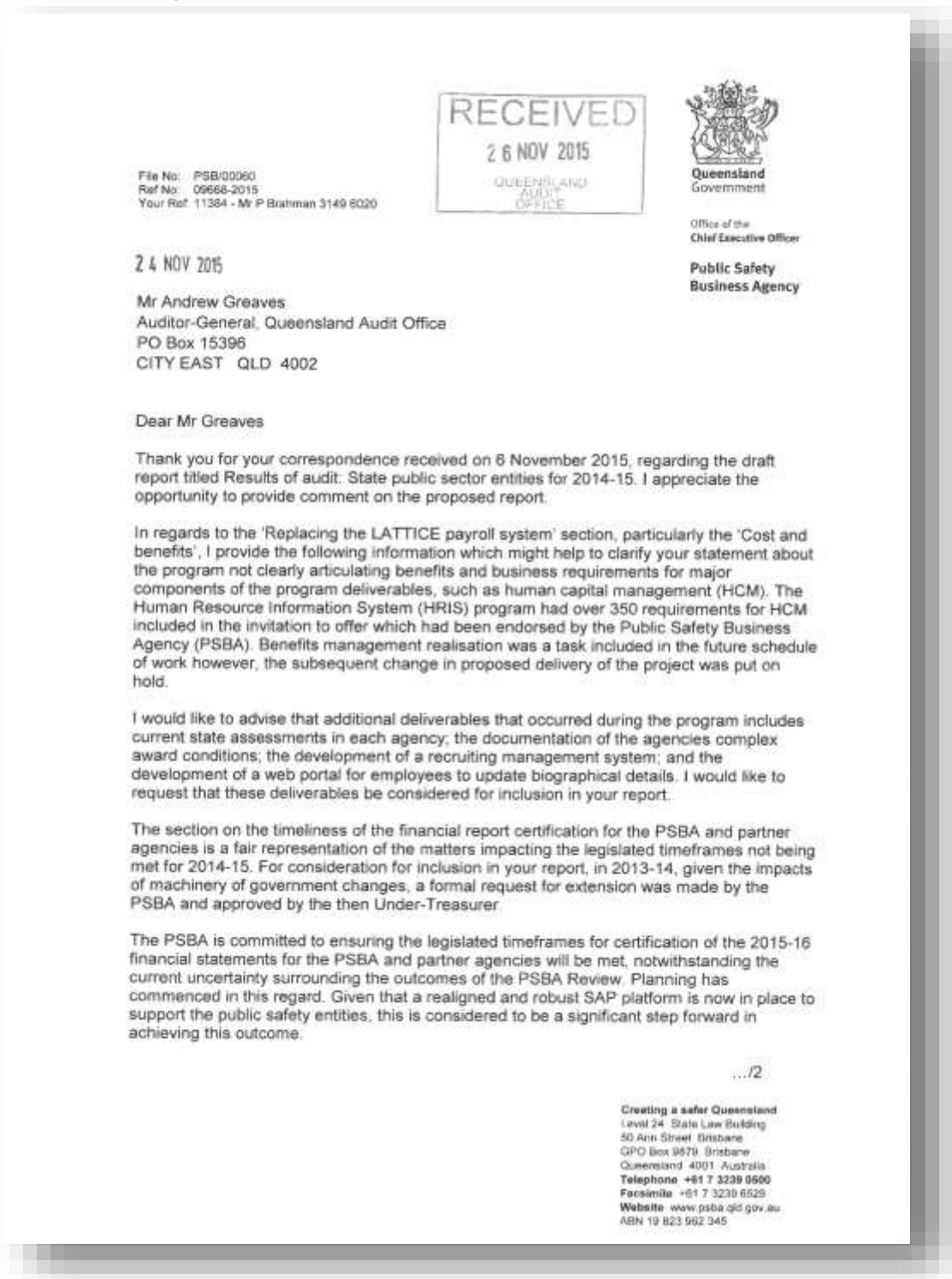
- Director-General of Aboriginal and Torres Strait Islander Partnerships
- Director-General of Agriculture and Fisheries
- Director-General of Communities, Child Safety and Disability Services
- Director-General of Education and Training
- Inspector-General of Emergency Management
- Director-General of Energy and Water Supply
- Director-General of Environment and Heritage Protection
- Chair and Chief Executive Officer of Gold Coast 2018 Commonwealth Games Corporation
- Chair and Chief Executive Officer of Gold Coast Waterways Authority
- Director-General of Health
- Director-General of Housing and Public Works

- Director-General of Infrastructure, Local Government and Planning
- Director-General of Justice and Attorney-General
- Director-General of National Parks, Sport and Racing
- Director-General of Natural Resources and Mines
- Chair and Chief Executive Officer of Non-State Schools Accreditation Board
- Queensland Police Commissioner
- Chief Executive of Public Safety Business Agency
- Chair and Chief Executive Officer of QIC Limited
- Chair and Chief Executive Officer of Queensland Agricultural Training Colleges
- Chair and Chief Executive Officer of Queensland All Codes Racing Industry Board (Racing Queensland)
- Chair and Chief Executive Officer of Queensland Competition Authority
- Commissioner of Queensland Fire and Emergency Services
- Director-General of Science, Information Technology and Innovation
- Director-General of State Development
- Director-General of Tourism, Major Events, Small Business and the Commonwealth Games
- Director-General of Transport and Main Roads.

We have considered all views provided to us in reaching our audit conclusions and these are represented to the extent relevant and warranted in preparing this report.

Responsibility for the accuracy, fairness and balance of the comments rests with the head of these agencies. Appendix A of this report includes comments we received within 21 days.

Comments received from Chief Executive Officer, Public Safety Business Agency



Comments received from Chief Executive Officer, Public Safety Business Agency

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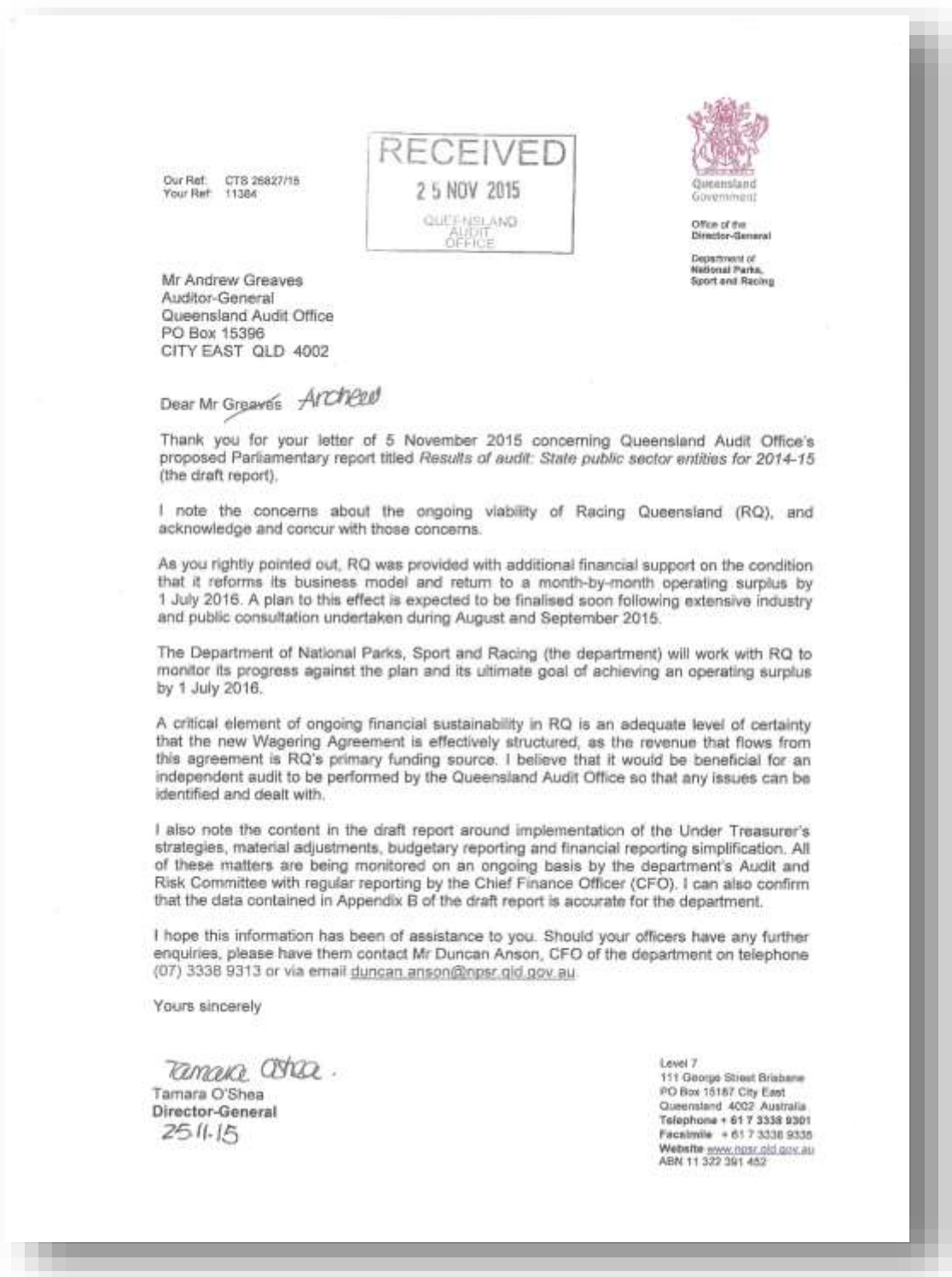
Should you require further assistance, please contact Patrice White, Project and Performance Officer, Office of the Deputy Chief Executive Office on telephone (07) 3406 3411 or email Patrice.White@psba.qld.gov.au.

Yours sincerely



Kelvin Anderson PSM
Chief Executive Officer
Public Safety Business Agency

Comments received from Director-General, Department of National Parks, Sport and Racing



Comments received from Director-General, Department of Premier and Cabinet



Appendix B—Summary results by portfolio and entity

Type of opinion legend

Opinion key: U = unmodified; Q = qualified; A = adverse; D = disclaimer; E = emphasis of matter paragraph

Rounding

Amounts have been rounded to the nearest \$ million. Amounts less than \$500 000 are shown as 0.0

Asset and liabilities

Under Australian accounting standards, trust funds net assets attributable to unitholders are classified as a liability. For the purposes of this report total liabilities includes net assets attributable to unitholders.

The Premier and Minister for the Arts

Responsibilities include the overall management of Queensland, Cabinet, coordinating government communication, policy development, Parliamentary Counsel, governance, protocol, intergovernmental relations, arts and overall public service management.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Aboriginal Centre for the Performing Arts Pty Ltd	1	2	1	0	U	Y	30.10.15	N	0
Board of the Queensland Museum	46	39	565	3	U	Y	31.08.15	Y	0
Department of the Premier and Cabinet	177	177	680	17	U	Y	28.08.15	Y	0
Legislative Assembly and Parliamentary Service	94	89	279	4	U	Y	31.08.15	Y	0
Office of the Governor	6	6	3	0	U	Y	19.08.15	Y	0
Public Service Commission	17	17	3	2	U	Y	28.08.15	Y	0
Queensland Art Gallery Board of Trustees	51	41	414	5	U	Y	28.08.15	Y	0
Queensland Family and Child Commission	10	10	2	0	U	Y	31.08.15	Y	0
Queensland Museum Foundation Trust	2	2	1	0	U	N/A	31.08.15	Y	0
Queensland Performing Arts Trust	54	54	26	6	U	Y	31.08.15	Y	0
Screen Queensland Pty Ltd	11	12	11	4	U	Y	31.08.15	Y	0

Prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Premier's Disaster Relief Appeal Fund	0	0	0	0	U	N/A	11.02.15	Y	0

Note 1: Premier's Disaster Relief Appeal Fund not signed at 31 October 2015

Deputy Premier, Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade

Responsibilities include air services, busways, passenger transport, railways, transport infrastructure, infrastructure, urban growth, local government and planning, Building Queensland, land use planning, trade development and Queensland disaster recovery.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Department of Infrastructure, Local Government and Planning	250	262	1 139	234	U	Y	31.08.15	Y	113
Department of Transport and Main Roads*	5 985	8 085	55 051	2 081	U	Y	21.08.15	Y	0
National Heavy Vehicle Regulator	140	124	25	22	U	N/A	26.08.15	Y	0
Queensland Reconstruction Authority	1 014	1 077	329	3	U	Y	18.08.15	Y	0
South Bank Corporation	100	98	754	30	E	Y	26.08.15	Y	0
South Bank Employing Office	3	3	1	1	E	Y	26.08.15	Y	0
Trade and Investment Queensland	34	34	5	3	U	Y	27.08.15	Y	0

*Department has also been named in the Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply

Prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
QMI Solutions Limited (Consolidated)	7	7	2	1	U	N	29.01.15	N	0
Queensland Manufacturing Institute Trust (Consolidated)	5	7	2	1	U	N	29.01.15	N	0

Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships

Responsibilities include the state budget and taxation, economic policy, government owned enterprises, insurance, workers' compensation, workplace health and safety and Aboriginal and Torres Strait Islander cultural heritage, policy, rights and culture.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Anzac Day Trust	1	1	0	0	U	Y	03.08.15	Y	0
Board of Trustees of the State Public Sector Superannuation Scheme (QSuper)	12 298	4 924	59 714	1 031	U	Y	25.09.15	Y	0
Building and Construction Industry (Portable Long Service Leave) Authority (trading as QLeave)	124	202	907	737	U	Y	31.08.15	Y	0
Contract Cleaning Industry (Portable Long Service Leave) Authority	8	4	53	19	U	Y	31.08.15	Y	0
Department of Aboriginal and Torres Strait Islander Partnerships	113	112	47	9	U	Y	31.08.15	Y	0
Family Responsibilities Commission	4	4	1	0	U	Y	17.08.15	Y	0
Motor Accident Insurance Commission	22	11	167	0	U	Y	31.08.15	Y	0
Nominal Defendant	147	31	948	170	U	Y	31.08.15	Y	0
One QSuper Pty Limited	64	63	44	44	U	Y	23.10.15	Y	0
QGOF 63G Trust	1	1	22	22	U	N/A	29.09.15	Y	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
QGOF DPI Trust	11	11	26	26	U	N/A	29.09.15	Y	0
QGOF MH Trust	6	6	44	44	U	N/A	29.09.15	Y	0
QIC Alternative Beta Fund	30	30	466	466	E	N/A	29.09.15	Y	0
QIC Australian Equities Special Purpose Fund	0	0	0	0	E	N/A	28.08.15	Y	0
QIC Australian Fixed Interest Fund	39	39	638	638	E	N/A	28.08.15	Y	0
QIC Australian Venture Capital Fund	1	1	6	6	E	N/A	28.08.15	Y	0
QIC Bond Plus Fund	4	4	176	176	E	N/A	29.09.15	Y	0
QIC Cash Enhanced Fund	87	87	2 822	2 822	E	N/A	28.08.15	Y	0
QIC Cash Fund	69	69	2 289	2 289	E	N/A	28.08.15	Y	0
QIC Direct Opportunities Fund	5	5	57	57	E	N/A	29.09.15	Y	0
QIC Diversified Australian Equities Fund	78	78	1 272	1 272	E	N/A	29.09.15	Y	0
QIC Diversified Fixed Interest Fund	51	51	921	921	E	N/A	29.09.15	Y	0
QIC Diversified Infrastructure Fund No. 2	429	429	2 416	2 416	E	N/A	28.08.15	Y	0
QIC GFI Alpha Fund	0	0	607	607	E	N/A	29.09.15	Y	0
QIC GFI Inflation Plus Fund	19	19	1 266	1 266	E	N/A	29.09.15	Y	0
QIC Global Credit Fund	6	6	271	271	E	N/A	29.09.15	Y	0
QIC Global Credit Opportunities Fund	1	1	6	6	E	N/A	29.09.15	Y	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
QIC Global Strategy Trust No. 2A	273	273	1 063	1 063	E	N/A	29.09.15	Y	0
QIC Global Strategy Trust No. 2B	(7)	5	114	0	E	N/A	29.09.15	Y	0
QIC Government Office Fund No. 1	32	32	242	242	U	N/A	29.09.15	Y	0
QIC Growth Fund	138	138	2 601	2 601	E	N/A	29.09.15	Y	0
QIC Hedged International Equities Fund	5	5	46	46	E	N/A	29.09.15	Y	0
QIC Infrastructure Management No. 2 Pty Ltd	0	0	0	0	U	Y	28.08.15	Y	0
QIC Infrastructure Mandate No. 1 Trust	119	119	458	458	E	N/A	28.08.15	Y	0
QIC Infrastructure Mandate No. 1A Trust	115	115	668	668	E	N/A	28.05.15	Y	0
QIC Infrastructure Mandate No. 1B Trust	7	7	37	37	E	N/A	28.08.15	Y	0
QIC Infrastructure Mandate No. 2 Trust	46	46	685	685	E	N/A	28.08.15	Y	0
QIC Infrastructure Mandate No. 2A Trust	21	21	317	317	E	N/A	28.08.15	Y	0
QIC Infrastructure Mandate No. 2B Trust	29	29	105	105	E	N/A	28.08.15	Y	0
QIC International Equities Fund	292	292	1 705	1 705	E	N/A	29.09.15	Y	0
QIC Investments No. 1 Pty Ltd	18	18	3	3	U	Y	28.08.15	Y	0
QIC Investments No. 3 Pty Ltd	0	0	0	0	U	Y	28.08.15	Y	0
QIC Limited	324	253	354	220	U	Y	31.08.15	Y	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
QIC NZ Power Trust No. 2	17	17	178	178	E	N/A	28.08.15	Y	0
QIC Private Capital Pty Ltd	162	104	150	129	U	N/A	28.08.15	Y	0
QIC Private Equity Fund No. 1	233	233	769	769	E	N/A	29.09.15	Y	0
QIC Private Equity Fund No. 2	955	955	2 635	2 635	E	N/A	29.09.15	Y	0
QIC Private Equity Fund No. 3	41	41	238	238	E	N/A	29.09.15	Y	0
QIC Properties Pty Ltd	65	61	29	23	U	Y	28.08.15	Y	0
QIC Retail Pty Ltd	27	27	6	6	U	Y	28.08.15	Y	0
QIC Stable Fund	2	2	0	0	E	N/A	28.08.15	Y	0
QIC Strategy Fund No. 2	1 295	0	5 812	7	E	N/A	29.09.15	Y	0
QIC Strategy Fund No. 3	15	15	36	36	E	N/A	29.09.15	Y	0
QIC Treasury Infrastructure Fund	0	0	0	0	E	N/A	28.08.15	Y	0
QIC US Regional Mall Fund No. 1	US\$29	US\$29	US\$287	US\$287	E	N/A	29.09.15	Y	0
QInvest Limited	30	29	11	4	U	Y	25.09.15	Y	0
QLQ Real Property Holding Trust	87	87	417	417	E	N/A	29.09.15	Y	0
QLQ Trust No. 3	27	27	63	63	E	N/A	29.09.15	Y	0
QSuper Limited	170	154	125	28	U	Y	25.09.15	Y	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Queensland BioCapital Fund No. 1	1	1	6	6	E	N/A	29.09.15	Y	0
Queensland BioCapital Fund No. 2	1	1	8	8	E	N/A	13.08.15	Y	0
Queensland Competition Authority	22	24	22	10	U	Y	13.08.15	Y	0
Queensland Investment Trust No. 2	-760	-760	28 811	28 811	E	N/A	29.09.15	Y	0
Queensland Treasury	235	235	54	14	U	Y	28.08.15	Y	0
Queensland Treasury Corporation	8 272	8 049	145 060	142 751	U	Y	24.08.15	Y	0
The Island Industries Board (trading as Islanders Board of Industry and Service (IBIS))	44	43	40	5	U	Y	26.03.15	Y	0
WorkCover Employing Office	67	67	16	16	U	Y	27.08.15	Y	0
WorkCover Queensland	1 647	1 406	4 336	2 571	U	Y	27.08.15	Y	0

Exempt entities: QIC European Investment Services Limited, QIC Global Infrastructure (US) INC, QIC GRE MANAGEMENT (US). INC, QIC (UK) Management Limited, QIC US Investment Services Inc, QIC US Management INC

Non-reporting entities: Innovis Investments Australia Fund, QIC Brisbane Airport Infrastructure Trust, QIC CRCHUM Trust, QIC Diversified Infrastructure Fund No. 1, QIC Global Strategy Trust No. 2, QIC NZ Power Trust No. 3, QIC NZ Power Trust No. 4, QIC Ports Trust No. 1A, QIC Ports Trust No. 1B, QIC Ports Trust No. 2, QIC PPP Trust, QIC Private Equity Investment Trust No. 1, QIC Private Equity Investment Trust No. 2, QIC Tollroads Fund No. 1, QIC Tollroad Investment Fund No. 1, QIC US Infrastructure Fund No. 1, QIC US Infrastructure Fund No. 2, QIC US Power Trust No. 1, QIC US Power Trust No. 2, QLQ Trust No. 2

Dormant entities: Canberra Centre Investments Pty Ltd, Claremont Retail Company Pty Ltd, Eastland Property Holdings Pty Ltd, General Fund No 2, Innovis Investments Pty Ltd, Martin Place Management Ltd, Pacific Echo Pty Ltd, QBF No. 1 Pty Ltd, QBF No. 2 Pty Ltd, QIC Active Currency Trust, QIC Asia Real Estate Investments Pty Ltd, QIC Alternative Investments Trust, QIC CM Pty Ltd, QIC Coomera Pty Ltd, QIC Developments Pty Ltd, QIC Global Infrastructure Fund (Australia) No 1 Trust, QIC Global Infrastructure Fund (Australia) No 2 Trust, QIC GP Holding Trust, QIC Helensvale Pty Ltd, QIC Hi Yield Pty Ltd, QIC Infrastructure Management Pty Ltd, QIC Infrastructure Management No.3 Pty Ltd, QIC Infrastructure Management No. 4 Pty Ltd, QIC Initial Unitholder Pty Ltd, QIC International Real Estate Investments Pty Ltd, QIC Investments No. 2 Pty Ltd, QIC Logan Hyperdome Pty Ltd, QIC Logan Hyperdome (No. 2) Pty Ltd, QIC Merrifield Pty Ltd, QIC Merry Hill Pty Ltd, QIC Noosa Civic Pty Ltd, QIC North America Investments Pty Ltd, QIC North Asia Real Estate Investments Pty Ltd, QIC Property Investments (Jersey) No. 1 Limited, QIC Property Investments (Jersey) No.2 Limited, QIC Property Management Pty Ltd, QIC Real Estate Pty Ltd, QIC Retail (No.2) Pty Ltd, QIC Ringwood Pty Ltd, QIC Robina Pty Ltd, QIC Section 63 Trust, QIC Toowoomba Pty Ltd, QIC TSRC Trust, QIC Westpoint Pty Ltd, QPC Investments No.1 Pty Ltd, Queensland BioCapital Funds Pty Ltd, Queensland Motorways Properties Pty Ltd, TIF 3 Pty Ltd, Watergardens Pty Ltd

The final statements for QIC Treasury Infrastructure Fund No.1, QIC Toll Roads Fund No 2 and QIC Treasury Infrastructure Fund No.2 were certified on 29 October 2014 prior to dissolution.

Attorney-General and Minister for Justice and Minister for Training and Skills

Responsibilities include justice administration, courts, registration of births, deaths and marriages, Legal Aid, youth justice, fair trading and consumer protection, incorporation of associations, lotteries, keno and wagering, occupational licensing, registration of charitable and community purpose organisations, Public Trustee, vocational education and training, and workforce development.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Anti-Discrimination Commission	5	5	2	1	U	Y	18.08.15	Y	0
Department of Justice and Attorney-General	1 539	1 458	4 063	101	U	Y	31.08.15	Y	0
Electoral Commission of Queensland	54	53	10	2	U	Y	28.08.15	Y	0
Forde Foundation Trust Fund	0	0	4	0	U	N/A	30.10.15	Y	0
Gladstone Foundation	0	0	12	0	U	N/A	30.10.15	Y	0
Lady Bowen Trust	0	0	5	0	U	N/A	30.10.15	Y	0
Law Claims Levy Fund	34	29	79	28	U	N/A	31.08.15	Y	0
Legal Aid Queensland	117	113	70	29	U	Y	31.08.15	Y	0
Legal Practitioners Admissions Board	1	0	1	0	U	Y	31.08.15	Y	0
Legal Practitioners Fidelity Guarantee Fund	5	2	31	4	U	N/A	31.08.15	Y	0
Office of the Information Commissioner	6	6	3	0	U	Y	31.08.15	Y	0
Office of the Ombudsman	9	9	2	1	U	Y	26.08.15	Y	0
Professional Standards Council	1	0	1	0	U	Y	31.08.15	Y	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Prostitution Licensing Authority	2	2	1	0	U	Y	14.07.15	Y	0
Public Trustee of Queensland Growth Trust	13	4	283	283	U	N/A	28.08.15	Y	0
Public Trustee of Queensland Australian Equities Trust (Note 2)	1	1	0	0	E	N/A	23.09.15	Y	0
Public Trustee of Queensland Conservative Trust (Note 2)	2	2	0	0	E	N/A	23.09.15	Y	0
Public Trustee of Queensland Higher Growth Trust	2	2	0	0	E	N/A	23.09.15	Y	0
QCF Management Co. Ltd	0	0	0	0	U	N/A	30.10.15	Y	0
Queensland Aboriginal & Torres Strait Islander Foundation	2	2	40	0	U	N/A	30.10.15	Y	0
Queensland Community Foundation	7	0	69	0	U	N/A	30.10.15	Y	0
Queensland Law Society Incorporated	58	41	261	125	U	Y	31.08.15	Y	0
TAFE Queensland	695	621	322	97	U	Y	28.08.15	Y	0
The Crime and Corruption Commission	55	55	26	10	U	Y	27.08.15	Y	0
The Public Trustee of Queensland	91	82	906	717	U	Y	28.08.15	Y	0

Note 1: Disaster Appeals Trust (dormant entity); Lexon Insurance Pte Ltd (foreign based entity)

Note 2: One set of statements including Public Trustee of Queensland - Australian Equities Fund, Public Trustee of Queensland Conservative Fund and Public Trustee of Queensland Higher Growth Trust

Note 3: Queensland Training Assets management Authority was not signed at 31 October 2015

Prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Forde Foundation Trust Fund	0	0	4	0	U	N/A	12.12.14	Y	0
Gladstone Foundation	0	0	13	0	U	N/A	12.12.14	Y	0
Lady Bowen Trust	1	0	5	0	U	N/A	12.12.14	Y	0
Lazy Acres Caravan Park	1	4	0	0	E	N/A	20.02.15	Y	0
Queensland Aboriginal & Torres Strait Islander Foundation	4	0	39	0	U	N/A	12.12.14	Y	0
Queensland Community Foundation	11	0	65	0	U	N/A	12.12.14	Y	0
The Monte Carlo Caravan Park Trust	1	2	0	0	E	N/A	20.02.15	Y	0
Woombye Gardens Caravan Park	1	3	0	0	E	N/A	20.02.15	Y	0

Dormant entities: Disaster Appeals Trust Fund

Minister for Agriculture and Fisheries and Minister for Sport and Racing

Responsibilities include agriculture, fisheries, forestry, biosecurity, food and fibre production, racing and sport.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Darling Downs - Moreton Rabbit Board	2	2	8	0	U	Y	31.08.15	Y	0
Department of Agriculture and Fisheries	443	443	478	71	U	Y	21.08.15	Y	4
QRAA	77	52	674	351	U	Y	31.08.15	Y	0
Queensland Agricultural Training Colleges	20	22	99	5	U	N	23.09.15	Y	0
Queensland All Codes Racing Industry Board (Racing Queensland)	224	237	173	31	E	Y	31.08.15	Y	0
Queensland Race Product Co Ltd	0	0	0	0	E	Y	31.08.15	Y	0
Rockhampton Racing Pty Ltd	0	1	16	3	E	Y	31.08.15	Y	0
Safe Food Production Queensland	6	6	6	2	U	Y	28.08.15	Y	0
Sunshine Coast Racing Pty Ltd	0	3	47	3	U	Y	01.09.15	Y	0

Note 1: Australian Agricultural College Employing Office was not signed by 31 October 2015

Minister for Communities, Women and Youth, Minister for Child Safety and Minister for Multicultural Affairs

Responsibilities include carers, multicultural affairs, adoption, women’s policy, and youth affairs.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Department of Communities, Child Safety and Disability Services*	2 591	2 562	686	225	U	Y	31.08.15	Y	12

* Department has also been named in the Minister for Disability Services, Minister for Seniors and Minister Assisting the Premier on North Queensland portfolio

Minister for Disability Services, Minister for Seniors and Minister Assisting the Premier on North Queensland

Responsibilities include disability services, community care and seniors.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Department of Communities, Child Safety and Disability Services*	2 591	2 562	686	225	U	Y	31.08.15	Y	12

* Department has also been named in the Minister for Communities, Women and Youth, Minister for Child Safety and Minister for Multicultural Affairs portfolio

Minister for Education and Minister for Tourism, Major Events, Small Business and the Commonwealth Games

Responsibilities include state schooling, early childhood education and care, higher education, non-state school funding, the Commonwealth Games, investment promotion, major events, tourism development and promotion and small business.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Aviation Australia Pty Ltd	17	17	19	6	U	Y	27.10.15	Y	0
BCITF (Qld) Limited (trading as Construction Skills Queensland)	40	42	111	27	U	Y	02.09.15	Y	0
Building and Construction Industry Training Fund (Qld)	0	0	0	0	U	Y	02.09.15	Y	0
Department of Education and Training	8 432	8 356	17 665	897	U	Y	25.08.15	Y	0
Department of Tourism, Major Events, Small Business and the Commonwealth Games	55	55	6	4	U	Y	18.08.15	Y	15
Gold Coast 2018 Commonwealth Games Corporation	33	23	40	24	U	Y	31.08.15	Y	34
Gold Coast Events Management Ltd (trading as Queensland Events Gold Coast)	5	6	4	3	U	Y	28.08.15	Y	0
Non-State Schools Accreditation Board	1	1	0	0	U	Y	18.08.15	Y	0
Queensland Curriculum and Assessment Authority	41	41	17	5	U	Y	31.08.15	Y	0
Tourism and Events Queensland	114	114	10	8	U	Y	28.08.15	Y	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Tourism and Events Queensland Employing Office	15	15	3	3	U	Y	28.08.15	Y	0

Prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Aviation Australia Pty Ltd	16	17	20	7	U	N	03.11.14	Y	0

Dormant entities: Advanced Moulding Technologies Pty Ltd, Asia Pacific Screen Awards Ltd

Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef

Responsibilities include climate change policy, environmental planning, historical cultural heritage, Great Barrier Reef, waste management, pollution management, fish habitat areas, and National Parks.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Department of Environment and Heritage Protection	179	178	76	11	U	Y	31.08.15	Y	0
Department of National Parks, Sport and Racing	341	396	2 802	42	U	Y	28.08.15	Y	0
The Balance the Earth Trust	0	0	1	0	U	Y	27.07.15	Y	0

Minister for Health and Minister for Ambulance Services

Responsibilities include hospitals, public health, oral health, nursing homes and hostels, Aboriginal and Torres Strait Islander health, community health services, alcohol and drug services, registration of health professionals and the ambulance service.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Children's Health Foundation Queensland	17	14	30	4	U	Y	31.08.15	Y	0
Department of Health	15 244	15 226	3 249	1 367	U	Y	31.08.15	Y	176
HIV Foundation Queensland	3	2	1	0	U	Y	31.08.15	Y	0
Office of the Health Ombudsman	15	14	5	1	U	Y	31.08.15	Y	0
Queensland Mental Health Commission	9	8	2	0	U	Y	28.08.15	Y	0
Q-Pharm Pty Ltd	5	5	1	1	U	N/A	31.08.15	Y	0
Royal Brisbane and Women's Hospital Foundation	10	6	31	5	U	Y	31.08.15	Y	0
The Council of the Queensland Institute of Medical Research (trading as QIMR Berghofer)	94	98	439	28	U	Y	31.08.15	Y	0

Note 1: Queensland Children's Medical Research Institute and Redcliffe Hospital Foundation were not signed at 31 October 2015

Prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Queensland Children's Medical Research Institute	4	4	4	4	U	Y	10.12.14	Y	0

Minister for Housing and Public Works and Minister for Science and Innovation

Responsibilities include licensing and regulation of the state’s building industry, registration of retirement villages, regulation of accommodation services, housing services, homelessness, government purchasing, buildings, accommodation and information and communication technology, science policy, strategy and investment, research and development coordination and planning, innovation policy, strategy and programs, Crown copyright and intellectual property.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
BioPharmaceuticals Australia (Network) Pty Ltd	2	2	2	0	U	Y	21.08.15	Y	0
Board of Architects of Queensland	1	1	1	1	U	Y	28.08.15	Y	0
Board of Professional Engineers of Queensland	2	2	3	2	U	Y	28.08.15	Y	0
Cairns Convention Centre	8	8	2	2	E	Y	09.09.15	Y	0
Department of Housing and Public Works	2 274	2 288	18 946	1 044	U	Y	31.08.15	Y	0
Department of Science, Information Technology and Innovation	685	694	289	133	U	Y	28.08.15	Y	0
Gold Coast Convention and Exhibition Centre	27	24	20	9	E	Y	30.09.15	Y	0
Library Board of Queensland	72	66	131	4	U	Y	26.08.15	Y	0
Queensland Building and Construction Commission	170	169	382	323	U	Y	28.08.15	Y	0
Queensland Building and Construction Employing Office	36	36	9	9	U	Y	28.08.15	Y	0
Queensland Library Foundation	1	1	6	0	U	Y	26.08.15	Y	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Residential Tenancies Authority	25	35	813	761	U	Y	31.08.15	Y	0
Residential Tenancies Employing Office	17	17	4	4	U	Y	31.08.15	Y	0

Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply

Responsibilities include land transport and safety, main roads, marine infrastructure, ports, energy and water utilities, and bulk water supply, distribution and retail arrangements.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Australian Water Recycling Centre of Excellence Ltd	1	7	7	2	E	Y	06.10.15	Y	0
Central SEQ Distributor-Retailer Authority (trading as Queensland Urban Utilities)	1 193	920	5 530	2 498	U	Y	25.08.15	Y	0
Department of Energy and Water Supply	45	45	20	6	U	Y	31.08.15	Y	0
Department of Transport and Main Roads*	5 985	8 085	55 051	2 081	U	Y	21.08.15	Y	0
Energy and Water Ombudsman Queensland	6	6	2	2	U	Y	17.08.15	Y	0
Gold Coast Waterways Authority	9	9	195	2	U	Y	20.08.15	Y	26
Northern SEQ Distributor-Retailer Authority (trading as UNITYWATER)	625	460	3 343	1 756	U	Y	28.08.15	Y	0
Transmax Pty Ltd	13	13	12	2	U	Y	29.09.15	Y	0

Dormant entities: The Green Energy Corporation Pty Ltd

*Department has also been named in the Deputy Premier, Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade

Minister for Police, Fire and Emergency Services and Minister for Corrective Services

Responsibilities include the police service, adult corrective services, disaster management and the State Emergency Service.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Office of the Inspector-General of Emergency Management	5	4	2	1	U	N	02.09.15	Y	0
Public Safety Business Agency	664	638	2 550	90	U	N	30.09.15	Y	24
Queensland Fire and Emergency Services	631	625	117	40	U	N	15.09.15	Y	0
Queensland Police Service	2 043	2 042	210	103	U	N	15.09.15	Y	24

Minister for State Development and Minister for Natural Resources and Mines

Responsibilities include state development, local industry policy, infrastructure coordination and planning, major project development and facilitation, mining and petroleum, mine safety and health, Aboriginal and Torres Strait Islander land interests, land and natural resource management and native title.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Bollon West Water Authority	0	0	0	0	D	Y	31.08.15	N	0
Bollon South Water Authority	0	0	1	0	Q	N	21.09.15	N	0
Brigooda Water Board	0	0	0	0	D	Y	31.08.15	N	0
Callandoon Water Supply Board	0	0	1	0	U	N	09.10.15	N	0
Department of Natural Resources and Mines	443	445	271	41	U	Y	27.08.15	Y	0
Department of State Development	459	387	422	156	U	Y	31.08.15	Y	0
Dumaresq-Barwon Border Rivers Commission	2	4	140	1	U	Y	31.08.15	Y	0
Gasfields Commission Queensland	3	2	1	0	U	Y	21.08.15	Y	0
Healthy Waterways Ltd	5	4	7	2	U	Y	25.09.15	Y	0
Ingie Water Authority	0	0	1	0	D	N	29.10.15	N	0
Lower Burdekin Water	4	3	51	1	U	N	30.09.15	N	0
North Burdekin Water Board	14	3	35	2	E	Y	30.09.15	N	0
Orchard Creek - East Euramo Drainage Board	0	0	0	0	D	N	07.10.15	N	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Scenic Rim Rivers Improvement Trust	0	0	0	0	U	Y	20.07.15	N	0
Silkwood Drainage Board	0	0	0	0	D	N	09.09.15	N	0
South Burdekin Water Board	3	2	18	1	E	Y	30.09.15	N	0
South Maroochy Drainage Board	0	0	0	0	D	N	29.09.15	N	0
Stanthorpe Shire River Improvement Trust	0	0	0	0	U	N	14.10.15	N	0
State Council of River Trusts, Queensland Inc.	2	2	0	0	E	Y	03.08.15	Y	0
Valuers Registration Board of Queensland	0	0	1	0	U	Y	31.08.15	Y	0
Wambo Shire River Improvement Trust	0	0	0	0	U	Y	31.08.15	N	0
Warwick Shire River Improvement Trust	0	0	4	0	U	Y	14.09.15	N	0
Yambocully Water Board	0	0	3	0	U	Y	27.08.15	N	0

Note 1 North Burdekin Water Board and South Burdekin Water obtained extension to their legislative timeframes to 30 September 2015 in order to prepare their final set of financial statements prior to abolition.

Note 2: Avondale Water Board, Babinda Swamp Drainage Board, , Bones Knob Water Board, Burdekin Shire Rivers Improvement Trust, Cairns River Improvement Trust, Cassowary Coast River Improvement Trust, Cowley Drainage Board, Crowley Vale Water Board, Don River Improvement Trust, East Deeral Drainage Board, East Euramo Drainage Board, Eugun Bore Water Authority, Fernlee Water Authority, Glamorgan Vale Water Board, Herbert River Improvement Trust, Ipswich Rivers Improvement Trust, Kaywanna Bore Water Board, Lower Herbert Water Management Authority, Marathon Bore Water Supply Board, Matthews Road Drainage Board, Merlwood Water Board, Mourilyan Drainage Board, Orchard Creek Drainage Board, Pioneer Valley Water Board, Riversdale-Murray Valley Water Management Board, Roadvale Water Board, , Stagnant Creek Drainage Board, Wanda Creek Drainage Board, Weengallon Water Authority, Whitsunday Rivers Improvement Trust were not signed at 31 October 2015

Prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Babinda Swamp Drainage Board	0	0	1	1	U	N	02.12.14	N	0
Bollon South Water Authority	0	0	1	0	Q	N	17.12.14	N	0
Bollon South Water Authority	0	0	1	0	Q	N	10.09.15	N	0
Burdekin Shire Rivers Improvement Trust	0	3	3	0	Q	N	18.12.14	N	0
Cairns River Improvement Trust	0	0	7	0	Q	N	03.07.15	N	0
Cassowary Coast River Improvement Trust	0	0	8	2	U	N	08.05.15	N	0
Chicken Meat Industry Committee	0	0	0	0	E	N/A	07.04.15	N	0
Condamine Plains Water Board	0	0	0	0	D	N	06.03.15	N	0
Coreen Water Board	0	0	0	0	D	N	06.03.15	N	0
Cowley Drainage Board	0	0	0	0	U	N	29.05.15	N	0
Crowley Vale Water Board	0	0	1	1	U	N	10.07.15	N	0
East Deeral Drainage Board	0	0	0	0	U	N	02.12.14	N	0
East Euramo Drainage Board	0	0	0	0	U	N	29.05.15	N	0
Glamorgan Vale Water Board	0	0	4	0	U	N	28.11.14	N	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Glamorgan Vale Water Board	0	0	4	0	U	N	30.06.15	N	0
Herbert River Improvement Trust	1	1	34	0	U	N	10.12.14	N	0
Ipswich Rivers Improvement Trust	0	1	2	0	U	N	28.11.14	N	0
Kaywana Bore Water Board	0	0	2	0	Q	N	19.01.15	N	0
Kooingal Water Board	0	0	0	0	D	N	06.03.15	N	0
Marathon Bore Water Supply Board	0	0	0	0	U	N	29.05.15	N	0
Matthews Road Drainage Board	0	0	0	0	U	N	02.12.14	N	0
Mourilyan Drainage Board	0	0	0	0	U	N	29.05.15	N	0
Oaky Creek Water Board	0	0	0	0	D	N	06.03.15	N	0
Orchard Creek Drainage Board	0	0	0	0	U	N	29.05.15	N	0
Palmgrove Water Board (2011-12)	0	0	0	0	E	N	29.05.15	N	0

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	
						Met deadline	Opinion date	Met	Material adjustments \$ m
Palmgrove Water Board (2012-13)	0	0	0	0	E	N	29.05.15	N	0
Palmgrove Water Board (2013-14)	0	0	0	0	E	N	29.05.15	N	
Riversdale-Murray Valley Water Management Board	0	0	0	0	U	N	29.05.15	N	0
Roadvale Water Board	0	0	1	0	U	N	28.11.14	N	0
Stagnant Creek Drainage Board	0	0	0	0	U	N	29.05.15	N	0
Wambo Shire River Improvement Trust	0	0	0	0	U	N	12.12.14	N	0
Weengallon Water Authority	0	0	0	0	D	N	23.06.15	N	0
Whitsunday Rivers Improvement Trust	0	0	8	0	Q	N	21.01.15	N	0

Note 1: 2013–14 and 2012-13 Eugun Bore Water Authority not signed at 31 October 2015

Note 2: Chicken meat Industry Committee - final certified statements prior to dissolution

Appendix C—Status of financial statements of exempt entities

Figure C1
Status of 2014–15 financial statement audits

Audit	Audit firm	Date statements signed	Date opinion issued	Opinion	Timeliness (since 30 June)		
					< 3 mths	3-4 mths	> 4 mths
Exempt public sector entities (s.30A—small in size and of low risk)							
Bundaberg Health Services Foundation	Paul D Medwin	04.09.15	03.09.15	U	Y		
Far North Queensland Hospital Foundation	BDO Audit (Nth QLD) Pty Ltd	01.09.15	01.09.15	U	Y		
Gold Coast Hospital Foundation	WPIAS	07.09.15	07.09.15	Q	Y		
Ipswich Hospital Foundation	Ramsay & Associates	22.08.15	22.08.15	U	Y		
Mackay Hospital Foundation	Brown & Bird	10.09.15	14.09.15	U	Y		
Mt Gravatt Showgrounds Trust	D J Munro	19.06.15	19.06.15	U	Y		
PA Research Foundation	KPMG	29.08.15	29.08.15	U	Y		
Queensland Education Leadership Institute Limited	Grant Thornton	18.09.15	18.09.15	U	Y		
Queensland Music Festival Pty Ltd*	AAT Accountants Pty Ltd	17.12.14	17.12.14	U	Y		
Queensland Tertiary Admissions Centre Limited	Crowe Horwath Brisbane	18.08.15	19.08.15	U	Y		
Queensland Theatre Company**	Ernst & Young	27.02.15	27.02.15	U	Y		
Queensland Trust for Nature Fund	BDO	27.08.15	03.09.15	U	Y		
Sunshine Coast Health Foundation	Poole Audit Group PL	18.08.15	18.08.15	U	Y		
Supreme Court Library Committee	PKF Hacketts	31.08.15	31.08.15	U	Y		
Surveyors Board of Queensland	PKF Hacketts	20.08.15	20.08.15	U	Y		

Audit	Audit firm	Date statements signed	Date opinion issued	Opinion	Timeliness (since 30 June)		
					< 3 mths	3-4 mths	> 4 mths
The Board of Trustees of Newstead House	Edwards Collins Group	27.08.15	27.08.15	U	Y		
The Prince Charles Hospital Foundation	Grant Thornton	31.08.15	31.08.15	U	Y		
Toowoomba Hospital Foundation	Horizon Accounting Group	04.09.15	04.09.15	U	Y		
Townsville Hospital Foundation	Crowe Horwath NQ	01.09.15	01.09.15	U	Y		

* Queensland Music Festival Pty Ltd has a 30 September year end

** Queensland Theatre Company has 31 December year end

Appendix D—Glossary

Term	Definition
Accountability	Responsibility of public sector entities to achieve their objectives in reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and reporting to interested parties.
Acquisition	Establishing control of an asset, undertaking the risks and receiving the rights to future benefits as would be conferred with ownership, in exchange for the cost of acquisition.
Adverse opinion	Opinion issued when the financial statements as a whole do not comply with relevant accounting standards and legislative requirements.
Annual report	A comprehensive report on an entity's activities throughout the preceding year, intended to give stakeholders and other interested people information about the entity's activities and financial performance; it includes the annual financial statements.
Asset	A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity.
Asset recognition	An asset recognised in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.
Asset valuation	The process of determining the fair market value of an asset.
Audit by-arrangement	An audit by the Auditor-General of an entity that is not a public sector entity, conducted at the request of a Minister or a public sector entity and with the consent of the entity.
Audit committee	A committee within an entity responsible for overseeing the quality and integrity of accounting and reporting practices, controls and financial statements; legal and regulatory compliance; the auditor's qualifications and independence; and the performance of the internal audit function and external auditors.
<i>Auditor-General Act 2009</i>	An Act of the State of Queensland that establishes the responsibilities of the Auditor-General, the operation of the Queensland Audit Office, the nature and scope of audits to be conducted and the relationship of the Auditor-General with Parliament.
Auditor's opinion	Positive written expression within a specified framework indicating the auditor's overall conclusion on the financial report based on audit evidence obtained.

Term	Definition
Australian Accounting Standards	Australian accounting standards, including interpretations, are set by the Australian Accounting Standards Board (AASB) to be applied by: <ul style="list-style-type: none"> ▪ entities required by the <i>Corporations Act 2001</i> (Cth) to prepare financial reports ▪ governments in preparing financial statements for the whole of government and the General Government Sector (GGS) ▪ entities in the private or public, for profit or not-for-profit sectors that are reporting entities or that prepare general purpose financial statements.
Australian Accounting Standards Board (AASB)	An Australian Government agency that develops and maintains financial reporting standards applicable to entities in the private and public sectors of the Australian economy.
Capital expenditure	Amount capitalised to the balance sheet for contributions by an entity to major assets owned by the entity, including expenditure on: <ul style="list-style-type: none"> ▪ capital renewal of existing assets that returns the service potential or the life of the asset to that which it had originally ▪ capital expansion which extends an existing asset at the same standard to a new group of users.
Capital grant	Government funding provided to an entity for acquiring capital assets such as buildings, land or equipment.
Control environment	The governance and management functions and the attitudes, awareness and actions of those charged with governance and management about the entity's internal control and its importance in the entity. The control environment is a component of internal control.
Controlled entity	Entity where another public sector entity has control or ownership because of its shareholding.
<i>Corporations Act 2001</i>	An Act of the Commonwealth of Australia that sets out the laws dealing with business entities in Australia at federal and interstate levels, it focuses primarily on companies.
Cost benefit	Weighing the total expected costs against the total expected benefits of one or more actions to determine the best option.
Deficit	When total expenditure exceeds total revenue, resulting in a loss.
Depreciated replacement cost	The replacement cost of an asset less accrued depreciation.
Depreciation	The systematic allocation of a fixed asset's capital value as an expense over its expected useful life to take account of normal usage, obsolescence or the passage of time.
Disclaimer of opinion	Opinion issued when the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.
Effectiveness	The achievement of the objectives or other intended effects of activities at a program or entity level.

Term	Definition
Efficiency	The use of resources such that output is optimised for any given set of resource inputs or input is minimised for any given quantity and quality of output.
Emphasis of matter	A paragraph included with the audit opinion to highlight an issue of which the auditor believes the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not modify the audit opinion.
Expense	Outflow of cash or other assets from an entity to another person, company or entity.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
<i>Financial Accountability Act 2009</i>	An Act of the State of Queensland that establishes the accountability for the administration of the state's finances and for financial administration of departments and statutory bodies, as well as annual reporting to Parliament by departments and statutory bodies.
Financial and Performance Management Standard 2009	Subordinate legislation of the State of Queensland that provides a framework for an accountable officer of a department, or a statutory body, to develop and implement systems, practices and controls for the efficient, effective and economic financial and performance management of the department or statutory body.
Financial reporting requirements	Queensland annual financial statement reporting requirements provided to assist departments and statutory bodies in the preparation of their financial statements; the requirements provide updates on new and revised accounting policies and standards and additional guidance and advice on the application of such policies and standards.
Financial statements	Structured representation of the financial information, which usually includes accompanying notes, derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time or the changes for a period in accordance with a financial reporting framework.
Financial year	The period of 12 months for which financial statements are prepared.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
Fraud risk factors	Events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.
General purpose financial statements	Statements that provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users.

Term	Definition
Going concern	Means an entity is expected to be able to pay its debts as and when they fall due and to continue to operate without any intention or necessity to liquidate or wind up its operations.
Governance	The control arrangements in place at an entity that are used to govern and monitor its activities to achieve its strategic and operational goals.
<i>Government Owned Corporations Regulation 2004</i>	A regulation of the State of Queensland which sets out financial reporting and annual reporting requirements for government owned corporations.
Impairment	When an asset's carrying amount exceeds the amount that can be recovered through use or sale of the asset.
Internal audit	An appraisal activity established or provided as a service to the entity, its functions include examining, evaluating and monitoring the adequacy and effectiveness of internal control and reporting deficiencies to management.
Investment	Expenditure of funds intended to result in medium to long-term service and/or financial benefits arising from the development and/or use of assets by either the public or private sectors.
Joint venture	A contractual agreement joining two or more parties to execute a particular business undertaking. All parties agree to share in its profits and losses
Legislative time frame	The date prescribed by legislation for a public sector entity to finalise its financial statements or annual report.
Liability	A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow of resources from the entity.
<i>Local Government Regulation 2012</i>	A regulation of the State of Queensland which sets out financial reporting and annual reporting requirements for local governments.
Machinery of government change	A significant change to the interconnected structures and processes of government, such as the functions and accountability of departments.
Management	Those with the executive responsibility for conducting the entity's operations.
Materiality	Depends on the size or nature of the item or error judged in the particular circumstances of its omission or misstatement. Information is material if its omission or misstatement could influence the economic decisions of users, taken on the basis of the financial statements.
Misstatement	A difference between the amount, classification, presentation or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework; misstatements can arise from error or fraud.

Term	Definition
Natural Disaster Relief and Recovery Arrangements	Financial assistance provided to a state or territory government by the Australian Government to facilitate recovery after major natural disasters.
Net assets	Total assets less total liabilities.
Net result	Calculated by subtracting an entity's total expenses from its total revenue to show what the entity has earned or lost in a given period of time.
Non-compliance	An act of omission by the entity, either intentional or unintentional, contrary to the prevailing laws or regulations
Non-current assets	An entity's long term investments, where the full value will not be realised within the financial year. These assets are capitalised rather than expensed, meaning that the cost of the asset can be allocated over the number of years for which the asset will be in use, instead of allocating the entire cost to the financial year in which the asset was purchased.
Not-for profit-organisations	An organisation that is not operating for the profit or gain of its individual members, whether these gains would have been direct or indirect, this applies while the organisation is operating and when it winds up.
Prescribed requirements	Requirements prescribed by an Act or a financial management standard, but not including the requirements of a financial management practice manual.
Procurement	The acquisition of goods, services or works from an external source.
Public sector entity	A department or a local government or a statutory body or a government owned entity or a controlled entity.
Qualified audit opinion	Opinion issued when the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion. These exceptions could be the effect of a disagreement with those charged with governance, a conflict between applicable financial reporting frameworks or a limitation on scope that is considered material to an element of the financial report.
Revaluation	A reassessment of values for non-current assets at a particular point in time.
Revenue	Income received from normal business activities.
Risk	The chance of a negative effect on the objectives, outputs or outcomes of the entity.
Risk management	The systematic identification, analysis, treatment and allocation of risks, the extent of risk management required will vary depending on the potential effect of the risks.
Stakeholder	A person, group or organisation that has a direct or indirect stake in an entity because it can affect or be affected by the entity's actions, objectives and policies.

Term	Definition
Special purpose financial statements	Financial statements which are designed to meet the financial information needs of a specific group of users.
Statement of cash flows	Reports on an entity's cash flow activities, particularly its operating, investing and financing activities.
Statement of financial position	Reports on an entity's assets, liabilities, and equity at a given point in time.
Surplus	Total revenue exceeds total expenditure resulting in a profit.
Unmodified audit opinion	Opinion issued when the financial statements comply with relevant accounting standards and prescribed requirements.
Valuation methodology	The process of determining the value of an asset.
Voluntary separation program	A program providing employees with severance pay based on length of service if they choose to separate from employment and agree to the rules of the program.
Winding up/wound up	The process of selling all the assets of an entity, paying off creditors, distributing any remaining assets and then dissolving the entity.
Written down value	The value of an asset after accounting for depreciation or amortisation, it is calculated by subtracting accumulated depreciation or amortisation from the asset's original value and reflects the asset's present worth from an accounting perspective.

Auditor-General Reports to Parliament

Reports tabled in 2015–16

Number	Title	Date tabled in Legislative Assembly
1.	Results of audit: Internal control systems 2014–15	July 2015
2.	Road safety – traffic cameras	October 2015
3.	Agricultural research, development and extension programs and projects	November 2015
4.	Royalties for the Regions	December 2015
5.	Hospital and Health Service entities 2014–15	December 2015
6.	State public sector entities: 2014–15 financial statements	December 2015

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